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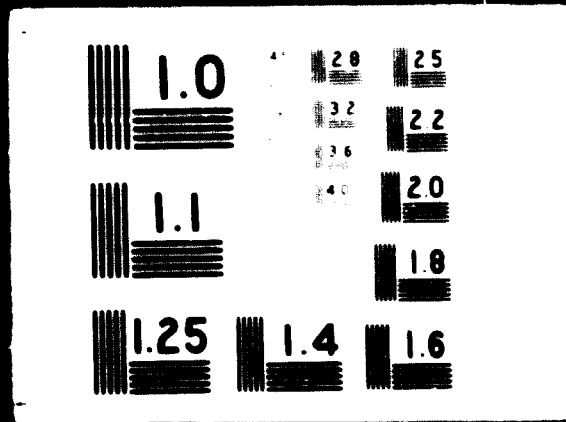
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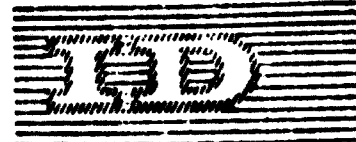
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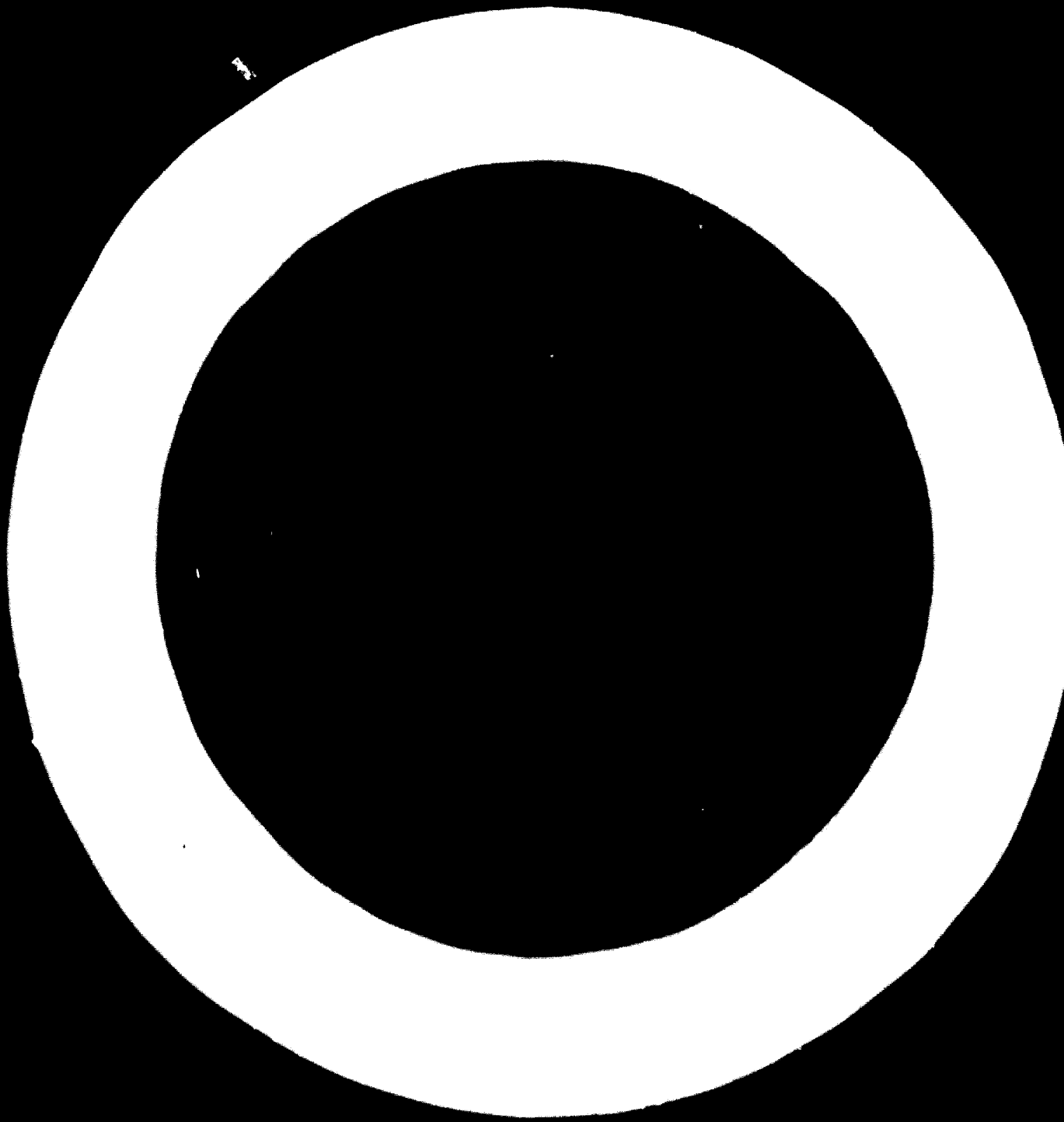
POSSIBILITIES FOR INDUSTRIAL CO-OPERATIVE ASSOCIATIONS  
TO PROVIDE INDUSTRIAL SERVICES <sup>1/</sup>

by

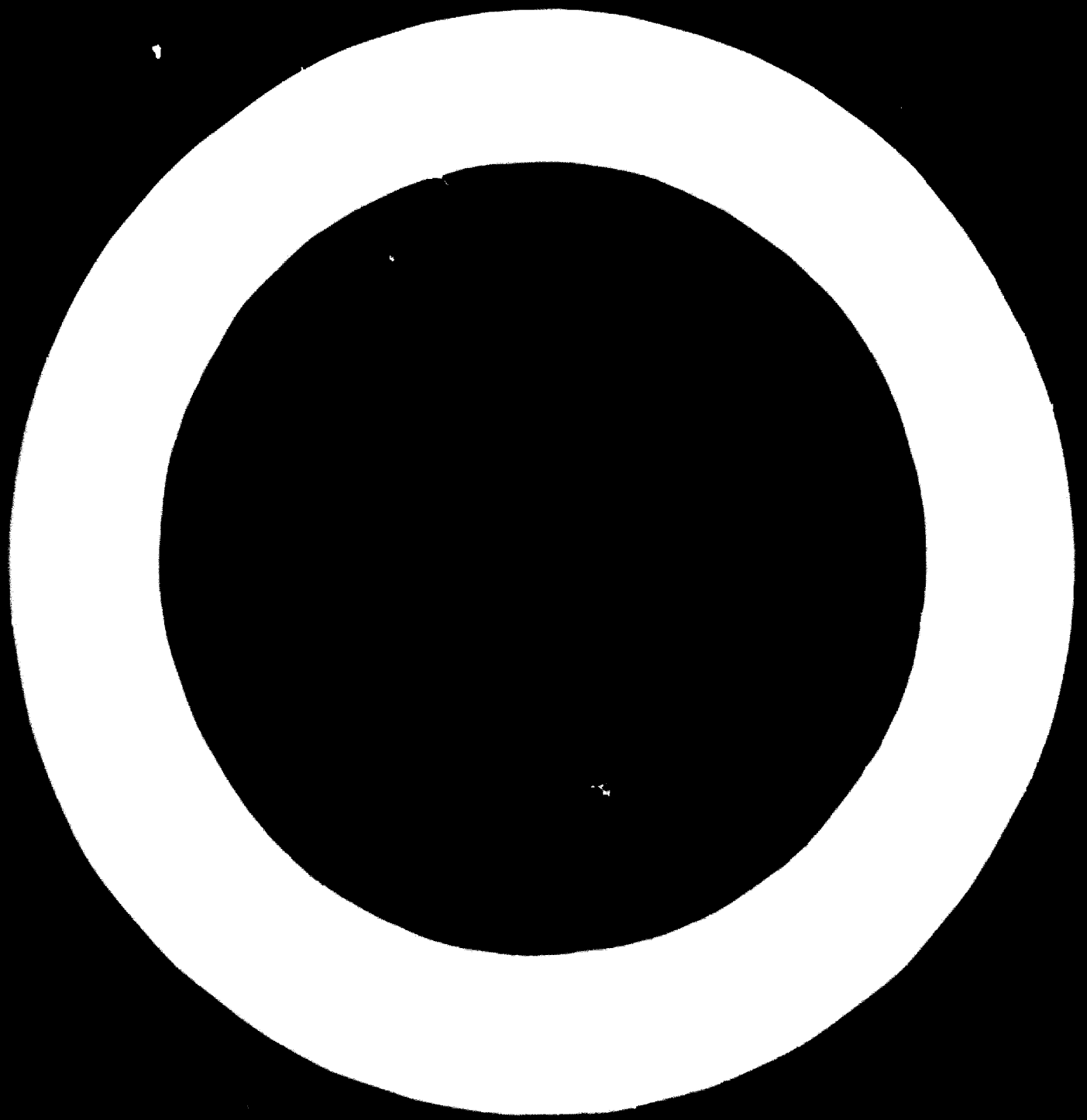
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<sup>1/</sup> The views and opinions expressed in this paper are those of the author and not necessarily reflect the views of the secretariat of UNIDO.

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POSSIBILITIES FOR INDUSTRIAL CO-OPERATIVE ASSOCIATIONS  
TO PROVIDE INDUSTRIAL SERVICES

(Agenda item 6: Review of institutions with a potential  
for providing industrial services)

(b) Industrial co-operative associations

1. Contribution of co-operatives to industrialization in Latin America -  
selected country case studies

Virtually all the Latin American countries are of course primarily producers of raw materials. Vast plains are devoted to the production of cereals, oil seeds and all sorts of crops, including, in particular, coffee, tea, tung oil, sugar-cane, grapes, olives, cotton, maté and all types of vegetables. The fields abound in cattle, sheep, horses and other animals for the production of meat, leather, wool and a wide range of by-products. The Andean mountain range and other smaller ranges are rich in minerals of all types, marble, etc., and the wealth of petroleum in several Central and South American regions must be added to this wide range of primary products.

Traditionally, all this produce of the earth together with the varied and plentiful sweet and salt water fish available have been extracted, harvested or fished, exported to industrialized countries and, in many cases, re-imported after processing for domestic consumption in the producing countries.

Two great world-wide conflagrations made it an urgent necessity for these American countries to organize their industries and start along the path of development.

However, the fortuitous circumstance which prompted the change of system gave rise also to a disorderly development which was much less well planned in the long-term than it should have been. Improvisation in many cases had disastrous consequences, areas undergoing a veritable industrial explosion were held back by the lack of infrastructure (e.g. electric power, roads and transport). These partial failures supported those who argued, perhaps with interested motives, that so-called rural countries should remain for ever as they were; but the Governments and their peoples were and are convinced that it is only through planned and harmonious development of primary production and industrial processing that the economic liberation of these countries can be achieved and the economic and social conditions of their populations thereby improved.

In the context of the current situation, we can say that Latin America presents a general picture of under-development, particularly with reference to industrial development, even though some of its countries are advancing at a relatively fast pace towards industrialization.

Industrial development is carried out in two clearly defined sectors, namely, the State and private sectors. The State almost always assumes responsibility for the basic industries - in other words, large-scale industry. When conditions in the country make it possible, private institutions also take over these basic or large-scale industries and, in any event, they assume responsibility for small-scale and medium-scale industry.

Basic industry contributes to development, as do small-scale and medium-scale industry also, but in addition they contribute towards establishing high levels of employment and, consequently, solving the social problems arising from unemployment.

Co-operative associations, as private institutions, started contributing to the industrial development of Latin America shortly after the beginning of the twentieth century, and their action is of special importance since it is devoted in the initial phase to the processing of raw materials in the area of the country in which they are produced. For example, there are co-operative enterprises in areas which produce cotton, olives, sunflowers, ground-nuts, coffee and grapes, and above all in dairy farming areas, where not only is the milk pasteurized, but, in particular, butter, cheeses, sweets and the full range of milk products are manufactured.

This varied industrial production, including many more products also, helps to prevent the growing depopulation of the rural areas which has become a serious problem at the present day, especially in nearly all the Latin American countries. The growth of these industries has been significantly accentuated in recent years and has had the positive effect, as we have already said, of changing the system which predominated until a few decades ago, which consisted in exporting the raw material and then re-importing it after it had been processed into articles for use and consumption. In most cases, these activities are undertaken by agricultural co-operatives whose members are farmers.

Approximately forty years ago, production or labour co-operatives started developing in Mexico and Argentina, and from that time they have continued gaining in importance and have penetrated a large number of industrial branches. This example is of interest to students of the subject and to Governments, and since about ten years ago the process has been starting to spread to several other American countries.

Mexico was without a doubt the first country to try the system; in 1932, two enterprises based on the labour or production co-operative system were started up. These co-operatives have expanded without interruption up to the present time and now constitute two major examples of the goals which can be aimed at.

The co-operative known as "La Cruz Azul", which produces Portland cement, now meets one-third of the country's requirements with two large industrial plants fitted with the most up-to-date equipment and run by more than 600 worker-members, to which should be added a larger number belonging to other auxiliary co-operatives which take care, for example, of all freight transport for "La Cruz Azul". These worker-members (manual workers, skilled workers, foremen, supervisors, engineers, administrators, etc.) receive an adequate remuneration which is in line with that of any worker performing a similar job in any enterprise and, in addition, a dividend based on the economic results and the work done by each member within his co-operative; these dividends enable the workers to raise their standard of living to a level much above the average and, in addition, to invest in the co-operative enterprise, sheltering themselves against any economic problem in their own or their family's future. The other co-operative, "Excelsior", edits and publishes one of the world's most important daily newspapers and edits and publishes other smaller daily newspapers and a variety of weekly, monthly and semi-monthly publications. The fact that it has 1,000 worker-members specializing in all editorial and graphic fields, including its General Administrator, gives an idea of the importance of this large co-operative enterprise which, like the one described earlier, owns large buildings and modern industrial equipment installed in the centre of Mexico City.

There are in Mexico other large co-operatives employed in publishing and the graphic arts, the footwear industry, fisheries, etc., which are organized according to the same system, and are making a substantial contribution to the industrial development of this large country.



The common pasture system of land exploitation has not made possible the expansion of agricultural and stock-raising co-operatives, and in my opinion, this difficulty is delaying greater progress for the rural areas and rural population of Mexico.

Argentina is the Latin American country in which co-operatives in all forms, above all in the industrial field, have developed the most. In Argentina there are two types of co-operative organization engaged in industrial operations, namely the production or labour co-operative and the typical agricultural and stock-raising co-operative with associated industrial operations - in other words, with plants for processing the raw materials derived from the agriculture and stock-raising. Although we are assuming that the reader is familiar with both systems and will continue with the analysis of the two groups, we should not omit to mention the high degree of relative development and sophistication of the industrial enterprises covered, and we should point out that the labour or production co-operatives, generally located in urban areas, have been expanding at an accelerated pace in recent years and are working in a very wide range of industrial branches such as textiles, the graphic arts and publishing, metallurgy of various types, electrical engineering, refrigeration, building, food, glass, aluminium, etc.

The agro-industrial group occupies 50,000 paid manual and non-manual workers, while the labour or production co-operatives have 30,000 worker-members in all. Both figures are estimates.

The former group consists of around 50 co-operatives with industrial sections and the latter of some 120 co-operatives whose size, measured by the utilization of labour, ranges from 10 to 1,000 worker-members.

The co-operatives in the latter group often have their origin in the failure or dissolution of joint-stock companies which, for many reasons, close their industrial establishments, causing serious production losses and the loss of their jobs by all their workers. After lengthy negotiations, the workers, assisted by the competent authorities, the trade unions and, above all, the Association of Labour Co-operatives of Argentina (ACTRA), set up their co-operative and take over the production and marketing interrupted by the closing of the enterprise. In most cases, after huge initial sacrifices, the co-operatives prosper and end by obtaining economic and financial results which enable them to modernize the industrial plants, and, thanks to a general eagerness for constant improvement, they raise productivity, achieving a higher output and better products, an abundance of goods for use and consumption

on the market and, as a consequence, a price level in that market which, in some cases, becomes a factor of equilibrium which cannot be attained by other means. In other cases these co-operatives are set up spontaneously - in other words, by agreement among persons working in the same industrial branch - and, lastly, they are also established by the transfer of operations formerly undertaken by the State.

We have said that there are co-operatives engaged in a rather wide range of types of production and we have mentioned that, in some cases, the relative importance of their output leads to price control and a plentiful supply of the items concerned on the market; we might add that some co-operatives produce goods for industrial use which compete advantageously with the most highly publicized brands. It is true that these genuine industrial enterprises do not account for a really significant percentage of the total. Despite this evaluation, it is easy to see that promotion of this type of co-operative would be extremely important for the accelerated development of the country and for the solution of the serious social conflicts which now trouble it.

We could give many important examples of Argentine co-operative enterprises of still other types or in other branches of co-operation such as, for example, the so-called pharmaceutical group with laboratories of a certain significance in various cities of the country, but it seems worth-while to describe two co-operatives by way of examples:

"San-Cor" (Cooperativas Unidas Limitada) belongs to the category of Agricultural and stock-raising co-operatives. It is a federation of co-operatives (410 dairy co-operatives) located in a large area which includes the northern part of the province of Buenos Aires, the southern and central parts of the province of Santa F  and the eastern part of the province of C rdoba. In this large area, there are 18,000 small dairy enterprises affiliated to the co-operatives making up the San-Cor federation, but there are also others which may or may not be affiliated to smaller co-operatives. The co-operatives making up San-Cor handle approximately 1,080 million litres of milk a year. Ten per cent of this production is marketed by the co-operatives in its original or pasteurized form, and 90 per cent is processed into casein, butter, cheeses, powdered milk, sweets, fruit conserves, etc., in nine establishments located in various places in the area described.

The members of San-Cor Manteca participate in its earnings in proportion to the raw material provided, through the intermediary of its 410 associated co-operatives. There are 3,500 paid manual and non-manual workers employed with San-Cor, and it produces 27,086 tonnes of butter, 15,140 tonnes of casein, 12,360 tonnes of cheeses, 4,103 tonnes of powdered milk, etc. The physical assets of the co-operatives amount to US\$25 million, and the share capital has a value of US\$10,833,000. San-Cor has sales offices in London and New York and in 1969 exported goods to a value of approximately \$10 million.

The activities of this and other dairy co-operatives eliminated the monopolistic situation which existed until about 40 years ago, with two or three large groups dominating the market and imposing their prices.

The **Cooperativa Industrial Textil Argentina de Producción y Consumo Limitada (CITA)** is an example of a labour co-operative, of which, as we said, there are 130 in Argentina. It is made up of 440 worker-members, i.e. manual workers, clerical workers, technicians, administrators, etc. These are the only members of the co-operative; the capital belongs to them, the productive effort is supplied by them, the management lies with them and the economic and social returns accrue to them. The co-operative has a weaving plant fitted with modern industrial equipment, including in particular 450 shuttle looms and one dyeing, printing and finishing plant with the most up-to-date machinery. Both plants are located in the town of La Plata, 60 km from Buenos Aires, and all their assets are the property of the co-operative. The group also includes another small weaving plant with 80 shuttle looms located in the near-by town of Avellaneda, with its head office, administration, warehouses, etc., in a building specially constructed for the co-operative in Buenos Aires.

Since it was founded 19 years ago, its production has increased five-fold and now amounts to more than 10 million metres a year woven on shuttle looms (cotton, rayon and synthetic fibres), dyed and/or printed. Its well-organized administration and the productivity achieved by its worker-members place it among the foremost textile enterprises in the country; at the present time, co-operatives producing cotton yarn supply it, while another co-operative organized according to the same system is doing weaving jobs for it. A metallurgical co-operative is collaborating in the execution of work relating to maintenance of the industrial equipment. The textile co-operative sells part of its production to consumer co-operatives and the remainder in the textile market. It is a member of ACIRA.

The co-operatives mentioned and others which it would be too lengthy to list are effectively contributing to the industrial development of the Argentine Republic.

Chile ranks third in importance in Latin America as regards the development of co-operative industry. The highest level of development is found in agro-industry and, as in Argentina, the dairy industry is the most highly developed of all. A number of co-operatives, located particularly in the area of Concepción and Osorno (800 and 1,800 km respectively south of Santiago), process 40 per cent of the total milk production.

Five co-operatives produce two-thirds of the total output of the alcoholic beverage known as "Pisco", which is widely consumed in Chile and Peru. Twelve co-operatives produce, package and market under their own trade marks 55 million litres of (grape) wine, which accounts for 16 per cent of the country's total production.

In the group of production (labour) co-operatives, the Mexican and Argentine example is being increasingly followed and a number of small enterprises have already adopted this system. More than one year ago, a Valparaíso daily newspaper, La Unión, resumed publication thanks to the enthusiasm and faith shown by all the workers belonging to the co-operative which was set up to publish it.

The "Sodimac" co-operative, which was organized more than twelve years ago to supply building materials, has started producing such materials and its 900 workers, administrators and technicians are members of the co-operative with a participation of 43.5 per cent in total growth. Its strong economic and financial position (company capital, US\$2.5 million; net surplus or profit in 1969, US\$250,000) and its adequate technical and administrative organization make it likely that there will be further significant advances in coming years.

We shall see later on that, if the present conditions in Chile continue, it can be predicted that the co-operative movement, particularly in the industrial sector, will in the near future play a larger and more effective part in the country's industrial development.

Other Latin American countries have embarked on the path of industrialization by co-operative methods, and it is worth noting that we hear daily of achievements in countries in which, until a very few years ago, industrial co-operatives (especially labour or production co-operatives) were practically unknown.

2. Role of the Government in the regulation, promotion and development of industrial co-operatives in Latin America

There are twenty countries in Latin America, and their political organization, degree of economic and social development, cultural and ethnic conditions, geography and climate are very diverse; it would be quite difficult to draw general conclusions concerning such a heterogeneous area. We could none the less say that these countries, almost without exception, are particularly concerned to give concrete form to plans for the promotion of their industrialization. In some of these countries, there has been progress as regards the preparation and detailed formulation of plans for the development of basic industries, including the granting of credit lines for the development of small-scale and medium-sized industries. Although it is true that - in a more rhetorical than concrete and practical way - strong support is always proclaimed in government circles for co-operative organization in general and co-operative industrialization in particular, we can say that, apart from rare exceptions, no real support is given to industrial development by means of the economic and social system with which we are here concerned. None the less, we should make it clear that, especially in the last ten years, increasing emphasis has been placed by government agencies on the need for definite support which will make possible the desired development in a short period.

Chile stands out among the Latin American countries as regards the infrastructure for support and promotion created in recent years. This has made it possible for government and private agencies, acting in co-ordination, to give effective backing to co-operative initiative in industry through technical assistance, planning, feasibility studies and promotion measures including education and credit for projects and actual undertakings. Other Governments, above all those of Colombia, Peru, Argentina, Mexico, Costa Rica and Puerto Rico, are paying special attention to industrial development through co-operatives, but their action is not very clearly reflected, with some exceptions, in concrete achievements. It should be added that the Argentine Government now appears determined to promote the whole co-operative movement in the country with concrete measures.

Lastly, Paraguay, Bolivia, Uruguay and most of the Latin American countries require technical and financial assistance in order to initiate any action to promote industrial co-operatives. El Salvador, in Central America, is carrying out, in collaboration with UNIDO, a pilot experiment for initiating accelerated industrial development by means of co-operatives.

Although, paradoxically, we observe that the Latin American countries which are most highly developed industrially are those where there has been the least government support, we should recognize that the greatest concern of Governments must necessarily be to bring about an accelerated and harmonious industrialization process, which will be more effective for national development if it is oriented towards co-operative organization.

Specialized agencies of the individual Governments are responsible for the promotion, development and control of co-operatives in general. They maintain statistics concerning the development and progress of all co-operative branches, but do not pay specific attention to co-operative industrial development. Other State bodies, including credit institutions, place special emphasis on technical and credit assistance to industry, but do not take direct action to promote co-operative industrial development.

3. Problems hindering the effective organization and operation of industrial co-operatives in Latin America

This is a subject of prime importance for effective and accelerated development of co-operative industry, and whoever in the government service or private sector assumes responsibility for guiding this development should take special account of it in any development plan before that plan is implemented. While it is true that good organization and operation are generally necessary in all co-operative or non-co-operative enterprises, there is no doubt that, owing to their special features, the most important aspects which must be taken into account in order to achieve effective organization and administration and good operating conditions in production or labour co-operatives and in the industrial sections of other types of co-operatives are not the same as in other enterprises. Labour and production co-operatives are made up of worker-members; this term has in some countries given rise to confusion because the word "worker" in this case ("trabajador" in Spanish) includes anyone who does a job without exception, whether it is manual, intellectual, technical or

scientific. The Spanish term "obrero", on the other hand, implies a worker in the narrower sense of a person who performs a manual task, or one which requires physical effort or, at most, the practice of a specialized skill (turner, mechanic, weaver, tracer, etc.). In France, these co-operatives have been called "workers' production co-operatives" and are sometimes wrongly supposed to be made up only of manual workers. In such cases, the administrative, technical and management functions are carried out by salaried personnel who do not belong to the association and, consequently, have a certain lack of interest in the returns which are forthcoming, the rapid development of the co-operative enterprise and the achievement of the economic and social purposes which these associations fulfil. Fortunately, this approach has been discarded and nearly all the labour co-operatives now provide for social and economic involvement of all those who render any type of real and effective service in them.

These co-operatives whose members are mainly farmers engage in processing the raw materials produced by the land; we have mentioned the example of San-Cor in Argentina, and we could add many others in that country and in Chile, Uruguay, Brazil, etc. This large industrial group operates entirely with paid employees who are not members of the co-operatives. Thus it is clear that the industrial section operates in dependence on the agricultural, pharmaceutical or other co-operative which owns the enterprise. In many cases, the zeal shown by the individual boards of directors and, above all, the wise election or selection of factory managers who are capable, honest, dedicated and efficient ensures that these enterprises develop under conditions which are favourable in every way; in these cases, an efficient and modern administration, constant rationalization and modernization of industrial equipment and a vigorous marketing policy completely offset the disadvantage, especially in certain American countries, of operating with salaried personnel even at the highest levels of management.

In some cases, however, boards of directors which are made up of rural people - in other words, small land-owners - have no trained people among their members; moreover, the members are often permanently occupied with the problems of their own land and unable or unwilling to divert part of their time to participating directly in the affairs of their co-operative, which is sometimes far away, especially in the vast spaces of the Argentine countryside. Consequently, the

industrial enterprises dependent on these co-operatives remain almost entirely in the hands of managers who if by good fortune they are good administrators will guide their enterprises towards expansion in every sense of the word, but if, on the contrary, they are incapable or, as has occurred, dishonest, the enterprise is at the mercy of their operations and, when the boards of directors learn what is happening, it is already too late to find solutions, or the interests of the association have already been seriously impaired. It is undeniable that in these cases the degree of education and general culture in the countries or regions in which the enterprises are operating is a very significant factor.

The problem described must be borne very much in mind whenever projects for industrial co-operatives of this type are to be planned or their feasibility studied, and this must be a permanent concern of governmental inspection and control officials and the federations and confederations of co-operatives in each country.

Serious difficulties are created in labour or production co-operatives by the problem of the lack of both investment and operational capital, particularly in the starting-up period of the enterprise in question. For this reason, institutions supplying credit must provide maximum financial assistance, taking into account, on the one hand, the usual economic, financial and profitability factors, but also, and in particular, the potential value of the working capital supplied by all the worker-members. It should also be borne very much in mind that these associations have the additional advantage of helping to solve the major social problems which affect nearly the whole of Latin America. To substantiate this affirmation, it is enough to recall that labour conflicts disappear in these associations, since the constant antagonism between employees and employers or between capital and labour does not exist.

To sum up, although there is no doubt that both types of industrial co-operative associations make an important contribution to the development of the under-developed countries, the problems outlined here must be taken into account before programmes of industrial development through co-operatives are undertaken.



4. The role of co-operative unions and other co-operative institutions in providing assistance to industrial co-operatives, i.e. credit, training, technical advisory services, industrial information, etc.

As we have already said, conditions and the degree of development in co-operative organization differ greatly in the various Latin American countries. This means that we cannot make a generalized evaluation of the degree or extent to which co-operative unions, federations and confederations in each country help in promoting, orienting, advising or providing credit and services to the individual co-operative enterprises.

If we were to divide the countries into two broad groups, we should have to say that Argentina and Chile are the best organized to achieve the goals with which we are here concerned. This evaluation applies to virtually the whole sub-item which we are considering. As regards the second group, we are committing an injustice in including several countries with substantial central organizations in it, but we must point out that we are dealing here with the subject of industrial co-operatives and must judge these organizations only from this point of view.

For orderly co-operative industrial development, the promotion, credit backing, technical assistance, etc., must come from secondary co-operative organizations (unions and federations) which, in co-ordination with other co-operative entities and specialized state agencies, must plan this development, including managing and channelling any assistance which may be obtained from international organizations of any type.

The federations of farmers' co-operatives which almost always market the primary products or processed goods produced by their member co-operatives consequently perform an economic task which places them in the best position to engage at the same time in the work of dissemination of information, promotion and consultancy which is invariably needed by all their affiliates. These federations and/or confederations would achieve full success if they attached as much importance to the aspect in question here as they do to economic management and also if they worked together in order to avoid dissipation of effort. This does not mean ignoring their permanent task of organizing congresses, seminars, conferences and technical meetings, disseminating information or providing practical training at the sites of production or processing, publishing specialized periodicals, preparing market studies and taking advantage of the activities of national and international agencies in order to obtain credit or assistance of any kind.

There are well-organized federations of labour or production co-operatives in only a very few Latin American countries, namely Argentina, Mexico and Chile. Their efficiency and size are in the order here given. Other American countries have started industrial expansion through this medium of co-operatives and it is quite possible that we are failing to mention some country whose development activities deserve to be specially commented on.

In any event, there is no doubt that Argentina is at the forefront of the group and that its action in this branch of co-operation, like Mexico's, began more than thirty years ago. The Association of Labour Co-operatives of Argentina (ACTRA) is a secondary co-operative organization to which nearly all the Argentine industrial co-operatives in this branch belong. We have already said that these co-operatives include an extremely varied range of industrial undertakings throughout the length and breadth of the vast Argentine territory, and this means that, in joining the federation, they bring into it all kinds of technicians, specialized workers, administrators, sales and marketing managers, lawyers, etc. This picture must be expanded even more as a substantial number of co-operatives engaged in services, in most cases auxiliary to industry, such as goods transport, servicing of railway dining cars, loading and unloading in ports, etc., are also affiliated to ACTRA. ACTRA has always endeavoured to create an atmosphere of friendly relations among its associated co-operatives and offers a warm welcome at its own head office in Buenos Aires, especially to co-operatives from the interior of the country, which find there offices for themselves, personnel at their service and all the assistance required, especially in the legal, tax, administrative and technical spheres, including technical advice on their purchases of raw materials, accessories, spare parts, industrial equipment, etc. This treatment and this speedy and practical assistance which co-operative enterprises based in areas remote from the capital receive in particular would be a sufficient incentive to draw them to the Association. However, the Association is concerned also with on-the-spot assistance in the most remote areas of the country, where there is sometimes a co-operative in existence, and provides advice on the basis of its members' experience concerning the solution of all problems of whatever nature, assigning, whenever required, technicians specializing in the industrial branch in question to carry out evaluations, planning or feasibility studies and to assist in solving problems in collaboration with the technicians of these co-operatives. A monthly periodical, Progrón de las Cooperativas de Trabajo, is the main link between the Association, the co-operatives and the

worker-members of the co-operatives. Three affiliated co-operatives (one in the graphic arts, one in the meat industry and the third in the aluminium industry) have their own monthly information organs which, by common agreement with Progrón, are also widely distributed where there is general interest.

Assemblies, meetings of presidents and managers of co-operatives, conferences, seminars, general meetings and meetings of boards of directors, etc., complete this picture, though we are leaving till the next chapter the subject of the active participation of ACTR. in international seminars, particularly specialized pan-American seminars such as the one which is currently being held in Buenos Aires.

Returning to the subject under discussion, it should in general be borne in mind that it is the unions and federations which do and should take all the necessary steps for obtaining better credit for their co-operatives. In the countries where the movement's vertical organization has been perfected, the federations should induce and influence the confederations to assist in their turn in ensuring that these efforts are as successful as possible. The credit co-operatives and co-operative banks can be expected to be the most appropriate sources for this basic element in industrial development, although we must not forget the great possibilities afforded by national banks specially devoted to development.

In Argentina, the Banco de la Nación has just approved a credit line of up to US\$800, in Argentine pesos, per member, for the acquisition of shares in their labour or production co-operatives in the fields of industry or services; this credit is granted at a low interest rate and for a period of five years. Four years of intensive exertions have culminated in this success of ACTR. This example should be imitated in other countries, but, as in the case mentioned, success should be the result of the efforts of co-operatives grouped together in their unions or federations, for this is the only way successfully to carry out serious and responsible projects which will be well received and given attention in government and private, national and international circles.

We cannot close this chapter without making very special mention of Chile, a country which is in the vanguard of the Latin American countries, as we have already pointed out, in organization and planning for the development of co-operatives, including those concerned with industrial processing and/or production. Its National Confederation of Co-operatives, which is very well organized, virtually directs planning and general development and its influence extends not only to private co-operative bodies, but also to State or semi-State bodies devoted to this task.

The Technical Co-operation Service, a specialized State body, is responsible for co-ordinating the efforts of a considerable number of institutions and is particularly concerned with industrial production and its social aspects. Some of the bodies devoted to the promotion and development of co-operatives are the Department of Development and Services of the National Popular Promotion Council, the Section for Co-operatives of the State Bank of Chile, the Production Development Corporation (CORFO), the Office of the Deputy Manager for Co-operatives of the Agricultural Trade Enterprise, (ECA), the Department of Co-operatives of the Ministry of Mining, and others, among which those devoted to education deserve mention. These government agencies have efficient specialized personnel who attract attention by their dynamism, enthusiasm and youth.

As concerns credit, the Co-operative Financing Institute (IFICOOP) stands out. This is a co-operative financing association which fulfils the functions of a development bank. It belongs to the co-operative movement and is administered through a Board made up of representatives of all the sectors of the Chilean co-operative movement. Some of its aims are: (a) to grant medium-term and long-term loans to co-operatives for financing investment projects; (b) to provide technical assistance and help co-operatives to build up investment capital; (c) to serve as a financial channel to bring funds from national and international sources to co-operatives. Up to May 1969, IFICOOP had granted loans amounting to US\$2,180,000 for wine cellars, cold storage facilities, transport vehicles, wine-making equipment, supermarkets, dairy equipment, food concentrate factories, milling machinery, accounting machines, etc.

In short, Chile can boast of co-operative and State bodies with technically trained personnel having great vision and a spirit of sacrifice, who have laid the foundations for this country to be transformed in a short time into one of the most important Latin American countries from the point of view of industrial co-operatives.

##### 5. International assistance to industrial co-operatives in developing countries

Under-development in Latin America has been a matter of concern for years to State and private sectors, in particular owing to the social conditions which under-development generates, conditions which have become explosive in recent years and often entail the risk of serious conflicts endangering internal and external peace.

Whoever wishes to delve into the causes of this under-development will reach the conclusion that the factors preventing it from being effectively combated are varied; they range from the major economic interests involved to the high illiteracy rate in some of the countries (unfortunately more than a few) which make up the group.

Over 70 years ago, the great experiment which had been started in 1844 in England by "the worthy pioneers of Rochdale" was begun in America, and today, with no doubts remaining, we are seeking ways of effectively assisting the promotion of accelerated industrial development through co-operatives. Concern about this matter is to be found even in the most eminent international bodies and, in November 1967, the United Nations Industrial Development Organization (UNIDO) organized a meeting of experts in New York which then laid the foundations for an important programme of action for the organization. UNIDO continued its arduous work and regional studies and fresh meetings succeeded one another, while, by way of experiment, an expert in El Salvador was evaluating possibilities, preparing a project and getting it under way with a view to establishing industrial co-operatives in that country which would effectively contribute to its development. The present seminar is one more proof of the constant concern of the organization, and training and technical assistance programmes recently approved can also be expected soon to produce the desired results.

The Organization of American States (OAS), through the Co-operatives Unit of the Department of Social Affairs, is demonstrating its concern for co-operative development by assisting in and attending every event relating to co-operatives in America, and is now, in co-operation with the Organization of the Co-operatives of America (OCA) and ACTRA, organizing a seminar in Buenos Aires in which fellowship-holders from seventeen Latin American countries are participating and which is dealing with the following topics: "The importance of production and labour co-operatives as instruments of economic and social development"; "The structure and operation of production and labour co-operatives"; "Economic and social advantages of production and labour co-operatives in comparison with other types of enterprises"; "Analysis of the problems of production and labour co-operatives: administrative, financial, economic, technological, social and integration aspects"; "Strategy for planning a programme for production and labour co-operatives in the context of

economic and social development plans"; and lastly, "Technical assistance to programmes for production and labour co-operatives in the national and international spheres". The seminar will be held from 29 November to 4 December 1971 and will include guided tours of various industrial co-operatives.

The Organization of the Co-operatives of America (OCA) originated in a pan-American meeting of co-operative workers held at Bogotá, Colombia, in November 1961, which led to the constituent meeting held at Montevideo, Uruguay, in 1963. Its establishment was inspired by the ardent desire of all its members, emphatically expressed on both occasions, to join together in order to help promote accelerated development in all the Latin American countries; the United States and Canada collaborated and continue to collaborate in a spirit of co-operation worthy of the highest praise. Since that time, the organization has established offices in the most under-developed countries using them as a starting point for initiating campaigns for the promotion of co-operatives, including industrial co-operatives; its meetings have brought together leaders from distant countries which today exchange opinions concerning the most varied co-operative subjects; and lastly there is the action of specialized committees aimed, *inter alia*, at promoting co-operative economic exchange in America which could be very useful for opening up markets to the industrial co-operatives throughout the continent.

The International Co-operative Alliance (ICA) promises an aggressive campaign through the Co-operative Development Decade, 1971-1980; the International Labour Organisation (ILO) co-operates and takes initiatives, especially in the organization of seminars and the starting up of centres for the development of co-operative enterprises; FAO also works in co-operation with ICA, especially as regards the processing of agricultural raw materials, and other international bodies are interested in the achievement of accelerated industrial development in America through the modern and revolutionary system of co-operation in all its forms.

All these endeavours which have been briefly described, together with other lesser efforts, do not meet all the requirements for accelerated industrial growth, especially in some countries which, in certain cases, have great potential in view of their natural wealth, but very limited possibilities for economic reasons and - what is more serious - owing to their low educational level, which is reflected in some instances by an illiteracy rate of more than 50 per cent. This is not favourable ground for the creation of an interest in the co-operative movement and still less for achieving the training of executives or leaders, or specialized industrial technicians.

Although education, or more accurately literacy training, does not come under the specific heading of the action of international bodies in the promotion of co-operative industrialization, we should bear in mind, as we have pointed out, that any action or planning which has not taken into account this basic factor in advance will be doomed to failure.

To see the true dimensions of the problem, we should recall that Argentina, Uruguay and Chile, with 8-10 and 12 per cent illiteracy respectively, are the countries best prepared to receive, study and apply without difficulties in this respect any type of programme or action; we might also add to the group Costa Rica, which has an illiteracy rate of 16 per cent which is rapidly declining, and others which, like Mexico, have an illiteracy rate of more than 30 per cent which is in fact accounted for by indigenous groups living in remote areas of the country. The rest of the Latin American countries, or a good proportion of them, urgently require the greatest attention from specialized national and international bodies, which must conduct an efficient and rapid literacy campaign since, otherwise, all efforts which may be made to extricate them from stagnation and under-development will be fruitless.

Ignorance does not create ground favourable to the spread of co-operative ideals, but this point is much more important in the case of labour or production co-operatives, which it is difficult to imagine being run by illiterate worker-members under the universal system of "one man, one vote".

The above should not prevent us from continuing to affirm the pressing need to leave no stone unturned in promoting accelerated development in each of our countries through the system under consideration, which is perhaps the only system affording reliable guarantees of a healthy policy directly benefiting each of the countries and their peoples.

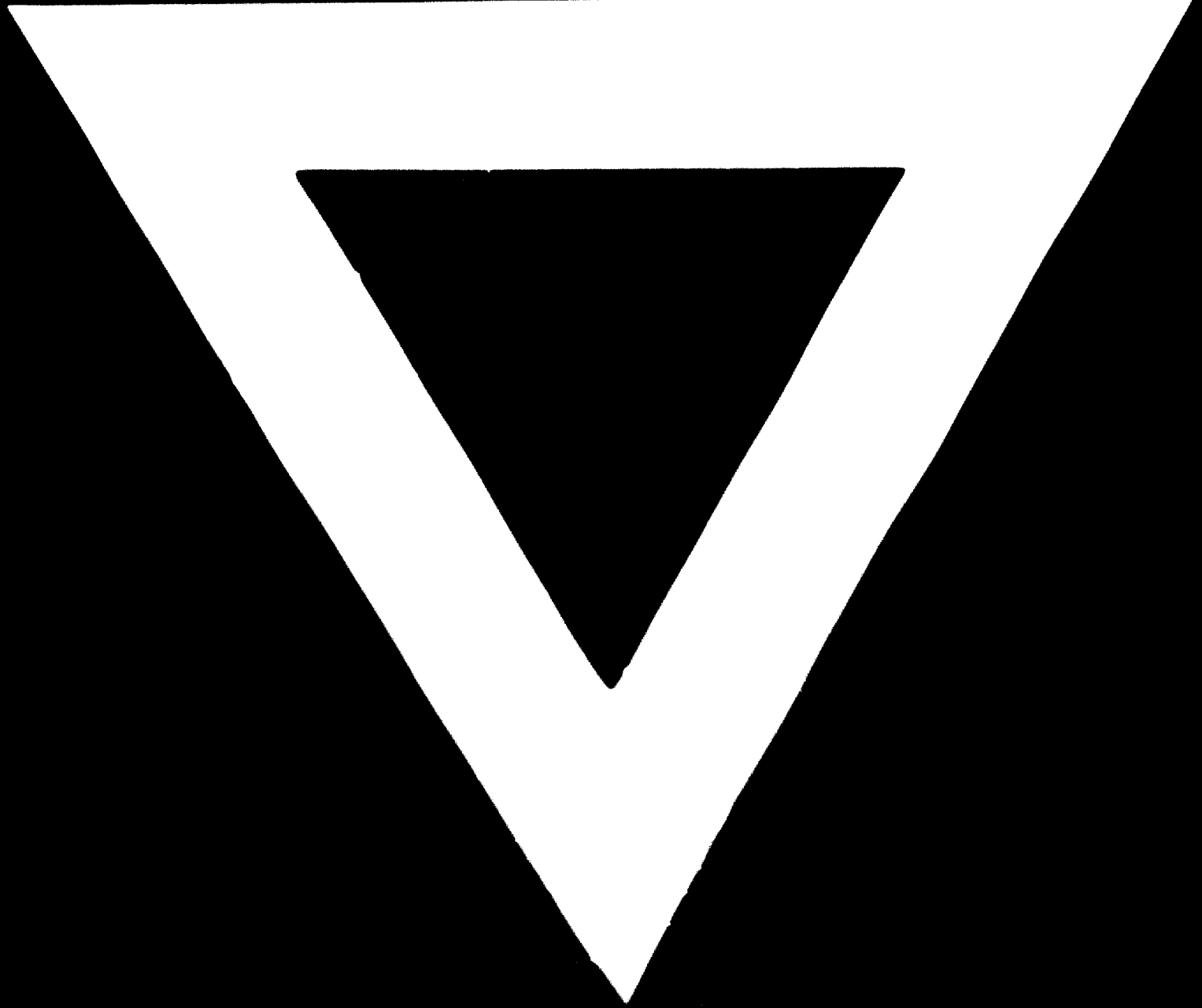
Latin America is searching, sometimes desperately, for solutions which can extricate it from its stagnation and under-development. Those of us who have passed a large part of our lives studying and practising this splendid economic and social system knew that the co-operative movement is one of the best weapons, and above all the most orderly and peaceful weapon, for achieving the progress to which we have an inalienable right and which has been denied to us by other means.

Industrial co-operatives are not a new experiment; they first came into being almost alongside the 1844 experiment; they developed in France and Italy, and the reason why their success was only relative at that time was precisely the inadequate educational level of the peoples of the countries concerned at that period. Revitalized by modern ideas and under more favourable conditions, they reappeared at the beginning of this century and the magnificent results obtained since then, both in America and the rest of the world, indicate that we have found the true way and that we must set to work energetically, with confidence and hope, in the conviction that with this powerful lever we shall soon succeed in raising the industrial, economic and social level of this important part of America.

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