

TOWARDS PUBLIC ENTERPRISE: THE ROLE OF COMMUNITY DEVELOPMENT IN THE PROMOTION OF CO-OPERATIVES

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THIS ARTICLE ATTEMPTS to analyse the role that Community Development, both from an institutional and a methodological point of view, can play in facilitating the promotion of co-operatives in the rural areas. It is argued that it is only through the pooling together of resources and exploiting the natural resources of the country collectively that private enterprise will yield to public enterprise which is controlled by the beneficiaries themselves.

Primary co-operatives administered by the peasants in the rural areas will be used as an example to show how popular participation can be an effective means of conscientizing or educating people so that they can control the means of production. It is in this way that co-operatives can make a substantial contribution to social and economic development.

The Government of Zimbabwe has declared transformation of our society as a broad goal; 1983 is the Second Year of National Transformation. This broad goal of national transformation is to be implemented in every sector of the economy and society. Thus each ministry as part of the government machine has a role to play in transforming that aspect of society for which it is responsible. The Ministry of Community Development and Women's Affairs has a responsibility, in conjunction with other ministries, in transforming the rural areas in particular. The purpose of rural transformation is to abolish all exploitative relations on the land and to pursue policies aimed at maximum co-operation right from the start of the transition period, and it is in this manner that socialist relations are characterized (Thomas, 1974, p. 163).

As a result of this commitment to rural transformation, many politicians, government officials and non-government organizations have visited rural areas and have encouraged the peasants to form co-operatives in respect of various tasks in which they are engaged. But, despite the good intentions of those activities, there has been little attempt to explain to the masses the precise nature of a co-operative, the principles that govern it, the differences between a co-operative society and a joint-stock company, the various types of co-operatives and more importantly the role that co-operatives can play in the promotion and acceleration of social transformation. Because of this lack of education a lot of people think that government should meet the costs of running a co-operative.

It is the intention of this article to contribute to the discussion of these ideas for the benefit of the public and all extension workers responsible for the promotion of co-operatives.

Definition of co-operatives. There are many ways of defining a co-operative movement. In this article a co-operative is defined as a form of organization where persons voluntarily associate together on a basis of equality for the promotion of the economic and social interests of themselves. Defined in this manner a co-operative movement has an important part to play in the mobilization of families, peasants and workers for better production, increased

income and improved living conditions and technology. It, therefore, becomes one of the pillars of the economic and social development of the country. It becomes a process, by its nature and organization, through which a community draws the maximum of the potentialities of its environment with the most appropriate techniques, to satisfy in a fair and desirable way the needs of everyone in view of our goal of social transformation.

Co-operatives are the instruments of labour which is a means of production created by humanity at a certain degree of development and also they are the subject and object of labour — that is, the producer. Thus co-operatives are relations between people. They bring together the entirety of the relations that people establish amongst themselves in the production of their material life (Mandel, 1977, p. 173).

The co-operative movement is also seen as a form of planning which is essentially, and above all, a form of the management of labour, of the income from production, of income and of social capital. Consequently it cannot be detached from those who have property rights to the means of production or social capital or those who hold a monopoly of political power over those means. The planning system is, therefore, always directly a reflection of the character of production relations and of the whole range of socio-economic and political relations. It hence follows that it is our task to build up the kind of system of social planning that will directly reflect the production, socio-economic and democratic relations of the socialist society and that will uninterruptedly reproduce those relations at an even higher level in terms of quality (Kardelji, 1980, p. 7).

Community development as a method of approach to peasants and their problems facilitates the translation and implementation of all these ideas at the village level where its operational activities are generally programmed.

Basic principles. A co-operative movement as both an economic and social organization has basic principles which sustain its activities and programmes and its survival. The co-operative movement as viewed in this article has the following principles:

- (a) Members join as equals and not as capitalists. Division of surplus is in accordance with the work done with the society and not according to capital involved;
- (b) Members come together on the basis of equality — one person, one vote, for example, irrespective of the amount of share capital invested;
- (c) Members join to improve their economic interests;
- (d) The act of association is voluntary. Co-operative enterprises should not be judged solely or mainly on the basis of their achievements as business enterprises. It is argued that co-operation is socially and politically desirable because it encourages producers, for example, to be self-reliant, thrifty and ready to submerge individual interests for the greater good of the community of producers. Participation in co-operation is economically desirable because it acquaints producers or members with the problems of markets and of business organization and so enables them to see their problems as producers more intelligently in the larger setting of economic life; it also may widen the range of alternatives open to them (Bauer and Yamer, 1965 p. 225).

For the rapid transformation of our society to occur through the co-operative movement, it must be achieved in a basically voluntary manner if true socialist relations are to prevail. It is important to note that voluntary co-

operation and participatory aspects of rural transformation have always been important cornerstones of socialist theory. In some countries this voluntary practice has been different since specific historical configurations have resulted in a more or less forced transformation of agricultural sectors of some socialist states. Yet this element of socialist thought must be stressed if we are to effectively combat the prevalence of this practice. As Engels declared long ago:

When we are in possession of state power we shall not even think of forcibly expropriating the small peasants (regardless of whether with or without compensation), as we shall have to do in the case of the big landowners. Our task relative to the small peasants consists, in the first place, of effecting a transition of his private enterprise and private possession to co-operative ones, not forcibly but by dint of example and the proffer of social assistance for this purpose (quoted in Thomas, 1974, p. 161).

In promoting co-operative movements we should not be compelled to use force. But where pressure or force has been used it has probably arisen out of the contradictory position of the peasantry as well as from the specific historical conditions facing that country. While on the one hand, peasant relations on the land have been subservient to the dominant mode of production (capitalist or pre-capitalist) and as a result the peasants have been exposed to social and economic exploitation in the countryside, on the other hand the peasants own some resources privately and frequently employ labour on a small scale, usually in the form of family labour. While the peasants are, therefore, anxious to end rural exploitation and to support struggles along these lines, the end to exploitation is frequently seen as occurring by way of greater security of private tenure and real income, both of which the peasant believes can follow only from an expansion of holding-size and from the preservation and extension of unrestricted rights to the use and disposal of land (Thomas 1974, p. 161).

A careful theoretical analysis of our society is necessary before we indiscriminately encourage every peasant to join a co-operative. The main reason for such a cautious and well-programmed approach is the fear of failure of co-operatives. People become easily suspicious of programmes that fail in circumstances over which they have no control.

Difference between a co-operative society and a co-operative company. Many people including the well-informed are not clear on these differences. It is important that the people who make and implement co-operative policies be made familiar with the distinction. Failure to understand these differences will lead to implementing a co-operative policy which conflicts with the philosophy of government and finally will lead to failure of the co-operative movement. The instrument of national transformation must fit into the framework of overall policy and plan of development of the country.

Co-operative societies in Zimbabwe are registered legally under the Co-operative Society Act (Cap. 193) whereas co-operative companies are registered under the Co-operative Companies Act (Cap. 190). The purpose of a co-operative society is to secure an increased return, marketing services at cost, a supply of goods at reasonable prices, and an improved standard of living for its members. The purpose of a co-operative company (or a private or joint-stock company) is to make a profit upon investment and perform marketing services for the benefit of the shareholders. The basis of organization of a co-operative society is that producers and members market their own produce or

consumers sell their own goods to their own members while a co-operative company's basis or organization is money and so only people with wealth can invest.

The membership of a co-operative society is unrestricted. *Bona fide* producers are eligible to join a marketing co-operative society. Shares are not negotiable and cannot be sold on an open market. In a private co-operative company, on the other hand, membership is often restricted; and many co-operative companies are closed corporations in which stock cannot be purchased. But, in so called 'open' corporations stock is available to anyone having funds, and stock is sold on the open market.

The voting in a co-operative society is based on one person, one vote. Voting by proxy is not allowed. The number of shares owned by individuals is restricted. There is no concentration by an 'inside' group, whereas in a co-operative company voting is on the basis of stock owned. Ordinarily there is one vote for each share of common stock held. Proxy voting is permitted. There is no limit on the number of shares held by an individual member. Control is often concentrated in a small minority or 'inside' group.

The operation of a co-operative society is based on the interests of the members themselves, who pool their resources, expenses and products. In a co-operative company the operation is done in the interests of shareholders, irrespective of interest in the actual business done by the co-operative on the part of such shareholders. The profits of a co-operative society are returned to members on a patronage basis. Limited interest is payable on shares of stock. Wealth is widely distributed. In a co-operative company profits are distributed to shareholders on the basis of shares owned. The aim of the members in buying stock is often to profit or resale. There is a tendency to concentrate wealth among the shareholders.

Types of co-operatives. Co-operative societies cover a wide variety of social and economic activities. The list appearing below contains many of them, although it is by no means exhaustive:

- (1) Agricultural producer and marketing co-operatives, which aim at the improvement in the production and marketing of crops and the breeding and sale of livestock;
- (2) Consumers may, for example, involve themselves in the establishment of a store (usually retail) from which they become customers. The purpose is to obtain commodities on better terms than can be obtained from a retail store operated for profits;
- (3) Credit and thrift co-operatives, which provide credit to their members for a variety of purposes. By joining a thrift and loan society, the members are encouraged to save and are able to obtain a loan up to the limit of their savings for certain specified purposes;
- (4) Housing co-operatives, the aim of which is to help members to either buy or construct a house;
- (5) Transport co-operatives, in which members pool their resources together in order to provide themselves with transport facilities;
- (6) Dairy and food produce co-operatives, which are organized for purpose of the consuming and marketing of perishables;
- (7) Industrial co-operatives, where the workers pool their resources in order to run a factory.

A co-operative movement can be multipurpose in that it can combine so many activities under one organization as a primary co-operative society. In

such an organization functions of thrift, credit and supply can be combined. **Co-operatives and national development.** The co-operative movement is one of the instruments used for development at a village, district and national level. It is a way in which members or consumers can collectively pool their resources for their benefit. Collectively they manage and control resources in their own community. Co-operatives are, therefore, a means to an end and not an end in themselves.

Generally co-operative activities at a village level are closely tied to community development programmes of national plans. This is so because community development is involved in the promotion of the quality of life at the village level and is also a primary means of raising the level of productivity, extending improvements in technology and expanding local organization and employment. Basically community development is one of the means of reaching the poorest of the poor, the deprived and the politically powerless groups because it essentially encourages their participation in decision-making processes. In this way economic development and social changes as vital elements in national development are translated to the villages through community development. Co-operation has the merit of combining freedom and opportunity for the small man with benefits of large-scale management and organization as well as goodwill and support from the community. Thus a rapidly growing co-operative sector, with special emphasis on the needs of the peasant, the worker and the consumer become vital factors for social stability and for expansion of employment. Along with a growing public sector, which functions with a responsibility to the community as a whole, the influence of co-operation extends far beyond the particular activities organized on co-operative lines and gives to society and the national economy, a balance, and a sense of values and of direction.

Co-operation has, for example, its own systems of production, distribution, banking, power, equality and other services which are distributed solely to benefit the community and include no element of individual profit. In the co-operative system there is ideally complete personal equality. It is a voluntary system, created by personal effort, freely given. It leaves wide areas of free choice within a planned framework. The co-operative system is applicable to people of all walks of life and at all stages of development. It provides a unique system of education, democracy, responsibility, collective work and toleration. Of significant importance is its effectiveness in training people for political and economic power. The element of authority is much more evenly distributed in the co-operative organization than in private industry.

Co-operatives also make certain contributions in the sphere of social development. People gain a sense of pride in achieving something from their personal efforts and co-operation. They learn to be self-reliant and to administer organizational rules and regulations necessary to economic achievement, such as punctuality, accounting, regular auditing and reliability. Co-operatives provide basic training in democratic procedures which are necessary in many phases of community development. Co-operatives provide the organization and leadership training at the village level through various kinds of government assistance or financing which can be channelled while giving some responsibility to the people themselves for its equitable distribution. They can also act as a link between people and the government in training and the dissemination of government policy. In general co-operatives and community development provide mutual assistance to each other: good

co-operatives help in community development, and community development in turn makes for better co-operatives.

The role of government in co-operatives. To facilitate the formation and the administration of co-operatives the government should provide certain services which the co-operatives need in order to survive.

The first area of activity of government in co-operation is that of legislation. The law deals with co-operatives in three ways. Co-operatives must have an officially recorded corporate existence; it is necessary to establish what functions they perform, how funds are to be subscribed, whether their members' liability is limited or unlimited, and what records are kept. The co-operative character of the enterprise must be established; co-operation is defined and its limitations are described. The government may grant co-operatives legal and fiscal privileges; national credit may be placed at its disposal, close contact between the movement and government departments may be provided, and a suitable standard of efficiency and social principles maintained. The degree of state supervision and support should vary with the philosophy of government and the level of development and character of the co-operative membership.

Many failures of co-operatives have been largely due to lack of training of both the leadership and the members. There has been an apathy in members and committees and inefficiency in staff dealing with unfamiliar problems, such as credit and competition with the private sector. Some members, perhaps because of a high level of illiteracy, do not understand how membership fees are organized, how meetings are conducted and how loans are productively utilized. All these problems indicate clearly the need for government to establish training colleges for co-operatives which will be the source of learning for the staff members of a co-operative society, civil servants and the masses.

A third way in which government can promote co-operatives is by way of financing the co-operative movement. Since the co-operative movement has been assigned a significant role in the attainment of targets and goals of social and economic progress, it must be recognized that orderly and purposeful growth and public enterprise inevitably involve problems of financial strategy — including such crucial questions as the mobilization of financial resources for investment, the establishment of investment criteria, the setting up of effective mechanisms for deciding upon investment priorities, the linking of co-operative finances to national finances and budgets, the establishment of systems for effective monitoring of the use of capital, defining objectives and goals of enterprise policy, defining the concept of returns on investment and adopting pricing policies suitable to the declared objectives (Fernandes, 1981, p. 14).

Many co-operatives fail because they make losses owing to wrong, uneconomic investment decisions. Some losses have occurred owing to poor financial management and poor knowledge of seasonal cyclical market factors. Some of these losses could be prevented by improved financial management, higher skills of investment planning, more accurate and realistic market surveys and accurate estimates of supply and demand. The government could also help in providing short, medium and long-term loans to co-operative movements so that they increase their capacity to meet the needs of the members. The role of government does not end in the provision of finance but extends to the advising of co-operatives on how to manage their movement. In this way the government is helping and influencing the direction that the

economy should take and more importantly the nature and type of resources that the country should control.

To this extent the co-operative movement has a special responsibility to act as a pioneer and pace-setter in the drive towards the economic stability and emancipation of the country. If it is to fulfil this role effectively the co-operative movement must develop a clear understanding of its tasks regarding adequate management, philosophy and style, a high level of efficiency and proper attitudinal approach (Fernandes, 1981, p. 9). A co-operative movement once formed can be self-perpetuating if the members are given the relevant training, philosophy and resources.

A co-operative can be multipurpose as in the case of the Madziwa Co-operative Society which is affiliated to the Bindura-Darwin Co-operative Union. It buys seed, fertilizer, pesticides and grain bags for its members, all at reduced prices, and markets the members' crops. It also orders paraffin in drums which it sells to its 700 members for markedly less than shop price. It now plans to build a store where it can stock equipment used by farmers such as gumboots, overalls, ploughs, picks and shovels. Consumer goods such as sugar, tea, bread and soap are sold to the members. In this case it is operating as a producer, a consumer and a marketing co-operative. Many such registered co-operatives are now functioning in, for example, Tsonzo in Mutare, Dowa in Rusape, and Silobela in Kwekwe. With increased resources such co-operatives have the capacity to be involved in bigger enterprises and to control resources in their own communities.

There are also some small groups of people who have come together to deal with local problems and who are in the process of becoming a full-fledged co-operative. One of such groups is in Mutoko at Mupfava's village where seven men and four women are jointly involved in vegetable growing, pig-farming, food production, and marketing their produce. This club has had problems of marketing its produce; for a distance of 175 km from Harare they are charged as much as \$450 per trip. This takes away all the proceeds they have made from their sales. However, the members are now planning to buy a truck which will facilitate the marketing of their perishable produce. In this way they will remove the burden placed on them by the middlemen who take advantage of their inability to provide their own transport services.

The Ministry of Community Development and Women's Affairs encourages the formation of these clubs or groups at a village level. These groups should mature or move to a stage at which they can be formally constituted and be registered. Progressively they should move to a further stage at which they begin to control and manage bigger issues until they are capable of controlling the means of production. The Ministry, through its community development workers stationed in villages, has facilitated the formation of co-operatives throughout the country. It must be mentioned that the co-operatives belong to the people and not to the Ministry or government once they are formed. The Ministry is only a catalyst. To date the Ministry has assisted in the formation of at least 185 co-operatives which are registered by the Department of Co-operatives in the Ministry of Lands, Resettlement and Rural Development.

Many of the co-operatives promoted by the Ministry can be categorized as income-generating (e.g. uniform-making, bakeries etc.), construction (e.g. community halls), and infrastructural development (building of small roads, footbridges, wells, toilets and rubbish pits). As can be seen the projects have

two basic goals, one to improve the quality of life of the people and the other to control and own the means of production.

As organized groups, co-operatives have access to agricultural credit, fertilizer and other productive resources. The capital and income from one or a few animals or bags of maize can afford the peasants a significant measure of independence and security in their bargaining with the big commercial farmers. Participation by members in co-operatives for the marketing of livestock and crops, or for the provision of transport services and of credit, is cheaper and more practicable than trying to help peasant farmers individually. Increased crop production can ameliorate the large and growing protein deficiency and achieve self-sufficiency and also provide employment which directly helps the participants and beneficiaries and through them the economy as a whole. The provision of additional and alternative employment can indirectly ameliorate the imbalance of bargaining power in the immediate area and, therefore, helps support peasant demands for a higher share of agricultural income produced in the area. Further income from their produce can be ploughed back into the communal lands by way of developing and improving the infrastructure. The increase in agricultural co-operatives in the communal lands has in fact led to increased production of food in some areas from an average of 9 bags of maize per acre to 27 bags per acre, because members have learnt how to use fertilizer and other techniques (*The Herald*, 26 May 1982).

One of the development areas in the field of co-operatives, since independence, has been the establishment of warehouses and distribution centres in rural areas by co-operative unions. The government has provided a considerable input in this regard by way of soft-interest loans. Africare, a voluntary non-government organization, has also funded the construction of warehouses for farmers.

The concept of community development agrees on the necessity to initiate as far as possible self-help activities undertaken by the people concerned, that is to motivate peasants and economically and socially deprived groups to introduce innovations in order to make more productive use of their own resources, to have access to additional ones and, as a consequence, to raise their real incomes and awareness of what they can do with their little economic power.

The co-operative enterprise has to promote the members' interest by providing efficient services in accordance with their interests, their felt needs and their objectives. To this extent they are a highly decentralized form of development administration easily accessible to members. As a development strategy co-operatives are a form of 'bottom up' approach in which major initiatives, policy and decision-making and control of activities are undertaken by the members themselves, within the overall national development goals. From the community development perspective the essence of co-operative action by peasants is to gain and consolidate economic and political power in order to utilize and control the means of production.

This, in a small way, is the beginning of a long process of removing exploitative relations on the land. Inevitably this process is a struggle against the forces that wish to maintain the *status quo* and in particular it is a fight against capital which may not be interested in developing areas from which it does not make a profit. In this view, community development plays a crucial role in facilitating the social transformation of our society. Through community development, co-operatives are a useful way of transforming people's minds in that they facilitate the altering of habits, morals and ways of

thinking which have resulted from years of exploitation, oppression and social conditions favouring the desire for private enterprise. Co-operatives can be a watchdog against any potential alliance between rich peasants or traditionalists and the middle class who may want to perpetuate the system of private ownership of the means of production and advocate the interests of the few and not those of the public.

This problem was clearly exhibited in Binga in 1983 when the fishermen around Kariba Dam were considering forming a fishing co-operative. A local Member of Parliament, who felt that his interests in fishing and marketing were threatened, tried to discourage the fishermen. As a leader in that community he sent some of his aides to disrupt meetings which the Ministry of Community Development and Women's Affairs was holding with the fishermen in order to form a co-operative. The collective action, willingness and understanding of the community and the efforts of the Ministry of Community Development and Women's Affairs and the Ministry of Local Government and Town Planning undermined his power and interests. The Binga Fishing Co-operative was formed against this background of opposition from a local leader. Thus a highly monopolistic market structure in which this local leader had control was outweighed by the power of the members of the co-operative. In the past the fishermen lacked knowledge of production and marketing and transport facilities. This forced the fishermen to sell their fish to local traders at a very low price and the unscrupulous traders for a long time exploited the Binga fishermen. These newly formed co-operatives will help to redress this imbalance in bargaining power by intervening in the local and regional market to buy peasants' products in competition with existing buyers. Economic power gained in this manner by the peasants can successfully be extended to other sectors of the economy.

This is a small but significant, practical example of the beginning of a long process of social transformation.

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