

The International Labour Organisation & Cooperatives

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Origins

I have tried to put together some points which might highlight for you the 75 year old tradition of the International Labour Organisation's (ILO) promotion of cooperatives while, at the same, looking into the history of the ILO.

As you all probably know the ILO was established in order to promote social justice and improve living and working conditions for the working people. It was the first international organisation founded after the League of Nations. For all of us, it should be of interest that the constituents of the ILO were not only the governments as all other United Nations (UN) agencies are set up nowadays; but it was already provided in the constitution of the ILO that the organisation should have regular consultations with international organisations of employers and workers, which are known to all of us, but also with organisations of agriculturists and cooperators. So already in the constitution of the ILO you have the mention of co-operators but probably the role of the employers and workers organisations developed over time much more intensively than that of the fourth category. Still, the international organisations of cooperators and agriculturists have a special observer status in the ILO. This is why the International Cooperative Alliance (ICA) - which is actually older than the ILO; it will celebrate its 100th anniversary in 1995 - and the International Federation of Agricultural Producers are always invited to any committee meeting in the ILO and they are always free to speak there. Although I have to qualify this by saying that the ICA did not take up this role for many years.

ILO Cooperative Activities over the years

So in the light of this constitution the cooperative unit or the cooperative service in the ILO was already founded in 1920. Since then, during the first 3 to 4 decades, the ILO mainly provided information services on activities and some advisory services to governments. But then, in the 1950's, the picture changed somewhat with the assistance to forthcoming developing countries. A very intensive discussion at the time of the forthcoming independence of colonies centred around the role of cooperatives in their social and economic development. These discussions led, after some consultations in the ILO, to Recommendation 127. This was approved by the ILO conference, the general assembly of the organisation, in 1966 and it is still up to this day the only international standard on cooperatives. The discussion on this recommendation was revived again in 1993 and taken up again in the ILO. I will come in a moment to that but maybe just to give you an idea what happened between 1966 and today in the ILO as concerns cooperatives, Recommendation 127 was purposely a recommendation and not a convention - that means a law to which the governments would subscribe - but as it was only a recommendation the ILO was only in a position to promote its objectives through technical assistance, sensitisation of governments, and similar ancillary services.

Over these last 30 years the focus of the ILO's cooperatives branch in Geneva was on technical cooperation. Somehow the volume of the activities exploded and became quite extensive particularly during the last decade. What we have today in the cooperative branch are two sections; the activity of one is devoted to technical cooperation activities and it is called Cooperative Promotion and Development; whilst the other one is geared towards the more traditional activities of the ILO: standard setting, advisory services to governments and other constituents and information services.

This branch is focused on human resources development, legislation and information. It once incorporated the title of Research but this was dropped as pure research as such was no longer fashionable. What might be of interest from the structural point of view is that the cooperative branch since 1992 is embedded within the Department for Enterprise and Cooperative Development. This was meant to make very clear that the ILO considers cooperatives as private undertakings in a market economy. The focus was thus put on *enterprise*, the organisational and entrepreneurial functions of cooperative societies.

United Nations Debate

The more substantial discussion on the role of cooperatives in new economic and social developments was brought up again in 1992 by a report of the UN Secretary General whose title was 'The status and role of cooperatives in the light of new economic and social trends'. This report was worked out in cooperation with several UN agencies and international NGO's which are associated together in a body called COPAC (Joint Committee for the Advancement and Promotion of Cooperatives). This body has a small secretariat located in the Food and Agricultural Organisation (FAO) premises in Rome. This group of organisations worked out together with the UN Centre for Social and Humanitarian Affairs in Vienna the report of the UN Secretary General. This was discussed in December 1992 and approved in the general assembly and the resolution emerged from that. This raised the cooperative issue again in a very interesting and animated discussion on the international level.

One of the conclusions of this report is that, through the withdrawal of governments and the introduction of structural adjustment programmes, the cooperatives were rediscovered in

many developing countries. This report highlighted the tremendous market shares of cooperatives in some of the industrial countries. It elaborated on the situation of cooperatives in the Eastern and Central European economies in transition and it did point out that they are faced with more hostile surroundings and more adverse political conditions than in any other country investigated. They must now have to find a new standing in these economies not only without the support of government but even with hostile attitudes towards cooperatives. And, in developing countries, the report pointed out the negative impact of structural adjustment programmes obliged by debt management but also, after the withdrawal of the state, the new opportunity which is presented for all types of cooperatives.

This is just to provide you with a picture of the general discussions within the ILO on cooperatives. The ILO still maintains the most extensive cooperative promotion programme inside the UN system. We have somehow been able to revive the substantial discussion on cooperatives especially through an expert meeting which is an instrument of the organisation to advise the ILO conference and the Director General on certain items of interest for discussion at the ILO conference. This expert meeting was the first one that took place for 25 years on cooperatives. The expert meeting discussed Recommendation 127 and it proposed that this text should be revised in the light of the changed situation of cooperatives. This was very interesting, especially because the target intended was all countries and not only developing countries. It was suggested that the recommendation should address cooperatives as independent and democratic organisations and should re-consider especially the role of the state as described so far and the framework of conditions for such cooperatives.

The next agenda item of this expert meeting was human resources development in cooperatives. There was an extended discussion

about how the concept of human resource development goes beyond pure education and training; but this has to be linked to other aspects in a system where various elements interact.

The most interesting agenda item in our discussion on workers' cooperatives was the role of the cooperatives in employment and income creation. Obviously, a big emphasis was placed here on the potential of workers' cooperatives. There is one report on that also and this report listed numerous examples of worker cooperatives or service cooperatives which were able to create or at least to maintain employment levels and to improve the income situation. However what we are still missing somehow is the research dimension: We do not yet have a complete quantitative assessment of what is going on in that field and what are the possibilities in the field of employment creation through cooperatives.

In the 1993 ILO Conference, it was clear that worker organisations participating in the ILO are increasingly attracted by, (or attracted *again* because they were already so at one time), to the possibilities of worker cooperatives. They express very much the need for worker education in that field. It is perhaps surprising that even a number of employer organisations show interest and are willing to give assistance to cooperatives. There are a number of national federations of employers which include cooperatives within their federations. Yet, workers' organisations do see some problems with cooperatives and the employers' organisations, to add to that, also do see other problems. So support is still guarded. Still, both parties demonstrate more interest, probably because the cooperative can help fill a kind of a vacuum which appears to be enlarging more and more between on one hand a formal private sector which cannot absorb the labour force and which is of concern to employers and worker organisations and on the other a

leaner public sector. You might call that the informal sector but I think there is a very broad range of informality or formality.

A Research Agenda

There remains little quantitative evidence of the employment impact of cooperatives as such and of worker cooperatives in particular. There is hardly any evidence to show to our constituents except a few examples which may be more exceptions than signifiers of trends. A second area which requires research is to focus on the relations, opinions and awareness of our constituents, workers and employers, towards cooperatives. To my knowledge this is also something which has hardly been explored. Another topic which is probably related to the above is the comparative advantage of cooperatives against other forms of enterprises. Yet another question which companies ask and about which there is apparently scant research done, is cohorts analysis. This implies following up what happens to certain groups of cooperatives or of worker-members. Do they come up to a level and then they just forego the cooperatives formula? Do you have a drop in cooperatives because no cooperatives come up to take the place of others which have been transformed? The problem may be similar to the question of poverty alleviation where it is that poverty is not being alleviated because you still have the same statistical evidence of poor people. But does one follow what happens to the groups you try to promote? One more logical aspect for us to consider as a research agenda might be how far research and human resource development are really critical for effective cooperative viability. What is the impact of research on human resources development when the latter is apparently one of the major factors for the development of such cooperatives?

I hope that these ideas will help to identify fruitful areas for research on cooperative ways of working.