

Moscow to Beijing: the Co-operative Way

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In June 1999 a party of eight, all stalwarts of the co-operative ideal, embarked on a combined holiday and study tour, from Moscow to Beijing. Our journey took in the Trans-Siberian railway where at most of the stops, the arrival of a long distance train was a major event. From this route, we turned south across Mongolia, still rural and sparsely inhabited. Entering China, the whole train was lifted up in a state-of-the-art engineering shed, and lowered onto a chassis for a different gauge of railway track, while we stood and watched. Beijing was very hot and despite wide roads specially built for cyclists, traffic jams were common. One of the highlights of our trip was the visit to the Great Wall, bestraddling steep hills to the north of the city. Whilst this would all have provided a feast for the 'ordinary' tourist, our party had a special interest to be catered for.

At every stage of our journey we had discussions with the representatives of co-operative movements. Styles varied: in China we enjoyed a frank analysis of the situation of the co-operative movement, and appreciated the candour with which our questions were answered in what was a genuine dialogue. Our Russian hosts at Centrosoyus were less forthcoming, and we found ourselves having to infer a lot from the proceedings. The presentation there was on similar lines to many a reception for western delegates under Communist rule - a favourable, dynamic, input, putting a positive analysis of the situation, but not really welcoming questions, and sometimes not answering them

It was difficult for us to make adequate assessments of the state of national and local co-operatives on the basis of one or two meetings in each locality, even where information was freely and truthfully given. We learnt that there was a new Co-operative Law in force, dating from 1997. Assessing a welter of impressive statistics, it seemed to us that there were real problems in a situation in which co-operatives were no longer simply 'blessed' by the state, and allowed to occupy a privileged position. The free market was creating great pressures, and the transition had been abrupt. In some cases, co-operative institutions were being forced into compromises in order to stay alive: an example seems to be the three co-operative universities, in Moscow, Belgrad¹ and Siberia. Answers to questions appeared to reveal that a lot of the teaching at these institutions was ordinary management training, with relevant commercial courses. The 'co-operative' elements, we seemed to

learn, only applied to a certain number of courses.

Leaving Moscow with many unanswered doubts, we next encountered the co-operative movement in Irkutsk. Far from Moscow, the impression we got was that they needed support. The regional consumer co-operative society stretched to the sparsely inhabited regions of the Siberian taiga and tundra, where the reality of co-operative enterprise must contrast starkly with conditions in suburban Moscow. Clearly, there were difficulties: the headquarters building looked shabby, and run down, in contrast to Moscow, and the cash-flow situation seemed acute. Training is one crucial area, and for some students, facilities can be a thousand miles away in Novosibirsk. The Co-operative College in the UK sparked interest, and there seems to be scope for its work with co-operatives in Kazakhstan to be replicated elsewhere in the former Soviet Union.

The greater openness of our colleagues in Irkutsk enabled us to glimpse a truer picture of the difficulties faced by Russian consumer co-operatives, but we were unable to clarify the as complex relationships involved, for example between producer and consumer co-operatives. I think it is fair to say that, within the all-embracing Association of Co-operative Organisations of the Russian Federation, the two sectors are largely independent. We as visited a local co-op. store, and met employees, but left feeling it was struggling to keep afloat, and needed modernising in the way epitomised by the impressive new indoor market. This facility was attractively designed, clean and light, with crowds of people thronging very well stocked stalls. Yes, it is difficult to make out what is happening in the Russian economy: very different signals are visible. The appearance of people in the central areas of Moscow, for example, would seem to contradict some of the grimmer stories about the extent of poverty in Russia. Perhaps the poor rarely go into the big city? Perhaps the Russian middle class is growing?

We also visited the local co-operative college, where we were given a fairly frank analysis of the present position, which was difficult, if not desperate. The building urgently required modernising, and some facilities - e.g. the toilets - making decent! The range of courses is quite impressive, but again, the financial health of the college depends on the number of students from outside the co-operative sector. We were shown details of an unusual course - for Britain - in fur production. Conservationists would have been horrified, and it was lucky we had no militant animal rights activists with us! Among the pelts displayed were bear, lynx and snow leopard skins, but the tutor and co-operative staff seemed entirely oblivious of a potential issue in terms of

endangered species!

The visit had been generously hosted, time being made available on a Saturday, and the disclosures were fairly frank. The abiding feeling I have, though, is of a co-operative enclave stuck in a time warp. We were reminded that the Russian co-operative movement traces its origins to the consumer society 'Big company', set up in the region of Lake Baikal, at the Petrovsky works, in 1831. The founders of this society were Decembrists, a fertile source of radical ideas. During our meeting the president of the host society disappeared, returning later with a book detailing the history of the co-operative movement in the area from the founding of the first co-operative onwards! His enthusiasm and thoughtfulness were touching, and we felt very privileged.

The Mongolian co-operative movement was a huge contrast, small, tenuous and dependent on particular individuals and families. One of our party, Dr Rita Rhodes, had been here before in 1992, to train co-operators. She was heartened to learn that her work had borne fruit, and the movement, very tentative at the time of her first visit, had consolidated and developed its effectiveness. One particular conundrum which challenged me was the extent to which a family controlled business could properly be called a co-operative. There were also instances in which a co-operative official was a private business operator. The question arises as to how far co-operative priorities vary between a developing country, with its drastic need for better infrastructure, and a developed society. Do the normal rules governing clashes of interest apply? Or does entrepreneurial spirit count more heavily in a land where the basic means of transport are rudimentary, simple dirt tracks in many areas, together with one vital rail link to Russia and China? The ravages of the past winter have exposed the fragile nature of existence for many Mongolians: 850,000 livestock dead well before the end of the winter, and 238,000 people affected by food shortages and loss of their livelihoods.

Herding co-operatives play a leading role, as 30 per cent of Mongolians are nomadic. Training is a key need, and they were interested in using the facilities of the Co-operative College, which figured prominently in discussion. Interest in International Co-operative Alliance events was expressed, but finance was an acute barrier, a problem we were able to leave with Dr Madane, of the Asian region.

Funding is a difficult problem for the co-operatives, as banks will not lend to small or medium-sized enterprise, and credit unions are not allowed to lend to organisations by law - unlike in Jamaica, for example. Credit unions have made fast progress since being set up in 1997. Consumer co-operatives do not buy direct from producer co-ops, but have to buy at the open market.

In China we found ourselves being looked after by guides working for organisations to whom the co-operative to whom we were accredited had farmed out the job. We had one excellent guide and one not so good. The headquarters of the International Co-operation Department of the All China Federation of Supply and Marketing Co-operatives was unattractive and run down. We gathered that there were problems, basically arising out of the collapse of state socialism and the consequent weakness of co-operative ideology. Local officials do not always know what a co-operative is! The absence of a co-operative law was a serious weakness, and in this respect the draft UK Co-operative Act, now sadly downplayed by officers of the Co-operative Party, was a model which the Chinese found very helpful.

The Federation has 1.8 million members, and advises 180 million farmer households. Financial help is not given, but consumer goods can be provided, help with materials is given, and training and research undertaken. We visited a couple of co-operative stores, including a hypermarket, which was huge, and which seemed to sell virtually everything. Most of us bought items to bring home, and one of our team refurbished her wardrobe! We also visited a State Friendship store on our visit to the Great Wall, and had lunch at the restaurant. Seated around a very large round table we were plied with a succession of very appetising local dishes, Chinese food specially produced for the non Chinese. I found it a real treat!

The Federation relates to 10,000 shops and supermarkets, and 16,000 plants for processing agricultural products. Its main task is the promotion of international trade. Vegetables and fruits are sent to Japan, South and East Asia, and the USA. Co-operation with other co-operatives is a key aim, and joint programmes with European co-operatives a highly prized objective. Specific areas for co-operation include the processing of agricultural products; technology - e.g. in terms of breeds of livestock and in tea production.

The withdrawal of protection for co-operatives under state socialism has, as in Eastern Europe, had dramatic effects. Two spheres of co-operative activity outside the Federation are credit unions and handicrafts. Credit unions are highly developed at local level and managed by the Agricultural Bank of China. Good trade is done with the Mongol co-operatives, with cashmere products and timber being imported. A wool cleaning factory is to be set up. There are also 1,200 co-operative schools and 3 universities.

Common problems emerged on our visit, especially in Russia and China: the change from state socialism has left co-operatives in

a void. Links with abroad are actively being sought by co-operatives in all three countries, and could prove a crucial factor in determining the economic health and philosophical commitment of particular co-operatives. There are acute problems, even without the recent appalling Mongolian winter. We were privileged to share information with many different co-operators in all three countries, and returned home immensely the richer as a result of their generous hospitality, many varied and exciting experiences, and fascinating insights into co-operative life over the length of the world's largest continent.

Rowland Dale has played a prominent role In the Society for Co-operative Studies for many years and is a member of the Executive Committee.

Note from editor

1. Erratum to published paper: reference to Belgrad likely refers to Belgorod University of Co-operation, Belgorod, Russia.