

Realism in the Developing Countries?

by Ian Cameron

The trouble with proselytising organisations - and people - is that they reach a state wherein they believe their own propaganda. Governments, too, suffer from this malaise - c.f. Mrs. Thatcher and her colleagues.

Such rueful thoughts were brought back to me by a reading of an intriguing piece of academic work - a dissertation on *Workers' Co-operatives in Rural Bolivia* and, in particular, their contribution to solving the marketing problems of small farmers, which has been submitted by Ramon Dario Rojas Saldias to the University of Strathclyde.

When I was a boy and attended Co-operators' Day Rallies, Chairmen of Education Committees, Presidents of Societies and Co-op-sponsored M.P.s used to make fine, spirited speeches not only about good, energetic, efficient retail societies such as our own but also about sprightly, wonderfully operated workers' Co-operatives in Africa and Asia. One moment those concerned were living in abject poverty and malnutrition abounded. Two sentences on and they were all healthy, fit, and experiencing modest affluence. A few elders had met in a bamboo hut, had resolved to embark on a workers' Co-operative and - be it growing coffee or cocoa, or fishing, or whatever - 'abracadabra', 'ICA' and 'Horace Plunkett' and all was well.

The General Conditions -

It was not and is not anything like as simple as that. In the early part of his work, Mr. Saldias describes in great detail the conditions confronted by the Bolivian peasants. Thus, Bolivia has the second lowest GNP per capita in the American continent. The bottom has fallen out of the commodities market, and this has had a knock-on effect through the rest of the nation's economy. 50% of the Bolivian population depend entirely on agriculture and livestock for income yet receive less than 20% of the total GNP.

Quite apart from such production matters as the quality of their produce, the peasant farmers have long been confronted with formidable transport problems. The roads are poor, and their trucks are barely roadworthy; their storage facilities are poor, their cold storage facilities even poorer. Moreover, having no collective negotiation power, they are easily exploited by the middlemen. The producers have little access to marketing facilities.

-And the Particular Problems

The peasants have not been slow in inviting attention to the problems which "emerge" from the situation described above.

These include:

1. Ridiculously low-scale production, with practically no economies of scale.
2. The unacceptable levels of the perishability of the fruit and other 'fresh' produce.
3. Mishandling of and bruising of the produce.
4. Poor packaging.
5. Excessive delay in delivery.
6. Virtually no grading or branding of produce.
7. High transport costs.
8. Poor financial reward vis-a-vis the price paid by the consumers. (In other words, abnormally low profits for the producers and even more abnormally high profits for the wholesalers, retailers, and other so-called agents in the middle of the producer to consumer chain). Indeed, Saldias shows that there are quite too many middlemen, living in the towns and in the cities and doing rather well out of the peasants' produce as it works its way to the cities or even out of the country by way of exports.
9. The effect of the earlier points results in the producers experiencing omnipresent liquidity problems.
10. And that, in turn, exposes them both to higher costs for their requirements and to being in debt to the middlemen who purport to act as 'agents'.

The Exploiters

Mr. Saldias draws for support on the research of a fellow national, Cardona, who analysed the selling margins of 14 selected products, covering both fruit and vegetables. He concludes that the prices paid by the consumers were excessive and that even the retailers were being squeezed, as well as the consumers and producers, by the excessive profits of the numerous (and unnecessary) coteries of middlemen.

On the other hand, Mr. Saldias, and the peasants with whom he is "en rapport" believe that the producers are being exploited not only by the middlemen but also by the retailers, who "exploit" their knowledge of marketing. They also believe - but are somewhat lacking in evidence to substantiate their conviction - that Government officials joined the middlemen in their exploitation.

The answer to their problems would appear to be the establishment of Co-operatives.

Co-operatives - The Answer?

Mr. Saldias, however, brings out with disconcerting clarity that, whereas various Third World governments purport to support Co-operatives, many of them want the Co-operatives to become instruments of government policy. Moreover, occasionally the Government agents merely go through the outer manifestations of "creating" and "encouraging" Co-operatives and in fact work in conjunction with the middlemen to leave the 'New' Co-operatives weak and ineffective.

Then again, the establishment of a Co-operative calls for conformity with law. This requires organisation, literacy, and "management" ability not readily available in a community of illiterate or poorly educated people.

Even where these difficulties are not encountered, or are encountered but overcome, other problems emerge. Thus, any improvement in the lot of the peasants is, at least in the short run, going to result in less profit than hitherto. The middleman will not give up readily. In such circumstances, it has been known for them to sabotage the transport and/or the produce of the emerging Co-operatives.

Yet again, when all these difficulties have been overcome or avoided, the members of the Co-operative may not have the tenacity and patience to see their venture through to full success and/or may squabble over the distribution of the profit or surplus.

Giving Co-operatives a Better Chance

Mr. Saldias offers some additional points of advice to the peasant farmers in Bolivia and, indeed, throughout the world and to those who would assist them.

First, he argues strongly that it is important to assist such farmers to organise themselves in accordance with their traditions and culture and not to impose alien conceptions on them. The farmers must have confidence - or be able to build confidence - in their own organisations.

Secondly, the role of women, peasant women, in local economies should not be ignored and the Co-operatives should do all they can to draw on their competence, expertise and interest. Women, Saldias reckons, can play important roles in the "extension services" of the Co-operatives.

Thirdly and finally, Mr. Saldias clearly regards Co-operatives as institutions to fortify democracy - democratic thought and practice - as well as a means of improving the economic lot of the peasant farmer.

A General Reflection

Confronted with the enormity of the difficulties which Mr. Saldias reports, I cannot help but admire, even more than hitherto, those who, living in such an environment nevertheless still embark upon - and forge - and make a success of - workers' or producers' Co-operatives.

My summary of the lessons to be learned from the analysis by Mr. Saldias is:

1. Notwithstanding the tremendous difficulties, peasant communities are well advised to try to form and operate workers' Co-operatives.
2. There are three broad possibilities:
 - (a) They may fail - in which case, it is sad, but at least they tried.
 - (b) They may prosper for a time - and then fail - and although that is sad, at least it means that, for a while, the benefits were derived.
 - (c) They may prosper - and continue to prosper in which case there is every ground for self-congratulation although, no matter how long that success prevails, there is always the lurking fear that, faced with new problems, they find themselves in (b) above.

The Author

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