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SECOND REPORT

drawn up on behalf of the Committee on Regional Policy
and Regional Planning

on the contribution of cooperatives to regional
development

Rapporteur: Mr P. AVGERINOS

At its sitting of 11 February 1985 the European Parliament, pursuant to Rule 47 of its Rules of Procedure, referred the motion for a resolution by Mr POETTERING and others (Doc. 2-1311/84) on the contribution of cooperatives to regional development to the Committee on Regional Policy and Regional Planning as the committee responsible.

At its meeting of 22 February 1985 the committee decided to draw up a report and appointed Mr AVGERINOS rapporteur.

At its meetings of 28 February 1986, 21 March 1986 and 13 May 1986 the committee considered the draft report.

At the last-mentioned meeting it adopted the motion for a resolution as a whole by 16 votes to 12 with 2 abstentions.

The following took part in the vote: Mr DE PASQUALE, chairman; Mr M. PEREIRA, 1st vice-chairman; Mr NEWMAN, 2nd vice-chairman; Mr AVGERINOS, rapporteur; Mr ADAMO (deputizing for Mr Verges), Mr ALVAREZ DE EULATE PENARANDA, Mrs ANDRE, Mr ARBELOA MURU, Mr BARRETT, Mr C. BEAZLEY, Mr BOMBARD (deputizing for Mr Martin), Mrs BOOT, Mr BRITO APOLONIA, Mr FATOUS (deputizing for Mr Mattina), Mrs GADIOUX, Mr GOMES, Mr HUTTON, Mr KOLOKOTRONIS (deputizing for Mr Griffiths), Mr LAMBRIAS, Mr LIGIOS, Mr LLORENS BARGES, Mr MUSSO (deputizing for Mrs Lemass), Mr O'DONNELL, Mr OLIVA GARCIA, Mr POETSCHKI, Mr SAKELLARIOU, Mr SANCHEZ-CUENCA MARTINEZ, Mr SCHREIBER, Mr TAYLOR and Mrs VIEHÖFF (deputizing for Mr Hume).

The report (Doc. A 2-51/86) was tabled for the first time on 21 May 1986.

On 7 July 1986 Parliament referred the report back to the Committee on Regional Policy and Regional Planning. The Committee on Economic and Monetary Affairs and Industrial Policy was asked for its opinion on 8 September 1986.

The Committee on Regional Policy and Regional Planning considered the opinion at its meeting of 20 March 1987 and adopted the amended resolution by 23 votes to nil.

The following were present at the vote: Mr DE PASQUALE, chairman; Mr VANDEMEULEBROUCKE, 1st vice-chairman; Mr MAHER, 2nd vice-chairman; Mr AVGERINOS, 3rd vice-chairman and rapporteur; Mr ALAVANOS, Mr AMBERG, Mr ARBELOA MURU, Mr CLINTON (deputizing for Mr Giummarra), Mr ALVAREZ DE EULATE PENARANDA, Mr FILINIS, Mrs GADIOUX, Mr HUTTON, Mr LUIS PAZ (deputizing for Mr Gomes), Mr MARTIN (deputizing for Mr Griffiths), Mr MERTENS (deputizing for Mr Ligios), Mr MUSSO (deputizing for Mr Fernandes), Mr O'DONNELL, Mr OLIVA GARCIA, Mr PAPAKYRIAZIS (deputizing for Mr Happart), Mr M. PEREIRA, Mr RAGGIO (deputizing for Mr Valenzi), Mr RIMSCHKE (deputizing for Mrs Boot), Mr SAKELLARIOU, Mr SANCHEZ-CUENCA MARTINEZ, Mr SARIDAKIS (deputizing for Mr Poetschki), Mr SCHREIBER (deputizing for Mr Newman) and Mr SPATH (deputizing for Mr Lambrias).

The report was retabled on 25 March 1987.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Committee on Regional Policy and Regional Planning hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on the contribution of cooperatives to regional development

The European Parliament,

- having regard to the motion for a resolution by Mr POETTERING and Mr SAKELLARIOU on the contribution of cooperatives to regional development (Doc. 2-1311/84),
 - having regard to the European Parliament's resolution of 13 April 1983 on cooperatives in the European Community (OJ No. C 128, 16.5.1983),
 - having regard to the MIHR report on the cooperative movement in the European Community (Doc. 1-849/82),
 - having regard to the Commission's studies on the future of cooperatives in Europe (unnumbered),
 - having regard to the Commission's report on local employment initiatives (Regulation V/146/85, Study No. 83/2),
 - having regard to the first report of the Committee on Regional Policy and Regional Planning (Doc. A 2-51/86),
 - having regard to the second report of the Committee on Regional Policy and Regional Planning (Doc. A 2-12/87),
1. Recalls that cooperatives, given the way they are organized and operate, i.e. through the direct participation of their members in the economic development of the enterprise, can help to alleviate the adverse effects on their members which may be caused by the free play of market forces and can combat the effects of the economic recession more effectively;
 2. Is convinced that, given the distinctive features of the cooperative, it is possible adequately to attain the Community's primary objective of ensuring that economic growth generates more employment through a strategy geared to the expansion of cooperatives;
 3. Takes the view that, when it comes to devising new directions for the Community's regional policy, cooperatives can make a decisive contribution, particularly in the economically weaker regions, by creating and preserving jobs, socio-economic infrastructures of a variety of types, and secondary and tertiary activities and by reinvesting income in the place where it was provided so as to prevent population-drain from the depressed regions;

4. Points out that the scope for exchanging experience within the cooperative movement represents a high level of innovative potential and can also be used at European level for the transfer of research findings and technology;
5. Believes it necessary to encourage economic relations and particularly trade between cooperative undertakings at regional, national and Community level;
6. Stresses that, with the experience and efficiency of the small and medium-sized undertakings, the cooperative organizations are able to generate economies of scale and social progress and make a useful contribution to the development of the most disadvantaged regions in the EEC;
7. Notes that during the last decade, in which unemployment has continued to rise, cooperatives - particularly manufacturing cooperatives - have frequently succeeded in creating new undertakings and providing new jobs as well as preserving a significant number of employment openings; jobs in cooperatives, many of which are SMUs, seem as a rule to be more secure and less vulnerable to recession; for this reason, it considers that cooperatives are a special driving force promoting the development of the Community's economically weaker regions;
8. Considers that the cooperative movement develops and uses a region's own resources in particularly appropriate fashion since a cooperative interest strengthens the link with the region, helps to develop democratic ways and promotes involvement in the local community;
9. Notes that coordination between various national sectors and movements is still piecemeal in certain countries, that no adequate strategy exists and that, as far as credit is concerned, the existing legislation, regulations and procedures are insufficient, in certain sectors, to promote the development of the cooperatives;
10. Considers that cooperative economic activity has not attained an adequate level of development in all the Community Member States, still less in the less-developed regions; regards it as the duty of the cooperative organizations to take timely and effective action to ensure that a vigorous cooperative movement is recognized and operates in Europe;
11. Considers, therefore, that, in accordance with the principles enunciated in the preceding paragraphs, the cooperatives should receive encouragement and assistance from the local, national and European authorities, especially in their pursuit of the aims of economic and social progress in European regional policy;
12. Points out that advantages are to be gained from cooperatives belonging to a federation, particularly in areas affected by structural deficiencies, since this gives them access to a network of services (management, vocational training, innovation) and to technical know-how and assistance;

13. Asks the Commission to implement a Community development programme with the aim of disseminating the cooperative ideal in the less-developed regions. This programme will be part of the scheme for implementing the Community funds;
14. This programme must, inter alia, earmark Community aid for the training of members and, in particular, directors of cooperatives in modern management techniques and for the provision of technical assistance for newly established cooperatives in legal, accountancy and administrative matters;
15. Proposes to the Commission that it develop contacts and regular communication with the highest organs of the cooperative organizations;
16. Asks the Commission to promote the active involvement of teams of representatives of the various European cooperative organizations in committees responsible for drawing up Community policy in sectors in which cooperatives have already achieved significant results;
17. Recommends that, in implementing the structural policies, the Commission should foster the development of the existing agricultural or industrial cooperatives and facilitate the creation of other cooperatives, especially in the services sector and the new technology sector;
18. Asks the Commission, when granting appropriations for productive investment from the structural funds, to set aside a certain proportion of aid for cooperatives and SMUs organized on cooperative lines;
19. Calls on the Commission to create a 'European Guarantee Fund' which, in cooperation with the corresponding national operators, will guarantee the financing of investment in cooperatives, so as to give cooperatives access to European financial credits;
20. Asks the Council and the Commission to draw up a European Cooperative Code which harmonizes national legislation in that field;
21. Calls on the Commission to give financial aid to cooperatives for vocational and in-service training programmes;
22. Instructs its President to forward this resolution to the Council and the Commission of the European Communities and the parliaments of the Member States.

EXPLANATORY STATEMENT

1. Introduction

- 1.1. In the 27 years in which the Community has been functioning and the 10 years in which regional policy has been applied, the results have not been what was expected. The socio-economic disparities between the advanced and the economically weaker regions of the Community are still disproportionately large, as the Commission noted in its second periodic report.
- 1.2. The continuing economic crisis in the Community has made it clear that the classic pattern of supply and demand against a background of free market mechanisms is incapable of ensuring balanced regional development in the Community.

Moreover, with the accession of Spain and Portugal, the problem will become more acute, while the percentage of the population living in regions of limited development will double. This means that certain of the Community's regional policies must be amended and others must be supplemented with fresh measures.

- 1.3. The convergence of levels of economic development must be one of the Community's main objectives. To achieve this aim, the process of completing the internal market can only go hand in hand with, and be carried out in parallel with, moves to promote the convergence of the economies of the Community's regions and Member States.
- 1.4. Various reasons have been advanced for the ineffectiveness of the Community's regional policy, among them (a) that that policy actually began a long time after the EEC was founded, with the establishment, in 1975, of the ERDF, which had to operate in a period of intense economic recession which hit the less-developed regions and those with problems of industrial decline; (b) that despite the magnitude of the economic crisis and despite the constantly increasing needs of the regions, the increase in the Fund's resources in real terms has been almost nil (0.9% from 1983 to 1984)¹; (c) that ERDF aid has been granted in an uncoordinated and ineffective manner both in relation to the other structural funds and in relation to the other financing instruments, while at the same time the other Community policies have been substantially lacking in any adequate regional dimension.
- 1.5. The aim of the traditional systems of incentives for regional development in the Member States is, among other things, to mobilize private investment. It is nonetheless clear that their practical value is extremely limited since it is precisely at periods of economic crisis that undertakings are reluctant to assume investment risks when there is no expectation of substantial profits in return, despite the granting of generous amounts of non-returnable regional aid.

An illustration of the difficulties which traditional regional policy faces can be found by turning to paragraph 18 of the Commission's Tenth annual report on the ERDF¹.

¹ Cf. Tenth annual report
COM(85) 516 final

In the period since the ERDF was founded, approximately 20% of the aid granted has been for creating jobs in the industrial sector and the service supply sector. In 1984 the proportion was 14%. Owing to inadequate take-up capacity in the private sector, most of the aid was used for infrastructural measures.

2. Investigation of the real reasons for the aggravation of regional disparities

- 2.1. Both the reasons put forward and the disparities which have been noted are merely symptoms of the disease.

The various analyses, both Community and national, which have been carried out have gone no further towards diagnosing the real reasons for this situation, which is essential if it is to be confronted and remedied. If the real reasons are not pinpointed by a thorough investigation of the real historical, economic and social causes of these disparities, an effective regional policy can hardly be implemented.

- 2.2. Present regional disparities are nothing more than the outcome of a specific model of productional relations. The factor which not only creates but sustains unequal development and thereby marks out a geo-economic area as a 'peripheral region' is the degree of possession and control of the means of production, limited opportunities for control and decision-making, and an inability to reinvest the surplus value produced, the social surplus, in the place where it was produced. As an illustration, despite reminders from the Commission, many of the Member States, in carrying out their national regional policies, have not given serious consideration to the active part which local authorities can play in ensuring that policy measures for regional development are more effectively formulated and applied.
- 2.3. Certain of the steps taken as part of on-going conventional regional policy produce useful, albeit marginal, results (e.g. the emphasis given to establishing the necessary infrastructure in the regions). The fact, however, that traditional regional development policies do not have the expected results is due more to the lack of adequate diagnosis and to the fragmentary and ad hoc nature of the aid provided. It is due to the very fact that it has not been recognized that real regional development begins where the alienation of a region from the product of its own production ends.
- 2.4. One of the most significant factors in ending the alienation of a region from its product is the organization of the units which shape the economic process of a particular place into larger socio-economic complexes with specific starting points, interests and aims. This factor is the organization on a cooperative basis of the agencies producing, distributing and using the product of a particular place, both as regards primary and secondary production, and of those providing services and social benefits. Cooperative organization can also be extended to consumption.

3. Cooperatives: quantitative and qualitative advantages

- 3.1. Cooperatives form the 'tertiary sector' between the social and the economic sectors, in other words the 'social economy' sector. The peculiarity of cooperatives is that they are unions chiefly of the economically weak.

Participation in a cooperative organization must be voluntary and freely open to whoever wishes to make use of its services and accept the responsibilities of participation¹.

The concentration of small separate amounts of money creates capital to be used for the common good and in the common interest. Any surplus or reserves deriving from the cooperative's activities belong to its members and must be distributed in such a way that no member gains at the expense of others.

- 3.2. Cooperatives are based on two principles which distinguish them from other types of undertakings: the principle of democracy and the principle of identity of persons. According to the first principle, cooperative bodies are democratic organizations whose affairs are managed by persons elected or proposed in a manner agreed to by the members and accountable to them. The members have equal voting rights (one man, one vote) and share in decisions which affect their organizations.

Under the principle of identity of persons, all persons working in a cooperative are, as a rule, also shareholders. The size of a member's holding does not dictate his influence (voting power) in the cooperative.

Cooperatives organize themselves in very different ways and according to very different traditions in the various Community Member States. Any discussion of the history of cooperative self-organization and the forms it has taken would go beyond the limited scope of this report.

- 3.3. It is not easy to estimate the number of cooperative undertakings in the European Community. Of the approximately 120 million people working in the non-military sector in the Community, approximately 3 to 4 million work in cooperatives, in other words almost 3% of the total of people in gainful activity.

A large number of cooperatives never come to public notice, for instance, local employment initiatives, which, although they do not necessarily operate on the basis of cooperative legislation (e.g. 'Netzwerk', a network of local initiatives in the German Federal Republic, etc.), nevertheless have features similar to those of cooperatives.

- 3.4. Cooperatives in the agricultural sector play an especially important part. Cooperative development is not an end in itself but a means of securing the economic, political, cultural and social advance of the farmer and of offering valuable services to society as a whole. Agricultural cooperative organizations, which also cover the marketing of agricultural products, are a basic instrument for securing the economic and social development of rural areas. Such cooperatives are the link between producers and markets and are regarded as an extension of the farms concerned.

In the Community this sector accounts for some 40 000 undertakings comprising more than 10 million members and employing approximately 550 000 working people in the Community. A sizeable percentage of agricultural cooperatives are engaged in activities related to food production.

¹ H. MIHR report (Doc. 1-849/82)

- 3.5. There are estimated to be some 14 000 productive cooperative partnerships in the Community employing more than 520 000 people (of whom approximately 433 000 are members). This number is rising rapidly: first in line is Italy, where the number has doubled in five years, in Britain an average of five new cooperatives is set up every week, and in France the number is growing at a rate of 20%.

They are mainly active in the industrial sector but are also extending into the service sector. The number has doubled in almost all the Member States in the last decade. However, they are still not of great economic importance to these two sectors.

Some mention should also be made of credit cooperatives, which are an integral factor in the economy of medium-sized undertakings. The importance of these types of cooperatives, however, varies widely from one Member State to another.

A stabilizing factor in the economy

- 3.6. Notwithstanding the economic and social crisis (the number of unemployed has gone up from 2.5 million in 1973 to 13 million in 1985) and the limited attention paid to them by governments, cooperatives are making forward progress in almost all sectors.

The cooperative ideal is clearly gaining ever-wider recognition and flourishing anew, as it is regarded as the most appropriate form of economy. Whereas, in the case of individual traditional undertakings, the way the rules of the free market operate does not always guarantee success - they are going through a deep structural crisis - cooperative organization, because of the possibility it offers an undertaking to aid itself, and because it does not operate merely on the basis of economic criteria, has a greater capacity for stabilization and resistance to the fluctuations caused by the laws of the market. From this point of view, the cooperative undertakings sector can play a wider stabilizing role at the economic and social level.

- 3.7. It should be noted, in particular, that, at a time of recession in which undertakings are closing and working people being laid off, there has been a steady increase in the number of cooperatives and of people they employ. There is therefore no doubt that cooperatives have helped to stabilize the labour market in the Community.

Furthermore, a great many undertakings throughout Europe have been able to survive because they were converted into cooperatives in recent years. In the productive cooperative associations sector, a substantial percentage were created out of undertakings in difficulties: in France, 322 cooperatives, or 25%, arose out of the revival of undertakings of this kind; in Italy, the majority of new industrial cooperatives were created out of SMUs facing severe difficulties; the same happened in Britain and Germany. It should be pointed out that undertakings revived in cooperative form are usually in sectors moving into a new stage of economic and technological development.

- 3.8. Between 1976 and 1981 6 700 cooperatives were set up in the Community; these helped to create some 223 000 employment openings¹. Productive cooperative associations are a very important factor in job creation.

As far as preserving jobs is concerned, cooperatives have a decisive effect in cases where undertakings fail or the entrepreneur withdraws, when the staff take over, functioning as a cooperative, manage the undertaking in cooperative form. The greatest number of jobs, however, has been created by cooperatives established as such from the outset.

These trends show clearly that the creation of cooperatives not only is a way of coping with increasing unemployment but puts forward another economic and social model. In a cooperative concern it is easier to arrange an ideal relationship between capital and labour, and the cooperative's members are directly involved in the undertaking, thus helping to secure greater productivity.

- 3.9. Most cooperatives, particularly producers' cooperatives, are small and medium-sized undertakings and play a decisive part in the economic policy sphere while being capable of more easily incorporating persons seriously threatened with unemployment. Small and medium-sized cooperative undertakings are particularly helpful in mobilizing resources in villages or regions with limited opportunities for economic and social development.

4. Cooperatives and their contribution to exploiting indigenous potential in the economically weakest regions.

- 4.1. Insofar as it is clearly understood that the regional problem is basically a problem of those regions which have structural socio-economic problems and are alienated from the product they produce, it is reasonable to assume that action to cope with such a situation must begin from and be based on indigenous factors, with the help of local, national and community resources and support measures. This view of regional development and policy leads to promoting more effective forms of production, in other words cooperatives.

- 4.2. Experience to date shows that the cooperative movement can be the most compact, sectorally (vertically) structured and regionally (horizontally) ramified 'subject' of regional development. Cooperativism expresses the collective will of the population of the regions, comprehends the needs and capabilities of the region, and grades development on the principle of maximizing economic results while minimizing sacrifices.

This creates the momentum which can mobilize all the natural, social and economic resources of the region for development, bringing positive results at both national and Community levels.

¹ Cf. Role des coopératives de production dans le maintien et la création d'emplois (Programme de recherche et d'actions sur l'évolution du marché du travail) (French only),

¹ Commission of the European Communities, 1985 (Office of Official Publications of the European Communities, catalogue No. CB-43-85-967).'

- 4.3. When production is organized on a cooperative basis, control over the product passes, to a satisfactory degree, into the hands of its producers and control over the consumption of a product passes to its users. Cooperative organization, with the indigenous and self-propelling development which it entails, liberates the natural resources and human potential of an area and gives private initiative an opportunity to exploit its creativity to the full for the benefit of society as a whole. There is no doubt of the positive role which the cooperative movement can play in the context of a policy of regional equilibrium, both through its power to improve the social and economic calibre of the regions and with the possibilities it offers of creating jobs.
- 4.4. The fact that there is a huge population drain and dangerous, from a national point of view, economic, social and cultural deterioration in the less-developed regions, chiefly agricultural regions, is an argument in favour of the point of view which maintains that their development should chiefly be based on the development of cooperatives, and weakens the argument for developing them on the basis of the large private agri-capitalist enterprise. In the latter case, such regions would be compelled to lose a substantial part of their population, which could not easily be absorbed and find work in the large urban centres.
- 4.5. Exploiting the indigenous potential of the regions via cooperatives is precisely the means of simultaneously creating conditions for more widespread employment, which can gradually draw in unemployed and underemployed people from the large urban centres, reversing the tide of migration to the advantage of the provinces and the less-developed regions.

Parallel with the productive activity of cooperatives, economic activities of secondary and tertiary importance can be developed and resources created which will broaden the earning powers of the population and increase the regions' economic surplus, and this will remain within the regions thanks to the cooperatives and be recycled to modernize and enlarge their productive base.

- 4.6. Cooperatives ensure stability and protection from outside fluctuations, safeguard the environment and redistribute income on the basis of continual supply by producers and not on the basis of cyclical variations in supply and demand. In addition to jobs, it creates a feeling of permanence among the employed, who do not run the risk of their workplace being suddenly moved elsewhere or closed down.

Cooperative organization is also a means of coping, from within itself, with the problems of the decline in traditional sectors, its criterion being the interests of the area and the working people, which in this case are inextricably bound up with the interests of the undertakings in decline.

- 4.7. The above-mentioned positive consequences of cooperatives are undoubtedly factors which could spur regional policy in new directions, when suitable bases for carrying them through have been laid down.

One of the chief problems associated with the regional policy applied so far both at Community and at national levels has been the absence of investment programmes and projects which create jobs.

Since cooperativism is going to go on growing in the industrial sector and the services sector in the future, the only logical consequence is for the Community to attach particular importance to strengthening the cooperative movement.

- 4.8. Cooperatives are, for the most part, small and medium-sized undertakings. While the regulation on the IMPs¹ expressly states the importance of cooperatives to the further formation and development of SMUs, the same does not happen in the regulation on the ERDF.

The Commission estimates that some 90% of all undertakings in the Community are SMUs employing approximately 60% of working people². In the past SMUs and consequently cooperatives were of less importance in the context of ERDF development policy. Large-scale undertakings, the motor vehicle industry, the chemical industry, the machine construction and the electrical industries were the recipients of the major share of the aid provided, if we leave aside infrastructural aid. The reason for the favourable treatment which the large undertakings receive was chiefly their superiority over SMUs as regards absorbing state aid, since, for aid to be granted, large numbers of decisions have to be taken which SMUs, with their numerically limited administrative mechanisms, could not handle.

5. Promoting mechanisms and financial resources to subsidize cooperatives

- 5.1. There is no mention of cooperatives, not even agricultural cooperatives, in any article of the Treaty of Rome. Nevertheless, it must be stressed that the objectives of the institution of cooperativism are fully compatible with those of Europe's Common Agricultural Policy, in accordance with Articles 39 and 40 of the Treaty of Rome, i.e.:

- Agricultural productivity must be increased by promoting technological progress, rationalizing agricultural production and the optimum utilization of the factors of production, in particular labour.
- The agricultural community must thereby be ensured a fair standard of living, in particular by increasing the individual earnings of persons engaged in agriculture.
- Markets must be stabilized.
- The availability of (food) supplies must be assured.
- Efforts must be made to ensure that supplies reach consumers at reasonable prices.

- 5.2. It should be clear by now that the cooperative movement is once again flourishing in the Community Member States despite the economic recession. The cooperative type of undertaking is not confined merely to certain activities, but is widely capable of being extended to almost all sectors.

¹ OJ No. L 197, 27.7.1985, Annex II, p. 7

² Verbatim report of proceedings of 23 October 1985, p. 14, Question No. 39 by Mr PITT on cooperatives.

The social and economic importance of the cooperative movement at both national and Community levels dictates that it should be more officially and effectively involved in the work done by the Community bodies on drawing up economic and social development programmes.

The active involvement of teams of experts from the various European cooperative organizations in committees preparing Community policy, in sectors where the cooperatives have already had important results, would undoubtedly make it easier for Community programmes to be better adapted to the needs and possibilities of cooperatives.

- 5.3. It is the duty of cooperatives and cooperative unions at national and Community levels to take timely and effective action to ensure that a dynamic cooperative movement is recognized and operates in Europe.

To bring back a proposal already made by the representatives of the cooperative unions in the past, we believe a 'liaison office' needs to be set up in the Commission to deal with matters relating to cooperatives, promote the cooperative ideal and act as a meeting point both at sectoral level in the case of the cooperatives and at regional level in the case of the Member States.

The establishment of such an office would make it possible to exchange views and disseminate information and experience in a coordinated manner, and give cooperatives and cooperative unions the means for joint action involving the countries and regions of the Community.

- 5.4. The developmental, social and economic role of cooperatives, particularly at regional and local level, could be strengthened, on the one hand, by the taking of appropriate steps to remove obstacles to the establishment and development of cooperative organizations and, on the other, by incorporating them more effectively into structural policies, particularly in the context of EEC regional policy. This would make it easier to exchange experience, cooperate and devise common integrated programmes, as well as to extend the activity of cooperatives to new sectors which can be incorporated more easily into the European market.
- 5.5. In the view of the Committee on Regional Policy and Regional Planning, there must be a shift in EEC aid policy to date towards taking large numbers of positive decisions to aid SMUs, particularly cooperatives. In the case in point, cooperatives must be given greater opportunities of availing themselves of the measures laid down in respect of SMUs.

When the regulations relating to the structural funds, particularly the ERDF, are revised in the future, this objective must be realized on the basis of specific provisions.

- 5.6. There can be no doubt that the cooperative ideal is at different stages of development in the various Community Member States. To promote agricultural development in the economically weaker regions, a special development programme to spread and set up cooperatives is regarded as desirable. Such a measure must be launched in the context of promoting indigenous development potential in accordance with the ERDF Regulation.

5.7. Aid from the European Social Fund must go particularly towards supporting programmes by cooperative organizations relating to training management cadres, since one of the weak points of cooperatives is in the administrative and managerial sector.

5.8. As stated above, access to financing remains one of the most important problems facing the cooperative organizations. The survival and success of new cooperatives depend directly on their financial resources and on the existence of appropriate economic mechanisms. In addition, in rare cases cooperatives gain access to financial resources with which to create equity capital. The European Investment Bank has set a minimum sum of 25 000 ECU for loans to be granted to individual undertakings. This minimum sum is, as a rule, too high for SMUs, particularly cooperatives. Large numbers of entrepreneurial units of that type are ruled out by such a financing policy.

Consequently, it is considered desirable and essential for appropriate changes to be made to the Community's financing instruments - the EIB, the NCI and particularly the global loans - to make it easier for cooperative organizations to get loans.

This weakness could be remedied if the Community were to recognize an appropriate European financing structure such as the 'European Warranty Fund' comprising the credit organizations which serve the cooperative bodies. This Fund would work as an intermediary to the EIB in negotiations on the granting of financial resources to cooperatives.

MOTION FOR A RESOLUTION (DOCUMENT 2-1311/84)

tabled by Mr POETTERING and Mr SAKELLARIOU

pursuant to Rule 47 of the Rules of Procedure

on the contribution of cooperatives to regional development

The European Parliament,

- A. whereas the siting of small and medium-sized undertakings in the poorer regions of the Community is given high priority in the new ERDF Regulation,
- B. believing that a concerted effort to promote the development of cooperatives in the poorer regions of the Community will lead to a lasting improvement in the socio-economic situation,

Calls on its competent committee to draw up a report on the matter, showing the implications for future regional policy in the Community.

OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on Economic and Monetary Affairs and Industrial Policy

Draftsman: Mr Alvarez de Eulate

By letter of 24 July 1986, the chairman of the committee requested the President of the European Parliament to authorize the committee to deliver an opinion on the contribution of cooperatives to regional development. The committee received this authorization on 8 September 1986.

On 18 July 1986 the committee had appointed Mr Alvarez de Eulate draftsman of the opinion.

At its meeting of 5/6 February 1987, the committee considered the draft opinion and at its meeting of 24-26 February 1987 adopted its conclusions by 22 votes to 4 with 4 abstentions.

The following took part in the vote:

Mr BEUMER, chairman; Mr ALVAREZ de EULATE, draftsman; Mr BAILLOT, Mr BEAZLEY, Mr VON BISMARCK, Mr BONACCINI, Mrs BRAUN-MOSER (deputizing for Mr Franz), Mr BUENO VICENTE, Mr CAAMANO BERNAL (deputizing for Mr Garcia-Pagan Zamora), Mr CHRISTIANSEN, Mr DELOROZOY, Mr FALCONER, Mr FOURCANS, Mr I. FRIEDRICH, Mr GATTI, Mr GRIFFITH (deputizing for Mr Mihr), Mr HERMAN, Mr KILBY (deputizing for Mr de Ferranti), Mr LATAILLADE, Mr Mac SHARRY (deputizing for Mr Chouraqui), Mr METTEN, Mr NOVELLI, Mr O'MALLEY (deputizing for Mr Hersant), Mr PAPOUTSIS (deputizing for Mr Rogalla), Mr PATTERSON, Ms QUIN, Mr RAFTERY, Mr ROSA (deputizing for Mr Mattina), Mrs SCRIVENER (deputizing for Mr Nielsen), Mr SEAL, Mr WEDEKIND (deputizing for Mr Mühlen) and Mr von WOGAU.

I. INTRODUCTION

1. With regard to the future of regional policy, it should be stressed that 'a concerted effort to promote the development of cooperatives in the poorer regions of the Community will lead to a lasting improvement in the socio-economic situation', as pointed out in the motion for a resolution by Mr POETTERING and Mr SAKELLARIOU (recital B, Doc. 2-1311/84).
2. The committee responsible, the Committee on Regional Policy and Regional Planning, adopted its report on the contribution of cooperatives to regional development on 13 May 1986 (Doc. A 2-51/86).
3. On 13 April 1983, the European Parliament had already adopted a resolution on cooperatives in the European Community¹, calling on the Commission to adopt specific measures to encourage cooperatives.

II. IMPORTANCE AND CONTRIBUTION OF COOPERATIVES TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE REGIONS

4. Cooperatives in their various forms repose on a solid democratic base, which makes it easier to achieve the aims of economic and social progress. In recent years they have aroused growing interest in the European Community, notably for the possibilities they offer for combating the economic crisis.
5. At the present time the Community is faced with the problem of unemployment, which is particularly acute in the depressed regions and traditional industrial regions currently in decline.
6. Economic experience has shown that, both in maintaining employment and creating new jobs, small and medium-sized undertakings, many of them organized as cooperatives, have played an important part in the strategy to combat unemployment.
7. At the same time, this strategy operates more effectively when there is coordination at local, regional, national and Community level, particularly within the framework of regional policy.
8. Regional policy could achieve the aims of economic and social progress if it received the support of cooperative undertakings, which are frequently characterized by a spirit of solidarity, democracy and economic efficiency.
9. It has been observed that in cooperatives, and particularly in small and medium-sized undertakings, jobs in general have proved more stable and less vulnerable to the economic crisis. In addition, the direct participation of its members in the economic planning of a cooperative firm makes it more dynamic and opens up greater possibilities for the creation of new jobs.

¹ OJ No C 128, 16.5.1983, p. 51

10. The cooperative ideal also helps to promote greater participation by the population in the common interests of the region, a vital precondition for creating a climate which will encourage the expansion of the indigenous potential of the regions, particularly those which are most depressed.
11. In order to help cooperatives play this role in regional development, it is necessary to create conditions favourable to the promotion and expansion of cooperatives within the EEC, together with increasingly close coordination between the Community and cooperative organizations.
12. This aim was given particular emphasis during the conference on the role of cooperatives and mutual organizations and associations in the economy, held in Brussels on 20 and 21 November 1986, which also reaffirmed its support for the establishment of genuine European Union.
13. In order to achieve this European Union, it is important to strengthen economic and social cohesion in the Community, as provided for in Article 23 of the Single European Act and, in particular, to help correct regional imbalances. In planning Community regional policy, it is therefore necessary to take account of the potential value of the experience of cooperatives for facilitating economic and social development in the depressed regions.
14. However, if cooperatives are to contribute to regional development they must be given permanent access to advanced technology and adequate finance, particularly during their initial stages.
15. Finally, an exchange of ideas with the organizing body for cooperatives at European Community level, which should be recognized as a permanent discussion partner by the Community institutions, could facilitate the process of drawing up regional policy, with the aim of maintaining and creating employment and contributing to economic and social progress in the most depressed regions.

III. CONCLUSIONS

In accordance with the provisions of Rule 101(6) of the Rules of Procedure, the Committee on Economic and Monetary Affairs and Industrial Policy proposes to the Committee on Regional Policy and Regional Planning, which is the committee responsible, that it:

- (a) urge the Commission to take account of the European Parliament's resolution of 13 April 1983, and in particular to:
 1. involve representatives of cooperatives in the drawing up and implementation of Community regional policy and development policy (paragraph 4 of the resolution of 13 April 1983);
 2. submit a series of measures which the Community could adopt to facilitate the establishment of manufacturing and craft workers' cooperatives and the conversion into cooperatives of undertakings threatened by the crisis (paragraphs 3 and 5 of the resolution of 13 April 1983);

3. investigate the possibilities for granting cooperatives or their associations aid for their educational, training and promotional functions and making funds available for the development of small and medium-sized undertakings, including those which take the form of cooperatives (paragraph 6 of the resolution of 13 April 1983);
 4. prepare a study into cooperative structures and the conditions for the existence of cooperative organizations in the various Member States (paragraph 7 of the resolution of 13 April 1983);
- (b) adopt the following amendments to the motion for a resolution contained in the report on the contribution of cooperatives to regional development:

1. Paragraph 1 - after the words 'economic development of the enterprise', the rest of this paragraph to read as follows:

'... economic development of the enterprise, can help to alleviate the adverse effects on their members which may be caused by the free play of market forces and can combat the effects of the economic recession more effectively'.

2. Paragraph 2 - at the end of the paragraph add:

'... economic growth generates more employment, through a strategy geared to the expansion of cooperatives'.

3. Paragraph 3 - the end of this paragraph to read as follows:

'... secondary and tertiary activities and by reinvesting social surplus in the place where it was produced so as to prevent population-drain from the depressed regions'.

4. Paragraph 6 - amend as follows:

'... unemployment has continued to rise, cooperatives - particularly manufacturing cooperatives - have frequently succeeded in creating new undertakings and providing new jobs ...'.

5. Paragraph 8 - first sentence of this paragraph to read:

'notes that coordination between various national sectors and movements is still piecemeal in certain countries, where no strategy exists'.

6. Paragraph 10 - at the end of the paragraph add:

'... especially in their pursuit of the aims of economic and social progress in regional and European policy'.

7. Paragraph 12 - the beginning of this paragraph to read:

'Asks the Commission to support the drawing up of a programme with the aim of disseminating the cooperative ideal in the less developed regions of the Community ... part of the scheme for implementing the Community funds'.

8. Paragraph 14 - delete the last phrase of the paragraph from 'to exchange views' to 'cooperative ideal'.
9. Paragraph 18 - after the words 'investment in cooperatives' insert the words:

'particularly workers' and manufacturing cooperatives'.

10. Paragraph 19 - delete.

11. Paragraph 20 - delete (see paragraph 6 of resolution of 13 April 1983 mentioned above under (a)) (paragraph 3 of conclusions).

12. Paragraph 21 - after the words 'Commission of the European Communities' add:

'and the parliaments of the Member States'.

(c) Insert the following paragraph in the motion for a resolution:

- '4a Believes it necessary to encourage economic relations and particularly trade between cooperative undertakings at regional, national and Community level;'