

European Communities

EUROPEAN PARLIAMENT

Working Documents

1982-1983

15 November 1982

DOCUMENT 1-849/82

REPORT

drawn up on behalf of the Committee on Economic and
Monetary Affairs

on the /cooperative movement in the European Community .

Rapporteur: Mr K.-H. MIHR

At its sitting of 15 September 1980, the European Parliament referred the motion for a resolution tabled by Mr Bonaccini and others (Doc. 1-327/80) pursuant to Rule 25 of the then Rules of Procedure to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Agriculture, the Legal Affairs Committee and the Committee on Social Affairs and Employment for an opinion.

At its meeting of 23 September 1980, the committee decided to draw up a report and appointed Mr Mihr rapporteur.

At its sitting of 15 December 1980, the European Parliament referred the motion for a resolution tabled by Mr Filippi and others (Doc. 1-669/80) pursuant to Rule 25 of the then Rules of Procedure to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Agriculture, the Legal Affairs Committee and the Committee on Social Affairs and Employment for an opinion.

At its meeting of 21 January 1981 the Committee on Economic and Monetary Affairs appointed Mr Mihr rapporteur.

The committee considered the draft report at its meeting of 10 and 11 November 1981, held a hearing on 26 and 27 January 1982 and continued its consideration on 21 and 22 September 1982 and 3 and 4 November 1982. At the last meeting it adopted the motion for a resolution by 17 votes to none with 6 abstentions.

Present: Mr J. Moreau, chairman; Mr de Ferranti, vice-chairman; Mr Mihr, rapporteur; Mr Beazley, Mr Beumer (deputizing for Mr Vergeer), Mr von Bismarck, Mr Caborn, Mr Delorozoy, Mrs Desouches, Miss Forster, Mr Franz, Mr I. Friedrich, Mr Herman, Mr Hopper, Mr Kazazis (deputizing for Mr Collomb), Mrs Tove Nielsen (deputizing for Mr de Gucht), Mr Nikolaou (deputizing for Mr Walter), Mr Papantoniou, Mr Purvis (deputizing for Sir Brandon Rhys-Williams), Mr Rogalla (deputizing for Mr Ruffolo),

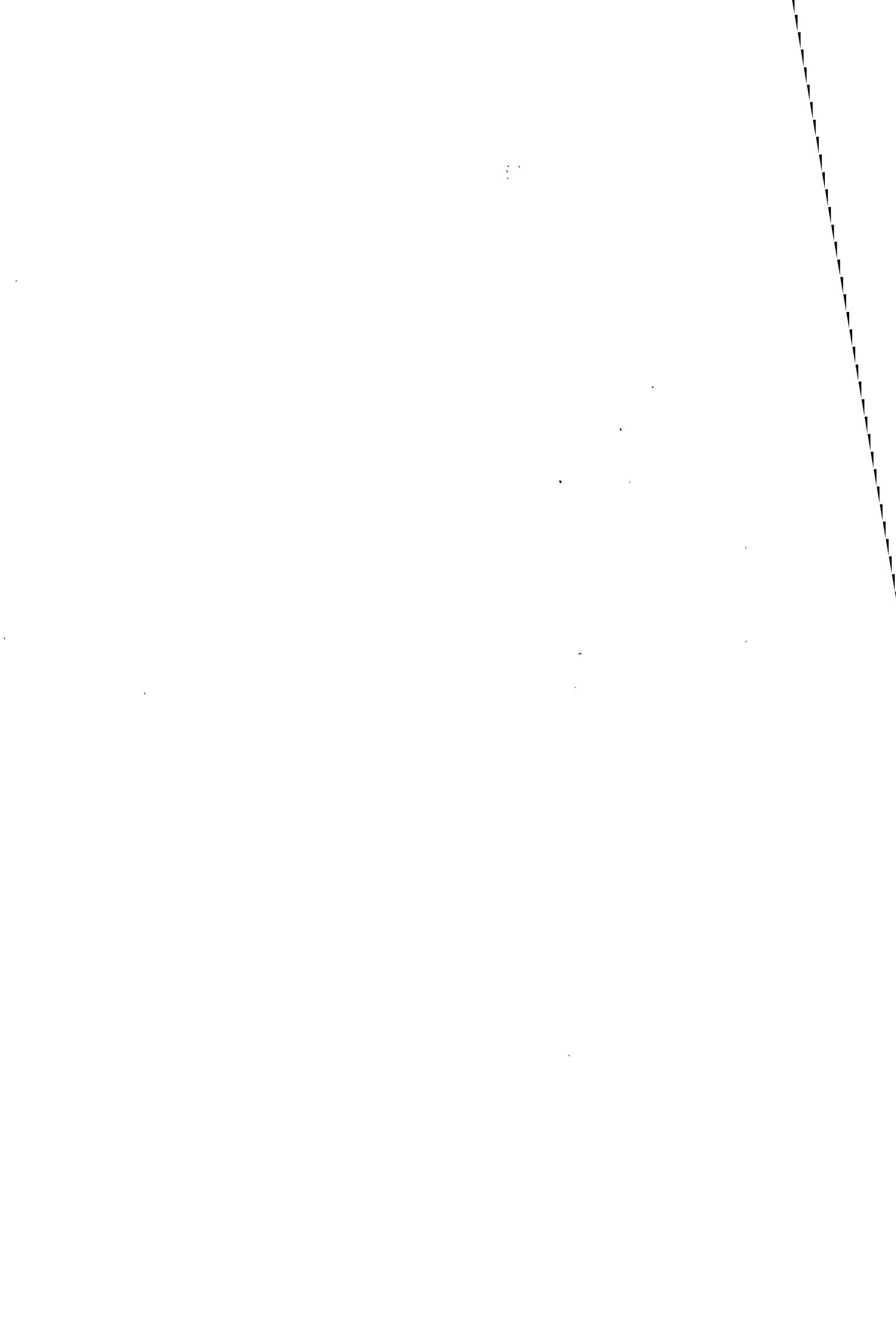
../..

Mr Rogers, Mr Schinzel, Mr Van Rompuy, Mr Wagner, Mr Wedekind
(deputizing for Mr Schnitker) and Mr Welsh.

The opinions of the Committee on Agriculture, the Legal Affairs
Committee and the Committee on Social Affairs and Employment are
attached to this report.

CONTENTS

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	8
List of European organizations of cooperatives	31
Annex I : Motion for a resolution Doc. 1-327/80	38
Annex II : Motion for a resolution Doc. 1-669/80	40
Opinion of the Committee on Agriculture	43
Opinion of the Legal Affairs Committee	51
Opinion of the Committee on Social Affairs and Employment	56



The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on the cooperative movement in the European Community

The European Parliament,

Having regard to the motions for resolutions tabled pursuant to Rule 25 of the Rules of Procedure (Doc. 1-327/80 and Doc. 1-669/80),

Having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Agriculture, the Legal Affairs Committee and the Committee on Social Affairs and Employment (Doc. 1-849/82),

- A Considering that in the motions for resolutions of 18 July and 4 December 1980 Members of various parliamentary groups indicated the need for more notice to be taken of the cooperative movement or cooperative organizations in the Member States and for the Community institutions to pay them greater attention,
- B Considering that most cooperative organizations have acquired important shares of the market in the relevant markets and thus represent an economic and social force which can no longer be disregarded and occupy an important position in the life of society,

Convinced that cooperatives have an important role to play in job creation and in improving the quality of working conditions,

- . Takes the view that the European associations of cooperative organizations must be acknowledged by the Institutions of the European Community as a permanent discussion partner on all economic and social subjects; the cooperative associations are themselves called upon to coordinate their views and put them forward collectively;

2. Considers that the social value of cooperative economic and business activities is undisputed and that it is therefore in the interests of the Community to encourage the cooperative form of organization where there is a prospect of its being successfully adapted to the objectives of Community policy and where it does not endanger healthy and effective competition;
3. Recommends that the Commission should in addition investigate how the activities of manufacturing and craft workers' cooperatives are developing and should consider what measures taken by the Community might facilitate the new establishment of such cooperatives and the conversion into cooperatives of undertakings threatened by crises;
4. Requests the Commission to make use of the great range of experience of the cooperatives and their associations in the implementation of Community regional policy and development policy by including representatives of the cooperatives in the work in this connection and in the preparation of individual projects;
5. Urges the Commission also to investigate whether special programmes should be drawn up both for regions of the Community threatened by crises and for cooperative development plans in countries which are signatories to the Lome Convention which promote the establishment of cooperatives in certain production and service sectors; in both these areas too the Commission should draw on the experience of the cooperative movement;
6. Requests the Commission to consider what possibilities it envisages for granting cooperatives or their associations material and technical aid for their educational, training and promotional functions and in addition for making available funds for the development of small and medium-sized undertakings including those which take the form of cooperatives; in the meantime it should facilitate the access of cooperatives to existing Community funds and instruments;

7. Requests the Commission to set in motion a study to investigate cooperative structures and the conditions for the existence and working conditions of cooperative organizations in the individual Member States of the Community and to report the results of its study to this Parliament;
8. Instructs its President to forward this resolution and the explanatory statement to the Council and the Commission of the European Communities.

EXPLANATORY STATEMENT

1. In two resolutions of the European Parliament of 18 July 1980 and 4 December 1980, based on Rule 25 of the Rules of Procedure of the Parliament, Members of various parliamentary groups pointed out the economic and social importance of cooperative undertakings and organizations. These resolutions (Doc. 1-327/80 and Doc. 1-669/80) express a number of views, proposals and requests which may be summarized as follows:

- The European cooperative movement should be regarded at Community level as a permanent discussion partner on all economic and social subjects;
- The Community institutions, particularly the Council and the Commission, should encourage the setting-up of a single body to represent the cooperative movement at Community level;
- Efforts should be made to organize a conference to shed greater light on the problems and prospects of the cooperative sector;
- The Community institutions should pay the closest attention to the cooperative movement and prepare appropriate harmonization of the legislation on cooperatives and should also review the proposal to establish a statute for a European cooperative company;
- The Community should undertake to enhance the role of cooperatives, giving preference to voluntary organizations of business operators in the pursuit of certain tasks over other types of organization;

- In drawing up the Community draft budget provision should be made for an adequate increase in the funds allocated to the support and encouragement of cooperative initiatives;
- Attention is drawn to the marked differences in tax regulations and in the system of providing 'auditing assistance' for the cooperative organizations which may make it seem necessary to change that system.

2. The Committee on Economic and Monetary Affairs has instructed me to draw up and submit a report on the abovementioned resolutions. An attempt has been made below to set out the situation, developments and prospects in as concise a form as possible using the information available and taking into account the results of a hearing of representatives of the European cooperative organizations held on 26 and 27 January 1982.

The report is divided into the following chapter headings:

- I. Origins of cooperatives;
- II. Existing organizational structures in the various cooperative fields (detailed information is contained in the annex);
- III. Issues relating to the formulation of views by the cooperative movement;
- IV. Importance of the economic and social effects and potential of the activities of cooperatives;
- V. Prospects and conclusions.

3. The following parliamentary committees have submitted supplementary opinions on the subject of cooperatives, the contents of which the rapporteur used and took into account in drawing up his report:

- Legal Affairs Committee;
- Committee on Social Affairs and Employment;
- Committee on Agriculture.

The Legal Affairs Committee dealt in its opinion chiefly with the problems of harmonization of the law on cooperatives and the establishment of a statute for a European cooperative company, and pointed out that the existence of the cooperative movement is acknowledged by representation in the Community's Economic and Social Committee. The Legal Affairs Committee takes the view that the activities of cooperatives should be financed or supported in accordance with precise criteria to be established in consultation by the Commission of the European Communities.

I. ORIGIN, CONCEPT AND CHARACTERISTICS OF COOPERATIVES

4. Origin

There are great differences of opinion as to the origin of cooperatives: some believe that cooperatives have always existed. Others say that they are a product of the industrial revolution in the last century.

Judging by the characteristics of cooperatives, the former may perhaps be right, leaving aside the legal form of cooperatives, since they can also be defined in economic and sociological terms.

'Modern' cooperatives, however, have their origins in the results of the development of early capitalist economic systems in the eighteenth and nineteenth centuries. Thus it was no accident that they began in England where industrial forms of production first developed.

It started with a protest by the newly-formed working classes against the effects of an economic and manufacturing system in the stranglehold of the profit motive which were making them the lowest class of society.

The first cooperative to survive and develop was the weavers'

consumer cooperative in Rochdale, calling themselves 'The Pioneers'. They recognized that they were consumers and took steps to help themselves. In addition, from the very beginning they also pursued objectives of social policy because they could not resign themselves to the exploitation of the workers.

The principles of the Rochdale Pioneers are still valid today. The cooperative idea spread from the small industrial town of Rochdale, near Manchester, first throughout Europe and shortly afterwards throughout the world.

Cooperatives were established everywhere on the basis of solidarity and self-help. In the same way other groups which felt themselves oppressed by the new developments adopted the cooperative idea and developed it further.

5. Nowadays this form is of use to a great multitude of economic groups and political tendencies, mostly as economic self-help organizations.

The first law on cooperatives was passed in England in 1852. The German law dates from 1890 and has only been amended very slightly since then. Many economic groups consider that they are nowadays hampered by the partially obsolete legal form whose opponents have often prevented its being adapted to the needs of the time. Many cooperatives have therefore adopted other legal forms whilst retaining their cooperative principles. For this reason it is necessary to take care when harmonizing national legislation and establishing European laws that the cooperative form of undertaking is not only retained but can also continue to develop further in the normal way.

6. Concept

Attempts to define the concept of cooperative in the economic sense are almost infinite. 'Cooperatives' mean in this

report the following freely-formed groups (according to Professor Weisser):

- those which either take on, on behalf of households or on behalf of undertakings owned by the members, whilst maintaining the independence of the members' households or undertakings, domestic, economic or industrial management functions which the members do not wish to or cannot carry out for themselves alone (auxiliary cooperatives);
- or those which serve their members as the basis of their economic existence by the joint purchase of the means of subsistence (full cooperatives).

7. Characteristics

Both types of cooperative have common as well as distinguishing characteristics:

They have the following features in common:

- their association is voluntary;
- their membership is open;
- the democratic principle of one man, one vote;
- the solidarity of members;
- the fact that they are associations and not joint-stock companies;
- that they support their members by means of joint business enterprises and that a characteristic of most of them is their small capital resources.

The distinguishing feature is the commercial nature of full cooperatives and manufacturing or producer cooperatives which are, however, a special form of cooperative, bearing in mind that in practice the most common form is the auxiliary cooperative, as shown by the examples of agricultural cooperatives, cooperative

pharmacies, cooperative wholesale societies, cooperative credit and savings institutions, cooperative insurers and consumer cooperatives.

Cooperatives, which sprang from the economic need of their members, are undertakings of a special nature which help their members to retain their independence and autonomy and which, because they are unincorporated associations and have relatively small capital requirements, have, particularly in times of crisis, repeatedly proved their value.

Thus cooperatives do not merely serve to maintain pluralism in the economy, to strengthen competition between undertakings and forms of undertaking, but to a large extent also to defend economic freedom and economic democracy.

They also make a great contribution to the protection of the individual and to self-fulfilment, which are important conditions for the personal happiness of innumerable persons in a weak economic position.

II. EXISTING ORGANIZATIONAL STRUCTURES IN THE VARIOUS COOPERATIVE SECTORS

8. In all Member States cooperative undertakings have united in national associations, generally divided according to their economic fields of activity. In addition, there are, for example in Italy and France, national umbrella organizations which bring together organizations from several economic fields of activity and which cooperate for ideological reasons. As a rule, however, associations, organized according to fields of activity, have set up central intersectoral umbrella organizations in the Member States which have no executive powers but serve chiefly to represent common interests vis-à-vis the legislature on issues which require collective action.

9. Most national associations in the individual cooperative sectors belong to an international cooperative union which has its head offices in London. At European Community level in the last twenty years a series of European cooperative associations have been set up. At present, there are seven such associations (see annex). The membership of six of these consists of national cooperative associations in precisely defined fields of activity whilst the European Committee of Manufacturing and Craft Workers' Cooperatives includes cooperative undertakings and their national associations in various fields of activity.

Some of these European associations have member organizations in countries which are associated with the European Community or have applied for accession to the European Communities.

10. As shown by the list below, of the fields of activity of six large associations existing at Community level, cooperative activities are concentrated in a few sectors, chiefly services and trade or distribution functions:

- the purchase, storage, processing and marketing of agricultural products;
- the distribution and, to a small extent, the manufacture of all kinds of products, particularly foodstuffs;
- the grant of loans and investment management;
- the centralized purchase of foodstuffs;
- the conclusion of insurance contracts in various fields;
- the purchase and sale of health care and hygiene products.

The European Committee of Manufacturing and Craft Workers' Cooperatives' member associations in the Community Member States cover all economic activities. The principle of organization is not determined by the fact that a cooperative undertaking belongs to a given field of activity but by the characteristic of being a manufacturing and craft workers' cooperative.

11. It may be deduced from the Statutes of European cooperative organizations that their chief tasks are those of coordination although, in practice, it has been possible for work structures to evolve whereby the general secretaries of the organizations have also acquired executive powers in relation to particular issues.

There is still no regular contact between these organizations; on the contrary, for the most part contact is made between them if a common interest can be seen. However, recently an increasing need has emerged for regular and closer cooperation. This has arisen out of a common desire, or call, for the Community institutions, primarily the Commission, to acknowledge them as a discussion partner on all economic and social subjects. The individual European organizations have regular contact with the services of the Commission of the European Communities and also have rights of representation on committees which are concerned with specific issues in their field of activity. However, they do not find it possible to act in this way as a united force in basic questions concerning the cooperative movement and thus to demonstrate the economic importance of the business activity of cooperatives.

12. In recent months concentrated efforts have been noted on the part of European and national cooperative organizations to create a provisional liaison committee at Community level. Both European cooperative associations in certain sectors and national associations with sectoral or intersectoral structures would be able to belong to this liaison committee, as well as associations of manufacturing and craft workers' cooperatives, which in any case cover several sectors. The liaison committee is not intended to be an additional organizational structure in competition with those which already exist, but is intended to be a place where the European cooperative movement may obtain advice on general issues of common interest.

13. In addition to cooperative undertakings which, through their associations in the various Member States, are members of national and/or European organizational structures, there are numerous cooperatives and smaller cooperative organizations which restrict their associate activities to a minimum. Thus there are fields of cooperative activity which, although they have organizational structures nationally have not, however, found the need hitherto to unite in a European organization; this applies for example to the important sector of housing cooperatives. In addition, it is worth noting that the proportion of cooperative activity in the various sectors varies from one Member State to another and cooperative forms of organization do not exist at all in certain fields (for example social, mutual and cooperative pharmacies, which are unknown in the Federal Republic of Germany and in Denmark).

14. Owing to this great variety in organizational structures, and to the fact that, purely numerically, cooperative undertakings are not equally important from one Member State to another, and that there are natural differences of objective between the associations, which have developed on a sectoral basis, it is, at least at present, still difficult to speak of a European cooperative movement. This is one of the reasons why it would be desirable, or even essential, to cultivate more direct links and an appropriate exchange of information between the cooperative fields of activity or associations. Only thus will it be possible in spite of heterogeneous organizational structures, gradually to reach a consensus at Community level on all issues of common interest. It will then also be easier for the Community institutions, particularly the Commission of the European Communities, to recognize the cooperatives as a whole as a compulsory discussion partner.

15. A number of cooperative associations, chiefly in the Federal Republic of Germany and in France, and individual undertakings too, form the 'social economy' sector (French: *économie sociale*). The majority of such undertakings or associations at the same

time form part of the cooperative sector. Either cooperative forms of organization or the trade unions as owners are behind these public benefit undertakings. A common feature of cooperatives and undertakings forming part of the social economy is that they cannot be classed with either the private or public sector of the economy but pursue special objectives and aims. The activities of public benefit undertakings are aimed, in outright competition with private and public enterprise, primarily at serving the public good. Since in practice the social economy sector's conception of itself is very often identical with the aims of the activities of cooperative forms of organization, both organizational structures are interlinked and cannot be considered separately.

16. The Commission of the European Communities has already acknowledged that cooperative undertakings, which almost without exception fall within the category of small and medium-sized undertakings, could play a special part in economic policy. Directorate-General V has for this reason been dealing for some time with the problems of manufacturing and craft workers' cooperatives. In addition, information as to provisions of the law on cooperatives, the taxation of cooperatives and any subsidies given to cooperatives was requested in questionnaires; the analysis of the replies may provide a valuable supplement to the available information on the cooperative movement. In addition, it is, however, essential to find out the organizational structure of cooperatives in the various Member States of the Community; even their European associations can only supply insufficient details as to this. For this reason it would be a great asset if the Commission of the European Communities could carry out or have carried out an investigation on this subject. The Parliament should urge the Commission of the European Communities to do so.

III. ISSUES RELATING TO THE FORMULATION OF VIEWS BY THE COOPERATIVE MOVEMENT

17. The development of the cooperative movement is a statement of the desire of citizens with full legal capacity to act to assume collective and joint responsibility in the economy and working life. Although cooperative undertakings above all serve the interests of their members they are nevertheless also a factor which should not be underestimated in the whole national economy in which they perform a useful function and thus serve the public good. To this extent cooperative and public benefit undertakings might be regarded as alternative forms of economy between private and public enterprise. This characteristic should attract the attention and interest of the relevant politicians both in the individual Member States and at Community level.

According to principles on which their method of operating is based these undertakings were and are a good example of democratic activity because they practise direct participation of individuals and/or their employees formally assist in the economic and social decision-making of the undertakings. The democratic element in the economic and business activities is supplemented by the principle of self-help and own responsibility.

18. The majority of cooperatives fall within the category of small and medium-sized undertakings. They can counteract a harmful concentration of undertakings and contribute to the maintenance, to some extent, of the transparency of the working world, a fact which is of great importance for human beings in a highly technological economy and society. Medium-sized and small undertakings in the legal form of cooperatives are however particularly appropriate to the economic structure of countries or regions which require aid from third parties and self-help for the development of their infrastructure and production structure. In these cases readiness to take risks, the spreading of

risk and collective liability may especially prove their worth.

19. As in the case of medium-sized and small undertakings, the fact that they offer relatively secure employment applies also to most cooperatives, although there are cooperative sectors (for example, cooperative savings and credit institutions, cooperative insurance companies, and consumer cooperatives and cooperative wholesale societies) which only have a steady supply of employment when there is a constant increase in the volume of business. New employment will chiefly arise in the category of manufacturing of craft workers' cooperatives because the best opportunities for cooperative action in all groups of the population and professional groups are found there. The same applies to a whole series of social services (for example, medical welfare services, services for children and the elderly, tourism, educational institutions and so forth) which because of their yield are not attractive enough to purely private forms of organization. It would be desirable for the Commission of the European Communities to include these aspects concerning employment policy in their work relating to studies on cooperatives.

20. The economic and social effects of cooperative activities in the various sectors are obvious. In some sectors the proportion of cooperatives is very noticeable (for example, agriculture, savings and credit institutions and consumer cooperatives). Farmers, for example, who are a fairly homogeneous group with almost identical interests, very soon recognized the advantages of cooperative organization. The same applies to the sector of cooperative savings and credit institutions which are used primarily by what are known as 'little people'. The population groups behind them are however a less homogeneous group and consumers are, after all, a completely heterogeneous group when considered outside their role as consumers.

In some sectors the proportion of cooperatives is less important but they nevertheless form a stable factor with good development potential. The manufacturing and craft workers' cooperatives which are already well represented and on the increase in some Member States, for example in Italy, France and the United Kingdom, have not become so firmly established in other Member States. It would be going too far to explain the reasons for this; it could also be the subject-matter of an enquiry by the Commission of the European Communities, as suggested in point 16.

Thus there are some sectors in which there are hardly any cooperative forms of organization although they are not any the less suitable for them than for other fields which have already been mentioned. This applies, for example, to numerous forms of services and to the professions, and also to a number of smaller production sectors in which manufacturing and craft workers' cooperatives could fulfil a useful function.

21. The cooperative associations, even those at Community level, are not an economic group unitedly pursuing identical social and political interests. On the contrary, alongside the same principles very varying areas of interest are found in the application of the cooperative form of organization in terms of the objectives pursued by individual cooperative groups. It must however be emphasized that under the statutes of the European associations they are restricted almost exclusively to the task of coordinating the opinions of the national organizations belonging to them and of representing the interests of the group in relation to the European institutions. The lack of ideological consensus, which is quite natural in pluralist social systems, would not however prevent cooperative organizations from speaking wherever possible with one voice at Community level in fundamental matters relating to cooperative activities.

22. In talks with representatives of the cooperative associations and during the hearing on 26/27 January 1982 the question arose whether it was not appropriate to establish in this report a clear and unambiguous definition of the nature, rôle and function of cooperatives. This attempt would probably not succeed and it is probably also not the aim of such a report to reconcile at all costs the varying social areas of interest and preoccupations of the individual cooperative groups. On the contrary, it is much more important to make clear the varying spheres of interest and still to see what important common interests link all cooperative movements to each other.

23. In the hearing on 26/27 January 1982 mentioned above the representatives of the different cooperative fields of activity had an opportunity to state their views on the rôle and the views of cooperative undertakings in their own sector. The following views proved to be correct:

- all cooperative undertakings regard themselves as economic associations which base their activities on the same principles (equal rights, democratic management and control, and solidarity);
- there are natural differences of interest of a social nature from sector to sector which reflect the pluralist structure of the economic and social orders in the Member States of the European Community;
- cooperative undertakings in competition with private and public or State enterprise are an alternative form of organization whose characteristics distinguish it from the others;
- cooperative undertakings see their primary task as that of acting on behalf of the economic welfare of their members, but on the other hand also as that of serving the public interest;

- cooperatives are a stabilizing factor in the national economy, in terms of employment too, because they fall almost without exception within the category of small and medium-sized undertakings;
- cooperatives are, because of their nature, particularly suitable to operate in social sectors of very different kinds which do not offer private enterprise ventures enough prospects for making profit or in those in which the essential is to provide services without seeking maximum returns;
- it is the desire and aim of all to extend further the cooperative sphere of activity (for example in the sector of regional and development policy) because cooperative undertakings are an ideal form of organization under certain circumstances;
- all consider it necessary to unite more closely the cooperative forces at Community level so as to be able to speak with one voice in matters of fundamental common interest vis-à-vis the Community institutions.

24. In two countries particularly, the Federal Republic of Germany and France, the public benefit undertakings sector (French: économie sociale) has grown during the last decade. Since undertakings which are organized on a cooperative basis are also classed in this sector, the report must deal with this special feature. Cooperatives and public benefit undertakings have in common that although they are competition and profit oriented they do not pursue any private capitalist objectives but seek economic and social profit for their members and for the general public; nevertheless, the main accent in the case of cooperatives is on its members and in the case of public benefit undertakings on the general public. Both forms may however supplement one another in the field of 'alternative' forms

of economic organization and they can bring together forces which provide useful services for the benefit of the whole national economy in the area between private enterprise and the public sector. A subject for discussion by cooperatives and social economy undertakings could be whether it seems appropriate, at European Community level, to find a common definition for the concept of 'public utility'.

IV. IMPORTANCE OF THE ECONOMIC AND SOCIAL EFFECTS AND POTENTIAL OF THE ACTIVITIES OF COOPERATIVES

25. The European cooperative movement appears today as an important phenomenon of the social situation. Within the individual sectors, which have developed in varying degrees in the various countries on the basis of different political and social conditions, a multitude of legal and organizational structures have sprung up, in each case adapted to the requirements of a specific sector. Purely numerical results of cooperative activities show that this form of organization, the basis of which is the sound idea of self-help, has not lost any of its topicality. On the contrary, the cooperative idea is undergoing a revival and offers itself as an appropriate economic form wherever free enterprise in the strictest sense does not hold a promise of success but, on the other hand, self-help and solidarity are required.

26. In one sector, agriculture, cooperatives have become a specifically entrepreneurial form of organization in the sphere of activities transferred from agricultural undertakings (the purchase of means of production, the recording, treatment, processing and marketing of agricultural products and services to farmers of very different kinds). These cooperatives may be considered as the extension of agricultural undertakings and, as such, form the connecting link between producers and markets.

27. In other sectors, too, cooperative institutions and undertakings have an important share. For example, it is almost impossible to imagine small and medium-sized trade and industry without cooperative credit institutions (approximately two-thirds of business undertakings in the Community Member States are medium-sized and small undertakings). In some Member States consumer cooperatives with their widely dispersed retail outlets occupy an important position in the retail sector; at the same time they attempt to provide consumer information and explanations. In the insurance sector several cooperative institutions have developed over the years which have gained considerable shares of the market and have extended their insurance business to almost all important sectors.

28. As mentioned above, the cooperative form of organization is weaker in some sectors and does not exist in all Member States (for example, social, mutual and cooperative pharmacies). Cooperative housebuilding associations, which are generally public utilities, are, on the other hand, an important factor because of their number and size; although they have formed associations nationally, they have not done so at European level. This is probably connected with the fact that in the housing sector national policy predominates, so that there is very little incentive to look beyond national frontiers.

29. In almost all sectors there are already international economic activities between cooperative undertakings, and the need for this is continually increasing. Detailed information on this is not yet available, but it is well known that national legislation has imposed certain restrictions on the expansion of these international activities; however, in the European Community at least these restrictions could be removed by harmonization measures. For the future of cooperatives and their importance in the national economy, it may well be

helpful to make their sphere of activity more international.

30. In connection with the possibility of creating new employment, special importance should be attached to the manufacturing and craft workers' cooperatives. The cooperatives, which occur in the building sector, the transport sector, in the sector of services of very different kinds and in all trades and crafts and also in the industrial sphere, may exert an extremely stabilizing influence on employment; this applies chiefly if new cooperatives are founded or if existing undertakings which find themselves in economic difficulties manage to continue under the form of a cooperative. In addition, in the services sector, chiefly where there are social needs to be met, there are still lacunae to which a cooperative form of organization is suited.

31. It has already been mentioned above that in the case of cooperatives in general there is a considerable fund of experience in matters relating to cooperative activities which is by no means being adequately used in proportion to its importance. It seems that there are cases in some Member States of the use of this wealth of experience in connection with regional policy. At Community level, however, there are no known cases in which the General Secretariats of the European cooperative organizations with offices in Brussels have been called upon in connection with the implementation of Community regional policy or development policy, for example when the Lomé Convention was concluded. On the other hand, most people believe that the cooperative form of organization can, particularly in developing countries, make an outstanding contribution to the creation of additional employment and to the improved familiarity of people with the problems of management based on the division of labour. In addition, an important factor is that in cooperative trade and industry it is easier to organize an optimum use of capital and labour and the mem-

bers of cooperatives participate directly in the business activities, which certainly increases work discipline and contributes to higher productivity.

32. Since the cooperative form of undertaking is not restricted to certain activities, the cooperative idea still holds many opportunities for the expansion of cooperative activities. In regional policy and development policy new possibilities could be opened in joint consultations to improve the economic and social effectiveness of these policies. In the same way, cooperative organizations in the individual sectors could make it their task to develop new activities to supplement the traditional ones.

V. PROSPECTS AND CONCLUSIONS

33. In view of the economic and social importance of the activities of cooperative undertakings, there should be no delay in recognizing the cooperative movement in the European Community, represented by its European associations with head offices in Brussels, as discussion partners with the Community institutions. Only in this way would a contribution be made to future developments in the interests of both sides.

34. The Commission of the European Communities should use the store of experience of the cooperatives and their associations in the implementation of the Community regional and development policy by including representatives of the cooperatives in the work connected with those policies and in the preparation of individual projects. It is certain that such cooperation is of interest to the cooperatives and their associations in their turn.

35. Cooperatives, the majority of which are medium-sized or small undertakings, can create new employment everywhere and

in all economic sectors or preserve employment, if more favourable conditions are created for their participation in employment policy. For this purpose programmes could be drawn up, for example in regions affected by crises, the aim of which would be to encourage the setting-up of cooperatives for specific products and services.

36. Special attention should be paid to manufacturing and craft workers' cooperatives, whose structure covers almost all sectors of production and services and includes many trades and crafts. Although they are not equally strongly represented in all Member States they already form at present a very useful economic and social function and are in the process of considerably extending their field of activity. The chief factor applying to such cooperatives is that they can make a contribution to employment policy if the right conditions are offered. This includes, for example, the possibility of converting other legal forms of undertaking into cooperatives without complicated legal formalities. The question should be examined whether special facilities could be created for the setting-up of manufacturing and craft workers' cooperatives.

37. There are in some cases great differences between the Member States as regards the law on cooperatives. For this reason it is essential that the question of the harmonization of this law be investigated from the point of view of whether harmonization of the law seems appropriate in certain places, so as to serve the objectives sought.

In order to facilitate cooperation between cooperatives, particularly at international level, the idea of a statute for a European cooperative company should be re-examined.

Footnote to points 35 and 36:

It should be possible for smaller undertakings threatened with closure to create, through the setting-up of cooperatives given preferential treatment, something akin to a standby in case of need.

The Commission of the European Communities is recommended to invite the representatives of cooperatives to a consultation on the issues of harmonization of the law on cooperatives and the drawing-up of a statute for a European cooperative company.

38. The representatives of the cooperative associations consider it essential to set up a liaison office dealing with cooperative issues and serving as a starting-point from outside. A permanent exchange of views could take place through this establishment with the objective, inter alia, of promoting the idea of the cooperative form of organization. In addition, specific measures could be arranged through this liaison office, for example material and technical support for the educational and training functions of cooperative associations. The training of a sufficient number of managers is of particular importance. Engaging the Berliner Gemeinschaftsinstitut für Berufsbildung (Berlin Community Institute for Professional Training), which is at present dealing with the preparation of seminars for small and medium-sized undertakings, should be considered.

39. As regards the setting-up of a European cooperative development fund, there is no unanimous opinion within the European cooperative associations. The great majority, however, take the view that the establishment of such a development fund is an important task. In discussions it is pointed out that post-industrial society raises a series of problems which make it advisable to reconsider the traditional concept of work and the relationship between capital and labour. If it is correct that the cooperative sector is of considerable importance in these considerations, and this report intends to support this argument, then a European Cooperative Development Fund could be an extremely valuable institution. Its task could consist of giving financial and technical support to the work of cooperative associations, improving the conditions of the cooperative form of organization throughout all sectors and helping cooperative-oriented training.

In the setting-up of the fund, financial participation on the part of the Community is envisaged; its institutions should clearly state that they are in favour of the promotion of the cooperative idea. Finally, it should be borne in mind that the cooperative model of undertaking has certain characteristics (for example, variable capital and democratic control) which are not, or only insufficiently, taken into consideration in most Community countries by the administrative, tax and legal systems so that the customary mechanisms of help for private undertakings of a classic nature are difficult to apply to cooperatives. In addition, it will now be the task of the cooperative associations to draw up and submit a specific proposal for a development fund.

40. In order to create a broad starting base for future activities for all cooperatives and their associations in the Community, a cooperative conference should be held as soon as possible with the support and participation of the Community institutions. The results of such a conference might be all the better the more the issues discussed were based on questions of common interest. The Commission of the European Communities could include in this conference the results which are already available of work in the field of manufacturing and craft workers' cooperatives.

41. It is believed to be essential to find out more about the activities of cooperatives in the individual Member States as one of the conditions for specific individual measures which might be necessary for encouragement of the cooperative idea in addition to the requirements listed. For this purpose the Commission of the European Communities should be requested to extend the studies already in progress on manufacturing and craft workers' cooperatives to all cooperative sectors. The following questions should be examined:

- organizational structures (sectoral and intersectoral associations, national umbrella organizations, international membership, statutes, membership of or affiliation to political and social groups);
- general working conditions for cooperatives (the law on cooperatives and so forth);
- the treatment of cooperatives under tax law;
- special provisions on or privileges for cooperative activities.

42. Cooperatives and their associations themselves, whether in the individual Member States or at Community level, are called upon to increase their efforts to create a strong cooperative movement in Europe. At present the priority is to create, by setting up a European advisory body, a common mouthpiece in which all may participate so as to be a full discussion partner, particularly in relation to the Commission of the European Communities.

LIST OF EUROPEAN ORGANIZATIONS OF COOPERATIVES

A. General Committee of Agricultural Cooperation in the EEC Allgemeiner Ausschuss des Ländlichen Genossenschaftswesens in der EWG Comité Général de la Coopération Agricole de la CEE

Founded: 1959
Address: Rue de la Science 23/25, 1040 Brussels
Deputy Secretary General: Dr Herbert Kellner

Agricultural cooperatives were first founded in the mid 19th century, in order to strengthen the market position of farmers, both in selling their produce and buying capital goods and equipment. They are mutual assistance institutions, operating as combinations of individuals in the interests of efficiency, and based on the principles of decentralized administration and individual responsibility, and the solidarity of their members. Agricultural cooperatives can be regarded as an extension of the farms forming their membership. In a modern economy, by taking over certain economic activities or functions from agricultural undertakings they maintain and increase the efficiency and independence of their member undertakings.

COGECA was founded in 1959 and has member associations in all the Member States of the European Community, with over 10 million members. The 40,000 or so cooperative undertakings with a workforce of about 550,000 have an annual turnover of about 60 thousand million EUA (ECU).

Activities: the acquisition of the means of production, the collection, processing and marketing of agricultural produce, the provision of various services to farmers and the rural population.

It can be assumed that, on average throughout the Member States of the Community, over 50% of agricultural purchasing and sales are conducted via cooperatives. They are thus important to rural areas and the rural population, as they are active in the infrastructural, regional, social and employment fields.

B. EUROCOOP

European Community of Consumer Cooperatives

Europäische Gemeinschaft der Verbrauchergenossenschaften

Communauté Européenne des Coopérationes de Consommation

Founded: 1957
Address: Rue Archimède 17a, 1040 Brussels
Secretary-General: Dr Albrecht Schöne

EUROCOOP unites some 17 million members in the European Community (apart from Ireland, where there are no consumer cooperatives) and as such is a powerful organization representing consumer interests. A large proportion of German Coop retail shops and production concerns is owned via the German Coop-Zentrale by the Beteiligungsgesellschaft für Gemeinwirtschaft AG, Frankfurt.

The rise of consumer cooperatives performing both productive and distributive functions has created a versatile economic sector that is free both of state control and also of the excesses of capitalism. The year in which EUROCOOP was founded indicates that from an early date the consumer cooperatives have sought to work actively to protect and represent the interests of European consumers. EUROCOOP has therefore worked resolutely for progressive European consumer programmes.

One of the major tasks of the consumer cooperatives is to inform and educate the consumer. In competition with other forms of undertaking they play an important role in rationalizing commerce, especially through their distribution structure, ranging from traditional counter service shops, discount establishments and supermarkets, to self-service department stores. In many countries the most up-to-date retail establishments are those run by the consumer cooperatives.

The cooperative is to be regarded as a democratic alternative model to capitalist forms of business and to public bodies and should therefore be recognized as an independent sector of the economy.

The figures for EUROCOOP in 1980 were as follows:

Number of cooperatives:	3,972
Number of members:	17 million
Number of employees:	260,000
Number of outlets:	27,000
Turnover:	20,000 m EUA

C. Association of European Cooperative Insurers
Association des Assureurs Coopératifs Européens
Europäischer Genossenschaftlicher Versicherungsverband

Founded: 1978
Address: Rue Royale 151, 1030 Brussels
Secretary-General: Jeannine Devuyst

The European organization for cooperative insurance companies, founded as recently as 1978, has members in all Member States of the Community and in Sweden, Norway, Finland, Australia and Switzerland. It was founded in response to the expansion and concentration of insurance companies in Europe; as a member of the International Federation of Insurance Cooperatives, which embraces 24 cooperative insurance groups in Europe, it has adopted the aims of intensifying cooperation between its members, and dealing with the problems posed by the further development of the European Community.

One of the major features of cooperative insurance is - irrespective of the company's legal form - that the company's dealings are controlled by those persons who use the company's services. In addition, insurance is provided at low cost and with good service back-up; the profits are used to further social aims.

With due regard to the principles of liquidity and risk spreading, the funds are invested in social priority areas (e.g. housing).

In recent decades many cooperative insurance companies have developed into sizeable businesses with substantial shares of the market. Over this period they have also diversified into nearly every branch of the insurance business.

D. European Union of Social, Mutual and Co-operative Pharmacies
Verband der Europäischen Sozialen und Genossenschaftlichen Apotheken
Union Européenne des Pharmacies Sociales, Mutualistes et Coopératives

Founded: 1961
Address: Chaussee de Mons 602, 1070 Brussels
Secretary-General: Marcel Becquevort

The European organization does not have member associations in all the Member States, as this type of cooperative is not to be found everywhere in the Community. It does exist in Belgium, France, the United Kingdom, Italy and the Netherlands. In the other countries efforts are being made to establish a basis for the introduction and spread of social and collectively-run pharmacies in the face of corporalist opposition, in the following fields:

- (a) as regards pharmacies: dispensing, sales, production;
- (b) as regards appliances: optical aids, hearing aids, trusses.

One of the objects of the European organization is the forging of relations with cooperative associations, mutual associations and other associations concerned with sickness and invalidity insurance and public health in the countries of the European Community in order to maintain their support for the implementation of its objects.

Shortly after the foundation of the European Community it appeared that a number of owners of private pharmacies were interested in harmonizing the provisions governing the exercise of the profession of pharmacist, which would have led to the disappearance of the social and cooperative pharmacies. This was one of the main reasons for the foundation of the European Union of Social, Mutual and Cooperative Pharmacies.

Since its foundation the Union has found it necessary on repeated occasions to intervene with the institutions of the Communities in order to defend the interests of its members. In connection with the attempts to regulate the exercise of the profession of pharmacist two questions were at issue;

1. an allocation of pharmacy locations;
2. the right to run a pharmacy.

An existing draft directive provided that the right to run a pharmacy should be given only to natural persons. The cooperative pharmacies, being legal persons, could not accept this.

The proposals for a directive was then withdrawn.

E. Association of Co-operative Savings and Credit Institutions of the EEC
Vereinigung der Spar- und Kreditgenossenschaften der EWG
Groupement des Coopératives d'Épargne et de Crédit de la CEE

Founded: 1971
Address: rue de la Science 23/25, 1040 Brussels
Secretary-General: Dr Johannes Teichert

The European organization of cooperative savings and credit institutions has member associations in all Member States of the Community. As a result of its international activities it has established branch offices in three countries outside the Community - Finland, Spain and Austria.

One of its major tasks is to establish contact with the Community authorities and other European associations and bodies in the financial and monetary sector.

Local links are an essential feature of cooperative savings and credit institutions, keeping them in close touch with savers and borrowers. They lend mainly to small and medium-sized undertakings, and conduct a great deal of consumer credit business. A large proportion of savings invested goes into housing.

The cooperative savings and credit institutions therefore not only further the economic interests of their member undertakings, but also help promote general economic development in all sectors (craft trades, agriculture, commerce, small industries etc.). Their local links offer wide scope for using these relatively simple financial facilities for regional policy purposes, for example. However their main object is to provide the financial basis for the economic activities of their members. To that extent they may be regarded as an extension of their members' private businesses.

The following information is available for 1979:

Number of members:	30.7 million
Employees:	295,000
Branches:	58,000
Deposits:	\$ 305,000 million
Loans:	\$ 242,000 million
Consolidated balance sheet amount	\$ 459,000 million (= 318,000 m EUA)

F. Association of Retailer Owned Wholesalers in Foodstuffs

Union der Genössenschaftlichen Einkaufsorganisationen für Lebensmittel

Union des Groupements d'Achat de l'Alimentation (UGAL)

Founded: 1963
Address: Avenue L. Gribaumont 3, 1150 Brussels
Secretary-General: D. Labatut

UGAL is the European umbrella association for the wholesale purchasing organizations for independent grocers. Its object is to represent the professional interests of its members within all international organizations and specifically the European Community, and to advise them on all cooperative, legal and economic matters.

UGAL has member associations in all the Community countries apart from Ireland and Greece (plus two associated members in the Federal Republic of Germany and France), and in Spain and Portugal.

UGAL's primary aim is to ensure that the wholesale organizations are always in line with Community policies, and in addition to promote the exchange of information on technology and trade matters. Members are kept up to date on consumer protection and foodstuffs legislation, so that they may provide retailers with effective help to improve their economic and social position. These services include business advice, comparative studies and the formulation of marketing schemes.

By promoting and supporting large numbers of small and medium-sized businesses the purchasing cooperatives help to maintain a multiplicity of outlets. They also help in the establishment of new independent businesses. This enables consumers in remoter areas to have retail outlets close to hand.

Joint purchasing enables cooperatives in this sector to improve the competitive position of independent retail traders.

The membership of UGAL (over 61,000 independent grocers) had a turnover of more than 7,000 m EUA in 1980.

European Committee of Workers' Cooperative Productive and Artisanal Societies
Europäischer Ausschuss der Arbeiter - und Handwerker-Produktionsgenossenschaften
Comité Européen des Coopératives de production et Artisanales

Founded: 1981
Address: rue Archimède 17A, 1040 Brussels
Secretary-General: Mr Catalano

The European Committee of Workers' Cooperative Productive and Artisanal Societies was founded in 1981; so far national associations in Denmark, France, the United Kingdom, Italy and the Netherlands have joined.

Unlike the other European cooperative organizations, which specialize in individual sectors, the national associations and the European Committee of Workers' cooperative Productive and Artisanal Societies embrace establishments and undertakings from all sectors (craft trades and small-scale industry, trade and various services, as well as the professions).

The European Committee also has national umbrella associations as members which in turn include cooperative organizations from various sectors of the economy.

Although cooperatives of this nature are unfamiliar or completely unknown in some Community countries, or at least not organized in associations, their numbers and the size of their workforce are continually increasing. In 1981 they employed more than 600,000 persons. This demonstrates the potential role, especially during economic crises, for this type of cooperative in employment policy.

Workers' cooperatives see themselves as an alternative form of undertaking with a place in the market economy, but, with their principles of equal participation by all and the solidarity of their members, having a definitely social bias, while eschewing speculative aims. This allows them to achieve better industrial discipline, to instil a sense of economic responsibility and more easily to surmount unavoidable conflicts. This socio-economic role so characteristic of this type of cooperative, epitomizes their alternative nature. The production structure they have introduced to the free market has enhanced its quality, combining the characteristics of private enterprise and the public sector.

By the end of 1980 the member associations of CECOP embraced about 80,000 cooperatives with a turnover of approximately \$8,000 million. More than half the present, over 600,000, employees are members of these cooperatives.

MOTION FOR A RESOLUTION

(Doc. 1-327/80)

tabled by Mr BONACCINI, Mr ADAM, Mr BALFE, Mr DIDO, Mrs FUILLET, Mr GATTO, Mr GAUTIER, Mr GLINNE, Mr HANSCH, Mrs HERKLOTZ, Mrs HOFF, Mr IPPOLITO, Mr LINDE, Mr LINKOHR, Mr JOSSELIN, Mr LEZZI, Mr OEHLER, Mr SEELER, Mr SUTRA, Mrs VAYSSADE, Mrs VIEHOFF, Mr VITALE, Mrs WIECZOREK-ZEUL and Mr KEY

pursuant to Rule 25 of the Rules of Procedure

on the European cooperative movement

The European Parliament,

- considering its fundamental task to be to extend to the utmost democratic participation by the citizen in political and economic decisions,
- aware of the need to strengthen the links between Community institutions and the many forms of organization found in present-day society,
- wishing to give the widest application to the objectives of the fifth directive now under consideration by Parliament,
- believing the European cooperative movement (distribution, services, agriculture, production, labour etc.) to be the expression of a mature and responsible political, economic, social and cultural presence in modern industrial society,
- supporting the requests and proposals made by the national cooperative organizations of the Member States at their recent meeting in Brussels aimed at carving out a larger role for the cooperative movement in the growth of the Community economy,
- convinced of the importance of the worker management experience in all areas of the cooperative movement,

Requests the Commission and Council, as far as it lies within their respective powers and terms of reference:

1. To consider the European cooperative movement as a permanent discussion partner on economic and social subjects;
2. To encourage the setting up at Community level of a single body to represent the cooperative movement and to act as a link between the movement and the Community;

3. To draw up a report on the general role of the cooperative movement in contemporary European society;
4. Subsequently to organize a conference on this subject in order to shed greater light on the problems and prospects of this important sector.

MOTION FOR A RESOLUTION

(document 1-669/80)

tabled by Mr FILIPPI, Mr BARBAGLI, Mr MACARIO, Mr LIGIOS, Mr ZECCHINO,
Mrs CASSANMAGNAGO CERRETTI, Mr MICHEL and Mr BERSANI

pursuant to Rule 25 of the Rules of Procedure

on the harmonization of the instruments and rules relating to cooperatives in
the EEC countries

The European Parliament,

- noting that in recent years the problem of unemployment among salaried workers, the crisis in a number of sectors of activity and the positive view taken by young people towards self-employment have highlighted the lasting economic and social value of cooperative undertakings and their potential for development in other than traditional fields,
 - whereas the management and organizational difficulties faced by large undertakings, the economy and efficiency of small and medium-sized productive units and the workers' demand for participation in decision-making and the proceeds of their own work are all factors which tend to enhance the usefulness of cooperatives as an essential component of employment policy,
 - bearing in mind that cooperatives are now operating on an experimental basis in many countries and in new areas of the tertiary sector, ranging from research, planning and consultancy to social services such as home help for the aged and the sick, domestic work, and so forth,
 - noting that, in the EEC Member States alone, cooperatives play a role of indubitable importance, as shown by the scale of activity involved and the social and political impact of the cooperative organizations,
1. Considers it essential that the appropriate Community bodies should follow the development of cooperative activities and organizations with the closest attention;
 2. Hopes that genuine steps will be taken to harmonize the legislation on cooperative in areas where it concerns the basic rules governing their operation;

3. Considers that it would be useful to review the proposal to establish a statute for a European cooperative company, following the same line taken by major sectoral Community organizations;
4. Hopes that in anticipation of the possible outcome of this harmonization the appropriate Community bodies will indicate the requirements which must be satisfied by cooperative organizations in order to be eligible for the aid earmarked by the EEC;
5. Hopes that the European Economic Community will undertake to enhance the role of cooperatives, giving preference to voluntary organizations of business operators over other types of organization, in pursuit of all the tasks connected with the support or aid measures it intends to implement in certain sectors and geographic areas;
6. Draws the attention of the appropriate EEC bodies to the marked differences in tax regulations and in the system of providing 'auditing assistance' for the cooperative organizations so that the soundness of the methods adopted can be checked and recommendations made to change the system wherever appropriate;
7. Considers it essential for the responsible EEC bodies to issue specific recommendations and directives to prevent the improper or merely speculative use of the legal provisions governing cooperative organizations;
8. Requests the responsible Community bodies to look closely at the question of allocating more than one vote per member in the basic organization (as provided for in Germany) and of allowing cooperatives the option of changing their status to that of an ordinary company, in order to establish whether, in the context of harmonization, this should be made a general rule or whether this option should be abolished where it exists;

-
9. Emphasizes the need for an adequate increase in the funds allocated to the support and encouragement of cooperative undertakings in the next draft budget of the Community;
 10. Instructs its President to forward this resolution to the Council and the Commission.

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman : Mr T.J. MAHER

On 23 June 1981 the Committee on Agriculture appointed Mr Maher draftsman of the opinion for the Committee on Economic and Monetary Affairs.

It considered the draft opinion at its meetings of 7 and 8 January 1982 and 17 and 18 May 1982 and at the latter meeting adopted it unanimously.

The following took part in the vote: Mr Curry, chairman; Mr Frdh and Mr Colleselli, vice-chairmen; Mr Maher, draftsman; Mr Clinton, Mr Eyraud, Mr Gautier, Mr Goerens (deputizing for Mr Delatte), Mr Helms, Mr Provan, Mr Stella (deputizing for Mr Diana), Mr Thareau and Mr Tolman.

I. Introduction

1. The origins of the multiplicity and diversity of the conceptions of cooperatives in Europe today are in general to be found in the different economic, social and political developments of the individual countries since the beginning of the 19th century. In principle, it can be said that agricultural cooperatives were set up in order to strengthen the position of farmers on the market both as regards their sales of produce and their purchases of supplies and equipment.
2. As a consequence of historical development and the differences in the relations between the cooperatives and the administration, the legal provisions governing the cooperatives are today also different from one Member State of the European Community to another. In all EEC Member States agricultural cooperatives are subject to special statutes which lay down their structures and rules of procedure.
3. Agricultural cooperatives are self-help institutions, which, as associations of individuals, work on the principle of economy. They observe the principles of self-administration and self-responsibility and are based on the solidarity of their members. Agricultural cooperatives should be considered as an extension of agricultural undertakings. As economic undertakings belonging to the farmers who are controlled by them the task of the cooperatives in a modern economic system is to maintain and develop the productivity and independence of the member undertakings by taking over certain economic activities or functions from agricultural undertakings. They therefore make a significant contribution to the survival of rural patterns.

II. Role and importance of the agricultural cooperatives in the European Community

4. The economic importance of the agricultural cooperatives may be summarized as follows:
 - the fact that nearly all Community farmers belong to one or more cooperatives (the cooperatives have more than 10 million members, including dual memberships) emphasizes the importance of cooperatives as professional organizations of farmers with economic objectives;
 - there are at present approximately 40,000 agricultural cooperatives in the Community;
 - they are active in the following areas:
 - the acquisition of means of production;
 - the collection, processing and marketing of agricultural products;
 - the provision of a wide variety of services for farmers and the rural population;

- development trends in the various Member States show that cooperatives have made fundamental structural changes in order to adapt to the requirements of a rapidly developing economy;
- the cooperatives' share of the agricultural turnover differs from one EEC Member State and sector of production to another. As a whole it may be assumed that on average more than half of the purchases and sales of agricultural products are effected through cooperatives, in other words by undertakings controlled by farmers. Cooperatives carry out a considerable proportion of industrial-scale cultivation and processing of foodstuffs.

Examples: D: 79% of milk collection
 DK: 55% of meat processing and marketing
 F: 67% of cereal collection
 NL: 83% of fruit and vegetable marketing
 IRL: 100% of butter production;

- they achieve a total turnover of more than 60,000 million ECU (European units of account expressed in national currencies);
- the agricultural cooperatives have met the need for closer European and international cooperation between agricultural cooperatives, particularly in view of the concentration of the markets (multinationals for example) in important product sectors, by means of the first promising joint ventures;
- the cooperatives play an extremely important role in rural areas and communities through their achievements in infrastructure policy, regional policy, social policy and employment policy. This is particularly true of problem areas from which undertakings which are not members of cooperatives are withdrawing because of lack of profitability;
- agricultural cooperatives employ 500,000 to 550,000 people in the European Community.

III. Agricultural cooperatives in connection with various Community policies

5.1 Although one might have expected that the effective part played by the agricultural cooperatives as the instrument of farmers in helping better to attain the Common Agricultural Policy would be clearly and formally mentioned in the basic legislation, cooperatives are not expressly referred to in the Treaty. When attempts were occasionally made within the Commission of the European Communities at the beginning of the 1960's to take into account the importance of agricultural cooperatives to farmers and to a successful agricultural policy, protests from non-cooperative groups were too readily upheld and the role and function of cooperatives was never defined clearly by the Community authorities on the grounds that competition was equal and that they were neutral in relation to the various forms of undertaking.

5.2 However, in 1962 a derogation in favour of associations of farmers // for the marketing of their products was created under the legislation on cartels; this derogation also applies to agricultural co-operatives (Regulation No. 26/62).

5.3 Since 1964 there has also been a policy on market structures to supplement the policy on production structures; this provides for investment aid for the improvement of conditions relating to the processing and marketing of agricultural products. The specific entrepreneurial nature of the cooperatives accounts for the fact that they more easily meet the objectives of the agricultural policy connected with this measure and for this reason benefit more readily from such aid than non-cooperative commercial undertakings and undertakings in the food industry (Regulation No. 17/64 and Regulation No. 355/77).

In addition, Regulation No. 1360/78 on producer groups and associations thereof provides for aid to associations of farmers to centralize supply and adjust production to market requirements. This measure applies only to specific regions of the Community and supplements the mechanisms of the policy on market structures. It is significant that the favourable experience which has long been met with as regards producer groups in certain countries is largely attributable to the fact that in those countries 75% of these special agricultural associations were founded within cooperatives.

5.4 Agricultural cooperatives play a particularly active economic role in the management of the agricultural markets. As the link between producers and the market, the cooperative undertakings are directly concerned by the decisions taken by the Community institutions with regard to prices and other measures affecting the market. These decisions have a major impact on the room for manoeuvre available to the processing and marketing undertakings controlled by farmers. Measures relating to intervention conditions, export refunds, import levies, subsidies, producer levies and the development of processing and storage costs in specific product areas have a particular effect on the agricultural cooperatives and, as a consequence, on the return of farmers.

As a result, agricultural cooperatives have acquired technical and economic knowledge and experience which is essential to flexible and effective management of the markets.

The fact that the Commission recently adopted in its proposals for a dynamic export policy the ideas and standpoints which have long been advocated by the grain cooperatives is a welcome example of the competence of the agricultural cooperatives.

6. As far as regional policy is concerned, the agricultural cooperatives are a determining factor in the survival of the rural areas. Their experience and their expertise make them particularly qualified to participate in the establishment of integrated development projects in Community regions which face structural deficits.
7. The agricultural cooperatives could, with their know-how, contribute constructively to the improved implementation of a food aid policy which takes account both of the specific needs of the countries receiving aid and of the needs of Community agriculture.
8. The agricultural cooperative associations in the individual countries have gained a wealth of experience in the last two decades owing to their activity in the field of development policy. In connection with the Commission's proposals to combat hunger in the world recently approved by the Council (COM(81) 560 final - known as the 'Pisani Plan') the agricultural cooperatives, in close cooperation with other cooperative groups, are particularly well-qualified to advise the relevant departments of the Commission and authorities of developing countries as to the development of suitable structures to maintain and create viable rural areas.

In addition they are excellently qualified to help in the joint building of the food industries which are suited to the available natural resources of each country and to the needs and financial means of the population of extremely poor countries.

IV. The cooperatives within the context of our economic and social system

- 9.1 A detailed analysis and assessment of the value and importance of agricultural cooperatives to the economic and social systems of the western world would go beyond the scope of this opinion. The following points should however be borne in mind, particularly because the agricultural cooperatives on the one hand play a particularly important part within the European Community and its policies and because, on the other, the policies of the European Community are co-determining as regards the survival and further development of our economic and social systems:
In spite of different economic and social developments in the various countries and their influence on cooperatives, varying legislation on cooperatives, the varying economic importance of cooperatives, in other words in spite of the wide variety in the outward form of cooperatives, there is a great deal of similarity in the legislation and statutes as well as in the most important cooperative principles which shape the organization, formulation of objectives, decision-making, cooperative operations and functions of cooperatives in the economy.

In contrast to this, however, the fundamental values which the spiritual foundations of Christianity, liberalism, socialism and humanism have created in our pluralist social system may also be described as common to the countries of the Community and Western Europe, such as:

- the principle of representative democracy;
- the preservation of freedom of the individual;
- the protection of and increase in the prosperity of individuals and of society;
- the guarantee of independence and self-determination; and
- the preservation and expansion of a free social market economy.

9.2 It might well be informative for the European Parliament and the other Community institutions to investigate, in addition to considering the various elements of the parts or sectors of the cooperative movement, whether the cooperative principles, as currently practised, are totally compatible with the basic values of our economic and social systems. If it is found that cooperatives are not only compatible with these systems but also help to stabilize, strengthen and develop them, the neutral attitude towards this specific form of undertaking or way of life often adopted by certain politicians ought no longer to be justified since the characteristic features and functions of the cooperatives differ clearly and distinctly from other forms of undertaking in our present economy and society.

V. Assessment of the amendments and conclusions

10. The rapporteur fully agrees with the call for greater recognition to be given to cooperatives as a special form of undertaking by the Community authorities and in particular by the Commission and also by the outside world. Cooperatives are, because of their special nature, particularly suitable instruments for the improved application of a number of Community policies and the fight against serious problems currently facing the economy and society in general. This does not justify the neutral stance which the Community authorities have so far adopted towards cooperatives.

The agricultural cooperatives have contributed successfully to better market management in the context of the common agricultural policy and to the creation and application of an effective market structures policy.

The agricultural cooperatives have also proved to be successful guarantors for the continued existence of the family farm. In their function as the extended arm of farmers and through the many services they provide in rural areas, they have ensured continued economic viability for these regions and their inhabitants and thus for an efficient European agricultural sector.

12. The Community should therefore make every effort to improve the general and particularly the legislative framework for the better development and growth of agricultural cooperatives in the various countries.
13. The first indispensable step in this direction lies in the creation of a form of cooperative headquarters or meeting-point under the aegis of the Commission which would advise the Commission in the drafting and implementation of policies and measures which affect cooperatives directly or indirectly.
14. The rapporteur requests the Community to compile a detailed study on cooperatives in Community countries. In this connection he recalls that in 1967 the Commission of the European Communities published a study on agricultural cooperatives in the European Community¹ as a result of five years' work and that this was completed by a further study in 1973 on cooperatives in the new Member States.² However, the findings of these studies have not, contrary to original expectations, been adopted in the agricultural policy as desired.
15. He considers that it is also necessary to examine to what extent it seems appropriate for the Community to call a cooperatives conference at Community level with a view in particular to drawing the attention of politicians at national and Community level and of those members of the general public concerned to the characteristics and functions of cooperatives.
16. He also believes it to be essential that the cooperative groups represented at EEC level should, in a pragmatic manner, achieve a form of dialogue to enable them to reach agreement on problems and preoccupations affecting them beyond their individual sectors. Such a 'forum' should be a suitable platform for all cooperative groups, enabling them to speak to EC politicians with one voice.
- In this connection it is necessary to examine to what extent cooperative groups not yet represented at Community level are attempting to obtain their own representative body as quickly as possible (for example cooperatives in the fields of insurance, housing, services, the professions and so forth).
17. The Commission services responsible for the drafting of European company law should examine to what extent the harmonization of cooperative law, which often varies significantly between Member States, is necessary and useful.

¹ EEC Study 'Agricultural Cooperatives in the EEC', Agricultural Series No. 21, Brussels 1967.

² 'Forms of cooperation between farms for production and marketing in the new Member States', Information on Agriculture No. 20, Brussels September 1976.

The rapporteur recalls in this context that the joint request of the European cooperative associations COGECA, EUROCOOP and UGAL, together with the credit cooperatives, for the creation of a European cooperative statute was made in view of the difficulties encountered in the harmonization of national cooperative law. Such a statute would, as new European law, certainly be beneficial for the inter-cooperative cooperation beyond national frontiers which is becoming increasingly necessary and would in the long term contribute to the preservation of the specific entrepreneurial character of cooperatives.

18. The rapporteur stresses that the agricultural cooperatives see themselves as economic undertakings in a market economy and in a free social system. Because of their special responsibility with regard to economic and social policy they therefore consider that the right and duty of national governments to support and encourage cooperatives in all conceivable forms is justified. Financial payments are appropriate if they represent a form of consideration for activities carried out in the general or special public interest or even at the request of the public authorities. Regular subsidizing of their economic activities must be rejected since it would make the cooperatives dependent on the State.

OPINION OF THE LEGAL AFFAIRS COMMITTEE

Draftsman : Mr D. VIE

At the sitting of 15 December 1980 the motion for a resolution (DOC. 1-699/80) by Mr Filippi and others, on the harmonization of the instruments and rules relating to cooperatives in the EEC countries, was referred for an opinion to the Legal Affairs Committee.

On 29 January 1981 the Legal Affairs Committee appointed Mr Vié draftsman of the opinion on this motion.

By letter of 15 April 1981 the Chairman of the Legal Affairs Committee requested that the committee should also be consulted on the motion for a resolution (DOC. 1-327/80) by Mr Bonaccini and others which was concerned with the same subject; the letter stated that the committee would deal with the two motions in a single opinion.

At the sitting of 15 June 1981 the motion for a resolution (DOC. 1-327/80) by Mr Bonaccini and others, on the European cooperative movement, was referred for an opinion to the Legal Affairs Committee.

On 15 July 1981 the Legal Affairs Committee appointed Mr Vié draftsman of the opinion on this motion.

At its meetings on 1 and 2 October and 10 and 11 November 1981 the Legal Affairs Committee considered the draft opinion and adopted it unanimously on 11 November 1981.

The following were present: Mr Ferri, chairman; Mr Luster, vice-chairman; Mr Dalziel, Mr Malangré, Mr Megahy, Mr Sieglersmidt, Mr Tyrrell, Mrs Vayssade and Mr Vié.

Introduction

1. The cooperative movement should be seen as making an indispensable contribution to the economic life of the Member States, one that usefully complements the activities of the public and private sectors.

Embracing mainly small and medium-sized undertakings, the cooperative sector can well play a significant role in efforts to create employment and in the area of regional policy.

2. From the legal aspect, it is essential that the status of cooperatives should be defined in order to prevent cooperative organizations being used for ends not consistent with their primary purpose, which is to develop mutual aid among the members particularly in small or medium-sized undertakings.

After examining the content of the two motions for resolutions we shall identify the legal basis for any Community legislation on the subject and go on to deal with the question of the recognition of cooperatives at Community level and with the problem of Community financing of some cooperative activities.

1. The object of the two motions

A. The motion for a resolution on the European cooperative movements (Doc. 1-327/80)

1. The proponents of this motion for a resolution request that the Commission and the Council, within the scope of their respective responsibilities and powers, recognize the European cooperative movement as a permanent negotiating partner on economic and social matters and that they promote the setting-up at Community level of a single body representing the cooperative movement to act as a link between the Community and the movement.

The motion for a resolution further calls for a report to be drawn up on the general role of the cooperative movement in contemporary European Society and for a conference to be organized to examine the problems and prospects in this sector.

B. The motion for a resolution on the harmonization of the instruments and rules relating to cooperatives in the EEC countries (Doc. 1-669/80)

2. The aim of the proponents of this motion for a resolution is to achieve harmonization of the basic legislative rules governing cooperative activities and they wish to see a proposal for the establishment of a statute for a European cooperative society to be examined.

They also call for the Community to enhance the role of cooperatives and give them preferential treatment and to take steps to ensure that the legal provisions governing cooperative organizations are not used for improper or speculative ends.

5. As regards financing, the motion expresses the hope that the appropriate EEC bodies will in anticipation of the outcome of any harmonization, set out the requirements which cooperative organizations must meet to qualify for Community aid.

In this connection the motion stresses the need for an adequate increase in the budgetary appropriations for the support and encouragement of cooperative undertakings.

6. Finally, the motion for a resolution draws attention to the differences existing in the provision of 'auditing assistance' for cooperative organizations and to the problems relating to the number of votes to which cooperative members may be entitled.

II. The Legal basis for Community legislation

A. Harmonization of legislations on cooperatives

7. Article 54 (g) of the EEC Treaty, which deals with the right of establishment of companies or firms, constitutes a fundamental legal basis in that it provides for the coordination of the safeguards required of companies or firms in the Member States for the protection of the interests of members and others. Moreover, cooperatives are expressly mentioned in the second paragraph of Article 58 of the EEC Treaty.

At the same time, Article 100 of the EEC Treaty provides an adequate and complementary basis for the harmonization of the basic principles of national legislations on cooperatives.

Community powers exist whenever the approximation of laws concerns legislative provisions which directly affect the establishment or functioning of the common market.

It seems clear that legislation on cooperative societies, concerning, for instance, their statute or their operation, does directly affect the functioning of the common market - particularly when harmonization of only the basic rules is involved.

As economic agents, cooperative undertakings operate at various levels within the common market and they benefit from the free movement of goods, or the right of establishment, or the freedom to provide services, which exist in that market.

B. The establishment of a statute for a European cooperative society

8. The difficulties encountered in the establishment of the European Company certainly provide little encouragement to the Community legislator intent on promoting a statute for a European cooperative society.

Nevertheless, a successful outcome of work on this proposal would serve in the longer term to develop the cooperative movement in Europe and to facilitate cooperative activities in an integrated European economic area .

9. We might expect to resolve in this way a number of legal problems raised in the motion for a resolution, for instance that of the allocation of several votes per member in the basic organizations.

III. Community recognition of cooperatives and the cooperative movement .

10. Community recognition of the cooperative movement is already a fact at the level of the Economic and Social Committee.

Article 193 of the EEC Treaty lays down that the Committee shall consist of representatives of the various categories of economic and social activity. The members of the Committee shall be appointed by the Council acting unanimously (Article 194).

The composition of the Committee shall take account of the need to ensure adequate representation of the various categories of economic and social activity.

To this end, the Council shall consult the Commission and may obtain the opinion of European bodies which are representative of the various economic and social sectors to which the activities of the Community are of concern (Article 195).

11. The cooperative sector proper is currently represented on the Economic and Social Committee by 8 members (out of 156); there are in addition about a dozen members representing other categories with links to cooperative movements.

IV. Community financing of certain cooperative activities

12. In the motion for a resolution (Doc. 1-669/80) of 4 December 1980 it is suggested that the Community institutions should, in anticipation of the results of harmonization, set out the criteria which cooperative organizations must meet if they wish to benefit from Community financing. The motion also calls, first, for part of the Community budget to be used to support and encourage cooperative undertakings and, secondly, for the EEC to enhance the role of cooperatives, particularly by giving them preference in aid or intervention measures which the Community intends to institute in certain sectors and geographic areas.

Such criteria would have to be very precisely defined in the light of the objectives which the Community intends to assign to the cooperative movement and of the relevant provisions of the Treaties.

The Commission should undertake appropriate consultations in order to determine what the criteria for the granting of such aids should be.

V. Conclusions

The Legal Affairs Committee, which is in agreement with the main aims of the motion for a resolution on the European cooperative movement (Doc. 1-327/80) and of the motion for a resolution Doc. 1-669/80, wishes to draw the attention of the Committee on Economic and Monetary Affairs to the following points:

(a) The legal basis for the harmonization of the basic legislation on cooperatives is to be found in Article 54(1) of the EEC Treaty in so far as the coordination of the safeguards required of companies or firms in the Member States for the protection of the interests of members and others is concerned. Article 100 of the EEC Treaty is the legal basis for the other provisions envisaged in the two motions for resolutions.

(b) To a large extent the establishment of a statute for a European cooperative society will depend on the progress still to be made in drawing-up the statute of the European Company, although this should not be regarded as a prerequisite (see point 9 of the present text).

(c) The role of the European cooperative movement should be enhanced, particularly in the Economic and Social Committee (see points 10 and 11), and by establishing representation of the cooperative movement at European level.

(d) Community financing of certain cooperative undertakings should be subject to clearly defined criteria (see point 12).

(e) The economic aims of cooperatives are compatible with the principles laid down in the EEC Treaty for the economic area. They represent a positive contribution likely to strengthen the principles on which the EEC Treaty is based.

OPINION OF THE COMMITTEE ON SOCIAL AFFAIRS AND EMPLOYMENT

Draftsman: Mrs BADUEL GLORIOSO

At its meeting of 14 May 1981 the Committee on Social Affairs and Employment appointed Mrs Baduel Glorioso draftsman for the Committee on Economic and Monetary Affairs.

The committee considered the draft opinion at its meetings of 26 November 1981 and 23 June 1982 and adopted it unanimously at this last meeting.

The following took part in the vote: Mr Peters, acting chairman; Mr Horgan, vice-chairman; Mrs Baduel Glorioso, draftsman; Mr Barbagli, Mr Brok, Mr Calvez, Mrs Cassanmagnago Cerretti, Mr Ceravolo, Mr Chanterie, Mrs Clwyd, Mr Dido', Mrs Duport, Mr Eisma, Mr Griffith (deputizing for Mrs Charzat), Mrs Kellett-Bowman (deputizing for Sir David Nicolson), Mrs Maij-Weggen, Mr Michel (deputizing for Mr McCartin), Mr Van Minnen, Mrs Nielsen, Mr Patterson, Mrs Pauwelyn, Mrs Salisch, Mrs Squarcialupi (deputizing for Mr Frischmann), Mr J.D. Taylor (deputizing for Mr Simpson) Mr Tuckman and Mr Vandewiele (deputizing for Mr Estgen).

Today, for the first time since it was established, the European Parliament is taking an interest in the cooperative movement. The subject was raised in two motions for resolutions, tabled on 18 July and 4 December 1980, which called for a strengthening of the cooperative movement and for the creation of the necessary conditions for its further development, expressing the conviction that this type of productive organization plays a very important economic and social role.

INTRODUCTION

1. The first cooperative societies were formed in Europe in the middle of the last century to protect workers' interests during the process of industrialization through solidarity and mutual assistance.

Today cooperative societies are still inspired by the same fundamental principles and aims which led to the birth of the movement: equality between members (one member, one vote), control over the return on capital, profit as a guarantee of efficiency and its use for social ends (distinguishing cooperatives from private undertakings) and the commitment to the social and professional enrichment of all members.

2. The economic sectors in which cooperatives sprang up and developed were, naturally enough, those in which the protection of workers and their purchasing power was most necessary and most urgent. Initially, this meant consumers' cooperatives and mutual associations, followed later by workers' cooperatives, particularly in agriculture.

3. A second fundamental aim of the cooperative movement, along with the defence of purchasing power was the protection of employment and the fight against unemployment. This was certainly decisive in the founding of workers' cooperatives, although as we shall see below, their development and expansion varied from one economic sector and from one country to another. Its main significance, however, was that, for the individual cooperative society, employment became a priority amongst the various options governing its economic life. This remains true today, to a greater or lesser extent in the various sectors, despite the fact that in recent years, especially in some sectors (distribution, for example), the economic crisis and technical progress have imposed a need for restructuring which has caused considerable job losses, even in cooperatives.

IMPORTANCE OF THE COOPERATIVE MOVEMENT IN THE EEC

4. Although it retains its original idealistic features, the cooperative movement today represents a coherent and stable economic force in the EEC, even if it remains difficult to quantify in overall terms.

In fact, the strength of cooperatives in the various sectors, the way in which they operate and the laws which govern them vary considerably from one Member State to another. As a result comparable data are not always available.

In the commercial sector, cooperatives supply about 9% of the European market for current consumer goods, in agriculture there are 40,000 cooperatives with a turnover of 60,000 million ECU, while credit cooperatives hold deposits amounting to 300,000 million dollars.

5. The point which must be stressed is that the cooperative society, viewed as an 'economic unit', has performed and operated on the market under economic laws and constraints and has achieved noteworthy results without betraying the principles which distinguish it. Above all it has ensured direct participation by workers and consumers in the management and the economic and social decisions of the undertaking.

The support of the trade unions has been crucial to the development of cooperatives, although the link between the two movements varies from country to country.

6. An ideal of the social impact of the cooperative movement in the European Community can be gained from the following statistics,¹ which, although not all that recent, are nevertheless significant: in 1970 11.87% of the total population of the Member States were members of cooperatives; this figure continued to rise and reached 16.1% in 1976 with peaks of 27% in Denmark and Belgium and 25% in France (more than one in four of the population!). In 1976 out of a population of about 250 million, there were 42 million cooperative members.

However, although they may provoke surprise or interest, these figures provide no more than a broad outline of the cooperative movement and give no indication of the relationship between member and cooperative, of whether, in other words, it involves labour, service or consumption.

PROSPECTS AND EMPLOYMENT IN THE COOPERATIVE MOVEMENT

7. A few specific comments on the type and level of employment will help give a clearer picture of the social significance of the cooperative movement. The number of workers employed in the cooperative movement in the European Community (members and non-members) is in the region of 2.5 million, about 63% of whom are in the four largest sectors: agriculture (500,000 members) consumers' cooperatives (259,000), workers cooperatives (512,000) and credit cooperatives (300,000).

8. Any assessment of prospects and the problems involved on the basis of a closer analysis of those figures would be a daunting task, not least because of the considerable differences between countries. In some cases simplifications and approximations are unavoidable.

In the agricultural sector the importance of cooperatives goes well beyond the jobs directly created in the cooperative undertaking itself. For the most part, cooperatives provide services relating to the marketing and processing of agricultural products and therefore exert an influence over basic production.

¹ provided by the ICA (International Cooperative Alliance)

In countries like Italy where there are relatively fewer agricultural cooperatives, both the number of cooperatives and the level of employment have risen steeply in recent years (between 1975 and 1978, for example, employment increased by 16%), while the agricultural population has been in sharp decline for many years.

However, in countries with a high or very high concentration of cooperatives (for example, France with 3.7 million members or Germany with 3.3 million members), where nearly all agricultural producers belong to at least one cooperative, the trend has been different and the number of cooperatives has declined almost everywhere; on the other hand their turnover has increased considerably, while employment has remained more or less stable.

It seems reasonable to recognize that some developments are a consequence of the CAP, such as the encouragement of a degree of 'industrialization' in more backward sectors of agriculture (which the cooperatives allow, having due regard to the role of the basic producer) in countries with less developed agricultural structures, or the difficulties faced by sectors in surplus (especially the milk and dairy produce sector) in other agricultural zones.

9. The consumers' cooperative movement has undergone profound internal changes and although it does not fall entirely within the scope of this document, it is worth noting that between 1973 and 1980 employment fell by 100,000 units, while during the same period there was a considerable increase in turnover, sales area and services offered to the consumer. There is no doubt that substantial restructuring has taken place in this sector.

10. Producers' cooperatives (in the construction sector, industry and craft industries) are spreading rapidly, with growth concentrated in certain countries. The phenomenon does not seem to apply to the same extent to the EEC as a whole.

Nevertheless, between 1975 and 1978 employment in these cooperatives increased by 20% in Italy (and turnover by 127%) and 10.8% in France. It is estimated that overall, producers' cooperatives¹ provide jobs for more than 500,000 workers in the EEC, of whom about half are cooperative members. This expansion has increased still further in recent years.

This sector is dominated by small and medium sized undertakings (particularly in France where 92% of these cooperatives have less than 100 employees), with considerable numbers in the more backward zones, especially the Mezzogiorno.

However, it should not be forgotten that some cooperatives are not genuine, being set up mainly to take advantage of the tax or credit facilities, particularly financial aid, which cooperatives enjoy.

¹ in the widest sense of the term, including both service and transport cooperatives

11. Mention should also be made of another type of cooperative which is spreading rapidly, although it is difficult to provide figures. This type belongs to what might be called the 'advanced services' or 'intellectual services' sector and involves such fields as business consultancy, data processing, research, the professions, acting, and so on. Despite the lack of data on the extent of such cooperatives at European level, there is no doubt that they appeal especially to young people, mainly because of the direct involvement they offer in the performance and outcome of their work, but also for the scope for personal initiative which they allow each member.

12. A final area where cooperatives are developing - though by no means the least important in terms of job creation in recent years - is the sector which may be described as 'activities of collective interest'. Originally formed in liaison with mutual associations or, in some cases, with credit organizations, these cooperatives are growing in importance in a wide range of areas including collective catering, the organization of leisure time, tourism, social services (day nurseries, etc.), home help (the elderly and sick), pharmacies and many others.

13. This outline of the complex and diverse nature of the cooperative movement as a whole requires a few brief comments of a political nature before we turn to the specific subject of Community action in favour of the cooperative movement.

What seems to distinguish the cooperative movement - a factor of vital social significance - is the existence of organizations that link together the various cooperative undertakings, either by sector or horizontally between the various activities. This has made it possible, from an economic point of view, to exploit the advantages of vertical integration, for example through security of market outlets or the absence of intermediaries. A typical example of this is the chain of production, processing and distribution of an agricultural product and the link between credit and cooperative investment.

The most important aspect, however, is the establishment of a 'cooperative system' with its own code of behaviour, with the aim of spreading the cooperative ideal and speaking with a single representative voice in dealings with the public authorities and other production interests.

14. The need to achieve similar representation at European level has been pointed out on many occasions by the cooperative organizations. At present there are already sectoral organizations at European level for agriculture (COGECA), consumers (EUROCOOP), insurance, pharmacies, retail distribution (UGAL), credit and production and work (the recently formed EECOOP).

The attempts to set up an organization representing cooperatives at European level and coordinating the various sectors are positive steps, but much remains to be done to bring the cooperative movements in the various Member States into line with each other, especially from the point of view of national legislation.

15. This brief and, unfortunately, incomplete study brings out the close links which unite the cooperative movement and its aims and principles with the 'social economy', although the two remain separate and do not coincide exactly. As distinct from the public sector and the market economy, the social economy seeks to promote:

- the search for full employment, based on local initiative and collective benefit;
- higher workforce skills, especially for workers whose jobs are unstable;
- the satisfaction of new needs and a better quality of life;
- the participation of workers and consumers.

The social economy thus involves a complex of structures, associations and undertakings with their own organizing and operating methods.

The cooperative movement certainly forms an integral and fundamental part of this sector and it is estimated that in France, for example, the cooperative movement accounts for about 35% of the social economy.

From the point of view of the public authorities the advantages of this sector of economic and social life are readily apparent; the existence of precise points of reference in the form of the cooperative organizations facilitates the search for partners in the dialogue to help define and implement political decisions in these fields.

CONCLUSIONS

1. The Committee on Social Affairs and Employment agrees with the general lines of approach taken in the motions for resolutions on the European cooperative movement (Doc. 1-327/80) and (Doc. 1-669/80), which urge the Community institutions to give special attention to this matter.
2. The problem of the cooperative movement and the task of defining its role and functions in relation to the economic and social development of the Community and its policies, has not so far been dealt with at Community level. No special consideration has been given to the cooperative movement, nor has there been adequate consultation of its representative organizations on matters relating to economic policy and its social aspects.
3. The cooperative movement is of great importance in the EEC today, for the principles and aims which inspire it as well as for the economic and social significance it has assumed. Above all, the cooperatives offer genuine prospects and opportunities for the development of employment in a great many sectors and can therefore help solve the serious problem of unemployment caused by the present crisis.

4. It should be stressed that one of the main reasons why workers, especially young people and women, find working in a cooperative attractive is the type of participation, and thus the 'quality' of work that this type of undertaking offers, in addition to the scope for personal initiative it allows each member.

5. Some EEC countries and a number of the European organizations which took part in the hearing organized by Parliament on 26 and 27 January, have appropriately raised the issue of a third sector of the economy, the 'social economy', which already exists and operates under an original self-management structure with the possibility of participating alongside the public and private sectors in the dialogue on economic policy options in the individual Member States and in the EEC.

6. In conclusion, having taken account of the opinions of the European organizations concerned, the following requests should be put to the Commission:

- (a) a European conference sponsored by the Commission, Parliament and the Economic and Social Committee, with the participation of the cooperative movements in the various Member States together with representatives of all cooperative associations, mutual societies and self-management groups, etc. with the dual aim of providing an initial opportunity for a meeting between the various social forces in Europe and defining the form which Community policy in this sector should take.
- (b) a wide-ranging study of the situation of the cooperative movement in Europe and especially its recent development, with particular reference to employment;
- (c) the setting up of an appropriate Commission department on cooperatives, also responsible for information and coordination of the various actions designed to promote cooperatives;
- (d) the establishment in due course of an appropriate Community fund for the promotion and development of cooperative undertakings;
- (e) the initiation of the process of harmonizing national laws, taking due account of the specific situation of the various countries, and a relaunching of the proposal for a Statute of the European Cooperative Society;
- (f) priority allocation of resources from the European Social Fund for training and retraining courses for those actively employed in the various economic and social branches of the cooperative movement;
- (g) the placing of emphasis, in the context of all funds and of the existing financial instruments on initiatives to promote cooperatives, especially those aimed at integrating a number of economic sectors;
- (h) the encouragement of cooperative systems which make a more direct contribution to stimulating and strengthening the social forces, within the framework of programmes to assist the developing countries.