

CONCLUSION

FIVE GOOD REASONS FOR FORMING CO-OPERATIVES

(1) Co-operatives are community enterprises.

Co-operatives keep economic benefits within a community. Profit is not siphoned off by outside interests, because the co-operative's members are its owners, and the co-operative exists to fill a need in a community that is not being met by other businesses.

- Agricultural co-operatives satisfy the need for supply, processing and marketing of goods.
- Consumer co-operatives provide the members with the goods and services required, of the preferred quality at competitive prices.
- Worker co-operatives are formed to create or maintain employment in a community.
- Housing co-operatives give low-income people the opportunity to own their own homes.
- Savings and credit co-operatives serve people of limited incomes not reached by commercial banks, and extend credit to small businesses that otherwise might not be able to secure financing.
- Tourism co-operatives provide opportunities for holiday stays and travel, and offer fair prices and good quality service to their members.
- Electric and telephone co-operatives meet rural peoples' needs for power and telecommunications not satisfied by private business.
- Community development co-operatives are formed for the overall development of local communities and are specially concerned with social, economic and cultural development.

(2) Co-operatives promote democracy.

- Co-operative members own their business. They provide share capital, elect a board of directors, and receive the benefits of ownership through better service and patronage refunds based on use.

- Co-operatives bring people outside the mainstream into the nation's economic and political life.
- Co-operatives teach people how to resolve problems democratically. Many individuals who received their education in democracy from co-operatives have gone on to become political leaders in their nations.
- In emerging democracies, co-operatives help throw off the chains of a non-market economy. Their members develop the skills of entrepreneurship and learn market values.

(3) Co-operatives build open markets.

As more and more governments sell off state-owned enterprises, there is a danger that these monopolies may be moved intact into private hands. Co-operatives help avoid this pitfall by ensuring wide participation by the users of the former state service.

Co-operatives spread economic power and encourage competition. They provide market leverage to small producers victimized by powerful cartels or sole-source companies. They undercut middlemen and money lenders, whose charges are often exorbitant. By ploughing profits back into the business, co-operatives can operate on narrower margins. Thus they help drive down unfair prices, and set a competitive range for goods and services.

(4) Co-operatives raise human dignity.

Co-operatives help people escape poverty and achieve dreams, such as owning a home or giving their children an education. Since educated decision-making is essential to a co-operative's success, co-operatives also teach new skills, from adult literacy to business operations. Co-operatives empower individuals by giving them a chance to participate in decisions which have an impact on them. Armed with the ability to effect change, members find solutions to social and economic needs. Co-ops provide an organized way for low-income people to relate to sometimes distant governments and economic power structures.

(5) Co-operatives are systems for development.

Co-operatives draw community businesses into regional and national networks. Local co-operatives benefit from larger business volume, operating efficiencies and professional management. The economic pyramid enables farmers to purchase supplies at volume discounts, and receive profits from value-added processing and consumer sales. Credit unions pool their resources, and are able to transfer surplus savings to credit unions in lower income areas. Electricity co-operatives join together to buy power at a lower cost. They become an engine for development, spurring the growth of enterprises not possible without reliable energy. Co-operative insurance companies are tied into a worldwide reinsurance network to protect against major losses. They pool groups of individuals not served by commercial companies to guard against personal and business risks.

based on material from the
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ADVANTAGES OF CO-OPERATIVES

(1) Democratic control

As we have seen, co-operatives operate under the principle of one member, one vote. Members of the co-operative have a right to be fully informed about matters relating to the co-operative, and every member has a right to take part in important decisions. Other forms of businesses are not usually so completely democratic.

(2) Unity of interests

In a service co-operative, the people who own shares in the co-operative and make decisions on behalf of the co-operative are the people who are served by the co-operative. It is in the interests of the members to provide the best possible service at the lowest possible cost.

In a workers' co-operative, the people who own shares in the co-operative and make decisions on behalf of the co-operative are the people who are employed by the co-operative. It is in the interests of the members to pay the highest possible wages.

This unity of interests does away with some of the conflicts which other groups experience. For example, workers who have created jobs for themselves do not have to struggle with employers about their wages. People who market their own products do not have to wonder if the cut being taken by the "middleman" is fair. People who buy products from a shop which they own and run themselves do not have to worry that prices will be hiked to increase profits. People who join together to build their own houses or pool their money and make loans to themselves do not have to pay higher rents or higher interest rates for someone else's profit. In a co-operative which is working as it should, there is no reason for anyone to exploit anyone else.

(3) Supervision and assistance

Co-operatives operate independently, but they receive support and supervision from government. This helps them to operate more effectively.

The law on co-operatives contains rules to make sure that everyone in the co-operative is being treated honestly and fairly. The rules on financial matters help co-operatives prevent corruption and mismanagement.

The government is committed to the development of the national co-operative movement in South Africa. It will help co-operatives operate successfully in many different sectors of the economy. It will also give special support to co-operatives which are serving disadvantaged or marginalised people.

Co-operatives help
people to work
together

