

Financial Viability of Agriculture Co-operatives

by Prof MA Mannan

Cooperatives can help the vast majority of small producers to purchase basic machinery, and input items, procure credits, and process and market farm products.

THE main hypothesis is that there is a need for a change in the structure of paradigm pertaining to agricultural co-operatives movement in developing countries particularly in Bangladesh for the purpose of mobilising its capital. Key issues and problems of the agricultural co-operatives mainly arise out of (a) declining flow of government funding and development assistance, (b) deregulations of domestic markets and increased competition, and (c) increasing dependency and overall inefficiency resulting in low level of performance. Relatively speaking, a paradigm which refers to a set of premises, views, conventions and beliefs do change to meet the requirements of new social puzzle and economic realities and a new view of things comes to the fore, explaining the inadequacy of the earlier paradigm and re-orienting the questions for social scientists who work within the framework of the new rules. It is, therefore felt that there is a need for scientific revolution in agricultural cooperatives.

The experience suggests that cooperatives that built on pre-existing informal groups produce good result in terms of growth of members' savings and fall of loan delinquency. Important factors in the success of credit cooperatives include:

- * Institutional development and training.
- * Reliance on members' savings and investment.
- * Limiting of activities to financial intermediation (unless strong institutional and management capabilities exist).

Based on these lessons of experience with co-operatives, it should be possible to put forward a number of hypotheses and operational strategies.

Key Elements in New Paradigm of Co-operative Movement

Based on experience, it is found desirable to put forward the following nine hypotheses and operative strategies to have a constructive dialogue and exchange of views for developing a new paradigm of co-operative movement:

(a) **Replacing the principle of "one member-one vote" by "one member-one share-one vote"**: The fundamental underlying cause of limited success of agricultural co-operative perhaps lies in the fact that the co-operative movement imposed in developing countries was based on the European experience without relating the level and stage of social and economic development and without proper appreciation of the basic traditional economic system of developing countries. Agricultural co-operatives are essentially socio-economic organizations, not political ones. As such the principle of "one member-one vote" need be replaced by "one member-one share-one vote" to ensure equitable participation in decision making and business operations. This new strategy should strengthen members' mobilisation of savings.

(b) **Reaping the benefits of externalities of rural schooling system**: National and international funding should be directed to reap the benefits of externalities resulting from rural schooling system in the neighborhood of agricultural co-operatives. Government's direct interference must be reduced to the critical minimum level. Rural schools, colleges and Madrasas should be involved in creating social awareness and forge creative partnership with agricultural co-operatives.

(c) **Introducing social fellowship programme in exchange**: At the operational level, national and international funding should be directed to launch social education fellowship programme at the village level. This programme should seek to raise the level of social consciousness, concern and care for others among the recipients of these fellowship. It is not essential that students have excellent academic standing to qualify for this fellowship(s). The distinctive feature of this fellowship is that students should get a small social assignment(s) however simple it might be for furthering the cause of agricultural co-operatives. This programme should eventually lead to greater community participation, minimise operational cost and improve quality of services.

(d) **Introducing co-operatives in schooling curriculum**: Local school curriculum should include material on co-operatives, its management as well as critical minimum technical skills training.

(e) **Extending the scope of principle of "collective self-help"**: The principle "collective self-help" of co-operatives should not only generate economic and social opportunities for work but also foster the spirit of voluntary sharing and participation, collective social responsibility, mutual concern and reliance rather than "self-reliance" likely to promote acquisitive behavior and individualism. This involved participation is expected to create an environment of economic security and viable social peace through a sense of belongingness that, in turn, breeds loyalty and encourages people to

do their best. In such environment, the members of co-operatives would feel encouraged to patronize the co-operative and become more involved in decision making in their business operations.

(f) **Expanding the scope of value-added services**: Through value-added services, business transactions of co-operatives can increase the financial returns to their members only. Typical transactions include members' delivery of produce to the co-operative for processing or marketing or purchase of inputs and materials from their cooperative. Member loyalty is essential. Promoting increased member patronage should be seen as a key element in the co-operatives' new strategy.

(g) **Establishing co-operatives on the building block of existing successful informal groups**: Agricultural co-operatives should build on pre-existing successful informal groups. The experience suggests that in such situation, members' saving grew at a much faster rate than those of members of other co-operatives.

(h) **Minimising Government Control on Agricultural Cooperatives**: Governmental control and interference on agricultural co-operatives should be reduced to critical minimum level. The government should encourage private-sector bank to deal with co-operatives. It is believed that "greater independence can create new opportunity for co-operatives to grow and prosper on their own terms."

(i) **Developing family based agricultural co-operatives**: We must encourage homogeneous family co-operatives.

Action Programme

In line with its corporate objectives, Social Investment Bank (SIBL) which came into operation on November 22,

1995 can direct its action programme to assist agriculture co-operatives in achieving its objectives in rural setting. At a grassroots village and local level, the bank's programme is directed towards landless labourers, marginal farmers, fishermen, small artisans (e.g., blacksmith, carpenter, potter and handicraft producer), urban unemployed, small traders, small and rural industries, small and medium-scale business enterprises.

Experience indicates that successful family empowerment credit programme or group lending schemes, under non-formal banking of SIBL works well with groups that are homogeneous and jointly liable for defaults. The practice of denying credit to all group members in case of default is found to be most effective and least costly way of enforcing joint liability. Group lending arrangements without collateral are less subject to the dangers of portfolio concentration because the bank is diversifying lending by serving a varied clientele in different areas under its family empowerment credit arrangement. The bank also is ensuring joint liability of wife and husband in case of lending to family or groups or families. This will humanise family and discourage internal immigration. Any attempt to decompose family through various credit and financing schemes in its ultimate analysis is bound to generate the forces of disintegration of families, internal migration, child delinquency, social alienation and social conflict. Any credit programme which does not manage its socio-economic consequences cannot alleviate poverty. Besides, the bank has already introduced rotating family savings and credit net and group installment credit scheme for any group of individuals. In the light of this experience, SIBL can direct action programme to assist agriculture co-operatives in providing tailor-made credit package to achieve their objectives in rural settings.

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Poetry, Politics and Nazrul Islam

by Amanullah Ahmed

Nazrul Islam was a humanist who judged man on the basis of his intrinsic worth, not on that of birth or faith.



THE centenary of Nazrul Islam's birth is celebrated with great fervour and enthusiasm all over Bangladesh. The political parties, both in power and in the opposition, vie with one another in their expression of love and admiration for the poet. The man on the street is also not untouched by this infectious atmosphere. Had Nazrul Islam been alive, his joy would have known no bounds. Of course, Nazrul Islam was unusually popular in his lifetime for his poems and songs, above all, for his colourful and charismatic personality. People of Bengal are known for their instinctive love for poetry. It is, therefore, not surprising at all that the hundredth birthday of the poet should be celebrated with such enthusiasm.

But if, behind this universal admiration for the poet any narrow, parochial political motive is at work, then, not only will the poet, his ideas and works be subjected to the worst kind of misinterpretation, but also our good name as lovers of poetry will suffer. Of course, politics is one of the major themes in Nazrul's poetry. The poet is nothing, if not political. Nazrul is probably the last of the giants Bengal produced in its heyday. He was a great soul which overflowed with the milk of human kindness. The oppressed and the neglected — the coolie, the day labourer, the destitute — drew spontaneously his pity and affection.

What is more important is that Nazrul was a proud lover of freedom and his large heart bled at the subjugation of his great motherland by the British. He could never reconcile himself to India's status as a subject-nation. By nature he was angry and sarcastic at the cowardice, meanness and inter-ethnic squabbles of his countrymen; he ridiculed their selfishness and lack of patriotism. He wept and laughed at the Hindu-Muslim differences which stood on the way to the unity of the Indians and helped the British to perpetuate their rule in this country. He wrote songs and poems, inspiring his countrymen to fight untidily for the liberation of their homeland. His poems are full of passionate outbursts, breathing new life and hope in the moribund and the apathetic. He wrote some stirring songs which will ever remain a source of hope and inspiration to victims of tyrannical social and political order.

At one stage of his life, Nazrul was under the spell of

socialism, which sharpened his awareness of how the poor and the helpless suffered at the hands of those who were high and mighty. There is nothing surprising in Nazrul's avowal of socialistic ideas. What lover of man is not a socialist in one form or another? In his lifetime Nazrul was criticised for writing verses on what is called the topical and the ephemeral. In a remarkable poem in which he explained his position, he frankly admitted that he was a poet of today, not a prophet of tomorrow. As an artist Nazrul never felt any hesitation in composing songs and poems on matters which touched him in the raw — the enslavement by the British of India, the persecution of the social underdog, communal disharmony between the Hindus and the Muslims, the tyranny of outdated social and religious practices and so on. Why this artificial distinction between the permanent and the temporary, the particular and the universal in so far as poetry is concerned?

A poet is free to deal with anything that affects him, that which lifts up his soul in joy

and that which throws him into the nadir of despair. In fact, everything between heaven and earth is fit subject of a poet, provided he can transmute it into forms of imperishable beauty. Quite a large number of Nazrul's poems and songs, whether they are based on the temporary or on the permanent, will ever remain a part of our first literary heritage. Need I say that the stirring songs of Nazrul inspired the freedom fighters as well as the ordinary citizens with great hope and sustained as in the darkest hour of our life?

In brief, Nazrul Islam was a humanist who judged man on the basis of his intrinsic worth, not on that of birth or faith. He was pre-eminently a secular poet who knew Islam and Hinduism and could exploit with equal ease both Hindu and Muslim sentiments, ideas and images in his poems and songs. But ever since Nazrul's lifetime, he has been a special target of a small group of fanatical Muslims for his broad, secular attitude to life. Many a time he was branded a Kafir by these people. Some of them wanted him to be

a poet exclusively of the Muslim community. In other words, these fanatical narrow-minded people wanted to exploit Nazrul for buttressing the reputation of the Muslim community.

They seemed to say that Muslims had fallen on evil days for the time being. They were not at all without worth and could produce such a genius as Nazrul Islam. They liked to demonstrate the poet as their much-vaunted show-piece. If the Hindus had their Tagore why, the Muslims had their Nazrul. Some of these misguided people wanted, ridiculously, to change Nazrul's diction, trying to weed out words and images from his works, having Hindu association. For example, the word 'Bhagawan' was replaced by 'Rahman'!

This tendency which was observable during Nazrul's lifetime grew stronger and more aggressive after the political scenario underwent drastic change, following the tragic assassination of Bangabandhu, his near and dear ones and close associates. A new regime apparently with opposite views and ideas seemed hostile to liberal secular and humane elements which fostered our culture and gradually transformed our urge for freedom into an armed struggle.

Once again, Nazrul became a victim to the political machinations of power-clique. There came attempts to exploit the Muslim name of Nazrul for furthering their political ends. They paid little attention to Nazrul's views and ideas as embodied in his works. Rather the very spirit of Nazrul's creation was perverted to suit the kind of political ethos which was wholly repellent to the poet. This kind of narrowness and parochialism was alien to the generous nature of Nazrul Islam.

By his works and views, Nazrul belongs to all the Bengalees, Muslims as well as Hindus and other communities. If it is at all necessary to identify him with any single group, the poor, the dispossessed and the down-trodden of all persuasions must go to the making of that group. In Bangladesh politics, the pursuit of which Pericles considered to be of utmost importance on the part of all useful citizens, has immeasurably degenerated; the name of Nazrul Islam has not escaped this pervasive degeneration. Those who love him and admire his works should do everything within their power to protect the shining name of Nazrul Islam from this rot.

The Quest for Expansion of the UN Security Council

by Dr Choudhury M Shamim

When Japan and Germany sought to become veto powers, the Third World put forth their own demands. It was decided that there should be at least one permanent member of the Security Council from Asia, Africa and Latin America. The problem was in deciding as to who should be the candidate from each of these three groups.

IT is astonishing that in the last 53 years while the UN General Assembly has expanded its membership from 51 original members in 1945 to 185 today, the Security Council only expanded from 11 in 1945 to only 15 at present. The last time the Security Council was expanded was in 1965 when the number of non-permanent members were increased from six to ten. There was no change in the number of permanent members which remained at five (US, Britain, France, China and Russia).

Change in the Structure of the Security Council

At present there is great pressure to increase both the number of permanent members and non-permanent members in the Security Council (UNSC). The UNSC is a very discriminatory body. Article 2, paragraph 1 of the Charter of the UN states that "Organisation is based on the principle of the sovereign equality of all its Members." This is definitely not true when it comes to the composition of the Security Council which has a two-tier system. The five permanent members are perpetual members of that august body and possess the veto power to obstruct any resolution that they do not like. The ten non-permanent members are elected for two years only and cannot run for re-election consecutively. To expand the membership in the Security Council all the five permanent members must agree not to cast the veto. Furthermore, two-thirds of the 185 members of the General Assembly must accept the resolution. Thus, amending the UN Charter is extremely difficult and has only happened thrice in the past.

The pressure to increase the UNSC is coming from Japan and Germany on the one hand and the so-called Third World from the other. Actually, the expansion of the Council is long overdue. Japan and Germany joined the UN late because they were the defeated powers in World War II. Article 4 of the UN Charter states that "Membership in the United Nations is open to all other peace-loving states..." Since Japan and Germany were considered aggressive nations, they were not made original members of the UN in 1945.

Japan's Demand to become a Permanent Member

When the UN Conference convened in San Francisco in April 1945 and ended in June, Japan was still at war with the Allies. Following its defeat Japan passed under Four Power occupation (US, Russia, Britain, France) in name only. It was actually administered by the American representative General MacArthur. When North Korea invaded South Korea in June 1950, Japan became the base of operations for American involvement in Korea. A US-

Japan Security Treaty was signed and Japan became an important actor in the battle against communist aggression.

In 1955 in an East-West compromise during the Cold War, 16 nations joined the UN. The very next year in 1956, Japan became a member of the world body. In the next three decades she emerged as the second highest economy of the world. In 1989 Japan surpassed the US as the largest donor of economic aid to the world. Its influence among the aid recipient nations of the Third World increased correspondingly. In 1991 during the Gulf War, Japan was the second largest monetary contributor to the US led UN-coalition effort to defeat Saddam Hussein of Iraq. During this time Japan sort of became a "semi-permanent" member of the Security Council by getting elected every alternate term.

This brought Japan in competition with other Asian countries. Of the 10 non-permanent seats Asia was informally allocated two seats. Japan is considered to be in Asia for election purposes, and would run for one of these two seats. The Arab countries in Asia also sought the other allocated seat as did countries of South and Southeast Asia. There was tremendous competition for the Security Council membership.

In 1992 Japan became the largest contributor to the UN Peacekeeping Mission in Cambodia. It was also the second largest contributor the regular UN annual budget paying about 15 per cent of the total. The US was the largest contributor to the UN budget paying the maximum allowable of 25 per cent (although it has been withholding 5 per cent every year since the Reagan era of the 1980s in order to pressure the UN to undertake reforms). The other four permanent members such as Britain (4 per cent), France (5 per cent), Russia (4 per cent) and China (1 per cent) pay much less than Japan.

At a dinner reception hosted by the Orange County World Affairs Council celebrating the 50th Anniversary of the UN in 1995, I heard the Ambassador of Japan in his keynote speech commenting that, "The contribution of Japan to the UN budget is more than Britain, France and China combined." The Ambassador further declared that this shows strong support by Japan for the UN. And it is now for the whole world to decide whether Japan merits permanent membership in the Security Council with all its powers and privileges.

But Japan has to make sure that neither China nor Russia exercises the veto against her

application. Technically speaking, Russia and Japan are still at war, because the two haven't signed a peace treaty after WWII. Moreover, the two countries have a boundary dispute over the four "Northern Islands" that hasn't been resolved.

UNSC Membership for Germany

Germany, like Japan, was also a defeated power in WWII. Its position turned out to be worse than Japan because it was partitioned into West Germany and East Germany. Because East Germany had a communist regime and fell into the Soviet bloc, West Germany refused to recognise it as a separate nation that could be admitted as a member in the UN. Therefore for many years, neither of the two Germanys had UN membership. It was only in 1973, largely because of Chancellor Willy Brandt's Ostpolitik that Germany became a UN member.

In 1989 with the fall of the Berlin Wall, the unification of Germany took place and the country emerged as a major player in European and world politics. It happened to become the third largest economy and the third biggest contributor to the UN budget. It is not aggressively seeking like Kaiser William II Germany's place under the sun. But Germany thinks that it deserves the same privileges in the UN that Britain and France is getting. If Britain and France disagrees and casts the veto, then Germany cannot get its wish. Russia would probably agree because it is the largest recipient of German aid, and Boris Yeltsin considers Helmut Kohl as his best friend.

The Policy Position of the Third World

The term Third World derived from the French phrase "Trois Monde" in the early '50s. The West was the First World, the Communist countries formed the Second World. Everything else in between formed the Third World, consisting eventually of Asia, Africa and Latin America. Among the 51 original members of the UN only 3 were from Africa, 9 from Asia (if China is included), and the largest member of 19 from Latin America. But these Third World countries had little or no voice at the San Francisco Conference, which was dominated by American delegates, who basically drafted the UN Charter.

But by the 1990s these original few were joined by the many independent countries that emerged over the last five decades in Africa, Asia-Pacific,

Latin America and the Caribbean. By the mid-'70 the Third World economic coalition called the Group of 77 (G-77) and the political Nonaligned Movement (NAM) had majority votes in the UN General Assembly. The Chairman of the G-77 dominated the passing of Resolutions in the General Assembly. But the G-77 or the NAM had little influence in the UN Security Council, primarily because no Third World country possessed the veto power.

Thus, when Japan and Germany sought to become veto powers, the Third World put forth their own demands. It was decided that there should be at least one permanent member of the Security Council from Asia, Africa and Latin America. The problem was in deciding as to who should be the candidate from each of these three groups. In Latin America, should it be Argentina, Brazil or Mexico? In Africa, the competition would be among South Africa, Nigeria or Egypt. In Asia, the candidacy of India would be opposed by Pakistan. Other probable competitors are Indonesia, Iran and Turkey. The Organisation of Islamic countries has 53 members, and if the Muslim countries could unite, they could put forward a single country, which however, has to be immune from a US veto.

India's Role in the Security Council (SC)

In 1975, India was contesting for one of the non-permanent seats in the UNSC. Immediately, Pakistan also wanted to contest for the same seat. Generally speaking, there rarely occurs contested elections for the SC seats. It is an accepted practice at the UN that if the regional groups agree on their respective candidates, then they would be elected unopposed. Thus, if the Asia group decides on 2 countries for their 2 seats; then Africa, Latin America and Europe would go along with that decision. When India and Pakistan decided to contest the same seat there had to be an election.

The Security Council membership is considered an "important" item and therefore needs two-thirds vote of all the members present and voting. And unlike other voting in the UN which is done on the electronic board — where one can see how a country is voting — the election to the SC seat is by secret ballot only. The balloting is done during the Annual Regular Session of the General Assembly beginning on the 3rd Tuesday of September and ending on an agreed date in December.

In 1979, I saw the Indian delegation lobbying to increase the

size of the UNSC from 15 to 19, basically adding four more non-permanent members. If this happened then the Asia quota would increase to 3 seats. It would assure India of a seat once every six or eight years. The unofficial rule is to rotate the Asia seat among the various countries of the continent. For example, if India received it this year, then two years hence Pakistan would get that seat, followed by Bangladesh or Sri Lanka. This eliminates the need for contests. But because the number of seats are so few, competition does occur.

Now that there is hope for a permanent seat in the Security Council for Asia, India sees herself as the main candidate. But if India becomes an overt nuclear power, then this ambition would remain unrealised. India has not signed either the NPT (Nuclear Nonproliferation Treaty) or the CTBT (Comprehensive Test Ban Treaty). This has damaged its position both among the smaller Third World nations as well as the Great Powers. Take the example of the SC seat contest between India and Japan in 1997. India thought that it would handily win against Japan, just as Bangladesh won against Japan in 1978 (see below). But it was Japan which won in 1997 against India. The real shocker for India was that it received only around 40 votes. The devastating nature of the defeat and the fact that so many Third World countries voted against her, thoroughly jolted the Indian leadership.

The Role of Pakistan in the UN

Ever since the Kashmir issue was raised in the UN in 1949, Pakistan and India battled for advantage in the world body. The contest was a zero-sum game, where the loss of one was seen as the gain of the other. If Pakistan won a round or two, then India had lost and vice versa. In the UN Security Council, the Soviet Union sided with India and was ever ready to use the veto to safeguard Indian interests. The US tilted towards Pakistan but never fully sided with her. After Beijing acquired the China seat at the Security Council by displacing Taiwan in 1971, Pakistan had another loyal friend at the UN.

The Kashmir issue remained perpetually unresolved because of the veto. But it remained an item on the UN agenda, which forced both India and Pakistan to send their best diplomats to the world body. The UN had sent an Observer Mission called UNMOGIP (UN Military Observer Group in India and Pakistan) in 1949 to observe the ceasefire in Kashmir. The UNMOGIP is still in place today,

making it one of the longest-serving UN Peacekeeping Missions.

The Bangladesh Role in the UN

Like Bangladesh, most of the 185 members of the UN are small countries. But unlike other small countries who gained independence from European colonial powers and quickly joined the UN, Bangladesh faced major difficulties in gaining access to the world body. While it liberated itself from Pakistan, the Bangladesh position was that the majority cannot secede from the minority. The Bengalis were the majority population in Pakistan in 1971. Nevertheless, when Bangladesh applied for membership at the UN in 1972, China cast the veto at Pakistan's request. The same thing happened in 1973. In 1974 a breakthrough was achieved. The OIC (Organisation of Islamic Conference) was to hold a meeting that year in Lahore, Pakistan.

Bangladesh although espousing secularism as a state principle, had a population that was 85 per cent Muslim. It was also accorded an invitation to the Lahore Conference. Sheikh Mujib refused to go to Lahore. At the last moment, Mujib was convinced by a delegation of Muslim countries including the PLO that came to Dhaka. Mujib eventually went to Lahore and met Ziaur Ali Bhutto, the prime minister of Pakistan. Bhutto returned to Mujib's visit to Dhaka. Bangladesh's detente or relaxation of tensions between Mujib and Bhutto enabled Bangladesh to become a member of the UN in 1974.

In 1978, only four years after becoming a member, Bangladesh contested with Japan for a Security Council seat. It was a bold venture, not the least because Japan was a major donor of economic aid to Bangladesh. But this small underdeveloped country came up with a winning formula. As a member of the G-77 it lobbied the 120+ underdeveloped countries to vote for her rather than Japan which was member of the rich Group of Seven (G-7). Similarly as a member of the NAM it sought votes from other 99 members. As a member of OIC it sought votes from all Muslim countries. To achieve the two-thirds majority Bangladesh needed more than 100 votes out of the 159 UN members in 1978. On election day on the first ballot, Bangladesh received 80 plus votes while Japan received slightly more than 20. On the fourth ballot when Japan saw that it could not increase its votes much beyond 20 it withdrew from the contest. This allowed Bangladesh to take a seat in the Security Council in 1978-79.

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