

20
Why not ask Father Huns for a Paim Pamphlet
on co-operation
CO-OPERATION (IN THE TOWNS)

The South African native is accustomed in his tribal state to regard the individual as part and parcel of the community, to which he naturally owes what assistance he can give. On coming into the town and gradually adopting new ways of living, the native finds that his tribal relations are necessarily changed; nevertheless the spirit of co-operation and general helpfulness remain as a rule. Rudimentary forms of association, stockfellow and mahodisana, grow up in the urban locations. These may be regarded as parallels to the simplest form of co-operative, the co-operative thrift or savings society. It is often suggested that urban African society will be benefited and the best qualities of traditional Bantu character capitalised by the introduction of a more complex form of organization, the co-operative trading society. Co-operative societies have been formed in many parts of the world, often with striking success, but it should be remembered when spectacular results are quoted that there have been many spectacular failures too, which are not quoted. In order to make a success of a co-operative society, there should be a clear knowledge of the principles involved, not only by the officials of the society, but by every individual who joins. (It is such knowledge that I am here attempting to impart; I am not trying, because I am not qualified, to give the detailed knowledge of and training in business methods which should be possessed by the paid secretary of such a society.)

Co-operative societies are the forms taken by a world-wide movement. They vary according to the function they are intended to fulfil; there are co-operative credit or thrift societies, co-operative marketing societies, co-operative trading societies, and others, or combinations of these. Co-operative even action may/be taken to achieve ends which are not economic

at all, although such societies are not "co-operative societies" in the usual meaning of the term. The essence of the movement is, however, that a co-operative society is an association of members for some particular purpose, usually economic, in which they are all interested. A small entrance fee is often required. The association is controlled by all the members equally, each of whom has only one vote in the management of the business. In co-operative agricultural credit societies liability is unlimited, but in co-operative trading societies liability is limited, and the number of shares which each member takes has been restricted in some countries to prevent their coming into the hands of one or a few people. Members receive bonuses, not in proportion to their investments, but according to the amount of use which they have made of the services of the Society, e.g., the amount they have spent on goods. Business is often done with non-members, but this is regarded as undesirable, as the chief aim of a co-operative society is to offer services to its own members, and business with non-members tends to lessen the co-hesion of the group and to make the co-operative society more and more like a commercial company. The most important difference between a co-operative society and an ordinary commercial company lies in the fact that the members of the co-operative regard it as their own and take a personal interest in all its activities. Thus a great deal more is required of them than of the investor who merely buys shares in a commercial concern and takes no further interest in it, unless to rejoice over or deplore fluctuations in their value which he cannot control. Business with non-members exposes co-operative societies to the temptation of charging high prices, in order to return high dividends to their members. Even if the society resists the temptation, and remembers that its function is to supply certain services at low prices and not to pile up quick profits

for its members, there remains the probability that it will be accused of so doing. The support of the community is of particular value to a co-operative society, which is under the initial disadvantage that it must face the hostility of private enterprise and the suspicion of the consumer, who rightly fears to trust his money to a new and apparently unorthodox type of organization. Such accusations are therefore to be avoided if possible. Moreover, it is one of the most important and valuable functions of a co-operative society to afford, by means of equitable, non-profit-making prices, a "yardstick" by which the prices of profiteers and monopolists can be measured. Co-operatives do not aim at under-cutting reputable firms, and as a rule they do not deliberately sell goods at below current market prices; in fact it would not be good policy for them to do so. An international investigation in Europe showed nevertheless that prices in co-operatives were usually from 1.5 to 9.5 per cent lower than in commercial firms, if profits were taken into account.

The advantages which the co-operative movement offers to urban Africans and others with a low standard of living, are very great. Not only are such communities particularly at the mercy of "sharks" who overcharge them, but they are too poor to buy except in very small quantities, which is uneconomic. The companies reap the profits, which are not returned to the community, but go for the most part to rich men who can afford to own a large number of shares. By means of co-operation the money spent by the members, who are usually poor people, is returned to them as bonuses. In addition, co-operatives have an educative function. The very fact of membership of an association in the running of which every member must take part, has an educative influence, and trains

people in responsibility and self-help, but, further, many co-operatives put aside part of their profits in order to conduct classes in which the history and principles of the movement are taught, and simple economic rules are explained or even to further other social projects. In the Model Regulations attached to the Co-operative Societies Act, No.29 of 1939, under which a co-operative trading societies are registered, it is stated that two of the objects of a co-operative trading society are "to render to its members services of any kind, not involving the undertaking of a new business for which no provision is made in these regulations," and "to obtain and distribute information as to the markets of the world, and as to co-operative trading in general". These activities however, can only be regarded as the by-products of successful co-operation, and not its main aim, which must be always the promotion of the business. Those who object to this matter-of-fact view should remember that the very existence of a successful co-operative automatically exerts a strong moral influence on the community and is an inducement to thrift and independence.

The very fact of their many and obvious advantages often leads to the formation of a co-operative societies that do not and cannot be expected to succeed. The organizer of a co-operative needs to be both honest and capable; if he lacks either of these qualities the concern will fail, and those who suffer will not be wealthy capitalists, but poor people who may lose most of their savings in this way. This would be true even of the working people who form co-operatives in Europe and America; it is still truer of African natives, who are in general so much poorer. This fact is often forgotten by generous enthusiasts who attempt to form co-operatives anyhow and everywhere, without regard to business requirements. It is obvious that a successful co-operative trading society requires

a fairly large amount of capital to fall back upon in times of need. The Registrar of Co-operative Societies estimates it, "from figures available in this office" at from £100 to £500 for a co-operative trading society, depending on the amount of business anticipated. This money may be gradually accumulated through co-operative thrift societies, in which the members pool their savings for investment together, or it may be put aside through careful management in the early days of the society. No society can, however, regard itself as on a sound basis until a strong Reserve Fund has been built up. The society also needs to be conducted on strictly business principles; books and balance sheets should be kept and inspected regularly; meetings should be held frequently and minuted (it is desirable that the Society's Regulations should lay down a minimum number of General Meetings to be held in a year), and the interest of members in the Society should not be allowed to flag, even when the critical early stage has been passed. Every society should have a paid staff with experience and understanding of business methods, nor is outside supervision by disinterested persons, such as missionaries or Government officials, to be despised. In spite of the fact that it is important that the members should feel that they own and control the society and direct its policy, a certain amount of external supervision and advice is of the greatest value in preventing abuses. The members of Non-European co-operative societies are generally poor and often uneducated, or even illiterate, and are open to exploitation by the well-meaning enthusiast, the selfish adventurer, and even by people whose main interest in co-operation lies in the political role that it can be made to play. These are organizers, but the co-operative society is also liable to abuse by members who do not understand it, and who use their vote simply in order to get rich quickly. They are impatient

of slow but reliable methods, and tend to encourage the Society to raise the price of goods in order to get rich at the expense of non-members, or to indulge in unwise speculation with their funds. Often they regard the Society as a sort of magical money-making machine, which exists only to turn out profits for themselves, and they do not care about the interests of any other persons, even members.

In India, where the development of co-operative credit associations has formed part of the policy of the Government, trained Government supervisors are available to assist in this work; in South Africa the movement has not been so thoroughly organized, but the Registrar of Co-operative Societies in Pretoria is very ready to supply information regarding co-operative societies and how to run them to all who ask for it. Information may, of course, be obtained from other sources, though scarcely from any equally experienced. The advantage of Government inspection and supervision, as well as recognised legal standing, can be gained by registration of the Society under the Co-operative Societies Act. Another valuable means of getting disinterested assistance is by affiliation to a central office, which will send out advice and information to its member societies.

The legal requirements for the formation of a co-operative society have been laid down in detail and model Regulations published by the Department of Agriculture and Forestry. ^{It is laid down that} /The name and head office of the proposed company must be communicated to the Registrar of Co-operative Societies; that the society must have no fewer than 25 members to begin with; that these must sign applications for membership at a meeting at which the aims and regulations of the proposed society must be read out, its prospects stated and three or more Directors elected. Within two months after the meeting application for registration must be made, accompanied by a signed declaration by the Chairman and the Secretary of the

meeting that the preliminary requirements of the Act have been complied with, a copy of the written statement concerning the society's prospects which was read out at the meeting, two copies of the proposed regulations, signed by not fewer than 25 applicants for membership, a list of the names and addresses of the applicants for membership, and the number of shares subscribed for by each of them, a detailed list of the expenses and liabilities incurred by the society to date, a list showing the date upon which each application for membership was made, and the amount paid for shares by each, and notice of the whereabouts of the society's office. This procedure must be followed exactly, or the proceedings are rendered null and void. Any one attempting to start an unauthorised co-operative is liable to a fine of not more than £50. The Model Regulations cover such subjects as the objects, membership, capital, shares, liability, the position and duties of the Board of Directors, borrowing powers, amendment of the Regulations, the financial year of the Society, auditing, business, what is to be done with the gains, and similar matters. Any proposed alteration in these regulations should be submitted to the Registrar of Co-operative Societies for his approval.

Some literature on Native Agriculture and the reserves

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4. Proceedings of the United Transkeian Territories General Council. Yearly.
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