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To The Graduate Council:

I am submitting herewith a thesis by Ahmed Abdullah Alsaffar entitled "Agricultural Cooperative Development in Iraq." I recommend that it be accepted for nine quarter hours of credit in partial fulfillment of the requirements for the degree of Master of Science, with a major in Agricultural Economics.

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AGRICULTURAL COOPERATIVE DEVELOPMENT IN IRAQ

A Thesis

Presented to

the Graduate Council of

The University of Tennessee

In Partial Fulfillment

of the Requirements for the Degree

Master of Science

---

by

Ahmed Abdullah Alsaffar

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CHAPTER I

INTRODUCTION

I. GENERAL POLITICAL, HISTORICAL AND SOCIO-ECONOMIC FACTORS IN DEVELOPING COUNTRIES[1]

In developing countries it is unrealistic to attempt to tackle historical, economic, social and political problems separately. They need to be examined from one broad perspective. This is also true in the managing and establishment of cooperatives.

The movement toward modernization, reform and liberty is considered the main goal of government and people in these areas. There are obvious needs and desires for political, social, economic and ideological changes. Therefore, it would be advisable for all those concerned about cooperative development as a tool of achievement of those goals to be well acquainted with all social, political, economic, religious, and psychological factors which prevail in developing countries. Those who come as advisors to these communities will find and face a lack of confidence in their values, work and suspicions in the kinds of aid offered and the reasons behind them. Cooperators will face some leaders who are reluctant to change and modernize, leaders who are afraid of modernization, who are reluctant to educate their people and spread the cooperative ideas and principles among their

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[1]Konrad Engelmann, Building Cooperative Movements in Developing Countries (New York: Frederick A. Praeger, Publishers, 1968), p. 1.

nations, who have not enough faith in their nations, who believe that any kind of change will threaten their interests and authority and who are looking at the cooperatives as a political movement.

On the other hand, the problems may arise from those leaders who want to use the cooperative movement to achieve only their political goals. They are trying to motivate cooperatives to work and get official help since they can use them, but when they anticipate that cooperatives may oppose their policies, they either withhold their support from the movement or they actively stand against the cooperatives. Those who are planning to use the cooperative principally for political purposes can shift cooperatives from their main goals by giving them responsibilities that they are still not prepared to assume. This situation may arise either from the leaders wanting the cooperative to take its place in making needed drastic changes in all aspects of the country's life or through their ignorance and lack of experience with bringing about constructive social change. Such ignorance gives them unrealistic faith that the willingness to change is all that is necessary for successfully bringing about desired changes. They also may believe that the desired results will occur automatically as modern teachings and methods are learned. Their errors are first that they want to make quick changes without adequate preparation and, second, they believe that instruments and tools can replace the human qualities necessary for the successful application of the tools. This often leads to disappointment and undermines confidence in the nation's abilities and objectives.

Changes in government are all too common in many developing countries. So, when there is a government that is interested in supporting

the cooperative movement, there is also a chance that there will be a change in the government which will result in reversal of these policies which would have a negative effect on the emerging cooperatives as well as on the old ones. From this point of view, cooperative organization must be very carefully planned and established with respect to both the human and material factors involved if they are to survive the shifting tides of administrative change.

"The mental effects of the political and historical fates endured by developing nations must be reorganized as fully as possible. They are often the key to an understanding of socio-economic phenomena: a certain degree of resignation, opposition to progress, negative reactions to western values, resistance from personalities with particularly strong feelings of responsibility toward their countrymen. The long colonial status of many developing countries and the ensuing period of transition are the main sources of many sociological and psychological barriers."[2]

Colonialism is often used by leaders in developing countries as a convenient scapegoat to avoid development of an inferiority complex from awareness of their people's backwardness. The cooperative is a very useful instrument for explaining the meaning of freedom and of colonialism and to make comparisons between them, but there is danger of forgetting the actual need and situation and blaming every failure on some outside forces rather than trying to motivate the people to work in order to overcome their obstacles.

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[2]Ibid., p. 4.

"Genuine national feelings develop where people belong to a political unit based on common historical, spiritual, and ethical traditions...to lead new independent masses toward national unity when they are disposed toward narrower association under the old ideas. This explains why most new governments attempt to survive memories of former periods of glory, of long-forgotten myths and legends, of heroic deeds performed by ancestors in an effort to evoke pride in belonging to an old (even if forgotten) national body...the policies of stimulating national feelings is the first step toward consolidating and organizing cultural and economic developments. Cooperatives in particular often succeed if they are thought as national duty, the same as land reform and cultivation of new territories...the challenge to stop exploitation is a strong motivation for opening cooperative establishments."[3] All conditions in developing countries call for establishing and strengthening cooperatives. There is a need to establish sound programs and goals which help people to help themselves and this cannot be done in the absence of planning and proper administration which is one of the main problems in developing countries.

The idea of eliminating exploitation and helping people to help themselves is always behind cooperative philosophy and principles since traditional trade forms have frequently been blamed for the exploitation of weaknesses of farmers, poor consumers, and small businessmen. But exploitation cannot be defeated unless the cooperatives become well organized and have experienced management.

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[3] Ibid., pp. 6-8.

Feudalism is the oldest element of exploitation and a strong deterent to progress in the developing areas. It represents economic and political as well as social structure and without understanding the full dimensions of feudalism, it will be difficult to correct even in the presence of Agrarian Reform Law.

There is a need to plan for funds for management and for training in cooperative work in all developing countries in varying degree and many people in advanced countries ask why these areas are still underdeveloped. Why don't they make changes? Are the people there unable mentally to achieve what we have achieved in advanced countries? Why do we continue helping them? Why don't they appreciate our aid and technical support? Why is there unrest in the political position there? What is the best way to help them? Why are they suspicious? Are they with us or against us? One of the best ways for all foreign countries who want to help developing countries is to leave them alone and let them try solving their problems by themselves as advanced countries did. Acceptance of the responsibilities of developing their own countries and experiencing the results of failure they can learn to appreciate and have more faith and confidence in themselves and their abilities. They can learn by applying the philosophy of democracy, self-control and learning. For the developed countries which are willing, able and ready to offer various kinds of aid to newly formed communities which are interested in helping themselves, there is a need for them to reach an agreement among themselves to give such aid without applying any political or ideological pressure directly or indirectly on the recipient countries. In brief, it would be fairer and more realistic for the experts in developed countries to recognize that the machinery

and organization of international aid are very complex and difficult and that attention should be given to insure that the aid goes in the right way, at the right time, to the right authorities and without any kind of political pressure.[4] This is needed to acquire the confidence of people; otherwise, they will continue to look at any international offer to change their social, economic, educational conditions as a trick or means to gain control over them again.

The effective means of giving assistance to a depressed group without a country requires much of the same approach. With respect to cooperatives for example, any effort coming from government or international agencies which lacks confidence of the people will face many troubles. Since cooperatives are a means of making more progress in all possible aspects of people's life, there is need for complete understanding for the social, economic, educational, historical, political and psychological conditions which the cooperatives seek to change. Cooperatives should, therefore, be established according to scientific study and actual need for them, regardless of political purposes. They should be well organized, managed, and financed in order to be able to fulfill their aims and carry out their roles. This suggests that the number, kind, membership and purposes of cooperatives should be tailored to the role of the cooperatives in each community and to the desires of their members and patrons. Judgment on whether cooperatives are successful or not should be based upon their performance with regard to their objectives and with due attention to the circumstances under which they were functioning.

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[4] Ibid., p. 20.

The situation in Iraq is, in general, similar to that which exists in other developing countries and differs only in detail. The social, economic, historical and educational factors mentioned above, then, should help in understanding the situation in Iraq.

II. BACKGROUND INFORMATION ABOUT IRAQ

Agriculture

Iraq is one of the most ancient agricultural countries of the world which was and still is characterized by its agricultural prosperity, particularly in the irrigated areas. It has not only been self-sufficient but has exported to neighboring counties as well. Extensive damage and eventual breakdown of the original, well-developed system of irrigation canals was caused by invading enemies and this resulted in abandonment of large areas of cultivated land and reduction of total agricultural production.

During the 1960's, large-scale attempts were made to revive agriculture and rebuild irrigation systems. Iraq has great potentialities for agricultural development with regard to human and natural resources. The area actually cultivated amounts to approximately 23 million donum,[5] which is 48 percent of the total land subjected to cultivation. (See Table I.)

Agriculture constitutes the major economic activity in Iraq. More than 60 percent of the population is engaged in agriculture and 24 percent of the national income is derived from agriculture.

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[5]Donum = 2,500 square meters = ¼ Hectar = 0.45 acre.

TABLE I

THE AREA OF LAND CULTIVATED ANNUALLY IN IRAQ

Land Use	Million Donum[a]
Area Cultivated Every Year	10.4
Area Left Fallow	11.2
Area in Orchards	0.5
Area in Pastures	0.9
Total	23.0

[a]Acre = 2.2 donums.

Source: Ibrahim A. Tahir, "The Role of Agricultural Extension in the Development of Agriculture" (Baghdad: Ministry of Agriculture, 1967).

Agricultural projects in the development plan can be divided into two major groups:

1. Projects that aim at an increase of cultivated land by irrigation, dams and canals, drainage, and reclaimation of saline land.

2. Projects that aim at an increase of agricultural production on cultivated land by the application of advance agricultural methods, use of machinery and training of farmers through agricultural extension and cooperative societies.[6]

The estimated budget for development (1955-1969) five-year economic plan is ID. 821 million. A sum of ID. 173.6 million constituting about 26 percent of the total plan outlay was allocated for agriculture (Table II).

As we see in Table II, the economic plan has placed a great emphasis on irrigation and land survey as well as agricultural services, research, animal husbandry and dairy production to obtain a satisfactory increase in total agricultural production. This allocation indicates recognition that the majority of inhabitants are engaged directly or indirectly in agriculture with both commerce and industry depending greatly on farming and animal husbandry.

Agriculture in Iraq depends mainly on the cultivation of winter crops because of the lack and maldistribution of water. Wheat and barley are the main winter crops, while cotton, rice and tobacco are the principal summer crops.

Iraq is considered the most famous country in the world in producing and exporting dates. There are 32 million palm trees in Iraq and

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[6]Konrad Engelmann, op. cit., p. 2.

TABLE II

BREAKUP OF THE ALLOCATION FOR THE AGRICULTURAL SECTOR UNDER THE ECONOMIC PLAN, 1965-1969

Item	Allocations for the Plan Period	
	Amount (000ID's)	Percent of Total
Storage (water) Projects	11,350	6.3
Irrigation and Drainage Projects	77,100	44.3
Government Farms	16,000	9.2
Agrarian Reform Projects	26,550	15.5
Silos Projects	4,000	2.3
Subterranean Water Projects	7,000	4.0
Development of Agricultural and Animal Wealth Projects	27,000	15.5
Miscellaneous Projects	2,500	2.9
Total	173,560	100.0

Source: Ministry of Planning, The Five-Year Economic Plan, 1965-69 (Baghdad: Ministry of Planning, 1965).

more than 450 kinds of dates. The value of date exportation constitutes about ID. 6 million a year.[7]

Geographic

The territory of the Republic of Iraq is between longitudes 38° 42' E and 48° 23' E and between latitudes 29° 27' N and 37° 23' N.

The boundaries of Iraq face in four major directions as follows:

1. To the north Turkey.
2. To the south Khalt and Saudi Arabia.
3. To the east Iran.
4. To the west Syria and Jordan.

The area of Iraq is about 168,000 square miles and is divided into four parts. The mountains north, the valley (Alluvial Plain between the two Euphrates and Tigris rivers), the outer Plain which provides pasture for the shepherds, and the desert, inhabited mainly by Nomads (Bedouins). The desert land constitutes nearly 37 percent of the total land, and approximately 35 to 40 percent of the rest is potentially cultivable either by irrigation or by rainfall. The acreage of land which is suitable for agriculture, reduced to a per capita basis, is 3 to 3.5 acres compared with the Asian average of only 0.5 acre per capita.[8] Dr. B. L. Agrawal, FAO Agricultural Economist, has pointed out that if we assume the average Iraqi family to consist of five persons,

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[7]Republic of Iraq Central Statistical Organization, Annual Abstract of Statistics: 1968 (Baghdad: Al-Zahra Press, 1968), p. 165.

[8]Republic of Iraq Central Bureau of Statistics, Statistical Handbook of the Republic of Iraq: 1968 (Baghdad: Remzi Est., 1968), p. 17.

the arable land available per farming family amounts to 36 donums.[9] Iraq is wealthy in good arable land.

Iraq areas total about 181 million donums. Of this, the cultivable land is about 48 million donums which is quite large in respect to the size of the population. Over half of the cultivable land is left uncultivated annually because of the fallow system which has been a common feature of Iraqi agriculture. The arable area is again of two parts: 16 million donums in the north depend on the rain, and 32 million donums in the middle and the south depend on irrigation by machine or by river flows. The actual area cropped out of the latter is only 23 million donums, cultivated as follows: 500,000 donums planted in fruit and palm trees; 900,000 donums cultivated as pasture; and the rest, 9 million, is planted by two kinds of crops--summer crops (cotton, seasame, rice millet, etc.) and winter crops (wheat, barley, linseed, lentils, vetch, peas, etc.).

Climate

Generally speaking, Iraq is hot in the summer and cold to moderate in the winter. Rain falls mainly in winter and spring, whereas in the summer the major parts of Iraq enjoy clear skies.

Precipitation

The annual rainfall in Iraq differs with respect to the regions in the mountain areas. The rainfall ranges from 100 to 400 mm. in the

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[9]B. L. Agrawal, "Land Use and Agricultural Production in Iraq" (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, 1967), p. 5.

foothill area and the region of N. W. desert face to Syria the rainfall range is from 40 to 200 mm. in plain South Baghdad. The average annual rainfall is about 100 mm.

Population

The first population census in Iraq was in 1947, followed by one in 1957 and another in 1965. The number of people living in Iraq is classified into males, females, and rural and urban (Table III). It is estimated that Iraq's population is growing at an annual rate of about 2.5 percent.[10]

In reviewing population figures in Iraq, we notice that:

1. The Nomadic population is decreasing. (It was 35 percent in 1864; it decreased to one percent in 1965.)[11]

2. The increasing urbanization is a recent phenomenon.

3. Iraq is still a predominantly rural and agricultural country.

4. The land-man ratio in Iraq is still quite favorable and the population pressure does not cause any alarm.

Density of population on area basis, there are about 40 persons per square mile (about 26 persons per square kilometer) in Iraq. Evidently the density of population in Iraq is quite low. Hence, what is needed is the expeditious exploitation and development of natural and agricultural resources before the population pressure begins

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[10]B. L. Agrawal, "Population in Iraq: Trends, Distribution and Problems" (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, 1966/67), p. 2.

[11]Ibid.

TABLE III

POPULATION OF IRAQ ACCORDING TO RESIDENCE IN RURAL AND URBAN AREAS, 1947, 1957, AND 1965

Item	1947	1957	1965
Males			
Urban Population	812,442	1,248,566	1,874,156
Rural Population	1,444,903	1,936,511	2,331,045
Total	2,257,345	3,185,117	4,205,201
Percentage	46.9	50.2	50.9
Females			
Urban Population	921,385	1,236,698	1,773,219
Rural Population	1,637,455	1,918,145	2,831,107
Total	2,558,840	3,154,843	4,056,326
Percentage	53.1	49.8	49.1
General Total	4,816,185	6,339,960	8,261,527

Source: Republic of Iraq Central Bureau of Statistics, Statistical Handbook of the Republic of Iraq: 1957-1967 (Baghdad: Remzi Est., 1968), pp. 28-29.

grinding. With the present rate of population growth per year, this process will start soon.[12]

5. Estimated size of labor force is about 2,440,000 (40 percent of total population).[13] Hence, it is quite clear that a great deal of human and natural resources is wasted and unexploited. Thus, it is hoped through agricultural cooperative movement, Iraq will be able to increase its labor force by increasing man-power and machine-power.

III. STATEMENT OF PROBLEMS AND SCOPE OF STUDY

Cooperative development in developing countries is becoming increasingly important and in recent years has been receiving more attention from governments and international agencies.

The main problems which have been bringing attention are:[14]

1. Financial problems.
2. Educational problems.
3. Land reform problems.
4. Coordination problems.
5. Management problems.
6. The role of people, governments, and international agencies in developing cooperatives.
7. Superiority of urgent objectives.
8. Cooperative efficiency with regard to size and number of cooperatives.

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[12] Ibid., p. 3.

[13] A. S. Alwan and A. A. Abbawi, Agricultural Economics (Baghdad: Al-Maarej Press, 1968), p. 279 (ARABIC).

[14] Konrad Engelmann, loc. cit.

9. Cooperatives efficiency with regard to kind and types of cooperatives.

10. The prerequisites of cooperative establishments.

There are many international studies on cooperative development as instruments of economic and social changes in developing countries as well as numerous recommendations, proposals, and conclusions as the result of international conferences, sessions, and studies. They are so great in number that they may bring some confusion and misunderstanding for newly formed nations. In spite of that, there is great need for specific studies, surveys and the adaptation of these international studies to each country's conditions. There is an urgent need for funds and technical aid Many times the problems of developing cooperatives in emerging nations arise from the lack of coordination not only within developing countries, but at the international level among agencies and their experts as well as among international experts and local officers.

There is a tendency to build large numbers of cooperatives in Iraq regardless of whether there is an actual need for them or not. It is possible to manage, organize and finance them to serve specific roles and bear specific responsibilities. Unrest and politics play a great role in delaying the cooperative movement achieving their goals as well as a lack of experience and confidence in government help and funds.

The cooperative development is so interrelated with Agrarian Reform that the success or failure of either of them directly affects the other. This means that there is a need to be well acquainted with not

only the prerequisites of the development of agricultural cooperatives and their problems and objectives, but also with the nature of the feudalistic system and the basic obstacles that face the implementation of Agrarian Reform Law and procedures. Knowing and analyzing this interrelation between cooperative movement and Agrarian Reform helps one to understand the whole situation and government policy, i.e., to know exactly what the purposes are of establishing cooperative societies from the viewpoint of Agrarian Reform policy and the national economic plan.

IV. OBJECTIVES OF THIS STUDY

This study will include the following specific objectives:

1. To describe the development of agricultural cooperatives in Iraq including current status:
   a. To examine the role of the government in the establishment and support of agricultural cooperatives, especially in relation to the Agrarian Reform objectives.
   b. To examine the functions and interrelations of Agrarian Reform as related to cooperation.
2. To identify the problems related to size and number of agricultural cooperative with particular attention to the situation in Iraq.
3. To determine the possible advantages and disadvantages of cooperative consolidation.

The objective of this study is not to criticize the establishment of new cooperatives or to state that Iraq needs less, but the purpose is

try to discuss the problems encountered at this stage of development in Iraq's facilities.

V. SIGNIFICANCE OF THE STUDY

Better understanding and knowledge of the agricultural cooperative development prerequisites, problems and purposes may help local, district and national policy makers to formulate policy and prepare required factors to eliminate some of the problems connected with the cooperative movement as a part of the whole economy. This is particularly true with respect to the number and size of the cooperative which may be considered as one of the most important subjects in need of examination and study to offer alternatives to the tendency to establish new cooperatives, regardless of the need. Such proferation has resulted in an accumulation not only of new problems, but a compounding of the problems which still exist in the old cooperatives as well. This study should also be useful in bringing attention to the relation between the cooperatives and Agrarian Reform as well as the role of government and people in understanding this close relation in order to restrict their effort to specific work in each stage of development rather than to waste time, effort, experience and funds in establishing new cooperative societies.

VI. APPROACH OF THE STUDY

The lack of specific, sound and precise data can be considered as one of the main problems facing those who try to carry out any serious study in developing countries. It effects the way one chooses to study

some problems, especially those which are related to social, economic and educational aspects of life. The lack of specific data will be clearly noticed throughout the procedures of this study.

In this chapter, I tried to review in general the social, psychological, and political circumstances in developing countries, as well as background information about Iraq which will be useful in giving a general idea about the existing situation and resources.

In Chapters II and III, I will attempt to attain the first specific objective of this study through: (1) comparison of cooperative movement in Iraq before and after 1958, (2) setting down the main principles, practices, objectives, inhibiting as well as stimulating factors for cooperatives with regard to the ideal situation and the situation in Iraq, (3) reviewing Agrarian Reform performance, objectives, means, problems and the characteristics of its cooperatives, and (4) reviewing the main responsibilities of the government in supervising, financing, training and establishing cooperatives.

In Chapter IV, I will try to explain why it is impossible to determine the optimum number and size of agricultural cooperatives in Iraq, in the absence of specific data on cost and profit and individual member and cooperatives. What the advantages and disadvantages of cooperative consolidation are, in general, will be included in this chapter. I will use a chart to explain the interrelationship of consolidation and other activities of the cooperatives. By use of this chart, I will try to explain that the consolidation concept will help Iraq to improve the cooperative movement and result in less government dependency.

Since there is no such study on cooperative consolidation in Iraq, I refer to a study carried out in the United States on "Co-operative Member's Reaction to Merger," and a study on "Script for Why Unite" to support my viewpoint on cooperative consolidation as an effective way to solve some problems of cooperatives in Iraq.

CHAPTER II

COOPERATIVE DEVELOPMENT IN IRAQ[1]

After the independence of the 1920's, there were many individual attempts to form cooperatives. The majority of the individuals who attempted to form the cooperatives were people who had studied abroad and had seen the important role cooperatives play in the economic and social development of a country. These attempts failed due to the lack of experience, lack of capital, failure to realize the legal aspects and lack of cooperative spirit.

The government first acknowledged cooperatives in a speech in 1928, and that was the extent of the government participation at that time. In 1930, attempts were made again by other individuals to establish some cooperatives for the consumers and producers. Most of these also failed, but the few which did survive were considered the original cooperatives of Bagdad of 1936. These also failed when World War II began.

In the year 1944, the government made its first official recognition of cooperatives by the establishment of the cooperative ordinance which gave significant privileges to the cooperatives. This ordinance was set up in the same pattern as the Egyptian and Indian legislation regarding cooperatives. Many attempts were made at establishing different types of cooperatives from 1944-1958. The number and types of cooperatives formed is shown in Table IV.

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[1]Gordon H. Ward, "Farmer Cooperatives in Iraq" (Beruit: American University of Beruit, 1967), p. 1.

TABLE IV

NUMBER, SIZE AND CAPITAL OF COOPERATIVES IN IRAQ
BY TYPES OF COOPERATIVES BEFORE 1958

	Number	Number of Members	Capital
Agricultural Cooperatives	22	1,836	ID 4,601
Consumer Cooperatives	53	5,705	ID 27,443
Credit Cooperatives	22	522	ID 231
Housing Cooperatives	81	16,614	ID 469,792
	158	24,677	502,067

Source: Grodon H. War, "Farmer Cooperatives in Iraq" (Beruit: American University of Beruit, December, 1967), p. 2.

The growth of the cooperative movement was very slow and most of the cooperatives were established in and around Baghdad. The most significant occurrence during this period was the establishment of the Cooperative Bank. The government provided 51 percent of the capital for this project when it was established in 1956. This bank was established to provide loans, to assist in the purchase of equipment, and to provide banking facilities for the cooperatives.

I. AGRARIAN REFORM

Objectives and Means

The main objectives of the Agrarian Reform Law of 1958 were to remove the feudalistic system and its social, economic and political powers, and to increase agricultural production and improve its quality and raise the standard of living of the farmers by means of limiting the amount of land which will remain with feudals to not more than 1000 donums (250 ha.) in irrigated areas and 2000 donums (500 ha.) in the rainfall areas and by distributing expropriated and miri lands (government lands) to farmers in the proportion of 30-60 donums (7.5 - 15 ha.) in the irrigated areas and 60-120 donums (15 - 30 ha.) in the rainfall areas. Another means by which the Agrarian Reform Law aids the agricultural cooperative societies to serve the farmers who received or rented land from the Ministry of Agrarian Reform was by setting up the minimum wage for agricultural laborers and organizing the use of water facilities as well as regulating relations between owner and sharecropper.

Performance[2]

The enactment of the Land Settlement and Agrarian Reform Laws were the major steps toward providing economic and social incentive to Iraqi farmers.

Land settlement operations were started after the settlement law of 1932 was enacted. During the period from 1933-1967, about 89.9 percent of the total area of the 14 provinces of Iraq was settled under different types of land tenure. Until June, 1968, an area of 2.58 million donums (0.55 million ha.) constituting approximately 37.2 percent of the expropriated land was distributed to 54,661 farm families according to the Agrarian Reform Law of 1958. Of the total distributed, 52.3 percent was irrigated. Only 1.74 million donums (0.44 million ha.) or about 67.6 percent of the distributed lands were those sequestrated from the farmer feudal owners. The remaining land was Miri Serf Lands (government lands). 7.05 million donums (1.76 million ha.) were rented to 203,210 farmers. The lands directed temporarily by the Ministry of Agrarian Reform (which includes government lands, sequested lands and the government lands not cultivated by the usufructors). On November 30, 1968, the total amount of land actually distributed was about 2.77 million donums (0.70 million ha.) constituting nearly 39.6 percent of the sequestrated lands. These lands were distributed to 56,811 families.

The progress of the land expropriation and distribution has been very slow. An area of about 869,000 donums (217,000 ha.) owned by the

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[2]B. L. Agraual, "Trend and Outlook for Food Grains Production in Iraq," (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, March, 1969), p. 14.

landlords still remains to be sequestrated. The slow progress in the development of the expropriated lands and their distribution resulted in a great deal of land being temporarily managed by the Ministry of Agrarian Reform with adverse effects on agricultural production.[3]

In reviewing the objectives of both the Agrarian Reform and the agricultural cooperatives, we can see very clearly the closeness and interrelation of the two; thus the success or failure of one would necessarily have a direct effect on the other. The Agrarian Reform Law of 1958 was set up for the benefit of the landless farmers and economy of Iraq. The farmer's cooperatives need the Agrarian Reform to protect them and help them to become successful as well as the Agrarian Reform needs the farmers for the success of their goals.

To illustrate the changes brought about for the benefit of the small farmers we must look at Table V and compare its figures with those under the Agrarian Reform performance in Table VI. According to the figures in this table, two percent of people (feudals) owned 68.1 percent of the land before the Agrarian Reform Law was enacted, while 86.1 percent of the farmers owned only 10.5 percent of the land.

Problems

Some of the large land holders are still cultivating their large estates regardless of the Agrarian Reform. Lack of desired coordination between expropriation and redistribution of land has resulted in the accumulation of vast areas of land under temporary management

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[3]Ibid.

TABLE V

DISTRIBUTION BY SIZE OF HOLDING OF AGRICULTURAL OWNERSHIPS IN IRAQ BEFORE THE JULY 14 REVOLUTION, 1958

Types of Farm Ownerships in Donums[a]	Number of Holdings	The Holdings Area in Donum	Percentage of Land owners to the Total	Percentage of Holdings Area to the Total
Less than 4 donums	57,958	73,055	34.5	0.3
4 - 30 donums	56,725	696,889	33.7	3.0
30 - 100 donums	30,119	1,677,008	17.9	7.2
Less than 101 donums	144,802	2,446,952	86.1 (farmers)	10.5 (land)
100 - 1,000 donums	20,126	5,024,736	11.9	21.5
1,000 - 10,000 donums	3,143	9,090,276	1.84	39.0
10,000 - 50,000 donums	251	4,554,280	0.15	19.5
50,000 - 100,000 donums	19	1,334,102	0.01	5.8
100,000 and above	5	876,913	0.002	3.7
1,001 or more donums	3,418	15,855,571	2 (landlords)	68 (land)
Total	168,346	23,327,259	100	100

Source: Abdul Wahab M. Al-Dahiry, Economics of Agrarian Reform and Agricultural Cooperation (Baghdad: The National Printing and Publishing Company, 1967), p. 177.

[a]Acre = 2.2 donum.

TABLE VI

AGRICULTURAL COOPERATIVE DEVELOPMENT
IN IRAQ AFTER 1958

Year	Number of Cooperatives	Membership	Share Capital ID[a]	Reserves ID
1960-61	17	2,385	--	--
1961-62	50	8,795	3,117	2,034
1962-63	65	11,833	7,312	3,102
1963-64	222	33,176	27,427	7,632
1964-65	297	38,743	56,239	16,061
1965-66	364	43,185	71,157	23,072
1966-67	394	54,651	100,657	41,560
1967-68	462	60,955	107,602	41,787
1968-69	584	72,374	--	--

Source: Ibrahim A. Abdullah, Unpublished Data (Baghdad: Institute of Cooperation and Agricultural Extension, 1969).

[a] ID = $2.80

In addition, the delay in the creation and organization of farm services such as provision of credit, seed, fertilizers, pesticides, farm power and equipment, irrigation and drainage facilities, advice on farm management, has created problems for those getting new holdings.

The economic gains or losses occuring to the beneficiaries of the Agrarian Reform lands have not been evaluated yet. Thus, in the absence of effective agricultural services of the different kinds required by farmers, it would be too much to expect any drastic and profound changes in the agricultural production within the Agrarian Reform area. To fill in the voids created by the abolition of the landlord's class and also to provide the same and other agricultural services effectively and more efficiently, the organization of agricultural cooperatives was conceived as one of the major means of the moving of the Agrarian Reform toward its objectives.[4]

II. REQUIREMENTS OF COOPERATIVE MEMBERSHIP

Who may be a member in Agrarian Reform Cooperative? Article (3) of Model By-Laws states:

1. Membership of the Society shall consist of:
   a) All persons to whom farm units have been allotted by distribution or lease under the Agrarian Reform Law or the abrogated ex-Miri Serf (state land) Law, or those who acquired land under law no. 131, of 1956.
   b) Any person who is engaged in agriculture in the operation area of society and is at least 18 years old, of good character and whose land does not exceed the maximum permissible area of land for distribution under the Agrarian Reform Law.

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[4] Ibid.

2. Members of group (b) above must:
   a) Accept in advance the by-laws of the Society and complete the necessary formalities of share-subscription and admission into the Society in accordance with the provisions of these by-laws.
   b) Not be member of another similar society with the same objects.[5]

Termination of Membership

Article (4) states:

1. Membership shall terminate by the expulsion or death in the causes set out in sub-section 1 (a) and (b) of article (3) and by resignation in the cases provided for in sub-section (b) of that article.
2. A member shall be expelled from the Society:
   a) If he ceases to possess any of the qualifications set out in article (3) of these by-laws, or if he fails to pay his debts to the society as provided for in the by-laws and the decisions of the Managing Committee--the value of the unpaid but subscribed shares shall be considered as debts due to the society.
   b) If he commits an act which is of a character prejudicial to the material or moral interests of the Society.[6]

Membership in Iraqi Cooperatives

Membership of a cooperative society should be voluntary and available without artificial restriction or any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.[7]

Does this principle of voluntarism apply in Iraq? Those who received land in land reform areas must join a cooperative if they receive land. Does this contradict the principle of voluntarism--that

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[5]Directorate General of Cooperation and Agricultural Production, Model By-Laws for Agricultural Cooperative Societies (Baghdad: Government Press, 1967), p. 4.

[6]Ibid., p. 5.

[7]Galbraith, "Notes and Memoranda," Annals of Public and Cooperative Economy, Ed. Paul Lambert, Vol. XXXIX (Liege, 1968), p. 614.

people should always be free to choose whether to join--and once in, whether to leave? It does appear to do so. But it must be kept in mind that:

1. The principle says membership should be voluntary--not must be voluntary.

This compulsion applies only to farmers who receive land. Other persons may join voluntarily. And if a farmer feels strongly that he does not want to become a member, he can refuse to accept the land. It is a condition of receiving land in that sense membership is voluntary.

2. In all other types of cooperative societies in Iraq such as consumer and housing cooperatives, the principle of voluntarism applies fully.

3. Other persons, farmers and others in the area of the Agrarian Reform Cooperative may decide whether to join or not.

According to Basil Loveridge: "this aspect of the membership principle does generally apply in Iraq. That in all other societies it applies fully, and even in the Agrarian Reform Cooperative it applies to members not receiving distributed land, or rented land."[8]

The qualification for membership may be summarized as follows:

a) he shall be not less than 18 years of age

b) he shall not have been deprived of any civil rights

c) he shall not have been imprisoned for dishonesty or non-political crimes

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[8]Basil Loveridge, "A Study of Cooperative Principles in the By-Laws of Agrarian Reform Cooperative Societies in Iraq" (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, June, 1967), p. 12.

d) he shall reside in the area of the cooperative's operations or carry on business in the area

e) he must have paid his entrance fees and accepted the by-laws, and bought shares as provided by the by-laws of the cooperative

f) he shall not be a member of any cooperative society with unlimited liability except with the approval of the boards of directors of the two cooperatives.[9]

III. COOPERATIVE DEVELOPMENT IN IRAQ AFTER 1958

After 1958, the cooperative movement had the complete backing of the government because they felt that the cooperative movement was a useful tool for social and economic development. At this time a new ordinance was put into effect which exempted the cooperatives from some of the obligations of the past, made special rules concerning the cooperatives, and set up a separate departmental facility. A staff of more than 1,000 was established, but in spite of all the government support, the new ordinance tends to split the cooperative movement into two movements which are:

1. Agricultural movement which includes all cooperatives in the Agrarian Reform.
2. Nonagricultural movement which includes all cooperatives outside the Agrarian Reform areas which includes some of the 47 cooperative societies.[10]

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[9]Ibid., p. 20.

[10]Gordon H. Ward, "Farmer Cooperatives in Iraq" (Beruit: American University of Beruit, December, 1967), p. 3.

Staff members of the agricultural societies in the Agrarian Reform are recruited from graduates who receive their degree in agriculture and economics from the university and from other agricultural high schools. After these graduates (from high school of agriculture) have had some training in cooperative practices in the Institute of Cooperation and Agricultural Extension, they are then placed in one of the agricultural cooperatives.

The period after 1958 has shown a tremendous amount of growth due to the support of the government. It can be seen by comparing the data in Table VI on page 27 with the data in Table IV on page 22. Before 1958 there were only 22 agricultural cooperations with 1,836 members and ID. 4,601 capital. In 1961-62 their numbers rose to 50 with 2,385 members and in 1967-68 the numbers of agricultural cooperatives became 462, their membership 60,955, with ID. 107,602 capital and ID. 41,787 reserves.

IV. CHARACTERISTICS OF AGRICULTURAL COOPERATIVES

All cooperative societies in Iraq must be registered by the Directorate General of Cooperation in the Ministry of Labor and Social Affairs.

Each society operates its own business and carries out its responsibilities under the Cooperative Law and its own by-laws. All cooperatives work toward satisfying their member needs and desires.

Agrarian Reform cooperative societies in Iraq have a unique situation because they were established according to the Agrarian Reform Law, Cooperative Law and according to the instructions issued by the Directorate General of Cooperation and Agricultural Production. The

cooperatives are compulsory, multipurpose, have unlimited liability and are government directed.

Compulsory

According to Agrarian Reform Law of 1958, any farmer who receives land from the government must be a member of the cooperative in his area. If the farmer does not comply with this stipulation, his land will be taken from him. This is for the benefit of the farmers as well as for the benefit of the country because previously the farmers were living in very poor conditions and were poorly educated. There is an urgent need to help the farmers help themselves and this serves to accomplish this goal. If the farmers were left on their own to choose whether or not to become members of the cooperative, more than likely they would not choose to become members because they do not know of the benefits that can be derived from membership. This stipulation requiring membership effects only those farmers who received their land from the government; therefore if a farmer does not wish to receive land from the government, he has no obligation to join the cooperative.

Multipurpose

The agricultural cooperatives are multipurposed. Local conditions favor this type of society rather than one with a single purpose. There would be an insufficient amount of business to support a single purpose society as well as a lack of educated personnel to manage different types of single purpose societies. "It is the conviction of the expert that multipurpose societies dealing with various economic and social needs of rural people can most usefully serve their needs. Single purpose societies

may be necessary on a provincial and national level to coordinate the activities of its member societies."[11]

Unlimited Liability

All members of the cooperative are jointly responsible for paying off all of the societies' debts in case of bankruptcy from their own properties regardless of the amount of stock they have. This can be considered as protection for the cooperative society as well as a motive for the members to feel that they are a part of each other as well as a part of their cooperative. When the cooperative becomes very large and owns much property, it is difficult for the members to know each other very well and there is need for them to be concerned about paying off the bankruptcy with their own stock. In this case, limited liability may be more preferable and safer.

Government Directed

The agricultural cooperatives in Iraq are not like those found in other parts of the world in that they are formed by the initiative of the government rather than on the initiative of small groups who feel the necessity for cooperatives. Each agricultural cooperative society is provided with one cooperative supervisor whose salary is paid by the Ministry of the Agrarian Reform since he is a government employee. These supervisors are recruited from the agricultural high schools and after being trained by the United Nations Special Fund Institute of Cooperation and Agricultural Extension, are attached to the Board of Management of one or more cooperatives. The main function of these supervisors is to keep the accounts, attend all Board meetings and general

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[11]T. L. Pouros, "Agricultural Cooperative Societies" (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, 1968), p. 10.

meetings, help the societies contract loans and to distribute them to the members, draw up farming plans and follow its implementation. The cooperative inspectors are responsible for a number of cooperatives in a particular region. The cooperative auditors are in charge of helping the supervisors with the bookkeeping and for auditing the accounts of the cooperative societies. "Agricultural cooperative societies in Iraq are societies sponsored and run by the government."[12]

The distinction between Agrarian Reform cooperatives and other cooperatives in Iraq is shown in Table VII. Table VIII shows the development of all kinds of cooperatives with respect to their membership, size and capital for the years 1963-68. As may be seen from Table VIII, there has been a substantial fluctuation in the numbers, membership and strength of the cooperatives other than agricultural. In general, there is no evidence of any great vitality in the development of cooperatives. The remainder of the thesis deals only with the agricultural cooperatives associated with the Agrarian Reform.

V. THE ROLE OF GOVERNMENT IN COOPERATIVE DEVELOPMENT IN IRAQ

What should be the role of government in cooperative development? In the Western tradition, special emphasis has been placed on the principles that cooperatives should arise because the people want them to satisfy a need. Government assists in the establishment of the required laws, provide tax benefits, and develop credit facilities. The government may carry out research and cooperative education and training.[13]

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[12] Ibid., p. 9.

[13] Horace Belshow, Agricultural Credit in Economically Undeveloped Countries (Rome: Food and Agricultural Organization of the United Nations, 1965), p. 157.

TABLE VII

COMPARISON BETWEEN AGRARIAN REFORM COOPERATIVE SOCIETIES AND NON-AGRARIAN REFORM COOPERATIVE SOCIETIES

Agrarian Reform Cooperative Societies	Non-Agrarian Reform Cooperative Societies
Compulsion: Only applies to members who received Agrarian Reform lands	Voluntary: Applies to all members
Direction: They are established, directed, managed and financed by government personnel	Direction: They are established, financed, directed and controlled by their own members
Unlimited Liability: Each member is responsible to pay off the debts of his cooperative in the case of bankruptcy; his stocks and his own properties	Limited Liability: Each member is required to pay off (lose) his stock values in the case of bankruptcy
Multipurpose: The objectives are multipurposed, offered all kinds of services	Single Purpose: They are specialized in one kind of service: 1. Consumer cooperatives 2. Production cooperatives 3. Credit cooperatives 4. Housing cooperatives (As shown in Table VIII)
Member Characteristics: Most members are those who have low income, small plot. All are engaged in agriculture and live in rural area	Member Characteristics: Members are mainly from middle class and some are from low income. All live in large cities and have stable income

TABLE VIII

NUMBER, SIZE AND CAPITAL OF COOPERATIVE IN IRAQ BY TYPE OF COOPERATIVE FOR THE YEARS 1963-1968

Societies	1963	1964	1965	1966	1967	1968
Housing:						
No. of Societies	25	26	40	46	34	26
No. of Members	2,226	3,041	6,562	9,687	6,067	3,645
Paid up Capital (I.D.)	7,949	9,996	28,923	43,366	34,013	15,549
Consumers:						
No. of Societies	7	5	10	8	6	7
No. of Members	3,027	437	1,326	2,512	2,179	994
Paid up Capital (I.D.)	10,711	3,514	5,040	9,427	4,369	6,999
Agriculture:						
No. of Societies	19	136	99	71	32	--
No. of Members	1,358	12,240	6,707	6,788	11,466	--
Paid up Capital (I.D.)	3,436	19,640	8,840	11,746	30,079	--
Productive:						
No. of Societies	--	1	1	--	2	1
No. of Members	--	15	14	--	90	70
Paid up Capital (I.D.)	--	950	112	--	870	350

Source: Republic of Iraq Central Statistical Organization, Annual Abstract of Statistics: 1968 (Baghdad: Al-Zahra Press, 1968), p. 262.

Merlin C. Miller raises a question about when is a cooperative not a cooperative. "Does that mean I should go back to the idea I had when I first got interested in other countries' cooperatives--that unless a cooperative starts by the action of the people themselves at the grass roots, it isn't a real cooperative? If it's organized because a government official proposed it, is it therefore not a cooperative."[14]

Most cooperative experts today, who understand the economic, social and educational conditions of less developed countries have been convinced that government support in all possible ways is essential for the development of the cooperatives in these areas.

Paul Hoffman of the United Nations said it is both the problem and the potential for these developing countries. The great economic tragedy, he said, is that 80 percent of their natural resources are neglected and 90 percent of their human resources are lost under present conditions.[15] Waters' comment was that this, however, is the magnitude of the problem. How can we use these neglected human resources? ...the role of government assistance is visualized as catalyst. It provides the necessary assistance to stimulate and release hidden energies and resources. And it is in this area of working with people, harnessing human resources, and stimulating democratic, economic and social institutions that cooperatives are so uniquely fitted.[16]

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[14]Merlin C. Miller, "The Cooperatives of South and Southeast Asia" (Madison: University of Wisconsin, 1962-63), p. 7.

[15]Herbert J. Waters, "The Role of Government in Developing Countries" (Madison: The Board for International Training, Inc., 1966), p. 3.

[16]Ibid.

Miller tries to explain why government in developing countries must sponsor cooperatives, he says "Two things I'm sure apply in most of these countries. First, it's perfectly clear that the only adequate source of credit for cooperatives is the government. Even here in the United States, we found that, when the farmers were in a tight pinch in the twenties, our government came to the rescue by creating a Farm Credit Administration to make loans to farmers on reasonable terms, loans the banks wouldn't make....The other thing does not apply here. Most of newly independent governments are the party governments. The mentality results from the hard struggle for independence and the consequent determination that what it favors will be and what it opposes will not be or will be postponed. And that mentality carries the possibility of a tremendous push for every social advancement for the country."[17] Waters said the role of government in addition to encouraging the good business practices of sound financing and competent management, must be concerned with education of cooperative members. The role of the government should be to encourage development of their country. To do this, cooperatives must find their place within the economic conditions that prevail in their country.[18]

According to Belshow, FAO consultant, "Because of the conditions described in underdeveloped countries, government must play a more active part. Indeed, there are few, if any, such countries in which

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[17]Merlin C. Miller, op. cit., p. 8.

[18]Herbert H. Waters, op. cit., p. 5.

cooperatives have succeeded to any degree without active participation by a government agency or its equivalent."[19]

In Iraq the government supports cooperative development through its different institutions, especially the following ones:

1. Institution of Cooperation and Agricultural Extension
2. Directorate General of Cooperation and Agricultural Extension
3. The Agricultural Bank
4. The Cooperative Bank

Institution of Cooperation and Agricultural Extension[20]

The establishment of the Institute of Cooperation and Agricultural Extension in 1963 was an event of great interest and significance for the cooperative movement. Soon after its inception, the request for assistance from the United Nations Fund was made by the expert of cooperation and the Iraqi government. The request was made to strengthen the Institute by training staff members. This request was granted and became effective on February 2, 1965. According to this agreement, the Iraqi government was to furnish $1,367,962 and the contribution from the United Nations Special Fund would amount to $932,700.

The Institute was established mainly to insure the education and training of pre-service personnel in cooperation and agricultural

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[19] Horace Belshow, op. cit., p. 158

[20] T. L. Pouros, "Agricultural Cooperative Societies," pp. 23-24.

extension, refresher courses to the in-service personnel as well as to give some training to the board of directors of agricultural cooperatives. The pre-service training program was designed to train some 1,180 persons over a five-year period from 1965 to 1970. Other activities of the Institute include research in various fields related to agriculture and economics, distribution of the results of research and study to the farmers and trainees, demonstrations which aid the farmers in the use of machinery and other implements, the exchange of ideas, experiences and publications with other cooperatives, and agencies, both foreign and domestic.

Directorate General of Cooperation and Agricultural Production:[21]

The Department of Cooperation and Agricultural Production in the Ministry of Agrarian Reform was set up after the 1958 Revolution. It was designed to be in charge of the development and establishment of agricultural cooperatives within the Agrarian Reform area. This was mainly for the farmers who bought or rented expropriated or Miri (government) Serf Lands from the government according to the Agrarian Reform Act of 1958. This department is responsible for the following functions:

1. Carrying out preliminary inquiries prior to the establishment of agricultural cooperative organizations in the Agrarian Reform and Miri Serf regions.
2. Preparing the cooperatives by-laws.

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[21] Ibid., pp. 7-8.

3. Helping the cooperatives to obtain loans for their members, market cooperatively their products and to undertake any other functions which are beneficial to their members.
4. Insuring that the functions of the cooperative societies are carried out according to the cooperative's by-laws, cooperative law, and Agrarian Reform.
5. Advising and teaching the cooperative societies and their members to apply and implement the agricultural programs set up by the specialized departments.
6. Supervising the cooperative societies' activities and auditing their books and accounts.
7. Help cooperatives to build strong relations with other agencies.

By establishing the Directorate General of Cooperation and Agricultural Production, the cooperative movement has advanced and the farmers have been aided.

According to Ward, there are many inhibiting factors and problems which face this department. These problems include:[22]

a) Lack of understanding among many inspectors, supervisors, and officers working in the cooperative, and by extension personnel regarding cooperatives being democratically controlled by the members and operated by the elected Board of Directors.

b) Lack of adequate guidance to the elected Board of Directors by the supervisors.

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[22]Gordon H. Ward, op. cit., p. 18.

c) Insufficient training evident by the staff of the Directorate General in training cooperative personnel and educating members.

d) Inadequate means of communication did not permit Extension agents and supervisors to maintain contact with farmers to provide them with adequate technical services and improved seeds.

e) A lack of storage, standards, grading and transportation delays in the marketing of the cooperative numbers' products.

f) Lack of coordination between cooperatives and related agencies, especially the extension program at the national and local levels.

g) Insufficient information about the needs of cooperative members for loans and marketing services due to the marketing system and the absence of studies of the indebtedness of farmers.

The Agricultural Bank

The Agricultural Bank is considered to be the oldest government institution established in Iraq intended specifically to serve agriculturists and to assist them in developing their agricultural work. The Bank came into being in 1936. Its head office is in Baghdad. There is one branch in each of the 14 provinces. The authorized capital of the Bank is ID 10 millions (ID = $2.8) to be paid by the Ministry of Finance by installments, of which ID 6, 138, 076 have been paid. The Bank may borrow from the Central Bank of Iraq at 3 percent interest and it may be borrowed from the Planning Commission at 2 percent interest; this has been reduced to 1 percent recently. The total

outstanding loans and acrued interest due to the Bank as of March 13, 1967 amounted to ID 6,121,778.[23]

The Bank provides all types of direct loans to individual farmers who are not members of agricultural cooperative societies. Farmer-members of agricultural cooperative societies established in the Agrarian Reform areas get their credit needs from their cooperatives. These cooperatives may borrow from the Bank to finance their common projects and marketing needs, to finance projects of their members. Farmers who are under the Supervised Credit Program which is operated through the agricultural extension service and also some landlords are eligible for loans from the Agricultural Bank.

The Bank allocated a sum of ID 630,000 in financial year 1968-1969 to agricultural cooperatives to be spent according to the annual plan drawn by the Directorate General of Cooperation and Agricultural Production.

During the last four periods (1964-1968) the Bank advanced a total of ID 53,320 as loans to the agricultural cooperative societies for various purposes distributed as follows:[24]

1.	Supplies (seeds and fertilizers)	63.0 percent
2.	Marketing advances	14.7 percent
3.	Farm machinery	2.4 percent
4.	Livestock	1.7 percent
5.	Other seasonal operations	0.1 percent

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[23]Ibrahim A. Abdullah, "Agricultural Credit Legislation Governing Agricultural Credit Institutions" (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, 1968), p. 4.

[24]B. L. Agrawal, "Trend and Outlook for Food Grain Production in Iraq" (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, 1969), p. 12.

Table IX shows various types of loans made by the Agricultural Bank from 1960 to 1968.

In order to take advantage of these loans and to insure their proper utilization, the loans are made at specific seasonal stages. From the figures mentioned above, it can be seen that about two-thirds of all borrowed money is used for purchasing improved seeds and fertilizers and only 1.7 percent was used for livestock purposes.

The Cooperative Bank

The Bank was established in 1956 and started operations during the last quarter of the same year, with an authorized capital of ID 3,000,000 (ID = $2.8). The amount of capital so far paid to the Cooperative Bank by the Ministry of Finance, amounted to ID. 6,000,000.

The main objects of the Bank according to Pouros, FAO Cooperative Expert, are as follows: [25]

"a) To foster and develop cooperation

b) To issue loans to all types of cooperative societies

c) To help the cooperative societies to market their products and supply them with fertilizers etc.

d) To accept deposits from cooperative societies and others.

e) To stand as guarantor for cooperative societies.

f) To provide facilities to cooperative societies for the storage of their members' products."

Due to the lack of sufficient funds and the absence of branches in the different provinces, the activities of the Bank have been restricted to the minimum.

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[25] T. L. Pouros, "Cooperative Bank" (Baghdad: Directorate General of Cooperation and Agricultural Production, 1963), p. 1.

TABLE IX

AGRICULTURAL BANK LOANS MADE TO THE IRAQI AGRICULTURAL COOPERATIVES FOR AGRICULTURAL PURPOSES, 1960-1968

Year	Loan Sums ID[a]	Number of Cooperatives	Supply Loans ID	Marketing Loans ID	Machinery Loans ID	Livestock Loans ID	Irrigation Loans ID	Other Purposes ID
1960-61	--[b]	17	---	---	---	---	---	---
1961-62	960	50	---	---	---	---	---	---
1962-63	3,278	65	---	---	---	---	---	---
1963-64	26,023	222	---	---	36,024	---	---	---
1964-65	52,374	297	16,350	---	---	---	---	---
1965-66	96,688	364	41,353	7,125	48,210	---	---	---
1966-67	125,119	394	85,970	11,452	15,695	7,002	5,000	---
1967-68	262,139	443	194,744	60,345	4,300	2,000	---	750
Total	566,521		338,417	78,922	104,229	9,002	5,000	750

Source: Ibrahim A. Abdullah, Unpublished Data (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, 1969).

[a] ID = $2.80

[b] Not available

VI. OTHER INFLUENCES ON COOPERATIVE DEVELOPMENT

1. Promoting Factors

An increasing proportion of Agrarian Reform Cooperatives have been showing the members some tangible benefits (loans and marketing services, etc.). In addition some societies made some profits and distributed patronage refunds. These benefits helped in stimulating and encouraging the farmers to enroll in cooperatives and can be conceived as good motives in developing farmer's interest and knowledge about cooperative's advantages.

2. Inhibiting Factors

They may be divided into internal, sociological and economic factors according to Ward:[26]

A. Internal Factors. Most of Agrarian Reform Cooperatives have too few members to attain the volume of business required to pay the salary of a competent manager and as a result they have been managed by the government cooperative supervisors. The majority of cooperatives have insufficient capital due to the lack of financial resources by the members. Therefore cooperatives in Iraq, generally speaking don't have a large enough volume of business to operate economically. Many cooperative farmers don't produce enough food to feed their families and don't have substantial surplus to cope with living expenses because of the very small plots they have for cultivation. The effective size of these plots

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[26] Gordon H. Ward, op. cit., pp. 19-20.

is further reduced by the salinity of some lands, the inadequate irrigation and drainage and the custom of cultivating (flow system) only half of the land each year. Cooperatives have failed to solve these problems. The Board of Directors and other committee members are not trained enough to be able to assume their responsibilities. Although there is serious effort by the Institute of Cooperation and Agricultural Extension and the Directorate General of Cooperation and Agricultural Production to train cooperative members, there is still a great need to educate members about their role and responsibilities regarding cooperative principles and goals.

B. Sociological Factors. Only 5 percent of cooperative members are literate, which makes oral instruction necessary regarding cooperatives. Being illiterate, most members are conservative. This general attitude is one of antagonism to change, especially new ways of farming, buying and selling. Many of them were share-cropper-tenants living under feudal domination by a landlord or his overseer. They had never seen or heard of a cooperative until they were induced to join the Agrarian Reform cooperatives which were established in their regions. Consequently, few farmers have leadership experience, individual or group in character, nor is there opportunity to have their leadership qualities recognized by the villagers. As descendents of bedoin (modes) tribesmen, members normally give first loyalty to their extended family and the tribe. They are often suspicious of members of other tribes to the extent that some refused to join a cooperative society having members from outside their own tribe. This is not only against the cooperative philosophy, but will retard the development of rural areas because this

will help other groups to ask for the same thing. The Bedoin (modes) cultural background of the Iraqi farmer has produced a highly individualistic attitude in business matters. They prize freedom to do as they wish irrespective of the group decision of any society of which they may be a member.

C. Economic Factors. Most members of agricultural cooperatives are poor; therefore, their capital is too limited and/or inadequate to operate on an economic scale. This poverty is due to having been low-income tenant farmers until the Agrarian Reform in 1958. Very few have had a large income since that date because of their own low productivity and of the kind of land they got from the Ministry of Agrarian Reform. There is little opportunity to motivate them to save some of their income under these present conditions. They need to be taught thrift and they need to think economically, to know the benefits of savings, how to establish their own capital and the best methods of investment. Many of them are still indebted to moneylenders, merchants who require the delivery of crops upon harvest at the lowest prices and many are obliged to sell their products before harvesting. Therefore, these farmers are not able to borrow from or market their crops through their cooperative society.

In summary, in previous pages we tried briefly to trace the cooperative development in Iraq, before and after 1958 through figures, description and analysis. We aimed to: (1) provide the reader with a general idea regarding the cooperative movement and agricultural cooperatives specifically; (2) prove that the development of cooperatives after 1958 was due to the government support and the Agrarian Reform Law;

(3) to explain the main characteristics of Agrarian Reform cooperatives regarding principles; and (4) to give an idea about inhibiting and promoting factors of cooperative development which will be helpful in understanding why attention is being given to cooperative functions and principles in Chapter III. This chapter will also provide a basis for discussing the reasons for cooperative consolidation in Chapter IV.

CHAPTER III

COOPERATIVE FUNCTIONS IN IRAQ

Chapter II dealt with the collective picture of the development of agricultural and other cooperatives in Iraq, including special emphasis on the role of government in such development. In this chapter, the focus is on the functions of agricultural cooperatives with some attention given to the origin and development of the cooperative philosophy and the statement of their objectives.

I. DEFINITION AND MEANINGS OF COOPERATION

"The cooperative is an association of persons, usually of limited means, who have voluntarily joined together, to achieve a common economic end through the formation of a democratically controlled business organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking."[1]

"A business organized, capitalized, and managed by, of and for its members-patrons, furnishing and/or making, at cost, goods and/or services to patrons."[2]

"Self-help made effective by organization."[3]

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[1]B. Loveridge, Cooperation lectures (Baghdad: UHSF/Institute of Cooperation and Agricultural Extension, 1968).

[2]Ewell Paul Roy, Cooperative Today and Tomorrow (Danville, Illinois: The Interstate Printers and Publishers, Inc., 1964), p. 1.

[3]Horace Planckett, Cooperation as a Factor in the Economic, Social, and Political of Rural India (London: George Allen and Union Limited, September, 1928), p. 7.

"Cooperation is a form of organization whereas persons voluntarily associate together as human beings on a basis of equality for promotion of the economic interests of themselves."[4]

"A cooperative is a business voluntarily owned and controlled by its members--patrons and operated for them on a nonprofit or cost basis."[5]

Numerous definitions of cooperation have been attempted. Some are all inclusive. Some emphasize particular parts of cooperation such as the economic, the social or the legal. The definitions vary according to the backgrounds and viewpoints of those making them. While they collectively help to better understand the nature and objectives of cooperatives, they still give only a general idea of what a cooperative is and provide little indication of how a particular cooperative may be organized or operate.

In its broadest sense cooperation may be defined simply as a voluntary association in a just undertaking for mutual benefit. It is rooted in a common recognition by the participants of the desirability of improving their conditions and general agreement among them as to how that improvement can best be achieved. It includes the idea that patrons should reap the financial benefits that usually go to the owners of the commercial enterprises that they would normally patronize.

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[4]Calvert Hubert, The Law and Principles of Cooperation (New York: Hall Inc., 1926), p. 13.

[5]Farmer Cooperative Service, Farmer Cooperatives in the United States, United States Department of Agriculture, FCS, Bulletin No. 1 (Washington, D. C.: Government Printing Office, 1965), p. 5.

Cooperation also means that ownership and control of the organization is in the hands of those being served. This should assure that the type and quality of services provided are those desired by the members. It is a means of preserving the maximum amount of independence possible for the individual farmer while assuring that his products will be marketed and/or the goods he needs will be purchased by an organization that gives him some advantage in the market place.

The appeal of cooperation can also be in terms of the contribution to the national well-being for through cooperation levels of living and educational levels can be raised. There is also appeal in the concept of self-help and the idea that through cooperation people can be taught to be more self-sufficient. People find that they can get more good things with the help of others. This is the beginning of cooperation. When a group of people who are neighbors and who know one another unite to act together to do something for the good of each, they naturally move towards the cooperative form of action. It is not the benefit of all that starts the movement; it is the individual's interest in his own benefit.

A cooperation society is composed of people, each of whom is interested in helping himself in getting more good things, in making his labor and his money go further. But to help himself in the cooperative society, the member must do things that help the other members at the same time. Cooperation is, therefore, a scheme of self-help by means of mutual aid. It has come to have its own peculiar meaning.

These cooperatives throughout the world are building up a system which tends to take the place of the profit system in business and to perform the useful social services. The cooperative movement struggled

to get started for hundreds of years. All sorts of experiments had been made. In Rochdale, England, a group of poor weavers organized the first successful cooperative. They started their cooperative in the form of a little store in 1844. There were 28 members of the Equitable Pioneers Society, as they called it.[6] The principles which they laid down to operate their cooperative are now recognized as necessary for success in cooperation.

II. THE PRINCIPLES OF COOPERATION

Definition of "Principle"

The term "principle" derived from the Latin word "principium" meaning "basis" has different meanings: the primary idea, a certain thesis, a rule of an organization.[7] The International Cooperative Alliance (I. C. A.) 1966 Commission, on Cooperative Principles defined principles as: "those practices which are essential, that is, absolutely indispensible to the achievement of the cooperative movement purpose."[8] How far is it justifiable to identify cooperative principles with any particular practices? Practices are variable according to social and economic conditions of countries, while principles are external. So it is an over-simplification to say that principles are practices. If cooperative principles are not practices, what are they? According to

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[6]James Petter Warbasse, What Is Cooperation? (New York: Vanguard Press, 1927), p. 24.

[7]O. R. Krishnaswami, "The Principles of Cooperation--Historical Survey and a Review," Annals of Public and Cooperative Economy, Vol. XXXIX (Liege, 1968), p. 587.

[8]Ibid.

Watkins, the Former Director of the I. C. A., "They are the ideas, inherent in cooperation, which determine what it is, a mode of action. . . They are the ideas which it is the purpose of cooperative activity to realize. . ."[9] The ideas remain constant, the practices vary in response to need and circumstances. So the term "principle" means "ideas which determine the character of cooperation as a form of association."[10]

The principles of cooperation arise out of the characteristic features of cooperation. Cooperation is a form of economic organizations; it is a voluntary and democratic association of human beings, based on equality (of control and opportunity) and equity (of distribution of surplus), for the promotion of their interests. Democratic control, mutuality or self-help through mutual help, voluntarism, equality and service motive are its characteristic features. The principles of cooperation are based on these features."

Review of Cooperative Principles

Cooperation is an age old idea, but the idea of cooperation as an economic organization is relatively new. The industrialization of England in the early nineteenth century brought about many changes which resulted in the development of two distinct groups known as the Capitalist--employers and the wage earning workers. This aided in man's exploitation of his fellowman.[12]

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[9] Ibid.

[10] Ibid.

[11] Ibid., p. 588.

[12] Ibid.

Social thinkers like Robert Owen (1771-1858) and Charles Fourier (1772-1837) realized the evils of this economy and came up with an ideal society based on cooperation and mutual help instead of competition and exploitation of man by man. The fundamentals they set forth were the principles which are the basic foundation of cooperatives today.[13] But it was Dr. William Kind (1786-1865) who turned these ideas into practical teachings. These teachings (guidances) were closely related to the practical ideas of the Rochdale Society which was the true beginning of the modern cooperation.

The Rochdale Society of Equitable Pioneers was registered on October 24, 1844, and began business on December 21, 1844, the rules which were established by this society became known as the Rochdale Principles. These ideas were democratic control, open membership, limited interest on capital, patronage dividend, cash trading, sale of pure and unadulterated goods, education of the members, and political and religious neutrality. These ideas themselves were not new, but their combination was unique.[14]

These ideas spread from one country to another as the cooperative movement advanced. As a result of this wide-spread interest in cooperation, a special committee was appointed in 1937 by the International Cooperative

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[13]Paul Lambert, Studies in the Social Philosophy of Cooperation (Manchester: Cooperative Union Limited, 1963), p. 51.

[14]G. D. H. Cole, A Century of Cooperation (London: George Allen and Union Limited, 1944), p. 63.

Alliance (I. C. A.) to study the Rochdale principles as they were being applied in various countries. The findings of this study resulted in the establishment of essential principles of the Rochdale Pioneers being set forth. These principles were "(1) open membership, (2) democratic control, (3) distribution of the surplus to the members in proportion to their transactions, (4) limited interest on capital, (5) political and religious neutrality, (6) cash trading, and (7) promotion of education."[15]

The principle which dealt with pure and unadulterated goods was omitted since this could be taken for granted at this time and since the ethics of the cooperative business must be higher than the law requires. This committee suggested that the first four principles be regarded as obligatory and their observance as essential to the cooperative character of any society while the remaining three principles were regarded as practices.[16]

Important changes have taken place since 1937 in technology and management. Structural changes have taken place which involve the expansion of the scope of cooperative concensus from mere defense of group interests to a positive contribution to the welfare of their members in an expanding economic system. Accordingly, vast structural changes involving consolidation, concentration and integration are taking place and these changes require guidance in terms of the principles of cooperation. It was decided in 1937 at the twenty-second Congress of I. C. A. that some

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[15] O. R. Krishnaswami, op. cit., p. 590.

[16] Ibid.

essential principles needed to be maintained, and that some variation due to the prevailing circumstances could be permitted on some principles. A resolution was adopted at this meeting to form a commission to study cooperative principles. This commission was empowered to study the principles of the Rochdale Pioneers to determine which of the principles should be retained and which ones should be modified at this time.[17] This commission (in 23rd Congress, 1966) reaffirmed the first four principles in fuller form, adopted a fuller form for "The promotion of education" and added a new principle known as the principle of growth or cooperation among cooperatives.[18] These were the general principles which were adopted by this commission and were set up as the principles for all cooperatives of all types in all social and economic systems.[19]

Analysis of Cooperative Principles

Membership. Membership should be both voluntary and open.

Voluntary membership. This means that the individual should be allowed to join without being coerced. Voluntary membership was not laid down in the Rochdale Pioneers rules, but was an addition made by the 1937 I. C. A. Congress.[20]

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[17] Ibid., p. 593.

[18] International Cooperative Alliance, "The Present Application of the Rochdale Principles of Cooperation" (London: I. C. A., 1964) p. 85.

[19] Ibid., p. 37.

[20] Paul Lambert, op. cit., p. 84.

Open membership. This means simply that anyone who will be benefited by a cooperative is at liberty to join. Open membership gives equal voting rights by allowing each member one vote. Membership should be available without regard to race, color, creed, political affiliation or religion. Membership should be available to anyone who is willing to accept the responsibilities of becoming a member. The member and user are one and the same individual.[21]

Democratic Control

Democracy. This is the cardinal principle. It distinguishes the cooperative business from the capitalist business and it can be applied uniformly to any type of cooperative.[22]

The I. C. A. committee of 1937 declared democratic control as one of the main principles of cooperatives. The 1966 commission reaffirmed that cooperatives are democratic organizations and that the members should enjoy equal voting rights which gives each member one vote. The government or ruling body of a cooperative should be made up of persons elected in a manner agreed upon by the members and accountable to the members.

Autonomy. Independence from external control is another aspect of the government of a cooperative. This independence was reaffirmed by the 1966 commission which also added that the cooperative is subject to the rules set up by planning authorities and state or local authorities.[23]

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[21]Ibid., p. 83.

[22]Ibid., p. 64.

[23]I. C. A., op. cit., p. 18.

Federation. Cooperative unions and federations which are created by the cooperatives are also cooperative organizations and should, therefore, have essentially the same principles regarding equal voting rights. The voting power should be fixed on a basis of membership of constituent societies. In order to prevent domination by larger societies, the voting rights should not exceed a certain proportion of the total votes. Effective membership should be the basis for dealing with voting rights. A society with a large membership with only small percentage of active participation should rate according to its activity.[24] Democracy works only if their members actively participate in the affairs of the cooperative society.

Interest on Capital

Capital should not be a source of profit. The 1937 Congress stated that there may be limited interest on capital. The 1966 commission went one step further to state that there is no cooperative principle which obliges that interest be paid on capital, but if interest is paid it should be on a limited and fixed basis.[25]

"Share capital should only receive a strictly limited rate of interest."[26]

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[24]Paul Lambert, op. cit., p. 71.

[25]I. C. A., op. cit., p. 22.

[26]Ibid.

Patronage dividend. It has been found economically sound to return to the members on a periodic basis a dividend based on their purchases. This was regarded by the committee of 1937 to be one of "the basic principles of our Cooperative Economy System, and the pivot on which the non-profit-making organization of commerce and industry revolves."[27] The 1966 commission stated that it is not obligatory to pay dividends out of surplus. Members may choose to use the surplus for further development of the society.

Political and religious neutrality. Neutrality applies equally to politics, religion, race and nationality according to the committee of 1937.[28] The commission of 1966 did not adopt neutrality as one of the basic principles, but stated that people should resolve to meet and work together on some common ground.[29]

Cash trading. Cash trading does not apply to banks and credit societies according to the 1937 committee, but cash trading on an individual basis should be adhered to as closely as possible. This idea was not adopted as a principle by the commission of 1966, but it was stated as a guide for good business practices. Cooperatives have a responsibility to themselves and their members to decide if and when the use of credit is advisable.

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[27] I. C. A., op. cit., pp. 7-8.

[28] Ibid, p. 10.

[29] Ibid., p. 30.

Cooperative Education

Cooperation requires the acceptance of new ideas, a new outlook, new standards of conduct and new behaviors based on higher values of life. In order for the members to accept these new ideas, they must become educated to the benefits of cooperation. The education of members in the cooperative ideas and practices is a primary condition for a cooperative enterprise. It is necessary for an individual to gain the knowledge, develop the skills and master the social discipline for a successful cooperative.

The 1966 commission classified those whom a cooperative educates into four groups: the members, officers, employees, and the general public. The commission declared: "All cooperative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of cooperation, both economic and democratic."[30]

However, it may become difficult for small and weak societies to allot funds for educational purposes, but even such societies should take steps to educate people with the help of higher level organizations.[31]

Cooperation Among Cooperatives

"Cooperation, being the only form of organization upholding the freedom and dignity of the individual, can restore true freedom for men, through broad ownership and democratic control of their own enterprise...

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[30]I. C. A., Commission, "Cooperative Principles" (London: International Cooperative Alliance, 1966), p. 37.

[31]O. R. Krishnaswami, op. cit., p. 603.

Concrete effort is required on the part of cooperators. . . Thus co-operation among cooperatives is a "must" for the survival and growth of the cooperative movement."[32]

The commission of 1966 added a new principle, the principle of growth, by mutual cooperation among cooperatives. "All cooperative organizations, in order to best serve the interest of their members and their communities should actively cooperate in every practical way with other cooperatives at local, national and international levels."[33]

Today, there is a lack of cooperation among cooperatives. This is the greatest insufficiency and the greatest waste in the cooperative movement. In almost all fields, there is duplication of effort."[34]

Dealing with membership. The cooperative is established for the benefit of its members, therefore, it has to confine its business dealing with its members only. This principle was not approved by the 1966 commission since it is impossible to apply this principle in some societies due to the nature of their members' activities.

The true philosophy of the cooperation movement may be summarized by the following quotation: "All for one and one for all."[35]

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[32] Ibid.

[33] Ibid.

[34] Ibid.

[35] Ibid., p. 605.

III. FACTORS IN SUCCESS AND FAILURE

With the more than one hundred years of experience with cooperative organization, it has been found that mere statement of the principles does not assure success. Some of this experience is reviewed by H. M. Olsen. He identifies a number of factors as being necessary for their successful establishment and continuing strength.[36] For successful initiation, according to Olsen, a cooperative needs a good lawyer to assist in legal matters and an able and responsible board of directors to handle matters relating to the membership and the general public. The policies of the cooperative should stress: (1) truth in all its dealings, (2) quality in the products it markets, (3) a high regard for adequately researched knowledge, (4) the value of basic education, (5) the importance of thrift and financial independence, and (6) the broad benefits that come from service to the community.

Once a cooperative has been established, Olsen indicates that there are a number of conditions that must be met if it is to be of substantial service. First, the volume of products handled must be sufficiently large to keep the costs of handling and storage relatively low. Second, the quality of the operation must be such that it builds confidence in the organization in both the membership and the employees. Finally, there must be an orientation toward the future with plans for building capital, frequent up-dating of by-laws and constant improvement of the services rendered.

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[36]H. M. Olsen, Some Principles and Practices of Farmer Cooperatives (Danville, Illinois: The Interstate Printers and Publishers, Inc., 1961), pp. 43-84.

Membership characteristics which promote progress in a cooperative should include confidence on the part of the members toward the activities of the cooperative. The members must be well-informed in order to fully understand and be able to discuss the affairs of the cooperative. The members should be aware of the by-laws, cooperative law and principles of cooperation and should realize that the cooperative's success does not depend upon the promise of profits but rather that the cooperative was established to achieve the best possible results for its members under any given circumstances. When each member has these characteristics, the cooperative will be successful because each member will accept his responsibilities and do his job to the best of his ability.

Evidence to support these generalizations may be found in the experience of cooperatives in the United States. The factors primarily responsible for failure of cooperative in the United States in the order of decreasing frequency are as follows (Figures, percentages and reasons are based on a summary of 11,272 cooperative failures taken from Farm Credit Administration Miscellaneous Report 65.):

1. 2,234 cooperatives (19.8 percent) failed due to ineffective management.
2. Difficulties in the field of membership; 2,220 cooperatives (19.7 percent) failed due to such factors as cooperation not understood, lack of interest on the part of members, dissension among members, members failed to patronize association, lack of confidence in the association, and control lost to a special interest group.

3. Natural and unavoidable causes accounted for 1,231 failures (10.9 percent); the greatest number of failures were due to fires, theft, crop failure, low production and depression.
4. Insufficient business caused 1,161 failures (10.3 percent).
5. Financing and credit failures were responsible for 1,097 (9.6 percent) cooperative failures; most frequently mentioned causes were lack of working capital, too liberal credit and advances to patrons were not repaid.
6. Transportation problems accounted for 1,020 (9.1 percent) cooperative failures.
7. Opposition from competing concerns caused 1,003 (8.9 percent) cooperative failure.
8. Decline of prices caused 614 failures (5.4 percent).[37]
9. Technological changes put 135 (1.2 percent) cooperatives out of business.
10. Miscellaneous reasons caused 135 failures (1.9 percent).

The mortality rate among cooperatives is decidedly favorable as compared with other business ventures.[38]

In reviewing these factors which caused failures of some societies in developed countries as well as many societies in developing countries, it will be quite clear that the ineffective management and characteristics of members were among the first and most significant factors behind

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[37] H. M. Olsen, op. cit., p. 49.

[38] Ibid., p. 50.

cooperative failures. These two factors constitute 39.5 percent while all other factors accounted for 60.5 percent.

James Petter Warbasse examined reasons behind cooperative failure in both England and the United States. The reasons he found may be summarized as follows:[39]

1. Errors in financial policy: (1) Starting with too little capital; (2) allowing unrestricted withdrawal of capital; (3) giving credit to members beyond their repayment capacity; (4) bad bookkeeping and auditing system; (5) declaring a saving's return (dividend) to members too soon; (6) underselling the private stores, selling at cost and cutting prices; and (7) failure to develop cooperative banking.
2. Omission in educational and social work: (1) Beginning with a membership unfamiliar with cooperation; (2) neglecting to maintain the educational work which should keep the members inspired with the values and aims of cooperatives; (3) ignoring the social side of cooperation; (4) having employees who are indifferent to cooperation; (5) failing to instruct and impress members with the importance of loyalty; and (6) allowing factions to grow in the cooperative.
3. Differences in and about the place of business: (1) Establishing a business in the wrong location,too far from farmer's homes, high rents, competing business and lack of possibilities of

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[39]James Petter Warbasse, What Is Cooperation? (New York: Vanguard Press, December 1927), pp. 142-147.

expansions; (2) selecting of goods unwisely, putting in goods that do not meet the member's needs; (3) investing too much of the initial capital in fixtures and furniture; and (4) neglecting the appearance of the store. Some cooperatives are dirty and slovenly.

4. Mistakes in organization and management: (1) Organizing from the top down instead of from the bottom up; (2) autocratic methods on the part of directors or manager, ignoring and antagonizing the general membership; (3) centralizing too much power in the hands of directors or managers; (4) employing uncompetent manager is the most common cause of disaster; and (5) failure to serve.

5. Danger from the outside: (1) Underselling by competing private stores; (2) members believe the false reports that their society is about to fail, and that they should draw out their money before it is too late; (3) creating distrust of members in their cooperative shop by disloyal manager; and (4) permitting large groups to join the cooperative who came in for the purpose of breaking it up.

6. Lack of growth and vision: (1) Being content to just keep going; (2) violation of the fundamentals of cooperations; and (3) failure to federate.

All these above causes of disease and death of cooperative societies have been actually discovered at the bedside of the dying and at post-mortem examinations upon the dead. They are the sad facts of experience.

The failure studied by Warbasse was experienced by cooperatives in the United States and England in 1927 and in 1961 in the United States.

Such experiences should be recognized by the cooperative leaders in Iraq and they might, therefore, profit from the mistakes of others.

IV. COOPERATIVE FUNCTIONS IN IRAQ

We will deal with these functions with regard to:

1. Iraqi Agricultural Cooperative Societies' objectives as stated in their By-Laws.
2. The problem which faces these cooperatives.
3. Ideal situation.

According to the "Model By-Laws for Agricultural Cooperative Societies", Article 2, the main objectives of the Iraqi Agricultural Societies are as follows:

I. The objects of this Society are to promote the economic and social interests of its members by organizing their efforts and common interests in accordance with cooperative principles and practices, and in particular to:

a) Organize the various kinds of production and undertake all activities needed for the proper cultivation of the lands of the members by the individual or collective utilization of their resources.

b) Assist the members in implementing the farming plan prepared by the specialized departments in connection with the cultivation of the farm units, planting fruit trees and rearing livestock.

c) Supply the materials, implements and equipment needed by both the Society and members for the improvement of their living conditions and the cultivation of their lands.

d) Acquire or hire farm machinery, plant or agricultural tools and means of transport and help the members to acquire and maintain them.

e) Market the farm animals and other products of members including the services of collecting, grading, processing, storing, drying, canning, baling, transporting, handling and delivering to the markets ready for sale or consumption as required.

f) Borrow and lend money to members for the purpose of achieving the objects of the Society.

g) Improve the housing conditions and participate in raising the social and cultural conditions of its members.

h) Do any other activity which the General Meeting may decide to be conducive to the Welfare of both the Society and the members.[40]

Production

According to the Iraqi Cooperative By-Laws, the overall objective of the cooperative is "to promote the economic and social interests of its members by organizing their efforts and common interests in accordance with cooperative principles and practices." The economic factor has been a main objective of different kinds of cooperatives all over the world. Many cooperatives in advanced countries have become more concerned with the economic objective to the virtual exclusion of all others. The author has observed that some cooperatives in the U. S. completely neglect other aspects of the cooperative. This may be due to the fact that there is much competition between cooperatives and corporations as well as a great deal of competition among the co-operatives themselves.

The importance of the economic aspect of the cooperative has also become greater due partially to the fact that the social and educational factors are not as important to the members of the cooperative in developed

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[40]Directorate General of Cooperation and Agricultural Production, Model By-Laws for Agricultural Cooperative Societies (Baghdad: Directorate General of Cooperation and Agricultural Production, August 1967), p. 2.

countries as they once were. This may be the result of other organizations and facilities in developed countries providing for such needs. The economic aims of cooperatives all over the world are basically the same but differ in developed countries from underdeveloped countries. Developed countries generally try to control supply and increase the demand for industrial and agricultural products while underdeveloped countries try to increase agricultural production in all possible ways in order to build their industry and feed the millions of people who are suffering from malnutrition. The underdeveloped countries try to aid the farmers by getting them to use modern methods of cultivation, by convincing the farmers to buy from the cooperatives at lower prices and to market their products collectively through the cooperative, by offering loans to the farmers from the cooperative capital, and by teaching the farmers to invest their capital in agriculture and modern farm machinery as well as to improve their living conditions.

In developed countries, the ultimate goal is the same when viewed from the economic standpoint, but this aid to the farmers is often carried out by other means such as controlling their production and prices.

Savings

According to the cooperative principles as applied in Iraq, all possible efforts should be made to encourage the farmers to save a portion of their earnings. It is often thought by some people that this is an impossibility in newly formed countries because the farmers are poor and can hardly pay their debts and expenses, and this feeling is frequently expressed in Iraq by both leaders and farmers. As a

result there is no systematic savings program in the cooperatives in Iraq.

It is one of the duties of the cooperative movement to teach the farmers to be self-dependent and to rely on themselves collectively to change their present conditions. Unless the cooperative movement can teach the people how to sacrifice, work, deal with troubles, and how to practice patience, the principles and philosophy of the co-operative will never be understood and the cooperative will, therefore, eventually fail.

There is evidence that a savings program under such conditions can be successful in results seen in Indonesia and India. Indonesia started its cooperatives from amounts as small as five to ten cents per day. This has now grown to more than $90 million and the number of cooperatives has grown to nearly 10,000. This has also been put into effect in India with the result that $30 has grown to $400,000 and membership has reached 4,000.[41]

Management

Poor management will not help the farmer receive the benefits they expect from the cooperative and this poor management may also give the farmers an untrue picture or idea of what the cooperatives should do for them.

In developed countries, management is at its best and is considered one of the most important factors in any business. The performance of

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[41]Konrad Engelmann, Building Cooperative Movement in Developing Countries (New York: Frederick A. Praeger, Publishers, 1968), p. 115.

the cooperative depends a great deal on the efficiency and competence of the manager. In Iraq, the managers of the cooperatives are government personnel. They are appointed by the government after they have been trained at the Institute of Cooperation and Agricultural Extension in various areas related to the work of the cooperatives. Many of these supervisors are young people who come to work here and they have no previous knowledge or experience regarding cooperatives. Many of them do not receive adequate pay and they are not sufficiently motivated to carry out their job with any great amount of interest, but other jobs may not be available. These factors collectively keep the managerial supervisors in Iraq from contributing their best and, therefore, they feel that such problems are also present in other fields and agencies. Management as it is known in the United States is relatively unknown in Iraq, but there is a great need for it and the Institute is trying to increase the knowledge of management.

Borrowing[42]

The main source from which cooperatives get their loans is the agricultural bank. It provides cooperatives with loans at three percent rate of interest. The amount of borrowed capital from this bank is increasing year by year. During the last four-year period (1964-65 to 1967-68) cooperatives borrowed about ID. 536,320 for different

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[42]B. L. Agrawal, "Trends and Outlook for Food Grains Production in Iraq" (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, March, 1969), p. 13.

purposes. Table VIII shows the different kinds of loans which have been borrowed from Bank of Agriculture in 1960-61 to 1967-68, number of borrowed cooperatives and average amount borrowed. Although the borrowed fund is increasing continuously, there is a great need for more capital to be invested in farming and marketing process. Only 1.7 percent of borrowed money was spent on livestock, which is too small to make any real improvement in livestock production, while 14.7 percent was made available for marketing advances which is too little to help farmers to get rid of some of their old obligations. In general, the borrowed money is still inadequate with respect to farmers' needs and it may be due to these factors:

1. Farmers are still afraid and are reluctant to borrow.
2. Many farmers are still using the same old farming practices, and they do not think there is a need to change them and try new ones.
3. Farmers generally do not like to bear the risk of borrowing.
4. Many of them do not have a fertile allotment of land and its size may be too small to produce enough for him, his family and the market.
5. Many of them are still engaged in wheat and barley cultivation and mainly they plant in rainfall area which is considered dangerous for providing loan collaterial. Livestock and poultry have more stable markets and could provide farmers with better incomes.
6. They still have heavy debts and, therefore, their relation is very strong with the local moneylenders who can readily

provide them with loans even though they may have a very high indirect rate of interest.

In short, the amount of borrowed funds by the cooperatives is still very small and they cannot make desired changes which cooperatives work toward. Again, the problem of borrowing cannot be eliminated unless we find a suitable solution to the old indebtedness of farmers by which we may end their relation with moneylenders. But a solution is needed to make them able to permit their products to be marketed through the cooperative to guarantee the collection of loans made by the Agricultural Bank. There is also the problem that loans are sometimes used in ways which lead to increased debts instead of increased profits; therefore, supervision is very important in Iraq to push farmers to get the advantages of borrowed capital.

Cooperative Marketing

Cooperation by farmers or consumers to provide needed marketing services is an approach to marketing improvement that has stimulated wide interest. Generally speaking, in Iraq it is encouraged by the feeling that established intermediaries are either providing an inadequate service or they are charging too much for assembling, packing, storing and selling. Cooperative farmers, indeed, are setting up an alternative marketing agency to those already available and are, thus, raising the level of competition.[43] If cooperatives are able to operate

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[43]J. C. Abbott, Marketing Problems and Improvement Programs, FAO Marketing Guide No. 1 (Rome: Food and Agricultural Organization of the United Nations, 1966), p. 131.

at a lower cost than other marketing agencies, then the benefit in marketing efficiency is direct. While cooperatives may not be able to market their products at a lower cost than private enterprises could, if they can offer an equal service at the same or even slightly higher cost, then it may still contribute effectively to market efficiency by increasing the competition required to prevent the traders from charging more or lowering the quality of their sales.

Thus, the conditions by which the formation of cooperatives could improve marketing efficiency significantly would be those where it would either expect to operate more efficiently than existing agencies or where it could be expected to operate equally efficiently.[44] In either case, consolidation could contribute more to increasing management efficiency by accumulating more specialists, capital, and products and enhancing management efficiency. Factors bearing on the prospects of marketing cooperatives fall under two headings:[45]

1. The production and marketing environment.
2. The cooperatives' own powers and producers as a marketing agency.

In evaluating any suggestion to market cooperatively, it is important to know the attitude of the prospective members, to appraise their capacity for working together and see what scope there is for improvement, one of the concrete inducements cooperatives should have

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[44] Ibid.

[45] Ibid.

is the ability to decrease marketing costs by the economical use of large-scale equipment and better methods of processing and marketing or increasing their sales quality to get better prices. In Iraq, there is an urgent need to spread the idea of marketing cooperatively and to help farmers produce more and uniform products, as well as making other marketing facilities available.

Cooperative Marketing Problems in Iraq[46]

1. Many of the farmers are still dealing with traders and landlords for getting loans and selling their crops.
2. Shortage of storage facilities.
3. In general, farmers have small tracts which cannot be considered as economic. Therefore, their products constitute small sizes and different varieties which increases the marketing problems.
4. Price fluctuation has a bad effect on cooperative marketing and they are still too weak to effect on market.
5. Lack of marketing information.
6. Lack of experience in marketing and trading.
7. Lack of marketing advances.
8. Lack of specialists.
9. Shortage of improved seeds and machinery

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[46]Agrarian Reform Ministry, Directorate General of Cooperation and Agricultural Production, Marketing Through Agrarian Reform Co-operative Societies (ARABIC) (Baghdad: Government Press, 1967), p. 37.

10. Urgent need for better and more precise standards for weighing and grading.
11. Shortage of very expensive transportation.

Some Solutions for Marketing Problems

1. Carry out as soon as possible a study on farmers' indebtedness and determine sound solution.
2. Offer adequate marketing advances to farmers who market their products through their cooperatives.
3. Use all modern methods for increasing the production of cash crops as well as livestock. Since their plots are small and there is no great hope to increase their sizes, therefore, the best way is to use economic principles in increasing the volume of production and to encourage the farmers to raise livestock and poultry.
4. Train cooperative personnel who are in charge of marketing activities.
5. Carry out research and studies in all institutions concerned with cooperative marketing and coordinate them and try to apply them.
6. Collect and analyze marketing information.
7. Government agencies should limit their purchases of agricultural products to those products produced by cooperatives as well as it should interfere more in setting up regulations for preventing traders to control market.

8. Establish storage facilities and roads.

In Iraq. Middlemen in Iraq have been playing a very dangerous role in Iraqi's marketing system in attempting to make maximum profits. It may be that numerically middlemen in economically advanced countries make more profits than those in Iraq, but they offer more and better services to the farmers and consumers. While Iraqi middlemen are less interested in adding services to the products or in improving producers' financial and technical conditions, they try to exploit needy farmers as much as possible as well as the consumers. From the economic standpoint, the marketing cost[47] in developed countries is much higher than it is in Iraq but when we look to the quality that consumers receive in both, we find there is a great difference. The marketing cost goes up in advanced countries mainly because there is continuous improvement and new services are added to the goods to satisfy the consumers as much as possible. The lack of market information and effective marketing procedures in Iraq encourages those middlemen not only to maximize their profits but to offer poor services to both farmers and consumers. If cooperative marketing succeeds in Iraq, this will be to the advantage of both farmers and consumers. Hence, government intervention and the improvement of agricultural cooperatives

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[47]Marketing Cost = Consumer Share - Farmer Share

$$MC = CS - FS$$

Thus: $FS = CS - MC$
Since MC is inflexible and there is little that can be done to prevent its going up, the concern should be with getting better services for consumers and proper prices for farmers.

should be considered the most needed and sound step toward not only enhancing Iraqi marketing efficiency[48] but in helping Iraq grow and become more stable.

Specialization. Since 1963 the Institute of Cooperation and Agricultural Extension has tried to provide the cooperative movement with qualified personnel by teaching and training them in subjects related to the cooperative. These efforts have helped to narrow the gap, but there is still a great need for specific specialization as opposed to general specialization.

The supervisors[49] of the cooperatives in Iraq are required to hold board of directors meeting, issue loans, market the products of cooperatives members, attend and prepare for general meetings, keep books, and carry out any other responsibilities according to the instructions of the Directorate General of Cooperation and Agricultural Production. It is plain to see that there are too many diversified responsibilities placed upon the supervisors and unless there can be some changes which will reverse this situation and allow the supervisors to aid specifically, there is little hope for the survival of cooperative activities. These changes could be brought about by:

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[48]Marketing Efficiency (ME) is measured by the ratio between money cost and the degree of services.

[49]Supervisor is government employee; he is responsible of Agrarian Reform Agricultural Cooperative Society.

1. Specific training programs for each field.[50]
2. Consolidation of cooperatives which would permit more specialization and better distribution of human resources.

In the absence of specialization, the duties of inspection, coordination, supervision and management became very difficult as well as making difficult the evaluation of supervisor's efforts and interest toward cooperative work.

Farm Machinery

According to Agricultural Cooperatives Objective in Iraq, cooperatives should encourage and assist their members in all possible ways to use modern methods to increase their production and improve their life. Therefore, using machinery should be the cooperative aim in the long-run. Training the members and teaching them how to use and maintain farm machines should be their aims in the short-term.

Past experience showed that advancing loans to the cooperatives for buying farm machines without studying cooperative needs, its members' plots and their ability to use them economically will bring much trouble and loss for the cooperative. There is no need to be in a hurry to buy machines since it is possible to hire them from the Agrarian Reform and other machine owners.

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[50]In 1969, the Institute of Cooperation and Agricultural Extension setup began to train some of those working as supervisors or inspectors on marketing and some of them on credit.

The main objective must be to train farmers in how to use, maintain and have confidence in use of equipment and then to purchase such equipment when there is demand for them and there are those who can use them economically.

In June, 1968, the Ministry of Agrarian Reform owned 637 tractors, 345 combines, and 847 water pumps.[51] The government owned farm machinery in the Agrarian Reform is being operated by a number of hiring stations and mechanical units established in various parts of Iraq. The government decided to transfer gradually the ownership of its machinery especially the irrigation pumps to the agricultural cooperatives in the Agrarian Reform areas through provision of special loans to them. Shortage of technical hands besides farm machinery needs to be overcome as early as possible. The completion of the Agricultural Machinery and Implement Factory in Iskandaria would be a main step forward to facilitate the mechanization of agriculture in Iraq.[52]

Irrigation and Drainage

Cooperatives have been created to face and solve problems of their members and one of the most important problems is irrigation. The lack of water, especially to cultivate in the summer season causes a reduction in farm income to some extent and uneven distribution of water whether by the farmers themselves or by the government personnel. No doubt

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[51] B. L. Agrawal, "Trends and Outlook for Food Grains Production in Iraq" (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, March 1969), p. 13.

[52] Ibid.

helping the cooperative in solving irrigation problems as well as drainage problems will help farmers become more willing to cultivate more crops.

According to 1958-59 Agricultural Census, about 48 percent of the country's cultivated area was irrigated through flow and lift methods. The exact information on the area currently under irrigation or that on the area brought under irrigation through implementation and execution of various irrigation projects is not available, but it cannot be doubted that irrigation pumps in 1966-67 increased in number by 81 percent over 1958-59 and they used 44 percent more horsepower. Under the current plan (1965-69) a sum of ID. 88.5 million constituting about 51 percent of the total fund allocated for agriculture, was devoted for irrigation, water storage and drainage projects.[53]

Approximately ID. 225 million has been appropriated for the next five-year plan for carrying out different water resources and flood control projects.[54]

Extension

Today extension work has come to have great importance in popular education and in adult education. Extension work, sometimes called extension education or simply extension, means the bringing of education to people who are not ordinarily in close contact with an educational institution and who are probably to stay without the educational training or information required for an improvement in their living conditions

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[53] Ibid.

[54] Ibid.

unless it is brought to them. Extension is an organized or informal educational system of "helping people to help themselves."[55]

"Extension work as applied to the cooperative movement simply means the extending or enlarging of all forms of cooperative endeavor by education among people. The aim is to have the benefits of co-operation shared by more and more women."[56]

The Main Principles of Extension Work

In a study of rural adult education carried out at Cornell University, a collection of principles in extension work was collected from the writing of experts. These principles are particularly applicable to cooperative developments. They are as follows:[57]

1. Start from conditions that exist.
2. Involve people in actions that promote their welfare.
3. Develop programs gradually.
4. Aim basically at people's interests and needs.
5. Use democratic methods.
6. Keep programs flexible.
7. Work through understanding of the culture.
8. Use local leaders.
9. Use existing agencies.
10. Utilize trained specialists.
11. Work with all members of the family.
12. Make programs as broad as the needs of the people.

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[55]T. L. Pouros, What Are Cooperatives? (Baghdad: UNSF/Institute of Cooperation and Agricultural Extension, 1969), p. 14.

[56]Ibid.

[57]Ibid., pp. 15-20.

13. Evaluate continuously.

14. Work with all classes of people.

15. Keep in line with national policies.

16. Help people to recognize their needs.

The present condition of the agricultural extension services in Iraq shows little to inspire and considered at this stage can be called nominal.[58] According to Agrawal, agricultural extension should work as an effective connecting link between the researchers, workers, subject matters specialists and the farmers. It has to be a two-way traffic. Agricultural extension should collect necessary and available information from research and experiment stations and carry it to the farmers through well-organized service media at the regional and the Liwa levels. Such information needs to be disseminated to those who are in need of it through efficient extension methods and techniques in order to assist the farmers to increase their agricultural production and their net returns. The problems of the farmers need to be brought to the attention of the research officers so they might seek solutions.[59] "An effective coordination between the cooperative and the extension services and their stream-lining to meet farmers' needs for not only the supplies, but also for technical help including that on farm management and marketing of their products cannot be over emphasized."[60] Even more than coordination between cooperatives and extension is needed.

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[58]B. L. Agrawal, "Trends and Outlook for Food Grains Production in Iraq," p. 15.

[59]Ibid.

[60]T. L. Pouros, What Are Cooperatives?, p. 15.

The cooperatives have their own specialists in different fields of extension.

Education

An education program for cooperative members and officers as well as for the general public is most important in spreading the ideas, principles and methods of cooperation among people. Cooperation today is an art and a business. This needs to be made clear to the members and personnel and to the general public. In Iraq, there is a serious attempt made by the Institute of Cooperation and Agricultural Extension to train supervisors and inspectors so they can teach farmers. Currently the program is weak and in need of time, effort and funds to become more successful. One shortcoming is that these educational programs do not attempt to teach farmers how to add, read and write which are the basic steps toward any serious plan to educate cooperative farmers. In 1968 the Institute considered asking the United Nation Special Fund to send an expert on education but this has not been done as yet. In some developing countries, such as Ceylon, Cyprus, Brazil and Egypt, there are serious attempts to orient the younger generation toward the cooperative approach by teaching the principles and providing some elementary training in cooperative methods and promoting thrift.[61] In Ceylon, also, cooperative youth clubs have been built to provide the possibility for continuity in cooperative experience and practices from the school through to the adult society.[62]

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[61] Ibid.

[62] Horace Belshow, Agricultural Credit in Economically Underdevelopment Countries (Rome: Food and Agricultural Organization of the United Nations, 1965), p. 164.

Both the Lucknow and Caribbean meetings stressed the importance and role of cooperative education in schools other than colleges and universities. The combined report of the FAO/ILO technical meeting held at Kandy, Ceylon, (FAO, 1954) emphasized the pedagogic principles of "learning by doing." It recommended "that government and educational authorities should encourage the organization of school savings societies, school supply societies, cooperative youth leagues and other forms of cooperative organizations in school and teaching institutions and that cooperatives should be made a subject of study in the training colleges for primary and secondary schools."[63] Again Iraq could give more attention to cooperative education by making it a subject of study in all primary, secondary and colleges regardless of whether they are related to agriculture or not. The benefits could be great since Iraq is considered mainly as an agricultural country and depends on the cooperative movement to achieve deep changes in the life of its nation.

The Rochdale Pioneers worked in education before they opened their shop. And when their cooperative was firmly established, they started to set aside a fixed sum out of surplus for educational purposes. The director of the International Cooperative Alliance has written:

> It has been said that the cooperative is an economic movement employing educational action. The statement would be no less true if it were reversed. The cooperative is an educational movement employing economic action.[64]

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[63] Ibid.

[64] T. L. Pouros, What Are Cooperatives?, p. 9.

Because most cooperative members are less privileged people, they have not been given an opportunity to become involved in cooperative business before. Unless such people have a chance to participate for themselves and by themselves, they will not be able to appreciate the great idea of working together through their cooperative. In this case, the education must be learning by doing.

Most of Iraqi agricultural cooperative members are still passive and unenthusiastic because they have never learned, have never had a chance to develop through the educational process of learning by doing. Thus, their indifference or lack of loyalty should not be surprising for cooperation has not actually entered their minds, hearts, experiences and comprehension.

It has also been said that education in cooperation must not cease when a few principles and some simple activities are mastered. "Cooperation is a body of philosophy so broad that a lifetime of education can encompass it only imperfectly. The pity of it is that for most people in the cooperative movement, education stops a short of a thorough grasp of cooperative philosophy. Indeed, for lack of education, cooperation to many members means only the narrower personal advantages to be gained rather than broader social benefits and the welfare of the group."[65]

Leadership

One of the main objectives of government support to the cooperative movement in Iraq is to help cooperative members through the Directorate

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[65] Ibid., p. 12.

General of Cooperation and Agricultural Production and the Institute of Cooperation and Agricultural Extension to become able sometime in the future to bear the full responsibilities of managing and leading their cooperatives.

Social science and practical experience have shown us that leaders are made instead of born. Leadership depends upon personality characteristics which influence the effectiveness and acceptability of the individual. In recent times emphasis has been placed upon the functions of leadership rather than on the personal characteristics of the leader which has resulted in more group action and decision-making. The outstanding leaders of today are thought of in terms of "involvement" and "motivation" as opposed to "directing" and "controlling." The major task of people in leadership positions today is to release the creative potential of his colleagues.[66]

A leader needs to know the sources of information on the theory and practices of leadership as well as the leadership needs, background traditions, limitations and expectations. He should understand the factors which influence groups as well as individuals. He should be able to ascertain what is wrong when an organization or group is not functioning efficiently. He needs to have a genuine desire to be well acquainted with the needs, feelings, and problems of other people.

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[66]Richard Beckhard, The Leader Looks at the Consultative Process, Looking into Leadership Series, No. 10 (Washington, D. C.: Leadership Resources, Inc., 1961), p. 1.

The ability of a group to function effectively is not always dependent on the leader. No group can be productive unless its members are willing to assume the responsibility for the way the group acts.

How does cooperative consolidation open doors for better training and creating genuine leaders? According to the theoretical and practical experience in leadership previously mentioned, we can conclude that in the environment which will be created by cooperative consolidation there may be more chance to acquire more specialists. As a result of better distribution of human and material resources. When a person becomes a specialist, he will try to collect more specific information and be more interested in achieving specific goals of the organization of which he is a member. Hence, he needs to know, to understand and to acquire the basic principles and practices of management and leadership to be able to use his knowledge in effective ways, to train his cooperative members, to fulfill their goals, and to increase their outcomes. Specialization provides people with specific information about how to reach particular goals. But these goals, especially when they are related and depend on group action, will not be achieved in the absence of group help and action. Thus, the specialist needs to know the best way to use his knowledge, to get help from members and motivate them to do a better job in order to fulfill the desired results. Through cooperative consolidation, there would be more opportunities to teach supervisors and to motivate them to learn how to be leaders in their areas since they are responsible for developing the life of cooperative farmers.

A look at the Iraqi situation with regard to leadership philosophy and practices, especially in the field of cooperation, provides us with

a sad impression and opens our eyes to a great lack of leadership and the need for it. Supervisors have many responsibilities as well as they have no time or interest and even when they have the time or the interest to teach cooperative farmers how to manage their business and lead themselves, they will not be able to do so because they have not enough knowledge of leadership.

Since the main role of government in Iraq is to prepare and train some members in each cooperative to become able in the future to lead their cooperative, the training of supervisors in leadership principles and motivating them to become relevant leaders is prerequisite for any plan for teaching farmers to lead themselves. In brief, cooperative consolidation will provide supervisors with more time, knowledge and interest to lead their cooperation members and train them to be self-dependent. Thus, they need to be well acquainted with leadership practices.

The first task of supervisors (any leader) is to acquire a community consciousness because successful leadership presuppose loyalty. The whole modern social movement is largely the application of the doctrine of loyalty to conditions of living. It is useless to talk of loyalty to world, country and nation if they are not loyal first to their own group.[67]

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[67]Walter Burr, Community Leadership (New York: Hall Inc., 1929) p. 383.

CHAPTER IV

COOPERATIVE CONSOLIDATION

In the previous three chapters, we may get some idea about the factors which inhibit and those which promote the Agricultural Cooperative Movement in Iraq, as well as in the United States and England have been dealt with. The main principles, practices and functions of cooperatives with special reference to the Iraqi situation have also been covered.

One of the cooperative principles approved by the 1966 commission of International Cooperative Alliance (I. C. A.) dealt with consolidation or cooperation among cooperatives at various levels and was a new principle for the cooperative movement. They found that consolidation of cooperatives is often necessary to strengthen the bargaining power of these cooperatives as well as in eliminating competition among cooperatives and the duplication of facilities.

This new principle arose from the fact that cooperatives are becoming more and more economic enterprises. As such they should use all possible means to conduct their business efficiently according to economic principles. As has been mentioned previously, many societies in the United States failed due to management deficiency, lack of member response, insufficient business, and/or financial problems. Management and factors concerning members accounted for about two-fifths of the failures in developed countries where management was highly developed and members were generally educated. This should point out a very important

lesson for developing countries. The main concern should be management efficiency and the activities of the members. The means for developing response from members and creating efficiency in management is the accumulation of capital, establishment of a good educational program for creating competent leaders, qualified supervisors and a good understanding between members and the general public. How could this happen in Iraq where there are 584 cooperative societies with each experiencing numerous internal and external problems? How could these objectives be achieved where there is continuous effort to establish new cooperatives which are creating new problems? The main concern is to increase management efficiency and members response. This can best be done by bringing these societies together in an economic and managerial manner which will fulfill these objectives.

The large number of cooperatives in Iraq with their limited capital, poorly educated members, and lack of facilities as well as the economic stage of development of the country are serious obstacles to improving the situation. The resolution of some of these problems may be available through some kind of consolidation among cooperatives in some areas as a tentative approach and alternative to the existing situation. Through consolidation we may expect the accumulation of all resources, facilities, the time and the effort required for increasing management efficiency and members education should be more readily available. This should result in increasing the amount of business in each society.

Two serious problems will arise unless our present situation is changed. These problems are: (1) the very limited resources and experiences of the existing large number of cooperatives and (2) the continuing proliferation of new cooperatives with inadequate leadership and meager resources.

These two problems have to a great extent been responsible for the deficiency of Iraqi cooperatives. The number of cooperatives in Iraq could be reduced either by preventing the further establishment of new cooperatives and the dissolution of some that now exist or by consolidation of many of the 584 existing cooperatives. The main objective of consolidation would be to build competent cooperatives which would truly represent cooperation. Those which would be morally and materially able to face and solve the problems of their members and thus be the type of cooperatives to be set an example for nonmembers. By showing that the cooperatives can fulfill their needs and aims the nonmembers may be convinced that they should become members of the cooperative.

Without such consolidation and the prevention of new cooperatives being established, the problems of cooperative development may not be solved. There is a need to understand that cooperatives are not the tools for the political purposes, nor are they set up for national propaganda and those who think along these lines need to change their thinking if they want the cooperatives to be the means for changing their communities.

If Iraq adopts cooperative consolidation as one way to solve its cooperative's problems, then what are the prerequisites for the cooperative mergering? What are the advantages and disadvantages of this consolidation? What is human experience in this field? What is member attitude toward consolidation? Do they favor it? Are they opposed to it? Why? What is the optimum size for a cooperative in Iraq?

I. REASONS FOR CONSOLIDATION

In a study of cooperative consolidation in the United States, Youde[1] presented more than 30 reasons favoring consolidation. Many of the reasons given apply equally to the situation in Iraq. The principal reasons and their applicability to Iraq follow:

1. Facilities for communication and transportation have improved greatly since first creation of agricultural cooperatives. While there is substantial variation in the adequate and availability of these facilities, there are many instances in Iraq where consolidation would be relatively easy in terms of these facilities especially near the larger cities. Thus, it would not create many great problems today to consolidate some of these small cooperatives into one strong and functional organization which could serve many small communities.
2. In order to achieve growth, there must be a specific plan. Growth is not the result of poor management, but rather is the result of deliberate design through: (a) intensified, aggressive market penetration to increase the sales within the present area; (b) expansion into a new trade area not adequately served by a cooperative; and (c) introduction of new products and services.

   In Iraq planning tends to be very short-range. This is poor management; therefore, the need for longer range planning to increase management efficiency is urgent.

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[1]James Youde, "Cooperative Consolidation" (Oregon: Oregon State University, July, 1969), pp. 1-7.

3. Growth is a philosophy of doing business that must be carried on by both employees and members. Growth requires consistent efforts to: (a) develop new sales areas; (b) increase sales in existing areas; (c) encourage new ideas and innovations; and (d) develop services or products that increase volume. These requirements for growth are considered applicable not only in the United States, but in Iraq as well. They represent basic practices for continuous growth which could be achieved through cooperative consolidation in Iraq. Their importance is that they themselves are characteristics of real growth.
4. Members of the cooperatives have to expect more and better services than they can get from business firms. This is one of the main purposes of cooperatives in Iraq. Members often expect to get more, better and even less expensive services from their cooperatives. This attitude becomes stronger year by year. Consolidation can serve to produce these additional services.
5. Small cooperatives have difficulty in carrying out a growth philosophy because they: (a) are reluctant to add more or new services due to the lack of resources and any additions could create an imbalance in operation; (b) are not using their facilities to the fullest extent; (c) find it more expensive to incorporate new technology than to make use of the equipment and machinery already on hand; (d) must serve many purposes; (e) are neither able to provide a complete shopping center nor to serve all areas between existing cooperatives; (f) have many

members in need of extension services and few extension agents; and (g) have limited resources, capital, membership, and most important of all, very few specialists thus making them generally ineffective.

In Iraq the lack of experience, funds, management and specialists results in the inability to establish effective educational programs and to plan for better management. Through consolidation these shortages could be reduced and the educational programs and planning be made more effective.

6. A consolidated cooperative can: (a) serve total regional needs by covering service gaps; (b) provide new and better services to members as changes occur; (c) be large enough to take advantage of new cost-saving technology; (d) aid in using the present facilities to their fullest extent; (e) help key employees in specialization and thus give more specialized assistance to the members; (f) provide more employees to do menial tasks through leaving the specialized jobs for the specialists thus again providing better aid for the members; and (g) provide more services for more people than many small cooperatives can ever hope to attain.

Agricultural cooperatives societies in Iraq are multipurposed; therefore, through consolidation they could achieve their purposes by offering more and differentiated services to their members. Through consolidation they would get specialists, good supervisors and more and better marketing facilities. Consolidated cooperatives with more capital, land, educational

programs could for example profitably use different kinds of specialized tools and equipment without experiencing the loss which the small cooperatives frequently incur today.

7. Unification of cooperatives offers immediate savings in many cases, such as in the cleaning of seeds. By merging several cooperatives and using the present facilities, the warehouse used will be improved. Consolidation provides a way for all cooperatives to utilize their facilities at a reduced rate for all concerned and savings can be achieved by consolidated cooperative buying in large quantities as well as reduction in administrative expenses could result in a substantial savings. Through consolidation the duplication of expenses for facilities would be eliminated thus resulting in more capital for investment in new services.

   In Iraq, both societies have one building which is used for storage and office. Most cooperatives are idle and few of them market products of their members. As a result of consolidation, they could use these facilities more economically.

8. Credit is becoming increasingly important to farmers and farm operations. Growth is the result of a good credit policy when it is properly used.

   Agricultural cooperatives in Iraq lack capital and the amount borrowed from the Agricultural Bank is too small to achieve the cooperative's goals. A consistent credit policy is very important to the cooperative in order to reduce the necessity for borrowing from moneylenders and private institutions. Credit has been used mainly for the short-run objective with

little or no regard given to developmental needs. Consolidated cooperatives could borrow more and have long-run growth strategy.

9. "Cooperative management is becoming a highly skilled activity."[2] In Iraq, at present the activity of management in the cooperative is characterized by "doing" instead of planning. To be effective management must spend less time putting out fires, more time planning and coordinating the cooperative society's activities. The Cooperative Supervisor is responsible for all cooperative activities. He has less time and ability to plan for cooperative investment and to coordinate its various operations. Consolidation could improve the opportunities to get well-trained, qualified and interested supervisors.
10. "A key element of management is to develop short- and long-run plans."[3] Consolidation could permit present supervisors to develop their abilities and be capable of developing long- and short-run plans for their cooperatives.
11. Consolidation could make the job of Agricultural Extension Agents and Cooperative Supervisors easier and more effective. They could have specific responsibilities and they could be more specialized, interested and qualified for their jobs.
12. An increase in the number of crops which require processing means that in all probability there will be more contracting and possibly the purchase of some supplies from the processor.

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[2] Ibid., p. 5.

[3] Ibid.

In Iraq, many cooperative members are becoming more concerned about cultivating new varieties and new crops. Many of them have shifted from raising wheat and barley to the production of vegetables, tobacco, cotton, fruit, beets, and sugarcane. This shift increased their demand for fertilizers, improved seeds, pesticides and farm machinery. Cooperative could by consolidation reduce the cost of production and improve the quality of the crops and thus become more competitive with others in the market. By doing this, it may also permit some of its members to become well acquainted with the modern marketing system.

13. In the United States, utilization of sales potential for existing cooperatives will not be easy as they are presently operated and organized. The number of farmers is decreasing, which means that in the future every member will be more important to the cooperative. Therefore, farmers who are members of cooperatives will expect to receive at least the same services which non-members get from the companies, and as a result, only a large and efficient cooperative is able to compete and stay in business.

In the short-run, Iraq has no such problem of technology, labor and acute competition as in the United States, but sooner or later cooperatives will find themselves in the same situation. There are continuous new ideas and innovations and better use of technology, capital and management. The

best way for the Iraqi agricultural cooperative development is to think about the future and learn from the success and failure of others.

14. It is not easy to predict the kind and amount of facilities which will be needed in Iraq, for the United Cooperative Societies. However, some new facilities will be needed and the United Cooperatives would probably need to explore new markets for their products and supplies and to expand their sales in the large area of commercial agriculture.

A study by James Youde provides cooperatives with new hope to solve their problems. The author's viewpoint generally helps cooperatives in various countries to become stronger and more active through consolidation. This study and the emphasis put on cooperation among cooperatives by the International Cooperative Alliance are very significant to agricultural cooperatives in Iraq, which are small in size, have limited resources and are deficient in management.

II. DISADVANTAGES TO COOPERATIVE CONSOLIDATION

Realistically speaking, there are some disadvantages to consolidation. Some of them might be:[4]

1. Resistance by members to change some policies.
2. The tendency to adopt the highest salary possible from each of the consolidating cooperatives.

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[4]Glenn S. Fox, "Strength Through Consolidation," American Cooperation 1968 (Washington, D. C.: American Institute of Cooperative, August, 1968), pp. 29-35.

3. Less democratic control unless measures are taken to prevent this.
4. Increased efforts may be made to make more and more profit for the cooperative by increasing competition and the financial position of the cooperative. There may be a shifting in the objectives of the cooperative at this point. A monopoly may be established and the original purpose of consolidated cooperatives may be forgotten. (This may be true only in developed countries.) Thus, the economic situation of the consumers and the educational needs of the members must be given equal attention as well as the financial position of the cooperative.
5. Consolidation could conceivably result in ill-will between management and key members due to the fear that they may lose their present position and/or have their salaries reduced. This is true in developed countries where cooperatives have managers and employees get a good income. It is also true in Iraq from the standpoint that (a) cooperatives in small communities and those who are members of the board are willing to be recognized and well-known through the cooperative because their position provides them with some power and respect within their community and (b) because of the social and educational conditions it is not easy to make the board members understand the need for consolidation and that it will not necessarily be opposite to their interests.

6. Reorganization must surely accompany consolidation and this will, therefore, result in some misunderstanding in matters of policy and procedures; these points should be made clear before the consolidation takes place in order to insure success for the consolidated cooperative.

III. COOPERATIVE MEMBER REACTION TO MERGER[5]

Technological advances changing economic circumstances, inefficient operation and increased demands for better services make cooperatives seek to investigate the possibility and feasibility of cooperative consolidation.

In the United States, some mergers have already taken place at different levels: local, regional, state and multi-state levels and many are today under study.

Usually consolidation is discussed mainly in respect to economic and legal terms. Cooperative societies involve people directly more than most types of business since they are owned and operated by their members. They are their owners and patrons, therefore, it is very important to obtain their opinions and support as the first step toward establishing new consolidated cooperatives and before any changes in their organizations can occur. Hence, it is very significant to investigate member reaction to merger and relate these investigations to expected result of the consolidation in order to get members support and satisfaction.

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[5]Rex Warland, "Cooperative Member Reaction to Merger: A Case Study," American Cooperation 1968 (Washington, D. C.: American Institute of Cooperation, August, 1968), pp. 388-392.

There was a study in the United States on the impact of a merger of two Pennsylvania artificial breeding cooperatives. The main purpose of this research was to develop methods for evaluation of this merger and its consequence to the cooperatives and their members by (1) member support and satisfaction with a present unit and (2) their reaction to expected help for a proposed consolidated unit.

The member reaction to the suggested consolidation was mixed: about 37 percent reported they would favor the merger, 44 percent reported they would oppose it and 19 percent indicated they were undecided. The 37 percent who stated they would support the unification gave one of two types of responses:[6] (1) Some stated consolidation would be good because it would not only aid them, but it would be useful for their cooperative; and (2) the other part did not make any reference to the consolidated cooperative in their response. More than 90 percent of members of consolidated cooperative, two years after the merger, stated that they are presently satisfied with different aspects of the existing organization involving information on services available, competence and performance of officers and service fees. Most of them reported that they think the new cooperative is equal to or better than the previous two organizations. The members also indicated that they believe they have less influence and effect on the management's decisions of the consolidated cooperative.[7]

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[6] Ibid., p. 390.

[7] Ibid., p. 389.

IV. THE IMPLICATIONS FOR AN IRAQI PROGRAM FOR CONSOLIDATION

The reason for citing this study as a reference in this thesis is to point out the need for such a study in Iraq in order to evaluate the reactions of the members and to arouse their interest in the future of their cooperative and thus make them aware of their responsibilities. Such a study will motivate those favoring consolidation to further action and would result in greater awareness by those who are opposed. When the economic factors are brought to the attention of the members and they begin to realize the importance of cooperative consolidation, they will become aware of the present situation and see the advantages and disadvantages of consolidation. It is necessary to fully understand the present situation before changes can be brought about; therefore, such a study in Iraq would be beneficial since at present there is no such information available.

V. THE PREREQUISITES FOR COOPERATIVE CONSOLIDATION

In order to achieve the purpose behind unification we should:

1. Understand existing problems of cooperatives.
2. Know whether members are willing or not and why.
3. Consolidation should be preceded by educational programs and meetings to explain why consolidation is necessary.
4. The purposes of unification as well as the way to it must be studied carefully and thoroughly.
5. It should be understood from the beginning that consolidation is not the accumulation of obstacles and problems of many cooperatives in one. It is a new plan, an idea and desire

to put all materials, mental effort and experience to solve those problems; otherwise consolidation will be a waste of time and effort.

Before trying to convince members about the necessity of consolidation, we should know exactly the answers for:

1. How will we consolidate cooperatives?
2. What are our purposes in short- and long-run?
3. To whom will this be done?
4. Who should be involved?
5. When should consolidation be carried out?
6. Where should consolidation occur?
7. Do we have confidence in unification?
8. Are the economic and social circumstances available in the favor of unification?
9. Do we have a clear idea about the need for unification?
10. Are we interested in it?

We should be aware also about the new responsibilities or additional activities which the consolidated cooperative will carry on in the field of management, marketing of products, extension services, educational program and financing. Consolidation as any new effort and attempt to arrange business has its difficulties and mistakes are to be expected and should be accepted since there is a desire and plan to overcome them as soon as possible.

In brief, consolidation is an attempt to make the cooperative movement more organized, capitalized and managed to meet competition in the market and to be able to fulfill its ultimate objective in helping their members to live in better conditions, morally and materially.

VI. OPTIMUM SIZE AND NUMBER OF COOPERATIVES

It would be necessary to have specific data regarding the costs of production, marketing, costs of management, and costs of machinery and other items for the members on an individual basis as well as for the cooperative itself in order to help determine the optimum size and number of cooperatives needed in Iraq at this time. No such data are available presently because the cooperative movement is relatively new in Iraq and at this time there are only two joint cooperative societies in existence and specific information concerning their success or failure is still unavailable. The general information which is presently available pertains to marketing activities, membership, capital and the amount of credit received from the Agricultural Bank.

By suggesting that consolidation might solve some of the agricultural cooperative's problems in Iraq, we are assuming that specialization in some functions of cooperative personnel is highly desirable in order to secure the members more efficiently. We must also assume that the amount of business done by the consolidated cooperative would be large enough in volume to have some influence upon the market and will justify the expenses of transportation, storage facilities and the farm machinery. We also must assume that the farmers would support an organization which is efficient even if the cooperative organization itself were to become more impersonal.

The advantages of cooperative consolidation are shown in Figure 1. But why do we expect that there will be more and better activities in consolidated cooperatives in general than in a non-consolidated one?

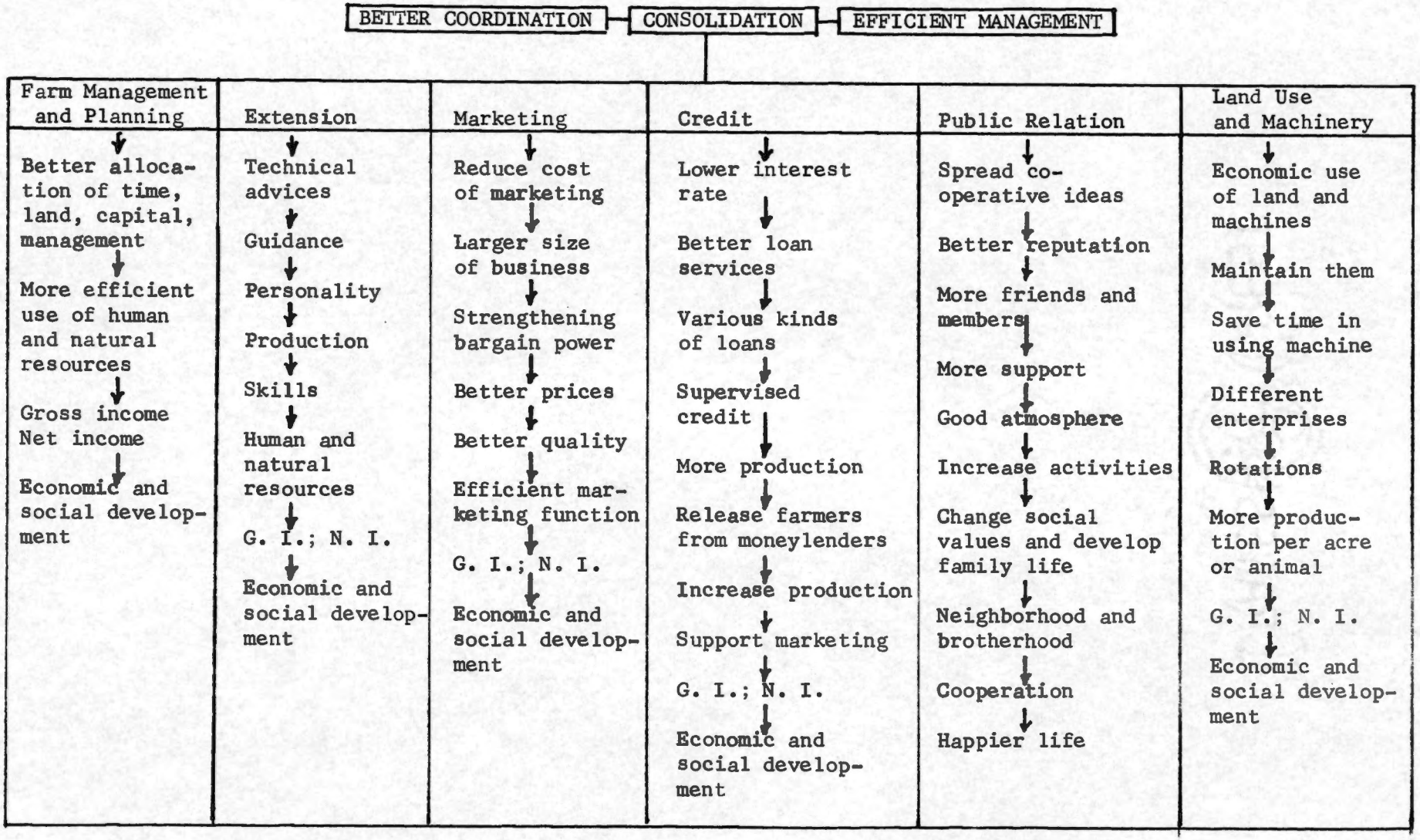


Figure 1. Advantages of Cooperative Consolidation.

We think so because:

1. By decreasing the number of cooperatives from 584 to, say, 60, we will accumulate the money, marketing facilities and resources of approximately ten societies into one society. From the economic point of view, this will reduce the cost of management and marketing. From the educational standpoint, there will be more time to train members and help to reduce the high rate of farmer illiteracy. There will be an increase in the number of specialists who will help in the reduction of illiteracy. Each consolidated cooperative society would have about ten staff members who are presently spread among ten small cooperatives. With such a grouping of cooperative personnel there could be specialization in management of the cooperative, in marketing services, financial services, extension services, general public relations and arranging meetings, keeping records, educational programs, social affairs and farm machinery.

   This delegation of responsibilities and duties among government personnel in fewer cooperatives would make supervision and inspection by the General Directorate of Cooperation and production much easier and more effective. This would also make it possible to see what has been accomplished in each field. It would give each member of the staff the opportunity to be more efficient and creative and to become more interested in his job. It would also be easier for the inspector to recognize the strong and weak points in each field and offer his advice and recommendations immediately which would aid in the prevention of work problems accumulating.

2. We expect that there will be more opportunity and better atmosphere in consolidated cooperative for setting up a good and sound educational program in its broadest meaning. Such a program would insure better quality and greater number of specialists, good leaders, good communicators and good managers.
3. Supervisors will be better qualified and more interested in their cooperative work as well as they will have enough time to achieve cooperative objectives.
4. It will facilitate the Institute of Cooperation and Agricultural Extension Mission in training cooperative personnel as well as cooperative members.
5. It will help to reduce the cost of marketing, establishing cooperative's own funds, better public relations, better plans for farm and home management, increase quality and quantity of some products, solve some problems related to irrigation, drainage, farm machinery and land use.

In cooperative consolidation now, the main concern is toward offering farmers all possible services, training them and their supervisors. The cost is not very important although I believe there will be drastic reduction in some costs such as using machinery, irrigation pumps and marketing facililities.

Through consolidation I look toward all means which help the cooperative to become self-sufficient, by which they can reduce their dependence upon government support and reach their ultimate goals and insure a better and happier life for their members and communities.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

I. CONCLUSIONS

Under economic, political, social, psychological, and educational conditions such as those of Iraq, one cannot expect that individual people alone and without government support and guidance will be able to establish, finance, and manage cooperative societies, especially in the rural areas.

Hence, in developing countries, it is acceptable to see government take the responsibility of establishment, guidance and financing of agricultural cooperatives. The government intervention in these areas is not only welcomed, but is essential for economic development as a whole. Thus, the problems are not arising from government support and control, but mainly from the lack of these efforts as well as from the difficult circumstances which surround people's lives and their aspirations to change their miserable life.

In Iraq there is an urgent need to provide more guidance and greater financial support for the agricultural cooperative movement to enable it to achieve its goals and to attract more farmers to this new movement as well as to motivate existing members to be more active. There is also a great need for both short- and long-range planning for cooperative development. Short-run plans may be more practical and useful if the central concern of the government and the cooperatives had to do with: (1) increasing governmental financial and technical aid; (2) working toward the responsible independence of the cooperatives; (3) increasing

the awareness of the cooperative members of the importance of their roles in the success of the cooperative; (4) promoting of community consciousness, loyalty, willingness, awareness and qualifications for both cooperative personnel and members and relating these characteristics to all facets of life; (5) convincing members that time, effort, and clear and sound educational programs are needed to solve the problems which nearly everyone faces, put faith in their hearts, let them understand what are cooperative's principles, why they have been established, and what are their roles in agricultural and economic growth; (6) keeping attention focused on the steady improvements that the combined efforts of government and the cooperative are bringing about including changes in ideas, behaviors, attitudes, methods of production, and patterns of life; (7) evaluation of the cooperative movement in order to make required adjustment in the plans and to determine its weak and strong points; and (8) keeping the interrelation between cooperative and Agrarian Reform objectives clear to all of those involved.

Hence, solving problems either in cooperation or in Agrarian Reform will help both to attain their goals. It is unquestionable that the need for an efficient program of education and training for cooperative members and personnel is the first and essential step toward agricultural cooperative development.

While it has been impossible given the very limited nature of the data available to determine precisely the optimum size of an agricultural cooperative society in Iraq, it has been demonstrated that the present cooperatives are severely limited in terms of dedicated and well-trained

leaders and members, that financial resources are grossly inadequate, that the services rendered are meager and that the members are too poorly educated to be able to adequately comprehend the cooperative philosophy.

Consolidation has been proposed as one means for alleviating some of the problems. It has been shown that through consolidation there could be specialization of the government personnel which could in turn tremendously increase the efficiency and effectiveness of the cooperatives. This could also in turn contribute to broader community development through providing basic educational programs for adults through leadership training in the day-to-day functioning of the cooperatives and through supervised credit to improve their managerial ability.

According to a survey conducted among the members of a consolidated cooperative in Pennsylvania, about 90 percent of the members favored the consolidation. When this consolidation was first proposed, only 37 percent of the members voted in favor of the merger. After being consolidated for a period of two years, the members were asked their opinions at this time more than 90 percent were in favor of consolidation which further shows the effectiveness and advantages of consolidation.

II. RECOMMENDATIONS

The first and most urgent need is a program of education and training for the cooperative members and the personnel. This program

should be based on the idea that education is a continuing process, that we learn by doing, and that the use of group teaching is very important. This program must be designed to cover agricultural extension which greatly depends upon the relationship between the farmers and the extension workers. One of the major aims of this educational program should be to achieve greater confidence between the farmers and the extension agents. There should also be coordination among cooperatives, extension service people and the university. This type of coordination has helped much in achieving great progress in the United States. Its main philosophy must be "help people to help themselves" and that the client should be involved in programs which have him as the ultimate target.

Extension must follow scientific methods in the extension program development process; there would be collection of the facts, analysis of the situation, identification of problems and decisions on objective--the program phase--then comes the program action phase of developing and executing a plan of work, determination of progress and evaluation.

We must study carefully all the methods which are used in the United States and other developed countries. In involving people in extension work, the people must develop a desire to better themselves through becoming involved in a group action at the neighborhood level. We should understand how to motivate the unmotivated and how to activate community as well as individual's goals through the democratic group process.

Farm Management

To acquaint cooperative personnel and members with the main principles and practices of farm and home management. To help people how to think and work according to economic principles so that they can maximize their production and use best production methods.

Cooperation Management

The first step towards better understanding cooperative principles and philosophy must begin with the establishment of cooperatives by giving responsibilities to those who are knowledgeable and qualified to manage cooperative business. To those who are quite sure and aware that management today is an art and science, behind the success or failure of small as well as large enterprises. Here again one of the main purposes of education program to train people how to manage their own business as well as to train them how to manage the cooperative's work.

Social Affairs

To explain all forces in favor of or against social changes can be fostered, why there is need for social change, how to take advantage of the positive aspects of religion and social values to encourage people to make more changes, be ready to participate in cooperative activities or at least not impede desirable social change. Cooperative leaders must know how to motivate people to accept changes and to prepare them concerning the role of cooperation in achieving social changes. Many supervisors fail simply because they themselves do not believe in

drastic changes. Frequently they have no desire or ability to make change and they themselves are in urgent need to change their ideas, behaviors, values, and attitudes. When we succeed in changing the cooperative supervisors, then social changes in the rural community can be guaranteed.

Capital Formation

Parallel with education and training and closely linked to it is the need to encourage thrift among members and to plan for regular and continuous savings and investment. Unless people understand how to form capital and how to invest their capital in the profitable ways, there will not be great hope to expect rural savings.

"All countries which today are economically and technically advanced began as countries which were poor as soom of the underdeveloped countries today. Yet, internal capital accumulation took place as part of a process of economic development and change. However low the income per head may have been at one time, part of the current income was set aside to create and augment a stock of capital."[1]

Agricultural Credit

Credit does not of itself create new resources; it is not in itself a solution to agriculture problems and rural welfare, but it is an important element in an integrated approach, which also covers advisory services, marketing, land tenure, farmers cooperatives and other aspects.

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[1]Peter T. Bauer and Basile Yemey, The Economics of Underdeveloped Countries (Chicago: University of Chicago Press, 1957), p. 13.

Credit is a significant factor if the other approaches are to succeed. Credit should be accompanied by appropriate type and amount of technical supervision and guidance, in order to insure that it is effectively used to increase production and income on the one hand, and to improve living conditions on the other.

Wherever possible agricultural credit should be in kind and essentially for production purposes.

Government must play a leading role in the organizing, financing and development of agricultural credit as well as in the promotion of rural savings and in developing ancillary services which increase the effectiveness of agricultural credit.

Whenever possible, Iraq should organize pilot projects of supervised credit, combining credit with extension and marketing services.

Changes in attitudes of the Iraqi farmers are the most important condition for agricultural development as well as for the success of an agricultural credit program. This requirement increases the importance of combining credit with extension services,marketing, the cooperative movement.

The basic test of an efficient system of agricultural credit will be the extent to which it promotes agricultural development by increasing the amount of capital available and the efficient utilization of agricultural labor, by promoting quantitative and qualitative improvement through changing attitudes, encouraging the use of better farm techniques, and promoting better farmers cooperatives and more effective leadership and specialization.

Qualification of Cooperative Supervisor

The cooperative supervisor should have these following qualifications:

1. He is a person whose sincerity and desire is for the success of cooperation.
2. He has knowledge of the people with whom he is to work.
3. He is a person of some maturity and has a background of practical experience and is able to communicate with people easily.
4. He should not be chosen mainly for political conditions as well as he should separate between his responsibility as a cooperative leader and political position, i.e., his job to serve people regardless of their religion, regions and political viewpoints.
5. His personality can best be described by saying that he is one who likes people, likes to be with them, and likes to help them.
6. He should be able to convey the message and techniques of cooperation.
7. He should be able to guide the cooperative members and their leaders through problems and difficulties in the various stages of development.

Government Role

The role of government in agricultural cooperation development in Iraq should be as follows:

1. It should support cooperatives by supporting (or launching) broad educational programs to carry the cooperative message to all people.
2. It should encourage in every way possible the better growth of voluntary cooperation.
3. It should enact sound cooperative legislation.
4. It should provide financial aid preferably in the form of loans; in kind and in cash, but at the same time it must encourage and plan for cooperative to get along as far as possible without government funds.
5. It should carry out research to evaluate the movement from time to time.

Consolidation

It is very important to emphasize the following with regard to consolidation:

1. Consolidation is one suggested approach among many approaches to develop the cooperative movement in Iraq.
2. It will help to bring a number of cooperatives under one management which will make it easier to solve many problems within one frame and increase the availability of specialists and facilities.
3. Consolidation will never be able to fulfill its main objectives--- increasing efficiency of management, number of specialists, leaders and facilities---unless all circumstances and conditions of the cooperative movement are studied carefully and cooperative

leaders and members are generally convinced that cooperative consolidation will help them to live better.

Studies and Research

People usually are attracted to groups on the basis of certain interests. Once they join, their membership in the group is mainly maintained by the degree to which the group satisfied this psychological need. Hence, there is a need for carrying out various kinds of research and studies concerned with different aspects of cooperative development. Specifically, research should be carried out which deals with human behavior and the factors which motivate or inhibit people to join groups. This kind of study may be useful to the cooperative in stimulating their members to action with the result that the supervisors might be able to better reach the members and gain better results toward progress. The members would benefit by becoming more aware of the cooperative and their responsibilities toward it and their role in cooperation.

In the absence of such studies, it is difficult to help these people help themselves by cooperation through their cooperatives.

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