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STAFCO-OP: A CASE STUDY
OF THE DEVELOPMENTAL ROLE OF COOPERATIVE AGRIBUSINESS
IN A SMALL ISLAND STATE

by

Kevin B. Murchie, B.A.

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfillment of
the requirements for the degree of
Master of Arts
Department of International Affairs

Carleton University

Ottawa, Ontario

25 September 1987

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The undersigned hereby recommend to the Faculty of
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ABSTRACT

The transfer of liberal democratic cooperatives from developed countries to the developing world has been a contentious issue. Some question the appropriateness of these cooperatives while others support their spread, indicating that the key to the development potential of cooperatives lies in the degree to which they can adapt to their environments. This is a case study of STAFCO-OP, an agricultural cooperative movement in Saint Lucia. It looks at the exogenous and endogenous factors which shape STAFCO-OP, paying particular attention to the nature of the cooperative as a business, its goals, and institutional and operational characteristics. Then STAFCO-OP's development potential is considered in light of the impact that exogenous and endogenous factors have. Particular attention is paid to the spatial distribution of benefits. The study concludes that cooperatives can be effective but their limitations imposed by their nature as business enterprises must be allowed for in planning.

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LIST OF ABBREVIATIONS

Belle Poule	Belle poule Broiler Cooperative
CARDI	Caribbean Agricultural Research and Development Institute
CARICOM	Caribbean Community and Common Market
CCC	Caribbean Conference of Churches
CCCU	Caribbean Council of Credit Unions
CUC	Cooperative Union of Canada
EC	Eastern Caribbean Dollar
FTM	Farm to Market of Dominica
NAFCO-OP	National Fisherman's Cooperative
NRDF	National Research and Development Foundation
ORD	Organization for Rural Development
Pig Co-op	Pig Grower's Cooperative
SLAAL	Saint Lucia Agriculturalists Association Ltd.
SLBGA	Saint Lucia Banana Growers Association
SLCGA	Saint Lucia Coconut Growers Association
SLDB	Saint Lucia Development Bank
SLEPCO	Saint Lucia Egg Producers Cooperative
SLMB	Saint Lucia Marketing Board
WCCCU	World Council of Credit Unions

MAP 1

LOCATION OF STAFCO-OP SERVICES

1 2 3 4 5 6 7 MILES

MAJOR ROAD
BOUNDARIES

INTRODUCTION

The transfer of liberal democratic cooperatives from developed modern economies into the developing world has been a contentious issue. There are those who question the appropriateness of Western cooperation in the developing world and indicate that it is just another way to continue third world dependency on the developed world. Some of these detractors would advocate the development of indigenous forms of cooperation at the expense of other forms of cooperation. However, this assumes an implied isolation from the rest of the world. In today's interdependent world this may not be the most appropriate approach for many countries.

Many other studies support the transfer of liberal democratic cooperatives, as development institutions, to the third world. Some suggest that cooperatives can be a solution to any situation in the developing countries. Most, however, recognize that there are some limitations in the applicability of cooperatives as development institutions. Planners and evaluators must consider the goals to be achieved, the resources at hand, and the range of institutions available to achieve the desired results before pursuing the development of cooperatives as an alternative.

Liberal democratic cooperatives are very adaptive to

different socio-economic conditions of the country or locale, or socio-cultural structures already existing. But in order for any cooperative movement to be successful this process of adaptation must be successful. Understandably, the final articulation of any movement may involve the development of unanticipated characteristics, which can have an impact on the functioning of the cooperative. For the purposes of this analysis, the two primary cooperative functions are the business and developmental functions.

In any movement, in any locale, there are a number of factors which should be considered in analysing the articulation process. From the perspective of the cooperative, these can be loosely divided into exogenous factors, and endogenous factors. Exogenous factors include such things as the overall state of the economy, the goals of the national government in relationship to the cooperative, the support or lack of support of the private sector, social structures existing in the locale, and the characteristics of the sector in which the cooperative is involved. Endogenous factors can be divided into three categories for the purpose of this case study: institutional structures of the cooperative, operational structures of the cooperative, and the goals of the cooperative.

The primary question addressed by this study is this: what is the relationship between exogenous and endogenous factors, and the business and developmental functions of the

cooperative? One possible hypothesis assumes that cooperatives are dynamic and adaptive institutions which are shaped by their environments. The environment will have an impact upon goal development, as well as the achievement of goals. Another assumption is that cooperatives of the liberal democratic tradition are meant to be self-sufficient and autonomous. Therefore, in order to exist, the cooperative must act as a business enterprise. In this respect success as a business is essential to the success as a developmental institution.

This is a case study of a farmers movement in Saint Lucia, the Saint Lucia Association of Farmers Cooperative (STAFCO-OP). STAFCO-OP was chosen for four reasons: the location, Saint Lucia, is a micro-state, therefore, the impact of a movement such as STAFCO-OP can be studied at the macro-economic as well as the micro-economic level; STAFCO-OP is a farmers' cooperative, and as such has the potential to be involved in rural development; STAFCO-OP is considered to be one of the more successful modern movements in the Eastern Caribbean; and finally, STAFCO-OP shares a number of characteristics with the liberal democratic agricultural cooperatives in the United Kingdom. Hence it will provide an opportunity to consider some of the forces which have resulted in the transference of cooperative ideals from the United Kingdom to the Caribbean.

In Chapter I the concept of the liberal democratic

cooperative is introduced and discussed. Also, the history of cooperative development in the United Kingdom is presented, along with relevant theoretical material on cooperatives as development institutions. Finally, some of the major characteristics of agricultural cooperatives as businesses and developmental institutions are identified.

Chapter II presents the socio-economic conditions in Saint Lucia and looks at the history of cooperative development there. The close ties that Saint Lucia has traditionally had with the United Kingdom are revealed, and the major characteristics of Saint Lucia which have an impact on cooperative development are considered. The cooperative movement in contemporary Saint Lucia is also considered in the context of the agricultural sector and institutional development in agriculture. This gives us an understanding of the present articulation of the movement. The concept of the "present" is very important, as the cooperative movement is constantly changing.

Chapter III takes an in-depth look at the STAFCO-OP movement. Firstly, the institutional and organizational characteristics of the movement are identified, in light of the goals of the movement and the restrictions that the movement faces. Then individual surveys are taken of the egg, pork and broiler industries in order to identify the characteristics of each industry, the goals of the STAFCO-OP movement in regards to each industry, and the factors which

have an impact on the achievement of these goals. Essentially, we will be considering the cooperative movement's adaptive measures in each industry so that the shaping of the business and developmental functions can be discussed.

In Chapter IV, the STAFECO-OP movement is discussed as a development institution. STAFECO-OP's own goals for self-sufficiency in some food commodities and import reductions in these commodities are considered. Then STAFECO-OP's institutional and operational linkages are considered. Next we identify the major sectors of the population which are affected by STAFECO-OP's policies and activities in order to determine who benefits and who is adversely affected. Finally, some spatial patterns in STAFECO-OP's marketing, membership, and production levels are identified and discussed in light of their impact on development. Also, the dynamic nature of the cooperative is considered and we discuss some of the future plans for STAFECO-OP in light of its developmental potential.

The concluding chapter draws the strings of the four chapters together to make a statement on the potential for STAFECO-OP, and by implication other cooperatives, to act as developmental institutions.

CHAPTER 1: THEORETICAL CONSIDERATIONS

INTRODUCTION

In the 1970's a debate developed over the issue of promoting non-indigenous cooperatives as development institutions in the developing world. A number of shortcomings and failures of cooperatives as development institutions, casting a certain amount of doubt over the developmental potential of the cooperative movement as a whole have surfaced. However, a discussion of relevant theory indicates that cooperatives can be effective instruments for facilitating social and economic development. But one must have an understanding of what can be expected of non-indigenous cooperative performance in the new environments in which they are being introduced. Moreover, one must realize that cooperatives have particular needs which can limit their adaptability to any situation. Therefore they cannot be considered to be a panacea for development, nor can they be expected to replace other governmental and non-governmental organizations as development institutions in all circumstances.

In this chapter a working definition of the liberal democratic concept of cooperation will be introduced. Then a brief history of the birth of liberal democratic cooperatives in the United Kingdom will be presented in order to discuss the geographic nature of cooperative

development in the United Kingdom and the colonies. Next some of the modern development expectations placed upon cooperatives, and some of their shortcomings will be identified and discussed. Implicit in this discussion is the question of whether or not cooperatives are appropriate institutions for the attainment of development goals. Finally, agricultural cooperatives will be considered as business enterprises. This will identify some of the major endogenous and exogenous factors which affect agricultural cooperatives.

TOWARD A DEFINITION OF COOPERATIVE

George Melnyk identifies four historical cooperative traditions based upon their political ideologies: the liberal democratic, the Marxist, the socialist, and the communalist traditions (1985, pp. 9-10). This study deals with the liberal democratic tradition, since it is this tradition which has found its way into most of the present day Commonwealth countries, including the West Indies. Melnyk offers a broad definition of the term "cooperative" when he states that a cooperative is "...people working together in a spirit of self-help and mutual aid for their common good". This can be further refined to include the six basic "Rochdale" principles upon which all contemporary cooperative traditions are founded. These are: "voluntary and open membership, democratic control, limited return on

capital, surplus earnings belong to the members, member education, and cooperation among cooperatives"(Melnyk, 1985, pp. 3-4).

Laidlaw incorporates the concept of the "business enterprise" into the definition above (1977, p. 59). He concludes that cooperatives are "...business organizations in which the components of ownership, control, and use are integrated by being all vested in the one body of people, the members". Borrowing from a French economist and cooperator he adds that "...a cooperative is a grouping of people pursuing common economic, social and educational aims by means of a business..."(Laidlaw, 1977, p. 59). Laidlaw asserts that, essentially, cooperatives "...occupy a middle ground between the public sector...and the private sector..." in any country regardless of political ideology.

The major goal of the liberal democratic cooperative movement is to enable "...the survival of the small units of production ...(through)...successful competition with capitalism...(by delivering)...short term and immediate benefits to members". In order to achieve this goal cooperative structures are "tuned to the market place". By conforming to the needs of the market, liberal democratic cooperatives are shaped by the socio-economic environment in which they occur. Essentially, liberal democratic cooperatives incorporate the original Rochdale principles, with some modifications to suit the needs of location and

time. They have carved out a niche in economies which are predominantly capitalist, and are generally supportive of capitalism and private property (Melnik 1985, pp. 15-17,19). This sense of the cooperative as a business, being molded to the needs of the environment will be demonstrated later by looking at the articulation of the liberal democratic cooperative traditions in the agricultural sector in Saint Lucia. Liberal democratic cooperatives differ from the other traditions in the following ways: there is an emphasis upon private ownership of property which is not as strong in the other traditions; they exhibit a "basic tolerance" of capitalism; and finally they tend to adopt a limited number of specialized functions which address a single or limited set of goals (Melnik, 1985, pp. 15-17). In the later chapters we will consider these characteristics in the Saint Lucia Association of Farmers Cooperative (STAFCO-OP)

There is a great deal of diversity in the types of cooperatives which fall under the liberal democratic definition. These range from agricultural collectives, where land or other means of production are jointly owned and managed by members; to credit unions and consumer cooperatives. Some types of cooperative appear to achieve greater levels of success than others. Attwood, Baviskar and George (1985, p. 18) identify some of the major factors which can affect the articulation of a cooperative movement in a country or location. Some of the factors which are

internal to the cooperative include the degree to which the following are present: "commitment to a superordinate goal, non-exploitation of fellow members, democratic decision-making, mutual self-help, voluntary membership, and organizational and managerial skills". Some factors external to the cooperative include: "local democratic practices, economic flexibility, and the absence of government opposition".

Cooperatives spread into different economic sectors and adopt institutional and operational structures to enable them to act efficiently. In this sense, agricultural cooperatives can be considered a subset of the liberal democratic tradition, with unique characteristics, different from cooperative activity in other sectors such as banking, or consumer cooperatives.(1) Liberal democratic cooperatives have been adopted in an uneven fashion around the world. In the same country, cooperatives in some sectors have achieved much more success than in others. Although the STAFECO-OP movement appears to be successful in Saint Lucia's agricultural sector, its success is only recent, and agricultural cooperatives have been weak traditionally. By comparison, the credit union movement appears to be

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1. In Chapters III and IV we consider the manner in which STAFECO-OP has adapted to the agricultural sector. It is clear that the institutions, operations and goals of STAFECO-OP would be quite different from cooperatives in other sectors. Even within the agricultural sector there is a need to adapt structures to meet specialized needs of the different commodities.

stronger. These issues will be discussed in Chapter II.

Rochdale principles are still manifested in agricultural cooperatives, in other sectors of cooperation. In the agricultural cooperative "...members are customers or suppliers of the cooperative, and deal with the cooperative at cost, meaning that they share in the cooperative's profits (net savings) on the basis of ..." the level of usage of the cooperative's services. In this way, a member will benefit in proportion to the amount which the member patronizes the cooperative. Another characteristic of agricultural cooperatives is that share capital in the cooperative can be obtained by purchases or through retention of member net savings by the cooperative. Share capital earns no dividend, or at least no dividend related to levels of share capital purchases. Moreover, voting power in the cooperative is not related to the purchase of share capital. Finally, membership may or may not be open. (Caves and Petersen, 1986, p. 3)

COOPERATIVE HISTORY

This history illustrates how liberal democratic traditions adapted to the socio-economic conditions of the United Kingdom from the mid 1800's until the mid 1900's. In Chapter II the adaptation of liberal democratic traditions to the Saint Lucian context is discussed. Some key points which are dealt with in this history include the development

of the liberal democratic ideal, the sectoral specialization and fragmentation of the cooperative movement, and finally the development of institutions, operational structures and functions of agricultural cooperatives.

The development of the ideals of the liberal democratic tradition is a dynamic ongoing process. Therefore, it is difficult to isolate a starting point. Melnyk observes that:

"...cooperatives developed historically as a constant tug of war between the ideal and the practical. It begins with a need that is answered by a variety of ideal solutions. Through a process of trial and error, a successful model emerges which discredits previous unsuccessful attempts." (1985, p.8)

While the process is ongoing, scholars generally agree that the first workable model of liberal democratic cooperation was the Rochdale movement which was founded in 1844. This was an urban industrial consumer cooperative which was begun by a number of flannel weavers. Debate still focusses on the degree to which the movement was influenced by foreign ideologies. However, it should be sufficient to say that the Rochdale cooperative appears to have been affected to some degree by popular European utopian socialist ideals, (Melnik, 1985, p.8; Digby, 1970, p.10)

Malcolm Sargent describes the conditions in the early 19th Century United Kingdom, indicating that it was a period of flux, where old institutions were being dismantled and a

new society was emerging. In his account, cooperative developments occurred as a series of responses to a series of events.

"It (cooperative development) occurred at a time...when market economies were emerging and ideas of mutual aid and orderliness were at their weakest. Wealth was accruing increasingly into hands that were to use it to produce further wealth." (1982, p.16)

The Rochdale cooperative receives much of its historical importance from the fact that it was a practical and successful embodiment of cooperative philosophy. Prior to the Rochdale attempt, cooperative ideals supported a holistic approach to organization. The aim was to replace capitalist organization with a new society. Few distinctions were made between cooperative types because they were all to provide multifunctional solutions to social and economic inequality. But with the success of the Rochdale approach, the concept of single function cooperatives became popular. Theorists began to make distinctions between cooperative types along functional lines (Melnyk, 1985, p.7). In order to cope with the complex nature of the capitalist economy the cooperative movement separated into small specialized units which individually dealt with the needs peculiar to their membership. In this respect, the spread of cooperatives reflected the increasing specialization of the European industrial society. Melnyk (1985, p.7) comments:

"...compartmentalization and specialization was a reflection of the evolution of industrial society. Cooperative stores were created...to provide an answer to the exploitation and abuses of the capitalist system."

In this passage Melnyk also hints at another subtle change which occurred in cooperative ideology with the success of the Rochdale model. Prior to Rochdale, the aim of the cooperative movement was to provide a holistic alternative to capitalism; a new society. Inequality was to be erased by replacing capitalist organization with cooperation. The Rochdale model, however, worked within the capitalist system by carving out a niche where the inequality of capitalism could be limited rather than eliminated, to the benefit of the cooperative members, rather than to society as a whole (Melnyk, 1985, pp. 7-8).

The development of liberal democratic ideals came about as a response to the need in a very specific geographic area and society. The original model, the Rochdale cooperative, began with retail cooperatives in urban industrial settings in the United Kingdom. But the cooperative tradition quickly spread to other economic sectors including agriculture, credit and mining. The first agricultural cooperative to emerge in Great Britain was the London-based Horticultural Supply Association. This cooperative was formed by Edward Owen Greening in 1867. However, agricultural cooperatives did not really begin to flourish

until the turn of the century.(2) The first really successful agricultural cooperative in the United Kingdom developed in Ireland, led by Sir Horace Plunkett. His first attempts, in the 1880's, included rural consumer associations. These did not "catch on" but Plunkett later adopted Scandinavian models of livestock cooperatives. Achieving considerable success, the movement had spread throughout Ireland by 1894, and he established a second tier national society to carry out education activities. This national society was known as the Irish Agricultural Organization.(3)

From Ireland the Plunkett methods spread quickly throughout the United Kingdom, with Agricultural Organizations springing up in England, Scotland and Wales in the first decade of the 1900's (Digby, 1970, p.14). According to Sargent (1982, p.18) this came as a response to

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2. Margaret Digby, Agricultural Cooperation in the Commonwealth (Oxford; Basil Blackwell, 1970), p.12. Malcolm Sargent, Agricultural Cooperation (Hampshire; Gower Publishing Co., 1982), p.17. John Morley, British Agricultural Cooperatives (London; Hutchinson Benham, 1975). This cooperative was formed to service the needs of small farmers in the London area. It operated until World War I when it succumbed to financial difficulties.

3. Digby, pp. 13-14; The Plunkett organization included key concepts of organizing milk producers around common processing facilities. Then the services branched out to include input supply and marketing. Also the tier approach was critical: in division of responsibilities STAFCO-OP uses a tier approach, centered upon provision of common services. This will be discussed in greater depth in Chapters II and III.

conditions in the agricultural sector: "It was in the new century that progress was made. Several years of economic depression had diminished the loyalty of tenant farmers to their landlords and the economic necessity to cooperate..." led to a growth of cooperatives. (4)

By the turn of the century, the cooperative movement in the United Kingdom was pretty much established. The ideals of the early Rochdale model had been effectively incorporated to practical applications in cooperation, especially in agriculture, and consumer societies. The institutional structures were essentially in place, although some further developments occurred. Also, the operational structures and activities were being defined. All of this occurred within a legislative environment which shaped the final outcome of the movement (Digby, 1970, pp.17; Morley, 1975, pp.20)

By the 1920's the stage was set for the dissemination of the ideals and practical considerations of agricultural cooperation to the colonies.. The major foundations of agricultural cooperatives were in place including: limited liability; a tier, pyramid shaped institutional organization; definition of operational duties between the institutional levels; and the organization of farmers around

---

⁴. Digby, pp.10-12. Already the consumer movement had achieved great successes in the United Kingdom. By the end of the 1860's, second tier national societies had been established. By 1882, a society was formed, charged with education for the consumer movement.

common services such as, flour mills, warehouses, processing plants input supply, and marketing (Digby, 1970, pp.15-16).

COOPERATIVES AS DEVELOPMENT INSTITUTIONS

Expectations of cooperatives as development institutions were originally quite high and unrealistic. They have been tempered somewhat by subsequent failures and short-comings. A recent evaluation by the United Nations Committee for the Promotion of Cooperatives (COPAC) identifies some of the development roles that cooperatives can play. These include: involving the disadvantaged in the development process; mobilizing the poor for their own development; offering opportunities for additional employment; realizing of economies of scale through reducing input costs and increasing sales of produce; accessing credit for the disadvantaged; organizing resources into larger units, thereby rationalizing production; and providing practical education (COPAC, Rural Cooperatives, 1983, pp.4-10).

Guimares indicates that, in Latin America and the Caribbean, the cooperative movement receives a great deal of support from a number of institutions, including governments. He indicates that governments tend to favour cooperatives as:

"...a means of allocating government resources which ensure that recipient groups also make a contribution...and as a vehicle for the dissemination of technology to the more backward sectors of the economy." (1986, pp.192)

In spite of the high expectations placed upon cooperatives, their actual performance has been somewhat disappointing. The United Nations Research Institute for Social Development (UNRISD), in particular, has been very critical of the use of cooperatives as development institutions. In 1970 the UNRISD conducted a worldwide study of cooperatives. Their main conclusion was that:

"...rural cooperatives in developing regions are providing few benefits to the poorer masses and, generally speaking, could not be regarded as agents of change and development for such groups...open-membership cooperatives tend to mirror the structure of the community and even to transform it in the wrong direction by reinforcing and deepening pre-existing inequalities...[even in cases where cooperatives do represent the poor they are]...ineffective in promoting their members' interests." (Guimares, 1986, pp.193-194)

In 1981 Uma Lele identified what she considered to be severe limitations of cooperatives. She concludes that goals of cooperative proponents are often contradictory and that "...an attempt to fulfill a range of these conflicting objectives simultaneously has led to a broad based disenchantment with the cooperative movement". Lele then identifies a list of prerequisites without which "...cooperatives tend to be inefficient relative to other

forms of traditional institutions". Some of these include..."physical infrastructure, market information, regulatory institutions, technology, pricing policies towards commodities, and capital"(Lele, 1981, pp.55). John Bennett recognizes the poor performance of cooperatives but is still supportive of their potential as development institutions. The fundamental problem, as he sees it, is the clash that often results when two incompatible cooperative systems meet. He indicates that :...there exists great variety of cooperative action in human societies. Cooperation is based upon human needs to share resources and tasks, but these needs are shaped by indigenous social systems. Therefore, if cooperators seek organizational strength, they should avoid narrow or doctrinaire conceptions of cooperative organization". Bennett indicates that rural cooperatives are essential to any culture, and that all cultures exhibit some form of indigenous cooperation. When organizations consider the promotion of cooperatives in a country, the form of cooperative considered for development usually is a form of "liberal democratic" cooperative which is alien to the indigenous society. Bennett states that the level of success of the cooperative movement depends upon the compatibility of the indigenous and liberal democratic systems of cooperation (1983, pp.3-7).

He also indicates that the motives behind cooperation are important to the success of any movement:

"...the objectives of cooperative development imply structural change in the relationships between producers and other actors in the economy, they also imply significant social and cultural changes: alterations in status systems, changes in income distribution and equity relationships, transformations of value systems, and new forms of inter-group competition and conflict...[the question which must be asked is]...are farmers organizations, ultimately, to serve members and thereby government or to serve government and, hopefully, members?" (1983, pp.58)

Finally, Bennett is critical of those who condemn cooperatives simply because they do not benefit the poorest of the poor. He indicates that cooperatives tend not to benefit the poorest third "...but, in fact, they benefit mainly larger and middle segments of the producer population because a co-op must have members with land and some capital in order to survive or to produce at the desired level. This is a genuine gain, and it should not be made the occasion of a general condemnation of the cooperative movement in developing countries". However, cooperative proponents must be sensitive to the social costs of their actions, in addition to the social benefits (Bennett, 1983, pp.60). In our analysis of STAFECO-OP's development efforts in Chapter IV, we will see some of Bennett's comments mentioned here. His observations regarding the articulation of liberal democratic cooperatives with indigenous

cooperatives also will be considered in Chapter II, when the transfer of cooperatives from the United Kingdom is discussed.

AGRICULTURAL COOPERATIVES AS AGRIBUSINESSES

This section considers the usefulness of agricultural cooperatives, such as STAFCO-OP, as development institutions. All cooperatives must adapt to their sector of activity as well as their geographic environment in order to be effective development institutions. Moreover, cooperatives must act as businesses, to compete with the private sector. Cooperatives involved in agricultural commodity production must integrate vertically and horizontally into the sector similar to private enterprise. This has implications for their internal development in terms of goals, institutions and operations, which in turn, have an impact on the developmental potential of the cooperative.

In the same way that there is great organizational diversity among liberal democratic cooperatives in general, there is also great diversity in types of agricultural cooperatives. The goals of the cooperative are the base around which the institutions and operations are organized. Therefore, goal development has an impact on the shape of the cooperative. One basic difference between cooperatives can be found in the number of goals which the cooperative

adopts. Although many cooperatives adopt several, most who are knowledgeable about cooperatives suggest starting off with a single task and gradually expanding the mandate of the cooperative as experience and capabilities are expanded (Melnyk, 1985, p. 111).

Pierre J. Van Dooren (1982, pp. 73-74) developed the concept of a continuum in the matter of multiple and single goals. He indicates that goal development has an effect on the manner in which a cooperative integrates into an economy. His continuum ranges from the partially integrated service cooperative to the fully integrated collective enterprise. Under the partially integrated form the producers own their own units of production, such as land or livestock. They only cooperate in specific parts of the process of production. In the fully integrated model, the units of production are collectively owned by the cooperants, who integrate their production activities.

The implications of this "sliding scale" of cooperation are numerous. Firstly, the motivation for cooperation changes as one moves along the continuum. For example, if the goal is land redistribution, one might wish to form a fully integrated collective to organize the producers. On the other hand, a collective may not be the most appropriate form of cooperation in a case where the desired end is

simply to increase the production of a particular commodity.(5),

The scale of the operation is also a factor in the consideration of goals of the cooperative. In North America, a wheat board can have a single goal or function, because the scale is so large that the infrastructure can be supported by that one activity. However, in an island the size of Saint Lucia, a single goal approach may not be appropriate, since there are very few agricultural activities which can be pursued on the scale necessary to support an effective cooperative infrastructure.

Cooperative goals are endogenous factors which have implications for institutional and operational development. In Chapter II two types of agricultural organization prevalent in Saint Lucia are identified; statutory corporations, such as the Saint Lucia Banana Growers Association (SLBGA) and agricultural cooperatives such as the STAFCO-OP movement. The institutional and operational structures of these organization are considered, in light of the stated goals of the organizations. Chapter III deals with more of the factors having an impact on institutional

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5. Pierre J. Van Dooren, "the Viability of Agricultural Production Cooperatives." Annals of Public and Cooperative Economy 53(January-March 1982), p. 75. According to Van Dooren, collectives are the least successful form of cooperation in capitalist societies. He indicates that this is because the incentives of collectives do not fit well with capitalist incentives.

and operational development. These cases will identify the relationship between goals, institutions and operations.

Agricultural cooperatives have goals which are directly related to self-preservation, therefore, they must act in a manner which will make their operations self-sustaining. Cooperatives face external opposition, and competition from the private sector. In order to overcome the opposition, they must lobby governments, maintain internal financial control, maintain sound management practices, and carve out a market share for their producer-members. J.J. Benetiere considers the cooperative phenomenon from a business perspective and finds that European agriculture is becoming increasingly controlled by large multinational corporations (MNC's). This control over agriculture is being exercised through the control of transportation, control of the marketing and supply of inputs, and through contractual arrangements for the marketing of produce. He concludes that there is a need to protect the agricultural producers because:

"from the stage of the supply of seeds and fertilizer through numerous aspects of production carried out under contract or as integrated operations, to the distribution of agricultural products, farmers have to deal directly with food companies which are much stronger than they... From the farmer's point of view the question is: how can the producer's interests be protected in this age of multinational companies in the agri-food industries." (1976, p. 4)

Benetiere indicates that cooperatives can protect the producers from the more powerful MNC's. However, they must adopt strategies and policies which allow them to compete against the MNC's. In order to compete, and grow, Benetiere suggests that cooperatives must adopt the methods of MNC's in terms of vertical integration from inputs to marketing of finished products, business organization, and government lobbying. This means horizontal and vertical integration of cooperatives to take over the market position which the MNC's hold. Such a strategy allows the cooperative a greater degree of economic control over the resources produced by the members (Benetiere, 1976, pp. 11-14).

Although Benetiere discusses the situation for European cooperatives, and advocates a multinational approach to cooperation, his theories may be appropriate for agricultural cooperatives in the developing world. "Farming, for Development" (IFAP, 1982, p. 12) addresses the issue of cooperatives in the food production, processing and marketing chain. The basic conclusion drawn is that:

"Farmgate prices in most countries are not keeping up with rising production costs. The farmer's share of the consumer dollar has decreased over the years because processing, packaging, and the marketing of the produce take up an increasingly larger part of the end price. In order for farmers to increase their total return from their production and for their cooperatives to maintain or increase their market position, they must move further and faster into downstream activities."

The developmental implications of the concept of agricultural cooperatives as businesses include: the encouragement of higher food production due to better returns to the member-producer, reductions of expensive food imports, and increased employment (IFAP, 1982, p. 12). The IFAP report concludes that cooperatives are technically qualified to carry out the downstream activities. Moreover, because they are more sensitive to the social needs of their members, they are more likely to use technology appropriate to the economic and social conditions within the country. Cooperative activities are more likely to strengthen the domestic economy and society than the MNC activities, which are more oriented to extracting surplus value from the country (IFAP, 1982, p. 16). These concepts may be particularly useful in describing the Saint Lucian case. In the following chapters of this study we observe that the agricultural sector in Saint Lucia is highly open and dominated by multinationals. This is apparent in both export agriculture and food agriculture.

CONCLUSIONS

In this Chapter, some of the relevant theory concerning liberal democratic cooperatives has been considered. After the introduction, a definition of the tradition was sought. In this we identified some of the salient characteristics of liberal democratic cooperatives and agricultural

cooperatives in particular. We found that, essentially, cooperatives occupy a third sector between private enterprise and the public sector. They are businesses which undertake narrowly defined objectives to achieve goals which will benefit their membership.

Historically, the cooperative movement developed as a response to conditions peculiar to the socio-economic milieu prevalent in the United Kingdom in the 19th and early 20th centuries. Because of the cooperative developments during this period, the United Kingdom was in a position to spread its version of cooperation to the colonies. One question which arose from this section was: if the cooperative development in the United Kingdom came about as a response to conditions peculiar to that place, how applicable will this cooperative tradition be to developing countries? We indicated that cooperatives appear to be adaptable to varied conditions but this will be considered at greater length, in the Saint Lucian context, in Chapter II.

Next the potential of liberal democratic cooperatives to act as development institutions was considered. A number of endogenous and exogenous factors which shape the cooperative were identified. But support was found for the view that cooperatives can be effective development institutions if they can adapt to their new environment. In the case of agricultural cooperatives, the business

functions were identified as the major factors involved in the process of adaptation.

There is a high degree of diversity among agricultural cooperatives, based upon their goals, which impact upon institutional and operational development. This diversity is an example of their adaptivity to different environments. Moreover, the discussion of cooperative agribusinesses identified the primary nature of the cooperative as an agribusiness. Apparently, agricultural cooperatives face a high level of competition from the private sector. Benetiere identifies one side of this competition, in the French context. In Chapters II and III we consider the competition in the Saint Lucian context. This competition has implications for the developmental goals of the cooperative.

The cooperative has a tremendous potential to play a developmental role. We will find that in a country as small as Saint Lucia, the cooperative can have a significant impact upon; agricultural diversification, balance of payments support, employment creation, development of internal economic linkages, self-sufficiency in some food commodities, education, social transformation, and the spatial redistribution of wealth. Using STAFCO-OP as a case study the issues developed in this chapter will be considered.

CHAPTER II: COOPERATIVES IN SAINT LUCIA

INTRODUCTION

This chapter provides an indication of the historical, social, economic and geographical environment within which the cooperative movement in St. Lucia developed and presently exists. Firstly, the economic and social conditions in Saint Lucia will be discussed in terms of how they affect the articulation of the cooperative movement. Secondly, a history of the introduction of liberal democratic cooperative structures, institutions and philosophies into Saint Lucia will be presented. Thirdly, the present state of cooperative development will be discussed. Finally, agricultural cooperatives will be discussed, showing endogenous and exogenous factors which shape their operations, institutions, and functions.

SOCIO-ECONOMIC CONDITIONS IN SAINT LUCIA

Chapter I suggested that cooperative development is a response to socio-economic necessity. Therefore, the socio-economic conditions peculiar to Saint Lucia must be introduced if the driving forces of the cooperative movement there are to be understood. Saint Lucia suffers from a number of constraints to development, some of which can be explained in terms of the country's history of extreme economic dependence upon a narrow range of exports and

foreign markets. During the period of British colonization, which ended in 1979, Saint Lucia's economy was closely tied to Britain. This dependence exposed Saint Lucia to many world economic trends. One example of this is the economic depression of the 1920's and 1930's which had a profound negative effect on the country (Caribbean Conference of Churches, "Social Survey", 1985, p. 8). One account indicates that:

"...from the crisis of the Western economic depression and its impact on peasant and plantation agriculture, it is clear that the upheavals precipitated a decline in Caribbean rural society." (Saint Lucia, Land Reform Commission, 1982, p. 16)

More recently, Saint Lucia has been affected by such world-wide economic trends as recessions in the late 1970's and early 1980's (UNECLAC, "Trends", 1984, pp. 6-9; World Bank, 1985, p. 78).

The exogenous factors in Saint Lucia's economic performance are exacerbated by endogenous factors such as the internal structure of the economy and geographic size. The Island must be considered a micro-state in every sense of the word. Moreover, it is heavily dependent upon agriculture for economic livelihood. Geographically, it has an area of approximately 238 square miles, much of which is mountainous and unsuitable for commercial agriculture. Yet only 70,000 acres, or approximately 16 percent of the total land area is under cultivation. Most of the best lands are

found in the large valleys, and are occupied by large estates. MAP 2.1 identifies the areas which are unsuitable for agriculture as "wild lands". Tree crops and annual crops dominate most of the arable land. These are mostly bananas, although in some areas, notably in the Southeast, they include intercropping with coconuts, and coconut monoculture (World Bank, 1985, pp. 1-2).

Saint Lucia also has a small population of approximately 136,000 people. (Saint Lucia, Statistical Digest, 1985, p. 7) Although Saint Lucia has a "safety valve" in terms of a large annual emigration, the country has still experienced an annual population growth of 2 percent during the 1980's. (World Bank, 1985, p. 1) Most of the population is located in, and to the North of the capital city, Castries. MAP 2.2 identifies the major population centres on the island. The Castries and Gros Islet areas combined are the most heavily populated, as well as the areas of highest population density. The Southwestern area of the island, including Vieux Fort, Laborie and Choiseul is the second most populated. In Chapter IV we will see that this has an effect on the distribution STAFECO-OP's members and benefits (Saint Lucia, Statistical Digest, 1985, p. 7).

MAP 2.1 LAND USE PATTERNS IN SAINT LUCIA

SOURCE: Broughton, Map 9.

MAP 2.2

POPULATION DISTRIBUTION BY CITY AND ADMINISTRATIVE AREA

1 2 3 4 5 6 7 MILES

ADMINISTRATIVE AREA	POP. DENSITY (F ²)	POPULATION
CASTRIES	648	51,492
VIEUX FORT	307	13,447
SOUFRIERE	172	8,699
NICOUD	181	14,443
DENNERY	166	11,593
ANSE LA RAYE	177	5,940
CANARIES		2,504
LABORIE	220	8,326
GROS ISLET	125	12,734
CHOISEUL	248	7,781
TOTAL	253	136,952

MAJOR ROAD
 BOUNDARIES
 CITIES/TOWNS

SOURCE: Saint Lucia, "Annual Statistical Digest", 1986, pp. 3, 7.

Economically, Saint Lucia can also be considered to be a micro-state. FIGURE 2.1 indicates that the economy is growing annually, but in 1985, the total GDP was still only \$388.8 million.^(1)

FIGURE 2.1
SAINT LUCIA ECONOMIC STATISTICS
EC \$ 000,000

	1980	1981	1982	1983	1984	1985
GDP	264.2	299.4	312.5	323.4	353.0	388.8
AGRICULTURE	31.0	28.9	36.1	42.3	46.2	58.3
AGRICULTURAL SHARE OF GDP (%)	11.7	9.7	11.6	13.1	13.1	15.0

CONVERSION \$ 1 US=\$ 2.7 EC (Fixed)

SOURCE: Saint Lucia, Statistical Digest, 1985.

St. Lucia is considered to have a highly open economy, which is largely a result of its small size. This is a characteristic common to most of the neighbouring micro-states in the Windwards and Leewards (UNECLAC, "Summary", 1983, p. 8). The openness is indicated by the high ratio of exports and imports to total GDP. In 1984, exports amounted to 36.6 percent of GDP at factor cost, and imports amounted to 90.6 percent of GDP (Saint Lucia, Statistical Digest, 1986, p. 36). Because of this openness and small size, Saint Lucia displays a high propensity to import since most

¹. Unless otherwise stated all dollar values are in Eastern Caribbean dollars (EC).

consumer goods and industrial inputs cannot be obtained locally. This can have a considerable impact upon the balance of payments, through the current account (UNECLAC, "Saint Lucia", 1983, p. 1).

The country's economy is also highly dependent upon a narrow range of products and services, particularly agriculture. In terms of total GDP, FIGURE 2.1 indicates that agriculture accounted for between 9.7 percent and 15.0 percent of GDP at factor cost in the period from 1980 to 1985. Agriculture also holds a position of great economic importance due to its employment and foreign exchange earning roles (UNECLAC, "Saint Lucia", 1983, p. 2). FIGURE 2.2 indicates that a high percentage of the country's labour force is employed in agriculture. If mining activities are subtracted from the 39.5 percent shown, the total for agriculture would still be above 30 percent. (World Bank, 1985, p. 1)

FIGURE 2.2: SECTORAL EMPLOYMENT AS A PERCENTAGE OF THOSE
EMPLOYED IN 1983

Agriculture and Mining	39.5
Manufacturing	7.1
Construction	4.6
Tourism	12.2
Other	35.9
Unemployed as percent of total labour force	24.9
Labour Force as Percent of Total Population	35.0

SOURCE: World Bank, 1985, p. 66.

In terms of foreign exchange earning capacity, traditional agricultural exports, including bananas, accounted for 51.60 percent of total exports in 1983. Banana exports alone accounted for 43.8 percent of all export revenues in 1983 (UNECLAC, "Saint Lucia", 1984, p. 8). According to the World Bank, the average value of banana exports for the period from 1981 to 1984 was 47.3 percent of all export revenues. Therefore, we can conclude that the banana industry is very important in the agricultural sector as well as in the overall trade of Saint Lucia (World Bank, 1985, p. vii).

The dependence on banana exports has a destabilizing effect on the economy in that it leaves the economy vulnerable to any factors or events which affect production. In FIGURE 2.3 the short term impact of two tropical storms, in 1979 and 1980 can be traced in 1977 real dollars. The lines representing volume and income from banana exports both show rapid shrinking, with total export volume dipping below 1977 levels. This had the effect of slowing the growth of total export revenues, and GDP growth. Agricultural GDP naturally took a serious dip. Although the banana exports quickly recovered, agricultural GDP, and total GDP were slower to recover. FIGURE 2.4 demonstrates the trade impact that these tropical storms had, through the banana industry. In current dollars, the dramatic decline in banana export revenues is clear. Not surprisingly, total

FIGURE 23 INDEX OF ECONOMIC IMPACT OF THE BANANA INDUSTRY

	1977	1978	1979	1980	1981	1982	1983	1984
GDP	58.16	65.90	67.93	67.78	67.93	71.00	72.41	75.96
TOT. EX.	20.59	22.96	23.75	25.44	25.13	24.70	28.46	31.69
BANANA EX.	9.45	10.94	11.18	9.84	10.91	10.94	13.66	16.07
AGRI. GDP	24.50	28.90	27.40	21.60	18.70	24.10	27.50	29.00
BANANA EX. METRIC TONS	41405	47820	48241	32824	42891	41697	53291	69221
DEFLATOR		.559	.426	.369	.280	.240	.371	.441
INDEX								
GDP	100	113.3	116.8	116.5	116.8	122.1	124.5	130.6
AGRI. GDP	100	118.0	111.8	88.2	76.3	98.4	112.2	118.4
TOT. EX.	100	111.5	115.3	123.6	122.0	119.9	138.2	153.9
BANANA EX.	100	115.7	118.3	104.1	115.4	115.7	144.5	176.3
BANA EX. METRIC TONS	100	115.5	116.5	79.3	103.6	100.7	128.7	167.2

* GDP AND AGRICULTURAL GDP ARE AT FACTOR COST.

SOURCE: World Bank, Saint Lucia, pp. 68-70, 77. Dollar values are quoted in current prices in the World Bank source. The above deflator was used to generate real 1977 prices. The deflator was calculated from a World Bank table showing total service and merchandise exports in real 1977 values as well as current values. All dollar values are in \$US millions.

	1977	1978	1979	1980	1981	1982	1983	1984
BALANCE	-36.7	-56.0	-69.8	-77.8	-87.3	-76.5	-57.1	-61.4
TOT. EX.	22.6	26.8	31.9	46.0	41.6	41.6	49.7	53.1
TOT. IM.	59.3	82.8	101.2	123.8	128.9	118.1	106.8	114.5
BANANA EX.	9.45	12.11	13.52	10.51	14.66	15.63	20.80	25.45

VALUES IN \$ US MILLIONS.

SOURCE: World Bank, Saint Lucia, pp. 75, 77.

INDEX OF CURRENT PRICES

	100	152.6	188.8	212.0	237.9	208.4	155.6	167.3
BALANCE	100	152.6	188.8	212.0	237.9	208.4	155.6	167.3
TOT. EX.	100	118.6	141.2	203.5	184.1	184.1	219.9	235.0
TOT. IM.	100	139.6	170.7	208.8	217.4	189.2	180.1	193.1
BANANA EX.	100	128.1	143.0	111.2	155.1	165.4	220.0	269.2

export revenues also declined, after a short time lag. This led to an increase in the trade deficit, in spite of a decline in imports during the same period. In fact it appears that the increase in the trade deficit had the effect of constricting imports.(2) These fluctuations have an impact on employment, rural incomes, and food availability since much of Saint Lucia's food is imported.

Concentration on bananas also has an impact on the direction of trade, which has an impact on Saint Lucia's terms of trade. Saint Lucia is a high cost producer of bananas and as such depends on market protection received in the United Kingdom, where over 70 percent of bananas are exported. This is also expressed in FIGURE 2.5 in terms of total exports.(3) Although banana receipts have increased in the 1980's, the bananas were sold in the United Kingdom and were paid for in British Pounds Sterling. But the Pound deteriorated in value against the United States dollar during the early 1980's. Since Saint Lucia purchases most imports from the United States, the purchasing power of banana revenues deteriorated, absorbing most of the gains

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2. Kevin B. Murchie, "The Banana Industry in Saint Lucia: Trade Concerns.". (Ottawa; unpb., 1986), pp. 9-10.

3. World Bank, Saint Lucia: Economic Performance and Prospects. (Washington: World Bank, 1985), pp. 22-23. The United Kingdom has agreed to import all bananas produced in Saint Lucia, Grenada, and Dominica, and Jamaica. But these countries still supply only 50 percent of demand. The rest is filled by lower cost producers.

made in banana prices on the British market. (UNECLAC, "Saint Lucia", 1985)

FIGURE 2.5 DIRECTION OF TRADE FOR SAINT LUCIA
1980 1981 1982 1983 1984 1985

TOT EXPORTS	100.0	100.0	100.0	100.0	100.0	100.0
United Kingdom	33.0	40.5	42.5	51.0	57.6	64.1
United States	23.1	6.8	7.7	9.1	16.0	13.3
CARICOM	38.1	46.6	45.6	37.5	23.7	19.9
TOT IMPORTS	100.0	100.0	100.0	100.0	100.0	100.0
United Kingdom	15.6	14.3	12.3	13.7	13.1	15.6
United States	31.3	38.6	36.7	35.5	36.9	30.7
CARICOM	21.7	21.0	19.8	16.9	16.9	19.1

SOURCE: World Bank, 1985, p. 78

The changeover to banana production, from sugar production, occurred in the 1950's, largely at the encouragement of Geest Industries, Saint Lucia's only exporter of the fruit.⁽⁴⁾ The concentration upon bananas has maintained the plantation characteristics of Saint Lucia's agricultural sector as well as the traditional social structure through maintaining a system of limited access to land. According to the Caribbean Conference of

4. Geest Industries is a British-based multinational food company. In the 1950's Saint Lucia as well as Grenada and Dominica were shifted into banana production through Geest providing a secure market for the produce. Presently the bananas are marketed to Geest through Marketing Associations in each of the islands. The marketing associations also undertake banana research and provide services to the farmers. Marie, 1979, and the World Bank, 1985, go into greater detail on the dominance of the banana industry in the islands.

Churches, this land distribution has a great deal to do with present high levels of poverty in Saint Lucia (CCC, Social Survey, 1985, p. 4). FIGURE 2.6 indicates that Saint Lucia has a very lopsided distribution of land. Based upon the 1974 census, 1.1 percent of farmers control 58.4 percent of all farmed land. On the other hand, 92 percent of the holdings are 10 acres or smaller and control only 24 percent of agricultural land. Considering that 70 percent of the banana crop was produced on holdings of less than 10 acres it appears that the land distribution pattern supported by the banana industry is counterdevelopmental. The higher productivity of small farms in banana production extends to other commodities too. Less than 6 percent of other crops are produced on the 73 largest holdings, and livestock production on these holdings is also negligible. But holdings under 10 acres produce 80 percent of major crops and are very important in animal husbandry. (5)

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5. Caribbean Conference of Churches, A Social Survey of the Poverty Situation in Saint Lucia. (Port of Spain; Caribbean Conference of Churches, 1985), pp. 8, 12-14. This is especially pertinent since there exists over 7000 landless rural labourers in the country.

FIGURE 2.6 LAND DISTRIBUTION
Number and Area of Holdings by Size of Holding
Total 1973

Size (Acres)	Number	%	Acres	%
0-1	4730	92.4	1733	24.0
1-5	3825		8471	
5-10	1082		7068	
10-50	674	6.5	12695	17.6
50-100	58		4282	
100-200	19		2690	
200-500	26	1.1	8160	58.4
500-	19		26902	
Total	10433	100.0	72001	100.0

Source: Saint Lucia, Statistics Digest, 1985, p. 16.

This leads to the conclusion that much valuable land, both in large and small holdings, is being wasted "...the small-scale farming sector is being constricted by land shortage, unavailability of capital and credit facilities and a growing surplus population of landless peasants and unemployed labour." (CCC, Social Survey, 1985, pp. 12-14) If we consider the wage levels for the rural workforce, including agriculture, forestry, and hunting, we can see that the land distribution has an impact upon rural poverty. In 1980, 69.9 percent of men and women involved in agriculture were reported to have annual personal incomes of \$4,000 or less. At the same time, the richest 3 percent earned over \$10,000 per year. (Saint Lucia, Statistics Digest, 1985, p. 54)

A related issue is that Saint Lucia also suffers from acute unemployment which has been described as "explosively high" (CCC, Social Survey, 1985, p. 29). In 1983 unemployment reached the level of 25 percent of the work force (World Bank, 1985, p. 5). If underemployment is factored into the equation, then 35 to 40 percent of the work force could be seen to be categorized as unemployed or underemployed. Furthermore, considering spatial imbalances, some communities face unemployment/underemployment rates as high as 75 percent of the work force. The employment situation appears to have worsened since the 1970's when unemployment was estimated at only 15 percent of the work force (CCC, Social Survey, 1985, p. 31).

The fundamental issue concerning unemployment is that the growth of the work force is outstripping economic growth. Some of the factors contributing to this problem include: hurricane damage to agriculture from hurricanes in 1979 and 1980; a downturn in tourism since 1979; the recent completion of major construction projects such as the Hess oil transshipment terminal; and declines in the performance of the manufacturing sector (CCC, Social Survey, 1985, p. 31; UNECLAC, "Saint Lucia", 1984, p. 3; World Bank, 1985, p. 29).

Rural-urban migration is apparently affected by the spatial distribution of unemployment-underemployment levels. This is indicated by differentials in the expected wage

between Castries and the rural areas. In 1985 rural small-holders (less than 5 acres) could expect to earn in the neighbourhood of \$1,000 annually. This contrasts dramatically to a potential wage for labour in the town of \$200 to \$500.00 monthly (CCC, Social Survey, 1985, p. 31; CARICOM, Investor's Guide to Saint Lucia, p. 5).

This section indicates that Saint Lucia is a micro-state which is highly open and dependent on a narrow base of economic activities. This situation has led to a certain amount of economic instability in that fluctuations in production or international trends can have ripple effects through the whole economy. These can affect exports, the balance of payments, the capacity to import, and employment. The dominance of the banana industry tends to support traditional land tenure patterns, and traditional social structures which are counter-developmental. The Saint Lucian Government has outlined two basic goals which address these problems. Diversification of output, and the development of food self-sufficiency in some commodities. While structural conditions make diversification difficult, the achievement of food security should improve conditions somewhat since the country will be less vulnerable to the vagaries of the banana industry.

These are considerable tasks to be undertaken by any country, especially a micro-state such as Saint Lucia. In 1985 Government services accounted for only \$84.5 million,

or 21.6 percent of GDP. In order to encourage development, the Government has a number of options open to it in terms of using development institutions including: direct Government intervention through the appropriate ministries; encouraging private sector investment, including domestic and foreign investment sources; developing para-statal organizations; and encouraging the formation of cooperatives in the appropriate sectors.

Sociologist J. Craig considers these options from the perspective of the potential institutional structures which will develop. Recognizing that the governments of developing countries often can only raise limited resources internally, he considers the results of encouraging investment from multinational corporations and from international cooperatives. Apparently corporations and cooperatives are motivated by different concepts of "rationality" in making business decisions. Essentially, multinationals are motivated by profit, and typically retain ownership of a part of the productive infrastructure they invest in. International cooperatives, on the other hand, operate from the perspective that it is "...rational for an organization committed to providing services to its own membership to assist others to achieve similar benefits". Thus, the concept of investment in cooperatives abroad is present but ownership of these resources does not

necessarily follow.(6) The implication here is that cooperatives can mobilize international resources while maintaining the ownership of productive resources for the developing countries. Chapter III and IV consider the development of institutional linkages between STAFCO-OP and the Cooperative Union of Canada, and the nature of their relationship.

Sylvester (1964, p. 1) considers cooperatives' potential to act as development institutions in Saint Lucia. He states "It is because of the primary nature of the economy, that one becomes even more convinced that the cooperative movement is an indispensable means to the growth and progress of the Saint Lucian economy. When an economy is so small and so limited in its endowment of natural resources, the means of cooperatives will always prove to be invaluable" because they involve people helping themselves rather than waiting for Government hand-outs

Theresa Mason agrees that cooperatives can encourage greater participation of the people in the development process but (1985, p. 6) "...the biggest constraint...is the mentality of the people". In order to overcome the constraints to development, the Saint Lucian people must be involved in the process. Yet there is a need for "...the kind of education that facilitates social change that can be

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6. John Craig, Multinational Cooperatives: an Alternative for World Development (Saskatoon; Western Producer Prairie Books, 1976), pp. 1-20.

a transition to economic growth, that allows for the formation of personalities which exhibit values conducive to technological innovation and other activities pertinent to economic growth...cooperatives are believed to have the capability of helping people become self-reliant by encouraging them to discover and utilize local resources in the social and economic improvement of themselves and their communities".(7)

COOPERATIVE HISTORY

Liberal democratic cooperatives were introduced in the early 1900's. Throughout the history of liberal democratic cooperative development in Saint Lucia there has been a high degree of external influence, in terms of formulating policy, ideals and goals, and the structures of cooperative organizations. However, cooperatives existed in Saint Lucia before the advent of the liberal democratic model. One such model was the coup-de-main which was employed by small farmers in St. Lucia since the "early years" (pre 1900).

"...the early farmers had their primitive way of working together for mutual benefit...The coup-de-main system provided an opportunity for farmers to assist each other in the cultivation of

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7. Theresa Mason, "Cooperatives and Development: the Saint Lucian Experience." M.A. Major Paper, York University, 1985, p. 7. Mason finished her MA in Environmental Studies at York University in 1985 where she specialized in cooperative studies. She is now the Registrar of Cooperatives for St. Lucia.

their respective holdings. This system, however, did not give any attention to the collective marketing of produce, so at the time of harvest crops were disposed of competitively." (James, 1977)

This passage identifies a major short-coming of the coup-de-main system in a capitalist economy. Namely, the fact that marketing was not organized among the farmers. This allowed buyers to encourage competition among farmers, which counteracted the benefits of cooperation. Another account of locally found cooperation indicates that:

"...the Caribbean has numerous examples of cooperative living both before and after emancipation...[The coup-de-main system was]...the critical social mechanism by which land clearing and land preparation took place. Drainage facilities were built with the help of 'mutual aid' teams, credit and banking were organized, while construction of homes, churches and schools and marketing of produce were often organized cooperatively in the peasant sector. In fact the entire 'free village' movement within post-emancipation Caribbean societies witnessed an unleashing of creative potential that was channelled through cooperative association."(8)

Saint Lucia's cooperative development closely parallels that of other West Indian countries, especially the former British colonies. These countries were all closely tied to the United Kingdom economically through the structure of

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8. Saint Lucia, Land Reform Commission, Land Reform Commission Report. (Castries; The Commission, 1982), p. 16.

exports and imports, and politically through the colonial administration. Considering the close ties, it is not surprising that the spread of liberal democratic cooperatives was largely encouraged through the colonial administration as well as institutional cooperation and training provided by the cooperative movement in the United Kingdom. However, in adopting the foreign models of cooperation, some of the conditions peculiar to Saint Lucia did have an effect on the articulation of the cooperative movement which is present today.

The development of liberal democratic cooperatives can be separated into three basic periods. Firstly, there is the pre-legislation period which runs up to the mid-1940's. Secondly, there is the development era which ran until the late 1960's or early 1970's. Finally the third era takes the movement from the mid-1970's to the present. There appears to have been more of an effort to adapt cooperatives to the needs of Saint Lucia, thereby providing more direction to the cooperative movement.

Margaret Digby indicates that the liberal democratic model was introduced to the West Indies by Sir Horace Plunkett during a visit to Jamaica and Grenada. While in the West Indies, Plunkett convinced the Governor of Jamaica, and Colonial Secretaries from Grenada and Saint Vincent,

that cooperatives could be used in agricultural development, as well as in the development of credit systems.⁽⁹⁾

The first cooperatives in Saint Lucia were credit societies. These were spearheaded by the "Agricultural Credit Societies Act" of 1915. This government ordinance guaranteed \$13,000 in loans through the Colonial Bank. The Saint Lucian Credit Societies Act followed similar acts which were passed in Grenada and Jamaica in 1911 and 1912 respectively. British Guyana, Trinidad and Tobago, and Saint Vincent also passed similar acts (Digby, 1970, p. 125). In Saint Lucia, the early credit movement experienced little success, and most societies folded due to poor management practices and a high loan delinquency rate. Interest in the movement waned, especially since delinquents — faced unlimited liability, and could lose their land if their loans became delinquent. However, the credit movement later became the most successful cooperative movement in the region, and remains so today (James, 1977). This will be discussed at greater length in this chapter under the heading of Cooperative Ventures in the 1980's.

Between 1925 and 1944 there are no records of liberal democratic cooperatives in Saint Lucia. This can be attributed largely to external forces (James, 1977).

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⁹. Margaret Digby, Agricultural Cooperatives in the Commonwealth. (Oxford; Basil Blackwell, 1970), p. 125. See Chapter I for information on Plunkett's contributions to cooperatives.

According to Digby, the spread of cooperative interest from the United Kingdom to the colonies was very limited before World War II. This pattern appears to have been present in the West Indies (Digby, 1970, p. 5). Furthermore, the World depression which struck industrialized countries during the 1920's and 1930's had a dramatic effect upon Saint Lucia's rural economy and society. Of course the effect was not limited to Saint Lucia alone. This affected the growth of cooperatives:

"...It is in this context that institutionalization of cooperatives took place. The institutionalization of cooperatives as part of colonial economic reforms and social welfare programmes has been perceived by the great majority of the rural population as mere palliatives, not indigenous popular social mechanisms to transform agricultural stagnation."(10)

The next real thrust at cooperative development came at the urging of the Colonial administration in the mid 1940's in the form of a memorandum from the Secretary of State for the Colonies requesting that the territories develop and enact cooperative legislation if it did not already exist (James, 1977). A "model cooperative law" had been drafted in Britain. This ordinance was disseminated in 1946 and was to "actively promote" the development of cooperatives in all the colonies. Digby observes that "...During the next

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10. Saint Lucia, Land Reform Commission, 1982, p. 16.

few years cooperative laws, in most cases close to the original ordinance, were adopted in 23 colonies, and Registrars appointed in 26" (Digby, 1970, p. 6). S a i n t Lucia was quick to adopt cooperative legislation and in 1946 cooperative societies were given legal status. Under the new legislation, formal recognition was made of the role that cooperatives could play in the country.(11) One motivation behind this early enacting of legislation appears to have been the possibility of being eligible for assistance for cooperative development under the British Colonial Development and Welfare Scheme.(12)

Initially a small number of societies were registered under the "Ordinance". In a memorandum, the Registrar of Cooperatives at the time called this period a "...see-saw period of trial and error, doubts and suspicions of success and failures, and very often rejection".(13) The first societies included credit unions, consumer cooperatives, fishing cooperatives, handicraft cooperatives and marketing

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11. The title of the ordinance is "An Ordinance to Provide for the Formation and to Regulate the Operations of Co-operative Societies." No. 17-1946.

12. Kenneth James, "Review of the Cooperative Movement in Saint Lucia," Sunday Voice (14 August 1977), p. 1. James indicates that after the enactment of the ordinance was passed, St Lucia became eligible for the assistance. The author postulates that, since the initiative for cooperative legislation came from the Colonial Administration, the fact that funds could be obtained by forming such legislation was a motivating factor.

13. Saint Lucia, Land Reform Commission, 1982, p. 7.

cooperatives (James, 1977). However, these cooperatives were short lived. Most of the initiative for early cooperative development came from outside the country. Moreover, most of the principles were foreign and were poorly understood, or were poorly adapted to Saint Lucian conditions. Without an education program making local cooperators aware of ideals, structures and potential functions of cooperatives, the initial attempts did not survive. Moreover, a major motivation for cooperation seems to have been the availability of funds for cooperative development from Britain. This would have had a negative effect on the development of a cooperative movement since that motivations of cooperators would be to obtain financial aid rather than to develop independent organizations. The intense suspicion that any government efforts toward cooperative development were met with must also be considered. Finally, inadequate Government human and capital resources were allocated to cooperative development.⁽¹⁴⁾ Under these conditions the cooperative movement could hardly be expected to thrive.

In the post-ordinance period of cooperative development a number of changes were made to encourage cooperatives. In

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14. James, 1977, p. 1. James indicates that the person responsible to encourage cooperative development, the Registrar of Cooperatives, was expected to carry out a number of other duties in addition to the duties as Registrar. Moreover, between 1953-1957 the post of Registrar was not filled, exacerbating the problem.

1959 Kenneth James was appointed Registrar of Cooperatives and cooperatives became more of a priority. One of the most important changes which was brought about was the development of education dealing with cooperatives, which spread knowledge about their potential benefits. The basic concern was to change St. Lucian attitudes towards cooperatives, so that cooperation became more than:

"...another form of people getting together to receive some form of hand-out from Government but...[were to be the]...means to achieve an economic good required by all, but which was not available to each by separate effort."(James, 1977)

Training was allocated to cooperators at three levels, the local, regional, and international levels. The international training of cooperative personnel allowed for a greater Western influence into the cooperative development. Already liberal democratic principles had been adopted by St. Lucian cooperators, but this allowed for the further development of Rochdale type principles. Two noteworthy international institutions where St. Lucians received cooperative education were the Coady Institute in Canada, and the Plunkett Foundation. By 1964, the principles developed by the Coady Institute, as well as the Plunkett Foundation were known in the Eastern Caribbean.(15)

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15. See Digby, 1970, pp.37-49 for more information on the Antigonish movement and the Coady Institute.

Sylvester also considers this issue in his study, finding that, in 1964, there was a high level of interest in cooperatives in Saint Lucia, yet he came to the conclusion that "...no interest can be stimulated unless the people have a good knowledge and understanding of what they are asked to buy or support".(16)

Since cooperatives have had to be actively encouraged, the organization of a competent administration for cooperative development was critical. Heavy reliance on the Government was a major problem but Government would have to play a role in teaching the people to help themselves (1964, p. 2). However, we have already observed that in St. Lucia the cooperative administration experienced a certain amount of confusion. In the words of James "the system never paid dividends, and was largely responsible for the slow growth of cooperative societies" (1977, p. 1). In 1968 a separate Cooperative Department was established under the Ministry of Community Development and Social Affairs. At the present date it is a separate department under the Ministry of Agriculture, Fishing, Mines, Forestry and Cooperatives.

The Government recognized the need to encourage cooperatives in the 1960's, which is indicated in amendments to the cooperative laws which had been first drafted in the 1940's. The 1967 amendments appear to have developed as a

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16. Patrick Sylvester, "The Role of the Cooperative in the Development of the Saint Lucian Economy." (Castries; unpublished, 1964), p. 3.

response to local needs and conditions.(17) However, Morley indicates that the cooperative movement in the United Kingdom was undergoing a number of changes at this time. A series of similar amendments were being made to cooperative acts in the United Kingdom (Morley, 1975, pp. 25-29). There may be a relationship between the changes being made in the United Kingdom, and changes being made in Saint Lucia. But at this time it is not possible to assess the degree to which the Saint Lucian cooperative law amendments were affected by the United Kingdom activities.

As early as 1964 new attitudes and perceptions of cooperatives were developing and by the mid-1970's the concept of cooperatives, as development institutions, was stronger. This concept is beginning to bear fruit in the 1980's.

By the 1970's Digby observes that there existed a great potential for the liberal democratic cooperative model in the West Indies:

"The West Indies have most of the characteristics which should call into being a flourishing cooperative movement, a population of small farmers, with many unsolved economic and technical problems; export crops requiring to be graded and processed if they are to fetch their full value; among the more educated, a number of men and women of convinced social purpose to

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17. Saint Lucia, Cooperative Societies Act, 1967. The new laws allowed for a wider definition of the term cooperative. It also allowed for conditional registration of "Probationary Societies".

whom the cooperative movement is familiar; and governments in the main favourably inclined to cooperative development. The obstacles are familiar ones, ignorance and lack of experience, failures of mutual trust, the desire for quick results, and sometimes uncritical adoption rather than adaptation of experience gained in other countries. What is important is that the movement is alive and spontaneous." (1970, p. 138)

In the 1970's the Government took a more proactive role in cooperative development. In 1977 a draft statement on community development identified cooperative ideals, based upon liberal democratic ideals, but adapted to the needs of St. Lucia. The following passage is from that draft statement:

"The Government of St. Lucia recognizes the co-operative movement as one of the important instruments for economic, social, and cultural development. Government believes that a strong co-operative sector can greatly assist in solving the economic, educational and cultural problems of the nation. It is, therefore, Government's stated policy to encourage and assist existing co-operatives...and encourage the development of new co-operatives in such areas of the country and of the economy where a co-operative endeavour will assist in solving the development problems." (18)

The draft statement demonstrates that Government understood the necessity of increased involvement in the process of cooperative development. However, the Government

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18. St. Lucia Office of the Premier, "Community Development and Social Services." (Castries, The Premier's Office, 1977), p. 51.

also understood the delicate nature of the cooperative sector, and the need for autonomy in cooperatives, and that too strong an intervention by government could be detrimental to the cooperative sector. "The success of the cooperative sector will, in the long run, depend on its own drive and adaptability." (St. Lucia, 1977, p. 53) The government also placed the onus for development upon the cooperative sector.

It also identified the major obstacles to cooperative development from the perspective of the Government: lack of management skills and general knowledge of cooperatives; Cooperatives were too small to achieve economies of scale; and lack of communication between the various types of cooperatives. (19) The Land Reform Commission expands upon these limitations with a list of requirements including: the need for well defined cooperative goals, at the national level, as well as at the society level; the need for a "psychological and/or ideological" commitment to cooperatives; and that there must be a social environment which will nurture the cooperative sector as a movement (Saint Lucia, Land Reform Commission, p. 17).

Two mechanisms developed to address the issues above were: education for cooperative members and the wider community; and the creation of "second tier" societies

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19. St. Lucia, 1977, p. 49-50.

wherever appropriate. These societies would provide services to primary societies which the primary societies could not afford, represent primary society's needs to government, and link the various cooperative types together.(20)

The Cooperative Societies Regulations were amended again in 1980. The new amendments represent an increased sophistication of cooperative legislation in Saint Lucia which was expected to encourage the development of cooperatives along the officially accepted lines. They delve more deeply into cooperative practices, such as decision-making within cooperatives, and the management structure of cooperatives.(21)

In this short history of the institutional development of liberal democratic cooperatives an attempt has been made to identify the major factors which affected the cooperative movement in Saint Lucia. Of some significance is the identification of the Colonial Administration's efforts to promote cooperative development through legislation, and the provision of some official Government services. This history has only given cursory attention to the spread of cooperative ideals and practices. In Chapter I we identified some of the institutions in the United Kingdom which were developed to assist in the spread of cooperatives

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20. St. Lucia, 1977, pp. 52.

21. Saint Lucia, Cooperative Societies Acts, 1980.

around the world. Moreover, in the sections to follow in this chapter, as well as in Chapter III more attention will be paid to this issue. The next section describes the modern manifestations of cooperation in Saint Lucia. Here we will consider where the efforts for cooperative promotion are being concentrated.

COOPERATIVE VENTURES IN THE 1980's

The history of cooperative development in Saint Lucia identifies some of the foreign influences on the cooperative movement, as well as some of the domestic conditions which prevailed during the formative years of cooperative development. A better understanding of the forces involved in the articulation of liberal democratic cooperatives can be obtained by considering the directions in which the cooperative sector is moving today.

FIGURE 2.7 identifies some broad trends in cooperative development in the Eastern Caribbean. At the bottom of the table the cooperative types searched for are recorded. The table indicates which cooperative types were found and what industries they were found in. It appears that the credit union movement in these countries is the largest, most popular movement. Agricultural cooperatives also seem to be common in the islands although they are not as prominent as the credit union movement. Agricultural cooperatives also appear to be limited to the marketing/input supply roles,

except in Granada, where, some collective farms exist. Thirdly, a key factor is that, all the islands have second tier cooperatives which probably identify the most important cooperative activities in the islands. In Saint Lucia we see that there are second tier societies in the credit union movement, fishing, and in agriculture. (22)

FIGURE 2.7 COOPERATIVE TYPES BY COUNTRY 1984			
TYPE	ST Lucia	Dominica	Grenada
Credit Unions	19	22	19
AGRICULTURE			
Statutory	2	1	3
Marketing	3(livestock)	25	2
Collectives	0	0	3
FISHERIES	9	4	2
INDUSTRIAL	0	3	9
TRANSPORTATION	3	0	0
CONSUMER	1	6	0
SCHOOL	1	0	0
SECOND TIER	3*	2**	1***

*Includes; credit union movement, agriculture, fishing.

**Includes; agriculture and credit union movement.

***Includes; credit union movement.

Co-ops searched for: agricultural production, supply, marketing, livestock, collectives, and land settlement collectives; fishing; industrial; housing; transportation; utilities; consumer; service; credit/banking; and insurance cooperatives.

Sources: COPAC, Dominica, 1984, p. 40; COPAC, Grenada, 1985, pp. 3-6, 28; COPAC, Saint Lucia, 1985, p. 59.

22. COPAC, The Cooperative Movement in Saint Lucia, (Rome; COPAC, 1985). COPAC, Cooperative Information Note: Dominica, (Rome; COPAC, 1984). COPAC, Cooperative Information Note: Grenada, (Rome; COPAC, 1985). Grenada's collective farms can be explained by the political orientation of the Government during the 1970's. Dominica has such a large cooperative movement in agriculture because, unlike Saint Lucia, cooperatives are very active in the production of Dominica's major crop, bananas.

Since the 1950's the cooperative movements in Saint Lucia have experienced growth. Immediately after the creation of the cooperative ordinance (1946-1948) several societies registered formally with the Department (James, 1977). By 1976 there were 41 recognized cooperatives, of which 19 were registered. Ten cooperatives were credit unions. Total membership in credit unions rested at 3000, and shares and savings were valued at over \$700,000 (Saint Lucia, 1977, p. 51; James, 1977). By 1980, there were 31 registered cooperatives. These included 13 credit unions, 9 fisheries cooperatives, 3 consumer and service cooperatives, 3 agricultural cooperatives 1 taxi cooperative, and 2 second tier societies (1982, p. 19). By 1984, the total number of registered cooperatives had risen to 30 societies. Moreover, membership in the movement had risen to more than 9100 people and share capital had risen to \$4.57 million (COPAC, Saint Lucia, p. 60).

The most highly developed movements occur in three industries; credit unions, agricultural cooperatives, and fishing cooperatives. This is indicated by numbers of cooperatives, numbers of members, share capital, and the existence of second tier societies (COPAC, Saint Lucia, p. 59). The Government has actively promoted cooperative growth because of the importance of the sectors. Credit unions provide the opportunity to improve domestic savings and mobilize them for development. Agriculture, we have

already shown is important in terms of employment, and rural development. The fishing industry is also important in terms of rural development, as well as the fact that fish is a cheap source of protein.

By 1985, cooperatives had spread to most of the areas in Saint Lucia but there was some spatial concentration. MAP 2.3 identifies the major concentration of cooperatives in the North, around Castries. Also there is a smaller and less dense concentration in the Vieux Fort, Laborie and Choiseul Areas. The credit unions, agricultural, and second tier cooperatives seem to be especially concentrated around Castries, the major population center. The school and fishing societies appear to be more spread out around the island. This spatial distribution appears to be a reflection of these cooperatives adapting to the needs of their particular sector of activity.

It is useful at this point to consider the individual cooperative movements in Saint Lucia in order to understand the goals and driving forces behind their successes, and their spatial distribution. Since the credit union movement and fishing cooperatives are two of the more important movements, they will be dealt with here. Discussions of the agricultural movements dominate the rest of this analysis.

The credit union movement is probably the most popular and widespread cooperative movement in Saint Lucia and the rest of the Commonwealth Caribbean. The movement is

MAP 2.3 DISTRIBUTION OF COOPERATIVES

- +—+— MAJOR ROAD
- - - - - BOUNDARIES
- X FARMER'S CO-OPS
- O SECONDARY SOCIETIES
- C CREDIT UNIONS
- S SCHOOL CO-OPS
- f FISHING CO-OPS
- t TRANSPORT CO-OPS

SOURCE: Mason, 1985.

believed to have considerable potential for the reduction in inequality through the mobilization of credit resources for the poor. Also it is considered to be a key actor in the improvement of domestic savings. Moreover, there is a political impact in that involvement in decision making exposes more people to the democratic process (COPAC, Saint Lucia, pp. 17-18, 22; Mason, 1985, pp. 56-61)

The movement has achieved considerable success in terms of growth of membership, numbers of credit unions and growth of assets. This can be attributed to two factors: there is a long history of credit cooperation in Saint Lucia which stretches back into indigenous organizations; and since the 1950's, the credit union movement has received considerable institutional support from international organizations such as the Caribbean Conference of Credit Unions (CCCU) and the World Council of Credit Unions (WOCCU). Through the international linkages, the credit union movement has received both financial and technical support. (23)

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23. Interview with J. Craig, York University, Toronto, 30 June 1987. James, 1977; W.P. Watkins, The International Cooperative Movement, (Manchester; Cooperative Union Limited, 1977), pp. 26-27. Interview with Kenton Eggleston, Cooperative Union of Canada, Ottawa, 29 September 1986. The WOCCU, and CCCU based on German credit union philosophy which entered the United States and became quite popular between the World Wars. The movement moved into Quebec and the Caisse Populaire system was founded. In the post-war period, the United States, CUNA movement, sponsored extension officers to spread credit unions in the Caribbean and Latin America. This led to the founding of modern credit unions in most of the Commonwealth Caribbean, and the formation of the CCCU. In Saint Lucia today, the movement is supported by the Cooperative Union of Canada, which has

Fishing is a small industry in Saint Lucia but it still represents a..."significant source of income to the Island's rural and small-town full-time and part-time, artisanal fishermen" (COPAC, 1985, p. 12). The Government supports fisheries cooperatives as a means to assist less developed regions of Saint Lucia. In 1984, nine fishermen's cooperatives were registered. These are distributed in the major fishing centres of the Island. Major goals of the fishing cooperatives include the creation of a viable fishing industry. This involves improved marketing and storage facilities, downstream processing plants, and the provision of regular and inexpensive inputs. (24)

The Government has provided a great deal of direction and support to the fishing cooperative movement. Also, foreign public sector forces have provided financial and technical assistance. Yet, indications are that the fishing cooperative movement is not as successful as hoped for. Mason indicates that in 1985 fishing cooperatives had "...made little contribution towards a better life for fishermen and they have contributed little to the development of the fishing industry". The apparent reasons for this include the fact that the benefits of membership in projects in the Commonwealth Caribbean aimed at credit unions.

24. COPAC, Saint Lucia, pp. 12-13; Theresa Mason, 1985, pp. 71-75. The fishing cooperatives have between 300 and 700 members who supply 75 percent of the domestic market. This amounts to \$ 15 million dollars worth of fish per year.

the cooperative are too few to make it an attractive option. Moreover, fishermen are not very predisposed to joining cooperatives. According to Larry Leighton, fishing has had a long history of those who are more fiercely individualistic. Therefore, Government has had a great deal of involvement in organizing the cooperatives. In fact many of the leadership positions are held by people with no connection to the fishing industry. This has led to a degree of suspicion towards the cooperatives on the part of the fishermen. (25)

These two examples, credit unions and fishing cooperatives, demonstrate the combination of domestic and international forces which have had an impact on them. The credit union movement has been in existence longer than the fisheries cooperatives. It has had a great deal more experience in adapting to the Saint Lucian environment. Also, it has received a great deal more financial and institutional support from the international arena. These factors have had a great deal of impact on the success of the movement. In the next section we will consider the articulation of agricultural cooperatives. This will serve as a backdrop to a deeper analysis of the STAFECO-OP movement in Chapters III and IV.

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25. Mason, 1985, pp. 71-75. Interview with Larry Leighton, STAFECO-OP, Marisule, 15 April, 1987.

AGRICULTURAL INSTITUTIONS

The first section of this chapter demonstrates that agriculture is a central sector of economic activity in terms of employment, share of GDP, and share of total exports. The agriculture sector can be divided into two separate activities, production for export and food production for domestic consumption. Agricultural institutions appear to be separated according to their involvement in either export agriculture, or production for domestic consumption. There are two basic types of agricultural institution, statutory corporations acting as marketing boards, and cooperatives. Statutory corporations tend to dominate in export agriculture, and cooperatives tend to be dominant in agriculture for domestic consumption.

Presently there are 12 organizations involved in the agricultural sector. Three are statutory corporations, the Coconut Growers Association, the Saint Lucia Banana Growers Association (SLBGA), and the Saint Lucia Agriculturists Association (SLAAL) which deals with cocoa. The other eight are cooperatives. We will be interested primarily in the cooperatives involved with the Saint Lucia Association of Farmers (STAFCO-OP). These include STAFCO-OP, the Saint Lucia Egg Producers Cooperative (SLEPCO), the Pig Producers Cooperative, Belle Poule Broiler Cooperative, and Ti Rocher Farmers Cooperative. In addition there are two societies with loose association to STAFCO-OP, South west Region of

Fruit and Vegetable Producers (Southwest), and Mille Fleur Honey Producers Cooperative. Two others are not associated to STAFCO-OP, these are the National Farmer Welfare Association and Belle Vieux Farmer Cooperative.³ (26) In this study, only the cooperatives associated with STAFCO-OP are considered.

The organization of the agricultural sector in this fashion has historical roots. Using the banana industry and the SLBGA as examples of agricultural organization, we will consider the organization of export agriculture. Then the institutional organization of food production under STAFCO-OP will be introduced. A more complete discussion will occur in Chapter III.

The banana industry has a number of characteristics which impact upon institutional development in the industry. Since 1953 the industry has been controlled by a national statutory corporation, the SLBGA. The SLBGA was developed to meet specific needs of collecting large quantities of bananas for export to the United Kingdom. These original goals coupled with the international nature of the industry have had implications for the development of institutions and operations in the SLBGA.

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26. IICA, "Profiles of Farmer Organizations in Saint Lucia." IICA Miscellaneous Publications No. 665 (Castries; Draft, January 1987), pp. 3-7. For more information on these organizations see the executive summaries on the pages noted above.

FIGURE 2.8 indicates that, relative to STAFCO-OP, the SLBGA has a very flat institutional structure. There are nine Board members, three appointed by Government, the other six elected by the 10,000 members of the association. Membership is attained by marketing bananas through the association. In 1986, there were approximately 10,000 members, of which approximately 8,000 were active producers. Most of the members are small producers (IICA, "Profiles", pp. 23-25). Because of the international nature of the industry, and its importance to the domestic economy, there is a high degree of Government involvement. This is expressed in terms of the Government placing three appointees on the Board of Directors. Also the Government can dissolve the Board of Directors if necessary. The Government also is involved in drawing up export agreements with the United Kingdom, and with Geest Industries, the only exporter of Saint Lucia's bananas. The flat institutional structure is also indicative of the goals and demands of the industry. Essentially the SLBGA handles one product, bananas, therefore, it does not require the primary societies that are essential to STAFCO-OP's multi-industry approach. (27) Institutionally, the SLBGA has very little

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27. An observation made during one of the farm visits was that the Government is considering the development of primary societies in the production of bananas. This represents an understanding that more control is necessary at the farm level in the present state of the industry.

control at the farm level. Control has not been necessary in the past, although this may be changing. The only level of control that has been necessary has been in the maintenance of quality of the fruit. This is done at the collection plants through price control, and rejection of substandard fruit. In the export sector, demand for Saint Lucian produce is relatively unlimited: essentially the United Kingdom can absorb all the bananas that Saint Lucia can produce. Therefore, structures for limiting, or regulating levels of production have not been necessary (IICA, "Profiles", pp. 23-27; COPAC, Saint Lucia, 1985, pp. 5-8)

The major operations of the SLBGA involve purchasing bananas from domestic producers and selling them, via WINBAN, to Geest. Other activities include: provision of inputs to the farmers, and research.(28) Because of the large number of producers who are located island wide, the association has 13 Island Buying Depots distributed to give farmers easy access. The association is protected in that it is the only official exporter of bananas, giving it a monopoly.

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28. IICA, "Profiles", pp. 23-27; World Bank, 1985, pp. 22-23. The SLBGA is involved with a regional organization, Windward Islands Banana Growers Association (WINBAN) along with the Banana growers associations from Grenada and Dominica. WINBAN coordinates research and development for the national associations. Also it negotiates contracts with Geest Industries on behalf of the national associations.

FIGURE 2.8 AGRICULTURAL INSTITUTIONS: SLBGA AND STAFCO-OP

EXPORT AGRICULTURE-BANANAS

FOOD AGRICULTURE-LIVESTOCK

It appears that the SLBGA is an example of an institution adapting to the needs of the industry. The structures that it developed are appropriate considering the time when the SLBGA was formed and the motivation behind its formation. The dominance of the statutory corporation in bananas, and the other export oriented agricultural industries has had an impact upon the development of cooperatives in the agricultural sector. Until recently the need for cooperatives in banana production has not been considered. James comments that the weak agricultural cooperative activity occurred "...on account of the existing non-cooperative organizations which controlled the marketing of the main crops such as bananas, cocoa, and coconuts/copra" (1977, p. 2).

Although cooperatives were excluded from export agriculture, there was still some scope for development in the food industries. Yet by 1982 the cooperative movement was still considered to "...exercise minimal influence in the socio-economic life of the agricultural sector of the nation as a whole" (Saint Lucia, Land Reform Commission, 1982, p. 19). In the early 1980's the situation changed. The new interest of the Government in agricultural cooperatives was multi-dimensional. Because of the small domestic market there was a need for a high degree of control at the farm level. Cooperative structures seem to supply that control. Also there is a need for producer

cooperation in production control, again since cooperatives give the producer a stake in the success of the movement, there is a greater desire to adhere to production guidelines. Also, cooperatives appeared to be capable to address the socio-economic development goals in terms of rural development.

With the formation of STAFECO-OP in 1982, the livestock cooperatives began to strengthen and expand. Clive Harris comments on the new movement: "...in the last four to five years we have seen more activity in the cooperative movement than in the last twenty-five years. This can be attributed to...active membership. There are a few dedicated farmers who decided to go somewhere..." with livestock farming. (29)

The characteristics of the agricultural cooperative movement under the STAFECO-OP umbrella are discussed at length in Chapters III and IV.²⁹ What has been attempted here is to demonstrate that the nature of the agriculture sector in Saint Lucia and national goals has an effect on the types of institutions which are involved in it. Statutory

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²⁹ Interview with Clive Harris, 16 April 1987. The Land Reform Commission indicates that one possible precondition to successful agricultural cooperatives was land reform and improved land tenure regulations. These have come to some degree but they are long-term processes. It is interesting to note that the livestock industry requires very little land. Many producers of pigs and chickens can have viable units on lots which are less than an acre. It appears that the development of livestock cooperatives may be a response to some of the factors which limit agricultural cooperatives.

corporations may have been the appropriate institutions for organizing export agriculture. However, they are not necessarily suited to act as organizations in the food industries or to address social development goals.

CONCLUSIONS

This chapter considered the articulation of cooperatives in Saint Lucia. One of the assumptions made in this study is that there are socio-economic conditions in any locale which encourage development of some cooperatives while discouraging the formation of others. Local conditions in Saint Lucia factor heavily in the final articulation of liberal democratic cooperatives. Saint Lucia was described as being extremely small, and dependent upon a narrow range of economic activities and markets for its economic livelihood. Also, the banana industry was identified as the primary economic activity in the country. This has had a destabilizing effect on the economy. Moreover, traditionally unequal land tenure patterns have been supported which have supported unequal social structures. Given the socio-economic need, and the limited resources available, cooperatives were identified as possible institutions which could address these developmental issues.

The historical development of liberal democratic cooperatives identifies the major issues leading to the

present state of cooperative development. Apparently there has been some difficulty in promoting the liberal democratic concept of cooperation in the Island. This can be traced to: inadequate institutional support, a poor understanding of the liberal democratic philosophy, lack of financial resources, distrust of the colonial administration and Government by the people, and the desire for quick results.

The process of cooperative adaptation has resulted in an uneven cooperative success in the different economic sectors. Observing that the Saint Lucian cooperative movements conform approximately to trends identified in other Eastern Caribbean countries, the most highly developed movements in Saint Lucia were identified; credit unions, fishing cooperatives, and agricultural cooperatives. Indications are that these cooperative movements were successful due to favourable environment provided by Government support or institutional support from international organizations.

Finally, the agricultural sector was considered, observing that it is divided into two basic activities, export agriculture and food production. The export sector is by far the largest activity. The domination of export agriculture by the statutory corporations has had an effect on the development of agricultural cooperatives, to the extent that cooperatives have been relegated to the smaller activity, food production. Using the SLBGA as a case study

we considered the goals of the statutory corporations, and then the structures which have been developed to achieve them. It appears that the SLBGA has adapted to the demands of the banana industry in an appropriate manner to achieve the goals. But given the present socio-economic goals in the food sector, it appears that cooperatives may be the more appropriate institutions. This will be considered at greater length in Chapters III and IV.

In conclusion, it appears that cooperative development in Saint Lucia has occurred unevenly, with cooperatives carving out a niche in important economic sectors which have not been organized already under other institutions. This implies that cooperatives were adapted selectively to the Saint Lucian context, rather than being adopted uncritically. In Chapter III this process of adaptation is considered at greater length, using the STAFECO-OP movement in livestock production as a case study.

CHAPTER III: STAFCO-OP AS AN AGRIBUSINESS

INTRODUCTION

Chapter I noted that the manner in which a cooperative is organized as a business, and how it is integrated into the economy, can have an impact upon its success. Chapter II reviewed the two types of agricultural organizations prevalent in Saint Lucia, statutory corporations and cooperatives. Cooperatives were shown to be relegated to the less important sections of the agricultural sector, in dollar terms, namely the food sector. This chapter considers STAFCO-OP as a case study of agricultural cooperation in a small island state. In the same way that the agricultural sector impinges on the formation and articulation of cooperatives as businesses, the demands made upon cooperatives to act as businesses also have an effect upon their overall organization and operations. This chapter discusses the organization of the cooperative as a business which involves identifying the factors which affect the cooperative movement. (1)

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1. The STAFCO-OP main office is located at Marisule, approximately 10 minutes drive north from downtown Castries. All long-term storage coolers and some of the processing facilities are located at the STAFCO-OP office. Other facilities that STAFCO-OP uses include the feed mill in Vieux Fort, in the South; the broiler processing plant at Union which is approximately 10 minutes from the main office; and the Castries abbatoire, which STAFCO-OP contracts to slaughter pigs. See MAP I for more information.

The rest of this chapter addresses three major topics: institutional structures of STAFCO-OP; operational functions of STAFCO-OP; and an in depth review of the egg, pork, and broiler industries in Saint Lucia. Special attention will be paid to the manner in which cooperatives are integrated into the production of these commodities. Finally, some conclusions will be drawn about STAFCO-OP's internal organization, as well as the markets which are served by STAFCO-OP's activities.

STAFCO-OP is a second tier cooperative, registered in 1982. In 1981 two primary societies, SLEPCO and the Pig Producers Cooperative agreed to unite to import and sell common inputs to achieve economies of scale. The idea for STAFCO-OP grew out of this cooperation. Presently STAFCO-OP has four primary societies as members: SLEPCO, the Pig Producers Cooperative, Belle Poule Broiler Cooperative and the Ti Rocher Farmers Cooperative. Recently the Southwest Region of Fruit and Vegetable Producers (not yet registered), and the Mille Fleur Honey Producers Cooperative have associated themselves with STAFCO-OP, but not on a formal basis. The first three involve animal rearing and will be dealt with in greatest detail since they constitute most of STAFCO-OP's activities. The final three will be dealt with in some detail in Chapter IV (COPAC, Saint Lucia,

pp. 25-26; IICA, "Profiles", pp.4, 32). Total membership in all the primary cooperatives exceeds 200 farmers.(2)

INSTITUTIONAL STRUCTURES

FIGURE 3.1 represents the present institutional structure of agriculture under the STAFCO-OP movement. Two types of integration are identified, vertical integration and horizontal integration. STAFCO-OP began with SLEPCO and the Pig Producers Cooperative, and then admitted other societies. This represents a horizontal movement from the egg and pork industries, to broiler chickens, vegetables, fruit, and honey. It also represents a broadening of the support base at the membership level as well as at the primary society level.

Horizontal integration is critical to the growth of the movement since demand for any single commodity is limited by the size of the small domestic market. By the end of 1986 the egg industry and pork industry had achieved production ceilings, or were near to production ceilings. Broiler production is an area in which there is considerable growth

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2. Interview with Larry Leighton, STAFCO-OP, Marisule, 1 April 1987; Interview with Vasantha Chase, CARDI, Castries, 14 April, 1987. Southwest is not yet registered with the Department of Cooperatives but an application for registration has been made. STAFCO-OP supports Southwest in its quest to become registered. Both Southwest and Mille Fleur are not yet members of STAFCO-OP. But STAFCO-OP is providing planning support and consulting for the societies. The two societies will probably become associated formally with STAFCO-OP at a later date.

FIGURE 3.1 STAFCO-OPS INSTITUTIONAL STRUCTURE

potential, but STAFCO-OP must secure a larger market share if this potential is to be realized. This has proved to be a slow process. Fruits, vegetables, and honey are attractive areas for growth since they can be marketed domestically, as well as internationally. (IICA, "Profiles", pp. 5-7)

The horizontal expansion of the movement is separated along the lines of the primary societies, with each society having a specialized function. Vertically, the STAFCO-OP movement provides an institutional structure which integrates the farmers with national and international institutions which can have an impact upon their well-being. FIGURE 3.1 indicates that the farmers are organized into primary societies based upon the industry in which they are involved. Members may belong to more than one society depending on the commodities they produce. The integration of the movement will be considered from the perspective of the individual primary societies later in this chapter. (Interview with Larry Leighton, 1 April 1987; Interview with Berinius JnBaptiste, 15 April 1987)

The primary societies have Boards of Directors, ranging from five to seven members, which are elected by the members, according to the cooperative policy of one vote per

member. One Director from each primary society serves on the Board of Directors of STAFCO-OP which presently has five members, at least one member from each primary society. (3)

FIGURE 3.1 also indicates that STAFCO-OP is linked to national institutions. Some of these include: the Egg Monitoring Committee (EMC), the Pork Monitoring Committee, the Ministry of Agriculture, the Ministry of Trade, the National Research and Development Foundation (NRDF), and the Cooperative Department. Some international institutions which STAFCO-OP has relations with include: the Cooperative Union of Canada (CUC), the Caribbean Agricultural Research and Development Institute (CARDI), and International Voluntary Services Overseas (IVS) (IICA, "Profiles"). The institutional linkages of the cooperative movement are important for mobilizing international and national support for the organization. This chapter will also demonstrate that these linkages are important in STAFCO-OP's integration efforts.

"The overall objective of STAFCO-OP is to encourage, support and service the needs of farmers to produce and market agricultural products" (IICA, "Profiles", p. 32). In

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3. Interview with Berinius JnBaptiste, STAFCO-OP, Marisule, 15 April 1987. The membership of the primary societies is fairly small in absolute terms but the societies account for a considerable proportion of the medium to large food producers. In addition to representation on the Board of Directors, each primary society also elects three delegates to attend the STAFCO-OP Annual Meetings.

order to support the primary goal of viable food farming in Saint Lucia, the following functions are performed: regular and reliable provision of inputs such as feeds, medication, seeds, and fertilizers to members; marketing or facilitation of marketing of member's produce; promoting the interest of members by participating in the making of public policies which affect them; providing member cooperatives with professional services such as accounting; engaging in educational activities, technical assistance and research which will benefit the agricultural sector; facilitating the development of more farmer cooperatives in Saint Lucia; providing linkages between Saint Lucian cooperatives and foreign cooperatives and foreign markets; providing credit to member-producers for agricultural purposes; and providing professional services to the primary societies including accounting and management (COPAC, Saint Lucia, 1985, pp. 26-27; IICA, "Profiles", p. 32). The division of responsibilities and functions between STAFSCO-OP and the primary societies will be discussed at greater length in the sections of this chapter which deal with the individual commodities.

STAFSCO-OP's institutional structures appear to be similar to those of other liberal democratic agricultural movements found in the United Kingdom and elsewhere. This is highlighted by the manner in which the movement is divided into separate entities, both vertically, and

horizontally. The separate cells of the movement are connected through the use of contracts and agreements. These identify the roles and responsibilities of the units to each other. They also formalize the limits of cooperation. Through this manner of organization, each unit is protected from failure of another unit. Also, each unit has guarantees from the other units important to it. Typically, the primary relationships are vertical, from primary society to secondary society. Relationships between primary societies tend to be carried out through STAFCO-OP. The horizontal linkages come through members who belong to more than one society (Digby, 1970, pp. 137-138; IICA, "Profiles", pp. 32-39)

OPERATIONAL ORGANIZATION

Basically, STAFCO-OP acts as the marketing agent for SLEPCO, the Pig Producers Cooperative, and Belle Poule. By consolidating marketing, administration and accounting services in one central institution, a degree of coordination can be achieved, leading to economies of scale in these operations. This is especially important in a small state such as Saint Lucia where no one agricultural commodity is produced on a scale large enough to support a cooperative infrastructure such as STAFCO-OP. In a business sense, self-sufficiency can be described as the ability of STAFCO-OP to generate income to sustain its operations.

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MINICOD
MICROFILM
SERIALS SECTION
UNIVERSITY MICROFILMS
SERIALS SECTION
UNIVERSITY MICROFILMS

One of the major operational functions is the provision of inputs to the member-producers. This relationship is identified in FIGURE 3.2. Probably the most important single input supplied to the member-producers by STAFCO-OP is feed. Feed can account for approximately 70 percent of livestock production costs. Because of the importance of the feed component it is critical for STAFCO-OP to control feed supply. STAFCO-OP has been importing feed from Saint Vincent since its inception in 1982 but the cooperative is beginning to mill its own feed. The first bag was produced in April 1987. Initial production levels for the mill are expected to supply most of present demand without resulting in feed price increases. Future expansions in production are expected to bring down per unit costs, or at least keep prices stable (Interview with Larry Leighton, 16 April 1987; STAFCO-OP, Leighton, "Feed Mill", April 1986).

FIGURE 3.2 also indicates that there is a movement of output from the member-producer through STAFCO-OP. STAFCO-OP purchases the output from the producers rather than taking it on consignment. When STAFCO-OP purchases produce from members, up to two weeks is allowed before STAFCO-OP makes payment (Interview with Larry Leighton, 16 April 1987). After STAFCO-OP buys produce it is processed as much as necessary and is sold wholesale to local hotels, restaurants, and retailers. This accounts for approximately 90 percent of the produce marketed by STAFCO-OP. The rest

FIGURE 3.2 STAFCO-OP'S OPERATIONAL STRUCTURE

is retailed directly by STAFCO-OP from the main office. The major markets for STAFCO-OP produce are the hotels, and restaurants which cater to the tourist market. However, some supermarkets do buy STAFCO-OP produce. This orientation of markets has a spatial distribution which will be discussed in Chapter IV (STAFCO-OP, "Charge Sales Book", April 1987).

Another interesting operational feature is identified in FIGURE 3.2; that STAFCO-OP is bypassed to a certain degree by the member-producers in the egg and pork producing industries but not in the broiler industry. This leakage occurs in marketing for both pork and eggs, and in the supply of inputs to the pork industry. This phenomenon is based in the nature of the three commodities. We remember that STAFCO-OP is the only market for broilers produced on a large scale. This allows STAFCO-OP a great deal of control over the industry and producers are encouraged to adhere closely to STAFCO-OP guidelines. In eggs and pork this control is not as strong. Many producers found their own markets for their output before joining the movement. It is difficult for STAFCO-OP to convince these producers to market all their produce through STAFCO-OP. In the case of pork inputs, a portion of pig feed is made up from locally available produce such as bananas. It is neither practical

nor desirable that producers should buy all their feed from the cooperative. (4)

STAFECO-OP provides a number of services to the primary societies and the member-producers. The operations of the movement are shaped by the conditions of the market-place, and the characteristics of the commodities produced. Essentially, the operational functions are designed to meet the needs of the producers, and by association, the cooperative movement. What follows is a discussion of the three major commodities handled by the STAFECO-OP movement. Each of these commodities has unique characteristics which demand individual institutional, operational and functional attention from STAFECO-OP. The first industry to be considered is the egg industry.

SLEPCO AND THE EGG INDUSTRY

The domestic egg industry exhibits the following characteristics which have an impact on the STAFECO-OP movement. Domestic demand for eggs is inelastic. Estimates indicate that to achieve a 10 percent increase in demand, prices would have to drop by 25 to 30 percent (Leighton, "Comments", 1986, p. 8; Chase and Proverbs, 1986, p. 17). Also there is a strong propensity to import eggs to the market. This is based in the pricing structure of eggs on

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4. These issues are discussed in the sections dealing with specific commodities in this chapter.

the domestic market.(5) Without import controls, there is a strong potential for domestic producers to be undercut by lower prices on egg imports.

The domestic egg market can be divided into two basic parts, the fresh egg market, and the chilled egg market. The chilled egg market consists mostly of the hotels, and tourist restaurants, where the facilities to store chilled eggs exist. Most retail outlets do not have coolers to store chilled eggs, an essential factor since chilled eggs spoil quickly when removed from the cooler. STAFECO-OP only markets chilled eggs on behalf of the farmer members. Therefore, STAFECO-OP's markets are mostly in the tourist industry. However, STAFECO-OP has structures which allow for the marketing of fresh eggs by members, directly to retail.

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5. Vasantha Chase and Gerald Proverbs, An Assessment of the Saint Lucia Egg Industry. (Castries; CARDI, 1986), pp. 1-2. Leighton, "Comments by page on the CARDI study An Assessment of the Saint Lucia Egg Industry." (Castries; Unpb., 1986), p. 5. Eggs can be imported for a lower cost than they can be produced domestically. Domestic eggs wholesale for \$ 4.75 per dozen for large eggs, whereas imports cost \$ 4.38 per dozen. But imported eggs are chilled, and are of lower quality than domestically produced eggs. The hotels are probably the most heavily affected by import controls since they deal mostly in chilled eggs, thus they support free market strategies. Egg retailers probably support local egg production since there are price controls (\$.07 per dozen markup) on imported eggs but none on domestic eggs (\$.85 markup per dozen is possible). In addition to cost factors, there is a very strong lobby group in Saint Lucia which is interested in free trade. This group has traditionally made money from egg imports, and is being bypassed by the efforts to encourage domestic egg production.

outlets (Interview with Larry Leighton, 11 April 1987; Chase and Proverbs, 1986).

The final characteristic of the egg market to be discussed here is that large production units are not necessarily the most appropriate methods of production in the Saint Lucian case. The major issue is that market capacity effectively limits the size of the national laying flock. Employment effects can be maximized in terms of farmer participation if the production units are limited in size. Another issue is that efficiency can only be attained if the production plant is operated at close to maximum production levels. If there are only a few, large producers, there is a greater possibility that their production units will have to be operated at less than maximum capacity in order to limit the possibility of over supply. Leighton ("Comments", 1986) favours the small to medium producer, with flock sizes between 100 to 1000 hens laying.

These characteristics of the industry raise questions as to what are the best policies to support a "viable domestic egg industry". Saint Lucia has adopted the "supply-management approach" to the needs of the egg industry. A recent CARDI study concludes that:

"The proponents of supply management...feel that in order to be self-sufficient within the local industry, attempts have to be made at controlling the size of the national flock, number of producers, and the

level of production. It is felt that operating the industry along the lines of supply management will ensure the participation of many small producers rather than just a handful of producers as was the situation prior to the formation of SLEPCO in 1982." (Chase and Proverbs, 1986, p. 30)

The organizations involved in egg supply in Saint Lucia can be divided into two camps, those that support "supply management" and those supporting "free enterprise". Free enterprise supporters consist largely of 2 large egg producers who are not members of STAFCO-OP/SLEPCO, the tourist industry, and other produce importers. Also there may be some consumer support for foreign eggs since they generally retail for less than domestic eggs. The two large domestic producers control approximately 15 percent of domestic supply. The motivations behind their support of free enterprise offer an insight into the Saint Lucian propensity to import produce. One of the producers owns a chain of supermarkets through which he markets all of his eggs. Having a ready market, he does not derive benefits from market guarantees offered through cooperation. This limits his interest in supporting STAFCO-OP. More importantly though, both producers are heavily involved in the import of meat products for local consumption. Later in this chapter it is indicated that STAFCO-OP is also moving into domestic production of key meat products such as pork and broilers. Larry Leighton comments on the fact that these two producers feel threatened:

"The only two large producers of eggs who are not members of SLEPCO are importers of meats. It is not in the interest of these importers to see SLEPCO/STAFCO-OP succeed in self-sufficiency in eggs, as it can demonstrate the potential for the same in chicken and other commodities which they import." (Leighton, "Comments", 1986, p. 2)

The supply management forces appear to have achieved the control over most of the egg industry, in spite of efforts of others to the contrary. Basically, this has involved institutional and organizational development. The Ministry of Agriculture (MOA), and Ministry of Trade have been integrally involved in the process. Other institutions involved include; the Egg Monitoring Committee (EMC), STAFCO-OP, SLEPCO, Saint Lucia Hatcheries, and the Saint Lucia Marketing Board (SLMB). The EMC was formed in 1982 and has representatives from the MOA, Ministry of Trade, SLMB, STAFCO-OP, and SLEPCO. Its primary functions are; to monitor domestic egg production, and to advise on monthly import levels of eggs if they are necessary. The SLMB is the official importer of eggs into the country. It imports eggs during peak demand periods, when local producers cannot supply all of it. (6)

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6. Chase and Proverbs, 1986, pp. 22-23. Interview with Larry Leighton, STAFCO-OP, Marisule, 1 April 1987. The SLMB also has other duties as importer of other products. The author believes that it is a statutory corporation although this is not certain. Its activities are controlled by the Government. The EMC is also considering to allow the national Chamber of Commerce, and a national hotel association to have representation. This way the interests

In 1982 SLEPCO became involved with the EMC from the production side. The major goal of the movement was to provide an environment favourable to efficient egg production so that production could be stabilized at the maximum possible level.(7) One key to achieving this goal is the provision of security to the producers and the cooperative movement. Another key is the control of production against over-supply. Therefore, a number of structures and mechanisms were developed to meet these needs.

The first step in the process involves protection against over-supply. The EMC estimates demand for eggs on a monthly basis and then estimates the flock size necessary to produce the eggs to meet the demand. On an annual basis, the total flock size is estimated and allocated. In 1986 the total national flock needed was estimated at 32,000 "hens in lay" (producing eggs). Once the flock size is set, quotas are allocated to STAFCO-OP/SLEPCO, and the other producers. In 1986, SLEPCO was allocated 26,900 hens, or 84 percent of the national flock. SLEPCO then reallocates its quota to individual member-producers according to the following criteria: those with less than 1000 hens who

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of the major importers would be voiced.

7. Chase and Proverbs, 1986, pp. 1, 14-15, Appendix; Leighton, "Comments", pp. 1-2. CARDI provides a copy of an agreement between STAFCO-OP and SLEPCO and the producer which outlines production regulations and responsibilities. This can be seen in Appendix I.

wanted to increase their flocks up to a maximum of 1000 hens; those members who had had over 1000 hens but could not replace their laying stock through no fault of their own (hurricanes, sickness); and new members not yet allocated a quota. Other criteria were also considered including geographical considerations (first priority going to producers in the south), and member loyalty. It is difficult to calculate local demand and then estimate domestic production exactly. But the efforts to regulate the industry have been generally effective. When local demand is greater than estimated, the EMC advises that imports of eggs be allowed to meet the excess demand. Egg imports have been limited in recent years to approximately 3-6 percent of total supply.⁽⁸⁾ The results of these efforts will be considered in greater detail in Chapter IV.

The achievement of protection against overproduction is an insurance that there will be a demand for eggs marketed by STAFCO-OP/SLEPCO. This gives STAFCO-OP/SLEPCO the security to give member-producers the encouragement to

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8. Chase and Proverbs, 1986, pp. 12, 18; Leighton, "Comments", p. 1. Demand for eggs must be predicted for a future period. Then the size of the national flock needed to meet the demand is calculated. This is then allocated among STAFCO-OP and the independent producers. STAFCO-OP/SLEPCO reallocates its quota among its members. The process can be difficult to implement since a number of variables must be factored in: average productivity of the national flock must be calculated; the delivery time for chicks after they have been ordered must also be calculated; also the growing time it takes for them to reach "point of lay" (3-4 months; and the length of optimum laying period must be factored in (approximately 10-12 months).

produce at their maximum possible levels. The encouragement is provided by first guaranteeing them that STAFCO-OP will purchase all their eggs at a guaranteed price. Also, STAFCO-OP provides a regular and high quality supply of inputs which are calculated to give the best productivity results. These inputs and guarantees offer the member-producer a steady income which can be estimated. While STAFCO-OP/SLEPCO provides guarantees to the member-producers, some conditions must be met by the producers. These are outlined in the sample agreement between STAFCO-OP, SLEPCO, and the members: the producer must remain within the flock size quota allocated, the member must purchase inputs from STAFCO-OP, and the member must adhere to the regulations imposed by the Egg Stabilization Committee. If the member does not adhere to the conditions of the agreement, the member's right to market through STAFCO-OP can be revoked. (9)

We have already indicated that STAFCO-OP/SLEPCO can only provide incentives to its members if the cooperative is secure. Membership in the EMC helps to provide market security but not necessarily financial security. It is apparent that calculating demand and supply is a complicated process, and that it is not always performed accurately. If

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9. Chase and Proverbs, 1986, p. 6; Leighton, "Comments", 1986, p. 2. The Egg Stabilization Fund Committee is made up of 2 STAFCO-OP representatives and 3 SLEPCO representatives. The Committee decides when and how the fund is to be used.

demand is underestimated, then it is a simple matter of allowing the SLMB to import more eggs. However, if demand is overestimated, and a glut occurs in the market, a mechanism must be adopted to smooth out any dislocation caused. Since STAFCO-OP guarantees to buy all member produce, it stands to lose from such a glut. Therefore, the Egg Stabilizing Fund has been established. STAFCO-OP has the capacity to store 10,000 dozen eggs in its cooler in the main office at Marisule. If there is a glut on the market and eggs are moving slowly, STAFCO-OP can continue to buy eggs from producers, using funds from the Stabilizing Fund, so that the price to the farmer does not drop. Moreover, STAFCO-OP can lower the price to customers in the hopes of increasing demand in the short term by using the Stabilizing Fund. Thus STAFCO-OP and the member-producers are protected. If the glut is considered to be a longer term phenomenon, the Stabilizing Fund Committee can require the forced moulting or culling of member-producer flocks. In this way, production levels can be limited if necessary to prevent long-term deterioration of farm-gate prices. (10)

The institutions and mechanisms which structure STAFCO-OP/SLEPCO involvement in egg production provide an environment within which the cooperative movement can

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10. Chase and Proverbs, 1986, p. 14-15. Leighton, "Comments", 1986, p. 6. The 10,000 cooler limit is considered by STAFCO-OP to be an adequate buffer in times of gluts. It represents approximately 20 percent of monthly demand.

flourish. This is critical to the overall health of STAFCO-OP/SLEPCO as well as the egg industry. Operational activities of the cooperative also reflect the impact that the environment has on the movement. Earlier in this chapter it was indicated that STAFCO-OP is to provide all operational support for SLEPCO, and member-producers. It is useful to consider the actual movement of eggs from the farm to the market. By doing this a better understanding of STAFCO-OP's operations in the egg industry can be obtained, including the manner in which STAFCO-OP generates income through egg operations.

The sample agreement in Appendix I states that STAFCO-OP agrees to sell the member-producer's eggs at three set prices per dozen; large at \$ 4.75, medium at \$ 4.25, and small at \$ 3.85. According to Leighton these prices have remained stable since 1982. Although the retail price for domestically produced eggs is approximately 20 percent higher than imported egg prices, the stability of the price benefits the retailers. STAFCO-OP eggs are still considered to be competitively priced in the consumer market (Leighton, "Comments", 1986, p. 5).

There are two schedules for making payments to the producers who market eggs through STAFCO-OP. One schedule is for the producers who market the eggs to the retailers themselves but want the sale to be credited to STAFCO-OP. The other is for the producers who sell their eggs to

STAFCO-OP. In both cases the wholesale price to the retailer is the same. But in the first case STAFCO-OP deducts \$.05, and in the second case STAFCO-OP deducts \$.15 from the wholesale price to get the amount paid to the farmer. This policy has a number of benefits. When members market their own eggs the marketing costs to STAFCO-OP are reduced, so STAFCO-OP passes the saving on to the member. The \$.10 per dozen saving acts as an incentive to get members to market more of their own eggs. This also has the potential effect of widening STAFCO-OP's market penetration to include fresh eggs, and retail outlets, rather than just the tourist sector. One other thing which must be remembered is that many of the producers had markets before STAFCO-OP was formed. Providing the two schedules may encourage these members to market more eggs through STAFCO-OP. Greater participation would benefit the farmer since a number of benefits, including the allocation of larger production quotas is based partly on member patronage of the cooperative. There is also the gain to be made by reduced egg losses due to breakage. Leighton comments:

"Should not farmers market most of the eggs themselves? Eggs are fragile, roads are not good, and increased handling will result in increased losses." (11)

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11. Interview with Larry Leighton, STAFCO-OP, Marisule, 11 April 1987; Leighton, "Comments", pp. 5-6. When a producer delivers eggs directly to the retailer, (hotel, restaurant, etc.) a receipt is signed indicating the

The policy has the potential to benefit all producers but, especially large ones who may not have purchasers for all their eggs. Any excess can be sold directly to STAFCO-OP.

With the price stabilized and the market guaranteed, the producer is left with the maximization of output and minimization of cost. This way the farmer can maximize returns from egg sales. The major input is feed. Estimates indicate that feed costs account for approximately 70 percent of total production costs. Feed quality can also have a considerable effect on the production levels of the laying hens. (12)

Until April 1987 STAFCO-OP imported duty free layer feed from Saint Vincent. Now feed is produced in STAFCO-OP's own feed mill in Vieux Fort. (13) This has the effect of giving the cooperative, and producers more control over feed quality as well as prices. Although indications are that the mill will initially be operating at minimum economies of scale, prices of feed should not be higher than

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total number of eggs delivered. This receipt is taken to STAFCO-OP and the producer is paid the appropriate amount. The retailer is billed for the eggs purchased.

12. Chase and Proverbs, 1986, p. 18. In 1984 Saint Lucia producers experienced a dramatic decrease in egg production. This had a macro-economic impact in that local production was unable to meet the quota, and imports had to be made to meet domestic demand for eggs. The decline has been attributed to a faulty batch of feed from the Saint Vincent mill.

13. Interview with Larry Leighton, STAFCO-OP, Marisule, 18 April 1987.

imported feeds. STAFCO-OP feed is sold to member-producers at cost plus \$ 2.00 per 50 pound bag of feed. The \$ 2.00 cess can be broken down as follows: \$ 1.00 is an egg marketing fee to replace the revenue lost by encouraging producers to market their own eggs; \$ 0.50 is deposited in the Egg Stabilizing Fund; and \$ 0.50 is put toward the purchase of share capital in SLEPCO for the producer. Even with the cess attached STAFCO-OP feed is still competitively priced with private sources of feed. Berinius John Baptiste indicates that in April 1987, STAFCO-OP feed cost \$ 28.50 per bag, whereas, privately sold feed cost the producer \$ 31.50 per bag. (14) It is generally considered that STAFCO-OP does not turn a profit on the marketing of eggs. Therefore, the feed cess is necessary to cover the loss. As businesses, SLEPCO, and STAFCO-OP must remain self-sufficient (Interview with Berinius John Baptiste, 10 April 1987; Chase and Proverbs, 1986, p. 21; Leighton, "Comments", p. 6).

Another major input to the egg industry is the laying flock. STAFCO-OP has been known to import layer chicks on behalf of the members. However, STAFCO-OP purchases much of the necessary layers from Saint Lucia Hatcheries, a private enterprise. A mark-up of \$ 0.03 per chick is applied and then the chicks are sold to members. STAFCO-OP also

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14. Jon Baptiste is now the marketing agent for STAFCO-OP. He is a former Registrar of Cooperatives for Saint Lucia.

purchases broiler chicks from the hatchery. The hatchery imports the hatching eggs from Florida, and incubates them in Saint Lucia. If it were not for the demand for chicks, created by STAFCO-OP, the local hatchery would not be producing at nearly as high a level (Chase and Proverbs, 1986, pp. 8, 25-26).

It is apparent that STAFCO-OP/SLEPCO is a very important part of the overall industry. Nationally, there are a number of institutions, linked through the EMC, which operate on a supply management approach, STAFCO-OP/SLEPCO is tied into this network. In order to participate effectively in the creation of a national egg industry, STAFCO-OP/SLEPCO developed a number of institutions, and mechanisms. Operationally, STAFCO-OP/SLEPCO is attempting to structure the economic flows of the industry such that the cooperative, producers and consumers would benefit to the point that the industry would be self-sustaining. All of these activities have been designed to work in the Saint Lucian context, which is a fairly supportive environment.

PIG PRODUCERS COOPERATIVE AND THE PORK INDUSTRY

STAFCO-OP/SLEPCO has been quite successful in organizing the domestic production of eggs along supply management principles. The pork production industry has been more difficult to organize. This study considers that

the difficulties rise from such issues as greater product and market diversity, and differences at the production end. This study considers the pork industry in terms of product complexity, market complexity, and other structural features of the pork economy. Then institutional development under STAFCO-OP/Pig Co-op is considered. Finally, the operational activities of STAFCO-OP are discussed. It appears that supply management can be achieved but that the structures and operations needed to achieve it must be tailored to the commodity.

There are over 21 pork products which can be potentially marketed in Saint Lucia. Each of these can be marketed separately from the others, and each has a potentially different market. For example, pork chops are in high demand in the tourist industry while pork bones could be used in animal feeds if the market could be penetrated. The implication here is that there could be a shortage in one commodity, a glut in another, and no demand at all for a third. Another characteristic related to these is that there appears to be a certain amount of substitutability between pork products, and between pork and other meats. (15)

Another characteristic of the industry is that pork production is limited to supplying only domestic demand.

- 15. -STAFCO-OP, "Pork Price List", April 1987. Interview with Larry Leighton, STAFCO-OP, Marisule, 11 April 1987.

Saint Lucia is a relatively high cost producer, compared to the United States where most pork imports originate. It is not possible to compete on the international market in pork products. Moreover, protection from imports is necessary to compete in the domestic market. Total imports of pork, added to the STAFECO-OP sales for 1985 provide an indication of the size of the domestic market for pork at the present time. However, if we consider all meat imports, excluding poultry products, we can see that there is potential for expansion of domestically produced pork into the market, if imports can be effectively controlled.(16) This is based on the assumption that there is a certain amount of substitution between meat products.

Structurally, retail outlets and tourist industries are highly integrated into United States exporters. This is not really surprising given the low cost of production in the United States, and Saint Lucia's economic openness. The result is that it is very difficult for the local producers to break into the market. Local producers are constantly battling to wrest the market from traditional forces who act

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16. Saint Lucia, Statistics Department, Statistics Digest, 1986. As we will see in Chapter IV STAFECO-OP does not account for all domestic production. But indications are that it accounts for something less than 50 percent of production.

as a strong lobby group. These forces include the national Chamber of Commerce.

"The local Chamber of Commerce is constantly trying to convince the Government that the quality of locally produced pork is inferior and that the price is high in comparison with imported pork." (IICA, "Pig Cooperative", p. 5)

Even such events as the ban on fresh pork imports in 1986 has had a limited effect upon the importing concerns. Apparently they imported the pork under false names and generally attempted to circumvent such legislation as was passed against them. (17)

In the late 1970's the Government recognized the importance of food self-sufficiency in some commodities as being of potential benefit to food security and balance of payments problems. Pork production is one commodity for which there was support for the development of a local industry. Recognizing that there were severe structural constraints to the development of the industry, the MOA supported the development of institutions to counteract the traditional structure of supply. In 1979 the MOA encouraged a meeting of approximately 200 pork producers, at which they were encouraged to organize into a cooperative.

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17. Interview with Kennedy Evellin, Marisule, 1 April 1987; IICA, "Pig Co-op", p. 5. The ban on imports of fresh pork meant that fresh pork could enter Saint Lucia only under import license. The imported pork often was imported under false names. Because of the Government support, STAFECO-OP is supposed to control 95 percent of the domestic market for fresh pork.

The Pig Producers Cooperative was registered with a membership of 32 in 1981. It now has a membership of approximately 120, of which 60 are actively farming, and 35 are actively producing for STAFCO-OP.

The origins of the movement coupled with the large and diverse membership have interesting implications. While initial growth in terms of assets and membership was fairly rapid, the cooperative developed as a somewhat unwieldy institution which depended upon a large amount of external support. Members come from such a wide variety of backgrounds that policy development is sometimes difficult.⁽¹⁸⁾ The second step in the institutional development of the movement can be dated to 1982 when the Pig Co-op joined with SLEPCO to form STAFCO-OP. At this time the Pig Co-op's assets were transferred to STAFCO-OP. Also, all operational activities were transferred (IICA, "Pig Co-op", p. 3).

Institutional development in pork has not been as dramatic as in eggs. The key to this condition may lie in the fact that pork is a relatively more complex commodity

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18. IICA, "Pig Co-op", p. 2; Interview with Larry Leighton, 16 April 1987; Interviews with Leighton, Jn Baptiste, Rigobert, and Atille, 1 April, 1987. Apparently the movement developed as a "top down" effort, rather than a "bottom up" welling of support, unlike SLEPCO which developed from a small base of very interested individuals. The Pig Co-op received tremendous support from Government, and received grants and loans which allowed it to amass more physical capital than any of the other primary societies in the STAFCO-OP movement.

than eggs and that imports, production, and demand are more difficult to monitor and predict. The results are fairly apparent, there has been less data collection and organization, a lower level of institutional development, and lower levels of STAFCO-OP control of the farm-to-market chain. (19)

However, STAFCO-OP/Pig Co-op has been actively pursuing the development of the industry. This can be seen most easily by considering the operational activities of the movement. The principal aim of the cooperative was self-sufficiency in the production of fresh pork for the Island. Fresh pork constitutes approximately 40 percent of the pork market in Saint Lucia. To achieve the primary goal a number of functions have been adopted by the movement including: the training of producers to be more reliable in producing market size pigs; reliable provision of inputs so that production can be more accurately regulated; lobbying government to protect the market from imports of fresh pork; and more recently, the provision of credit for increasing the size of production units (IICA, "Pig Co-op", pp. 1, 36). Moreover, STAFCO-OP has adopted the position of marketing agent for the Pig Cooperative in terms of pork products.

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19. Although there is a Pork Monitoring Committee with functions similar to the EMC, it does not appear to be nearly as active as the EMC. The indications are that STAFCO-OP deals directly with the MOA in terms of quality control, data collection, and information sharing.

The Pig Cooperative liaises directly with the Ministry of Agriculture and the Ministry of Trade in the development of policies regarding pork products. In 1986 one result of this liaison was a temporary ban which the Government placed on fresh pork imports, so long as domestically produced pork was available. But even with the Government support, the co-op faced stiff opposition from local meat importers.

The first step in the chain of production is STAFCO-OP's involvement in the provision of inputs. The provision of egg inputs is fairly highly controlled by STAFCO-OP, largely because it has the best prices on feed. But in the pork industry, it appears that a greater proportion of the inputs are obtained from outside the movement. Once again, the largest input which STAFCO-OP provides to the producer is feed. Although \$ 0.50 per bag was charged towards the purchase of share capital in the Pig Cooperative for the member, the feed was still competitively priced compared to private sources. Moreover, STAFCO-OP has a distribution office in Vieux Fort, in the South, so access is fairly easy. This is important since the area around Vieux Fort has a fairly high concentration of producers. This is indicated in MAP 4.5. Another factor favouring the use of STAFCO-OP feeds by member-producers is the regularity with which it can be obtained, since STAFCO-OP buys in bulk. Yet there are easily available sources of feed such as bananas, which are cheap. STAFCO-OP has a great deal of difficulty

in controlling the use of externally available inputs which cut into potential revenue. However, STAFCO-OP does have some impact on pigs sold to the cooperative in the use of quality controls.(20)

Other inputs to the producers include a Pig Production Credit pilot project which was started in 1986. High costs associated with increasing production, and the low funding level has limited the project to 6 participants at the present. But STAFCO-OP hopes that the scheme will be able to be expanded in the future. The project supplies feed to the producers on a credit basis. When the producer sells the pigs to STAFCO-OP, all credits are deducted from the payment to the participant, and he/she receives the residual. This has a number of implications. It could lead to greater STAFCO-OP control over the industry, since inputs are bought from the cooperative and pigs are sold to the cooperative. Moreover, it could have an effect upon the timing of production and quality of the porkers produced, this could result in overall increases in production efficiency. Finally, from the farmer's point of view, the scheme allows production to be increased, provides an

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20. IICA, "Pig Co-op", p. 5. One identified variable in production is the difficulty in "getting farmers to use a well balanced ration is still sometimes a problem, and some rely heavily on bananas as an alternative to the recommended balanced ration, resulting in poor growth and fat animals".

assured market and price and thereby assures the producer a stable income.(21)

When the pigs reach between 140 to 160 pounds total live weight they are sold to STAFECO-OP at a rate of \$ 2.20 per pound. It takes between 6 to 8 months to produce a market weight pig (porker). The length of time depends upon such factors as feeding regimens and housing. STAFECO-OP monitors the pig producers and calculates when pigs will be ready for market. When the time comes they arrange with the producer to pick up the market ready pigs at the farm. The pigs are weighed as they are collected from the producer and this is recorded for later payment. Payment for the pigs is made within two weeks of receipt.(22)

After pickup has been made, STAFECO-OP delivers the live animals to the Castries abbatoire, where they are slaughtered. The abbatoire charges \$ 10.00 per pig for slaughtering. The next day the pig carcasses are moved to the coolers at the Marisule location. Here excess fat and wastes are removed. After the carcasses are dressed, the pig

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21. Interview with Kennedy Evellyn, Marisule, 1 April, 1987; IICA, "Pig Co-op", p. 2. The pilot project is funded through the National Research and Development Foundation (NRDF). Through this, funding is provided for STAFECO-OP to pay an extension officer to council farmers on production methods, and input needs also. The education function is believed to be critical.

22. Interview with Kennedy Evellyn, Marisule, 1 April 1987. The weight at which pigs are marketed is being increased to 160 pounds because the hotels indicated a demand for larger cuts. Thus STAFECO-OP producers are able to transmit market trends to the producers.

is weighed again to obtain total dressed weight. Usually this is approximately 73 percent of the total live weight. If there is excess fat on the carcasses, a penalty is charged against the payment to be made to the producer. In this way STAFCO-OP can effect quality control on the producers, and be protected against losses due to sub-standard quality (Interview with Winston Atille, Marisule, 10 April 1987; Interview with Kennedy Evellyn, Marisule, 1 April 1987).

The carcasses are then butchered, and divided into the various cuts and products. STAFCO-OP is attempting to market over 21 pork products. Although the wholesale prices per pound are considerably higher than the farm-gate prices, STAFCO-OP indicates that it is barely breaking even on the pork operations. The answer lies in the fact that the producer receives payment on the total live weight of the pig. From this, STAFCO-OP derives a dressed weight of 73 percent of the live weight. After the pig is butchered, STAFCO-OP is able to market only 50 percent of the dressed weight. Wholesale prices reflect the weight loss due to wastage (Interview with Winston Atille, Marisule, 10 April 1987).

In order to increase the percentage of the pig carcass used and thereby increase the revenue per pig, STAFCO-OP is attempting to increase demand for cuts and products which are presently doing poorly. This includes the downstream

processing of such items as pork roasts, and the pickling and smoking of some meats.. Whenever new products can be derived from the pig, STAFCO-OP's margin of profitability will improve.(23)

Another issue raised by increasing the usage of each pig is that it may have a substitution effect, and this may result in increased efficiency. Presently there is a high demand for pork chops but if more pork chops were marketed by the cooperative, the overall result would be decreased pig usage. If other products can be substituted for pork chops, increased pig usage would result bringing with it increased revenues per pig. This would be a saving to the cooperative, and wholesale prices could be lowered in real terms. Lower prices could result in pork products being substituted for other meats. Thus demand could be increased. Leighton indicates the importance of increasing the usage of each carcass:

"Downstream processing of smoked meats, sausages etc. could create employment and would allow STAFCO-OP to make greater returns per pig, thereby allowing STAFCO-OP to increase pig production at the farm level. Every

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23. Interview with Larry Leighton, Marisule, 16 April-1987. STAFCO-OP is considering the deboning of these roasts and rolling them so that they may be used as breakfast steaks in the hotels. This has received a positive response from some of the hotels.

non-traditional pig product marketed creates one more reason to slaughter another pig."(24)

Presently STAFCO-OP is barely meeting the minimum profitability in order to maintain operations in the pork industry. With the consolidation of control of the industry under STAFCO-OP, as well as vertical integration efforts of STAFCO-OP, the cooperative movement should be able to attain at least the minimum volume of pork marketing to make the whole process profitable.

BELLE POULE COOPERATIVE AND THE BROILER INDUSTRY

Of all the commodities handled by STAFCO-OP, none has the potential for import substitution that broilers do. However, broiler production is probably where STAFCO-OP is confronted with the greatest competition, and opposition. These issues have interesting ramifications for the organization of the industry under STAFCO-OP. One striking feature is that, internally, broiler production is probably the most highly organized operation STAFCO-OP is involved in. Here some of the most important characteristics of the

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24. Interviews with Larry Leighton, Marisule, 11 April 1987, 16 April 1987. According to Leighton, the downstream processing would also increase return of value added to STAFCO-OP. For example, STAFCO-OP sells pork bellies, but if these were processed into bacon, STAFCO-OP could receive as much as double the price for pork bellies. Leighton also indicated that STAFCO-OP pork is being used by one local sausage producer. This indicates the type of downstream processing possible.

the broiler commodity are considered. STAFCO-OP's control is discussed in operational terms, as well as in terms of the relationships developed between STAFCO-OP and Belle Poule, and between STAFCO-OP and the member-producers.

The market for broiler chickens is limited to domestic consumption because there is no way to compete with the U.S. producers in the international marketplace. There is tremendous potential for local expansion into the domestic market, if market protection and market penetration can be achieved. STAFCO-OP's strategy is to attain the whole chicken market first through protection, and then expand into chicken parts. Chicken import statistics for 1984 indicate that "whole chicken" imports account for only 2 percent of the total market or \$422,000. Chicken parts other than wings backs and necks, made up the next most important section of the market at \$6,310,000. (JnBaptiste, "Marketing Broilers", 1985)

It appears that broilers are vertically integrated into the United States' exporters. There are strong indications that this structural integration also exists in other commodities handled by STAFCO-OP. But the best information is available in the broiler industry. Larry Leighton discusses this issue in relation to Government efforts towards banning imports on whole chicken:

"It appears to STAFCO-OP that there is a related structural problem which makes this policy largely ineffective. A number of the supermarkets which could

market Belle Poule farmers' chicken are vertically integrated organizations. As such they have capital in place for buying in the United States, consolidating orders, importing, wholesaling and retailing. STAFCO-OP, by seeking access to vertically integrated supermarkets is only touching the last link in a vertically integrated chain of import and distribution. In effect, while their owners may be Saint Lucian, their operations are as multinational corporations."(25)

Leighton also gives an example of one supermarket visited in November 1986, during the time of the ban. He found imported whole Cornish hens, rock game hens, whole duck, whole turkeys, and whole capons. Price is not an issue as these are all luxury items. Although STAFCO-OP makes regular attempts to wholesale broilers to this market only an occasional order is placed. Leighton indicates that structural issues interfere with the purchase of local produce.(26)

The major goals of the cooperative include: the local production of high quality whole chickens to limit or eliminate imports of this product; also, there is an interest in increasing the market share of local producers in the poultry market; also there is an interest in the provision of the necessary inputs to members to ensure steady and predictable poultry production; the provision of

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25. Larry Leighton, "Letter to David DeMacque, Director of Agricultural Services", 20 November 1986.

26. Ibid, P. 2.

a guaranteed market for the/poultry produced (IICA, "Belle Poule", p. 1).

Institutionally, Belle Poule was started in early 1984, when a number of members of the defunct Babonneau Poultry Cooperative, as well as other interested individuals held meetings to consider the formation of a new poultry cooperative. The interest generated at these meetings resulted in Belle Poule's registration in August of 1984. Because of the limitations imposed by the size of the market niche, and competition from external sources, membership and production of broilers have both been strictly controlled. Initial membership was 25, but has grown to 50. At the beginning of 1987 no new members were being accepted. (27) Membership in Belle Poule is fairly exclusive, because the original members decided that only the most serious poultry farmers should be encouraged to join the cooperative in order to limit irregularities in production. Thus the membership fee was set high at EC \$1000.00, with an additional \$50.00 application fee. (28)

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27. IICA, "Belle Poule", pp. 1-2. Land Reform Commission, 1982, p. 24. The Babonneau Poultry Cooperative operated during the 1970's. The cooperative was forced into liquidation which suggests the need for some protective measures to help establish the infant industry. Apparently, the development of a large private firm proved to be too much competition, and was partly responsible for the downfall of the cooperative.

28. Interview with Berinus JnBaptiste, Marisule, 11 April 1987. The membership fee compares to \$500 for the Pig Producers Cooperative. Given the 1986 average production run of 500 chickens, and the average net earning from such a

From the outset, STAFCO-OP had been helpful in the formation of the cooperative. In fact many of the members of the new cooperative were already members of one of STAFCO-OP's other primary societies. It is not surprising that the society joined under the STAFCO-OP umbrella.

One of the major institutional goals of the movement has been to obtain effective market protection for local production. In late 1985 the Government banned the importation of whole chickens, providing a market niche of approximately 2 percent of the national market for STAFCO-OP (IICA, "Belle Poule", p. 2). This protection had deteriorated by early 1986 because importers were doing everything possible to circumvent the ban. In December 1985 an import license was granted to one importer providing that he would also buy from STAFCO-OP. The imports were made but the importer never bought from STAFCO-OP. In other instances in February and March 1986, two importers obtained large stocks of whole chickens which they sold at auction prices, EC \$ 2.09 per pound. The bulk of the chicken imports consists of chicken which is below the minimum acceptable standards set for the United States. The chicken is often bought at auction in bulk and "dumped" on the Saint Lucian market at prices which are below the original American production costs, which are impossible to compete

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production run of \$226, it takes 4 production runs to pay for the membership fee. In 1986 producers had between 2 and 7 production runs.

against. Therefore protection from "dumping" is essential if a domestic industry is going to be established.(29) Although the Government was supportive of STAFCO-OP's efforts towards broiler production, and enacted protective measures, Leighton indicated that the problem was still being felt in November 1986.

In June 1986, STAFCO-OP negotiated a new agreement with the Ministry of Agriculture and the Ministry of Trade. In Harris' words:

"STAFCO-OP has just negotiated significant market protection. This protection has taken the following form: In order for the importer to obtain license to import, he must show the licensing officer a delivery slip from STAFCO-OP equivalent to ten percent of the amount of chicken that he would wish to order...In addition the Minister of Trade has agreed to convene with immediate effect a broad based committee to recommend a formula for achieving self-sufficiency in chicken. STAFCO-OP will be represented on this committee."(30)

In 1985 a production contract was developed which outlined STAFCO-OP's responsibilities vis-a-vis Belle Poule

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29. Harris, "Interim Report", 1 June 1986, p. 2. Forty percent of this cost is in freight, and a minimum markup of 25 percent on top of that including Stamp Duty.

30. Harris, "Interim Report", 1 June 1986, p. 2. In June STAFCO-OP was faced with a stock-pile of EC \$ 50,000 in unsold whole chickens which were already paid for. This measure helped to reduce the stock-pile. However, in spite of the ban on whole chicken imports, and the fact that chicken imports were controlled through import licenses, STAFCO-OP's market share was constantly being attacked.

and the member-producers. Under the contract, STAFCO-OP controls all the operational aspects of the industry on behalf of the members of Belle Poule. In return STAFCO-OP offers free administration for the primary society for a six month period of time. Under the terms of the contract STAFCO-OP installed small-scale production equipment; made orders for broiler chicks; purchased other inputs such as feed; made arrangements for farm gate pickups of finished broilers; and agreed to perform administration and accounting duties for Belle Poule.(31)

Broiler production operations actually began in June 1985, on a pilot basis. August production levels were only 750 broilers every two weeks but by the end of December 1000 broilers per week were being processed. In the words of Harris ("Interim Report", 1 June 1986, p. 1):

"STAFCO-OP drafted a contract with farmers which set out the terms and conditions under which farmers would sell chicken to STAFCO-OP. The Belle Poule Broiler Co-op reviewed the contract and farmers who wished to produce for STAFCO-OP signed the contract. As this was a pilot effort farmers were encouraged not to borrow money from the bank to begin efforts; rather those farmers who already had

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31. STAFCO-OP, "An Agreement Between the Belle Poule Broiler Producers Cooperative Ltd. and STAFCO-OP for the Administration and Operation of Broiler Production, Processing and Marketing." (Marisule; Draft, 1985), pp. 1-4. The agreement also covers such issues as quality control and the consultation process between STAFCO-OP and Belle Poule considering policy development in the broiler industry.

buildings in place were encouraged to make the first production efforts." (32)

Broiler operations are the most highly controlled operations carried out by STAFCO-OP. STAFCO-OP processes the live broilers and blast freezes them at the processing plant at Union. There are such small economies involved in the process, and the profit margin is so narrow that if a high degree of centralized control did not exist, production runs would be adversely effected. Every interruption in production has the effect of losing considerable sums of money for STAFCO-OP. The cooperative is able to maintain strict control because it provides the only market for large broiler producers, and can refuse to buy produce if regulations are not adhered to.

STAFCO-OP supplies inputs such as broiler chicks, feed and medication to the producers. The production schedule is rigid, compared to the pig and egg industry. If delivery is not made, or is late, or is 10 percent lower than expected, or the broilers are of poor quality, the producer is penalized (STAFCO-OP, "An Agreement", p. 1).

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32. Clive Harris, "Interim Report", 1 June 1986; Berinus JnBaptiste, "Marketing Broilers", 1986. Broiler production began on 20 June 1985 when 1000 baby chicks were delivered to member-producers. By the middle of August 1985 these had been processed in the STAFCO-OP processing plant at Union. Apparently the small scale processing equipment was imported from Georgia. Space for the processing plant was rented from the BGA.

The production formula is carefully worked out. STAFCO-OP allocates a production run to a producer of between 500 to 1000 broilers, in consultation with that producer. Then the chicks are ordered on behalf of the producer. It takes four weeks for delivery of the chicks. The producer must pick them up at the Vieux Fort airport, or at the office at Marisule depending on the source of the chicks. (33) From receipt of the chicks, a delivery date of the finished broilers to the plant in Union is set. It takes approximately ~~seven~~ weeks for the farmer to produce broilers ready for processing. Because of the definite production schedule, STAFCO-OP can plan production several months in advance, although demand must be taken into consideration with any planned increases in production.

At the farm level, total costs per pound are approximately \$ 1.98 with a production unit of 500 broilers, and \$ 1.95 per pound for a production unit of 1000 broilers. STAFCO-OP pays \$ 2.10 per pound of live broilers at the farm gate. When the broilers are ready, the producer must crate them and STAFCO-OP picks them up. They are weighed upon

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33. STAFCO-OP, "An Agreement", 1985, p. 1. Larry Leighton, "Memorandum to the Board of Directors, Belle Poule: Report on Broiler Operations." (Marisule; Unpb., January 1987), p. 1. STAFCO-OP demands a down payment of 50 percent of the cost of the chicks, and the remainder upon receipt of the chicks. STAFCO-OP either imports the chicks or obtains them from the Saint Lucia Hatcheries. STAFCO-OP imports chicks from Barbados or Trinidad.

arrival at the processing plant.(34) Then they are killed, processed, and bagged. Before being blast-frozen the chickens are weighed again to determine wastage. Finally, the chickens are delivered directly to a purchaser, or are moved to the storage freezer at the STAFCO-OP office in Marisule in order to make room in the blast-freezer for the next production run.

FIGURE 3.3 offers a breakdown of weekly costs and revenues from broiler operations. There are two points at which costs are estimated: total production costs, which include costs directly associated with the production plant; and total operational costs, which include production costs as well as marketing costs, administration costs, etcetera. Because of the two cost estimates, there are also two wholesale prices which represent the "break even" prices at the stated levels of production. These are \$3.52 and \$5.70 per pound respectively. Yet STAFCO-OP has set a ceiling price at which it wholesales broilers, \$3.25 per pound. In 1986 this resulted in weekly estimated losses of \$810 on

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34. Stephen Fontinelle, "Report on Broiler Production Processing and Marketing Operations of STAFCO-OP." 25 September, 1986; pp. 3-4. STAFCO-OP, "An Agreement", p. 4. The price of feed, and the margin which goes to STAFCO-OP varies depending on the type of feed. Three feeds are used in broiler production, broiler starter, broiler grower, and broiler finisher. If STAFCO-OP cannot make collection of the finished broilers, an incentive is paid to the farmer of \$ 0.15 per chicken if the farmer delivers the chickens to Union.

production and \$7350 on total operations. (35)

FIGURE 3.3: ESTIMATED WEEKLY COSTS OF BROILER PRODUCTION AND MARKETING 1986

(Based on 500 chickens per day, 1000 per week, 3000 pounds per week)

TOTAL PRODUCTION COSTS	10,550
Break even price (per pound)	3.52
Price charged by STAFECO-OP (per pound)	3.25
Weekly loss	810
Other Operating Costs (marketing, Administration, rental, insurance, etc)	6,557
TOTAL OPERATIONAL COSTS (per production week)	17,107
Break Even Price (per pound)	5.70
Price Charged By STAFECO-OP (per pound)	3.25
TOTAL LOSSES (per production week)	7,350

SOURCE: Fontinelle, "Report on Broiler Production.", pp. 4-8.

These figures indicate one basic point; STAFECO-OP's broiler plant is operating at well below the minimum profitable scale; and that marketing, and administration costs are largely responsible for this. The issue is that there is little room to reduce these costs.

It is apparent that STAFECO-OP is incurring substantial losses in the short term at least. Many of these have been made up from other activities, and from grants provided by supporting institutions. Still there is a tremendous

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35. Fontinelle, "Report of Broiler Production", pp. 5-8; Andrew Rigobert, "Interview and Tour of Processing Plant", Union, 1 April, 1987; - JnBaptiste, "Marketing Broilers", p. 1.

pressure to make the operation break even. Since STAFCO-OP has placed a ceiling on the wholesale price, and there are certain indivisibilities involved in the operations, the only option is to expand production, and deepen market penetration. This would have a dual effect of lowering per-unit cost and raising total revenues. In light of this, STAFCO-OP is presently aiming to capture 5 percent of the market by further processing the broilers. (36)

Some of the activities being undertaken to achieve the increased economies of scale include: increasing minimum flock sizes to 800 chickens; increasing plant processing runs to between 750 and 800 chickens per day; and increasing the number of processing days from 2 to 3 per week. Moreover, the marketing operations are being improved so that sales turnover of stock is increasing. (37)

STAFCO-OP is also undertaking measures to reduce unnecessary costs and wastage. This includes: Improving working schedules and organization at the Union plant; marketing of offal (waste products from processing); and the improvement of quality of the processed birds by reducing

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36. Interview with Larry Leighton, 11 April 1987. Interview with Berinus JnBaptiste, 10 April 1987. The price will not be raised out of concern that this may have an adverse effect upon demand for STAFCO-OP chicken. The "further processing" mentioned would basically include cutting broilers into quarter sections and marketing them like that.

37. Interview with Berinus JnBaptiste, 10 April 1987. Fontinelle, "Report on Broiler Processing", p. 1. STAFCO-OP, "Broiler Expansion", 21 February, 1987.

damages to the chickens in the plant. Also, on the job training is being provided to processing plant staff (Leighton, "Report on Broiler Operations", January 1987, p. 1; Fontinelle, "Report on Broiler Production", p. 1).

STAFECO-OP's broiler operations have tremendous potential for import substitution, employment and income generation for the cooperative. But structural characteristics of the broiler market are placing restrictions on any hoped-for expansions. The key to this seems to be the provision of effective market protection from imports. This can be supported if we consider the infant industry issue, and the fact that chicken is being dumped on the market. Also, we must consider STAFECO-OP's own efforts at stabilizing the wholesale prices of domestically produced chicken. Internally, it is apparent that STAFECO-OP exercises a high degree of centralized control over broiler production. We can see that the stringent economic demands of the industry have an effect on this. STAFECO-OP is operating at, or below the break-even volume of business, and all inefficiencies must be limited or eliminated if the operation is to remain viable.

CONCLUSIONS

This chapter examined the driving forces behind STAFECO-OP's activities in Saint Lucia's agricultural sector. Chapter II noted that STAFECO-OP is most active in food

commodities for local consumption. This has a number of implications for the articulation of this cooperative movement. Chapter III indicated that, because of the limited size of the domestic market, no single commodity could support an institution such as STAFCO-OP. Moreover, food from the United States is often dumped on the Saint Lucia market at prices that are impossible to compete against, and in quantities that can flood the market. This is structurally supported with the Saint Lucian retailers being integrated in a supply chain that terminates in the United States.

Essentially this is the economic environment into which STAFCO-OP was introduced. These conditions have required certain adaptive responses from the cooperative. Institutionally, STAFCO-OP has had to develop internal structures which give it a broad base of support, protection, and address the specific needs of the producers in the different commodities. The present structure is typical of liberal democratic agricultural cooperatives, it appears to supply protection to the primary societies, and STAFCO-OP since they are all separate entities joined by contractual agreements. This also allows the cooperative movement to be responsive to the needs of the commodity producers. The rapid institutional expansion, from SLEPCO/PIG CO-OP, to Belle Poule and the other commodities has also had the effect of expanding STAFCO-OP's support

base which is critical to providing the cooperative with leverage. In Chapter IV this will be discussed, along with the potential of the horizontal expansion to encourage the penetration into smaller farmers.

Institutional development between the cooperative and external organizations has also been necessary to STAFCO-OP's survival. The Government has been instrumental in providing incentives for the development of such institutions as the EMC and PMC. Also STAFCO-OP receives technical assistance from other national and international bodies. The creation of national institutions, and the interaction with other institutions resulted in the development of structures which can counteract the structural linkages tying Saint Lucia to United States' suppliers of meat and chicken.

Operationally, small market size, and competition has also necessitated the rapid vertical and horizontal expansion. The basic motive of the cooperative is to achieve at least the minimum necessary business volume to reach self-sufficiency. By expanding vertically into upstream and down-stream activities such as feed production and pork processing, STAFCO-OP secures a larger share of value added per commodity, for itself. Horizontal expansion into broiler production can allow STAFCO-OP to move into an entirely new market which is presently being supplied by imports. Expansion can reduce per-unit administration:

costs, while increasing overall income for the cooperative. While STAFCO-OP does not appear to have achieved the minimum necessary volume, it is believed that movement into broilers will lead to this. In the meanwhile, STAFCO-OP relies on grants from the Government and other institutions to sustain its operations.

Another effect of imports has been to apply a downward price pressure on STAFCO-OP's wholesale prices. In order to compete, STAFCO-OP has had to negotiate import quotas on eggs, pork and broilers, as well as ensure that production of these commodities is efficient at all stages from the farmer to the market. Effectively, the price squeeze forces the cooperative to set ceiling wholesale prices. The income is then divided between STAFCO-OP and the member-producers according to contractual agreements. This is yet another factor involved in STAFCO-OP's operational and institutional expansion. It has also meant that STAFCO-OP has been forced to obtain as high a degree of control over the production and marketing process as is possible. We saw that this is especially true in the broiler industry where delays in live chicken delivery from the farms can increase production costs.

In conclusion, STAFCO-OP is essentially an agribusiness involved in providing inputs and marketing the outputs of its member-producers, although its business motivations are tempered by cooperative practices. As such it faces

competition from other businesses and must first address this competition to secure its survival. The socio-economic conditions into which STAFCO-OP was introduced have had a considerable impact on the its overall articulation. This articulation has implications for its developmental impact which will be discussed in the next chapter.

CHAPTER IV STAFECO-OP AS A DEVELOPMENT INSTITUTION

INTRODUCTION

In this chapter the STAFECO-OP movement's development impact is considered. STAFECO-OP is a relatively small movement when compared to other agricultural institutions, such as the Banana Growers Association. Also, STAFECO-OP works in the food sector, which is a relatively small part (in dollar terms) of the agricultural sector. Yet, in the context of food agriculture, STAFECO-OP's impact is considerable. It is difficult to precisely assess the developmental impact STAFECO-OP has had to date since the cooperative is relatively new (1982), and time series data does not exist in most cases. However, it is possible to identify some of the factors which affect the STAFECO-OP movement, and discuss the achievements of STAFECO-OP in light of the limitations imposed upon it.

Chapter I identifies some of the possible developmental effects of cooperatives. Also, some of the characteristics which make agricultural cooperatives unique, as cooperatives and as development organizations, are considered. STAFECO-OP can have a number of developmental impacts upon the agricultural sector. There are possible impacts upon domestic industrial linkages. Also, there is a potential to impact upon employment, poverty, human resource development

and education, food imports and exports, and the balance of payments. (1)

STAFCO-OP's performance in relation to growth of livestock industries, and the reduction of imports will be considered. These are goals stated by the cooperative. Then STAFCO-OP's efforts in the creation of an independent economy through the development of intra-industry and inter-industry linkages, and institutional structures are discussed. Next, we identify the sectors of the population which benefit most, and those which are most adversely affected by STAFCO-OP's activities. Then some of the spatial distribution implications of the development through cooperatives such as STAFCO-OP are considered. Finally, some of the future directions in which STAFCO-OP may move will be discussed in light of their developmental potential.

STAFCO-OP, FOOD PRODUCTION, AND IMPORT SUBSTITUTION

STAFCO-OP's goals are discussed at length in Chapter III. They can be summarized as follows: the creation of viable food industries in eggs, broilers, and pork; the development of self-sufficiency in these industries, as well as in some fruit and vegetables; and improvement of socio-economic returns to producers who are members of the primary societies. There are also subsidiary goals including:

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¹. For more information on developmental potential see Chapter I

improvement of food marketing organization; improvement of input supply; encouragement of more efficient production methods by producers; and improvement and maintenance of quality produce.

Through marketing and/or lobbying efforts STAFCO-OP can secure a larger market share for member-producers at the expense of importing interests. This has a demand-pull effect on supply at the farm level. Supply of commodities to the market can also be increased through provision of superior grade inputs to the member-producers. Related to this is the provision of extension education and credit.

STAFCO-OP activities have resulted in a greater number of farmers producing at scales greater than were previously possible. This is most clearly seen in the broiler industry, where production would not be possible at all without STAFCO-OP involvement. Essentially, the cooperative provides the security to encourage the farmers to invest in achieving greater productivity, and higher levels of production. (2)

The cooperative nature of the institution allows the producers to have an impact upon the policy formation. Moreover, the pyramid structure of the cooperative from farmer through primary society, to STAFCO-OP allows for

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2. Interview with Larry Leighton, 18 April 1987. One of the stated goals of STAFCO-OP is to allow the maximum numbers possible to enter into production of the commodities it is involved in and still maintain adequate returns to each producer.

policies to be made in each industry, as they are needed. This provides the forum for a more dynamic system which is responsive to the needs of the individuals involved in each industry. This is strengthened by the fact that some of the key positions in the secretariat are filled by members of the primary societies, which ensures that the operational activities of the cooperative reflect the needs of the members.(3)

The structures are also responsive to the needs of the national market. Chapter III demonstrates that the cooperative is integrally involved in the "supply management" process in eggs broilers, and pork. As a business, the cooperative has an interest in meeting, but not oversupplying, the market. If self-sufficiency is to be achieved, long-term wholesale prices must not be allowed to fall below production costs. Although this price level may be higher than the price for imported commodities, the nature of the imports must be considered. Essentially imports are dumped on the Saint Lucian market at prices that are impossible to compete against. Assuming that local production will have a number of benefits, higher domestic prices may be a small price to pay.

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³. While at the STAFCO-OP office, the author noticed that the Manager is a member of SLEPCO, the marketing officer is also a member of SLEPCO, and that the Broiler Production Plant Supervisor is a producing member of the Pig Cooperative.

In the egg industry, STAFCO-OP has been very supportive of the "supply management" approach to local production. The goal is to increase local production so as to eliminate imports during regular demand periods, and permit imports during peak demand periods such as at Christmas and Easter. (4) Chapter III indicates that the monitoring of demand and management of supply is a complex process. Inaccuracy can result in conditions of oversupply, or undersupply. But as the planners become more proficient, it is expected that this problem will be limited. The non-member producers who control approximately 15 percent of domestic production may be more of a problem though. These producers act outside of the supply management approach and can have a considerable impact on total supplies of eggs. But indications are that the efforts of the EMC and STAFCO-OP/SLEPCO, have resulted in increases in the total size of the national production unit, largely at the expense of imports. In 1983 the national flock size was approximately 25000 hens in lay. In 1986 the Ministry of Agriculture recommended the increase of the national flock size to 32000

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4. Data on commodity production is sketchy. Egg production data has only been collected since 1982, when the Egg Monitoring Committee was established. Pork production data has only been collected since 1986 or 1987. Broiler production data also is very recent since production only started in 1985. Because the data does not go back far enough, it is difficult to make any long-term conclusions about production of these commodities.

hens in lay. Moreover, STAFCO-OP's control of wholesale prices is calculated to bring about price stability.(5)

FIGURE 4.1 provides an indication of the results from domestic efforts in egg supply management. The Figure indicates the relationship between total supply, domestic production, and imports. The line representing import levels, in dozens of eggs, is declining. This represents the efforts of STAFCO/SLEPCO and the Egg Monitoring Committee to limit imports to the supply of excess demand during peak periods. This implies that the supply management approach can be effective in limiting imports.(6) Moreover, we can see that overall supply has increased over the period from 1982 to 1985. Since imports have been in decline, this increase must be the result of domestic production increases. At the same time, the average price of eggs appears to be stable, with a slight increase in 1984 due to reductions in total market supply which resulted from lower domestic production than was anticipated. The data for

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5. Leighton, "~~Comments~~", 1986, p. 1. For more information on STAFCO-OP's position in egg production and the difficulties of supply management see the Egg section of Chapter III.

6. Chase and Proverbs, 1986, pp. 26-28. There is an increase in imports overall for 1985. This appears to be a result of the one of the two largest producers on the island, outside of STAFCO-OP/SLEPCO, culling his entire flock without consultation with the EMC. This gives an indication of what can happen in a situation where supply management is not practised. This event was outside the scope of STAFCO-OP to control. Moreover, the 1984 dip in domestic production appears to be the result of a poor batch of poultry feed received from Saint Vincent..

DATA	X 000	1982	1983	1984	1985
LOCAL PRODUCTION	Doz	369.3	520.7	518.9	540.8
	\$	1768	2473	2574	2612
IMPORTS	Doz	74.6	61.9	31.4	52.5
	\$	246	200	107	178
TOTAL SUPPLY	Doz	443.9	582.6	550.3	602.3
	\$	2013	2674	2681	2790

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LOCAL PRODUCTION	Doz	100	141	140.5	148.9
	\$	100	139.9	145.6	147.7
IMPORTS	Doz	100	83.0	42.1	70.4
	\$	100	81.5	43.6	72.4
TOTAL SUPPLY	Doz	100	131.2	124.0	135.7
	\$	100	132.8	133.1	138.5

PRICES AND PRICE INDEX (per doz)

LOCAL	4.79	4.57	4.96	4.75
IM	3.29	3.24	3.41	3.39
TOTAL	4.54	4.59	4.87	4.63
LOCAL	100	99.2	103.5	99.2
IN	100	98.5	103.6	103.0
TOTAL	100	101.1	107.3	102.0

SOURCE: MOA, Statistical Digest, 1986.

FIGURE 4.1 indicates that between 1982 and 1985 imports declined by 29.6-percent (measured in dozens of eggs). At the same time, total supply to the market increased by 35.7 percent and domestic egg production increased by 48.9 percent.(7)

STAFCO-OP's goal for the pork industry is self-sufficiency for the country in pork products. Chapter III demonstrates that STAFCO-OP/Pig Cooperative is active in promoting the development of the industry. Some recent quarterly surveys by the Ministry of Agriculture indicate that STAFCO-OP producers account for 77 percent or more of the growers in Saint Lucia. Moreover, these growers accounted for approximately 86 percent of market ready pigs.(8)

Larry Leighton, STAFCO-OP General Manager, considers that domestic pork production levels have been increasing in the 1980's. This conclusion appears to be generally

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7. Chase and Proverbs, 1986, pp. 15A, 16A. Saint Lucia Ministry of Agriculture. Statistics Digest 1985. (Castries; The Ministry, 1986). Statistics representing domestic production are only estimates. Moreover, they do not consider the producers with flock sizes under 100 layers.

8. Ministry of Agriculture, "Pork Surveys", January, March 1987. Interview with Kennedy Evelyln, 1 April 1987. These surveys are reported to cover all known pig farmers who are producing according to Ministry Guidelines for herd size, and building sanitation. But it is possible that some farmers are being missed in the survey. In March, 46 out of 60 of the farmers reported were STAFCO-OP members. they accounted for 165 out of 191 market ready pigs at the time of the survey.

accepted by those involved in the industry. The problem of the non-existence of reliable data can be circumvented to a degree by considering some available indicators. Firstly, STAFCO-OP's own sales data indicates that pork sales have more than doubled in the 3 year period from January 1984 to December 1986.(9) Another indicator of an increase in pork production could be increases in pig feed imports, since no feeds were produced domestically in 1986. Pig feed imports have increased steadily since 1982. However, the reliability of this indicator is affected by a number of factors.(10)

One final indicator which can be considered here is the overall state of pork imports into the country. In a limited market such as Saint Lucia pork imports can be expected to decline as domestic production increases.

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9. STAFCO-OP, "Charge Sales Book", 15 April 1987. Pork sales were as follows: \$ 105,572 in 1984, \$ 185,783 in 1985, and \$ 253, 793 in 1986. According to the Ministry of Agriculture Pig Survey for January 1987, STAFCO-OP was only expected to be marketing approximately 33 percent of the pork produced by members. Possibly the increase in total sales is a combination of STAFCO-OP marketing a greater percentage of member output, as well as an increase in farm production of pork.

10. Ministry of Agriculture, Statistical Bulletin, 1986. Imports of pig feed are affected by a number of factors such as price of the feed, and the use of domestically produced feed supplements such as bananas. An increase in pig feed imports could be an indication of increased use of imported feed as a total percentage of feed, or it could mean an increase in overall pork production. We must also remember that feed imports are affected by price, and the trade balance in the balance of payments.

FIGURE 4.2 indicates that pork imports are falling off. This is probably as a result of the import licensing of pork which was discussed in Chapter III. However, if total meat imports are considered, the picture becomes less clear. Until 1983, total imports were in decline. Then in 1984 the total imports rose dramatically, due mostly to increases in beef imports. If we consider the data table for the figure, we can see that beef prices fell during this period indicating that price was becoming less of an inhibitor to substitution. The importance of this trend lies in the fact that pork products are subject to a certain amount of substitution with other meat products in Saint Lucia. (Interview with Larry Leighton, 11 April 1987). What may be happening is that demand for pork is being eroded through the substitution of other meats.

It is safe to conclude that the pork industry is growing but to what extent it has grown, and continues to grow is difficult to determine. We can also conclude that STAFCO-OP/Pig Cooperative activity, along with the efforts of the member-producers has had an impact upon the industry, and will continue to have an impact on future growth. Presently STAFCO-OP/Pig Cooperative is achieving the minimum business volume to break even on the pork operations. But the cooperative is strengthening institutional linkages and operational controls. As these improve, STAFCO-OP's overall

X 000	1981	1982	1983	1984	1985
BEEF KG	316	377	415	427	738
\$	2757	2999	3284	2911	4097
PORK KG	145	60	54	143	34
\$	432	240	214	115	133
TOTAL KG	516	498	490	509	834
\$	3607	3679	3770	3336	4629

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BEEF KG*	100	119	131	135	234
\$	100	109	119	106	149
PORK KG*	100	41	37	30	23
\$	100	56	50	27	31
TOTAL KG*	100	97	95	99	128
\$	100	102	105	93	128

PRICES AND PRICE INDEX (\$ per KG)

BEEF	8.72	7.95	7.91	6.82	5.55
PORK	2.98	4.00	3.96	2.67	3.91
TOTAL	6.99	7.39	7.89	6.55	5.55

BEEF	100	91	91	78	64
PORK	100	134	133	90	131
TOTAL	100	106	110	94	79

* Indicates the data used to generate the figure.

SOURCE: NOA, "Statistical Digest, 1986.

financial position will improve, as well as its ability to have an impact on the pork industry.

Broiler production can still be considered to be in the "infant industry" stage of development. The industry has the potential to grow to a relatively large size and provide considerable revenue benefits to STAFCO-OP. The production of this commodity also has the potential to have a considerable effect upon employment, farmer incomes, and food imports. Evidence of the domestic demand for chicken can be found in the fact that in 1985, poultry imports amounted to \$ 10,341,000. (MOA, Statistical Bulletin, 1986) Although the returns could be substantial to local producers, fierce competition from abroad is a serious limiting factor in the industry. In Chapter III the constraints facing the industry are considered. Indications are that STAFCO-OP/Belle Poule is directing some energy toward the development of national institutions similar to the EMC and PMC for broilers, which would monitor and guide the market for the benefit of Saint Lucia producers.

In terms of growth, STAFCO-OP appears to be very successful, at least in the short term. Between 1985 and 1986 there has been a near tripling of STAFCO-OP's broiler sales. From a business perspective, the rapid growth is essential since the costs of the broiler operation are nearly prohibitive, and the minimum business volume must be achieved. From a development perspective, the expansion of

production is also desirable for a number of reasons, especially the reduction of imports. STAFCO-OP is adequately diversified so that it can absorb some of these costs in the short run. Also, STAFCO-OP/Belle Poule has the institutional and operational structures to encourage a managed supply of live broilers from the farmers (IICA, "Belle Poule", p. 1; STAFCO-OP, "Charge Sales Book", 15 April 1987).

Having considered STAFCO-OP's involvement in the production of these three commodities it is useful to consider the overall impact that maximum production levels could have on imports and the balance of trade. The best case scenario would have STAFCO-OP supporting the domestic production of these commodities to the point where domestic supply would meet most of the domestic demand. Based on 1985 dollars and import levels, if this were to occur, an estimated \$EC 10.652 million per year could be saved from the purchase of imports. This amounts to approximately 16.5 percent of Saint-Lucia's total annual food import bill of \$EC 64.726 million. (MOA, Statistical Bulletin, 1986)

In spite of the limitations of the available data it is possible to see an apparent link between STAFCO-OP's activities and declines in imports of eggs, and pork. It is too soon to see such a relationship in declines in broiler imports. It is also apparent that STAFCO-OP's activities have encouraged greater production levels in these

industries. These indicators are only one part of the development potential which STAFCO-OP has. This leads us into the analysis of other benefits that STAFCO-OP provides. One major subject of interest lies in the linkage effect that STAFCO-OP has had in the agricultural sector.

STAFCO-OP'S LINKAGE EFFECTS

Essentially STAFCO-OP has extended linkages internally, within the movement and externally, between the cooperative and related industries. These linkages have had employment effects, as well as the effect of securing a larger share of value added to domestic entrepreneurs, from import interests. Within the cooperative we have seen that STAFCO-OP is establishing horizontal linkages between commodities by consolidating common input and marketing needs.

In addition, STAFCO-OP is moving into upstream and downstream activities. These include the purchase of a feed mill to produce all the feed needs for members. Since the early 1980's feed imports to Saint Lucia have been on the rise. This is consistent with increased livestock production on the island. Presently STAFCO-OP imports the feed from the Saint Vincent feed mill. Although feed prices were considered to be reasonable, STAFCO-OP purchased the feed mill in Vieux Fort and in April 1987, began milling its own feed. One key to this is that feed is the single most important component in livestock rearing. Control over feed

production is considered to be important to the security of STAFCO-OP productions. Feed imports from Saint Vincent have been late as well as of unacceptable standard on occasion. Moreover, it is believed that producing feed domestically will allow STAFCO-OP to develop feeds more suited to Saint Lucian livestock needs. While imports of feed inputs will increase, domestic production will also have the effect of securing more value added to STAFCO-OP. One final impact expected is that feed mill operations in the South will provide a locus for more energetic member-producer involvement in the cooperative in the surrounding areas. (11)

In 1985 total feed imports amounted to 1,761,000 KG (\$1,686,000). Most of this was poultry feed, with pig feeds being the second most important component. Since STAFCO-OP producers are responsible for most of the egg production and all of the broiler production it is reasonable to assume that the STAFCO-OP feed mill will have the effect of

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11. MOA, Statistical Bulletin, 1986. Interview with Kenton Eggleston, Cooperative Union of Canada (CUC), Ottawa, 18 April 1987. Interview with Larry Leighton, 15, 18 April 1987. Interview with Stephen Fontinelle, MOA, Castries, 7 April 1987. Interestingly, from the perspectives of international agricultural linkages, the Saint Vincent Mill is 40 percent owned by Maple Leaf Mills Canada, 40 percent privately owned and 20 percent Government owned. STAFCO-OP bought the Vieux Fort Mill from the Saint Lucia Port Authority which acquired it when it had been abandoned after a severe storm. Storm damage had caused it to be closed down. The feed mill project is being financed through a Cooperative Union of Canada grant, and a loan from the Saint Lucia Development Bank.

dramatically reducing feed imports. According to Larry Leighton, General Manager, the price of domestic feed is not expected to be greater than the imported feeds. Moreover, the mill will be operating at the break-even point but as the poultry production expands, demand for feed is expected to expand which will make the mill more profitable.(12) STAFCO-OP is also planning) to move into downstream processing and handling of its commodities, including pork and broiler processing and re-opening a retail outlet in Castries.(13)

In addition to increasing linkages within the cooperative movement, STAFCO-OP has also developed linkages with private industry. STAFCO-OP demand for layer and broiler chicks has made it possible for Saint Lucia Hatcheries to expand its operations, as well as improve technology. When the hatchery began operations in the 1970's it had the capacity to hatch 5000 chicks. After discussions with STAFCO-OP in 1986 it increased incubators capacity to handle 22,000 chicks. The improvements in technology were encouraged by the need to determine the sex of layer chicks. With these improvements the hatchery

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12. MOA, Statistical Bulletin, 1985. Interview with Kenton Eggleston, 29 September 1986. Interviews with Larry Leighton, 15, 18 April 1987. Interview with Stephen Fontinelle, 7 April 1987.

13. Leighton, "Interview", 18 April 1987. Immediate plans include operations already mentioned in Chapter III.

should have the capacity to handle STAFCO-OP demand.(14)

The major downstream linkage that STAFCO-OP has developed though is the linkage with the tourism industry through marketing produce to hotels and restaurants. Tourism in the Caribbean islands is generally characterized by a high degree of capital leakages out of the countries. One of the major sources of leakage with the tourist industry is the purchase of food abroad. By supplying quality food to the tourist industry, STAFCO-OP is reducing one of the major sources of leakage identified with the industry.

Other linkages which the cooperative movement have achieved are with the Ministry of Agriculture and other agriculture support institutions.(15) These institutions provide some critical support to the agricultural sector. However, their relationship with STAFCO-OP is one which has mutual benefits. As we have indicated, in a country as small as Saint Lucia, the Government cannot afford to provide many necessary services. STAFCO-OP is in a perfect

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14. Chase and Proverbs, 1986, pp. 8, 25-26. In 1985 SLEPCO ordered 4500 layer chicks. Because the hatchery could not sex the chicks, half of those supplied were males. The problem cost the hatchery over \$2,000 and interfered with supply management in the egg industry. Demand from the broiler industry could reach as high as 5000 chicks per week.

15. These include research and development institutions such as CARDI and NRDF, as well as international institutional support organizations such as the CUC in Canada.

position to provide education services to its members, both in terms of management, as well as technical issues dealing with animal husbandry. Moreover, STAFCO-OP can provide the service of data collection, so that reliable information on production and demand can be obtained.(16) Finally, in terms of the non-governmental institutions, STAFCO-OP acts as a partner with them, mobilizing resources and technology, which they have to offer.

POPULATION SECTORS AFFECTED BY STAFCO-OP

This brings us to the question of who benefits from the movement, and who is adversely affected by the movement? The following categories are dealt with here; the cooperative itself, farmers, consumers, and importers.

FIGURE 4.3 indicates that total income from commodity sales has increased dramatically over the past three years. This indicates that the cooperative has experienced considerable growth over this period. This can be considered a definite benefit accruing to the cooperative. Moreover, the market protection achieved through Government lobbying is another benefit to the business activities of the cooperative. Overall, it appears that STAFCO-OP is

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16. IICA, "Project Profile: Improved Marketing Through Farmers Organizations", Draft 1986, p. 3. Jerry LaGras and Larry Leighton have already considered a role for STAFCO-OP to play in the information collection-dissemination end of the production chain.

capturing a greater share of the domestic pork, eggs and broiler markets.

FIGURE 4.3 STAFCO-OP's COMMODITY SALES, 1984-1986
(Expressed in \$ EC)

Commodity	1984	1985	1986
Eggs	53,123	118,309	173,566
Broilers		51,677	160,940
Pork	105,542	185,783	253,793
TOTAL	196,056	435,527	766,534

SOURCE: STAFCO-OP, "Charge Sales Book", April 1987.

The importers of meats and eggs are one clearly identifiable group which suffers from STAFCO-OP activities. The Cooperative movement is attempting to address the structural integration of retailers with the United States, which is adversely affecting the food production industries. Any import restrictions will have a negative impact on the earnings of these importers. But the creation of viable industries in pork, eggs and broilers is expected to offset the negative impact on the importers.

STAFCO-OP's activities also have direct and indirect employment effects in agriculture. STAFCO-OP directly employs 12 to 15 people at the main office, approximately 8 more are employed in the broiler processing plant at Union, on a part-time basis. Presently these people are employed for two days weekly. However, with plant expansion planned for 1987, this number could increase by 1 person, and

production could expand to three days weekly. Since there is a great potential for growth in the broiler industry, employment in the processing plant could increase to a five day work week for the production team. In addition to these, STAFCO-OP periodically employs labour to load and unload feed when it is delivered to the warehouse at Marisule. Also a number will be employed five days weekly at the Vieux Fort feed mill (IICA, "Profiles", p. 34; Interview with Andrew Rigobert, 1 April 1987).

STAFCO-OP also has an indirect employment effect at the farm-level. STAFCO-OP's encouragement of minimum-sized production units has had an effect on increasing production unit sizes.(17) In considering returns to farmers, and minimum sized units, we should understand that STAFCO-Op is attempting to create an industry wherein members can have farming as their major, or sole source of income. At the present time many farmers who belong to the STAFCO-OP movement have secondary sources of income.(18)

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17. Chase and Proverbs, 1986, p. 34. Interview with Larry Leighton, 18 April 1987. STAFCO-OP is involved with a pilot project in pork production credit designed to allow farmers to increase stock size. In broilers STAFCO-OP has recently raised the minimum-sized flock from 500, to 800 broilers. Egg producers are likewise encouraged to maintain flock sizes of 500 hens in lay. These flock sizes will allow maximum participation at the same time, as providing reasonable returns per production run.

18. For more information on the farm visits see Appendix III. The importance of this point is that farms have to increase in scale if they are to be the sole means of support to the producers. This involves the addition of shed space for the new sows and the increased number of pigs

Because of increased production levels there is also an increased demand for rural labour. Informal visits to the member-producers indicated that a number of producers employ labour from outside the direct family. Although there is a tendency to minimize labour costs, STAFECO-OP is active in encouraging the efficient use of labour. Larry Leighton indicates that it is imperative not to skimp on labour inputs, whether they are hired or family labour, as limiting labour inputs will reduce productivity.⁽¹⁹⁾ STAFECO-OP also has the spin-off effect of developing linkages to other domestic industries such as the Saint Lucia hatcheries. It is not known the exact number of people who are employed as a result of these linkage effects, but it is an effect which should be mentioned.

STAFECO-OP can be considered typical of many agricultural cooperative movements in that it concentrates upon the middle to large producers. But there is no evidence to indicate that STAFECO-OP is damaging smaller producers. Entrance fees to the primary societies are high, and force potential members to make a large initial outlay. Membership in Belle Poule is especially exclusive in this

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in a production run. It does not require more land usage since pigs are all grown in pens.

¹⁹ Leighton, "Comments", 1986, p. 7. Leighton estimates that labour requirements for 5000 laying hens amounts to 3 persons 365 days per year, at \$ 20 each per day. He indicates that smaller units, 500 to 1000 hens, are more efficient sizes than the larger producers since "family labour" can be used, lowering the per-unit labour cost.

respect. Once membership is achieved, we see that most STAFCO-OP policies are aimed at encouraging medium sized production units. The costs for productive plant for this size of production unit represents another considerable outlay, and is another factor limiting membership. Finally, indications are that it is the middle to large producers who are most active in marketing through STAFCO-OP.(20)

The overall effect on the consumer of STAFCO-OP activities must also be considered. The major effects on consumers are felt through prices, quality and availability of the commodities. Indications are that STAFCO-OP producers are higher cost suppliers than importers. The end result is likely to be higher consumer prices. However, if commodities are considered individually, a better concept of which consumers are affected can be obtained. Higher egg prices due to domestic production will probably affect all sectors of the population since domestic producers are supplying most of the market. The effect of pork prices is uncertain since data does not exist to compare STAFCO-OP

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20. MOA, "Cost of Production of Pork", p. 3. Fontinelle, "Report on Broiler Production", p. 3. Interview with Berinus JnBaptiste, 10 April 1987. Mandatory initial purchases of share capital (membership fees) for the three societies are: Pig Cooperative, \$ 500; SLEPCO, \$ 500; and Belle Poule, \$ 1000. According to JnBaptiste, the initial start-up costs for a 500 chicken broiler unit are \$ 12,000. This includes initial structures as well as production for the first production run. Recurrent costs for the productions are approximately \$ 3900 per run. Fontinelle indicates that a 10 sow pig production unit can cost approximately \$ 32,000 per year.

prices to non-STAFCO-OP prices. But if there is a difference in prices it would likely affect most pork consumers since domestic producers are supplying most of the market. Finally, we consider broilers. STAFCO-OP's wholesale prices are considerably higher than the prices for imports. This has had a limited effect so far since STAFCO-OP controls less than 5 percent of the total broiler market. Moreover, STAFCO-OP's broiler customers are predominantly the tourist industries. Also, in the domestic market, the chicken is of higher quality, and is higher priced than most of the imported chicken, it can be considered a luxury item, compared to imported chickens. The overall implication of this market segmentation is that high broiler prices are most likely to affect the hotels and middle to high income earners. The vast majority of the chicken consumers will be unaffected.

In terms of quality it appears that STAFCO-OP produce is generally of higher quality than imports. This is especially apparent in poultry imports where most are United States' rejects. Sometimes pork quality is difficult to control, due to varied production regimens of the producers. But STAFCO-OP is taking steps to achieve greater internal control over production, which should have an impact on quality control. Availability is another issue raised by the data. Presently STAFCO-OP is not the dominant interest

in the distribution of poultry. But in pork and eggs STAFCO-OP can have a considerable effect on supply. In the next section we will consider some of the potential spatial implications of the STAFCO-OP activities in pork and eggs.

SPATIAL DISTRIBUTION OF STAFCO-OP'S OPERATIONS AND IMPACTS

According to the figures and maps which follow, there appears to be a spatial nature to the distribution of STAFCO-OP activities, and members. Because of the distribution we can expect that the benefits of membership also have a spatial distribution. The market location for STAFCO-OP's commodities seems to have a major impact on the distribution of members and production levels. Of course there are a number of other factors which have an impact on producer location such as: Land use patterns and traditional land tenure patterns; land availability, land costs; transportation availability and cost, and other socio-economic reasons behind rural-urban migration. But, in terms of member-producer location, these others appear to be subordinated to the market proximity. This market domination can be explained in terms of VonThunen's locational theory.

This theory makes a number of assumptions which seem to be appropriate to the Saint Lucian experience. Other assumptions can be relaxed later. Firstly, market conditions of supply and demand in the North can be said to

dominate the decision-making of the farmer. Secondly, the farmer is expected to make rational decisions based on complete knowledge of market conditions. \ In the case of members selling commodities to STAFCO-OP, this is the case. Thirdly, the individual farmer is a price taker. This is also the case, although STAFCO-OP does provide a national price umbrella, and the member-producers have a role in deciding on this. In the open market, farmers would have less of a say over farm-gate prices but these would also be affected by the prices that STAFCO-OP sets in that, if open market prices drop below STAFCO-OP prices the farmer will sell to STAFCO-OP. At least the minimum price is set. Fourthly, transportation is considered to be standard and high cost. This is acceptable to the pre-STAFCO-OP market, but will be relaxed in the post STAFCO-OP era since STAFCO-OP does provide transportation support in pork and broilers. Finally, VonThunen assumes that land is of a standard quality, and value. This is not the case in Saint Lucia. Moreover, the existence of an export sector and domestic sector in agricultural production also has an impact on land availability and use. (Wallace, 1982)

If VonThunen's assumptions are correct then we would expect to see a distribution pattern of member-producers which is concentrated nearer to STAFCO-OP/the North which thins out as the distance from STAFCO-OP is increased, and transportation costs increase. (Wallace, 1982) But this even

pattern is affected by the factors already mentioned. Moreover, STAFCO-OP is a relatively new agricultural institution. It brought with it new spatial patterns of supply and demand for eggs, pork and broilers but these may be subordinated to pre-STAFCO-OP supply and demand patterns. A brief consideration of STAFCO-OP's markets may clarify this point. The marketing options of member-producers can be considered later in discussions of the marketing properties of the individual commodities.

There are two basic markets for STAFCO-OP commodities: the tourist industry, including hotels and restaurants; and the domestic retailers and consumers. The tourist and retail markets are concentrated in the North. In terms of population, the greatest concentration is in the Castries and Gros Islet administrative areas. Castries has the highest population density on the island. The population centers and population levels and densities of all the administrative areas for the island are identified on MAP 4.1. In addition to population, approximately 80 percent of the hotels on Saint Lucia are located in the Castries and Gros Islet administrative areas. (Please see MAP 4.2). (21)

Since the market is located there, it is not surprising that the greatest percentage of STAFCO-OP's sales occur in the North. In the first five months of 1986, STAFCO-OP

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21. STAFCO-OP, "Charge Sales Book", April 1987; Saint Lucia, Annual Statistical Digest 1985, p. 3; Chase and Proverbs, 1986, p. 10.

MAP 4.1 POPULATION DISTRIBUTION BY CITIES
AND ADMINISTRATIVE AREAS

1 2 3 4 5 6 7 MILES

ADMINISTRATIVE AREA	POP. DENSITY(K ²)	POPULATION
CASTRIES	648	51,492
VIEUX FORT	307	13,447
SOUFRIERE	172	8,690
MICOUD	181	14,443
DENNERY	166	11,595
ANSE LA RAYE	177	5,940
CANARIES		2,504
LABORIE	220	8,326
GROS ISLET	125	12,734
CHOISEUL	248	7,781
TOTAL	253	136,952

—+—+— MAJOR ROAD
- - - - - BOUNDARIES,
● CITIES/TOWNS

SOURCE: Saint Lucia, "Annual Statistical Digest",
1986, pp. 3, 7.

Page 155

sales in the North amounted to approximately 74 percent of all sales. Based on a breakdown of the direction of sales during this period, it appears that STAFCO-OP marketing is highly concentrated in the tourist industry. FIGURE 4.4 demonstrates that 71 percent of all sales went to the hotel industry alone. An additional 6.3 percent of sales went to restaurants, bringing the tourism total to 77.4 percent of all sales. On the other hand only 20.6 percent of sales were made to the retail outlets during the same period.

It is interesting to note that the individual commodities handled by STAFCO-OP have different properties in terms of where they are marketed. The vast majority of STAFCO-OP's sales of eggs and pork for 1986 were made to tourist industries (hotels and restaurants) as opposed to retail outlets. But broiler sales were more evenly distributed between hotels and retail outlets. This phenomenon can be explained by the fact that broilers are very highly controlled by STAFCO-OP. There are no other processors on the island. Therefore, retailers and hotels alike must buy from STAFCO-OP if they wish to get domestically produced chicken. Pork and eggs on the other hand can be purchased from other sources such as, directly from STAFCO-OP members, or private producers.⁽²²⁾ These issues will be addressed later in more detail in the

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²². Chase and Proverbs, 1986, p. 10. STAFCO-OP, "Charge Sales Book", April 1987.

discussions of the individual commodities.

FIGURE 4.4 STAFCO-OP MARKETS BY TYPE AND LOCATION
January to May 1986

Market Type	Eggs	Broilers	Pork	Total	%
Hotels (H)	99014	34118	52995	186127	71.1
Restaurants (R)	2153	7813	6562	16528	6.3
Retailers (S)	10104	26156	17757	54017	20.6
Other (O)	277	3350	1477	5104	2.0
TOTAL	111548	71437	78791	261776	100.0
% total sales to Hotels and Restaurants	90.7	58.7	75.6	77.4	

Geographic distribution of Markets

AREA	SALES	% TOTAL SALES
1	194399	74.3
2,3	65300	25.0
Unknown Location	2077	0.7

SOURCE: STAFCO-OP, "Charge Sales Book", April 1987.

Land use patterns also have an impact on livestock production, and the cooperative movement. Chapter II indicated that large estates traditionally produced the lowest levels of livestock. It is expected that little production will occur in areas where there have been large estates. MAP 4.3 shows a distribution of all known active producers for STAFCO-OP. Two relationships are illustrated here: STAFCO-OP producers appear to be concentrated in the

MAP 4.3

DISTRIBUTION OF STAFCO-OP
MEMBER-PRODUCERS

North, in the areas where the primary traditional market is; but there are areas near Castries where we would expect to find members under VonThunen's thesis but where very few members actually are located. One example is directly South of Castries, where geographic proximity would favour member location. The key to this phenomenon may be that the two valleys to the South of Castries, the Cul de Sac and Roseau valleys are two of the largest banana plantations on the island. The area to the north of Castries is much more rugged and has been broken into smaller lots, with large estates mixed with small holders. The terrain is also less suitable for plantation style monocropping. (23) Thus, the relative availability of small farming lots in this area tends to favour livestock production since it can be practiced on very small parcels of land. In fact many of the farms are in areas of high population density.

Now it is time to consider the spatial distribution of STAFECO-OP producers in the three commodities in which STAFECO-OP is involved. STAFECO-OP producers represent a very high percentage of all livestock producers on the island. We can assume that spatial distribution patterns visible

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23. Land Reform Commission, pp. 1-4. A note of interest is that the Land Commission Report advocates redistribution of large estates. In the early 1980's the Roseau Valley was parcelled into small lots and sold to the small farmers. The redistribution scheme was encouraged by the Government.

among STAFCO-OP producers can be said to be representative of the livestock industries as a whole.²⁴ It appears that in eggs and pork, but not in broilers, STAFCO-OP producers have a choice of marketing their own produce, or marketing through STAFCO-OP. It has been noted that STAFCO-OP encourages producers to market produce through the cooperative through a series of incentives and penalties. But the nature of eggs and pork, and the history of the development of cooperative activity for these commodities tends to favour the farmer marketing this produce directly in many cases, except in times when the market is glutted. This problem does not surface in the broiler industry, since STAFCO-OP is the only possible outlet for market-ready broilers produced on a large scale.²⁵

STAFCO-OP members account for 60 percent of all egg producers, and approximately 84 percent of the national flock (Leighton, "Comments", 1986, p. 4). MAP 4.4 illustrates the spatial distribution of egg producers who are known to be STAFCO-OP members. Visually we can see that most of the producers are in AREA 1. This indicates that

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²⁴. Chase and Proverbs, 1986, p. 2. Map 4.3 identifies approximate locations of those member-producers whose location is known.

²⁵. Interview with Larry Leighton, 1 April 1987. According to Leighton, the location of the market is the greatest factor affecting distribution of the producers.

MAP 4.4

LOCATION OF SLEPCO PRODUCERS BY
ADMINISTRATIVE AREA

1 2 3 4 5 6 7 MILES

- MAJOR ROAD
- BOUNDARIES
- AREA MARKER
- E EGG PRODUCER

proximity to Castries has a considerable impact upon the location of member-producers.

FIGURE 4.5 indicates that over 63 percent of egg production occurs in the North, followed by 21.1 percent in AREA II in the South. This figure also shows that estimated total egg production of members for 1986 (dozens) was 469,813 dozens. Compared to this estimated total, it appears that STAFCO-OP markets only 26 percent of the eggs produced by members. If total production and total sales are broken down by area, a pattern indicates that STAFCO-OP handles 39.3 percent of member output in area 1 but that this percentage drops to 3.8 percent and 1.5 percent in areas 2 and 3. These patterns indicate: that other than in the North, members depend much more heavily upon the local markets rather than on STAFCO-OP; and that members perceive less of a benefit from marketing through STAFCO-OP in these areas.(27) This could be consistent with pre-STAFCO-OP supply and demand conditions since SLEPCO was formed by egg producers who were already in business. If this is the case

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27. Interview with Larry Leighton, 1 April 1987; Leighton, "Comments". STAFCO-OP has a system whereby producers can deliver their eggs directly to the buyer, yet still be credited with the sale on behalf of STAFCO-OP. This is done in an attempt to get more producers to market eggs through STAFCO-OP so that STAFCO-OP can obtain a marketing fee. Another interesting point from the perspective of STAFCO-OP in development is that STAFCO-OP recently has noticed that egg shortages have occurred in rural areas. In Chapter III we saw that STAFCO-OP was addressing this by allocating new egg production quotas to producers in the areas suffering from shortages.

any change in the distribution would only occur in marginal growth of the membership of the cooperative. Although STAFCO-OP does not provide transportation support to egg producers, the allocation criteria for egg production quotas among SLEPCO members supports the allocation of more quotas to rural areas. But still, changes in the distribution patterns will probably occur slowly, relative to the pork producers who do receive transportation support.

FIGURE 4.5 ESTIMATED EGG PRODUCTION OF MEMBER-PRODUCERS AND SALES TO STAFCO-OP, 1986

Area	EST. PRODUCTION		SALES TO STAFCO-OP		%Prod. Sold Via STAFCO-OP
	Total Doz.	% of Production	Total Doz.	% Sales Made from the Area	
1	296562	63.1	116591	96	39.3
2	99170	21.1	3769	3	3.8
3	49427	10.5	1076	1	1.5
Other	24564	5.3	--	--	--
TOTAL	469813	100	121436	100	26

Estimated Production is calculated by applying the following formula to the 1986 production unit figures listed below.

$$\text{Production Unit} \times \text{Rate of Lay} \times \text{Production Days} = \text{Number of Eggs per year.}$$
 (Number of Hens) (65 %) (365)

Number of Eggs per year divided by 12 = dozens of eggs per year.

Production Unit by Area

1	14999 Hens in Lay
2	5016 Hens in Lay
3	2500 Hens in Lay
Other	1247 Hens in Lay

Although the Pig Producers Cooperative was formed at approximately the same time as SLEPCO, it had transportation support for the members almost from the beginning. The distribution of pig farmers who are STAFCO-OP/Pig Cooperative members is indicated in MAP 4.5. It appears that the pork producers are slightly more evenly distributed in Areas 1 and 2 than the egg producers which would indicate the impact of transportation support on location of production (MOA, "Pig Survey", January 1987). Moreover, FIGURE 4.6 indicates that 57 percent of total recorded production unit is located in the Castries-Gros Islet Areas. There appears to be a discrepancy between the figures for the production unit and the sales of porkers to STAFCO-OP. Although 57 percent of the production unit is located in Area 1, only 36.5 percent of STAFCO-OP's supply of porkers comes from there. Yet only 30 percent of the production unit is in Area 2 but 45 percent of STAFCO-OP's pig supply is obtained there. The availability of free pick-up in rural areas could have an overall effect of increasing the total production levels in areas outside of area 1 as well as the percentage of pigs marketed through STAFCO-OP, indicating that the new markets opened by STAFCO-OP are providing new opportunities for these producers. The result could be a positive social change in that STAFCO-OP is providing the venue for the improvement of member incomes in

MAP 4.5 LOCATION OF PIG CO-OP MEMBERS

rural areas, thereby altering the present spatial distribution of incomes. (28)

FIGURE 4.6 SIZE OF PRODUCTION UNIT AND PIG SALES TO STAFECO-OP BY AREA ***

Area	Production Unit*	%	Pig sales*	%
1	109	57.0	227	36.5
2	58	30.4	280	45
3	24	12.6	115	18.5
TOTAL	191	100	622	100

* Measured in numbers of sows as of January 1987

** Measured in numbers of pigs sold to STAFECO-OP in 1986

*** Note that this table and MAP 4.5 include only those producers who sold pigs to STAFECO-OP in 1986.

SOURCE: STAFECO-OP, "Pig Purchase File", April 1987; MOA, "Pig Survey", January 1987.

Of the three basic primary societies under STAFECO-OP, we could expect the members of the broiler cooperative to have the most dispersed distribution pattern. This is because the members receive transportation support, and the market (STAFECO-OP) was in place from the very beginning. MAP 4.6 shows the total broiler sales from members to STAFECO-OP. Although most producers are located in the North, the accompanying data table indicates that 45.8 percent of STAFECO-OP's broilers come from Area 1 and 38.5 come from Area 2. AREAS 1 and 2 are fairly evenly matched in

28. In Chapter II we saw that there appears to be a differential in incomes with the incomes in Castries being somewhat higher than in the rural areas.

MAP 4.6

LOCATION OF BELLE POULE MEMBERS BY
SALES TO STAFCO-OP

2 3 4 5 6 7 MILES

BROILER PRODUCTION BY AREA

AREA	Number of Broilers	% of Total	\$ Value Sales	% Total
1	10,246	45.8	91,258	47.1
2	8,613	38.5	70,344	36.2
3	2,540	11.4	24,688	12.7
Other	964	4.3	7,963	4.1
TOTAL	22,363	100.0	194,253	100.0

MAJOR ROAD
BOUNDARIES

POULTRY
PRODUCERS

their numbers of chickens sold to the cooperative. This reflects a relatively low importance for the farmer to be located near major population centers, since STAFECO-OP is the only market. It is also a reflection of the fact that a travel subsidy is provided for producers to deliver broilers which cannot be picked up by STAFECO-OP. The fact that there are more producers in the North may be a reflection of the fact that travel subsidies do not cover the total cost of travel, thereby providing a marginal advantage to Northern producers. (29)

From this discussion of the spatial distribution of STAFECO-OP members and the distribution of production in the three commodities marketed by STAFECO-OP a number of observations can be made. First, it is apparent that proximity to Castries is an important factor in determining the location of production especially in eggs and pork. This can be attributed to the importance of the open market compared to the STAFECO-OP market from the farmers' perspective. However, STAFECO-OP may have a redistribution role in pork farming in that free pig pick-up makes STAFECO-OP more accessible, and therefore, increases demand for these pigs. This also holds true for broiler

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29. See Appendix III for more information. According to personal observations made by the author, pig farms and chicken/egg farms can be operated on 5 acres or smaller lots of land. Therefore, the sizes of pig farms relative to chicken/egg farms is not a factor which would help to explain spatial distributions.

production since STAFCO-OP subsidizes transportation costs of those producers who are further away from the Union processing plant.

FUTURE DEVELOPMENT POTENTIAL

Although STAFCO-OP is primarily a livestock cooperative, it recently became involved with three primary societies which deal in fruit, vegetables and honey. These are Ti Rocher, the Southwest Region of Fruit and Vegetable Producers and the Mille Fleur Honey Producers Cooperative. These were mentioned in Chapter III but not discussed in any detail because of our primary interest in STAFCO-OP's major activities. But they bear mentioning here because involvement in these commodities has a considerable business and developmental potential for STAFCO-OP including: entering into exports; involving a wider cross-section of the rural population in STAFCO-OP's activities; and altering the distribution of STAFCO-OP production to include more producers from the South.

Ti Rocher was formally registered with the Cooperative Department in 1983, with 10 members and 7 Directors. The cooperative became associated with STAFCO-OP shortly afterwards, although it still maintains a high degree of autonomy. This autonomy is probably the result of the geographic location of the cooperative, in the South of the island. Also, the needs of the fruit and vegetable

producers in terms of marketing and inputs differ considerably from the livestock and egg producers, as will be discussed later. The central goal of the society is to help members diversify from banana production into food crops. To support this goal, the cooperative provides these services: agricultural inputs, marketing services for members and non-members, research and training, a consumer outlet and clubhouse, and development of regional export markets (IICA, "Profiles", pp. 1-7).

Mille Fleur registered in 1986 and is considering formal relations with STAFCO-OP. It has a membership of 25 active honey producers and 5 Directors. Although the total number of bee keepers is unknown, bee keeping is spread throughout Saint Lucia, with a concentration in the North and Southwest where there are no banana spraying programs. The major goal of Mille Fleur is to organize domestic and export markets for honey. This will involve quality control of honey and other bee products, improvement of facilities for processing by-products, and mobilizing the producers to become more proactive in the cooperative (IICA, "Profiles", pp. 60-62).

Southwest is not yet registered but registration has been applied for. The organization has approximately 70 members, and 5 Directors. It is not an official member but it has a loose affiliation with STAFCO-OP. The concept developed from a vegetable growers meeting held in 1984.

"Island-wide" organization was discussed and encouraged at this meeting but the concept proved unwieldy, and regional organizations were then attempted. It appears these have received the most support in the South, where fruit and vegetables have been grown traditionally (IICA, "Profiles", pp. 52-53). The major objective of the organization is to provide market security for vegetables and fruit in the domestic and international spheres. This will involve: input provision, infrastructure development; research support; post-harvest handling, transportation and storage; and development of market information networks. Already the organization has had some success in penetrating markets in the United Kingdom, Saint Croix, Barbados, and Canada (IICA, "Profiles", pp. 53-54).

In support of export development, STAFECO-OP has already made cautious inquiries into possible partnerships with Farm to Market (FTM) from Dominica, and the Organization for Rural Development (ORD) from Saint Vincent. (30) Considering that "Agriculture is the principal source of wealth within the Eastern Caribbean and the backbone of the

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30. STAFECO-OP, "STAFECO-OP, Organization for Rural Development, Farm to Market Collaborative Meeting." (Marisule; Unpb., 1986), pp. 2-3.; STAFECO-OP, "Plan for Regional Export of Fruit and Vegetables from Saint Lucia and Saint Vincent with Farm to Market." (Marisule; Unpb., 1986), pp. 1-6. Farm to Market is a Dominican corporation involved in the collection and export of fruit and vegetables from Dominica. They have a vessel as well as market information from the region. The Organization for Rural Development is a grass roots association dedicated to credit provision as well as marketing of farmers produce.

sector is the small farmer..." STAFCO-OP goals are to develop the regional exporting network with local farmer organizations in control at the production end (STAFCO-OP, "Collaborative Meeting", pp. 2, 12).

Our discussions of the egg and livestock industries indicated that export development is not possible since these high cost items cannot compete internationally with low cost exporters such as the United States. However, Saint Lucian honey, fruit and vegetables are competitive, at least in the region. It appears that the traditional hurdle has been lack of institutional structures and lack of export market information. The activities with FTM and ORD could reduce these hurdles. This could provide further balance of trade support for Saint Lucia. Also, it could lead to a broadening of the country's export base and export markets. Finally, it could be another area for vertical and horizontal expansion for STAFCO-OP. The importance of expansion to the strengthening of the cooperative has already been discussed in Chapter III.

It is expected that expanding into the fruit and vegetable commodities will have an impact on the spatial distribution of STAFCO-OP's activities and the developmental benefits, since these new ventures appear to be somewhat concentrated in the South. This locational effect seems to be a response to the location of the market for these products, which is exportation via Vieux Fort. Another

possible impact could be felt through the fact that these commodities are not necessarily as capital intensive as livestock products at the farm level. Therefore, small-scale farmers may be affected through increased demand brought on by expanding the export market.

The move may also have an impact on regional integration of agriculture, which has long been an interest of Eastern Caribbean governments. This is because there would be a grass-roots level organization for collecting market information, supply information, and research. Regional integration could provide opportunities for specialization and rationalization of production (STAFCO-OP, "Collaborative Meeting", pp. 6-7).

CONCLUSION

In Chapter III the factors which shape STAFCO-OP's institutions, operational organization, and functions were discussed. Earlier we indicated that these would effect the developmental potential of the cooperative movement. In Chapter IV the developmental impact was discussed. STAFCO-OP's performance in terms of its own goals of increased domestic production and lower imports in three commodities was considered. Available data is limited in its explanatory power because the data covers too short a period of time. But the indications are that STAFCO-OP activities have had an impact on reducing imports, at least in pork and

eggs. Also, domestic production appears to be experiencing controlled growth in pork and eggs. It is also clear that STAFCO-OP/Belle Poule is responsible for creating the broiler industry by providing downstream processing facilities, and carving out a market niche for domestically produced chicken. It is difficult to calculate the degree to which STAFCO-OP has affected imports but it is accepted that STAFCO-OP has had an impact in this area, and has quite a potential to have even a greater effect if the broiler industry grows as planned.

Moreover, the linkage effects of STAFCO-OP activities were considered, including vertical and horizontal linkages in both institutional and operational structures. Apparently development of these linkages, both internal to the cooperative and with the private and public spheres has been largely motivated by business necessity. STAFCO-OP is competing with a complex, vertically integrated private sector which extends into the international sphere. In order to compete successfully, STAFCO-OP must develop linkages which involve local entrepreneurs and producers wherever possible so as to limit the degree to which multinationals can penetrate the market. This has the macro-economic advantage of creating a ripple effect through Saint Lucian businesses, since any increased demand for STAFCO-OP products will increase demand for inputs for these products. These linkages also have an impact on the balance

of trade in that they reduce the demands for imports and also reduce foreign exchange leakages. Nationally, STAFCO-OP is actively involved with other institutions such as the Egg Monitoring Committee, the Pork Monitoring Committee, and Government Departments. Internationally, STAFCO-OP has developed a number of connections with organizations which can provide institutional, financial, and technical support to the cooperative and the members.

This led to the identification of STAFCO-OP's major beneficiaries. It appears that the direct benefits are concentrated within the cooperative and a relatively small group of medium to large-scale livestock and egg producers. Once again this can be attributed to the business demands made on the movement, and the commodities which STAFCO-OP is involved in. STAFCO-OP needs producers who are reliable and of a large enough scale to supply for the cooperative's production runs. However, there is also an employment effect which tends to benefit the small producers, and possibly the agricultural labourers. Other effects discussed here include the negative effect on importers, and the potential effect on consumer prices.

Next, the spatial distribution of STAFCO-OP benefits and members is considered. Once again the data limitations were felt in this analysis. But inter-commodity differences in distribution patterns appear to have some explanatory power in terms of STAFCO-OP's impacts. The VonThunen model

of locational patterns seems to have some explanatory power in terms of the location of STAFCO-OP's member-producers, with some restrictions of course. It appears that STAFCO-OP producers are affected by the dual nature of their markets (STAFCO-OP or the open market) in different ways, depending on the commodity, and the history of institutional organization in that commodity. One impact is quite obvious though, STAFCO-OP has opened new markets for its member-producers, and this is having an impact on member location. It appears that there may be a positive developmental benefit from this in that the new distribution is allowing greater production in the South, thereby altering incomes in areas outside of the North to some degree.

Finally, the new directions for STAFCO-OP were considered. STAFCO-OP's future operations could have macro-economic implications through export development, and involvement of small-scale producers. Also micro-economic effects could be felt within the cooperative movement through new areas of vertical and horizontal expansion. Finally a new spatial distribution pattern could be expected.

It appears that STAFCO-OP's functional, institutional, operational, and philosophical characteristics have an impact upon its development performance. This impact is felt in the identification and achievement of development goals, in the sectors of the population affected by the

movement, and in the spatial distributions of members and benefits. The members and leaders of STAFCO-OP understand some of the short-comings of the movement and are adopting measures to overcome them.

In conclusion, STAFCO-OP appears to have had positive developmental impact overall. This appears to be true in terms of national macro-economic goals as well as social developmental goals. At the micro-economic level it appears that the cooperative has had a positive impact on its member-producers. Moreover, the major group which seems to be adversely effected is the group of importers who have traditionally controlled the domestic market in eggs, pork and broilers.

CONCLUSIONS

This case study of STAFCO-OP is an analysis of the potential for liberal democratic cooperatives to address developmental needs in developing countries. Two of the cooperative's main functions are identified and discussed here: the business enterprise, and the developmental institution. The cooperative establishes goals with regards to these two functions and then develops institutions and operations intended to result in their achievement. Essential to this process is the process of integration into the existing socio-economic structures of the country. In considering the interaction of the two major functions it appears that the business function takes precedence over the developmental one, although the two are not necessarily incompatible. On the one hand, successful activity as a business enterprise can provide the security and resources to achieve the developmental goals. But on the other hand, the business functions can overshadow and shape the definition of developmental goals and their achievement.

We have seen that liberal democratic cooperatives are, essentially businesses which attempt to address a narrowly defined range of goals in manners which will benefit their members. Since they are dynamic, constantly changing, institutions they are fairly adaptable to different socio-economic environments. Although this makes them attractive

to developmental practitioners, it implies a limitation in that the cooperatives tend not to initiate sweeping socio-economic changes. Rather, the cooperative tends to take a limited approach to development and the benefits are also limited to a few, namely the members. In the STAFECO-OP case there are three major implications to this: the cooperative and the medium-to-large producers appear to benefit the most, with the small producers being largely excluded from most of the benefits; moreover, it appears that importers and some medium-to-high income consumers suffer as a direct result of cooperative activity; and finally, there appears to be a spatial component to the distribution of the cooperative activities and benefits.

A number of exogenous and endogenous factors combine to determine the shape of the cooperative's goals as well as the degree to which the goals are achieved. These include: historical background of the movement in the country, the overall socio-economic state of the country, the degree to which the government supports the cooperative movement, competition from the private sector, sector of involvement, availability and types of resources, motivations and abilities of the members, and the flexibility of institutional and operational structures adopted by the cooperative.

Because of the impact of exogenous factors it is essential to understand Saint Lucia's economy and the

development of cooperatives there. Chapter II identified Saint Lucia as a micro-state which is extremely dependent upon the banana industry. This has a destabilizing effect on the economy in terms of GDP growth, agricultural growth, balance of trade and capacity to import essential items. Moreover, the industry tends to support traditional land tenure patterns with the accompanying counter-developmental social structures and land use patterns. Also, high poverty and unemployment levels, especially in rural areas, can be attributed at least indirectly to the banana industry.

Although the introduction and articulation of liberal democratic cooperatives in Saint Lucia has been a slow process, the Government considers the cooperatives to be appropriate institutions to address some of the developmental goals and is playing a central role in promoting cooperatives in important economic sectors such as fishing, credit, and agriculture. The fact that cooperatives outside these sectors are not as well organized is a clear indicator of the importance of government support. Moreover, in the agricultural sector cooperatives are being encouraged only in food commodities. The lack of cooperatives in export agriculture, compared to the food production, is another clear indicator of the importance of government involvement.

There are a number of goals which the Government hopes to address through cooperative activity in food production,

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including: agricultural diversification, balance of trade support, import substitution and food self-sufficiency in some commodities, development of internal economic linkages, employment creation, and the alleviation of rural poverty. Although STAFECO-OP is an autonomous organization, its own goals appear to support these national goals. (

Most of this study is devoted to STAFECO-OP's involvement in the agricultural sector. Chapters III and IV are devoted to the business and developmental activities of the cooperative. Chapter III indicates that STAFECO-OP receives a great deal of support from the Government. Import protection alone is very important since Saint Lucian farmers cannot compete with the low prices of imported livestock prices. Moreover, STAFECO-OP faces an imbedded structural disadvantage in that the major domestic markets are institutionally linked to international suppliers. The Government has a central role to play in providing incentives to buy local produce rather than imports, and in encouraging food production. This is done through the establishment of Monitoring Committees, and import licensing.

The nature of the livestock and egg market in Saint Lucia has implications for the business functions of the cooperative which tend to shape the movement institutionally as well as operationally. Largely because of the small market size, STAFECO-OP has had to expand vertically and

horizontally. Moreover, the need to operate in a number of commodities has shaped the institutional and organizational structures of the cooperative movement since each commodity requires special attention in terms of marketing and production. One final note is that the intense competition from an internationally integrated private sector has forced STAFCO-OP to keep prices low while simultaneously expanding production and lobbying Government for better protection so that a greater market share could be achieved. This is especially clear in the broiler industry, where STAFCO-OP set a ceiling on its wholesale prices in order to remain competitive.

The developmental impact of STAFCO-OP was considered in Chapter IV in light of the restrictions which resulted from the business functions. Five major areas were considered: food production and import substitution; the significance of linkage effects; population sectors affected by STAFCO-OP; spatial distributions of STAFCO-OP's activities and impacts; and finally, potential development activities for cooperative involvement. We concluded that business factors had a great deal of influence over the type of developmental activity undertaken, as well as its success.

Cooperatives cannot be considered to be effective in every situation, nor can they be introduced into an environment without some costs as well as benefits. STAFCO-OP is primarily a business enterprise which is geared

towards financial goals. It cannot be expected to achieve broad sweeping developmental goals. On the surface it appears that STAFCO-OP favours a small number of producers at the expense of consumers and importers. However, the reality is somewhat more complex than that. STAFCO-OP's efforts appear to be supporting the national goals of food self-sufficiency, and import substitution, as well as the related goal of food security. In addition, its activities are having spin-offs in terms of creating linkages to other industries, and providing for better employment in agricultural activities at all levels of the production chain. Finally, it appears that STAFCO-OP activities could have a future impact on the distribution of production and remuneration from agricultural activities by creating demands for products in areas where production was not economically feasible.

In conclusion, STAFCO-OP has had a positive developmental impact. The overall impact has been shaped by the economic necessity of striving for self-sufficiency. Other cooperatives can be effective instruments of development policy provided that developmental goals are in tune with the goals of the cooperative.

APPENDIX I

STAFCO-OP AGREEMENT FOR EGG MARKETING

SLEPCO-STAFCO-OP EGG MARKETING AGREEMENT

- I. STAFCO-OP, on its part agrees to purchase from any member of SLEPCO who abides by the terms of this agreement, any or all of the eggs produced by the member, providing that:
  - a) the eggs are clean, fresh, graded, and free from cracks;
  - b) the member purchases all of his feed from STAFCO-OP;
  - c) the member operates a flock, no greater than the quota assigned to him or her by SLEPCO;
  - d) in time of surplus, the member abides by the recommendations of the SLEPCO-STAFCO-OP appointed Stabilizing Fund Committee;
  - e) the member sells to STAFCO-OP only those eggs produced by him or her, on the member's farm.
- II. STAFCO-OP agrees to pay to members on a Wednesday, seven to thirteen days after delivery. The following prices will be paid:

a) Eggs delivered to STAFCO-OP customers:	Large: \$4.70
(as agreed between STAFCO-OP and members)	Medium: \$4.20
	Small: \$3.80
b) Eggs delivered to STAFCO-OP depot at Marisule:	Large: \$4.60
	Medium: \$4.10
	Small: \$3.70
- III. STAFCO-OP will sell eggs purchased from SLEPCO members as follows: Large: \$4.75; Medium: \$4.25; Small: \$3.85.
- IV. STAFCO-OP and SLEPCO agree that, in the event of a surplus of eggs on the market, such that the Stabilizing Fund needs to be used, all members who purchase their feed from STAFCO-OP, and who abide by this contract, shall receive the benefits of the fund, as recommended by the Fund Committee.
- V. SLEPCO agrees, that in the event of distribution of any surplus in the Stabilizing fund, members will receive benefits in proportion to the sum of their total purchases of feed and sale of eggs during the previous twelve months.
- VI. The SLEPCO member who signs this contract agrees to the following conditions:
  - a) To provide only fresh, quality, graded eggs from his own farm to STAFCO-OP;
  - b) To purchase all of his or her feed from STAFCO-OP;
  - c) To operate a flock of layers, no greater than allocated to him by SLEPCO;
  - d) To abide by the recommendations of the Stabilizing Fund Committee when, in times of glut, culling, force molt, or restricted feeding programmes may be recommended.
- VII. In the event of a dispute, all parties, SLEPCO, the member, and STAFCO-OP agree to abide by the terms of resolution as recommended by the SLEPCO-STAFCO-OP Dispute Committee.

.....
Member

.....
Mr Clive Harris
Chairman

.....
Leon Louis
Chairman SLEPCO.

APPENDIX II

STAFCO-OP AGREEMENT FOR BROILER OPERATIONS

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NOTICE

AVIS

An agreement between

The Belle Poule Broiler Producers Co-operative Ltd

and

STAPCO-OP for the Administration and Operation of Broiler
Production, Processing and Marketing

We, the undersigned have agreed to a Management Contract to carry out the functions for the daily administration of Belle Poule Broiler Producers Co-operative Society Ltd, and the processing and marketing of broilers in accordance with the specifications detailed below.

1. Start-up capital:

For the start of operations, Belle Poule will contribute the amount of \$15,000 towards the working capital of STAPCO-OP as a contribution to the following:

- a) Purchase of processing equipment
- b) Construction of a Processing Plant which will be a sub-division of the Union boxing plant.
- c) Recruitment of plant staff and utilization of STAPCO-OP's staff on a part-time basis.
- d) Use of the vehicle for the distribution and marketing of broilers.

2. Importation/Purchase of baby chicks:

STAPCO-OP will import or purchase all baby chicks on behalf of farmers in accordance with requirement scheduled on a weekly basis. Farmers must collect their baby chicks at the Airport or at Marisule as agreed between STAPCO-OP and the farmers. If purchases are made from a local hatchery, then farmers must collect their baby chicks from Marisule at the appointed time.

STAPCO-OP requires a written order from farmers for all requests for baby chicks with a down payment or deposit of 50% of the cost of the order. The balance is payable on arrival of the baby chicks.

STAPCO-OP will not entertain any cancellation of an order for baby chicks forty eight hours after signing such an order

Once a member has ordered his/her baby chicks, including the signing of an order, and the payment of deposit, then the member of Belle Poule will accept responsibility to receive the baby chicks and make full payment on or before arrival. Should any member be in breach of this agreement, by not accepting baby chicks or not paying the balance of monies due, then the Belle Poule Broiler Producers Co-operative accepts financial liability for any losses due to the non-acceptance of baby chicks by a member of its organisation, assuming the above conditions regarding the order and deposit are complied with.

Any complaints or disagreement regarding the acceptance of baby chicks by a member, or by the management of STARCO-OP will be referred to a disputes committee of STARCO-OP and Belle Poule, who will be guided by the contract in resolving same.

5. Processing and Marketing

Belle Poule and STARCO-OP agree to jointly and exclusively produce, process, and market broilers as follows.

Under the terms and conditions noted above, STARCO-OP will order and provide for sale all baby chicks which will be subsequently sold by Belle Poule members to STARCO-OP. The source of supply of baby chicks will be a matter for joint negotiation and agreement between STARCO-OP and Belle Poule, with the actual placing of orders and arrangement for receipt of baby chicks the responsibility of STARCO-OP.

STARCO-OP will sell baby chicks to members in good standing of Belle Poule who abide by the terms of the member agreement, including the clauses regarding the purchases of inputs, standards, technical training, and sales.

STARCO-OP will place chickens with members of the Belle Poule taking into account that STARCO-OP and Belle Poule will consult from time to time to agree on minimum numbers of broilers a farmer may order, rotation schedule to ensure members have more or less equal opportunity to produce for the Co-operative, that quality standards are upheld at the farm level, and all other matters which can affect the quality of the broilers produced at the farm level.

STARCO-OP, for its part, will endeavor to process and market chicks to a very high standard, and will wherever possible increase its investment into broiler processing.

STARCO-OP will supervise the day to day operations of the Union Processing Plant, and will be responsible for matters relating to loans, insurance, and payment of financial obligations relating to the normal operations at the plant. For the sake of good order, it is noted that decision for significant additional investments should be matters of consultation between both Co-operatives, as to level the sources of investment.

It is further understood, that once agreement is reached, then it is agreed that STARCO-OP establish production and marketing targets which are subject to ratification by the Belle Poule board. Should there be unresolved differences, it is suggested that representatives of board organisations meet to seek agreement.

4. Farm pick-up and payments:

STARCO-OP and Belle Poule agree that STARCO-OP will pick up baby chicks at the farm of members, on a morning as announced by the STARCO-OP staff. Belle Poule and its members agree to place these chickens in cages at the farm gate on a road which is motorable by the STARCO-OP van. In the event of any dispute as to motorability, it is understood that it will be the discretion of staff of STARCO-OP to determine the capacity of the transport to go on to the farm of the member.

Members of Belle Poule will be paid a price of \$2.10 per pound for live chickens received at the processing plant at Union. Such payment will be made on the Wednesday, 15 to 7 days after the day of pick up of chickens. It is understood that the price paid by STARCO-OP is based on assumption that baby chicks cost \$1.40 and that feed costs an average of 50¢/lb. Recognising that costs of inputs change from time to time, either party may initiate a review of prices paid to farmers. Such changes would be subject to agreement both boards (for the sake of simplicity of negotiations, a committee appointed by both boards would be empowered to make binding recommendations).

This agreement is amended to note that during this pilot phase, prior to purchase of a vehicle for farm pickup, it is agreed that farmer members who accept baby chicks, will be asked to assist in the transportation of market ready broilers to the processing plant. Farmers who live considerable distance from Union (for examples: Nicoud and Laborie) may be paid an incentive of up to 15¢/chicken to assist in the transportation of birds from farm to Union; it is understood that this payment, is partial and cannot meet the full costs of transportation, but rather is regarded as a means of ensuring that members from all parts of the island are given an opportunity to participate in the pilot effort.

5. Administration and accounting:

STARCO-OP undertakes to provide administrative services for Belle Poule for six months from date of ratification of this agreement for no fee. By administrative services, it is understood that this includes, typing of correspondence, book keeping and servicing of member ledgers.

STARCO-OP will maintain up-to-date accounting records and register of members on behalf of Belle Poule reflecting share balances, ledger accounts, general ledger, cash and cash balance and presentation of accounts for the end of the financial year, which is fixed at 31st August in each year.

APPENDIX III

METHODOLOGY AND RESEARCH NOTES FROM SAINT LUCIA

This study is based on information from five sources including: secondary sources, documents, interviews, letters and observations. The study was implemented in four stages: development of the research question and outline; collection of information available in Ottawa, Toronto and Montreal; four week research trip to Saint Lucia, March-April 1987; and the organization of data and writing stage.

The research question developed out of a combined interest in the state of socio-economic development in the Eastern Caribbean, and an interest in the developmental potential for cooperatives there. An interview with Kenton Eggleston of the Cooperative Union of Canada (CUC) identified STAFCO-OP as an agricultural cooperative which was experiencing a high degree of success compared to some other cooperatives in the Eastern Caribbean. Therefore, the author decided to make a case study of STAFCO-OP to learn about the constraints and successes of STAFCO-OP, and if these had an impact on the its developmental potential.

The second stage began then, with the collection of all appropriate sources dealing with the Eastern Caribbean, cooperatives as businesses, cooperatives as development institutions, and specific information. This material was condensed into an outline in preparation for a research trip to Saint Lucia. This was arranged with STAFCO-OP.

The research trip lasted four weeks. The first was spent in arranging meetings with STAFCO-OP, and collecting

printed information from the Ministry of Agriculture², the Cooperatives Department, the Statistics Department, the NRDF, CARDI, the Central Library in Castries. In week two the first meetings were held with the STAFCO-OP personnel. A typical day in week two and for the remainder of the trip included searching through STAFCO-OP documents⁴ and files, and holding interviews in the morning. The afternoons were usually spent making tours of STAFCO-OP facilities and member-producers, or holding interviews with officials from Government departments⁵ or private organizations involved in agricultural development.

During the research stage, the following sources were collected from STAFCO-OP: financial information of STAFCO-OP including commodity sales and direction of sales, member purchases of share capital, and member sales of commodities through STAFCO-OP. Also, information concerning commodity prices, production levels and member location was found. Finally, information concerning STAFCO-OP's Government lobbying activities was found.

Upon return from the research trip, the information was organized and written up into the present form. Necessarily, a great deal of that collected has been omitted or dealt with only in a cursory fashion here. Most significantly, the information collected from the nine farm tours made by the author has been largely omitted: this has been done for two reasons. First, the study is primarily

interested in the study of "the cooperative", therefore the farmers have been considered from this perspective. Second, related to this, the data collection on the farms was not done in a controlled fashion and is therefore unsuitable for statistical analysis. However, the observations made during these farm tours are useful for the understanding of the conditions under which livestock and eggs are produced in Saint Lucia.

The data was collected during two days at different times during the research trip. One producer was visited during a routine STAFCO-OP pig collection. The other eight were visited in one day during a guided tour which was offered to a number of visitors from cooperative institutions in Canada. Five of the nine visited are pig producers, three are broilers and/or egg producers, and one is involved in broiler and pig production.

The first observation is that these farms are all located in the area to the North of Castries, in the Castries and Gros Islet Administrative Areas. Similar to most of the island, this area is extremely hilly and the farms are only accessible by roads which are very rough. Judging from the state of the roads, it would be reasonable to assume that the cooperative's subsidization of pig and broiler transportation has a significant impact on accessibility to the market for the producers, even in an island as small as Saint Lucia.

Although net income data was not collected, a number of indicators suggest that these producers are relatively well-off compared to many of their neighbours. Essentially, the observations tend to support the earlier statement that STAFCO-OP's member-producers are mostly middle-income, medium-sized producers. The largest pig production unit was a 12 sow unit, the smallest was 4 sows. The egg producers were all 1000 or more hens in lay. All of these units could be located on five acres or less of land.

Of all the producers visited, only two had no land aside from that which their pig/chicken sheds and homes occupied. The rest owned productive land averaging from two to seven acres. One producer held over twenty acres in bananas. Aside from bananas, the land-holders also produced fruits, vegetables, and other livestock. These observations support earlier statements that small farmers tend to be most active in livestock production. A possible reason for this is that small farmers must maximize land and labour usage by performing a number of mutually supporting agricultural activities.

In addition to farming incomes, four producers in the sample are known to be working elsewhere or are known to have worked elsewhere. The others are unknown. One is presently the General Manager for STAFCO-OP, another has worked for the SLBGA and a third, who is a large egg producer, also owns a retail outlet and a bakery. However,

it appears that two of the producers are gaining their income solely from pig production. From these statements we can assume that a four sow unit can support a producer but that STAFCO-OP producers tend to have more than one source of income. This is a function of entrepreneurship, and not simply borne out of necessity.

The major quality of life indicator that was observed in all cases was the material which was used in dwelling construction. In all of the nine farms visited the dwellings were made primarily out of concrete. This can be considered an indication of at least middle-income status in a country where most of the dwellings of rural poor are made of wood.

In Chapter IV employment creation was mentioned as a potential benefit of the cooperative movement. The visits to the farms appear to bear this out. Most of the producers appear to be using hired labour. This ranges from four person-days per week to fifteen person-days per week. Moreover, some use a combination of hired labour with family. The overall impact appears to be a positive one.

Another observation of the producers is that they are quite innovative in their approach to their operations, practising cost minimization. An interesting innovation which was noticed on three pig farms is the bio-gas collectors. Basically, these are simple cisterns which collect the methane emissions from the pig-sty run-off.

These units cost approximately \$6,000 but, with a four sow unit, they can save approximately \$600 per year in cooking fuel costs alone. Moreover, one producer is considering installing a bio-gas powered electricity generator while another is considering the potential for a bio-gas powered vegetable cooling unit. The third bio-gas unit owner also has approximately three acres of bananas. He uses the pigsty run off to supply the unit until it is full, the remainder is piped out to his banana field as fertilizer.

Another innovation noticed on a number of pig farms is the use of water storage cisterns, and automatic watering devices. The cisterns are filled whenever the water is turned on by the water authority. It is piped to the pig stalls below, where the pigs can turn the water on by butting up against a tap.

The egg farmers also apply scientific innovations to their farming methods. One egg producer uses artificial lighting attached to timers to alter the photo-period to attain an optimum which increases the speed of growth, and thereby, productivity. This same farmer also has his pens laid out so that new deliveries of chicks are located in a pen which is separate, and downwind from the producing pens. This provides some protection from any diseases which the new arrivals may be carrying.

During the visits, the producers voiced a number of concerns. One of the pig producers indicated that he was

planning on discontinuing his pig production because the area around his pens is experiencing growth in population. He is experiencing some pressure regarding the smell. This brings out the issues of zoning and right to farm legislation. One of the egg producers also voiced a concern over the cost and availability of insurance. Apparently a recent hurricane devastated his entire flock (over 1000 hens in lay) and he is just recovering. At the time his flock was not insured. But now he has all his buildings as well as livestock insured.

One of the apparent benefits to membership in the pig cooperative is the availability of a pig production credit scheme which is expected to expand. One of the producers presently involved in the scheme indicated that there are a number of issues which must be addressed for the scheme to become more effective. Apparently, the scheme financed increases in stock but did not cover all the costs of the increase of the size of his production unit. This has resulted in constricting his income in the short-run.

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