

*Co-operative Autonomy In Indonesia:
A Review*

Adhitya Wardhono

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CO-OPERATIVE AUTONOMY IN INDONESIA: A REVIEW

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Abstract

The autonomy of co-operative is a controversial issue since it is trapped in the conflicting problem between people's and government's right. It is widely believed that government's over promotion and over intervention makes the co-operatives too depending on government aids. The true co-operative, actually, is marked by its autonomy, and this autonomy could not be reached only by changing government's regulation. It is closed related with the aspect of democratization in economic environment. Therefore the development of co-operative autonomy must be pursued. In this effort the relevant question concerning this problem can be raised: what kind of co-operative autonomy we should develop and how far the co-operative autonomy should be implemented. This main objective of this article is to discuss briefly the autonomy of co-operative problems as a crucial phenomena in developing countries with case of Indonesia.

Key words: *Co-operative movement, autonomy of co-operative, Indonesian cooperative.*

1. Introduction

In developing countries, co-operatives as an economic institution have still an important role. Current global political and economic changes have put many pressures on government to rethink their policies toward cooperatives. Its role in co-operative development, thus has changed from sponsoring to giving more autonomy to this institution. Though many co-operatives have found difficulties to respond to the challenges, however, co-operatives have been recognized as a powerful instrument to transform economy of a country. To be precise, co-operative movement as its very nature, fights against exploitation and inequality. Co-operatives promote people's initiative, self help as well as mutual help.

Contemporary development paradigm, in most developing countries, is based on premises i.e. the need for active intervention by the State in order to promote structural changes on society, influential inter-play of social and economic forces, and to extend support and provide protection to the weak and vulnerable parts of the community. This active intervention by the State often manifests in such of public policy measures, in

creation and maintenance of development agencies and institutions, and in laws that provide discriminatory protection to group of socially and economically handicapped people, and in making income of funds by the State for tasks that are perceived to be essential for under-pinning the process of development. In this development paradigm, co-operatives too have been assigned a role. Under this paradigm, third world development institutions and governments in recent years abandon their great enthusiasm on co-operative and participatory development programs (Develtere, 1999).

Yet, one problem facing many developing countries is that co-operatives are trapped in the question on how far the penetration of government has gone and should go. This problem has led them to discuss many cases, situations and conditions, they have faced, especially toward the third millennium. State regulation on economic activities does not necessarily have negative effect, but in reality, in developing countries, it has a lot of political interests. Giving governmental authorities a direct role in promoting and developing co-operatives is another common mistake. The bureaucratic approach of government staffs, who play as administrators rather than business developers, has usually yielded negative results. They often tend to focus on protecting their own jobs and benefits rather than developing independent and viable co-operatives (an outcome that may threaten their own future). So far, this situation makes a complex problem to break down. Consequently, beside the co-operative, the role of private organization has been developed and it become a gigantic enterprises.

The challenges for co-operatives today are to ensure that there is a conducive environment to allow people express their ingenuity to create innovative solution for their problem. Rethinking on the co-operative's role has been a large area of studies and open to debate. But one of the problems in developing co-operative is the notion of autonomy. The main objective of this paper is to discuss briefly the problem of autonomy on co-operative as a crucial phenomenon in developing countries. The raised question is what co-operative autonomy means and how far it should be implemented in Indonesian Co-operative. This paper emphasizes obviously two ways, i.e. the first is that cooperative is related to autonomy and the second is that co-operatives autonomy is related to implementation of democracy.

2. Review On Co-Operative Autonomy

In Germany, theoretical controversy over government assistance and its effect on Co-operative independence was a major subject of debate between Schulze-Delitzsch, Ferdinand Lassalle and Victor Aime Huber, founders of the Movement in past century. According to this debates, the perspective of co-operative autonomy is really broad and subjective to manage. According to International Co-operative Alliance (ICA) principles, co-operative are autonomous³ by virtue of being people-based, community owned, and democratically controlled organization. Therefore, the autonomy of cooperative can be defined as "capability of the co-operative society, as an economic entity as well as movement, to make and execute its own decisions and be prepared to accept the risks and share the responsibilities of its decisions". Within the context of co-operative movement, autonomy means a situation whereby each co-operative organization at either local, secondary or tertiary level truly independence in its decision-making and administration. It is a state whereby all kinds of extraneous influence, wherever available, does not affect the internal cohesion and running of the co-operatives, except in accordance to law of the land. In that sense, outside assistantship, especially financial help either from government or other organisation is a major source of concern to the co-

4. Conclusion

It has been suggested earlier that co-operative still have big problem to developed their autonomy. A case of Indonesian co-operatives, the constitutional mandate suggest that this institution should be the pillar of the economy, and its must become autonomous organization. This paper discusses only the problem of co-operative autonomy in the context on Indonesia co-operative movement. But the empirical observation expressed in this paper may reflect that this phenomenon can be referenced for much co-operative movement and government, other developing countries. The main items of recommendation are:

- 1) Role of Governments should to be redefined its function. Government role is supervision and control over cooperative movement. Co-operative has to develop harmoniously with government initiative. Government supervision has to raise democratic in internal organization of co-operative. This will guarantee that co-operative is owned by the whole members. Government supervision should not disturb the state of autonomy.
- 2) For a long period, co-operative development must be understood a part of economics development and democracy understanding. So government must to response to the environmental exchange in co-operative.
- 3) The strong and successful co-operative is an affirmation over people's democratic right on self-determination that leads to self-reliance. And as an organization, co-operative should be restructured in order to strengthen its integration between co-operative both horizontally and vertically.

To the end, in economic structure (and politics as part of economics globalization, co-operative could not depend only in primary level. Successful implementation of the co-operative autonomy needs proper harmonization and systematic effort to solve the internal problem.

Note:

1. *Co-operative principle are commonly defined according to the International Co-operative Alliance (ICA of 1966 as organization which have: 1. Open and voluntary membership; f. Democratic control; 3. Limited interest on share capital. 3. Return of surplus on share to members; Co operative education; 5. Co-operation among co-operatives.*
2. *For deeper discussion see Parnel, 1999, Reinventing Co-operation: the challenge of the 21st century, Plunkett Foundation, U.K*

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