



The Co-operative Movement and Labour in India

by
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THE remarkable development of the co-operative movement (1), which has brought to India, in the words of one enthusiastic registrar "the greatest benefit that India has yet received"—judged from an economic point of view, of course—and in the words of more soberminded, responsible administrators at any rate heaped substantial benefits upon the country, has rightly attracted the attention of economists throughout the world. This development will indeed stand permanently as a distinguishing landmark in Indian history. The seed from which this beneficent plant has sprung was planted in 1904, when the first Co-operative Societies Act for India received the Vice-Regal sanction. The actual beginning of work cannot really be dated from before 1905, when the puny force of only seven registrars, appointed to bring the vast field to be reclaimed under cultivation, went forth, like apostles into an unbelieving world, to preach their new economic gospel. They were entirely new to their task, untrained, without experience, with all their own teaching still to learn. And a timid Government gave them only a few subordinates to assist them.

GENERAL CHARACTER OF THE MOVEMENT

By midsummer 1920, which is the latest date for which we have figures, the new cause had enlisted over 1,500,000 active adherents, members of societies, distributed among nearly 39,000 societies, working with a collective capital of twelve and a half lakhs of rupees, say about £90,000, and doing an immense amount of good both economically and educationally, in a variety of ways—helping poor people, to all appearance hopelessly sunk in debt and misery, back into freedom, stimulating and improving alike agriculture, the great stand-by of the nation, and industry; and arousing a keen desire for education, the admitted great want of the population, among which only ten per cent. of the male inhabitants and a much smaller proportion of the female can lay claim to any degree of literacy; providing employment; imparting a notable impulse to thrift; cheapening money;

(1) The reader may be referred to the following work, with an introduction by the author of the present article: R. B. EW BANK, I. C. S. : *Indian Co-operative Studies*, with an introduction by Henry W. WOLFF (University of Bombay Economic Series, No. 2); pp. 266. Oxford University Press. 1920. [Ed. *The International Labour Review*.]

tempting to some extent already the hidden treasures of earlier saving, unfructifyingly buried in the ground, into productive employment; and opening to the enormous, feckless, and sullenly despondent population, because hopelessly indebted, a brighter prospect of a more satisfactory existence.

It will have to be borne in mind that in India a certain sum of money means a very different thing from what that same sum means in countries like Great Britain, France, or Germany. Before the war, at any rate, according to registrars' reports, one rupee would buy a goat, five rupees a calf, seven to seventeen a bullock, fourteen rupees a pony, ten to sixteen a cow. Five rupees would pay for the hire of a bullock for a full year. The "little sum" of Rs. 150 to Rs. 500 per village would, as one registrar reports, "make all the difference between poverty and plenty".

And all this result has been brought about, one may say, by sheer self-help, to which the Indian Government rightly from the outset pinned its faith and to belief in which it has wisely adhered. For of all the money in use for the beneficent work being done, only a poor two per cent. come from the public purse. And that two per cent. is practically a *remanet* from earlier support absolutely necessary in the first stages, just held over for the period allowed. All the rest has been raised by self-help—a notable achievement, after at the outset registrars had assured me that it must be absolutely hopeless to look for any deposits from the intended beneficiaries themselves.

There are well-meaning, but somewhat over-impatient, people, no doubt, to whom even this elsewhere admired rate of progress appears too slow, who call out for entire armies of missionaries to be let loose in their thousands upon the land to be supported by crores of rupees taken from the public exchequer. What, so they ask, are a poor 1,500,000 members now enrolled among a population of 313,470,012. Experienced co-operators will be able to tell such people that more haste in the matter is likely to mean very much worse speed and that the progress made is exceptionally rapid. You cannot "jerry" a movement like this of co-operation. Flush a barren field with a mighty stream of water, and you will produce either a hard and dense crust which the tender shoots of the growing good crop cannot penetrate, or else a wilderness of unprofitable and even noxious weeds, which will smother the good crop. Apply your irrigation gently, gradually, methodically, and with judgment, and you will have your good crop, though you may have to wait for it, which in its turn will beneficially smother the weeds and leave you a clean and fruitful field. A Jonah's gourd will grow up in a night; but it will also perish in a night. A sound British oak, such as we are out for rearing, will take a hundred years to complete its growth. But it will after that last for another two hundred years, and yield good, strong, reliable timber.

Also, it is idle to point out that, although co-operation has been active, debt has all the same continued to increase. That

was what co-operative credit was introduced for. Our critics will have to learn to distinguish between improvident, unprofitable, often ruinous borrowing, which we labour to suppress, and legitimate, productive debt, which enriches those who employ it.

Furthermore, the 1,500,000 members of co-operative societies actually enrolled by no means stand for only 1,500,000 individual beneficiaries. They are heads of families, and represent a very much larger number of actual direct beneficiaries. And we have it from the lips of leading, responsible administrators, like Lord Meston and Sir Edward Maclagan, that the beneficent work done by co-operative societies, even in respect of credit only, has been found to extend far beyond the narrow limit of actual membership. Millions besides have been benefited. For the hire of money has been greatly lowered, and to some extent, at any rate, the iron rule of the thus far monopolising, despotic, usurious and bloodsucking moneylender has been broken. In more villages than one has he had his occupation taken from him. That in itself, surely, is a great boon gained for India.

And, once more, if you feel disposed to find fault with the assumed slowness of co-operative progress in India, you must cast your eyes elsewhere and see how other co-operative movements, now great and prosperous, and the admiration of the world, have fared in the matter. After the first fifteen years of its existence—that being the time which we have to consider in India—the great British movement was still only a struggling bantling, the future of which it would have seemed rash to venture to foretell. The Raiffeisen movement—which in some way we have taken for our model in India, and with the merits of which now the world rings—was, fifteen years after its inception, absolutely unknown. It took twenty-five years to make it even only known, and thirty-five years to bring about noticeable expansion. And in Great Britain and Germany conditions were, amid a population all of whom had been passed through school, every one of whom could read and write, had some notion of business, and actual experience in combined action for provident purposes, distinctly more favourable to co-operation than in India.

No doubt, in India there existed certain elements favourable to co-operation. We must not indeed make too much of the sparse presence of *nidhis* in the South and *akharas* in the North, which is often quoted as indicating a natural bent for co-operation. Those societies were—certainly the *nidhis* were—adaptations of our familiar building societies, with nothing indigenous about them. Common action was not unknown in such matters as the digging and clearing of water-courses and the taking of measures for the protection of rise-embankments against floods, for deepening ponds, digging *kachha* wells, repairing village hedges, setting up *dharmshalas* and the like. And certainly there is in India a pronounced leaning to gregariousness. The Muslims think on religious grounds of their neighbours. The

Hindus have their castes, which, if in some respects a hindrance, are in others a decided help to co-operation. And the Hindus also have the recollection, and in a great measure still the presence, of their valued "village community", which may be said to be essentially based upon co-operation. Beyond that, there was need, which everywhere has proved the most powerful stimulus to co-operative action. It is the needy who seek the aid of co-operation first and most resolutely, and most readily adapt themselves to its methods.

However, the difficulties to be pitted against such furthering influences were undoubtedly great. And all of them have not yet been overcome. If there is gregariousness, there is also illiteracy, ignorance, fatalism, brought about by long-continued hopeless and resultless struggling with debt and law-protected fraud. Whatever kindly meaning governments have done during long ages to relieve distress has told all against co-operation and, indeed, individual initiative and self-reliance. It has been charity, largess, and largess breeds no self-reliance, no energy for grappling with difficulties. It accustoms the mind to look for boons, and weakens moral tone. At its best, it brings about no enduring good. It just fills a hole, which will turn out to have grown bigger by the time that the temporary stopping has worn away.

It will have to be observed that the organisation of co-operation in India is different from what it is everywhere else. In European co-operative movements continuity of policy and practice has in every instance been assured by the unchanging leadership of one man or his carefully trained disciples succeeding him. In the Luzzatti movement there has all along been a Luzzatti, and only one, to steer the vessel; in the Schulze-Delitzsch movement a Schulze-Delitzsch or a pupil of his; and the same in the Raiffeisen movement. That has preserved a valuable unity and steadiness in the movement. In India the originator of the movement was not a prophet with a message all his own from Heaven, but the Government, a neutral body, acting on utilitarian grounds. Leadership has necessarily become changing. It changes in the higher grade. It changes much more locally, by the removal of one registrar to make room for another. Under such changes there has necessarily been many a break in the continuity of action, different methods being adopted, and the practice by which one registrar set greatest store being advisedly abandoned by his successor as indifferent or objectionable. Also, quite naturally, under the impulsion of a most creditable zeal and devotion to their cause, to which in truth we stand indebted for the major part of the progress that has been made, some registrars have at times sought to obtain, in the shape of government money, or government authorisation of summary procedure and the like, easier means for the making of short cuts to success. Happily, the Government, inspired by a sounder view of the nature of its

task, and holding unswervingly fast by the principles once laid down, has steadily met those applications with a determined No, pointing out that co-operation, to be an asset to the country and an educator to its population, must provide its own means, and that co-operation must also in a moral way, by the pressure of membership opinion, serve as its own small debt court and tipstaff. In this way harm has been averted. And the Government deserves thanks for its steadfastness. Although, in the early periods at any rate, overcharged in its allowances for what are really teaching purposes—for which state assistance is certainly legitimate and should not be stinted—the Indian Government has, faithful to the rule which Mr. Gladstone laid down in 1862, on the consideration of the Industrial and Provident Societies Act of that year “held fast by the principle that for purposes of *business* the Minister of Finance must be inexorable in his denial of assistance”.

DOUBTFUL TENDENCIES

Proud as we have every reason to be of the rapid progress which co-operation has made in India, we must not run away with the idea that everything in its constitution is perfect. There are bright spots enough in the picture; but there are also blots, and there are some spots of doubtful hue, which may conceivably bode danger for the future. Indian co-operation has its questionable habits, to be explained in part by the circumstances just referred to, and in part by the difficulties naturally attaching to the task of moving such a huge mass of illiterate ignorance of affairs, unprovided with any training for its business and with *panches* i. e. executive committeemen administering its treasure who will, like the proverbial carver, think mainly of themselves. Under such influences some questionable practices have grown up, some of which are indeed decidedly useful at the present juncture, but all of which bear in them germs of possible danger, which will have to be duly guarded against. Many minds, of frequently changing registrars—the point just dwelt upon—all of them most laudably bent upon doing their full duty and leaving their own individual mark upon the institution governed by them, have hatched many ideas, not all of which will persist and not all of which likewise deserve to be kept permanently parts of the system.

However, the action of so many minds, coming in every case fresh to their business, free as they are from prejudice and the pedantry which we find disfiguring some of the continental co-operative machinery, have imparted a tone of freshness and life to the Indian movement which is all to the good and bodes exceedingly well for the future. And, to place one notable point in relief, in contradistinction to European co-operators, the inhabitants of India have from the outset taken a broad view of the co-operation which they are practising, and clearly discerned it to

embrace a variety of forms, every one of which is truly co-operative, and all of which spring from a common root and take their sap from the same co-operating suckers. In Europe, as a matter of fact, and often enough as a matter of principle, every co-operative movement practically confines itself to only one form; and very many of them will disparage and refuse to recognise other forms. In India things are altogether otherwise. And herein lies one great ground for hopes for profitable constructive work in the future. Co-operation, whatever its form, is all one. Like the human body it is composed of more "members" than one, none of which is superfluous, if there is to be healthy existence. The manysidedness of Indian co-operation may be, in part, attributable to the fact that India began with the form of credit, which, as a matter of course, does not constitute an end in itself, but only strives to provide means for the attainment of many other ends. That first step having been taken, we now see Indian co-operators turning with growing vigour to other forms, distribution, production, small industries, housing, insurance, husbandry, land settlement, the maintenance of dispensaries, and so on. In this new start one may heartily wish them success and thus hope to see all wants that the community may have provided for by common action, and the ground well covered.

However, registrars have also been considerably active devising new methods appropriate to their surroundings. They have been quicker than others to detect the value, nay in many cases the necessity, of union among societies in order to create the impetus necessary to carry the movement prosperously along. And they have also found out the value of having cash in their till to deal with. It is rather remarkable that the inhabitants of India of all people—not the registrars, but the co-operating *rayats* (supposed to be hopelessly impecunious) for whose benefit the Raiffeisen system, which substitutes unlimited liability for payment in cash, was selected—should have, indeed, readily grasped the peculiar value of unlimited liability and embraced it in preference to the limited form (to which co-operators in most parts of Europe give a decided preference), but should at the same time have developed a pronounced taste for shares, which they now generally insist upon having. This is all to the good, so long as the main aim of Raiffeisen co-operation, that is, the avoidance of forcible exclusion of the poor, who may have nothing but their character and the profitableness of their intended job to stake as security, is safeguarded. However, both tendencies indicated, both that for union and that for shareholding, contain in them germs of possible mischief. It is quite possible to carry the principle of union beyond its proper limits. And that danger appears to be now distinctly present in India. The time must come when the good and long recognised co-operative canon which lays it down that every co-operative society must be wholly self-dependent and answerable solely for itself,

and also the other canon which declares that the members of societies must watch over their own affairs, conduct their own administration, remain masters of the liabilities incurred in their name, and so on, will have to be conscientiously respected. What with "guaranteeing unions", which interlock liability, and stereotype calls upon common funds, and the domination of central banks, to which now is committed the task of controlling and inspecting local societies, we appear to be in danger of passing eventually beyond the line of safety. Central banks must be entrusted with the function of control at present, because there is no other authority to take charge of the work. We actually need them for this purpose. However, that must not remain abidingly so. We have already come to the point that one registrar frankly complains that the local societies appear to be nothing but executive organs to their particular central bank, which, in fact, determines the credit to be given in each individual case, though by its constitution it is necessarily quite incapable of forming a proper judgment on the point, being without touch with the individuals to be trusted with money or acquaintance with their circumstances, that, in truth, it abstains from any enquiry into circumstances, trusting to the "guarantee" of the local society alone for its security. Now this is altogether out of harmony with the principles of co-operative banking. And other registrars have complained of central banks thinking—as indeed it is their business to do—only of themselves, not of the local banks, which ought in course of time to form their own, independent controlling and inspecting unions. Again, one can well understand that "guaranteeing unions" greatly facilitate business in the present stage. But their interlocking of liability, taking discretion out of the hands of those upon whom the liability will fall, and their stereotyping of the measure of credit wants of local societies, making a permanent practice of what should be a variable resource proportionate to changing need, should not be continued indefinitely.

Another danger arising from what is being done is this, that credit is being more and more dispensed on the security of what a borrower *has*, his attachable goods, rather than of what he *is*, and what enterprise he is about to engage in. The pronounced preference of Indian co-operators for shares, which in itself is an encouraging feature, and the organisation of "guaranteeing unions" stimulate this. We observe registrars and their pupils growing mightily fond of *haissyats*, that is, appraisements of members for permissible credit. The *haissyat* is a good and useful instrument. But reliance upon it should not be carried too far. It wants to be kept a servant, not made a master. The avowed object of co-operative credit is to provide the use of money for poor people who have not valuable objects to pledge, but rejoice in a good character and have a remunerative undertaking in view. One may hope that the doubtful tendencies here sketched will be carefully checked by superiors.

GENERAL RELATION TO LABOUR MOVEMENT

Writing in the *International Labour Review*, I shall be reasonably expected to show in what way Indian co-operative experience affects labour and what lessons it may be taken to convey regarding the labour interest. I believe that it has a decided bearing upon the labour question, and that it supplies a lesson full of meaning and instruction under this particular aspect. Industrial development is backward and the great majority of the workers are agricultural workers. Of the 313,470,012 population in 1911, 35,323,041 are recorded as being dependent upon industry. But of that number about 18,000,000 were found to be "dependents", i. e. not actual workers, but members of workèr families. And of the remainder only a poor 823,000 were stated to be engaged in "power" works, leaving nearly 17,000,000 to find a living, such as it might be, in home industries. The division between large and small industry is indeed different in India from what it usually is in other countries, where the number of 5 employees is taken as the dividing line. In India it is 20. However, "power", the assumed distinguishing mark of "factory labour", is only sparingly represented in India even in "factories", while the small hand industries are to a considerable extent carried on under what practically are "employers". Now what are these poor people to do under trade union principles? They do not ply their traditional home industries, handed down during long ages from one generation to another, because they really prefer them to factory work, but because "needs must when the devil drives". Factories are, as observed, very few. And traditional non-agricultural caste-occupations are going, just as under the urging of necessary economy, not a few old occupations have disappeared in Europe. Under the stress of necessity the women of a family are taking to scraping the heads of their male folk with a razor, so that the typical village barber finds his occupation shrinking or gone. The women of the household also go to the well in person, like Rebecca and Rachel of old—which leaves the village "waterman" without employment. At the same time what Sydney Smith, speaking of Ireland, called "the great national manufacture of children" goes on. The population keeps increasing, all the faster that famines are being successfully coped with. So there is nothing left for the hapless dwellers on the land to do but to cultivate the little scattered parcels of land, which constitute their *paterna rura* for what under the poorest husbandry, without fertilisers or purchased feeding stuffs, and with the most primitive of implements to do the work, they will yield. And those "parcels of land" are steadily growing smaller concurrently with the increase of the population. There is already less than an acre—in contrast with the 2½ acres considered in Europe to be the minimum of what a family can subsist upon—as the average

size all over the country. And in large districts, such as the Gangetic valley, parts of the Gujerat, and the fertile portions of the United Provinces and of Bihar, the average size has shrunk to half-an-acre. There is more. What factory "labour" there is in India is of a strikingly different type from what we are accustomed to see in Great Britain, France, and Germany. Half-nourished, feckless men, the workers come from their native villages to one of the very few industrial towns, still scarcely a dozen in number, in which factory employment is to be found. Their heart is not in that town, nor in the work that they are permitted to do, and on which they bestow little energy. Their heart is in their country home which, as has been said, they will visit from time to time, for days together, so that their employment—amounting, say, to about twenty days in the month—necessarily becomes intermittent and not always to be counted upon, which does not improve their chances. Assuming that they find a job, they are too feeble to put much back into it. The terms of their employment are not conducive to an economically ideal style of living. Their beginning is to have to wait six weeks for their first pay. So what necessarily happens? They are constrained to go to the moneylender, the ever ready and ever greedy *mahajan* or *sahukar*, the reputed "friend in need", who knows well how to fasten the noose firmly about his victim's neck. Hence in truth those troubles of industrial employment, of which writers like Sir Vithaldas Thackersey and others, under whose eyes the thing happens, have pitiful stories to tell. It is debt which does the mischief, debt which degrades these poor people to the status of pariahs, debt which spoils their morals and bars their progress. It kills all moral fibre and makes them reckless and thriftless, not caring how much more they owe. There is no laying by, of course, of any sort. The men gamble and drink. Drink has become rampant among them.

CO-OPERATIVE CREDIT

To labour in such a position, neither trade unions nor co-operative distribution can be of the slightest service. You have here the common curse to contend with, that lies upon all India and impoverishes its humbler classes. Co-operation is necessary, since no help will prove of abiding benefit which does not come from the people concerned themselves and nerves them to better conduct. But that co-operation must as necessarily be given in the shape of that which alone will meet the emergency, namely, of a competitor to the moneylender, a competitor, who not only provides the money needed, but provides it in such a way—unlike the moneylender—as to check and limit borrowing, keeping it down to the point of what is really necessary, discouraging all extravagance, gambling, and drunkenness, and so leading men on to better ways, to thrift, to industry, to education, to better living. In the words of one of India's best registrars, the Indian Government has, in its desire to bring relief, but its

ignorance of effective ways for doing so, within some generations tried hundreds of ways, only to find them fail. But now it has found the right way in co-operative credit that, in the words of the United Commission of Missionary Societies of Great Britain and the United States published under the title of *Village Education in India* provides, not only cheap credit, but—what is vastly more essential—that each increase of the credit should be accompanied by an attempt to educate the people in thrift and mutual control.

The foundation for better things being once laid, there will be scope for other methods, more in keeping with those in vogue in European countries. Distribution, as one may hope, will come first, because it cannot fail to lead to the practice of thrift and to the gradual acceptance of a higher standard of living, which acts upon the raising of wages almost quite as much as the raising of wages does upon it.

The removal of debt, however, by the substitution of a healthy and economically sound method of credit ensuring profitable employment of the money borrowed, so as to make it come back with increase benefiting the borrower, and promoting the practice of thrift, restraining extravagance, say on the religious and semi-religious festivals so much in vogue, and tending to order in business and in domestic economy, was what the Government of India rightly made its first object in sponsoring co-operation, leaving the rest to follow as a matter of course, and the presumption turns out to have been correct. In any form of his actual employment—or unemployment, as the case might be—the Indian dependent upon labour stood in need of help, healing and strengthening, not, as heretofore, either economically demoralising, or else wasting and ruinous help, in the shape of the use of money. The working man employed in agriculture needed it for his little holding, for the improvement of his husbandry, by the use of better seeds, better implements, better stock, better methods, more fertilisers, irrigation, and the like. The industrial labourer wanted it for the recovery of his economic freedom and, in the vast majority of cases, for the development of those small industries in which, in default of “power” undertakings, he still has, and for a long time to come will have, to seek his own and his family's livelihood.

All round, conditions cried out aloud for relief in money, money everywhere, money first, and money above all things. And that money must be made available on the spot, without the trouble of having to travel for it, or it would be useless. The conditions of the need established therefore pointed the way to the proper remedy, the one remedy that could be found and that, with all deference to government methods, such as *takkavi* and similar services, can furnish relief. *Takkavi* has been tried, only in its turn to try people, as the Irrigation Commission of 1901-1903 reported, by its “rigid methods of recovery”, and the patchy and gappy way in which alone it was found to be active,

in none too great quantity, by being dependent altogether upon the degree of energy and judgment applied by particular officers in virtue of their personal qualities to its dispensing. The assistance must be given in the shape of co-operation, and first of all, in that of co-operative credit.

The best way of supplying it was not at once discovered. A trial of something that was, not quite correctly, given out for co-operation, was made in 1884. In that year, under the government of Lord Ripon, a novel kind of banking institution, half commercial and half would-be co-operative, in any case not very businesslike, was endowed with a poor 6½ lakhs of rupees provided by the state, to be employed for agricultural loans under state administration. This institution in a manner foreshadowed the Prussian Central Co-operative Bank and the French *Credit agricole*. Its end was a prompt and a tragic one. The money invested in it was found to have been simply thrown away.

The next decade, however, brought a ray of promise. Co-operative credit had made its way triumphantly in Europe. The echoes of its achievements reached India with as yet only a faint sound. In 1892 the late Lord Wenlock, as Governor of Madras, told off the present Sir Frederick Nicholson to undertake a tour in Europe to study the question. The result was a truly masterly Report, the first, and most instructive, part of which was published in 1895. In 1894 I had been instrumental in introducing co-operative credit in Ireland and stirring up some beginnings of it in England. I also unfolded the scheme to Anglo-Indians at home, among them the late Sir Arthur Cotton, one of the highest authorities then in the Indian Service. He at once expressed himself not only delighted with the scheme, but so much convinced of its certain success that he foretold me that whatever anticipation of results I might have formed, I should find them multiplied tenfold. Unfortunately in India the want of a law under which co-operative societies could conveniently form stood in the way. In June 1900 I accordingly took upon myself to memorialise the Secretary of State of the time, Lord George Hamilton, in favour of the passing of a new, appropriate law.

The chief of the Department of Revenue and Agriculture, Sir Charles Bernard, took up the idea with enthusiasm and devoted much labour to its materialisation. So the Act of 1904 came to be passed, unfortunately, owing to a slight misunderstanding at the India Office, in an incomplete state, as limiting the rights which it conferred to credit societies only. Accordingly, for the next eight years registrars had scarcely any choice but to proceed on credit lines. The defect was, however—in conjunction with some others—set right in 1912, when a second Act was passed opening the way to the formation of co-operative societies of every description. The new powers so given are now beginning to bear fruit.

Although beginning only timidly and tentatively, in an over-

cautions way, i. e. with a far too chary employment of manpower, the authorities in India, generally speaking, did not allow grass to grow under their feet. They were fortunate in the selection of their officers, the registrars, who threw themselves into their work with unmistakable earnestness, zeal, and judgment. Rightly, just as the Government above them had advisedly narrowly limited the supply of state money, in order not to spoil the desired main product of its action, i. e. bona fide co-operation, they in their turn did not attempt to force the pace of the movement, seeking in the face of applications for sanction of the formation of new societies, which came in in hundreds, to form good societies rather than many—societies which by reason of their quality might be counted upon to prove in the long run more effective and better propagators than a host of societies of doubtful quality, formed only because it was thought something ought to be done and to serve as a feather in the promoters' caps. That sound policy, rightly still pursued, and favoured in high quarters, has in practice proved decidedly successful, as producing much good and planting the institution safely in the ground. The careful husbanding of state aid in money for purposes of business, which markedly distinguishes the Indian practice from that of some of the best advertised but questionable European applications, has shown itself particularly valuable in the production of a co-operative spirit, which, although not by any means permeating the whole mass in all parts, still keeps the movement sound and gives promise of enduring good working.

Although state money has been rightly husbanded, in matters of administration state direction necessarily was, and must for a long time remain, absolutely indispensable. Independent initiative, sound self-propagation, and safe handling of so difficult and delicate a matter as credit, in which all depends upon skilful discrimination between legitimate cases and illegitimate and strict observance of terms, could not at once be left to an almost universally ignorant and untrained mass of people eager for benefit, but not sufficiently schooled for self-exertion, discipline, and the exercise of reliable judgment. Indeed, even as things are now—let us say, in 1920, after eight year's careful schooling—things are not by any means as they should be all round. In view of this, one cannot expect to see the necessity of vigilant supervision and tutoring by state officers come to an end before a considerable time hence. Fortunately, volunteer administrators and friends are coming into the ranks, to render there, if they will only do what they can, very effective service for the common good. For, apart from their not having the government stamp upon them—which still to many native minds disguises the true character of the still only partially understood practice—they are generally more fixed to the spot than the frequently changing registrars; they can devote themselves with greater attention to particular districts or localities, and their advice, coming from an unofficial source, is more likely to be well considered not for

what it commands, but suggests, and to give rise to that thought upon the subject dealt with, which it is so very desirable should be aroused in co-operators. There will therefore be, for a long time to come, plenty of room for official and outside influence. But the aim to be kept steadily in view and to be persistently and systematically pursued must be to train the people engaged in co-operation to independent action, self-reliance, and government of their own affairs.

CO-OPERATION IN AGRICULTURE

The benefits which co-operation has brought to India during the brief term of its existence are visible all over the country, but are most tellingly exhibited in rural districts. Its value lies not merely in the undoubtedly improving effect which it has had upon agriculture. Rather may its effect upon community life in rural districts be said to rank foremost. But agriculture has already benefited not a little, with the promise of larger improvement coming. It is a different thing altogether working for oneself, with the certainty that one will oneself "eat of the labour of one's hands", from toiling with a rope coiled around one's neck, knowing that whatever earth brings forth under such labour will go to the greedy *mahajan*, who will claim the crop, when it ripens, at a derisory price, returning indifferent seed for sowing at the topmost market quotation, taking full advantage of bad years, and so tightening the noose until out of that Indian abomination, the "usufructuary mortgage", emerges the entire appropriation of Naboth's little heirloom for himself. "I am convinced", so writes the Registrar of Co-operative Societies of Bihar and Orissa, a native of India, in a recent annual report, "after an intimate acquaintance of over eight years with the various phases the co-operative movement has taken, and after having known the great agricultural classes for more than twenty-five years, that not less than one-half of the members of the agricultural societies would have been rendered landless, if the co-operative movement had not saved them". Indeed, there is very much changed, and the fact that the *Times* could in its *Empire Number* the other day say of India that it has come to display a far greater power of resistance to famines than formerly is in a large measure due to the improvements which co-operation has brought about in Indian agriculture and in the whole aspect of Indian rural economy—the possibility of purchase of seed, fertilisers, foodstuffs, implements, live-stock, and so on, of sound, reliable quality and at cheaper prices—and the valuable lessons which co-operation has enabled the *rayats* to learn in improved husbandry. The returns published show that next to repayment of usurious debt, purchase of agricultural requirements has ranked first among the objects for which money was raised from co-operative societies. Now, that was just the result which the Act was intended to produce, and in not a few

cases repayment of old debt has had to take second place. For societies have found that under some circumstances it was not possible to insist upon old debts being first cleared off. The burden was too heavy. The problem, therefore, had to be approached from the other end, larger production being stimulated to produce means wherewith gradually to pay off debt.

The agricultural Departments of India, ably officered as they all are, have not been slow to take advantage of the advent of co-operation as a helpmate to further the exertion of their specific task. Where there were no co-operative societies, agriculture Departments have in cases themselves acted as temporary substitutes for collective purchase, supplying the articles required. Agriculture and co-operation have become sworn allies and worked in double harness, successfully addressing their appeal for more productive farming to that most sensitive organ of the human system, the breeches' pocket. Under such treatment good seed has been substituted for bad, well paying crops have taken the place of poor ones, irrigation has spread, and also the utilisation of crops garnered has been rendered more remunerative, the benefit accruing to the grower. Thus to state one noticeable instance: several sugarworks, which were dying of atrophy under private management, have been restored to remunerativeness by being taken over by co-operative societies. One valuable and most promising service rendered in this way, which certainly ought to appeal to minds sympathetic to labour, deserves special notice. India is now at length promised a good, abundant and continuous supply of milk. Hitherto only very little has been consumed. And what little there has been was of the poorest quality, amply diluted with the foulest of water, mixed with impurities. Under such circumstances it cannot be reckoned surprising that there was no taste for it. It was not appreciated. People did not understand the difference between wholesome milk and unwholesome, and therefore grudged the excess money that they were asked to pay for the better article, where it was at all offered. Co-operative societies have produced a better market for good milk, beginning on productive lines, but eventually making way on distributive. And there is now a fair prospect of success. The value of this change for the upgrowing generation, more particularly for the mass of toilers, must be apparent to every one.

The work of agricultural improvement—which becomes invested with a special importance in countries like India, in which agricultural labour assumes the shape of working for itself on its own very small holdings—is not indeed yet nearly ended. Quite the reverse, it has only just begun, and its main benefits have still to be looked for. There is in countries like India, where agriculture is composed of the smallest units, helpless by themselves, so very much that co-operation can accomplish for the common good. Common purchase and sale are only the beginning. There is irrigation waiting

to be done over immense areas, promising rich results. Vast tracts of land requiring it are still without it. There is plenty of water available for the purpose. However, on these minutely divided properties combination of effort is the very first condition required. That same minute division of the soil, cut up into bits of the most fanciful shapes, fitting into one another like the pieces of a picture or map puzzle, of which as a rule several more than one go to one "holding", present an almost insuperable obstacle to good cultivation, such as only co-operation is fit to cope with. Adjustment or consolidation—"re-striping" as it is often technically termed—has been suggested more than once. However, with the law of inheritance, as well as other obstacles, standing in the way, it seems for the time impracticable. Co-operative cultivation, the *beau rêve* of our European socialists, attempted in the *conduzione unita* of Sicily and Emilia, appears therefore altogether marked out for application in such country. Another most useful form of co-operation applied to the land, which, wherever introduced forms the hope of the working rural population, is co-operative land settlement on the principle of the Italian *affittanze collettive*, which has been successfully introduced in Burma. How well collective land settlement suits the Indian character, how effectively it brings out its peculiar aptitudes, and what benefits it bestows, must be apparent from what the late Governor of Bengal, Lord Ronaldshay, at the last Co-operative Conference held in his Presidency, related with regard to one settlement, in which he is taking a personal interest, in the Sundarbans. "Here the colonists who came to the place", so he said, "because they were landless and impoverished and without prospects elsewhere, have in the course of a few years, accumulated savings of their own amounting to half a lakh of rupees. They have established nearly a hundred credit societies. They have their own store, their own boats running to Calcutta, their own co-operative granary, and they have started veterinary aid on co-operative lines. More remarkable still, whereas the common rate of interest five years ago was 100 per cent. per annum, the complete abolition of interest in this neighbourhood is within sight". Once more there is that live-stock insurance for which all India is waiting, which co-operation—but under the circumstances co-operation only—can supply of the best quality. It will mean a saving of millions to the small agricultural population of the country.

SOCIAL EFFECTS OF CO-OPERATION

But even more important and more valuable than all this, which after all touches only the material side of human interest, is the marked benefit which co-operation has already shown it can bring forth in matters moral, social, and intellectual. Indeed, in this respect a new phase of national life appears to be opening to India, most observable, of course, in rural districts, because

they make up the main part of the country, but no less affecting industrial and urban. Under the stimulating effect of co-operation India is now crying out, as if with one voice, for "education" and also, according to its power, supplying the means for providing such. Education, upon the presence of which, of course, all public well-being hinges, has thus far been almost wholly absent from native India. Not ten per cent. of the population know how to read and write. Under such circumstances, what progress could there be expected? Politically, socially, vocationally, evil influences have a free and open field placed before them, on which to work such mischief as ignorance will naturally breed. And the task of supplying education in the required quantity seemed hopeless by its magnitude, aided by the disinclination of those to be educated to accept the healing boon. Co-operation, which itself suffers under the general sway of illiteracy, hindering its extension, has come to the rescue with an "appetiser", turning inclination into violent craving for the first despised food. "Wherever a co-operative society is formed", so says the Report of the United Commission of Missionary Societies, "it sets up a school, if there is not already one". The eager thirst and pining for education, nerving to serious efforts and exercises of self-denial, which co-operation has brought forth in India is one of its most precious effects, most promising for the future. Co-operation, though dependent upon education, is itself a first-rate educator.

In India you want to teach co-operation, but you want to begin at the very beginning. Illiteracy is still the great foe to battle with. That stands in the way of co-operation. And co-operators will not have it continue. They appeal to Government, which itself stands before the gigantic task of providing a remedy for so huge an evil, as puny David stood before mighty Goliath. But co-operation also acts for itself. It sets up schools. Out of its petty surpluses it maintains schoolmasters and builds schools. In the United Provinces some societies have even gone so far as to impose upon their secretaries the task of acting as schoolmasters to members' children.

But that is not by any means all. Co-operation has infused a new spirit into those who practise it, what Professor van Dobransky described in his report to his (Hungarian) Government after inspecting the Raiffeisen societies of Rhineland as "a world of brotherhood". From every quarter come reports of a subsiding of quarrelsomeness and a marked falling off of litigation—the society being asked to act as arbitrator. There is more mutual support, more drawing members together. The inhabitants of India value their new *intizam*, i. e. their "common concern", in which they can take a much more lively interest than in matters regulated for them by their official administrators. Even castes draw together, members of different castes joining societies in groups, of high or low together. Valuable as in some cases distinct caste action is, when such form societies by them-

selves—which, of course, maintain the closest possible touch among members, and so produce *ab initio* an improved guarantee of security, at the same time permitting extension over a wider area—nevertheless, such unifying action as is instanced by the drawing together of castes is to be greatly welcomed. For the ideal co-operative society is one with the most varied membership, in order that the abundance of one interest may balance the need of the other, need and plethora in different callings as a rule, providentially occurring at different times. But there are counterbalancing advantages in societies formed of persons representing one interest only. We find in India, just as has happened elsewhere, most notably perhaps in Italy, members of official staffs, employees of common concerns, government employees, even “menials” in Bengal, forming their own societies, in which, of course, responsibility is much more easily enforced than among members of varied occupations and concerns, and community of interest is spontaneously generated and realised from the outset. In respect of such societies the “balancing” desirable in all co-operation is best effected in the central bodies, which will, of course, act for a number of various institutions. Since the majority of the societies formed for distinct establishments, commercial, industrial, as well as official, by members of their staffs, be it for credit, be it for distribution, seem to be answering well, it may be hoped that from what are known as “employees” they will be made to extend to what is conventionally known as “labour”, and that in this way the problem of providing, among other descriptions of that interest, for factory labour, may come to be solved. To persons anxious for “organisation”, in the now accepted sense, among such folk, it may be well to point out that in India, and in other countries similarly situated, manifestly the road to “organisation” must needs lie across co-operation, which brings people almost forcibly together for common action, as interesting them on the material side of human nature, the side naturally most responsive to arguments in its favour. The mischief is that among a mass of people impatient of discipline, loving freedom of movement, and therefore intolerant of the customs of the factory, which ties them down against their will, without cohesion and without continuity of occupation, organisation of any description even for purposes of co-operation presents most serious difficulties.

CO-OPERATION AND HOME INDUSTRIES

The case is very different when we come to that form of industry which in India still forms, in the proportion of 94 per cent. to 6, the predominating industry and which for generations to come bids fair to continue to take such place. It is not merely by choice, nor yet solely by tradition, that India is, like Japan, a country specifically of small industries, marked out for this as if by Providence. There are, as already observed, only very few industrial towns. The population lies scattered in villages over

the enormous surface. And every village had, and to a very great extent still has, its own particular tradesmen, appointed and paid by the village, each carrying on his own traditional or caste craft. The workman of India is apt either to be slovenly in his work, or else to waste admirable work upon poor material. He thinks more of what he is used to than of what the market requires. His great hindrance, however, is his crushing indebtedness, coupled with its twin sister, his abject dependence upon the middleman, whom a learned Indian professor has proclaimed "the great curse of India". There is no progress possible while there is debt hanging threateningly over them, with no cash in their till or within their reach at a fair hire. And the middleman in India is the same merciless, greedy "sweater" as he is elsewhere. For men in such position obviously trade unionism, even if they were ready for it, could offer no form of relief. They have no wall to lean their backs against while fighting their opponent. Without the middleman to take and dispose of their wares they would, moreover, be absolute beggars, without a market, and therefore a livelihood. They must have some link with the market. And there is nothing to provide an alternative link except co-operation.

Difficult as the position of workers at "village industries" has more than once appeared to persons approaching the question with European prejudices, the general position of those same industries is not by any means bad, but rather distinctly hopeful and promising, as the opinion very positively pronounced by the late Industrial (the "Holland") Commission sufficiently shows. The Commission says: "A general review of the evidence tendered to us, supplemented by numerous inspections in the towns and villages that we have visited, confirms us in the conclusion that cottage industries are a very important feature in the industrial life of India; that they are by no means primitive, as they are usually depicted; and that there is no real ground for a belief that they are generally in a decadent condition. We have been unable to obtain accurate statistics regarding the actual number of workers in the various cottage industries, but in every town they still form a large percentage of the population and they are to be found in almost every village, so that their numbers are still vastly larger than those of the operatives employed in organised industries".

Their position must indeed be considered far more promising now that they have co-operation to help, which has already afforded conclusive proofs of its effectiveness. The principal among these industries is that of weaving, both silk and cotton, which is understood to employ about six millions of people. Even during earlier years the quantity of yarn purchased annually by these people had not diminished, but rather increased, which shows that there were more goods being produced. Quite of late, as Sir Alfred Chatterton, Director of Industries, first in Madras, next in Mysore, and now Industrial Adviser to the Tata Industrial

Bank, positively stated at a Conference of Directors of Industry held in April 1920, the quantity of yarn used has become appreciably larger, which, like the resistance to drought and famine already remarked upon, is distinctly, in part at least, attributable to the action of co-operation, which was first laid under requisition for the improvement of small industries in respect of weaving. It was Mr. J. Hope Simpson, at that time Registrar in the United Provinces, who first breaking through the limiting barrier set up by the Co-operative Societies Act of 1904, took the weavers of his province under his special protection. Co-operation has now come to the aid of this craft all over India. Common purchase of yarn, advances of money, and common sale by co-operative action have materially bettered the position of the industry. Assisted and technically guided by co-operation, weavers have been found to accept modern methods and employ new implements and new practices. The condition of the industry and its prospects have been greatly brightened by this advance. Not without good reason has Sir A. Chatterton—now recognised as the highest authority on the subject—affirmed village industries in India, so far from being moribund, to have decidedly a satisfactory future before them. Co-operation has given them that new start. Lord Ronaldshay, late Governor of Bengal, mentioned a particular establishment in his own Province, which, being on the point of extinction through bankruptcy as a joint-stock concern, had been triumphantly restored to good condition by being made co-operative.

Although the largest and most extended, yet weaving is by no means the only Indian village industry with plenty of life still in it. There are indeed scores of such crafts, distributed over the whole wide country, of the most varied sort and dealing with the most varied material, producing articles of everyday use, or else specimens of real art, Indian handmade carpets which, like good wine, need "no bush".

One brief word may be judged permissible, in connection with this, for reference to the fishing industry, which likewise employs a large number of people in India, but is in a lamentably backward state, carried on in the main by a class of persons almost aboriginal in their mental undevelopment, so much so that a public officer officially connected with them has declared that the nearest approach to "civilisation" to be met with among them is "the toddy-shop", which seems largely frequented. These people have shown themselves in their ignorance extremely averse to co-operation, even for purposes of credit, of which, oppressed and fleeced as they are by their middlemen, they stand greatly in need. Their "patrons", the middlemen, have, of course, not proved remiss in using all possible arts of dissuasion. At length, however, a promising beginning has been made and this class of labour, as well as its sister groups, bids fair to be benefited by the same helpful organisation, which today constitutes the main hope of the working classes.

Thus along the whole front of the long, wide labour phalanx, composed as it is in India of detached small units, has co-operation come in and proved of value. Under its touch the country has not, indeed, become at once metamorphosed into a modernised Eden, but a great transformation has been begun for the benefit of the toiling millions. A new era may be said to have set in, an era of general uplifting—material, social, moral, educational. The missionaries of various nations beneficially active all over India know what co-operation is worth to them. In 1894 the late General Booth complained to me that he could make no impression upon the natives of India, because as soon as he had gained over a man, the merciless *mahajan* came on the scene, threatening to sell up the man, who of course was his debtor. Therefore he asked me to assist him with a scheme for introducing co-operative credit. The Commission of Missionary Societies of Great Britain and the United States already referred to says in its official report, *Village Education in India*, mentioned above: "Missionaries should recognise the high value of co-operative societies as instruments of moral development. The habit of thrift is one of the first results. How to save, how to keep accounts, the advantage of prompt payment, business methods, and the checking of drunkenness are things worth working for. Members begin to think about the welfare of their fellow villagers and of the village itself. Even a selfish and ignorant *panchayat* member begins to discuss means of communal improvement... It is noteworthy that soon after a co-operative society is started, its members ask for a school, if none already exists. The operations of the society make a demand for literacy that they can appreciate, and the Provincial Governments have, at various times, called attention to them as excellent local agencies for aiding education. Furthermore, the removal of indebtedness is a need common to all, so that in attacking this problem co-operative societies furnish a unique means of drawing various classes together and contributing towards a better community spirit".

Sir Edward Gait, Lieutenant-Governor of the Province of Bihar and Orissa, has well summed up "the reasons why such great importance attaches to the development of the co-operative movement. The first and most obvious reason is that it enables the people who join the societies to obtain loans at a much lower rate of interest than that charged by the village moneylenders. The existing societies" [in his own, one of the smallest, provinces] "already save their members at least 3½ lakhs a year in interest charges and yet only about 70,000 persons belong to them, or about one per cent. of the male population of the Province. Apart from this, the societies draw out the money that has been rusting in hoards and find for it profitable investment. A third advantage is that they encourage thrift and create a healthy public opinion on the subject of wasteful expenditure, as all members of a society are interested in preventing extravagance

on the part of their fellow members who owe money to the society. Membership in these societies, again, engenders a spirit of mutual assistance and teaches the people the art of organising themselves for action to their mutual advantage, as, for example, in obtaining seed, manure, agricultural implements, and other articles collectively at a far lower cost than would be otherwise possible, or in selling their produce direct to the big dealers or exporters, and thereby keeping for themselves the profits which would otherwise go into the pockets of middlemen. Finally, membership in these societies has a great educative influence and gives a wider outlook on life. Co-operation teaches thrift, self-help, and self-reliance, and incidentally proves to the people that union is strength. Through it they are learning to manage their own affairs intelligently, and, what is even more important, they are learning to recognise their own interest. As the movement spreads and the lessons to be learned from it gradually sink into the mind of the people, conscious organisation will succeed chaotic indifference, and there will be great reactions on the moral and political developments of the country. If, as may be the case at no very distant date" [this speech was delivered in 1918] "the elections to local bodies and Legislative Councils are made direct, on a wide franchise, there can be no doubt that those who are members of these societies will be far better qualified to exercise an intelligent vote than those who are not. In short, the more I get to know about co-operation, the more I realise that it may be expected to do more for the material and moral regeneration of India than any other influence now at work".

Sir Edward's prophecy of what co-operation, with its practical education in self-government, would do in preparing the native population for the performance of the important political functions then about to be entrusted to it has been richly verified by results. If, as has been admitted, the success of the constitutional reform brought about under the Chelmsford-Montagu scheme has astonished even the authors of that measure, if the representative assemblies formed have delighted observers by the display of most commendable self-restraint, practical sense, disposition to compromise, and the like, credit for this is in large part—as is acknowledged in India—due to the co-operative societies which have effectively acted as preparatory schools for the Provincial Councils. Co-operative societies are largely represented on these administering bodies, one result of which fact is to be seen in the appointment of unofficial "Ministries of Co-operation" in all Provinces. In Bengal co-operators form the largest group of members, apart from political parties. Similar results of co-operation—which, according to one of its chief leaders, the late Léon d'Andrimont, means "order and thrift"—have been observed elsewhere. It is the sense of responsibility awakened, coupled with experience in the administration of common affairs, in which varied interests have to be considered, which brings about such results.

By the light of Indian experience it may with confidence be taken as proved that co-operation, practised on self-help lines—which condition has in India shown itself to be essential—forms the hope of backward countries with large labouring populations. The excellent beginning made under Indian inspiration in the Philippine Islands, where in the very first four years after commencement no fewer than 527 promising co-operative societies have risen up, yielding good results, as earnest of successful practice, fully confirms this assumption. Accordingly one may hope to see co-operation take a wide extension all over the world, to the benefit of all interests, but most of all of those of labour, viewed in all its varied forms.

