

Chapter II

COOPERATION AS AN INSTRUMENT OF GROWTH IN VARIOUS COUNTRIES

2.1 INTRODUCTION

In the history of economic development of countries there have been numerous illustrations of the efforts of institutional agencies to fulfil certain developmental activities. Cooperation as an institution is used in various countries as instrument of growth which has its roots in the far-reaching economic, social and political changes that took place in Europe as a result of Industrial as well as Agricultural Revolutions. Cooperation is, indeed, a world wide movement which exists in almost all the countries. However, the forms of cooperation differ from country to country and there are many places where it is rooted firmly more in agriculture than in the supplies of consumers goods.

Cooperatives have played a significant role not only as instrument of economic growth, but also influencing the people towards social and economic changes by way of adopting innovations and technology. Cooperatives, in fact, help people to move from the existing standard of living to the better one by offering immense possibilities for the individuals to participate unitedly in the economic activities.

2.2 COOPERATION AS INSTRUMENT OF GROWTH

Like many other fields England is the path finder of cooperation in the modern world. The Industrial Revolution of England had increased the miseries of the working class, which, ultimately resulted the violences, massacres and revolts against the factory owners. Social reformers and philanthropists like Robert Owen (1771-1858) and William King (1786-1865) devoted themselves for the cause of the working people. They inspired the working people to organise themselves unitedly on cooperative basis. On August 15, 1844, twenty-eight flannel weavers of Rochdale of Lancashire area started first cooperative store. The members of the cooperative store were very intelligent and possessed courage, common sense and a faith in self-help. They were of varied political and religious persuasions.

The success of the store is much attributed to the structure and rules framed by the pioneers. The rules framed by the Rochdale Pioneers have been termed as the Rochdale Principles. These principles were eight-fold. Firstly, membership was open to all. Only people of bad character could be refused admission. Secondly, management of the store was democratic. A system of "one man one vote" was introduced. Thirdly, a fixed rate of return on capital was given before the declaration of dividend. Fourthly dividends on purchases were given in proportion to the purchases made by the members. Fifthly, there was no system of credit sale. Sixthly, pure and unadulterated articles were sold in order to attract the consumers. Seventhly, members were provided cooperative as well as technical

and general education. Finally, political as well as religious neutrality were maintained. The Rochdale Principles are very sound and therefore these are used not only in the cooperative movement in England but also in the whole world.

In America cooperative movement took its birth amongst the farmers of the country. Cooperatives before the setting up of National Grange of Patrons of husbandry by Oliver Hudson Kelley and his six friends in Washington D.C. on December 4, 1867, were only informal and were concerned mainly with joint production. The formal beginning of the movement took place in 1865 when the first cooperative law was enacted. The National Grange and subsequent American Cooperatives were influenced by the Rochdale Principles. Cooperative dairying in America is the oldest form of enterprise which play a vital role in the production of butter and cheese. The cooperative movement in America has grown up with success revealing a clear picture about its role in the economic development of the country.

The agricultural cooperation had its beginning in Germany where F.W. Raiffeisen and W. Haas formed a system of rural cooperation which included credit, supply and marketing. Raiffeisen credit society is a model which has been followed by almost all the rural credit societies all over the world. This society exhibits the following remarkable features: (a) limitation of the area to secure personal knowledge; (b) low share; (c) permanent individual reserve fund; (d) unlimited liability; (e) loans only for productive and provident purposes; (f) loans only to members; (g) credit for relatively long periods repayable in instalment basis; (h) determination of maximum credit of individual members; (i) absence of

profit seeking; (j) gratuitous service on the committee and
(k) promotion of moral and material advancement of members.

The success of cooperatives among the urban artisans, the industrial workers and the small traders was due to Herr F. Schulze through the formation of people's banks. Both Schulze and Raiffeisen type of societies have revolutioned the whole economic and social life of the people of Germany.

In Ireland Sir Horace Plunkett took up the cause of cooperation to develop the economic condition of the farmers. He was greatly influenced by the cooperative movement of England and established the Irish Agricultural Organisation Society in 1894 which organised credit societies and creameries. By his activities Plunkett convinced the farmers that their economic betterment would become possible through the cooperative societies.

Cooperation in Denmark plays a vital role in the national economy which has its roots in the hearts of the Danes. Good education and uniform size of land-holdings of the peasantry prepared the ground for cooperation in Denmark. Cooperative dairies, marketing societies and bacon factories were formed by the local leaders. The American type of cooperative was in turn accepted by the Danes after their initial experiments for a decade or so. An official delegation of Danish Commissioners to the Philadelphia Centennial Exhibition in 1876 eventually prepared a report for circulation among Danish agricultural schools. Stiller Anderson studied this report as a student of Tune and adopted the American pattern in founding the first successful cooperative creamery in

Hjeddning of West Jutland in 1882. Thereafter the success of Danish cooperatives became legendary.

France is the birth place of production cooperatives which took a lead in the field of production societies. Philosophers and thinkers like Charles Fourier, Louis Blanc and Buchez made important contributions to the early cooperative thought in France. Production cooperatives were set up as early as 1831 and 1841 but the movement took a definite shape after the revolution of 1848 when the government recognised the right of the working people to join together. Producers societies are of various types such as bankers, painters, textile producers, masons and so on. Other important forms of production cooperatives are cab drivers societies, precision instruments societies, spectacle makers societies, electricians societies and news papers societies. Agricultural cooperation too holds a dominant position in the national economy. There are two types of agricultural cooperatives of which one type deals in credit and the other type non-credit work. Credit cooperatives provide short-term and medium-term credits to the farmers in the rural areas.

In Italy Luzzatti (1841-1927) tried to improve the economic conditions of the people by organising friendly society and people's bank in urban areas. In establishing people's bank Luzzatti was influenced by the cooperative banks established by Schulze in Germany. In the rural areas cooperative village banks were set up by Dr. Wollemburg who was influenced by the Raiffeisen banks in Germany. Catholic societies established by the catholic

priests in rural Italy also perform remarkable activities. The development of labour cooperatives is remarkable as a special branch of service society. In this field Italy is pioneer.

The Rochdale pioneers had their influence in the formation of cooperatives in Scandinavia, Germany, Switzerland and Holland. But there were other purely continental influences. The example of Austrian Unions of civil servants was the basic inspiration for the success of the Dutch consumer cooperative of the Hague. But the principles ^{of Rochdale prevailed} later for subsequent dutch cooperative stores.

In communist countries the cooperatives are clearly the organs of the state powers and enjoy freedom only in respect of paying wages lower than what obtain in the non-cooperative sector.

The cooperative movement in Israel has performed useful role in the process of economic development. The first attempt of organising cooperative movement in this country was made at the fag end of the 19th century. Cooperation in Israel proved useful at the time of labour settlement. The cooperative movement in Israel is dynamic and its multi-dimensional activities may serve as models to the Asian nations.

The Indian experiments in modern forms of cooperatives were made by the English during the British rule. From India the cooperative movement spread to large parts of Asia. Cooperation found success in Japan and in the late 20's to East Africa.

2.3 CONCLUSION

Cooperation took its birth in England to protect the interests of the working class. It was used to provide economic benefit to the members and to improve their democratic condition. The forms of cooperation differ from continent to continent, from country to country and even from place to place. In some countries it is deeply rooted in agriculture and in some other countries it is rooted in industry and service sectors. But the ultimate goal of the cooperative movement of all countries is to raise the level of productivity, extend improvements in technology and expand areas of employment in order to ensure the basic necessities of life of every member.