Chapter-III

CO-OPERATIVE MOVEMENT IN NATIONAL AND INTERNATIONAL CONTEXT

For convenience, this chapter is divided into two Sections. Co-operative Movement in India and its present status is presented in Section-I. Co-operative Movement at International Scenario and their statuses in different countries are presented in Section-II.

Section-I

III.1 CO-OPERATIVE MOVEMENT IN INDIAN SCENARIO

Section-I presents the evolution of Co-operative Movement in India and its present status.

The co-operative movement in the country in the pre-independence era can be categorized into four phases viz., Initiation stage (1904-1911), Modification stage (1912-1918), Expansion stage (1919-1929) and Restructuring stage (1930-1946).

In olden days, the rural credit service was replete with the dominance of non-institutional agencies particularly moneylenders who were charging usurious rates of interest on the helpless peasants. The farmers were forced even to sell their belongings to clear the debts. This situation triggered a sort of agitation and in some parts of the country the farmers started revolting against the moneylenders. The revolts that were found in Poona and Ahmednagar areas, attracted the attention of the Government which having understood the precarious situation of the farmers passed three acts viz., Deccan Agriculture Relief Act (1879) and later Land Improvement Loan Act (1883) and thereafter Agriculturists Loan Act (1884).

During 1892, the Madras Government appointed Frederick Nicholson to study the village banks organized on co-operative lines in Germany. On his return, he submitted a report and raised a slogan ‘Raiffeissen’.

Indian Famine Commission in 1901 also supported the idea of Frederick Nicholson for the formation of credit societies on Raiffeissen model. Another committee in 1901 headed by Sir Edward Law also favored the credit societies to be
started on Raiffeissen model. These recommendations resulted in the enactment of Co-operative Credit Societies Act of 1904. The salient features of the Act are:

1. Rural-urban classification societies were made. Rural Societies are those having four-fifths of farmers, while urban societies are those with four-fifths of their members representing non-agriculturists.
2. Register was supposed to organize and control the societies.
3. Loans could be given to members on personal or real (immovable) security, and
4. One-man one vote was specified in the Act.

Enacting another Co-operatives Societies Act of 1912 rectified the shortcoming of the Act of 1904. The new Act approved legal protection to all types of co-operatives including central financing agencies and supervising unions. The distinction between rural and urban societies was given a new focus. The liability was limited in the case of primary societies and unlimited for central societies. Since this Act gave provision for the registration of all types of co-operative societies, it led to the emergence of rural co-operatives both on credit front and non-credit front, but this growth was uneven spatially. As a consequence of this observation in 1914, the government appointed a committee under the Chairmanship of Sir Edward Mac Lagan to probe into the performance of the societies. The report of Mac Lagan committee came out in 1915. The recommendations of Mac Lagan committee and Act of 1912, introduced co-operative planning process in India. The observations of Mac Lagan committee were:

1. Illiteracy among the members
2. Misappropriation of funds
3. Rampant nepotism
4. Delays in sanction of loans, and
5. Irregular repayment of loans.

These observations prompted Mac Lagan to offer the following suggestions for effective functioning of the societies.

1. All members should be made aware of the co-operative principals,
2. Dealings should be strictly confined to the members only,

3. Honesty should be the main criterion for one to take loan,

4. Application should be carefully scrutinized before advancing loan and there should be careful follow up for effective utilization of loan,

5. Loan should not be given for speculative purposes,

6. Ultimate authority should be with all the members but not with the office bearers,

7. Thrift should be encouraged to acquire up for reserve fund,

8. One member-one vote should be strictly followed,

9. Capital should be raised as far as possible from the savings of the member only, and

10. Punctual repayment should be insisted.

Under the Montague-Chelmsford Act of 1919, co-operation became a provincial subject, which gave further impetus to the movement. The economic prosperity during the period between 1920-29, contributed to further growth of the movement. The same period also witnessed the birth of Co-operative Land Mortgage Banks first, in Punjab and subsequently Land Mortgage Banks ware registered in Madras (1925) and Bombay (1926). The Indian Central Banking enquiry committee (1931) also highlighted the glaring lacunae, particularly with references to under delays and inadequacy of credit. Meanwhile Madras Co-operatives Act of 1932 and the Madras Co-operative Land Mortgage Banks Act of 1934 came into force with the former aiming at the growth of co-operative movement, while the latter for developing the long term credit.

The economic depression in early thirties and abnormal fall in prices of agricultural commodities led to the collapse of the co-operative movement. Various enquiry committees viz., Vijayaraghavacharya Committee in Madras, Rehabilitation Enquiry Committees of Travancore and Mysore, Kale Committee in Gwalior, Mehta and Bhansali Committee in Bombay and Wace Committee in Punjab etc., were appointed for examining the possibilities of restructuring and reorganization of societies. The movement picked up momentum during the period of Second World War, when there was a rise in the prices of agricultural commodities. This resulted, in the recovery of overdues of the societies and betterment of financial condition of the
co-operative institutions. D.R. Gadgil, heading the Agricultural Finance Sub-Committee appointed by the Government of India, recommended in 1944, the adoption of limited liability to the co-operatives, assessing credit worthiness based on repayment capacity of the farmer, subsidizing the cost of administration of small co-operative societies, linking of credit with marketing etc. The Co-operative Planning Committee in 1945, under the chairmanship of R.G Saraiya attributed the limited progress of co-operatives to the laissez-faire policy of the State, the illiteracy of the people etc.

Planning Commission which was set up in March, 1950 prepared its First Five Year Plan in 1951. The main objectives with regard to co-operatives were as follows.

1. Involvement of co-operatives in rural development programmes.
2. Development of a well organized credit system
3. Extending Co-operatives to the fields of industry, housing, marketing, farming, etc. and
4. Training of higher personnel engaged in co-operatives.

All India Rural Credit Survey Committee (AIRCSE) appointed by the Reserve Bank of India in 1951 under the chairmanship of A.D. Gorwala brought out that the co-operative credit was unevenly distributed, inadequate and mostly lent to the asset-oriented large cultivators. The weakest link of all, in a chain, which was weak at almost all points in the primary credit societies. It satisfies none of the requisites of either good co-operation or sound credit¹. The report further observed that “co-operation has failed in India but succeed”. The committee recommended an integrated scheme as a remedy to the existing situation, the salient features of which were:

1. State partnership in co-operatives institutions at all levels.
2. Co-ordination between Co-operative credit, Marketing and processing
3. Development of warehousing and
4. Training of co-operative personnel at all levels.

¹ Reserve Bank of India. All India Rural Credit Survey Report, Vol. II, Bombay, 1954, p. 228.
Section-II

This Section-II gives a glimpse of co-operative movement existing in other countries, describing the International Scenario.

III.2 CO-OPERATIVE MOVEMENT IN INTERNATIONAL SCENARIO

Co-operation is destined to play a decisive and effective role in the world economy. Even the co-operative development all over the world has not been one straight line, and at various times the co-operative movement has cleared the dynamic character of co-operative activities suiting the local and regional environment and economic and social situation. All this is the indicative of one basic fact that cooperation has been alive to the changes of time and basically concept is dynamic and an ever absorbing one.

Co-operation is an activity of the people. It is a self-generated, voluntary and self-sufficient activity. Co-operation is an activity of the people. It is a self-generated, voluntary and self-sufficient activity. Cooperation has always been a feature of human kind. Essentially co-operation is an activity of the people for mutual help and collective progress.

As a modern phenomenon, the co-operative form of business organization originated in England amongst the industrial workers in the mid-nineteenth century. Cooperatives started as an urban consumer stores but soon spread to rural areas amongst farmers. Workers had nothing to sell but their labor, as it was a buyers' market. Those who failed to find work in the factories were forced either to rely on insufficient rural assistance, or to starve. By the early 1800s, food prices were artificially high and wages were being reduced, while much of the population suffered extreme poverty and scarcity. During the latter part of the nineteenth century, the concept enhanced several parts of Europe and North America.

The earliest co-operative was established among the weavers, workers in cottage industries, who were suffered by moneylenders and mercantile economy during the industrial revolution. The real co-operative movement can be credited to Rochdale Pioneers who established the co-operative consumer store in North England, which can be called as the first in the co-operative consumer movement. Around this time the cooperative movement was more at a practical level. In Great Britain, Robert Owen (1771-1858) established self-contained semi-agricultural, semi-
industrial communities. Owen was sure that working-class people, given the right environment, possibly will form co-operative communities. He put this into practice in New Lanark, Scotland, where his own business was based. William King (1757-1865) helped to spread Owens doctrine; his ideas were more reasonable than Owens and achieved more results.²

In France Charles Fourier (1722-1837) published a Treatise on Domestic Agricultural Association in 1822, first time on co-operation and Saint–Simon (1760-1865) worked on various theories of associations. Schulze-Delitzsch (1808-1865) was the promoter of urban co-operatives and co-operatives in handicrafts, while F.W. Raiffeisen (1818-1888) did the same for rural credit co-operatives³.

Early in the twentieth century, the cooperative movement spread to India and gradually to other Asian and African countries; mainly courtesy of the colonial administrators⁴. The co-operative movement became a form of business organization recognized as an international movement. Although some associate it with socialist or communist countries, the cooperative movement also operates in capitalist countries such as the United States of America, Canada, Israel and Australia.

An Indian Registrar of Co-operatives appropriately described the co-operative movement as representing a happy mean between the forces of extreme individualism on the one hand and socialism and communism on the other. It stands for individual rights tempered by considerations of justice, equity and fair dealing as between man and man, and its one great aim is to prevent the exploitation of the weaker by the stronger party.⁵

### III.2.1 Co-operative Movement in England

In England, the beginning of co-operation goes back to the middle of the eighteenth century. Cole (1944), London, p.14 writes in “A Century of Co-operation”. That the originators of co-operation, “as far as we know, were the workmen employed by the government in the dockyard of Woolwich and Chatham, who, as early as 1760.

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² Website: [http://co-op.movement in world .wikipedia, the free encyclopedia. htm](http://co-op.movement in world .wikipedia, the free encyclopedia. htm)
He had found corn mills on a co-operative basis as a move against the high prices charged by the cornmillers who held the local monopoly. The dockyard shipwrights, then, were the pioneers; and co-operation, as far as we know, began with flour milling and baking”.

As published in 1659 a pamphlet by P.C. Plockbly, a scheme for the formation of economic association of agriculturists, artisans, seamen and professional men, who would all contributed capital and work to the undertaking. While retaining the right to withdraw a member of the religious society of friends, John Bellers, published a proposals for Raising a College of Industry of all useful Trades and Husbandry. Many good cooperative ideas are to be found in schemes; the combination of self-help and mutual aid; a voluntary, democratic and equalitarian association for economic purposes; direct relation between producers and consumers and the elimination of the middleman. As early as 1760, there were groups of worker in the naval dockyard of Woolwick and Chathom had set up the first co-operative flour mill. In 19th century, new inventions in industrial field were introduced whose quality and cheapness of products ousted those of the cottage industries. Working class, thus thrown out of work, was left entirely at the mercy of the factory owners. Their condition was extremely miserable, their hours of work were long and wages small. Their living conditions were wretched.

Robert Owen (1771-1858) is generally regarded as the founder of the modern co-operative movement with the workers of Bellers. His ideas put together have been named “doctrine of circumstances. Owen started his practice work by introducing reforms in his own factory as a measure to improve the conditions of workers. He reduced the hours of work, increase wages, abolished child labour, provide housing colonies and aid many other things in order to improve the conditions of workers. These reforms although increased the production and profit of the factory. He wrote that “the competitions must be replaced by co-operation.”

William King (1786-1865) was another pioneer who helped a lot in building up co-operative ideology. He was the publisher of a monthly paper co-operative in which he made an education campaign to popularize the co-operative ideology. He

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7 Website: http://en.wikipedia.org/wiki/william_king_(doctor)
advocated smaller institutions to be organized on the co-operative basis. Most of the co-operative societies were founded under Kings Influence.

The modern movement is generally dated from the foundation of the Rochdale Equitable Pioneers at the end of 1844. In spite of the efforts, the condition of workers remained nearly unchanged. They formed trade unions to settle terms with the employers and tried various methods including strikes but could not meet with the desired success. In 1843, out of 28 weavers decided that, wherein (Rochdale stores) all sales would be admitted as may pledge their loyalty to the store, with the efforts and loyalty of members the store made a speedy progress.\(^8\)

In 1850, the Christian Socialists organized the “Society for Promote Workmen’s Association. Its objective was to promote workmen’s association by spreading the ideals of Co-operation. The main and practical contribution of them to the co-operative movement was their efforts for getting passed a separate Act for the Co-operatives. A Bill was drafted by John Malcolm Ludlow which was moved in the parliament by Robert Slarey and was passed in 1852.\(^9\)

The British Consumer Co-operative Society began business in December 1844, in Toad lane. Consumer retail societies are the most important in the British co-operative movement, judge by public support, financial strength and continuity. The isolated cooperative stores soon felt the need of forming their federation in order to help one another and deal collectively with outside world. The Provident and Industrial Societies Act of 1862 allowed the organization of secondary societies. In 1863, Co-operative Wholesale Society (CWS) came into existence. Co-operative Union Ltd., the central organization of co-operative societies in England and Ireland set up in 1869. It has retail societies, local federations, production societies, CWS etc. the important functions of the union are, to promote the interest of its members, defuse knowledge of co-operative principles and practices and to conduct co-operative education.

Agricultural co-operation in England is of a comparatively recent growth. Unlike most countries, the British farmers have never been in debt, nor did they have

\(^9\) Ibid. p.83.
any difficulty in the marketing of their produce. They, however, felt some difficulty in producing farming requirement such as fertilizers, seeds and feed stuffs. Co-operation among farmers thus started with what is called requirement Societies. The first society The Agricultural and Horticultural Association was organized in 1867 with the objective of purchasing supplies in bulk and selling them to the members at reasonable terms after testing their quality and suitability. They also started selling agricultural machinery, petroleum and veterinary supplies. The agricultural societies organized their federations called the “Agricultural Central Co-operative Association” in 1956. The ACCA has taken an important part in the preparation of the agricultural and horticultural legislation of 1964, which extends the scope of government grants and loans available to the farmers.¹⁰

Though the 20th century, smaller societies merged with CWS (Co-operative Wholesale Society), such as the Scottish Co-operative Wholesale Society (1973) and the South Suburban Co-operative Society (1984). By the 1990s, CWS share of the market had declined considerably and many came to doubt the viability of co-operative model. CWS sold its factories to Andrew Regan in 1994. Regan return in 1997 with a 1.2 billion pounds bid for CWS. But due to fraud, Tony Blair’s Co-operative Commission, chaired by John Monks, made recommendations for the co-operative movement, including the organization and marketing of the retail societies. In 2000, CWS merged with the England’s second largest society, Co-operative Retail Services. In many European countries, co-operative institutions have a predominant market share in the retail, banking & insurance business.¹¹

In 2005, annual general meeting of Retail Co-operatives in England have taken a major decision that Co-operatives formed the co-operative party in the early 20th century to represent members of co-operatives in parliament. The co-operative party now has permanent electoral agreement with the Labor Party.¹²

III.2.2. Co-operative Movement in Germany

Germany is the birthplace of co-operative credit movement in the World. In India, the inspiration for the co-operative movement comes largely from Germany.

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¹² Ibid.
Fredrick Nicholson studied the working of agricultural banks and suggested measures for the introduction of co-operative movement in India. He advised to Indian co-operators, find Raiffeisen. Explains for itself the importance he gave to the Raiffeisen system of credit as a means of solving problems of indebtedness in India.

In the middle of the 19th century, the circumstances like-famine, poverty, exploitation and indebtedness necessitated the introduction of a new idea in Germany. The poor farmers and laborers were heavily under debt and exploited by the money-lenders. Mostly the trade was also in the hands of the Jews and the farmers bought their requirements as well as sold their produce through this class. The result was an extreme poverty among the laborers and farmers. It is reported that almost every house and farm land was encumbered with debt. To add to this misery, famines occurred too frequently and broke the backbone of the poor. When such condition was around, two pioneers, Herr F.W. Raiffeisen and Herr Franz Schulze, both well known personalities in the cooperative field, moved by the miserable condition of farmers and laborers, started making experiments with various methods of relief.

Herr Franz Schulze (1808-1883)\textsuperscript{13}, judge and the mayor of Delitzsch, started his efforts after studying the conditions of famine stricken people as a chairman of the “Famine Commission”. With contributions from his friends he started a charitable bakery to distribute bread to the poor peoples. Co-operative efforts, however, started with a realization by him of the superiority of self-help and mutual-help over charity. In 1849, he established his first friendly society of shoemakers with the object of making purchases of raw material in bulk and supplying it to the members.

In 1850, Schulze established his first credit society in his native town. Its function was to raise funds to be lent to its members. With the experience gained by his first cooperative society, Schulze formulated some principles and published them in book written in 1856.\textsuperscript{14}

The number of his banks grew rapidly and in 1859, he called a congress of his banks which resolved to set-up. The General Union of German Industrial Societies.

He remained its Director till death. He also secured the “First Co-operative Law”. From Prussia in 1867, which was made applicable to the whole Germany in 1889.\textsuperscript{15}

Raiffeisen is one person to whom the co-operative movement owes the maximum. As a Mayor of Wyerbusch, he came across with the poverty-stricken peasants and greedy moneylenders. There were near famine conditions, he got some grain on loan from the government, but he met the difficulties of transport and he motivated the people to harness the grain sledges to their villages. He constituted a poor people’s committee, which distributed food on credit to the really deserving people. The committee also made recoveries of loans after a specific period. After his transfer to Flammersfeld commune, he organized the “Union in Aid of Impoverished Farmers” in 1849, in which the needy farmers joined as members.\textsuperscript{16}

At Heddesderf, Raiffeisen organised the “Heddesderf Beneficient Society”, this society joined by well to do persons and each of them deposited some money on interest. He made the beneficiaries also as members of the society and gave it a new name “Hedderdorf Credit Union”. The phrase “each for all- all for each” was coined. Principles of honorary service and unlimited liability were also worked out. The seed thus sown by Raiffeisen began to take root and in a short time new credit unions were formed. In 1877, The General Union of Rural Co-operative Societies. Which was known as the “Raiffeisen Union” was also set up.

Raiffeisen laid the maximum stress on the moral aspects of the working of societies and the concept of self-help, mutual-help, social equality, non-profit motive and joint liability. He believed in the capitalization of character and wanted members to help one another and increase their borrowing power by pooling their resources in present and in future. He believed that societies were not business concerns in themselves but were meant to help the members to improve their financial condition. On the other side, Schulze believed that co-operative institutions should be run on business lines. He believed less in sentiments and more in realities of life and made his societies viable units, able to stand with competition and difficulties.

\textsuperscript{15} Ibid., p.73
\textsuperscript{16} Ibid. p.72.
After the national collapse and German defeat in 1945, the country was divided into the German Democratic Republic and the Federal Republic of Germany, the formal agricultural production co-operatives have been formed on the pattern of collective farms as Russia. In the later, the co-operative movement developed in four distinct groups: Rural Societies, the most important group of co-operative organization is the rural multipurpose societies, organized on Raiffeisen model. These societies combine in themselves the work of providing credit, supplying agricultural requirements, marketing of crops and processing of produce.\textsuperscript{17}

Urban Co-operative Societies formed in urban areas, Schulze type of cooperatives have developed with the membership composing of retailers, restaurant owners, doctors, druggists and others. The organization of retail shop keepers into cooperative serving as wholesalers was a feature of West Germany. Such societies had a central all their supplies through these societies. Other societies in the group provided credit mainly to non-farming people. Both Raiffeisen and Schulze type societies provided all services offered by commercial banks. Thrift is encouraged among members by offering various types of deposits such as long range savings, lottery savings, thrift messenger and club savings.

Housing Co-operative Societies formed the third group in the movement. These societies constructed houses for their members with the finances collected form the members as well as from the government. A very large number of co-operative housing societies have been working in Berlin.

Consumer’s Co-operative Societies was the last group of consumer’s cooperatives. These societies were also running with a very large number of shops and million members. As well as the four groups of co-operatives had their own federal organizations. Although the co-operative movement in Germany can be divided into four major groups, there are several common features between them e.g. all co-operatives observed the same fundamental principles namely self help, self responsibility and self management. The same co-operative law governed all types of

societies. And were affiliated to the German Co-operative Bank and obtained the required finances from it.\textsuperscript{18}

In Germany, the rural cooperative movement, which started merely for the elimination of financial debility of members, covered the whole economic field in rural areas. They not only provided credit but also helped members in cutting down cost of production by providing them their farm and house-hold requirements and marketing their crops at reasonable rates. The co-operatives also undertook joint production in order to increase the units of production in agricultural and industrial fields and thus cutting down the overheads. The societies adopted a policy of rationalization by increasing their membership and turnover. Similar types of societies amalgamated into reasonably large institutions and vertical integration of the societies into central organizations strengthened.

As the Germany did half a century back, India was passing through the similar conditions. Indian movement has much to teach from the way the movement that in Germany has developed into a national force. Since the beginning of the Credit Union movement in Germany, there are national leagues, regional confederations and the global organization- World Council of Credit Unions (WCCU). The main task of WCCU was to provide the necessary assistance to members for sustaining the credit unions development well. For connecting with the cooperative movement WCCU joined International Co-operative Alliance (ICA) in March 1977 to provide the services to 97 countries with 46,377 credit unions and 17,20,10,203 members as the end of 2006.\textsuperscript{19}

In Germany, there are 17 million members spread across around 5,300 cooperative. Each one out of four is the member of co-operative. The co-operative network is the largest economic organization in Germany. German Co-operative and Raiffeisen Confederation Registered Association (DGRV - Deutsch Genossenschaftschafts and Raiffeisen Verband) is the apex and the auditing association as defined by German Cooperative Act. Today co-operatives are also present in growth sectors such as the service industry, in data processing and new media industries and in the education and health sectors. This shows that co-operatives are not only


\textsuperscript{19} Website: http://Germany/The International Credit Union Movement.htm.
engaged in current development but also that their foundation concept can be flexibly applied to the most varied industry structures.\textsuperscript{20}

\textbf{III.2.3 Co-operative Movement in Ireland}

Co-operative movement in Ireland was developed mainly among the farmers. In this country, farmers held the status of mere tenants who were generally exploited by big landlords. In Ireland, Gombeenman was a multipurpose man catering to the various needs of the farmers, combined in him the functions of a moneylender, trader and merchant. The farmers, thus, victims of the landlords and the Gombeenman they got exploited to the maximum level. Thus, the condition of the farmers was so worsened that the government had to take measures to remedy it.\textsuperscript{21}

In 1881, the first Land Act was passed which gave security of tenure to the tenants and fixed the maximum rent which could be obtained from them. In 1903, the Land Purchase Act converted all the tenancies into peasant proprietorships.\textsuperscript{22}

In Ireland, the main occupation of the farmers was selling the milk and butter in open market and England was the main market for their butter. But very soon, they faced with the problem of competition with Danish and Swedish butter. Since the invention of a mechanical cream separated in 1880 by Danish engineer and set up a strong co-operative system of creameries on the basis of the strong organization and quality products to capture the British market. Thus, the condition of the Irish farmers became worse than ever before.

Horace Plunkett an extremely popular leader of the masses, elected as a member of the Parliament in 1892, inspired by the consumer’s co-operative movement of England. He introduced the co-operative method of work to the Irish people, as measure to remove their poverty. He developed his philosophy into the application of co-operative to business, living as well as farming. His slogan of “Better farming, Better business and Better living” soon became a motto for the co-operative movement all over the world. He organized a number of co-operative stores

\textsuperscript{20} Website: http:/Germany/DGRV Co-op System in Germany Associations, The free Committee of Germany Co-op Associations htm.


which met with varying degrees of success. His main work, however, was on the agricultural side and he established the Irish Agricultural Organization Society (I.A.O.S.) in 1894, of which he became the first president. He also presided over the Recess Committee on whose recommendation in 1896, the agricultural department was set up in Ireland. His co-operative thoughts represented in “Ireland in the New Century” and “Noblesse Oblige”. Horace Plunkett and his friends organized the co-operative creamery in 1889. As well as, new type of society’s viz. agricultural manure, co-operative stores and credit societies also grew up during this period.23

III.2.3.1 Co-operative Wholesale Society of England (C.W.S.)

In 1891, the Cooperative Wholesale Society of England (C.W.S.) decided to acquire the Castle - Mohan Co-operative Creamery of Ireland. Due to this issue the relationship of the Irish creameries with the Co-operative Union of England was broken. Ireland therefore, felt the need for organizing its own union. In 1894, with the efforts of Plunkett a union named Irish Agricultural Organization Society was established. Its object was to undertake co-operative education and propaganda; to act as a mouthpiece of a movement, and protect the interest of agricultural societies from internal and external dangers. It also organized new societies and guided them properly on business and technical issues. This body continued the struggle with C.W.S. over their policy of establishing dairies in Ireland; as a result C.W.S. incurred heavy losses and was compelled to sell its creameries to co-operative societies organized by the farmers.24

In 1921 Ireland, which was so far under the British rule, was declared independent. Ireland itself was partitioned into parts i.e. Ulster and Irish Free State. With this division the I.A.O.S. confined its activities in the Southern Ireland i.e. Irish Free State. For Ulster, a separate society named “The Ulster Agricultural Organization Society” was organized.

Ireland remained neutral during both the wars, but it could not remain away from their efforts. During war period prices of everything bounded sky-high and the pockets of farmers bulled with money. However, in 1921 the post-war slump did come and its effects on societies were disastrous. In 1927, the Irish Agricultural

Credit Corporation was set up which was supplied credit to the creameries. But the business of societies, which produced for the special needs for war days, closed down. Their stocks depreciated in value and loans could not be recovered. As well as, during the second war the Irish industry again got set back. After war, however, steps were taken to re-organize the industry.

**III.2.3.2 Committee of Enquiry on Post-Emergency Agricultural Policy**

In 1956 a Committee of Enquiry on Post-Emergency Agricultural Policy was appointed. On its recommendation, a five-year plan for the reorganization of the dairy industry was prepared. The plan was greatly successful and increased the efficiency of the industry. In Ireland, the State has been instrumental in the development of the co-operative movement of Agricultural and Technical Instruction which was established on the report of the Recess Committee in 1896. This department has been giving grants-in aid to the I.A.O.S. the most outstanding contribution of the department to the co-operative movement was made on the passing of the P. Hogan.s Creamery Act, 1928. In accordance with the provisions of the Act of 1928, private creameries owned by the Condensed Milk Company these two companies were acquired by the department. A separate Dairy Disposal Company Ltd., was set up to operate the acquired creameries. These creameries were transferred to co-operative dairy societies organized by the I.A.O.S. big units like the condenser at Lansdowne are still being operated by Dairy Disposal Company. In this way, the Government of Ireland gets the credit for a planned action in favor of the co-operative movement. The I.A.O.S. continues to be the apex organization making the entire cooperative movement a well-organized structure. It is playing a major role in creamery rationalizing programme I.A.O.S. prorogate that the Government owned Dairy Disposal Company should hand over business to co-operative dairies as was envisaged when the company was established.25

The I.A.O.S. has an engineering section which provides technical advice on all matters relating to planning, construction and equipment installation in co-operative enterprises. I.A.O.S. also sponsors application of co-operative societies for Government grants and loans. The economic section of I.A.O.S. deals with industrial

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25 Ibid., p.106.
relations, taxation, collection of statistics and studies related to new projects. I.A.O.S. also conducts training courses and member education programme through advisory committees.  

Ireland’s economy has undergone vast change over the past decade. The Irish cooperative movement was based on agricultural processing and marketing. The cooperative form of organization involves the pooling of small capitals to create new enterprises, which were democratically owned and controlled by the shareholder farmers.

Recently, co-operatives took three major forms of society’s i.e. co-operative producing butter, which were located in the traditional dairying areas of Munster and Ulster. There were agricultural societies, which achieved economies through the bulk purchasing of farm inputs. Finally, there were the co-operative credit societies which extended credit to the poorer sections of rural society, and which were particularly numerous in the west of Ireland. In this new century, Ireland has different a different challenges. Ireland policymakers are reforming Ireland’s new enterprise culture. That Plunkett called for in his work. Indeed, initiative, risk taking, entrepreneurship, education, practicality, a global perspective and self-confidence are hallmarks of both. Today, in 2008, there are 2.9 million members engaged with the co-operatives in Ireland.

**III.2.4 Co-operative Movement in Israel**

The co-operative movement in Israel is in many ways unique in character. Unlike most co-operative moments, it is not engaged in transforming an existing economy, but in creating an economy and society from the beginning. The principle of co-operation had already played a decisive role in Jewish agriculture even before the Jewish State was established. The important of various forms of co-operative agricultural settlement is that the co-operative sector is 70 per cent of the country’s entire agricultural output, whereas that of the private sector is only 30 per cent. In the agricultural sector, there are various types of co-operatives are functioning i.e. marketing, credit, consumers, etc.

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Jewish families which scattered all over the world were driven to Palestine where they established a State of Israel on 15th May, 1948. The diversity of the co-operative movement is the direct result of the specific conditions of the country. It is also, a result of the history of the Jewish people and the Zionist movement in an agrarian reform. The Jewish immigrants who became agriculturists had no experience in this field. They had to adopt themselves to rural life and manual labor, the agricultural co-operative movement was the first step into this direction. The most important contribution towards the cooperative movement was made by the foundation in 1908 of the first agricultural collective settlement at Dagania in the Jordan Valley.  

In Israel, arrangements to receive and settle the immigrants were made by Zionist Organization. In 1901, this organization set up the Jewish National Fund (J.N.F.). In 1920, Zionist organization created another fund called the Jewish Foundation Fund, with the object of providing working capital loans to Jewish settlers for running the farms.

In 1920, a Jewish Federation of Labor (Histadrut) was founded. It is a trade union organization at the national level, and its membership is open to all individual, agricultural or industrial workers. It gives all facilities to the immigrants to settle on agricultural land. It also supervises the working settlements and arranges for them technical as well as financial assistance. In 1923, a society was registered under the Cooperative Societies Act, under the name of Hevrat Ovdim. Membership of this organization is the same as that of the Histadrut and this factor, among others, establishes an organic link between the co-operative movement and the labor movement. Hevrat Ovdim is said to be the roof. Organization under which about 80 per cent of the societies in the country work. The Hevrat Ovdim has various functions to perform. It assists the members in setting on land, develops fishing, industries and transport system, founds banks and credit associations and generally engages in business, trade and industry for the benefit of members.

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28 Website: http://Israel/ The History of Hashomer Hatzair & the Kibbutz Artiz Federation.htm. (Jewish Virtual Library) 2009.  
30 Ibid, p.133.
Since 1920, the agriculture co-operative movement, linked with other cooperative branches (producer’s co-op’s in industry, transport and services, credit co-operatives in town and country, consumer’s and other branches of the co-operative movement) has made rapid progress and now plays on important part in the economic life of the country.

Israel has adopted the principle of the universal co-operative movement, as the circumstances under which it operates are unique, and so are the objectives which these circumstances have impelled it to pursue. Co-operative farming and living was adopted in Israel because of a desire of mutual aid actuated by national affinity, pioneering zeal in the immigrants to uplift their homeland. Lack of technical and farming knowledge in the immigrants, lack of resources and experience necessary to reclaim large areas of barren land and mutual protection from hostile Arabs. For these reasons, the local co-operative movement was bound to start by creating not consumer co-operatives, as was the case in the majority of European countries, but rather producer’s co-operatives in the rural as well as in the urban areas. Moreover, the co-operative form in agricultural and industrial enterprises was most suited to create sources of subsistence for those large numbers who, for ideological or other reasons, preferred to be integrated in country. In this process, as a result of the interplay of national, social and economic factors, quite new forms of agricultural and other co-operative enterprises spring up in the country e.g. Kibbutz (collective village), Moshav Ovdim (workers settlement), Moshav Shitufi (collective small holders settlement) and Moshav Olim (new immigrants settlement). Kibbutz has been defined as a voluntary commune, established on national land, whose members practice self-labor and where all means of production, consumption, education, health and municipal activities are owned and maintained collectively, and on a basis of equality, by the society.\(^{31}\)

Moshav Ovdim, the first Moshav Ovdim was founded in 1921 at Nahalal. It supplied to members various production requirements such as fertilizers, seeds, implements and household commodities, if necessary, on credit. Their way of life is governed by specific social principles. Among the most important of these are; cooperative marketing of produce and purchase of supplies and equipment. The

Mashav Ovdim also carries on some municipal functions such as sanitation, education and health within the settlement. Taxes are collected from the members on equal basis. The Moshav also serves as a bank wherein members can keep their surplus funds.  

Moshav Shitufi has been defined as an agricultural settlement in which members conduct farm and allied operations jointly with pooling of land, equipment etc., while the individual members have separate homes and live separately, their own private lives. This form of a co-operative represents a via media between the Kibbutz and the Moshav Ovdim. In this type of settlement also land is obtain form the government or the Jewish National Fund Members work on the farm and in return get an equal share in the income of the society for domestic consumption. The settlement provides to each member a house and some general amenities. Management pattern in is the same as in other co-operatives. In agricultural field marketing and cultivation, irrigation, general agricultural societies and mutual agricultural insurance these co-operatives are working. In term of increase in agricultural production, the settlements have shown remarkable results. The experience of co-operation in Israel, especially in agricultural co-operation is unique and could serve as a useful source of inspiration for developing countries.

Co-operative marketing of most of the agricultural produce (75%) has an important place within the co-operative set up in Israel. In fact, the condition that all the co-operative settlements are under obligation to market their entire produce through the co-operative channel is of crucial importance. In regard to certain commodities, such as citrus fruit the main export produce of the country, almost the entire produce is marketed by co-operative. The main marketing society called Tnuva deals with almost all agricultural produce except grain. Tnuva is playing a very significant role in the marketing and agricultural production and has considerable achievements to its credit, particularly in ensuring that the producer gets as large a price as possible, and also to reduce the middleman’s profit in the interest of the consumer. Hundreds of Israeli experts are working on special missions, particularly in the field of land settlement, planning of projects and agro co-operation. It is

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happened not only in agriculture, but also in other branches which the co-operative movement covers.\textsuperscript{34}

Today, on the eve of a new millennium, the Kibbutz Artzi is working as a unique part of co-operative movement (in the past there were several other organizations; the Kibbutz movement was formed by a merger of the United Kibbutz movement and Kibbutz Artzi in 1999). Kibbutz Artzi carrying out far reaching changes in the structure and activities of its economy, in its organizations and administration, in developing culture and education; and in readjusting the democratic structure of its society.\textsuperscript{35}

Recently, rapid progress of centralizing Israel’s capital market and financial institutions, almost all credit associations were absorbed into Israel’s central bank and dissolved. Today, Israel’s two largest banks (Leumi and Hapolim) control over 63% of credit provision, and 90% of credit provided to less than 1% borrowers.\textsuperscript{36}

\textbf{III.2.5 Co-operative Movement Italy}

Italy, in olden days was a well advanced and their workmanship and craft occupied a foremost place in the world. Romans were the first to give up the concept of citizenship and frame laws for governing the mutual relationship between citizens. But they failed to keep pace with the advancing world, because in agriculture as well as industry they kept to their old methods and were cut off from now experiments and techniques. People everywhere in the country thus became victims of poverty and backwardness.

The farmers, laborers and workers remained at a discount in their dealing with the comparatively well to do classes. Their need for money by and by drove them into the hands of the moneylenders and soon put them at mercy. The rate of interest charged by them was high beyond proportion and mostly varied between 50 and 200 percent. Apart from, it various malpractices were connected with the usury which made it all the more disgraceful. The landlords were also no less exacting. The rents charged by them were high and the farmer’s position was reduced to mere serfs.

\textsuperscript{34} Yoav Kistev, “Recent Experience with Agricultural Co-ops in Israel, 2002. (www. History of Co-op Movement in Israel_co-ops)
\textsuperscript{35} Website: http://Israel/ The History of Hashomer Hatzair & the Kibbutz Artiz Federation.htm. (Jewish Virtual Library) 2009.
Mostly the landlords lent grains to the farmers for growing and consumption purposes on a promise of getting back hundred and fifty percent of it in next harvest. They very often took advantage of the difficulties of the farmers.

In 1880, things became more worst when a big depression came, which led to low prices and unemployment. Poor people could not return their loans. Whatever little assets they possessed began to pass quietly into the hands of the landlords and moneylenders.37

In Italy, one was Luigi Luzzati and second was Leone Wollemburg Pioneer in co-operative movement. They began to think of ways and means to improve the conditions of the people who were suffering in poverty.

Luzzati was a professor of economics in an educational institute at Milan. He studied the literature on co-operation and impressed by its theory. He went to Germany to study the practical aspects of the co-operative movement. He was particularly interested in the Schulze system of co-operative credit, by that time the Schulze had become 15 years old. He became fully convinced that co-operation could go a long way in relieving the poor classes of the unhealthy influences of the money lenders. On coming back from Germany, he started his work among the industrial workers in urban areas and on the basis of his experience he stated a number of principles to suit local conditions.

Luzzati started his work by organizing a friendly society at Lodi in 1864-65. Later it became a regular co-operative bank and still continues. In 1866, he started his first coop. bank at Milan. His friends and he himself was the major contributor of funds. Luzzati called his bank Banca Popular, the success spread its reputation and soon the members of it began to increase. At present, these banks are very strong and they represent one third of the total banking business of the country. This area of operation was whole district. These banks preferred small loans for short period. These banks gave loans to non-members also. The main source of funds of societies was deposits. There was not central financing institution. The chief channel of credit was the bill of exchange, advance bills or trade bills. Luzzati insisted on honorary

36 Website: http://www.all academic.com/meta/p 178026_index.html. (Credit co-operative societies in early Israeli statehood: Financial institutions as a mirror of social transformation).
37 Ibid., p.155.
management to reduce the rate of interest on loans. He pleaded only limited liability. He kept smaller shares, which were payable in ten months.\textsuperscript{38}

Leone Wollemburg was the second pioneer in co-operative movement in Italy, who was highly educated and belongs to a well-to-do family. He also studied cooperative literature thoroughly and was specially influenced by the Raiffeisen system of co-operative credit as it came to be developed in German villages. He worked among the farmers of Italy and on account of his outstanding public service; he was later selected as member of the national cabinet. He also served as a finance minister for some years.

\textbf{Rural Credit}

There was complete harmony between the Luzzati urban cooperative movement and the Wollemburg rural co-operative movement. When Luzzati was working among the middle-class urban people, Wollemburg started co-operative activities in the rural areas. It was in 1883 that he started a bank in his home village Loreggia with 32 members. Wollemburg was himself the biggest depositor in the bank. In the beginning, the bank had no share capital but after sometime it introduced with small share capital amounting 10 dollar each. The rate of interest on loans was kept as low as one and half percent. This was responsible for the reputation, which this bank gained, and soon the number of rural society’s rose.\textsuperscript{39}

However, Luzzati and Wollemburg were in favor of political neutrality in cooperatives, some political and religious came into the field of co-operation. Catholics were first who organized their first co-operative bank in 1890. The number of these banks increased rapidly and in 1922 there were about 3500 Catholic societies.

During 1922 to 1945, when the Fascists came to power, the co-operative movement became a State regulated organization meant to carry out State policy. The spirit of co-operation and self-help was destroyed. The Fascists had kept the co-operative movement under their subjugation and used it against its will for their own ends. The movement suffered a great set back. In an effort to use co-operatives, as

\textsuperscript{38}Bedi R.D., “Theory, History and Practice of Co-operation”, Loyal Book Depot, Meerut, p.156.
\textsuperscript{39}Ibid., p.159.
seats of Fascists political power, the movement was faced to liquidate itself. The central bodies of the cooperative movement were dissolved and its leader’s was forced to exile. Government concessions were also withdrawn. As soon as the Fascist power was smashed in 1944, the movement threw off its shackles and began to revive itself. The Italian Co-operative Federation and the National League of Cooperatives, which had been declared illegal in 1924, were revived in 1945 and 1947 respectively.\footnote{Ibid., p.160.}

General Directorate to Co-operation was set up in 1946 to remove bad effects and innumerable difficulties faced by the co-operative movement. It was authorized to carry out rigorous inspections in order to increase efficiency. In 1947, an Act was passed to regulate the activities of co-operatives. Co-operation was placed under the Ministry of Labor. A Central Co-operative Commission has been set up under the Act. Annual audit and inspection had been made compulsory for every society and every society has to affiliate itself with co-operative audit and inspection unions.\footnote{Ibid., p.161.}

The movement is still facing some difficulties, i.e., it is divided into two factions, National League of Co-operation and the Italian Co-operative Confederation, a lack of understanding between these two bodies is weak the movement. Another serious difficulty was the societies were unable to arrange sufficient funds to meet their demand. Lack of loyalty of member’s is also sometimes felt. Training facilities are lacking. However, the State as well as private bodies has done much in this direction.

**Labour Societies in Italy**

Italy is known as the pioneer of Co-operative Labor Societies. In the middle of the 19th century, the trade cycle in Italy was inclined towards a major slump and consequently unemployment. The condition of the labor class was worst of all. Their earning was small and they were exploited fully by the contractors. Mazzini who worked among the laborers, encouraged them to form co-operatives as a measure to eliminate the middlemen. The first society of laborer named “General Association of Workers” was organized in 1883 by the Braceianti of Ravenna. Mosons and Laborers Co-operative of Milan were established in 1886. Opposition from private
contractors, shortage of funds and lack of loyalty of members all stood in their way. However, success achieved by the association mostly due to the patronage given by the government, which during the relevant period included brilliant and zealous co-operators like Luzzati and Wollemburg in the cabinet. By 1900, the number of labor societies in Italy had risen to 600 and in 1903 they organized his Federation of Labor Societies in Milan with the object of understanding publicity and giving help in accountancy, legal and financial problems.\(^42\)

During the 1\(^{st}\) World War, activities of worker’s co-operative societies slowed down but after this the societies resumed their progress. In 1921, the total number of labor societies had reached up to 8830. But during the Fascist Regime (1921-44), the movement suffered a great set back. However, after 2nd World War, the worker’s cooperatives in spite of various difficulties they rehabilitated themselves.

The development of the Social Co-operative is a particular impressive example, beginning in 1980’s, in response to the decline in government sponsored health care, educational services and employment services, people began to form co-operative to offer such services themselves. In 1991, the national government passed a law that formulized the model, which contributed to a dramatic expansion of these co-operatives into areas such as job training. By 2001, Italy had about 6,000 social co-operatives, which employed 1,60,000 people of whom where disadvantaged workers.\(^43\)

Sweden is also a small country like other West European countries. In the first half of the 19th century, Sweden was mainly an agricultural country and about 75 per cent of its population depended upon agriculture and subsidiary industries. The industrial revolution, which raised its head in England soon had its effect on this country also and by 1870, large scale industries began to be set up. Industrial development was taken place so rapidly that the agricultural economy of the country soon gave place to the supremacy of industries. This change over naturally had its effects on the employment position also. Burden of population on land decreased greatly and more and more peoples drifted to industries. Sweden today is such an

advanced industrial country that only 5 per cent of its people are engaged in agriculture. A large class of wage earners in urban and semi-urban areas came into existence. However, so many difficulties faced by them, there was the problem of making purchases for consumption. The private traders and factory owners had organized their cartels and other price fixing associations, in order to earn high profits. Through these pools they fixed very high prices for their goods. The margin of wholesalers and retailers was no less high and the greatest sufferer was the wage-earner.  

These conditions provoked the workers to think of methods of saving themselves from this organized exploitation. The news of the achievement of Rochdale Pioneers had already reached them and the workers were decided to follow the example set by the Pioneers in England. The first known co-operative enterprise in Sweden named the District Commodity Buying Company was established in 1850. The oldest co-operative society town still exists and is a member of the K.F. was established in the town of Trollhatten in 1867. Like England, the tendency in Sweden is also to reduce the number of societies by amalgamation and increase size to employ experts.  

In Sweden, above 75 percent of households are now members of the consumer’s co-operatives. The main bulk of membership of the societies comes from the salaried workers and professional classes which constitute movement in Sweden is that, it is predominantly associations of households anxious to obtain the necessaries of life at the lowest possible cost.  

In the initial years, consumer’s co-operative movement is Sweden, faced the opposition of private enterprises, which did everything possible to sabotage its progress. The movement, however, successfully overcome these initial problems. Today the consumer co-operative movement is a very strong force in the Swedish economy and a bulk work of protection to the Swedish consumer. It has played a notable part as an antimonopoly force and has successfully prevented the occurrence of monopoly gains. The consumer co-op. movement played a pioneering role in

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introducing self-service shops in a big way. The self-service system prevails in the super markets as well as in the department stores. Both these shops deals with the distribution of consumer goods on a large scale. But the greatest innovation of the Swedish consumer co-operative movement is the discount houses. The discount house has twenty thousand different types of articles. Due to large scale of operations the prices are below 10 to 15% to the market prices.

Co-operative Farbundet (K.F.)

The Swedish co-operative Union and Wholesale Society known as K.F. was founded in 1899 to act as an advisory body to primary co-operative stores and to act as a medium for publicity. In 1904, K.F. began to act as a supplier of goods to the primary co-operative stores. For this purpose it got agencies from a number of private companies. By and by the K.F. became a full-fledged wholesale society. The headquarters of the K.F. are at Stockholm. K.F. undertook its production programme in order to break the monopolies and combinations so that the consumers may be able to obtain consumable articles at reasonable rates. Apart from the distribution and production programmes, the K.F. undertakes insurance work on quite a high scale. In 1908, the first insurance society called the Samarbet Pire Insurance Society was established and in 1914 followed the organization of the “Folket Life Insurance Society”. In 1949 another society namely, “The Marine and Transport Insurance Society” was established. Although these societies are separated entities, they have got one and the same management.46

K.F. carries out its programme of education for the members of the co-operative societies with great zeal. The K.F. has established its own college called “Var Gard” outside Stockholm. K.F. has its own research organization, which includes Food Test Laboratory, a Textile Laboratory and a Test Kitchen. Here the various commodities are put to a through test before they are offered for sale to the retail societies. To help the cooperative movement in the under-developed countries of South East Asia, K.F. established in 1960 an Educational Centre in New Delhi and a Regional office for South-East Asia by the International Co-operative Alliance in New Delhi.

46 Ibid., p.182.
Just as K.F. is the apex organization of the Swedish Consumer co-operative movement, S.L. is the confederation of the agricultural co-op. movement. The federal organization of the different branches of the agricultural co-operative movement is attached to S.L. Agricultural in Sweden is not the main industry. It gives employment only to 5 per cent of the population. The population of farmers in Sweden is declining, though the total agricultural production is rising. They are able to produce more because of successful plants and animal breeding, intensive use of fertilizers, vigorous mechanization and rationalization of farm structure. The agricultural co-operatives have provided services of a very high order to its members. Hired labor accounts for only 15% of the total labor employed in the agriculture. About 40% of the agricultural income is derived from milk and about an equal percentage from animal slaughter. Hence fodder is the main crop.47

Co-operative movement in the country was started by the farmers in order to take advantage of large scale operations. The first agricultural society to be organized was the co-operative Dairy which was established in 1870. Soon, the co-operative movement spread in the field of supplying agricultural requirement to the farmers. Just after the first world war, agricultural co-operatives expanded their sphere of work and societies were established in almost every sphere of agricultural activity.48

The agricultural co-operatives in Sweden can be grouped into 13 categories or organizations, such as: Swedish Dairies Association (S.M.R.), Swedish Farmer’s Meat Marketing Association, Swedish Eggs and Poultry Marketing Association, Association of Swedish Rural Credit Societies, General Mortgage Bank of Sweden, Association for Swedish Live-stock Breeding and Production, Swedish Oil Seeds Grower’s Association, Swedish Farmer’s Selling and Purchasing Association, Swedish Forest Owners Association, Swedish Distiller’s Association, Swedish Fur Breeder’s Association, Swedish Starch Producer’s Association, Swedish Flax and Hemp Grower’s Association. These 13 associations are further federated into the Federation of Swedish Farmer’s Association (S.L.). The Federation owns, along with

48 Ibid. p.188.
Swedish Farmer’s Union, the Agricultural Economics Research Institute. It carries out research and conducts investigations in agricultural and forestry problems.\textsuperscript{49}

Co-operatives expanded rapidly in the 1\textsuperscript{st} half of the 20\textsuperscript{th} century. This development also accompanied by the creation of national federations. New areas of activities arose, i.e., banking, craft, fisheries, horticulture, recreation and transport. Cooperative structures for travel and services and the provision of petroleum products also emerged. In the insurance sector, Folksam was established and has since become the world-renowned co-operative. The dominance position of Sweden in co-operative development is well known. Co-operative has become one of the most important alternatives to the public provision of social services in the transformation of the welfare State and privatization of public sector. More that 66\% of private day care centers are cooperative, there is much of the privatization is really co-operatization.

Recently, both the agricultural co-operatives and the consumer co-operatives went through a consolidation process, which was reflected in the reduction of their members and new larger and more complex units. Both sectors internationalized their activities. The Swedish Agricultural Co-operatives have been investing in productive facilities abroad. KF, the Consumer Co-operative Federation, created together with their Danish and Norwegian counter parts co-operatives, Norden dissolved in 2007. However, cooperation in purchasing between the three countries remains.

\textbf{III.2.6 Co-operative Movement in Canada}

Canada is the world’s second largest country in size and three times as big as India. Canada occupies almost all the whole northern part of the North American continent. It has a total area of about 4 million sq. miles. The population of the country is, however, proportionately small. The area what is called the Canadian shield consists of rugged mountains and thick forests, only 1/6\textsuperscript{th} of land is suitable for agriculture. Agriculture in Canada employs about 1/6\textsuperscript{th}, the total population and produces nearly 1/3\textsuperscript{rd} of all exported commodities. Wheat has since long been the most important crop, though livestock products have recently begun to challenge the first position occupied by wheat. Canada is one of the world’s largest exporters of wheat. It also exports beef, bacon, fruit, cheese and eggs. Traditional market of

\textsuperscript{49} \textit{Ibid.}, p.192.
Canada is Europe and the United States. The cooperative movement in Canada plays an important part in the agricultural economy and has particularly helped the farmers in the Prairie province in marketing their wheat and other agricultural products as well as in the procurement of essential agricultural requirements. The movement serves about 40 percent of Canada’s rural population. Marketing and purchasing cooperatives were the most important groups, followed by service and fishing cooperative societies. In addition, the credit union movement, which is generally regarded as distinct from the co-operative movement in Canada, helps both the farmers and the urban workers in meeting their credit requirements.\textsuperscript{50}

Because of the community life of the pioneers, instances of co-operative activity could be found in the very early period of Canadian history, but formal efforts in this direction, began to be made about 1870. Since agriculture has remained always the most important occupation of the people, the first co-operative institution developed among the farmers. First of such organization was the Dominion Grange which was organized in 1877. It established many co-operative enterprises in Ontario. In 1861, the coal miners had started a co-operative store in Nova Scotia. Some other stores also came up but by 1900 all but one had failed. Successful organization was developed on the marketing side. In the beginning 1900, the marketing of agricultural produce was entirely in the hands of private companies. They purchased grain from the agriculturists, arranged its transport and exported it to other countries. They owned grain-storing elevators and held monopoly for the use of platforms for loading rail-cars and ships. In the year 1900, the growers got a right to the use of platforms for loading. To make available of minimum quantity of grain acceptable for transport, a number of growers joined hands and pooled together sufficient quantity of grains for loading purposes. These groups soon assumed the form of regular co-operative institutions. The first growers association was registered in 1906, under the name of “Grain Growers Association”.\textsuperscript{51}

In 1911, the Saskatchewan Elevator Company was organized with the active support of the Government. In 1919, the Government set up a Wheat Board, which took over the whole export work of food grains. When the Board was discontinued

\textsuperscript{50} Ibid, p.108.
\textsuperscript{51} Ibid, p.109.
with its work next year, the growers began to think of setting up co-operative institution to work on lines similar to those of the Wheat Board. After having experienced the Government Wheat Board Marketing, the farmers realized the value of stable prices and orderly selling methods. In 1923, in the province of Alberta, first wheat pool was organized. The wheat pool is a farm organization dedicated to the improvement of the social and economic conditions of the farm families. Its principle objective is to promote and provide cooperative and other services required by farmers in the production and marketing of agricultural products, thereby reducing speculation, manipulation and waste. The pools and their central selling agency worked with great success till the depression of thirties. During this unprecedented emergency, the price of wheat touched its bottom and the pools were unable to sell their stocks, the Canadian Government came to their rescue and in 1935, the Canadian Wheat Board was set up. The Board replaced the Canadian Cooperative Wheat Producers Ltd., and took up its work as a central selling agency. Since 1943, the Board is the sole selling agency of wheat, both for export and for internal consumption. The wheat pool and few private companies act as agencies of the Wheat Board for procurement of wheat form the growers. Apart from the marketing of grains, the pools handle rape seeds, rye, barley, oats and flax. The pools also help the members in selling their livestock, supply of cattle feed and fertilizers.

Farmers in Canada have built up strong co-operatives in all provinces for obtaining supplies for production, such as feed, fertilizers, seeds, farm machinery and various consumer goods. Unlike the service co-operatives in India, societies bearing this name in Canada offer services such as generation and distribution of electricity, provision of medical assistance to the members and also the provision of societies like housing, transport, telephone exchanges, seed cleaning, cold storages, skiing rinks & water works.

Fishing is also an important occupation of the people in the coastal areas. Fishermen in early years caught fish and sold it to private owned processing and preserving plant. In this transaction they suffered heavily because of the exploitation indulged in by the factory owners. They were paid at the minimum price. The
fishermen soon resolved to improve their lot by organizing themselves into co-operative societies were reported with a membership of 16,306.\textsuperscript{52}

In 1955, the wholesale societies of Manitoba and Saskatchewan combined into a large organization called the Federated Co-operative Limited. It is engaged in manufacturing operations in a variety of farm requirements and serves the three Prairie provinces. It has set up a fertilizer plant. It also set up number of feed plants oil refinery, factories for forest product, warehouse and also deals with food and other business, i.e. food articles, meat, drugs, dry goods, hardware etc.\textsuperscript{53}

There is a continued trend in Canada also for amalgamations and other forms of vertical as well as horizontal integration of co-operative movement. Co-operative movement in Canada, as in the rest of capitalist America, is looked upon by private business interest. The credit unions thus developed as separate institutions from the cooperatives, even though they absorb all the co-operative principles and ideals in them. Alphonse Desjardins of Quebec introduced the credit unions in Canada. He studied the credit movement in Europe and suggested it as a remedy against the usury practiced in Montreal. The first Caisse Population was established at Levis in 1900. The province of Quebec was the first in Canada to pass a credit union law in 1907. Similar laws were passed in other provinces and about 136 all provinces had such special laws.\textsuperscript{54}

Quite a portion of the success of the co-operative movement in Canada can be attributed to the extension work in co-operation started and carried on in the St.Frances Xavier University at Antigorrish, Novascotia. The work was started in 1930 when small groups were organized in the University under local economic problems. The movement has now developed into a full-fledged education programme for economic and social group action. A still greater contribution of the scheme has been its educational programme and the advancement of co-operative thought.

In Canada, the most important co-operatives were wheat pools, by the 1990s most had privatized and several mergers occurred. Now all farmer wheat pools are

\textsuperscript{52} Ibid., p.118.
\textsuperscript{53} Ibid., p.116.
part of the Viterra Corporation. On October 24, 2001, legislation reforming the financial institutions statutes was proclaimed in Canada, new flexibility provided by Bill-C8, and co-operative credit unions are allowed to own banks. In April 2002, the federal government released its constitution paper on Co-operative Banks in order to determine whether to allow provincial centrals and federals.\(^{55}\)

However, in April 10, 2003, Department of Finance of Canada submitted its “Cooperative Bank Assessment Report”, concluding that - “the Government is of the view that there is not only a lack of broad consensus on which co-operative bank model would be preferable. But there is also a lack of agreement of whether a co-operative bank option is even desirable. In fact, a representation of stakeholders seems to suggest that a federal solution may not be best strategy for resolving many of the key challenges faced by the credit union movement. Instead, greater benefits may be achieved by focusing efforts on changes that would give credit unions greater flexibility to expand and operate inter-provincial.” In Canada, co-operatives and credit unions employ over 1,60,000 people. The Desjardins movement (saving and credit co-operatives) is the largest employer in the province of Quebec. In the 2nd quarter of the 2008, 516 Credit Unions and Caisses Popularizes outside of Quebec saw a six month increase in assets.

### III.2.7 Co-Operative Movement in Denmark

Denmark is a very small kingdom. However, it is having a good fertile soil. Agriculture plays an important role in the economy of the country about 50% of the Danish export consists of agricultural products. However, agriculture occupies only one quarter of the population and remaining three fourth earns its overall structure of economy, the co-operative movement is playing an important role. The co-operative movement has developed agricultural working techniques, which have their own special characteristics.

In Denmark, the farmers had their own difficulties arising out of the socioeconomic structure, most of the land though cultivated by farmers, belongs to the

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barons. The farmers had thus neither the incentive nor the opportunity to improve agriculture. Under benevolent rules, land reforms spread over a long period between 1769 and 1850, and converted most of the tenancies into freeholds. There were some improvements in agriculture, but as the holdings were small and scattered the farmers were destined to remain poor for sometime more to come. Other reasons of their poverty included lack of finance, necessary to develop the land.

The problem of credit was solved by the credit associations under the supervision of the Government in 1850 by a special law. The main source of their funds is the money received by the sale of debentures. Saving Banks are second important which are self-governing institutions owned by the depositors. Most of the money is advanced on the mortgage of property preferably to the agricultural sector and interest rates charged comparatively less. These banks have become very strong organizations with huge reserves.56

In 1925, a co-operative bank called Andelsbanken was established. The bulk of its share holders come from within the co-operative sector and in its voting system, it follows the principle of “one man-one vote”. It advances loans to co-operative societies, traders the bank for any purpose and there is no supervision on the application of loans, defaults in payments are negligible. Loans are advanced only in the shape of overdrafts to depositors. No loans are given to those who do not have their deposit account with the bank. The bonus of democratic control, limited rate of dividend and bonus payments to customers are the other features which distinguish it from commercial banks, though it is registered under Companies Act. The co-operative movement in Denmark grew spontaneously and naturally. Although there were pioneers, the credit of success goes mainly to the efforts of the members in general.

H.C. Sonne, a special worker, introduced co-operative movement in Denmark. He was impressed by the successful example of consumer’s co-operative societies of England by Rochdale pioneers. He convinced a number of persons to form 1886, Thisted Workers Society Was established Sonne worked so hard to make this society a success that soon he came to be known as Provisions Person. The work of the society was carried with the principles formulated by Rochdale pioneers. In 1871, the


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number of such societies rose to 86 and in 1874 to 119. It was an important feature of the Danish co-operation that, the consumer’s movement is largely rural in nature and it is closely connected with the agricultural movement. The rural in nature and is closely connected with the agricultural movement. The rural stores have got a majority in the wholesale society.\textsuperscript{57}

The general trend of amalgamations, which is witnessed all over the world, is also found in the Danish Consumer’s Co-operative Movement. In September 1966, the Congress of Consumer’s Co-operatives held at Copenhagen decided to carry on the process of amalgamation, till all the Consumer’s Societies are amalgamated into Denmark’s Consumer Society. Most of the societies are comparatively small and each society have generally only one shop.

As early as 1896, the retail societies had organized their wholesale society named F.D.B. and all the primary societies are affiliated to it. The object of the society is to purchase, produce and distribute goods to the co-operative societies. Over one fourth of F.D.B. turn-over is made up by the goods produced, coffee is the largest processing item along with other production chocolate, sweets, rope, soap, edible oils, spices, tobacco, furniture, clothing, wine, biscuits, etc. Its architectural department gives technical advice in the construction of new shops along with financial support.\textsuperscript{58}

At the end of the 19\textsuperscript{th} century, dairy business became an important industry. In the earlier years, pattern of farming in Denmark comprised of food grain production. The immense increase in the supply of cheap foreign grain made it profitable for the Danes to import corn. On the other hand, demand for Danish butter increased in England. Thus, the Danish farmers took to growing fodder and raising live-stock on an increasing scale, the production of milk, butter and cheese has played its important part in the economy of Denmark. The changeover was stimulated by the invention in 1878 by a Danish engineer, L.C. Nielsen.

The first co-operative dairy established in Hjedding with the efforts of a young dairyman named Stilling Andersen in 1882. Since then the co-operative dairy

\textsuperscript{57} Ibid., p.142.
\textsuperscript{58} Ibid., p.141.
industry had made continues progress. England being the major buyer, 70% of the dairy products including butter, cheese, cream and milk powder is exported and the remaining 30% is sold in the home market. In 1964, Dairy Society Denmark Established, it is an overall federation to which co-operative dairies as well as export organization are affiliated, which co-ordinate the production and marketing activities in the whole co-operative dairy business in the country.\(^{59}\)

The Danish farmer’s who started with dairies, had soon to take to piggeries as an additional job. The milk produce was much above the local needs and after churning butter out of it, the separated milk went waste. As pigs are best fattened with this milk, farmers started rearing them. In 1897, the first bacon factory was set up on co-operative basis at Horsens in Jutland.

In 1895, the Co-operative Egg Export Association was established. It introduced the system of grading and stamping of eggs to ensure that only eggs of good quality reached to British Market as most of the eggs were exported to England. In Denmark, co-operation also spread in other spheres of economic activity in country. Some of the important types of societies developed in Denmark are: Co-operative Poultry Killing Stations, Co-operative Cattle Sale Societies, Co-operative Seed Supply Societies, Fruit Growers Co-operative Association, Co-operative Feeding Stuff Societies and Cooperative Fertilizer Purchase Society.

With a view to securing its continuity, promotion of member education has always been considered as one of the important jobs of the co-operative movement. The folk high schools have been since long instrumental in promoting co-operative education, co-operative conferences and gatherings often held at these high-schools. In 1932, the Danish Co-operative College was established by the Danish Co-operative Wholesale Society at Middelfort.

It was in Denmark that the full potential of this type (Agricultural Marketing and Processing Co-operatives) was realized, there, by the beginning of the 20th century virtually all the needs of the rural communities were met by co-operatives.

In 1990s, the Danish Consumer Co-operatives represent a market share of roughly 33% of the national foodstuff and beverage consumption. In every town, rural community found a co-operative supermarket or smaller shop and in many rural areas the only retail show at all was a co-operative.\footnote{Website: http://www.Denmark/Danish Co-operative Movement Wikipedia, the free encyclopedia_files. Assessed on 2008.}

The co-operative movement also resulted in a series of co-operative stores known as Brugsen, under the administration of the Danish Consumer Co-operative Society. The stores kept a large share of the Danish Consumer goods market. It merged with the similar retail chains in Norway and Sweden in January 2002 to form co-operative Norden.

\textbf{III.2.8 Co-Operative Movement Russia}

The co-operative movement in Russia began in the latter half of the nineteenth century, when the news of Rochdal pioneers spread all over the world. First attempts were made in 1864 when some co-operative stores and credit societies were organized. The imperial Government, however, did not have much faith in co-operation because of its democratic principles, and the movement remained suppressed till 1905, when some concessions were allowed. By 1914, the movement had become strong enough and the consumer’s stores in the country handled more than half the country’s supplies. Russia also has made good progress in the field of co-operation, like other European countries. Progress was maintained till the Great Revolution of 1917. During this revolution, the workers seized co-operative premises like other private concerns but in 1918, Lenin called a half and declared that, “The co-operatives are the only organization in capitalist system, which is good, is good. It must be preserved in its entirety at any cost.”\footnote{Website: www.Co-op. Societies Russian History.encyclopedia.com.htm. 2004.}

The earliest form of co-operative movement is Russia was Labor Artels. According to the Russian Law Artel is defined as “an association formed to carry on certain industries or render personal services on the joint responsibility of the members of the Artel and their joint account”. Carpenters, masons, handicrafts-men and other artisans organized such Artels. The workmen, in the first half of the 19\textsuperscript{th} century were less bargaining power when dealing with the employers. They thought
of joining hands and organizing bargaining power. Anybody could hire the services of an Artel by fixing wages with the leaders thereof. The Artels were financed through deposits obtained from the members and non-members. These Artels flourished for some time but when large-scale industry came into being, their important declined.

Russian farmers organized their own association in the last decade of the 19th century. These associations purchase agricultural requirements and important consumer goods in bulk and supply them to members as well as market the product of members. The butter producers in Siberia organized an important association of this nature in 1895. These societies soon multiplied and in 1908, they organized their federation called “The Union of Siberian Creameries Association”. The primary units set up creameries and sold their butter through the union. The union still exists and very strong.62

In Russia Credit Co-operative Societies were set up to fight the evil of moneylenders. Their object was to create the habit of thrift among members and grant loans to them for agricultural requirements. To begin with some loan and saving societies were organized. They secured their initial funds from the members in the shape of share capital. On the contrary, there was second type of co-operative organization came to be favored, called Credit Associations. These societies were fully supported by the Government especially after 1905. They provided the credit needs of their members who were mostly cultivators.63

Early attempts at consumer’s societies were made in the second half of the 19th century when the news of Rochdale pioneers reached to Russia. These societies however, succumbed to the cold treatment of the Government. The movement during the famine of 1891 took a fresh start when prices rose very high, profiteering increased and commodities went into the black market. During the Japanese war (1906-1911) these societies got a further fillip because of the conditions of scarcity prevailing in the country. Most of the societies were in rural areas and they succeeded to a great extent in stabilizing prices at the time of the revolution of 1917. These societies had also organized their federation called Centrosoyus. After the revolution,

62 Ibid., p.124.
63 Ibid., p.125.
the Government ordered the cooperative stores to be kept intact. They, however, began to be used by the Government as instrument for the execution of State policy. Their autonomy and independence of action was seized and instead came a strict control from the State. In view of a realization by the Government that the co-operative societies could not make much headway unless they were given a free hand to mould their policies. The State relaxed its control in 1928, but in 1932 when private trade was completely abolished, the Government again tagged the stores to its policy of state trading. Side by side the movement got encouragement because the Government decided to entrust them with the entire supply of controlled commodities in rural areas. In towns also a similar encouragement was given in 1946. As a result of all this, the number of stores increased rapidly. These societies have also made purchases of main types of agricultural produce from collective farms on behalf of the Government. They also purchase surplus products from the collective farmers to relieve them of the expenditure on trips to markets for selling them.

At the base the retail stores whose area of operation extends to one village. All retail stores in a district are linked to the District Union. The Republic Unions are federations of all the Regional Unions are represented on the Centrosyus, which is the apex body for the entire consumer’s societies in the country.

The system of collective farms, which now covers the entire USSR, was evolved over a number of years of experimentation and arose out of the political situation which emerged from the great revolution of 1917. Before the Revolution of about 30,000 peasants constituting only 0.35% of the total farming families owned about 50% of the land, their average holding being about 8000 acres. The remaining farming population consisting of the medium and the small cultivators was cultivating the land in a primitive way. After the Revolution, the Government issued a decree on land which abolished landlord’s property rights without compensation.  

Most of the confiscated land was to begin with seized by the kulaks (well-to-do middle class farmers). Even the properties of the Kulaks were confiscated and the entire fund of nationalized land was reallocated among the stale farms, the communes.

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The co-operative Reallocation of land alone could not solve the problem, because except for a few State Farms the rest of the land continued to be cultivated on primitive lines. The farmers neither had any machinery nor capital to bring efficiency into their profession. The Government therefore decided to provide assistance to those who agreed to pool their lands into collective or co-operative farms. A special fund of 1000 million Rubles was set up to give grants and loans to the communes. Machinery was also made available to the communes. Encourage by the Government assistance and also realizing that their salvation lay in taking advantage of large scale farming. The surplus income of the farm, after paying taxes in kind to the State, is sold either directly to the consumers or to the consumer's co-operatives. The surplus production of each farm again distributed among the members, in the proportion of their work done by each of them.65

North Caucasus Rural Credit Co-operatives and Agriculture Business Development Programme (NC-RCC&AD) started activities in October 2005, when only two-tier co-operatives existed in the region. By February 2008, the number of two-tier co-operatives doubled, with one RCC in the Republic of Adygeya, two in Krashodar Krai and in the Republic of Kabardino-Balkaria. Since 2005, USAID funded $5 million NCRCC & AD programme has supported credit co-operatives in the North Caucasus Region, focusing on multifaceted approach with training programmes, technical assistance, and enhance access to credit.66

III.2.9 Co-operative Movement in Japan

At the end of 19th century, Japanese capitalism had almost achieved its present Development form, while the traditional peasant economy was stagnant. The traditional Peasant economy did not adapt itself to the new money economy. The socio-economic condition of Japan is similar to Indian economy in many respects. Quite a large proportion of population depended upon agriculture. Cultivated area per household was very small. By the very nature of the climate of the country, agricultural production depended upon the vagaries of nature. Heavy floods, earthquakes, typhoons and other natural calamities often destroyed the agricultural production. Farmers suffered from a heavy burden of the high-interest debts incurred

66 Website: http://Russia/ACKI-VOCA.htm [Russia-North Caucasus Rural Credit Co-ops & Agribusiness Development Program (NC-RCC&AD)] Assessed on 2008.
by the money-lenders. Indebtedness among the farmers thus, presented a major problem.

Co-operative movement in Japan was introduced in the form of consumer’s cooperatives, the first of which was established in 1879 with the object of cheep the soaring prices. During the Sino-Japanese war at the end of the 19th century, prices again rise up and the trade unions among workers established a number of consumer’s co-operatives. As well as, Home Ministry of Japan, who had studied co-operation in Germany, established credit co-operatives on Raiffeisen model. In 1900, the Industrial Co-operative Law was passed on the lines of the German Law. The Law was modeled after the Schultze-Delizch type co-operative of Germany and established on the traditional principles of co-operation. It contained enabling provisions for the registration of cooperative societies. It was significant that the Industrial Associations were utilized as an instrument of cheap money policy, i.e. as a channel to let governments low interest money flow into rural areas. The functions of industrial association included marketing, purchasing and utilization of common facilities, as well as credit. The provision of credit, however, was the main function of these associations in the early days. Five years after the Act was passed, there were only 872 societies.67

In 1905, a non-official body named Co-operative Union was established. This body made extensive propaganda for the promotion of co-operative societies and by 1909, the number of societies had risen to 5690 with about 3.8 lack members.68

The primary societies soon felt the need for organizing their secondary societies and in 1923 the “National Purchase Co-operative Federation” and the “Central Co-operative Bank” were established.69

The world economic crisis, beginning in 1929, dealt a blow to the Japanese economy, throwing farm areas into depression. The income of the farmers decreased and the co-operative movement came to their rescue by advancing loans to overcome

on their financial difficulties. The government’s agricultural policy was oriented to provide relief. Particular emphasis was placed on the reconstruction of rural economy by the farmer’s own efforts. Government also advanced distress loans to the farmers through the cooperative societies.

After the World War II, in the middle of dissolving war-time structures and stabilizing democratic systems a co-operative system based on the farmer’s free will was taken up as one of the most important agricultural reform, side by side with land reforms. As a result, in 1947, the Agricultural Co-operatives Law was enacted. This provides the basis of the present organization of agricultural co-operatives. The law is consistent in observing the traditional principles of co-operation, emphasis being placed on exclusion, of domination by outside influences and management by farmer’s themselves. The former agricultural corporations were dissolved by official order and the agricultural cooperatives were formed a new. Such a situation helped the speedy formation of the Agricultural Co-operatives, a new democratic organization. As well as a most immediate reason was that government wanted to quicken the pace of development of co-operatives in order to tackle the tasks of post-war rehabilitation and recovery, to increase agricultural output through supplying producer’s good such as fertilizers and to distribute the food produced. The government, therefore, had an immediate need of a feasible control system to replace the corporations which was used during the war-time. For all these reasons, a network of Agricultural Co-operatives was established in only two years or so throughout the country.70

Agricultural co-operatives, thus, provide a fully integrated service comprising of credit, marketing and supplies with emphasis no linkage of loans to actual needs of production as well as liking of credit with marketing. The Japanese co-operative movement has developed on a foundation provided by agricultural co-operatives. Although under the system of Industrial Association, prior to World War-II, city credit co-operatives had been formed, these were now separated in according with the city Credit Association Law on the occasion of the setting up of the Agricultural Corporations in 1943. It was only after the War that the co-operatives of smaller

enterprises and consumers were generally organized. In 1949, The Law of Co-operatives for Smaller Enterprises and Certain Other Categories was enacted. However, due to the variety present in small business, it is more difficult for such co-operatives to undertake to protect the position of members than, it is in the case of agricultural co-operatives. The Law of Consumer Livelihood Co-operatives of 1948 made the livelihood co-operatives.\textsuperscript{71}

The Japanese co-operative movement the so called general co-operatives are fundamental “Agricultural Co-operative, is usually taken to denote” General Cooperative.. The general co-operatives have their federation in each prefecture. The federation at the prefecture level consists of an economic federation for marketing and purchasing business, a credit federation for finance, a mutual insurance federation for non-life and life insurance. In addition to these, there is a General Union whose main task is connecting and co-coordinating the co-operatives. In contrast to the general cooperatives, the specialized co-operatives work in their respective special field such as sericulture, livestock breeding, dairying, and horticulture and land cultivation.

As compared to the advanced countries where co-operatives are usually divided by specialties general co-operatives has a special feature of Japanese co-operative movement. In Japan, the formation of co-operatives that handle various businesses had been necessary and expected in order to adopt the small farmer’s development of the capitalist economy. Undertaking various businesses is also important because in Japan, from management it is not yet specialized, not being separated from house holding. Japanese agriculture co-operatives cover 91% farmers as members, and they provide an integrated system of marketing, supply, credit and insurance for the whole rural economy.\textsuperscript{72}

Recently, Japan has experienced drastic changes in social and economic areas. Japan’s economy has been seriously setback and the negative view that the economy will further weaken i.e. the number of scandals including profiteering and mismanagement in the co-operative movement that has largely damaging the trust and reliability of cooperatives among its members and the society at large. Although with

\textsuperscript{71} “History of Consumer Co-operative Movement in Japan”, (Japan/coop.about us history_files/co-op.history. htm), 2009.

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relatively more funds are made available for the development of financial conditions of the co-operatives. Japan is conducting various in-depth studies on how to improve management and governance for better services to members, working environment which can fulfilled and provide the best services and promote members participation in decision, etc.

JACA (Japan Agricultural Co-operative Association) expanded its reach and influenced by capitalizing, ever since the passage of the Agricultural Basic Law in 1961, of opposing all reforms aimed at nurturing a corporate model of farming and increasing the scale of farms. In addition, it excludes organic farms that dispense with the chemical pesticides and fertilizers.73

In fiscal 2007, Ministry of Japan considered the system of direct payment subsidies under the farm income stabilization policy, JACA opposed it to restrict the subsidies to farm at least 4 hectares in scale, arguing part time farmers important role in community farming. As a result, the government decided to include community farming collectively of more than 20 hectares, even if they consisted primarily to part-time farmers. Moreover, at the end of 2007, after its defeat in the House of Councilors elections the preceding summer, the ruling Liberal Democratic Party dramatically relaxed the 4 hectares minimum by allowing each municipality to approve exceptions.74

III.2.10 Co-operative Movement in China

The history of co-operative movement in China belongs to famines, floods, mutual quarrels and the Japanese war. These are some immediate causes of the introduction and the development of the movement in the country. Since very old times, mutual benefit and loan societies had existed in China but they did not cover any significant field.

In 1912, Sun Yet Sen, the founder of Chinese Republic, gave a lead to the cooperative movement. After reigns the government job immediately he gave preference to set out to eradicate poverty of the people by organizing the co-operative

73 Ibid.
movement. In 1999, with his efforts he established “Shanghai National Co-operative Savings Bank”. In the three years that followed a number of credit societies were set up in rural areas.

The movement, however, got an incentive from the severe drought of 1922, which led to a general failure of crops and famine. In 1922, the International Famine Relief Commission was set up in China and it submitted its report in 1924, in which it recommended the introduced of the co-operative movement as a measure of improving the economic conditions of the people. Thereafter, the provincial governments also began to take interest in the movement and appointed the necessary staff for organizing and supervising societies. These societies received financial assistance from the Farmer’s Bank or Commercial Banks. In 1927, a co-operative union was set up to encourage the development of the movement. Co-operative movement, which was introduced after the famine, was rapidly developed after the floods in river Xangtse in 1931 about 20,000 societies were hurriedly formed and loans were advanced to the affected people. These registered under the provision of the Act of 1935. A push to the movement was given by the Sino-Japanese War which started in 1937. Due of war, millions of Chinese living in coastal areas, which were captured by the Japanese army, most of these persons were skilled workers and had been working in the Chinese Industrial units which were located in the coastal districts.\(^75\)

C.W. Wu, Chinese but educated in Scotland, prepare a plan to organize the workers into small co-operative bodies and help them install small workshops, wherein they may work and produce the goods that China needed so badly. Management of the societies was to be in the hands of workers that they raise funds from a Central Committee helped by the government. As British ambassador told to Chiang-Kai-Shek about the Indus-Cos in 1938, an association for the advancement of Chinese Indus-Cos was formed at Shanghai.\(^76\)

Wu succeeded in starting the first industrial co-operative society of blacksmiths who agreed to work as well as live together around a common workshop. The society had nine members all of whom were refugees. The society worked so well that within 14 month, it had all the loans with interest. This followed a number

\(^76\) Ibid., p.170.
of societies of soap and candle markers, printers and others. The weavers organized their own societies and made millions of blankets for the army. Looms and other tools required by the weaver’s societies were made by the societies organized by carpenters. In 1932, there were over 350 co-operative societies making a variety of goods. About half of these were spinning and weaving societies and others were leather, metal workers, mining, chemical, food stuffs, printing and paper etc., co-operative transport societies were also provided transport to industrial societies for shifting their business or machines.

A central headquarter was established by the government at Chungking whose function was to develop co-operative movement. As after 1942, prices of commodities generally went up and the Indus-Cos were required to invest more and more in the purchase of raw material to be utilized in their production. As well as the finances with the societies were limited, they were placed in a very embarrassing position. Central headquarters worked through its 7 regional headquarters which were spread over the whole of China. It recommended loans to new societies, opened training centers and purchased mostly products of the society.

In China, primary co-operative societies were grouped into Country Unions, which were further federated into Provincial Unions. At the top was the All China Federation of Co-operatives. Which was organized in 1950? Chinese government gave assistance to co-op. societies. The tools and machines required by the societies are supplied at cheap rates from the Government owned factories. Free technical advice and managerial help, loans at cheap rates by the State Banks and special tax-relief also provided to cooperatives.77

Since the establishment of the Chinese People’s Republic, progress made in the country on the agrarian side has been identified with the establishment of agricultural cooperative societies. The progress on this side had been very spectacular that many people in the adjoining under-developed countries have been tempted to accept the pattern of Chinese organization as the basis of land management. The agrarian societies in China owe their origin to the land reforms that were ordered by

the Republican Government and completed in 1952. As a result thereof, land which previously belonged to the landlords was distributed among tillers including landless laborers. As the extent of land available in the country was much less as compared to the large population of 500 million peasants, the share of each family in the land was small. The result was that agricultural land came in possession of farmers in small bits on which improvement was not possible and yields could not be increased. The Government of China, therefore, framed a policy under which land management was to be gradually entrusted to People’s Communes.

The programme of collective farming was carried through by some stages so that people may not feel or resist a sudden change in their national ownership. The first stage consisted of a very simple type of organization known as “Mutual-aid team”. The farmers of a specified area formed these teams, as a measure of cooperation; they helped one another by carrying out certain operations jointly. As a second step, Agricultural Producer’s Co-operatives, in these types of societies the members not only pooled their labor, implements and live-stock but also their lands for joint cultivation. The society maintains some equipment for joint use marketing also done by the society. Ownership of land, however, remained with the members and income of the farm was distributed in proportion to land among members. These societies were identical in their constitution and working to joint farming societies in India. The end of 1954 had organized millions of such cooperatives organized with 70 million members.

The third step was Socialist Farms, as the agricultural producer’s co-operatives were converted into fully socialistic communes, in which the members surrendered their ownership of land in favor of the commune. Land, thus, became the collective property of the people and income there from was utilized for the common benefit of the residents of the commune. The statute of the first commune was that it set up in 1955.78

However, the agrarian co-operative movement has developed side by side with the land reforms. The farmers and landless laborers were made the owners of land which had for centuries, been owned by the landlords. These people were thus

naturally more prepared for understanding the new venture of co-operation. Credit co-operative movement in China, serving an estimated 200 million households, the system has been primary source of basic financial services for poor farmers. Rural Credit Co-operatives (RCC) holds 12% of all bank deposits and more than 90% legitimate agriculture lending where almost half workforce still farms and land.\footnote{Swoboda Ralph, Zhang Ruibin, “Are Modern Credit Co-operatives The Best Way to Serve China’s Rural Poor?”, International Development World View Pub. China. 2008.}

Since 2003, RCC centered by property rights, underwent a reform, which on the basis of the original, launched three models-first, in the original framework of the system RCC, the country as a unified legal person established in the community, regional representative. Jiangsu, second, the establishment of joint-stock rural commercial banks, representatives are Changshu, Zhangjiagang and Jiangyin rural commercial banks reformed on the basis of the rural credit co-operatives in 2001, and third RCC banks, representatives is Yinzhou rural co-operative banks of Zhejiang, succeeded in restructuring in the April of 2003.\footnote{Shiyun Xia, “China.s Rural Credit Co-operatives, Co-operative or Commercial”, School of Economics, Renmin Uni. of China. (Shiyun_Xia%202007), 2007.}

During the recent reform period experienced declining financial performance, market share of farm purchasing and marketing declined from 36% in 1954 to only 2% in 2006. A heavy debt load increased to more than 20 billion Yuan in 1995 resulting in interest payment burdens for many SMC’s (Supply and Marketing Co-operatives) also experienced financial losses for eight consecutive years form 1992-2000. Factors related to decline are; ineffective reforms, lack of accountability and transparency, limited focus on member needs, a negative image for co-operatives, and poor understanding of contemporary co-operative management and governance practices. However, the reforms of SMC’s has achieved some success by the end of 2005, the aggregate system of SMC’s had assets totaling 464.61 billion Yuan, members of 160 million, and employees of 4.3 million. SMC’s had gross sales of 7489 billion Yuan in 2006, with total profit of 7.95 billion Yuan, nearly a fivefold increase from 2000.\footnote{Swoboda Ralph, Zhang Ruibin, “Are Modern Credit Co-operatives The Best Way to Serve China’s Rural Poor?”, International Development World View Pub. China. 2008.}

To sum up, Co-operation began in the 19\textsuperscript{th} century in England to protect the interest of the working class have spread throughout the world. However, the origin
of the co-operative movement in world is not on one single line. It differs from continent to continent, from country to country and even from place to place. Co-operatives subsist within several different sectors of the economy. Co-operatives are engaged in agriculture, industry and in service sector with the ultimate goal to lift up the living standard of the members of the societies through increase in level of production and productivity, employment, technology, and several other useful services.

Co-operatives are essential self-help groups of people who get together to meet their needs. Consumer co-operatives provide their members with food and other products they need, while housing co-operatives provide shelter and workers co-operatives provide decent work, credit co-operatives provide saving and credit. While agricultural cooperatives helps farmers to organize inputs they need to grow crops and keep livestock, and then help them to market and process their products.82

Having studied the Co-operative Movement in Indian and International Context, it is very essential to study the Co-operative Movement in Andhra Pradesh. So, the researcher presented it in Chapter-IV.

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