

BOMBAY GANDHI SMARAK NIDHI
VAIKUNTH L. MEHTA MEMORIAL LECTURE



REFLECTIONS ON A CO-OPERATIVE
SOCIAL ORDER

BY

Dr. D. R. GADGIL

M.A., M. Litt. D. Litt. M.P.

Vice Chancellor, University of Poona.

ON

3RD NOVEMBER 1965.



MANI BHAVAN, LABURNUM ROAD, GAMDEVI, BOMBAY-7.

"The success of co-operative movement depends much less on the growth in the number of Societies than on the moral basics of the Shareholders"....

17-9-1917.

"I firmly believe that the co-operative movement will promote a sense of mutual help and fellow-feeling. The absence of the spirit of co-operation involves the absence of all sense of participation in human endeavour, and leads to hate, bitterness and greed"....

15-2-1942.

"Co-operation should be based on strict Non-violence. There was no such thing as violent co-operation. It would be a sad thing if India also tried to build up a new society based on co-operation by means of violence"....

9-3-1947.

The ideal of establishing a the best, perhaps the only means co-operative spirit is the greatest ing up new-vistas for man's ed and prosperity of the people..

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"Democratic form of Gov pattern of society, in which th is the route through which the

"The co-operative movem It also creates a sense of unity

"The whole idea behind me for a large number of yet



[Born 23-10-1891]

V. L. MEHTA

[Died on 27-10-1964]

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PREFACE

In the present world torn by strife in practically all the spheres of life, it is something like an oasis in a desert to see a co-operative body working harmoniously. The Marxist theory of class-war was not accepted by leaders and thinkers of various nations, who emphasised that order in the universe is based more on co-operation than class-struggle. Love for humanity and the idea of service before self were the fountain-head from which the stream of co-operation starts. Gandhiji also has applauded co-operation in the following words:

“The ideal of establishing a network of co-operation in the country, is the best, perhaps the only means of promoting the well-being of the people.... Co-operative spirit is the greatest common factor in human make-up, opening up new vistas for man’s endeavour in all spheres, that ensure progress and prosperity of the people....”

One of the pioneers of co-operative movement in the erstwhile Bombay State was Late Sir Lallubhai Shamaldas, and his illustrious son, the Late Shri Vaikunthbhai Mehta carried this message far and wide in the whole of India, particularly in erstwhile State of Bombay. His indomitable energy, his life based on principles of love and service and his zeal for co-operation and village industries with his inexhaustible patience and gentility made him a stalwart in the field of co-operation in India and his word was law in co-operation. Dr. Gadgil rightly says in his lecture, “He was greatly attracted by the idea of an essentially egalitarian, decentralised Society and the two main planks of his practical work and theoretical thinking were on the one hand co-operation and on the other village industries.”

To cherish the memory of Late Shri Vaikunthbhai, who was the Chairman of the Bombay Gandhi Smarak Nidhi, the Nidhi decided to organise memorial lectures on subjects near to the Late Shri Vaikunthbhai’s heart. It was a proud privilege of Bombay Gandhi Smarak Nidhi to secure the acceptance of Dr. D. R. Gadgil of the Gokhale Institute of Politics and Economics and Vice-Chancellor of Poona University, to their request to deliver the first memorial lecture on co-operation.

The subject of his lecture was "Reflections on co-operative social order", and he gave a very learned thought-provoking, and instructive discourse, which is published here for the benefit of the public. Dr. Gadgil has pin-pointed the fact that though co-operative bodies are functioning in various western nations and have set a net-work in India, the co-operative purpose in life is not so much evident in individual lives. It was in this context that late Shri Vaikunthbhai had said that we have just made a start in the co-operative sphere and huge amount of work to reach the co-operative goal is yet lying ahead.

Bombay Gandhi Smarak Nidhi has under its aims and objects the work of spreading Gandhiji's teachings in as wide an area as possible. Bombay Gandhi Smarak Nidhi organises lectures, symposia and seminars to spread Gandhiji's ideology. Co-operation and corporate life for rural and urban people was one of his goals. The Bombay Gandhi Smarak Nidhi is grateful to Dr. Gadgil for acceding to our request to deliver this lecture and to allow us to publish it. I have no doubt that the issues he has so masterly discussed will be highly appreciated and will help mould public thought in this pattern.

1-9-1966.
Mani Bhavan,
Bombay-7.

PURUSHOTTAM KANJI
Chairman.

V. L. Mehta Memorial Lecture 1965

Mr. Chairman and Friends,

I consider it a privilege to have been invited on this occasion. It is the completion of the first year since the passing away of Shri Vaikunthbhai and to have to deliver a lecture in his memory was an assignment which I could not possibly refuse. I am deliberately not going to say anything about Shri Vaikunthbhai, nor is it very easy for a person like me to talk about him. It is also not necessary because I take it that the majority here was well acquainted with him personally and personally acquainted with his work. His has been a substantial and valuable contribution in Indian socio-economic thinking and practice. I believe with him that the co-operative way holds out promise of development, in relation to concrete achievements in the modern world and the reconstruction of modern society, on lines of much greater conformity with our traditions and thinking than any other. Vaikunthbhai's life was for the greater part spent in establishing co-operative organisations in what might be called an essentially hostile environment and therefore, his pioneering work did not appear to lead to the building up of as many solid edifices as could result from the work of his successors who build on the foundations laid down by him. The work was nevertheless extremely valuable. Moreover, apart from being an able practical banker and co-operative worker, Vaikunthbhai whom I always considered as essentially an intellectual, was interested continuously in theoretical formulations about co-operation, among other things. He was greatly attracted by the idea of an essentially egalitarian decentralised society and the two main planks of his practical work and theoretical thinking were on the one hand co-operation and on the other village industries. These, from the point of view of the structure of an essentially egalitarian modern society merge together. It is because of this, and because of the interest that Vaikunthbhai developed, notably in the later years of his life, in thinking about the co-operative order generally, the co-operative economy as a whole (I think he has one

article on the "Co-operative Socialist Commonwealth"), because of this, that I thought that this would be the appropriate occasion on which I could place before you some ideas on the Co-operative Social Order.

You will find from the way in which I have formulated the subject of my lecture that I have not obviously thought it all out, that I am not fully prepared for it. It is rather a difficult subject. What I am going to do today is to place before you some essentially fragmented thinking on what I consider to be the main areas in relation to which we must go more deeply into these problems of construction of the co-operative social order. You will note that there has been relatively little writing or thinking even in other countries on this broad area. That is because, most co-operative workers and most people who wrote about co-operation, were exercised about practical and theoretical problems of co-operative organisations operating in an order which was not essentially co-operative. If you take any, beginning right from Rochdale pioneers or even earlier, say, the socialist experimenters whom Marx derided as utopian, if you take any from these, to the later more practical workers, they are all concerned with how, in what manner and on what principles, with what discipline, you could build an individual co-operative organisation or a chain of co-operative organisations which could help particular sections of the society, the weaker sections or let us say the more disorganised sections in society, to hold their own and to derive somewhat larger benefit from the prevailing order than they could by acting by themselves as discrete individuals. So most of the problems discussed or practical problems sought to be solved were problems of how co-operative organisations could establish themselves, how co-operative organisations could best operate and so forth. For the larger part, this was in what we now call a capitalist society. In recent decades, there have been similar instances of operations of co-operative organisations in what is essentially a socialist or a communist society. If you take co-operatives operating in the Russian centralised economy, they are also operating in an environment which is alien, a communistic environment, just as those in America and Europe operate in an essentially capitalistic environment. Therefore, you will find that the thinking is not about a co-operative order but about co-operative organisations or a co-operative sector at the most in an order which is other than co-operative. This,

in my opinion, is the essential reason, why relatively little thought has so far been given to a co-operative order and to its establishment.

The resulting gap I want to indicate today by dealing with three subjects, in a sense, quite different, but which have from a broad perspective many common features. I shall begin with the problem of the structure and organisation of a co-operative economic society. How would you think of this, what are the problems that arise in its construction, this is not being thought out even in theoretical terms. There is a great deal of talk today in India about a co-operative order. We are thinking, at least in terms of a rural economy which may become basically very largely co-operative and we have to foresee as what will happen or what should happen, if this transformation comes about. If you will look at the history of co-operative structures in various countries, you will find that according to the peculiar favourable conjuncture of circumstances in each country a certain form was given to the structure. Yet nowhere do we find thinking about the logical ordering of a co-operative society or about the concept of a whole structure which is co-operative. This is because, say in the U.K. where it first grew, you will find a predominantly consumers' activity with very little of industrial or agricultural co-operation. In Ireland and some of the Scandinavian countries like Denmark, you will have an agricultural processing, marketing and a rural consumers' movement but very little in the industrial sector. Perhaps in Japan, we have the most comprehensive co-operativisation of the rural economy today than in almost any other country in the world. But here again there is no thinking about a co-operative order as such. The co-operative rural economy thinks of itself essentially as a subordinate partner in a broad generally aggressive capitalistic society. We have the example of Israel where a larger part of the economy, you may say is presumably in the co-operative sector. I say presumably, because the co-operative organisation in Israel is essentially a counterpart of the *Histadrut* i.e. essentially a counterpart of the workers' movement in Israel. It is not co-operation built from bottom to the top, but a counterpart or representative of the trade union movement in the co-operative sector.

I should like to make my point clear by raising some problems as we face them today in India in building up a logical

structure. In building a logical co-operative structure, what are the elements with which one works, the elementary principles? This, you will see, is an extremely ticklish problem, because you have to extract from the history of co-operation, from the writing and thinking on co-operation what appear to one to be the more essential things and leave out what appear to be the more adventitious, historically accidental and so forth. In this search I think it is appropriate to begin with considering co-operation as a device, a measure, means or instrument which is offered to the weak and the disorganised in the society to strengthen themselves. I consider the co-operative way as essentially the way which offers to the smaller, the weaker, the dispersed units in society, the means by which they can come together, organise themselves appropriately in relation to what you may call two important features of the modern economy. As a matter of fact, you may even say that they are one but I personally think that they can analytically be divided into two viz. technology and scale. The smaller units fail in an advancing technology and an industrialising society to maintain their independent existence, largely because of the pressure of the efficiency of large scale operation and the technologically advanced operation. If you consider co-operation as an endeavour to retain the values of the existence of small units and yet obtain for the small units advantages of modern technology and working on a larger-scale, you might get a clue to what the principles of a co-operative order are or ought to be. You can on the basis of such an approach visualise the possibility of an entire order in which the varying units and their organisations find a proper place.

Here, unfortunately, I have not the time to argue the whole process out. The result as I see it is that of a co-operative structure in which the basic primary unit may be a multi-purpose or multi-sided unit, that is a unit with a variety of economic activities, but in which because of the essential requirement of getting advantage of the technology and the scale at the higher stages of the structure a functional division has to appear. So that you can think of a multi-purpose village society combining certain amount of credit, marketing and possibly a few other miscellaneous activities even a consumers' stores. But as you rise upwards, you get a functional differentiation between the marketing, the credit, the processing and all the productive trading,

transport etc. activities. I insist in this manner on the unity and reality of the primary and the functional specialisation of higher tiers because without some concepts like these, you cannot build up a logical structure, or avoid problems relating to genuineness or conflict of jurisdiction.

Let me illustrate with the help of one or two examples. Take the example of English Wholesale Co-operatives which run dairies or manufacture cloth and leather goods. A dairy that is owned by the English Wholesale Co-operatives is essentially something that is operated, so to say, from outside the organisation. In this case you find that the workers, or the farmers or the animal husbandry-men are as subservient as they are in the capitalist order. Basically the co-operative is a mutuality or should be a mutuality in which the small elements come together in order to serve themselves in relation to a specific need, service, production, trading whatever it is, on their own. Granted this, the character of the co-operative enterprise is not obtained by being owned by another co-operative organisation but by being owned by a number of individual members or member units, for whom the co-operative serves a meaningful mutual purpose. Looked at in that way, it will be clear why I consider the Israel experiment as not essentially co-operative. As a matter of fact there are a number of writers who call this sector of the economy in Israel labour economy and not co-operative economy, because over it the labouring class in Israel wields economic control. The labouring class in the economy having control over certain organisations is different from their being under co-operative in structure. For example, the Israel co-operatives run one of the biggest construction organisations, a building and works organisation taking very large scale contracts all over the place, but the structure of this organisation including the status of the labour is not different from any other type, say, the capitalist type and has no specific co-operative features. Therefore, you have to give very considerable attention to the manner in which you build up the structure of the co-operative economy. You can think of a primary society, which is small-scale, and limited in its geographical area and can thus well serve a variety of needs in a small location, may be multi-purpose. Higher tiers in the structure have to specialise functionally. Adoption of this approach enables one to deal with a large number of problems we are continuously facing. For example, we are facing a problem as to whether the

sugar co-operative factories should distribute fertilisers to their members, or whether a consumers' co-operative should receive finance by itself by way of attracting deposits. These problems begin to become clearer, if you think in terms of functional specialisation which is required to get full advantages of scale and technology.

Or take the other problems; for example those of producers' organisations; how does one organise production right from agriculture to industry, how does the co-operative form spread to higher levels. Here again I would insist that it is direct interest and the mutuality that is important. You will then find that you cannot just call anything co-operative by merely organising a few people and having model bye-laws. It must essentially pass the test of mutuality, and if it has to pass the test of mutuality then we necessarily get, a tier of organisations. For example, you may take let us say groundnut producers; you start with the oil expeller as the primary processing society. Now if you are thinking in terms of industrialisation based on oil this has to be organised on the basis of those primaries. Then it is these primaries that become the owner and operator of a more complicated industry that is raised for the utilisation of their products. Some of this type may in turn come together to form an industrial organisation at a still higher level. I am citing this as an illustration and not drawing in the more familiar example of the banking or marketing structure, because I want to emphasise how I think the co-operative order is differently structured and how it will operate in a different manner.

Inevitably, one can also see that this approach imposes certain limitations. It is very difficult with this approach to get public utility concerns within the co-operative order and it becomes very difficult to organise a large extractive industry co-operatively in which there is no possibility of separate ownership of small units. So that you have to live with the idea that though the co-operative order can cover large numbers and the bulk of the working population in various kinds of activity, it has to co-exist with a public utility sphere and some type of corporative sector.

The other set of problems in the field of structure and organisation, problems which are extremely difficult to deal with, dealing with labour. The co-operative organisations emerge as

mutualities from one or the other side of economic activity either of producers or say, consumers. But whether you base your organisation structure on the base of producers' or consumers' co-operation the workers in these organisation are for the most part left out and the problem of labour participation is not tackled. The position is somewhat different where labourers or artisans themselves come together to form a co-operative. But this by itself does not eliminate the problem as is underlined by the practice of the more meticulous among the co-operative artisan societies of Israel of having a rule by which the hiring of outside labour is disallowed. This is justified because an artisans' co-operative is essentially, a workers' co-operative of which every worker in it must be a member. If you hire workers, how do you maintain its co-operative character; since basically in a co-operative the essential aspect of membership is not contribution towards capital but participation in the mutual business of the co-operative. In a consumer store this last is evidenced by dealing with the stores, in a producers' processing co-operative by bringing raw product for processing, in a workers' co-operative by working. Logically therefore, in the last, at least, no worker can remain a non-member without affecting the co-operative character of the organisation.

But in the other organisations such as of consumers or producers where labour is employed on a large scale, the problem remains. In a society of producers in, say, a sugar co-operative factory or a large-scale consumers' store, how do you get the workers to be members? After all, by no definition can you show that these labourers are not participants in the work of the mutuality. And if they are participants in the work how can the structure of the mutuality be adjusted to allow for their membership? This problem has not yet been solved anywhere except, in a sense, in Yugoslavia. The Yugoslav solution is of course, a heroic solution which is not open to be copied everywhere. The Yugoslav economy as of today was constructed in its present shape by a complete and sweeping measure of nationalisation; everything was nationalised and then every nationalised industry was, so to say, turned over to the workers. The problem we face is different; it is that of labourers' participation in a co-operative which has been formed initially as producers' or consumers' etc. organisation. We have the problem of how to re-

concile the interests, which may in part conflict, of the two elements.

This leads me to another problem. I have mentioned in the first category or structure and organisation the vital problem of division of the product, how does the total product get divided, how is the surplus to be divided, what, if any, are the relevant co-operative principles, or are there any principles at all? Some of these problems are emerging even today, for example, when today governments as in Maharashtra control the whole series of operations in food as of buying from producers, distribution through co-operative wholesale societies and selling through consumer stores. Here you have a whole series of operations in which you have, so to say, no guide from the outside market price at all. The prices that the producer gets for his rice or jowar are prices fixed by the State and the prices which the consumer pays are also fixed by the State. How should these prices be fixed and how is the product divided are decisions which must be independently taken. I suggest that the only clue, you have here in the absence of a "competitive" market (and as I will immediately explain to you "competitive" marketing in the ordinary sense, becomes almost non-existence in the co-operative order) is that of a national incomes policy. This is essentially a social and a national decision. It is a decision regarding what you think is the appropriate level of living of various classes. Because ultimately this is what determines the distributive pattern. If comprehensive decisions are made regarding all prices of food and other goods and you derive therefrom prices that the producer and the labourers get; this is really the overall task of determining the relative structure of prices and the implied distribution of the product. Remember that in a large number of European countries today the prices of agricultural products are, in fact, determined by conferences round the table in which you get farmers' Union's representatives on the one hand and the state's representatives representing the consumers on the other hand, fixing the whole set of prices.) So that for a whole category of people, the whole of the peasant order, so to say, the producer price level is, in fact, arbitrarily fixed. So far I have said something about a couple of important aspects of the co-operative organisation and structure. Much more detailed, elaborate thinking, exploring things much deeper, is required if you are to think of building a co-operative order, because in it a large number of

specific problems will arise regarding individual products, sectoral prices etc. which we must be ready to tackle.

The second set of problems are more important. The second set of problems that I have mentioned are the problems of operation of the economy. If you have a co-operative economy, how does a co-operative economy operate, how is it guided, how is it regulated? Obviously, this is an important question. With the recent background of the so-called liberal economy, one is apt to think of regulation of an economy as something artificial. Actually what has been exceptional in human history is this; this episode of a few decades, not even of a full century, in which two things viz. automatism and rationality were equated in theory and in which it was contended, (it was not established) that forces of the market automatically decide everything. So that there is no need for regulation; because all decisions short-term or long-term, the immediate prices or the long-term investment programmes are all decided and determined by the prices that are established through the action of large numbers of persons operating independently of each other in the market economy as a whole. Now, one has to forget this episode, because as the so-called "free economies" operate today, each of them is heavily regulated. Not only are they heavily regulated but in the larger and the more advanced economies prices are administered in most of the crucial sectors and the whole of the labour market is largely managed, is in fact, oligopolistic. Large blocks of personnel are offered together as labour supply, so to say, in the market and not individuals coming and competing with each other. And the ability to withdraw or supply whole blocks of labour on the market is linked with the ability to paralyse the whole economy. So that as result of consequent bargaining, you have an arbitrary, division of product on an extremely large scale. You thus face problems of regulating economy in the sense of determining the division of the product ultimately by arbitration. I am using the word arbitration deliberately because in an economy dominated by Employers' Associations and Labour Union on a large-scale independent arbitration is, has to be, accepted as the regulator and the regulation is needed for guiding the economy or keeping it on an even keel.

Moreover, since immediately after the depression and now even in advanced countries policy makers and economists are in-

formed by growth consciousness. Therefore, maintaining a certain rate of growth becomes an imperative and it acts as an integrating force in national policy measures. And once you get concerned with development and growth and think of regulating and guiding development and growth, obviously the automatism and the free market analysis or model go to pieces.

The co-operative economy is by definition neither an autonomous, nor a free market economy. (Its emphasis is on organising all activities for mutual advantage at a series of levels right from the primary level group in a ladder to the highest possible level) Such organisation requires a great deal of fore-thinking of the problems, thinking not only in terms of static state, but in terms of growth. You could call, in a sense, all the older stratified economies static, co-operative economies and by co-operative economy I mean something different from a non-competitive economy. If you take for example the old Indian economy, you will find that it was essentially an economy having a static co-operative structure. There was a division of labour, there was a division of product, there was a given technique and co-operation between the various strata in that technique. All these were pre-determined and it was supposed that the annual cycle of seasons repeated itself over generations. It was a static order but it was a completely co-operative order. It was co-operative in the sense that its successful operation depended upon the co-operation along fixed lines of the various elements involved and no departure from the pattern through competitive behaviour was expected or allowed. The presence of the element of coercion or the amount of force exercised I am not going to discuss. Because all hierarchical systems, may be said work under coercion of those at the top. It may be that it is power that maintains the co-operative pattern; even so the operation of the structure is essentially co-operative. The order was static as most hierarchical orders must be static; because hierarchy itself implies a certain amount of, so to say, stable stratification in terms of status and rank. Therefore hierarchy is conceptually static. It would I suppose be correct to say that as a matter of fact the Smithian justification for *laissez faire* was essentially based on the contention that a hierarchical order was not only a static order but also a stagnant order. All that Smith has to say about guilds etc. is so much of an indictment against the old hierarchical order. Thus the eruption of the free market economy or liberal economy in the modern

world was so to say needed for freeing the older economies from the hierarchical order; or to put the other way round, this came about because the effects of the advance in scientific and technical thought in Europe could no longer be contained within the older hierarchical socio-economic order.

Looking upon the laissez faire period as an essentially transitional period we now perceive a return to economies in which the co-operative element again begins to dominate. However, these co-operative economies are no longer static and hierarchical. One must, therefore, pay attention to basic characteristics of modern co-operative orders.

I suggest that the modern co-operative order must be essentially a planned order. However, to the extent that it is a co-operative order, it is different from the centralised planning order. The structure and operation of centralised planned economy are not to be identified with that of the co-operative economy. If what I have suggested about the special characteristics of the structure of the co-operative economy is correct, the co-operative economy will be able to modify the operation of a centralised plan, exactly in those respects in which centralised planning is supposed to be most defective i.e. in respect of dispersal of authority and in respect of the ability to take account of local circumstances. These are the two important aspects in which centralised planning is usually blamed.

It might be noted that in recent years, a large number of people do not describe the capitalist economy as a capitalistic economy but as an economy of decentralised decision making. That is the term that is often used now-a-days. I suggest that it is possible for the co-operative economy to become really an economy of decentralised decision making, where decentralised decision making is yet significantly allied to the planning process. In my opinion the planning process is a two-way process. It is a process which takes note of local circumstances, local possibilities and local capacities and takes note also of the overall possibilities of the economy and overall objectives of the economy. Now this two-way process of conveying overall aims to the locality and conveying local knowledge, knowledge by local possibilities to the centre is significantly possible in an integrated manner only in the co-operative order. Because, as I emphasise,

the co-operative order has at its base the primary which is essentially a local and neighbourhood unit and it has at appropriate stages for each function to be performed at the upper level a higher-tier federal authority. It is such a co-operative order that can lend itself to decentralised planning.

It is important to note that you can project the possibility of the co-operative order functioning in this manner only if an important requirement is fulfilled. It is that the political authority, which in the modern State is overwhelmingly important, considers its function mainly that of maintaining the basic legalistic structures and incorporating the accepted values and philosophy of the people into broad economic policy decisions and regulatory systems and then to leave the economic order as largely an autonomous order. This is slightly outside my subject. But I think this is a needed logical approach. The modern State about which all kinds of terms such as "a leviathan" are used is possible of being reformed in its operation only by introducing an element of autonomy of various sectors including the autonomy of the co-operative order within the general political framework afforded by the political State. If such a concept is accepted by the State Planning authority then, you can get a great many of the benefits of decentralisation associated with the advantages and values of broad centralised decisions and plans.

I have left myself only a little time to give some thought to the last of the areas, which in some ways is actually the most important area, in which I have divided my subject. In this I am thinking of the difference between the attitude appropriate to and the spirit that should inform the co-operative order. So far I have been talking basically in economic terms, terms of economic operation, forces of the economy or of the economic structure. This is merely the external aspect. In my opinion when thinking in terms of the co-operative social order and the co-operative economy, the essential difference is that, it is, so to say, an explicitly a moral economy and an economy which explicitly accepts certain ethical principles. I say explicitly ethical, because I do not conceive of any social order which disregards ethical principles. But there are certain societies which may pretend that they have no moral aims or that their values and objectives do not necessarily go along any ethical principles. In my opinion the co-operative order is an ethical order and it has certain

values. Its most important values are the values derived from the earlier formulation I gave, which is respect and concern for the small, the weak, dispersed unit which is essentially a concern for the majority of the people.

In a broad retrospect, one may consider that the competitive idea and the co-operative idea have, so to say, co-existed all the times. They co-exist in the sense that even the earliest social unit, the independent family (barring the example of Robinson Crusoe or an entirely self-sufficient single family) is essentially a highly co-operative group. With external groups, it may be considered to be competitive but internally it is necessarily co-operative. It may be that the general spread of moral ideas, in practice, is, so to say, a history of the extent to which the field of co-operation had covered larger and larger societies from the larger family groups to the tribal group or village; and within the group to a large extent, especially where status and ranks were well-defined, co-operative behaviour had a very definite place and competitiveness was largely suppressed. Because of a certain conjuncture of circumstances, in the modern European context, the competitive idea came to the fore and became very important. I suggest that even though the competitive idea in some of the modern forms may have yielded beneficial results for mankind in the recent past it is now becoming more and more of a danger and a threat. It is extremely important to remember that your basic attitude in life covers really the entire field of your existence and of your operations. If the basic attitudes encouraged are essentially competitive and consequently aggressive, you cannot expect an individual in a society to exhibit the competitive and aggressive spirit only in some respects and become entirely co-operative in other respects. This thought in my opinion, needs today the most careful consideration. This is for the world as a whole an extremely important and critical juncture, in which the problem of basic attitudes is of fundamental importance. If you are thinking in terms of societies, of nations co-operating together, then the basic attitudes of peoples have to be in conformity with this aim all over the world and the task of shaping it has to be undertaken at the ground level; for, it is only in this manner that you can transform society. Let me illustrate with a lowly example. Look at the working of sugar factories in India. You have a problem here of improving the sugar-cane, quality and yield, and one of our

modern prescriptions is to relate the price of sugar-cane to its quality. If you relate the price to quality, it is suggested that automatically sugar-cane quality and yields will improve. This has been tried in some states by private factories though there are difficulties in the way of connecting the price with the cane output of each individual. In co-operative sugar factories, we think it more appropriate to relate quality to the average price paid to member. Because we consider that the sugar factory has to bear the responsibility of the improvement of quality of sugar-cane of all members. And this it does as a programme; so that it appoints technicians, it has to incur expenses for giving seeds, pesticide etc. and to improve the strains of sugar-cane. Of course, even in pursuing this programme the sugar factories benefit themselves ultimately and may be said to have a profit motive. But the point is that the programme really brings up the average of the whole membership of the society and only this can do it. Because when you fix the price for quality of the individual supplier you are taking it for granted that everybody is in a position to improve by himself; that he is in a position to get credit when wanted, to get pesticide when wanted and that he has the requisite knowledge and information. In fact, this is not so. It is only the better and the more resourceful that have these and the higher price operates in the direction of giving them more resources and giving relatively less to those in the lower order. Now I consider that the essence of the co-operative order is this concern with the improvement of the average of the whole society, the levelling up of all and not doing it indirectly but doing it directly and explicitly as a social responsibility.

There has been a great contribution made by the competitive spirit in terms of innovation and efficiency of the modern technical order. However, I would suggest that because of historical developments competition today has lost this value. Innovation and efficiency are now being built into the structure of industrial operations. Co-operative research on the large scale predominates and efficiency can be so objectively measured that it is no longer necessary for the producer to suffer losses in order to know himself or to make known to the public that he is less efficient than others. Therefore the very large price that has to be incurred for operating through the competitive process need no longer be paid. Innovation and efficiency can take care of themselves. On the other hand, I am appalled at and greatly con-

cerned with the perspective unfolded by unchecked continuation of aggressiveness and competitiveness in the modern world with advancing modern technology. In the old world there were only a few millions people living in very large space. The independent groups could be hostile towards each other and the natural reaction of heaving bricks at strangers could operate without really very much great immediate loss to the world and the humanity as a whole. But today with the small world in which we live and the advancing technology, overwhelmingly the most important and immediate programme appears to me that of curbing the competitive and aggressive spirit and of replacing it essentially by the co-operative spirit. It is in this respect that I think that we have the opportunity of fundamental contribution by way of experimentation on a larger and larger scale and establishment practically, in sector after sector of something approaching a co-operative order, co-operative economy. Moreover, in attempting this we will have an opportunity of realising in a practical manner some of the values that we have cherished for centuries.



सहनायधत्तु, सहनी भुनक्तु सहवीर्यं करवायहे ।

nected with it, I was attracted by the philosophy underlying it. For many years we in India are engaged in struggle for freedom. But, even as it developed, it became obvious that political freedom by itself was not enough. It had to have a social content; it had to aim at economic freedom".

—Pt. Jawaharlal Nehru.

It is a characteristic of the co-operative structure that it is built upon the most numerous and smallest economic units. It is another feature of this form of organisation that the institutions, small and scattered as they are, do not stand alone but that, by creating their federal organisations, they can secure almost all the benefits normally conferred by large scale financial, administrative and technical concentration. But this concentration of resources does not represent at centralisation of authority, for the units enjoy, to the maximum extent feasible, responsible autonomy and retain their full identity.

—V. L. Mehta.

What is needed is education, both of those who are in charge of administration and of organisation and of those who are sought to be befriended in the Welfare State. That the permanence of the Welfare State can be ensured only on the basis of economic democracy, is not easily understood by those in authority.

The task of reaching the masses of men and women who are to be the backbone of the Co-operative Commonwealth of the future, with the message of Co-operation is probably more arduous. In its essence, the message is a simple one—voluntary association on a footing of equality, democratic management, elimination of scope for individual profit, distribution of the surplus earnings in proportion to custom and not capital, practice of thrift, readiness to work for a common cause.

—Concept of a Co-operative Commonwealth.

Conflict may be a strong force in society, but so is co-operation, probably more so. To arouse the desire and capacity of individuals and groups to combine to serve a common end is a worthier task than to breed ill-will. Democratic socialism, it has been claimed, is the best cure for poverty and

the best method of furthering human happiness. Co-operation in certain spheres of our life can subserve the same great purpose. This has to be recognised not only by those who are in actual charge of planning for progress, but equally by those who mould public thought. Only then can the Co-operative Movement be made to play an active part in the new social order that we wish to see established in our midst.

—Economics of Human Happiness.

We would have a social order based on voluntary action, co-operation and self-help after we have succeeded in including local communities to seek a solution of the socio-economic problems confronting them on non-violent lines. Withal, we should have set up a non-exploitative decentralised form of organization which recognizes no distinction of caste or class. Hence it seems clear that, for the future, the Co-operative movement becomes an instrument of social change, whether the change is described as of the socialistic variety or of the Sarvodaya variety, since there should be, in the context of India's economy, no distinction between the means or the ends according to the two schools of thought.

—Co-operative Movement in New India,

—Vaikunth L. Mehta.

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