

# The Ideal of Co-operation.

Sir Praphullachandra Ray, Kt., C.I.E., D.Sc.

---

THE BENGAL CO-OPERATIVE ORGANISATION SOCIETY, LTD.,  
Writers' Buildings, Calcutta.

[ Price—One Anna.

## The Co-operative Movement :

### Its Principle, Its Ideal and Its Historical Setting\*

By SIR PRAPHULLACHANDRA RAY, KT., D. SC., PH. D., C. I. E.

Strikes have become almost the order of the day ; a huge wave of unrest seems to be passing over the labour world. This wave, the origin of which may be traced to Europe, has of late spilled over its borders and is beating against the shores of India. We in Calcutta have quite recently been forced to feel its impact on our daily life at our very doors. What is at the root of these strikes? The clash between labour and capital ; that is, between people who after drudging for hours on end are dismissed with a pittance hardly enough for the bare necessities of life and people who lord it over them and enjoy the fruits of their labour, because of a lucky accident of accumulated wealth, earned or inherited. An enquiry into the origin of this inequality would take us, across the space of nearly a century and a half, far afield to Europe, of the late eighteenth, and of the early nineteenth, century. The fifteenth and sixteenth centuries in Europe witnessed a great awakening, known as the Renaissance, in the

---

\* Translation of the Presidential Address delivered in Bengali at the International Co-operators' Day Meeting, held at the Albert Hall, Calcutta, on July 7, 1928, under the auspices of the Bengal Co-operative Organisation Society.

intellectual domain of man. And it was accompanied by corresponding advances in the other departments of civilisation. An equally great revolution was introduced by the eighteenth century in the practical sphere of human activity. The discovery of America by Columbus and the invention of telescope by Galileo during the Renaissance opened to man's wondering gaze a new heaven and a new earth and led to a sudden expansion of his physical as well as his intellectual horizon. The range of man's imagination was widened and his energy, inspired by his imagination, hungered to take in the entire globe. This energy found a concrete expression and a definite channel to flow along in the last quarter of the eighteenth century. You all know what a tremendous cataclysm the French Revolution was. But simultaneously with the succession of the dramatic happenings which brought about the French Revolution, certain events were taking place in the industrial and economic world, which were destined to transform the entire character of human civilisation. These events, since known collectively as the Industrial Revolution, brought about a more radical change in human affairs than any previous series of events in the same period of time and let loose forces which still work on us gathering volume with the passage of time.

Ever since he first appeared on this planet man has had to fight hard and incessantly with nature to be able to live. Time was when he roamed about naked in the forests, living on the fruits of trees and the flesh of animals killed with blunt stones. Gradually out of the blunt stone he shaped a sharp-edged weapon and learnt to weave cloth to cover his naked body with. Thus step by step he has acquired and developed the art of utilising the raw materials of the earth for meeting the needs of his person, and his intelligence, ever unfolding, has built up civilisation by discovering daily nobler and more refined ways of living.

The Industrial Revolution was one of the greatest steps in this progressive process of human development. It ushered in the age of machinery which, worked at first by steam and then by electric power, led to the establishment of big factories and large-scale business. The enormous output of these factories were transported to the corners of the earth, by land and by sea, by rail and by steamer. Commerce spread from country to country, from continent to continent. Men, the world over, were knit together by a newer bond of unity.

It is a great good, undoubtedly—this bond of unity. But we have come to realise also the great evils industrialism has brought along with this. The clash of interest between labour and capital which is at the root of strikes, the spirit of jealousy between nation and nation which is at the root of war, owe their origin to industrialism. The conflict began in this way. With the invention of machinery men with money founded factories, where a handful of men could perform in a handful of hours the work that formerly scores of men took days of hard labour to finish. Peasants and craftsmen, tillers of the soil and hand-loom weavers, men with considerable freedom but with, at best, an uncertain income to depend upon, were lured to these newly founded factories by the prospect of a certain income. And they flocked in, in large numbers, as day-labourers, sacrificing their freedom for a fixed wage that was barely sufficient for life's most elementary needs. Another consequence of the Industrial Revolution was the creation of a class of middlemen who supplied raw materials to these factories and sold their finished products to the buying public. This body of go-betweens robbed both the producers of the raw materials used by the mills, and the consumers, who used the finished products, of the greater part of their bargaining power and reduced them to a position of helpless dependance. Industrialism increased the prosperity of the country as a whole, to be sure, but the lion's share of this prosperity went to a small and wealthy section of the community, enriching the already rich and impoverishing the poor. Thus the gulf separating class from class was widened and the inevitable consequence was the birth of an intense unrest which found expression in revolutionary doctrines and much bitter agitation. Men began to ask themselves: Is the goal of Industrialism to oppress the poor? Is the immense power that machinery has placed in the hands of man to be employed only to create divisions in society and separate man from man? Is this the ultimate end of science? Is the glorious hope, so long cherished, of an emancipated humanity to find such mean fulfilment? These are some of the profound problems of the Industrial age. What is the solution?

Let there be free and unrestrained competition between producer and producer and between the producers and the consumers, and all wrongs would right themselves, suggested a few. For, they argued, the spirit of competition in the economic field, a counterpart and a corollary of the biological struggle for existence, is innate in human life, and so long as there is no artificial check on this natural and healthy tendency, the economic balance of society adjusts itself automatically. The

sphere of free competition, therefore, should not by any means be limited by curbing the individual liberty of man. This ideal of free and unrestrained competition based on the doctrine of individual liberty permeates the entire history of economic thought and action throughout the nineteenth century.

But, to the toiling, starving masses, this doctrine afforded little solace and offered little hope; for ill did the gospel of individualism suffice to counteract capitalistic ascendancy and oppression from which they suffered. The result was that a rival doctrine gained a large and influential following and was set, in sharp and bitter antithesis, against the philosophy of free competition. The only way out of the iniquities of industrialism lay, according to this school of opinion, in the control of commercial interests and the regulation of both production and distribution in the interest, not of a class, but of the community as a whole. And, in an age swept by the rising tide of democracy, it was naturally thought that the State which was the community politically organized and which worked through its agent, the Government, was the only body which could be trusted with the supreme direction of the economic activities of an entire people. The protagonists of this proposed new system pointed out that only through such a drastic change could destructive competition be checked and the people as a whole, irrespective of persons and groups, could be made to enjoy the blessings of industrialism purged of its evils. This theory known as Socialism or Communism has been advanced against the former doctrine called Capitalism by the Socialists. The Socialists, under the leadership of Marx in Germany, of St. Simon and Fourier in France, and of Owen in England, declared war against Capitalism and invited the workers of the world to unite and join in this fight. The conflict thus begun has continued unabated since.

But in the midst of this conflict we find there was an attempt at evolving a principle which will harmonise these two rival doctrines. All the evils of industrialism could be remedied if it were possible to form an association based on unlimited personal freedom whose aim would be to supply the daily wants of its members by joint purchase, at wholesale rates, and by joint production, of common necessities; or, by making arrangements for the joint sale of goods produced by them to eliminate the middlemen; or, again, to replace the capitalists by taking over itself the task of conducting factories for the benefit of its members. This, in brief, is the well-known doctrine of Co-operation.

It was in highly industrialised England that this principle, in an experimental and rudimentary form, was first applied, among workers, by Robert Owen, one of the Socialist leaders. Himself a rich owner of factories, Owen was singularly free from the besetting sins of capitalists. He desired to organise an ideal co-operative colony with the men in his employ as members. But his ideal did not materialise, for he was one of those crazy idealists who can direct but know not how to follow their own directions, who can point but never lead the way, who can sow seeds but lack the practical knowledge required for nurturing them into fruitful trees. His dream, however, was realised in his life-time when in a small town of his own native England, twenty-eight weavers, following his example, established a co-operative store for the joint supply of their daily wants. It was a gloomy December evening in 1844 when the tiny store started business in a dingy room, lit with a candle, in a narrow lane of the obscure town of Rochdale. Rochdale has since become famous in world-history and the candle, lit that December evening by the Pioneers, has burned with ever brighter flame, illuminating England and radiating into countries beyond. England can to-day boast of 1300 co-operative stores, with a membership exceeding 50 lacs. The members of co-operative organisations throughout the world number over 30 millions. In almost every western country there is a big central wholesale store comprising various smaller organisations; and a huge international wholesale store, with the national societies as its members, forms the apex of the whole system. There is hardly anything that is not available in these stores, and in most cases the goods are manufactured or produced in factories or fields managed and owned by the societies themselves. Tea gardens, fishing smacks, flour mills, furniture factories, pasture lands, dairy farms—there is hardly any possible source of supply or manufacture that these stores lack. But they represent only one aspect of the co-operative movement, the aspect known as consumers' co-operation, i. e., the co-operation of purchasers, as distinct from that of producers.

In England, where consumers' co-operation has attained phenomenal development, it has immensely benefited poor English workers. In Ireland and Canada, on the other hand, peasants have advanced rapidly through the co-operation of producers. The peasants in these countries have combined to facilitate agricultural operations, and, marketing their own goods through their own sale organisations, have been able to defy and defeat the formidable rivalry of capitalistic combinations. They stock their crops in huge godowns, load and unload them by means

of lofty elevators, and send them for sale when necessary to places, far and near. They do not allow others to rob them of the wealth produced by the sweat of their brow ; and they never waste their time wailing over their misfortune. They owe their power and prosperity to co-operation.

Yet another phase of co-operation has been specially developed in India. It is credit co-operation and its need is most acutely felt in a country mainly agricultural as ours is. Factory labourers slave for the whole day and live from hand to mouth ; they are but tools in the hands of the capitalist employers. Peasants, from this point of view, are better off ; they are their own masters. But they have to depend on the vagaries of the weather, on the whims of nature. They do not earn a penny in the long interval between the operations of ploughing and sowing, on the one hand, and those of harvesting and marketing the crop, on the other. So in most cases they must go for credit to the money-lender who sees the opportunity and extorts an exorbitant interest. Very little is left to the peasant of the sale proceeds of his crops after meeting the money-lender's heavy charges. So the next year, in the sowing season, he must approach the money lender once more. But what actually takes place in a large number of cases is still more appalling. The sale proceeds are not enough to pay up the interest even, not to speak of the principal. The interest thus goes on accumulating from year to year at a compound rate. To crown it all, fresh borrowing must be made, for man must live. So demands go on increasing briskly, but the source of income remains as limited and as precarious as ever.

To lift the peasantry out of the morass of indebtedness, credit co-operation was first started in this country in 1904. But it originated in Germany, in the middle of the 19th century, when two noble souls, Raiffeisen and Schultze, first tried it, to save the German peasants from the clutches of usurious Jews. Without going to the money-lender, peasants may get loans at reasonable interest from banks or other organisations, if they accept joint responsibility, in groups of ten or more. This is the basic idea of credit co-operation which has made rapid progress in India, where there are today near about a lakh of credit societies, of which Bengal can claim over fifteen thousands. The rate of interest, which was at one time 30, 40 or 50 per cent and rose at time to 150 or 200 per cent. has now come down to 15 or 20 per cent. thanks to the benevolent rivalry of the network of co-operative credit institutions that covers the country.

Is it the case then that the troubles of the peasantry are over ? The people of Bengal, mostly agricultural, number 45 millions in all ; but the members of various co-operative societies in Bengal are barely 6 lakhs in number. Supposing each of this number represents a family and each family consists of five persons, it means that only 30 lakhs, i.e., a mere fifteenth part of the whole population is associated with the co-operative movement. The figures for the whole of India follow almost the same proportion. It is to be noted that it is only credit co-operation that has made any real advance in India. Compared with it, the other types of co-operative activity are almost insignificant. But we must not forget that the need for loans, admittedly the greatest, is not the only need of the Indian peasant, and the money-lender is not the only lion in his path. The one way to his prosperity is the thorough overhauling of agricultural conditions. But that way bristles with difficulties, each one of which has to be fought and removed. So the Indian peasant today, like his compeers in Denmark and Canada, must organise huge sale and supply centres, and stand up fearlessly to the powerful merchants and middlemen. Otherwise life will become problematical in these days of hard struggle for existence.

It is a pleasure and a pride to me to be able to announce to you that the Bengal Co-operative Organisation Society, which is the centre of co-operative activity in Bengal, and under whose auspices we have met today, has already begun work in this line. Jute is Bengal's monopoly, but, out of its manufacture, the mill-owners make enormous profits and roll in wealth by draining the country dry. The Bengali peasants who produce jute were so long completely under the joint thumb of alien merchants and indigenous middlemen. But, at last, arrangements have been made to sell jute in the co-operative manner. Sale centres have been opened in various places with a big central organisation, the Bengal Co-operative Wholesale Society, co-ordinating them all, in Calcutta. In Bombay also, efforts are being directed to organising the cotton-producers in a similar way. And the success that has attended the recent institution of co-operative sale centres in the two distant provinces in India is as encouraging as it is hopeful.

It is without doubt highly desirable that the principle of co-operation should spread among peasants in a country in which the majority of the people depend mainly on agriculture. But for an all round uplift of the people it is necessary that all communities,—educated, uneducated, labouring, farming,—must join this movement. Unfor-

unfortunately, our middle-class has not shown adequate enthusiasm in this direction. Today, I exhort you all, specially the educated youngmen, to participate in this movement, yourselves to found co-operative societies and to preach the gospel and glories of co-operation all over the land

I have referred at the outset to strikes and labour unrest. The industrial upheaval of the west has, after a century, just reached the soil of India, bringing in its train, many of its evils, and I ask you to believe me when I say that one bed-rock of hope in this age of convulsion is co-operation.

You must also bear in mind that, inspite of the universal clash and clag in almost every country, the co-operative movement is gaining ground day after day, month after month, year after year. No narrow national and racial interests have been able to chain it down, its progressive career is still accelerating. The colossal International Co-operative Alliance supported by the big co-operative institutions of various lands, has linked up different nations in one vast co-operative community, and we in India pride ourselves on being members of this world-wide brotherhood. Six years ago, in 1923, the International Co-operative Alliance inaugurated this day as a symbol of international unity. Today, at the sixth celebration of the International Co-operators Day, I invite you all to join this mighty movement, whose aim is to lift man's material life to a higher plane, to give to it a nobler, a more spiritual, tone, and to bind together the races, creeds and classes of the earth in sacred and everlasting union.