

100 Years Co-operative Credit Societies Act, India 1904 – A worldwide applied model of co-operative legislation: Proceedings of a Colloquium in Marburg, September, 2004
Edited by Hans-H Münkner

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This is a surprising book. At first sight, the title suggests that it might be a rather dry, legal treatise, perhaps of little relevance to current struggles and triumphs of co-operatives, and most unlikely to keep the reader awake at night! In fact, this book turns out to be a page-turner: a veritable treasure trove of interesting stories and thought-provoking ideas. The subtitle – *A worldwide model of co-operative legislation* – gives a clue to its fascination.

The book fills a significant gap in the co-operative literature, a gap which had been noted by Margaret Digby, earlier of the Plunkett Foundation and a noted authority on co-operative legislation. She wrote:

A number of books have been written on co-operative law and ... the development of co-operation in particular countries ... But no attempt seems yet to have been made to explain or record the historical process by which this form of activity came to spread, in a comparatively short time, to peoples as diverse in race, in social structure, educational standards and economical needs as those which make up the Commonwealth. Nor has much wonder been expressed at which is, after all, a remarkable and unexpected occurrence.

100 Years helps us understand the amazingly rapid spread of state-sponsored co-operative movements across every continent, in environments as diverse as Nigeria and the Gilbert and Ellice Islands. The 1904 Act, introduced by the British Imperial Government in India, is significant because it was the model for state-sponsored co-operation in South East Asia and Africa. And after the Second World War, the 1904 Act became a template for the colonial governments of all British dependencies. Hans Münkner in his Introduction describes it as one of the first global laws and a prototype of a "developmental law". It was a new approach to the socio-economic development of self-help co-operatives, sponsored by the British imperial government, and was an improbably but well-intentioned strategy to make amends for the

deindustrialisation of India's well-developed cottage textile industry, which had been virtually shut down to protect markets for the British textile industry.

Ake Eden in his essay, *Oriental Economic Thought and Co-operative Development on the pre-colonial Indian Subcontinent*, addresses the question of how is it possible for a government to intervene effectively in co-operative development. He summarises the problem as follows:

Governmental interventions in co-operative structures and decision processes are usually the beginning of the end – or impetus to failure – for most co-operative organisations.

He also reminds us that top-down co-operatives have not worked very well even when under the charismatic leadership of inspirational entrepreneurs such as Robert Owen and Rabindranath Tagore. "Those co-operatives are mostly short-lived and they usually disappear with their leaders". To underline his point, Eden describes a number of traditional forms of co-operation in India which predate Rochdale. He goes on to quote J H Wolff's assertion:

The colonial powers saw the Eurocentric co-operative approaches to solving economic, social, legal and political problems as superior, and taught, imposed and enforced them in many parts of the world. There certainly would have been a modern co-operative movement in India without British interference, but it might have started much later and taken a different course.

To make government intervention work, a new type of civil servant was needed: an administrator with the skills and inclination to promote and nurture self-help co-ops without recourse to coercion. Münkner underlines the difficulties of the tasks confronting these unlikely social entrepreneurs:

To create a government department working by persuasion and advice rather than prescription and orders turned out to be difficult to implement and the idea of a

Registrar as head of such a department, working as a guide, philosopher and friend of co-operators rather than an inspecting officer, proved to be good, provided persons of the right calibre and qualifications to fill such posts were found and allowed to operate as "development entrepreneurs".

But, finding the right person for such posts must have been difficult enough. Rita Rhodes contributes two fascinating essays which shed light on the origins, methods and attitudes of the pinstripe *development entrepreneurs*. In one, a paper entitled *Colonial Co-operatives through the Eyes of their Co-operative Registrars* she introduces us to an extraordinary cast of characters who combined administrative, nurturing and entrepreneurial skills. Her paper is also rich with memorable quotations from their thoughts on co-operatives and development. Here are just a couple of samples. The first is from W H K Campbell:

I am as brave as anyone when it is a question of losing a certain amount of government money in a good cause. The trouble with co-operation in new countries is that the stakes with which the game has to be played are the savings for the most part of very poor people ... If the stakes are lost, the effect on the owners and the resulting set-back to the prospects of the movement are serious beyond all proportion to the amount of money which was involved.

The second is from H Calvert:

The absolutely necessary principles are that people should agree to associate voluntarily on terms of equality in order to secure satisfaction of some common need. Human beings, and not capitalists, bind themselves together to "work each for all and all for each." ... Co-operation stands out for moral uplift, for honesty and the homely virtues that count for so much in the daily lives of the people. It possesses the peculiar faculty of making virtue pay ... Moreover, morals of an individual cease to be a purely private matter for his own conscience, they become of importance to the whole community to which he belongs.

For Calvert fans, another bonus of this book is that it reprints Calvert's Introduction to his book "The Law and Principles of Co-operation", fifth edition, Calcutta, 1959.

For another angle on the role of the registrar,

several former co-operative registrars have contributed essays. Gary Cronan, former Registrar in the State of New South Wales and currently with the ICA, gives an Australian viewpoint. Another famous former registrar, Trevor Bottomley, together with Edgar Parnell, tell the positive story of co-operative development in Botswana, 1963/68. He and Cronan remind me of another highly effective co-operative registrar I was lucky enough to work with in Atlantic Canada. Fred Pierce, the former Registrar of Co-operatives in the province of Nova Scotia brought a passion and enthusiasm to his job, which was far beyond the call of duty. Fred was a proactive development entrepreneur, travelling round the remotest parts of the province, liaising with co-operatives of all kinds discussing problems and running road-shows for boards. In his spare time, he published and distributed pamphlets on new kinds of co-operatives and all aspects of governance. He has retired as registrar but is almost as busy as ever working as Development Manager in the Nova Scotia Co-operative Council.

A fuller discussion of co-operative development in North America is addressed by Prof Ian MacPherson, in his essay *Globalisation in Another Time*. He traces the international links and networks that coincided with the rapid development of co-operative credit in North America as well as in India. According to MacPherson, an important linkage between India and North America was Henry Wolff's book, *People's Banks: A Record of Social and Economic Success*.

Although the 1904 Co-operative Credit Societies Act, India, was based on Britain's Friendly Societies and Industrial and Provident Societies Acts, Madhav Madane, in his interesting essay, *A Century Indian Co-operative Legislation: From state control to autonomy and to state partnership*, notes an extraordinary contravention of co-operative principles. In the section of the Act on voting rights, members with unlimited liability were each entitled to one vote, whereas those with limited liability could have as many votes as were prescribed by the by-laws of a Society! He goes on to reassure us that India's provincial co-operative acts have done away with this original provision and now stipulate one vote per member irrespective of shares held!

There is much more to enjoy in 100 Years ... I hope I have said enough to whet your appetite.