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**RELATIONS BETWEEN THE COOPERATIVE AND SOCIALIST MOVEMENTS IN THE FORMATIVE YEARS** 

#### VINCENT DODOO SR. LECTURER DEPARTMENT OF HISTORY & POLITICAL STUDIES SOCIAL SCIENCES FACULTY COLLEGE OF ART & SOCIAL SCIENCES KUMASI

#### ABSTRACT

Cooperation is by nature socialist and Lenin observed that the socialist society is one giant cooperative. The seeds of growth of both cooperation and socialism are traceable to Robert Owen and this was before the establishment of the first communist state. This chapter looks at the formative years of cooperation and socialism and then moves on to look at how the communist states, especially, the first communist state were able to relate to the cooperative society. Indeed, the first communist state would have found it difficult, if not impossible, to survive if it had not reached an early understanding with the Russian cooperative apparatus, an apparatus which was well established in 1917. Again, all the socialist countries of former Eastern Europe had significant cooperative sectors which handled the production and distribution network in the new states. Once an understanding was reached between the cooperative sectors and the new communist states, especially in Russia.

#### **KEYWORDS**

Cooperative movement, Marxism, Owenite socialism, Rochdale pioneerS, State apparatus.

#### INTRODUCTION: THE NATURE OF C OOPERATION

regards cooperation as "working capitalism". This is contrasted with "finance capitalism" which according to Johansson leads to monopolies by interfering with the smooth functioning of the capitalist system. This contention is, however, debatable for what Johansson had in mind was not capitalism. The logical conclusion of that economy – defined succinctly as the economy of capital by capital for capital – is the control of that economy by those who own the capital (Lasserre, 1979: 69). But where capital is owned by the majority of the people for the benefit of the whole society, that is something else. And this point is of relevance in our discussion of the relation between cooperation and socialism. The roots of socialism can be traced to the Industrial Revolution which happens also to be the context for the emergence of modern cooperation. According to one account, in 1844 when the potential pioneers were debating the way out of the plight faced by the working class, Charles Howarth suggested cooperation. Cooperation was, therefore, a compromise solution agreed upon by the hard core socialists, the Owenite socialists and the artisans (Bonner, 1970).

Charles Howarth was not the only socialist. There had been a long tradition of socialism in England and France before the emergence of modern cooperation and the names usually associated with it are Robert Owen of England and Francois Fourier and Saint Simon of France. In fact, at one time, socialism in England was synonymous with Owenism. It is quite significant then that Robert Owen should be regarded as both the father of socialism and cooperation. Nevertheless, the man had to be purified to obtain the two philosophies of cooperation and socialism: the purification of his brand of cooperation led to modern cooperation whilst his socialism had to be subjected to a similar process for Marxism to emerge. Thus in looking at the relationship between cooperation and socialism, a word on Robert Owen and the early socialists will be in order.

#### **ROBERT OWEN AND THE EARLY SOCIALISTS**

Owen is one of a series of thinkers and activists who are associated with socialism in the pre-Rochdale era. One major name in France was Francois Fourier. He was a contemporary of Owen, born a year after him in 1772. Though the two are said to have different characters and different social standings, both came up with similar programs for resolving the problems created in 19<sup>th</sup> century industrial Europe. Neither contemplated revolution as a means of attaining that end, nevertheless, both programs were reformist enough to frighten their contemporaries. These programs were dominated by the notion that the environment was largely responsible for defects in character and accountable for the misery of the people. A way out of this was the creation of microcosm societies possessing all characteristics of the ideal society. Fourier's answer was the "phalanstery", Owen's was the community village New Harmony.

While the association of both Owen and Fourier to the social philosophies of cooperation and socialism is beyond dispute, the same cannot be said of the degree to which their projects - the phalanstery and the community village - are cooperative or socialist. Furthermore, this debate has not been limited to proponents and opponents of the two social philosophies but is found even within the ranks of the cooperative theoreticians. Charles Gide, for instance, distinguishes Owen the communist from Fourier the cooperatist. He argues that Fourier's communism applies to labour, to production, to housing and to daily life in general but never to capital. The phalanx was thus a joint -stock company to him; each member of the phalanx was the owner of his share of the capital and was to receive profits in the form of dividends at the rate of 40–50 per cent (Gide, 1974: 124). Other cooperators, however, think that Fourier's attitude to capital still falls within the definition of socialism. The argument is that even though he counts capital, he does so in a graduated manner in proportion to the production in the phalanstery. Any piece of production was divided into twelve parts. Work attracted 5/12; qualification (including qualified work) attracted 3/12 while capital was given 4/12. Secondly, the total proportion allotted to capital was the total due but was not necessarily what was paid out. To calculate this, a series of rules quite incompatible with capitalism were applied: for instance, Fourier took into account the origin of the capital and granted a higher dividend to the worker's savings than he did to other contributions. In view of these distinctions, Charles Gide is among those who recognize that Fourier's phalanstery was not a capitalist joint-stock company but a pro-socialist joint stock company and that is why it is a cooperative, for the immediate purpose of the phalanstery, thanks to democracy, was not profit but the common good (Lambert, 1967). On the contrary, Owen was opposed to permanent profits which he regarded as the cancer of the social body and advocated the ultimate abolition of it in the community. Hence, Gide's acceptance of him as the true communist. Again beginning at New Lanark, Owen introduced widespread reforms. Four principles have been identified as common to the programs of Owen and Fourier. These are association, voluntary cooperation, democracy of enterprise and service instead of profit as the major aim of their enterprises. Both men succeeded in attracting numerous followers who assisted in shaping their ideas and programs from socialist doctrines into a workable cooperative form. The immediate ones were Dr. William King of Brighton for Owen and Michael Derrion of Lyon for Fourier.

Another pre-Rochdale socialist worth mentioning was Saint Simon. In 1830, he published the <u>Doctrine of Saint Simon</u> in which he condemned "unearned incomes", the explanation of the exploitation of man by man and advocated a distribution principle which would be based on ability and need. He disapproved of free competition and instead argued for associated work with the understanding that the whole society is a vast association of producers. Saint Simon did not have a direct connection with cooperation, but it was one of his followers, Philippe Buchez who used the idea of associated work as the point of departure for creating a systematic theory of producer cooperatives. In 1831, he set down the basic regulations for organizing autonomous producer cooperatives. He favoured a democratic republic and proposed the establishment of state banks to extend credit to workers associations in order to avoid industrial crisis. Buchez argued that through economic planning and state loans the latter could help production adjust itself to consumption (Lambert, 1967: 52). Thus via Owen and Saint Simon, the consumers and productive cooperatives became a reality.

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One socialist thinker who cannot be ignored in any discussion of cooperation and socialism is Louis Blanc. He did not only propose a cooperative theory but he also actually had a chance in 1848 to put his cooperative workshop into practice. Even though, as organizer of such workshops, Louis Blanc was not exactly a success, his work of 1840, L'Organisation du Travail sets out some guiding principles for later worker's cooperatives. Thus Louis Blanc could be grouped together with Buchez as among the early theorists on the workers' producer cooperatives. There are several respects in which the two had similar views. Both recognized the role the state had to play in production to avoid depression and crisis. It has been pointed out that the great advantage of Louis Blanc was his recognition that in a completely socialist society, the state would still have to act as the coordinator of economic activities. The importance of Louis Blanc's theory of the social workshop is weak in that it does not give a creative role to the consumer, an omission which it has been pointed out, would always lead to high cost of products, waste and low productivity. There is also the danger of compromising individual democratic rights with the state assuming the sole task of social transformation.

In short, pre-Rochdale socialism was of a particular brand and its interpreters and theoreticians almost always had a place for the cooperative ideal. Nevertheless, within the socialist ranks itself, there was a ferment which began to manifest itself from the second half of the 19<sup>th</sup> century when it became obvious that while the prevailing notions of socialism had clearly rejected the evils of the capitalist system, none of their programs appeared to be effective for dealing with the crisis in any decisive way. In fact, there seemed to be one characteristic which was applicable to all the early socialist doctrines – from Owen all the way to Louis Blanc. This was the failure to deal capitalism any significant blow. The diagnosis of Marx for the ineffectiveness of Owen, to some degree, could therefore apply to the others which collectively came to be known as the utopian socialists. Owen and his followers took such pains with their plans for the new communities like plans for machines. But human society cannot be constructed according to a plan or established at will. Human society evolves and Marx held that a new order could only be generated by forces contained in the old (Bonner, 1970: 478). That whole question required an explanation. Such an explanation was offered with reference to laws which governed social evolution. Four theories were developed to offer this explanation: these are the materialist conception of history; a theory on religion and alienation; a theory on revolution and finally, a theory on surplus value. After this socialism, it was claimed, ceased to be utopian and became scientific. This was the beginning of Marxism and its appearance signified new relations between cooperation and socialism.

The decade beginning from 1840 were years of expectation for the serious revolutionaries in Europe who were determined to find an answer to the exploitation of man by man, that is, the liberation of the working man. The earlier revolutions, especially, the 1830 revolutions had demonstrated the weaknesses and strengths of these revolutionaries and suggested what could be done to gain power for the workers. Thus as the years after 1840 went by, the socialist revolutionaries became less and less tolerant of groups and creeds which were not in a position to assist the imminent confrontation between the workers and the ruling classes. In fact, it has been claimed that prior to the launching of the Communist Manifesto in 1848, Engels had been in communication with Robert Owen and that, had it not been for police chicanery, he would probably have established a cooperative commune on Owenite lines in Germany in 1845 (Lambert, 1967: 46). After 1847, however, it was obvious that he had abandoned such ideas and the explanation was largely because Karl Marx and his followers came to the conclusion that cooperatives were the groups which could not assist the movement towards confrontation between the antagonistic classes.

#### MARXISM

Karl Marx diagnosed the cooperatives '... as non-capitalist elements within capitalism...' which were incapable of assisting the prosecution of the work against capitalism. This view of Marx came to be the view of many of his leading followers, including Engels and Lenin. His concern was that by mitigating the suffering of the masses – a subject which was not in dispute by either the capitalists or cooperators themselves – cooperation was deterring wage earners from the urgent and by far the most critical task of assuming political power. Naturally, much hostility towards cooperation was generated among the early Marxists. Those Marxists who did not share such hostility were equally frowned upon as people of low intelligence (Dodoo, 1995). Such hostility and contempt translated into active opposition against the cooperatives. This attitude was, however, based on the assumption that the opportunities of the decade made class struggle the only means of gaining political power for the workers. By the end of 1849, however, the fire generated by the 1848 revolution was virtually spent. Thereafter, the Marxists began to show some flexibility towards other possible alternatives to achieving power for the workers. By 1864, therefore, Karl Marx was openly beginning to grant recognition to the cooperative organization, at least at the level of production. He came to accept the idea that modernized large scale production could take place without a class of employers employing a class of workers. This recognition of Marx was made public on 28<sup>th</sup> September 1864 in the manifesto adopted by the International Labour Association in London. That portion of the manifesto regarding cooperation was drafted by Marx himself. With that the theory proposed by Philippe Buchez thirty years earlier, and presented in a slightly different form by Louis Blanc, began to receive the attention of Marx. Henceforth, cooperation began to receive some positive recognition among Marxists. The task of actually incorporating the cooperative organizat

Cooperation in Russia pre-dated the 1917 Revolution. In fact, by 1917 the cooperative movement in Russia had become so well established that but for the existence of this machinery for grassroots production, the soviet experiment would not only have been difficult to implement, it would certainly have taken a much longer time to accomplish.

The Russian cooperative movement was used to state intervention and control before the Bolsheviks took over. And this was due to the conditions under which the movement was established in the country. The conditions in Russia at the time of the introduction of the cooperative organization were not the same as in Western Europe when that type of organization emerged. At the time, Russia was still under feudal authority. The liberal attitude and the presence of varieties of new ideas which prevailed in Western Europe were not present in Russia and the cooperative organisation had to grow up gradually within confines and supervision established by the Czarist apparatus, a political apparatus that did not look kindly on any attempt to organize people within any part of Russia. Peter the Great's westernization drive and the wholesale introduction of industries into Russia in the early part of the 19<sup>th</sup> century created a new industrial climate in Russia. He established plants for the production of arms and shops for the manufacture of textiles. These factories were not only managed by the government but special decrees were passed in order to give concessions such as tax breaks and actual gifts of money to all businessmen who were willing to emulate the Government example and establish industries. The lavish inducements offered to foreign investors helped to solve the problem of skilled labour but did not solve the problem of labour since Russia did not have a proletarian class. The Government found a way out by using peasants living on crown lands to work in the government factories. The Russian gentry followed this example by establishing their own factories on their estates and using the serfs on them to work in the factories. This was the beginning of factories operated by bonded labour. Such labour could easily be abused and this was precisely what happened resulting in confrontation with the management. Unfortunately in such confrontations, the peasants and serfs always expected the Government to intervene to help them. The opposite was usually what happened with the vicious suppression of such revolts by the state simply because it distrusted any coalition of people. After several such episodes, in which the workers were denied state support, the consciousness developed among them that the whole structure of government was on the side of the owners and the capitalists and that the only avenue opened to them for ameliorating their condition was in worker solidarity. With this conclusion drawn, the Russian people easily became amenable to new ideas for worker organizations such as the cooperative society (Blanc, 1924).

The modern cooperative idea began to develop after the emancipation of the serfs and grew as a bourgeois organization championed largely by the populists in the newly established administrative units or Zemstvos, who saw it as a way of helping the poor Russians. After failing to make headway with the moujiks or agricultural peasants, they turned attention to the kustars (industrial workers) who were mainly artisans. The first cooperative stores were however established under the influence of articles and pamphlets on western European cooperative stores. It is said that the Schulze-Delitzsch model was favoured to begin with since it was mainly educated Germans in Baltic provinces who founded such stores. The first workers consumers association was established in the Ural Region in 1870. In 1897, the Zemstvos and cooperative leaders prevailed upon the Government to issue "The Normal Articles of Association for Consumers Societies"

which made it easier for new cooperatives to open. As a result by the close of the century about 800 consumer societies were in operation in Russia (Blanc, 1924).

#### PECULIAR CHARACTERISTICS OF THE RUSSIAN COOPERATIVE MOVEMENT

The early cooperatives which sprang up in Russia were pure business and bourgeois organizations and had peculiar features dictated largely by the limitations imposed by the Czarist state. The first of these relates to membership of the cooperatives. In Russia, certain groups of people like students and soldiers and others whose civil liberties were limited by law were ineligible as shareholders. This attitude was adopted by the cooperatives because they strove to be on good terms with the police and, as such, could not have people under police supervision to join as shareholders. Secondly, unlike the cooperatives in the West, the cooperatives in Russia could never hold a meeting and discuss an agenda which had not been previously approved by the police. Again the mayor of the city and the governor of the province concerned had the power to order the liquidation of any cooperative society so much so that meetings of the cooperatives were always under the watchful eye of the police.

Furthermore, since the Czar distrusted large aggregations of people, the Russian consumer cooperatives were not allowed to amalgamate. As a result, unlike their counterparts in the West, advantages of large scale organization were not available to them. It was not until 1898 that societies in Moscow were able to come together on the privilege of private agreement. In January, 1908, a committee was formed to work out plans for a cooperative bank. This bank materialized and by 1931 the Moscow Narodny Bank was serving the whole national cooperative movement in Russia. In conclusion, the Russian cooperative movement was accustomed to state intervention and control before the Bolsheviks took over (Blanc, 1924: 80).

#### THE PROCESS OF INCORPORATION

When the Bolsheviks took over the government in Russia, it was a government under immense pressure. But they moved very quickly to dismantle the older system and immobilise capital. They moved to reorganize industries and introduce economic and social reforms all through the country. Accordingly, a whole range of private concerns, both political and economic, were nationalized. Some major cooperatives were affected. However, after Lenin's realization of the uses to which he could put the cooperatives, his attitude to them changed completely and he became the champion and protector of the cooperatives.

Lenin's views, intentions and programs for the cooperative organization came through forcefully in, especially, two addresses which he made in November and December of 1918 to delegates of the workers cooperatives. In these addresses the view came across that Lenin regarded the cooperative movement as one large cultural legacy that Russia should treasure and make use of. Since it was a cultural legacy, Lenin intended from the outset to achieve a total absorption into the new system, that is, the merger of the tremendous good of the economic and the political achievements (Lenin, 1965: 333). The rationale was that all sections of the population fighting for their freedom must be merged into a single and strengthened union. He believed that the best way to achieve this was to bring everything under the Soviet Government and banish all illusions about sectional independence. Such thinking, he was convinced, was largely dictated by hopes of return to the pre-soviet era, a turn-around Lenin was not prepared to encourage. The cooperatives were placed in this category since they were mainly associations of petty bourgeois and middle peasantry background. Nevertheless, their ability to encourage popular initiative was recognized as the great service they rendered to the Russian society and Lenin was determined to utilise the latter quality while discouraging the bourgeois hopes.

With this recognition the Soviet Government approached the cooperative leaders with caution. These leaders also happened to be drawn from the Mensheviks, right social revolutionaries and members of other compromise and petty-bourgeois parties. Hence the further need to start any negotiations from the top political hierarchy. Accordingly, the matter was discussed thoroughly in the Council of People's Commissars. Following this, a meeting of the leaders of the non-Government Cooperative Movement met together with the Communist People's Commissars in April, 1918 at which agreement was reached between the two parties as to how best the cooperatives could be employed in the new system and under what terms.

The meeting of the Council of the People's Commissars of April, 1918, was exceptional for two reasons. First, it was the first time since the Soviets assumed power that non-party members were allowed to participate in a meeting of one of the very top political institutions of the new Government and on equal terms as the party members of that body. This Council of People's Commissars was comparable to the cabinet in the Western political system and its chairman had the same rank as that of the Prime Minister or leader of government business (Meyer, 1965). The second reason was that it was the first time that this cabinet adopted a minority resolution – which happened to be that of the cooperators. Later on, Lenin explained that the communists decided on this course of action as a gesture of good will to the cooperators for the Council of People's Commissars recognized the need to employ the experience and knowledge of the cooperative apparatus. The decision of April 1918 has a background. After the conclusion of the Brest-Litovsk treaty, the Mensheviks, among others, decided that the Bolsheviks had sold out to German imperialism. Subsequent events, however, caused them to change this attitude and cooperate with the Bolsheviks. The first of these events was the effect that the revolution in Russia had on other countries –revolutionary fever gripped the rest of Europe and soviets of workers parties were formed in Rumania and Austria-Hungary, among others. Secondly, the ruthless manner in which the British and Americans treated the subdued Germany convinced the Mensheviks that these two countries were worse imperialists. Accordingly, the Menshevik Central Committee published an appeal to all working people urging them to place ideological differences aside and work together with the communists to oppose Anglo-American imperialism. Lenin quickly seized the opportunity and prevailed on the Soviet Government to meet the Mensheviks half way. Hence the invitation of the cooperative leaders to the meetings of the Council

Following this decision, a decree was passed and published in the Izvestia allotting considerable role to the cooperative movement in national production. The decree effectively made the cooperatives the major distribution network in the country and ordered the denationalization of all previously nationalized cooperatives and the return of their assets. This was the first major effective step towards the eventual incorporation of the cooperative network into the soviet system. All parties gained something out of the arrangement. First, the Soviet Government was satisfied since it did not have its own supply and distribution apparatus. The cooperators were happy because they could keep the organisation they had toiled so hard to erect to become the leading one in the whole world at the time but also because of the added pride in being given such an important national assignment. In giving away so much autonomy to the cooperatives, they were also expected by the Soviet Government to use the people in the workers cooperatives with the objective of discovering talent irrespective of the literacy levels. Lenin was not particularly troubled by the new power given to the cooperative movement for two reasons. First, the whole question was temporary and was for transition only and secondly, because he conceived of the socialist society as one single cooperative.

Shortly after this agreement, the Soviet Government proceeded to plan for the merger of the two complementary bodies, the cooperatives and the Soviet Government. Some of the arguments for this move are seen in Lenin's address to the Third Workers Cooperative Congress of 9 December, 1918. In this speech, he rejected the claim for total independence advocated by some people within the cooperative movement, affirmed the friction which was developing between cooperative organizers and communist functionaries as inevitable but maintained that such differences would disappear with time in the course of the revolution. He also took the opportunity to expatiate on the substance of another decree which had the object of merging the two bodies. The strategy eventually adopted was highlighted upon by Lenin in another speech of 3 April, 1919. The contents of this address were basically a consideration of the merits of two proposals – minority and majority resolutions. The majority resolution advocated fusion with the executive committees of the consumer cooperatives in a direct, decisive and revolutionary way. Lenin denied this resolution his support with the argument that the one lesson that their revolution had taught was that whenever attention was paid to prior preparation, good results always followed. But good results usually eluded them when the input was only revolutionary slogans. He gave his support to the minority resolution which suggested first, the intensification of communist work in the consumer cooperatives with the object of securing a majority within them. The principle here was that you first make ready the organs you wish to hand over before actually carrying out the handing over ceremony.

This then was the approach adopted in securing the merger of the two bodies. Such organized infiltrations soon turned the cooperative societies into organizations peopled largely by the new breed of communists who went on not only to help the merging process with the Soviet Government but to actually take up the matter of communist cooperatives recognition at the international level, that is, their acceptance into the International Cooperative Alliance (Blanc, 1924).

#### THE CENTROSOYUZ AND THE INTERNATIONAL COOPERATIVE ALLIANCE

The process of transformation of the cooperative society in Russia had some implications at the international level. The rough tactics initially adopted by the Bolsheviks on assuming power in 1917 was scoffed at, as far as the cooperatives were concerned, outside of Russia. The Bolsheviks appointed a new Board which was pro-Soviet in place of the old Board which adhered to the "Principle of Neutrality". The ICA Executive continued to give recognition to the old Board and refused recognition to the newly appointed Board. This impasse was, however, overcome with the intervention of the then ICA Secretary-General, H. J. May, who made repeated trips to Moscow to resolve the misunderstanding. For one thing, the Centrosoyuz was the largest cooperative union in the world and for the other, the Soviet authorities were ready to cooperate with the ICA Executive. The attitude of the early days thus changed and soon Soviet cooperative delegations to ICA meetings became instrumental in reviewing the old regulations and principles based largely on Western experience.

Unavoidably, the ICA became a battle ground between those who wished the ICA rules to remain as they were and those who wanted changes to reflect the realities of the time. The Soviet representatives at the ICA requested tirelessly that the cooperative principles should be '...adapted to the conditions of the different political and economic systems...' (Davidovic, 1967: 224). They insisted, for instance, that cooperatives must abandon neutrality, play a political role and serve as an instrument in the preparation of the proletarian revolution. Eventually, the question of political and religious neutrality together with the other objectionable principles were brought to the 1937 ICA Congress in Paris for discussion. At this Congress, four principles were accepted as basic to the ICA with the principles of neutrality being downgraded to a less prominent position. The Congress stressed its validity in the report of the ICA special Committee, note being taken of the fact that 84 per cent of the organizations affiliated to the ICA actually adhered to it. Interestingly, the other supposed principles like cash trading and education which were dropped from the list were not applied universally, in any event. The cooperatives in Russia, before the sovietization, were actually practising credit sales. Again, if education is extended to include propaganda, then no country can claim to do it better than the Soviet Union which carried on this function, as well, for its cooperatives. With respect to the four which were accepted by the Special Committee as representing cooperative principles, there were real concerns as to whether they were actual principles and not mere practices which aspire to capture the spirit of the principles (Watkins, 1967).

The Soviet behaviour at the international level soon started generating interest in cooperators to consider the question as to whether it was really possible for genuine cooperatives to exist in all types of systems which spring up and, if not, whether any group or groups from obscure systems which profess to be cooperatives should be admitted into the ICA: such debates, especially, within the ICA took off seriously after 1937. After several of these debates, the consensus seemed to reflect an acceptance of the position where it would be more logical to insist on the creation of conditions for application of cooperative principles rather than their mutilation. In accordance with this thinking, in 1949 and 1950, the ICA Central Committee meeting in Paris and Helsinki ruled that: '... cooperatives organisations must be completely free and independent and must be able to take up a position in respect of all problems affecting their own interests and general interests independently of the state and public authorities as well as private organizations...' (Davidovic, 1967: 225). The Committee went on to state that countries which could not allow differing opinions and freedom of association could not claim to have true and independent cooperatives (Kirschbawn, 1980: 49-75).

The view contained in the recommendation was to the effect that it was impossible to have cooperatives as an organic part of a state system, irrespective of what state is in question. But suppose the cooperatives had the same objectives as the state system, why could they not be organized as part of the single unit? The strength of the recommendation was, perhaps, the advocation of a pluralist system. This was the weakness contained in the recommendation. In other words, as late as 1950, the ICA was still not ready to admit that it was possible to have organizations radically different from the Western models. The Central Committee ruling was thus directed against the Soviets or communist conception of cooperation. Not surprisingly, the Soviets waited impatiently for an opportunity to challenge this ruling. They had their opportunity at the 1963 ICA Congress at Bournemouth.

At this Congress, A. P. Klimov, the leader of the Soviet delegation argued that while the principles developed by the Rochdale Pioneers had played an important role in the development of cooperation, they were not universal for all types of cooperation. The Soviet delegation then went on to propose a resolution requesting the central committee to constitute a committee to study the rules and come up with principles suitable to modern times and which recognize the existence of varieties of cooperatives (Watkins, 1986). With objections from a few delegates like Marcel Brot, notwithstanding, the resolution was passed without much difficulty (Watkins, 1967). The outcome of the resolution was the short listing of the cooperatives which were subsequently adopted at the 1966 ICA Congress. To a large extent these principles are about the same that we have today. But generally, the idea came to be accepted that the communist countries had the right to organise their own cooperatives to suit their material conditions (Lambert, 1967).

#### EASTERN EUROPE

The Soviets were the first to experiment with the new conception of communist cooperatives. However, cooperation in communist Eastern Europe did not begin in the Soviet Union but rather in modern Czechoslovakia. Secondly, though the Russian cooperatives followed the Rochdale model (with slight modifications) the communist countries argued that the development of modern cooperation in this part of the world was independent of the West and that it was a spontaneous reaction to foreign domination and economic exploitation. The first of these was claimed to have been organized on 9<sup>th</sup> February, 1845, that is, only 50 days after the Rochdale Equitable Pioneers (21 December, 1844), in the small Slovak town of Sobotiste. It was in this town that a group of farmers and artisans under the direction of a local school master founded the "Spolok Gazdovsky" or the "Farmers Society". Kirschbawn does not tell us the detailed nature of this early society except that its structure and organization was similar to the modern credit union. He does argue, however, that fifty days may be too short for news to seep through to reach obscure Slovakia (Kirschbawn, 1980).

It is maintained (Manaster, 1968: 449) that the cooperatives which sprang up in central and Eastern Europe were of a particular brand since they emerged out of experiences so different from the situation which prevailed in Western Europe. J. M. Kirschbawn contends that the process seemed to follow that of Slovakia. Thus a look at the process of transformation from the bourgeois cooperatives to the communist model in Czechoslovakia should be adequate commentary on the pattern in Eastern and Central Europe to balance the account given of the Russian experience before we turn to look at the joint agenda for communist cooperatives in general.

The process here assumed two forms. First there was the enactment of a law transferring all financial control of the cooperatives to the Ministry of Finance. This law no. 181 of 20<sup>th</sup> July, 1948 gave institutional and policy control in addition to the financial control to the Finance Ministry. Such power included the right to order mergers, to dissolve institutions without previously liquidating any obligations and to approve the funding of new ones. By this one law, all credit and savings cooperatives in Slovakia were merged into credit cooperatives (Manaster, 1968: 449). The other strategy was the grouping of all non-financial associations into one Central Cooperative Council to control all cooperative activities: from foundation, constitution to determining operating regulations. This was the Gleichschaltung (Laidlaw, 1980). In other words, the process of transformation to communist cooperatives was much more sudden and drastic than what happened in the Soviet Union.

#### **COOPERATION OF THE SOCIALIST COUNTRIES**

Concluding an impressive exposition on the Soviet Collective Economy, Albert Manasta notes: '...that alongside the questions of efficiency and output... must not be forgotten that every economy and its organs of command, should be at the service of man and should respect his personality...'. He points out further that this principle applied equally to both collectivist and market economies. Lurking in the above statement are both the factual and the philosophical basis for the debates about the two dominant systems which prevailed in our world before 1990. On the one extreme the assumption of the system was to give service to man. The process of implementation, however, did not enhance the personality of the individual. In the second instance, the whole rhetoric was about giving room for this personality to achieve his potential only for us to discover the erection of structures which glorify other things instead. The promise offered by alternative systems such as cooperatives, in the face of these realities, was therefore quite attractive. But then, we also realise that the cooperatives which emerged in the two environments were equally conditioned by the two systems and, therefore, neither could serve as an independent model for all to emulate.

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The above view was certainly not the state of thinking when in preparation for the 1980 ICA Congress in Moscow, A. F. Laidlaw was invited to undertake a study that would project development in the world wide cooperative movement up to the end of the century. This assignment was undertaken and the results were made available for that Congress. The communist countries, however, were not satisfied with the report which came out of the study. They protested that their approach to cooperation had not been given any attention in the study. Subsequently, they put together their own brochure projecting what the situation would be like for the cooperatives in the communist regions by the year 2000.

The Laidlaw's study was a one-man affair and it affirms at once the tendency of the West to give prominence to the individual. As a Canadian citizen, perhaps, the criticism that the views reflected purely Western attitudes, is not altogether unfounded. Nevertheless, Laidlaw was an international as well as a national activist in the cooperative movement and as such there was some credit in the decision to give him the opportunity to forecast the future of cooperation. On the other hand, one cannot regard his report as an analytical study. At best this was a series of well-founded observations, some statistics about cooperative growth and a couple of recommendations (Laidlaw, 1980).

Laidlaw's one man report is contrasted with the contribution from the cooperatives in the communist countries which was the work of a team. This point reinforces the opening statement of the report that cooperation in the socialist countries was an integral part of the whole system where coordination and team work took pre-eminence over individual contribution.

In this document, the first striking statement was the affirmation of the application of cooperative forms of management, ownership and democracy at all stages in the construction of socialism and communism. This was the suggestion that the communist economy was not a simple single economy but a complex economy. Cooperatives here were not distinct and autonomous within the system but were part and parcel of one national economy or economies with common goals with the entire, socialist society and direction from socialism's inherent economic laws including that of planned, proportional development' (Cooperation..., 1980).

In agreement with Manasta's point, this document states that another feature of the law of proportionality is the achievement of balance between individual spheres and branches of the economy. Ownership of the means of production was not therefore exclusively public; there was provision for cooperative ownership. The differences between the two forms of property rest in the level of the socialization of the means of production and exchange 'in specific ways of forming key and circulating assets and in methods of management'. The one assumption in such differentiated property is that as the socialist countries advance towards the communist stage, the development of cooperative property would approach gradual but higher levels of socialization and ultimately become state forms of property. This process was, however to be a long term development (Cooperation..., 1980).

In another section, the document deals with the communist cooperatives' long-term expectations by the year 2000. Such expectations are based on planning for the future. Examples of such planning foresights are given as the Soviet Union's comprehensive programme of Scientific and Technological Progress and its social and economic consequences till the year 2000. Another plan was the Comprehensive Program for Further Deepening and Improving Cooperation and Developing Socialist Economic Integration for all CMEA member countries. A third concrete plan was the Long- term Cooperation Program or the LSCP.

Going back to the complex nature of the socialist economy in which the cooperatives featured, agricultural production was singled out for illustration in the third section of the document; four basic types of production cooperatives differing according to the degree of socialisation are specified. First, there was the association of peasants for the joint cultivation of land which they owned. Second there was the socialization of only a part the basic means of production with the exception of land, which though used jointly, remained the property of the members. In the third type, labour, land, productive cattle and other means of production were pooled together in the cooperative effort.

In the above type, income was distributed according to work done with the share of income increasing from the first to the third type. Correspondingly, depending on the quality or quantity of land contributed, the share of unearned income (land rent) decreased (Krasheninikov, 1980). In the fourth type of cooperative society, there was total socialization of land, all basic means of production and labour as a result of which income distribution was done only according to quality and quantity of work done. In this fourth type of cooperative there was no more private ownership of land and so land rent ceased entirely. All the other three types were expected to reach this stage to merge smoothly and without trace into the communist society to prove the dream of Lenin: that the socialist society was one giant cooperative.

#### CONCLUSION

As to the future of cooperation and socialism, this document projected that while socialist countries recognised the existence of two opposing systems, cooperatives from the socialist countries would contribute whole heartedly in attempts to resolve pressing world political and economic problems. Given the limits within which these cooperatives had to operate, it could not be argued that such cooperatives did not have any identity or that they were not successful.

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**Co-ordinator** 

# **ABOUT THE JOURNAL**

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active cooperation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Fournals

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