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RURAL DEVELOPMENT IN BURMA.

BY

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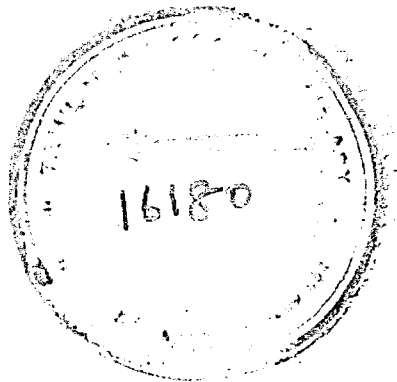
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180
48

CONTENTS.

	<i>Page.</i>
Chapter I.—The rural life problem in Burma ...	1
Chapter II.—Co-operation in agriculture ...	11
Chapter III.—The Danish example ...	22
Chapter IV.—Local savings as the foundation for co-operative effort ...	34
Chapter V.—Agricultural societies as the foundation for co-operative effort : France and Ireland...	46
Chapter VI.—Co-operative credit ...	59
Chapter VII.—Co-operative insurance against the mortality of live stock ...	69
Chapter VIII.—Co-operative sale of agricultural produce ...	81
Chapter IX.—Co-operative purchase ...	93
Chapter X.—Conclusion ...	106



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INTRODUCTION.

I can put forward no claim of originality for this book. The first two chapters owe their inspiration and not a little of the matter contained in them to three works, Sir Horace Plunkett's "The Rural Life Problem of the United States," Mr. J. J. Hill's "Highways of Progress," and Mr. George Russell's paper entitled "Building up a Rural Civilisation." The remainder is largely a compilation from the various works on the subject of agricultural co-operation in Europe mentioned in the bibliography. The whole was originally put together in the form of a series of articles for the purpose of translation into Burmese, no works in that language having been hitherto available for the non-English speaking residents of this Province who might desire to acquaint themselves with the progress of agricultural co-operation in Europe. The language used was therefore intentionally made as simple as possible.

Subsequently it was thought that as a compendium of information not readily obtainable in this Province, the articles might also prove of interest to English readers, and, accordingly, thanks to the kindness of the Editor of the *Rangoon Gazette*, they were published serially in that journal.

In the present edition the book retains substantially the same form as that of the original articles. A few alterations have been made in the chapter on Co-operative Credit, and in some other places, in order to bring it up-

to-date, and the chapter on Agricultural Societies as a basis for co-operative effort omitted in the former publication has now been restored to its place in the series. A bibliography of the books consulted is attached to facilitate recourse to the original authorities by those who may desire to go more fully into the subjects dealt with.

I desire to express my acknowledgments to the Consul-General for Denmark in London; to the Comte de Clermont-Tonnerre, and the Union Centrale des Syndicats des Agriculteurs des France; and to Mr. A. R. Anderson and his colleagues of the Irish Agricultural Organization Society to whose courtesy I am indebted for much of the information regarding agricultural co-operation in Denmark, France and Ireland contained in this work.

Two other names must also be mentioned—the first that of Mr. A. E. English, Registrar of Co-operative Credit Societies, Burma, who, more than any one else, is responsible for the present development of co-operation in this Province. These pages are largely due to his initiative and owe much to the care bestowed by him in my absence on their preparation for their original publication.

The second is that of the late Lieutenant-Colonel F. D. Maxwell, C. I. E., Commissioner of the Irrawaddy Division. Under the influence of his wide knowledge of the Burmese people and his inspiring and sympathetic interest in their economic and general welfare I began the study of many of the problems now confronting the agricultural classes of the Province, and was led to co-operation as a possible solution of some of them.

INDEX.

	<i>Page.</i>
Agriculture. All classes dependent on	17
" The sole permanent basis of national prosperity	4
Agricultural associations in France	47
" organisation society, Irish	56, 101
" wholesale society, Irish	101
Belfast Chamber of Commerce on agricultural co-operation	109
Belgium, rising outturns in	7
Boeren bond or League of peasants, Louvain, Belgium	98
Buddhism and co-operation	20
Burma, Central banks in	65
" Importance of co-operative credit to agriculture in	62
" Need for co-operative purchase in	96
" rates of interest in	59
" savings Bank	67
" share by instalment co-operative credit societies in	64
" State aid to co-operation	67
" unions of co-operative credit societies in	66
Business, better. The first step in the rural life policy	11
" large. More profitable than small	12
Cattle insurance, through large companies unsuccessful	70
Capital in co-operative sale societies how obtained	83
Civilisation, progress in, dependent on increased production	18
Combination essential to success of small farmers	13
" among farmers one of personal effort	15
Co-operation and Buddhism	20
" the form of combination best suited to agriculture	15

	Page.
Co-operative cattle insurance, the most effective provision against cattle mortality ...	71
" " " the fixed premium system in France ...	73
" " " old established system in the Landes, France ...	72
" " " in Parma, Italy ...	43
" " " village societies, the best unit...	72
central banks in Burma ...	65
credit. Its advantages to agriculture ...	59
" in France ...	51
" societies in Burma ...	64
" " " Unions of ...	66
" State aid to in Burma ...	67
" " " France ...	51
Dairying in Denmark ...	24
" Ireland ...	57
egg societies in Denmark ...	28
insurance in France ...	72
pig-breeding in Denmark ...	27
purchase in France ...	50, 95, 103
" Denmark ...	29, 97
" Belgium ...	93
" Germany ...	99
" Ireland ...	101
" Parma ...	43
stock-breeding in Denmark ...	31
sale of agricultural produce, conditions for success of ...	82
" societies in Germany and Austria, their organisation and management ...	83
" village banks in Parma ...	40
Credit. Importance of, etc. ...	59
Dairying, co-operative, in Denmark ...	24
" " Ireland ...	57

	Page.
Denmark ...	22
" Land purchase in ...	23
" competition of America in corn growing with ...	23
" co-operative dairying in ...	24
" co-operative egg societies in ...	28
" " pig-breeding in ...	27
" " stock-breeding in ...	27
" kontrol societies ...	32
" organisation of co-operative societies in ...	24
" rural prosperity in ...	32
" traders and co-operation ...	30
" United Co-operative Supply Association ...	97
Dublin. The Chamber of Commerce of and agricultural co-operation ...	103
England. Rising outturns of land in ...	7
France. Agricultural village banks in ...	52
" Bank of. Advances to regional banks by ...	52
France, cattle insurance on the fixed premium system ...	73
" " " in the Landes departmental ...	72
" central unions in ...	53
" co-operative purchase in ...	51, 103
" regional unions in ...	50
" rising outturns of land in ...	7
" syndicats agricoles in ...	47
French tenant's tribute to co-operative credit ...	61
Government advances to co-operative credit in France ...	51
" " " " Ireland ...	57
Government agency unable by itself to secure success of co-operation ...	18, 113
Income of a country dependent on its natural resources and skill of its inhabitants ...	3
" " increase of dependent on increased production ...	6
Ireland. Co-operative dairies in ...	57
" " credit societies in ...	57

	<i>Page.</i>
Ireland. Co-operative agricultural societies for purchase of agricultural requirements	101
Irish Agricultural Organisation Society	56
Irish Agricultural Wholesale Society	101
Interest rates of in Burma	59
International re-assurance of cattle	71
Italy, <i>see</i> Parma	36
Joint stock banks. Advances to co-operative credit societies in Ireland from	57
" " " Advances to co-operative credit societies in Burma from	65
" " companies	13
" " " unsuited to farmers	14
Kassel. Federation of co-operative societies for sale of Cereals	92
Limerick. The Chambers of Commerce and agricultural co-operation	107
Lyon, France, Co-operative du Sud-Est	104
Natural economy in Burma in the past	1
Outturns of land falling in America	7
" " " Burma	7
" " " rising in Belgium, England and France	7
Parma. Cattle insurance in	43
" Co-operative purchase in	43
" Savings Bank of	36
" travelling professor of agriculture	39
" village banks attached to savings bank	40
Plunkett, Sir Horace. His work in Ireland	56
Prices regularised by co-operative credit	62
Production increased by co-operative credit	60
Prosperity of a nation based on agriculture	5
" " Chinese philosopher's dictum on	5
Purchase, co-operative, of agricultural requirements	93
" " the basis of the Syndicats Agricoles of France	95
" " need for in Burma	96
" " in Denmark	98

	<i>Page.</i>
Re-assurance of cattle insurance risks. International	71
Roosevelt's, Mr., definition of the rural life policy	9
Rural prosperity in Denmark	32
Sale, co-operative, of agricultural produce	82
" " The system in Germany and Austria	83
Savings bank of Parma, Italy	36
" banks, Government	35
" " " in France	46
" " " local as the foundation for co-operative effort	34
Standard of living, rise in	3
Stargard society for co-operative sale of agricultural produce	88
Suez Canal, economic results of opening of	2
Traders and co-operation in Denmark	30
" " in Ireland	107
Travelling professor of agriculture in Parma	39
Unions, regional and central in France for	50
" co-operative credit	ib.
" for co-operative insurance against cattle mortality	78
" of co-operative credit societies in Burma	66
Unlimited liability. Basis of Danish co-operation	25
" " Raiffeisen's system of for co-operative credit societies	63
" " reluctantly accepted by French peasants	52
" " in village banks of Parma	40
Village agricultural associations in France	47
" banks in Parma	40
" societies the best unit for cattle insurance	72
Waterford, Ireland. The Chamber of Commerce and agricultural co-operation	108
Western civilisation dependant on increasing national income	18
Women, position of, in the co-operative movement	111

RURAL DEVELOPMENT IN BURMA.

CHAPTER I.

The Rural Life Problem in Burma.

There is an old maxim to the effect that different circumstances need different methods. It is true in all branches of human life. A man must adapt himself to his surroundings and the methods which have brought a man success in a little jungle village will require considerable alteration if he is to meet with similar success in the business quarters of a large town like Rangoon. The saying is as true of peoples, of men in the bulk, as it is of individuals, and the methods suited to a people living its own life and in isolation from the great world movements of trade and commerce will need revision and adaptation if that people is to hold its own in competition with its rivals in the competition and struggle of the modern world.

In the last fifty years a great change has come over Burma. Formerly the country lived under what is called a purely natural economy, which means that money was scarce and most payments were made in kind. The cultivator produced his crop and exchanged his surplus for fish with the fisherman, for implements with the carpenter or blacksmith, or for salt with the salt boiler. The traders were all small men. There were none of those large organisations for trade, for rice-milling, for steamboat services,

for money-lending, for banking which now exist. Each village was practically self-sufficient; there was little or no trade with outside countries and the general commercial life of the world had touched the Burman people not at all.

Since the opening of the Suez canal a great change has come about. The Burma paddy crop has become one of the branches of the world's trade, and in Europe, America and Japan many large firms of merchants, themselves total strangers to the country and its people, watch every year, the prospects of the paddy crop of Burma or the cotton, beans or ground-nuts which come from the Upper Province. The price paid to the cultivator depends no longer as of old upon the actual demands of the people of the neighbourhood or of other parts of Burma, but upon the world's demand and the supply of rice forthcoming in countries such as Siam, Japan Java or India. In many other lands also, both in Europe and in the Far East, there are manufacturers engaged in studying the requirements of Burma for wearing apparel, hardware, and all kinds of commodities. The local craftsman and workman therefore finds himself in competition not only with his fellow workmen of Burma, as was the case of old, but also with the great manufacturing firms of the leading industrial countries of the world. Burma has in fact come out of its former isolation. The agricultural, commercial and industrial life of its people has become part of the general world life, and if the Burman nation is to be successful in that life and win the increased prosperity and well-being, which is the reward of that success, it must be prepared to learn from

its competitors and in its turn adopt, and, if possible, improve upon, the methods which have enabled other peoples to play their part in that general world life with success.

It is often said that this development of the country and its entry upon the path of Western civilisation has tended to put the Burmese people in the background even in their own land, and that while traders and moneyed men from outside have made large profits, the Burmese themselves are growing poorer. This is certainly not the case. The benefits secured for the country have been very great and the increased comfort and the rise in the general standard of living throughout the Province have been most marked. At the same time it is to be noticed that the old methods which led to success in the simple self-sufficient life of the past are not always suited to the more strenuous life of to-day when Burma has become a centre of international trade, and its people must hold their own in competition with other peoples from all parts of the world. From its past history the Burman people has had little opportunity of learning the methods by which success is to be won in this new life, but other countries have been applying themselves to the solution of the problem, and it is to assist Burmans to a study of the results obtained by those countries that this book has been written.

The development of Western civilisation depends on the obtaining of a continually increasing income by all classes of a country's population, whereby they are enabled to live a better, more complete and higher life. The income of any country depends upon its natural resources

and upon the skill and energy of its inhabitants, and the quickest way to increase their income is for them to devote themselves to the production of those articles for which there is the greatest demand throughout the commercial world. Owing to the scientific discoveries of the past 150 years there has been a great demand for coal and iron, and it is those countries in America and Europe which had the largest and most easily produced supplies of those metals which have come to the front. But coal, iron and other minerals found in the earth, when extracted and used in the world's industry, cannot be replaced, and, when they are exhausted, the people who have derived their growing income from this extraction and from the manufacture of goods from them must find other sources of employment. Though the minerals of a country may last for hundreds of years, yet they must be exhausted some day, and therefore it is not possible for a nation which relies solely on its manufactures and its minerals to secure for its people a success and prosperity which will last for ever.

There is only one industry which need never come to an end and in which the fullest use can be made of natural resources without diminishing the inheritance of future generations, and that industry is agriculture. Therefore, those people who think that because Burma is without manufactures, and so far as is known, without large supplies of coal, iron and other minerals, it must necessarily fail in competition with other countries, are surely mistaken. Burma possesses in its fertile soil the best of all natural resources and the means of securing prosperity and happiness to its people to the end of time.

The fact that the prosperity of a country depends upon its agriculture is now recognised all over the world, and even in those countries which owe their present success to their manufactures and mineral products the greatest efforts are being made to secure the prosperity of the agricultural classes. This is not a new idea, nor is it one that was invented only in western lands. Long ago a Chinese philosopher said: "The well-being of a nation is like a tree. Agriculture is its root, manufacture and commerce are its branches. If the root is injured, the leaves fall, the branches break away and the tree dies." The first duty, therefore, of all those who hope for a successful and prosperous future for this country is to do all in their power to secure a proper system of agriculture.

The productive powers of the soil are very great, but they too can be exhausted. A man can work day after day for many years, but only on condition that he has intervals for rest and sleep and food. Deprive him of his sustenance and of his sleep, and in a day or two the strongest man will lose his strength, and fail and die. So is it with the soil. It, too, needs its sustenance, and though it may go on for many years yielding rich crops in spite of the fact that no attempt to renew its strength is made, yet at the last the crops will begin to fail until the field, which once gave its 50 or 60 baskets of paddy per acre, will give but 10 or 15 baskets, and, finally, become uncultivable. A forest left standing will reproduce itself, but if its trees be all cut down no means for reproduction will be left, and the people who lived on its products and used its timber for firewood, for

house-building and for trade, will find their former source of income gone, for a desert will have taken the forest's place. Yet population goes on growing and there are more mouths to feed, while the earth on which alone they can depend yields yearly less and less until at last starvation will stare the people in the face. They cannot buy food even from other lands, for they have nothing to sell to obtain the price to buy it with. No permanent prosperity can be built up on such terms as these. Instead of the produce of the soil decreasing as years go on, it must be made to increase, and to increase faster than the numbers of the people increase. Thus only will the income of the people grow, and with that growth come greater comfort, greater prosperity and opportunities for a better and more perfect life. Rightly, therefore, has the Government reserved large areas of forest in the province that its wealth may not be wasted in the present generation, but continue for ever yielding larger and larger quantities of produce every year and still retaining its natural resources unimpaired.

The land devoted to cultivation in Burma is in the hands of the people. Are they, too, preserving the natural fertility of the soil, or are they like a rich man who lives upon his hoard which, as the years go by grows ever smaller and smaller until at last it will vanish altogether and leave him and his children reduced to poverty or want? The answer to this question is, it is to be feared, only too plain. One has only to travel among the country districts of this province and everywhere will be heard complaints that outturns are not what once they were. The cultivator

will tell you that the soil is becoming worn out. Hitherto there have been large areas of fresh land uncleared and the farmer who has wasted the fertility of his old holding has been able to pass on to clear fresh jungle. But population has increased and fresh land as yet untitled is becoming scarce. If outturns continue to decrease, where is to be found the basis for the future prosperity of the Burmese people? They will be like a spendthrift who has wasted his father's patrimony and, having spent it, is reduced to poverty. This decrease in the outturn from the soil is not peculiar to this country. It may be found everywhere where wasteful cultivation and failure to supply the soil with the sustenance which it requires have been the habit of the cultivating classes. In America, in similar circumstances, outturns have fallen by a half from 28 bushels of wheat per acre to 14 bushels in about 40 years. Yet there is no need for such decrease to occur. In France in 30 years outturns have risen from 22 bushels to 44 bushels per acre. In part of Belgium, where the soil is naturally poor, 30,000 peasants live on the produce of 37,000 acres, and also have a large surplus for sale to others, besides raising many thousands of cattle. In England, where the soil has been continuously cultivated for more than 1,000 years, outturns are still increasing and are over 30 bushels per acre as against under 20 bushels 100 years ago. In a market garden near Paris, vegetables to the amount of 22,751 viss have been grown from a single acre. The fact is that with the growth of science there is no limit known to the productivity of the earth, and it may well be that in 100 years the crops that will be obtained by the cultivators

in England, France and Belgium will be as far in advance of those of the present day as the latter are in advance of those of 100 years ago.

Here, then, is the lesson that the people of Burma must learn. It is useless to go on in the old ways of careless cultivation which may have done very well in former times when waste lands were extensive and population scanty, and a man could pass to new lands as his old lands became exhausted. New times have come and the cultivators of Burma, and indeed all its inhabitants, for all its inhabitants are equally dependent on the prosperity of its agriculture, must devote themselves to the adoption of the newest methods, to the increase of the production of crops and the lessening of the expenses incurred in producing them so that year by year a larger surplus may remain with the people, leaving them greater and greater opportunities for the development of their national life. Not to do so would be to imitate the trader who, after the building of a railway from Tharrawaddy to Rangoon, should prefer to send his goods as of old by bullock cart because the railway, though its rates might be cheaper and its transport quicker, was a new invention unknown to his forefathers. Such a man would be laughed at by all his neighbours and would surely find himself beaten at every turn by his more up-to-date competitors.

There is probably no single Burman, perhaps no single inhabitant of this province, of whatever race or creed, who would not agree that the lesson here pointed out is one well worth the learning, but many may think the

prospect hopeless and ask how Burma, a little country, with its people for the most part uneducated and, at any rate, devoid of experience of the world outside its borders, is to find the way to this success. The answer is that the methods which have been proved the right ones elsewhere must also be tried here. It is not contended that what is suitable for America or Europe will also exactly meet the wants of Burma. In building a railway, exactly the same bridges, the same gauges, the same engines or the same carriages which are best for England will in all probability not do for Burma, but the same general principles will apply in both cases. So is it with the organisation and development of national life, and the principles which are leading to the prosperous development of the agricultural classes in Western lands are also those which will prove effective in this country. The problem is a universal one and occurs in every country. It is known as the problem of country life and the policy laid down in the West for its resolution is, in the words of Mr. Roosevelt, late President of the United States of America, "better farming, better business and better living." Better farming means the application of all the latest discovered wisdom and science of the world to the cultivation of the soil so as to increase the yearly outturn of the land, while at the same time also increasing its fertility for future years. Better business means the learning of the methods whereby the great manufacturing and trading nations have organised their businesses and made them great, and the application of those methods to the farming industry of Burma. Better living means the building up in Burma of a domestic and

social life which will turn the country side into a place where a man can enjoy the fullest and freest development of his intellectual, social and economic powers, so that the cultivator may become, not as he is too often now considered to be, a poor laborious drudge, but a prosperous educated man, equal in every way and even superior to the dweller in the town.

This is a policy which should appeal to every Burman, whatever his profession and whether he live in the country or the town. In future chapters it will be shown how this policy may be realised.

CHAPTER II.

Co-operation in Agriculture.

In the previous chapter it was said that the solution of the problem of the rural life of Burma was to be found in the adoption of the three-fold policy of "better farming, better business, better living." Experience shows that in attempting to carry out this policy a commencement must be made with "better business." Neither good and efficient methods of cultivation nor yet a worthy social life can be secured, unless they are accompanied by intelligent and efficient business methods. That this is so is clear as soon as it is put to the test. It is useless to go into a country village and point out to a cultivator that if he manured his fields thoroughly, cultivated them better, bought stronger plough cattle or sowed only selected seed, he would be more prosperous. His answer will probably be: "I daresay you are right, but even so I have no money to buy manure or hire more labour. As it is, I have just enough profit to get along after paying my interest on my debts, and, as I have to pay 25 to 30 per cent. on all money I borrow, I dare not adopt your new-fangled ideas." Similarly, it is useless to talk to poor villagers of the improvements that might be made in their social life until by the adoption of better business methods they began to see how they may be carried out. There is nothing charitable in the policy here recommended for the improvement of the condition of the agricultural classes in Burma.

It rests on a perfectly sound business foundation. Just as there are many cases known to all of individuals who began from small bazaar sellers and by hard work and the employment of better business methods than other people, have raised themselves into the position of rich and wealthy traders, or starting as agricultural labourers have become large land-owners, so it is equally possible for the agriculturists of Burma as a whole, by the general adoption of sound business methods, to raise themselves as a body to a condition of assured prosperity, and to become thereby able not only to take advantage of all the inventions of science in the improvement of their crops, but also to secure for themselves a better life.

The first lesson to be learnt from modern commercial life, a lesson which applies equally to the pursuits both of the country and the town, is that if under modern conditions things are to be done profitably, they must be done in a large way. It is not necessary to go to Western countries for evidence as to the truth of this law. It is well-known in Burma and has been proved by experience over and over again that a small firm of steam launch owners cannot hold out in competition with a great company like the Irrawaddy Flotilla Company. The local paddy brokers, each working in a small way on their own account, are finding it more and more difficult to compete with the agents of the large mills of Rangoon or Bassein, and many of them, who formerly made large profits, are now finding themselves compelled to retire from business and take to other work. The small shopkeeper with his single shop finds it harder and harder to hold his own with

the large Chinese firms with many shops scattered over many towns and villages. The large landowner can get money cheaper than the small cultivator with his holding of 20 acres, and can sell his paddy at a higher rate because he can afford to hold it up till prices rise. But if modern conditions are such that success can only be attained by doing things in a large way, how is the small man, whose means are limited, to comply with this law and win success? Surely the answer is plain. He must combine with his fellows. By himself he can do little or nothing. In combination with others he may do much. As the English proverb says, "Union is strength," and Burmans of old also knew this truth in the saying, "When the buffaloes separate the tiger attacks them." But if the buffaloes meet the tiger together side by side it is the tiger, not the buffaloes, who will be destroyed.

The desirability of combination, in order to enable business to be carried on in a large and, therefore, in the most profitable, way, has long been recognised in the commercial world. It is for this reason that the joint stock company has been invented. In this a number of persons who have each got money at their disposal in small or large amounts, entrust it to a common fund, and the direction of the business for which the fund or company is to be employed is left to a small body of managers or directors. In this way by combining a number of small sums of money, a very large capital can be obtained, enabling the company thus formed to hold its own in competition with, or even to out-do, the largest trader, working

only with his own or borrowed money. Similarly, there is a tendency for firms and companies in the same line of business to give up competing with each other and combine together as against other interests in the same trade. Thus steamship companies trading between Europe and East have mutual agreements as to the rates to be charged for carrying goods. The Insurance companies working in Burma have a similar arrangement as to fire insurance rates; and from time to time reports are spread abroad to the effect that the rice-milling firms of the Province are attempting to effect some combination between themselves. The tendency is far more marked in Western countries, in Europe and America, than it is in the East; but the fact that it is at work everywhere where modern methods of trade and industry have made their appearance make it all the more necessary for the agriculturists of Burma to recognise the advantages of combination and to apply the system in their own business.

Trade and industry, however, differ from agriculture and the methods of combination suitable for them do not suit equally well for farming. It is this fact which leads many farmers to think that combination among cultivators is of no use, however advantageous they may believe it to be in trade. The joint-stock system, where all the shareholders contribute to a common fund, the management of which is entrusted to a small body of directors, and where the shareholders have only to subscribe their money and then wait for their share of the profits earned for them by the directors, is not in the least suited for farmers. Farmers, as a rule, have but little capital in the form of money,

rarely enough to work their farms properly. Their capital lies in their industry and their knowledge of agriculture, and only to a small degree in their money. Therefore when farmers combine, it must be not a combination of money only, but of personal effort in relation to the entire business of farming. It is in fact co-operation, *i.e.*, working together, *each for all and all for each*, and not merely the selfish investment of capital with a view to securing a profit on that capital with the least possible expenditure of effort on the part of the investor.

Some farmers cannot persuade themselves to combine with their neighbours. They are unwilling to disclose how much they owe, how much they spend on themselves or on their cultivation. They regard their fellow cultivators as competitors, and wish to conceal from them as far as possible all the details of their life at home and their methods on the farm. All this may have been quite right in the old days when the demand for paddy was small and purely local. It is quite different now. The mills of Rangoon will take all the paddy that a farmer can possibly produce, and all the crops of his neighbours even in the best years, and still be ready to take as much more again. His competitors are not other Burman cultivators, but the cultivators of other countries. The more prosperous all the members of his village, all the cultivators of his own country are, the more prosperous will he himself also be.

The man who invests money in joint-stock companies may be secretive about his affairs. The companies want his money and will give him his share of profits in return

for his money without asking how he got it. But the farmer's capital is different. His value, his capital, lies in his knowledge of agriculture, his industry and his capabilities. The better he is known, the more he will be trusted. The whole of modern commercial life is built up on credit, on trust. The trader whose goods are always equal to the sample, whose price lists give a true and accurate description of the stuff he has to sell, whose word can be relied upon, although to keep it may involve him in some temporary loss, it is that trader who succeeds. The trader who takes advantage of the buyer's ignorance or carelessness to foist upon him inferior goods, and is always ready to escape from his agreements by trickery or cunning, may appear for a time to succeed, but he fails to gain the trust of his neighbours and of the world at large, and if misfortune comes upon him, no one will help him. Why will a man lend more readily to one of his own family than to one outside? Because he knows his relatives, whether they are industrious or lazy, whether they are competent or incompetent, and thus he is able to tell at once whether it is safe to help them or not. Trust and confidence are like a plant and grow slowly. A man begins by being trusted by his relatives and closest friends. Slowly his neighbours also begin to trust him, and his reputation in the village and neighbourhood grows. It will then extend to all the country round, and at last he may be known as worthy of trust and confidence, not only in his own country, but also in many other foreign lands. A man may be possessed of but little credit, but if he trusts his friends and his friends trust him, and they all put their credit together, the result

is a body of credit as much stronger than the individual credits, as a bundle of fire-wood is stronger than the several sticks of which it is composed.

Many people, perhaps, will say in Burma, as been said in many other countries, "Very well. I will suppose that all this is true and that for success at the present day combination is a necessity. But what has that to do with me? If combination and co-operation are good for traders, let traders combine. If they are good for cultivators, let cultivators combine. Each man knows his own interests best, and it is not for others to interfere." Those who hold such an opinion are wrong. The prosperity of the whole country depends on the prosperity of agriculture, and there is no one, be he a Government official, a lawyer, a trader or whatever profession he may belong to, whose prosperity could continue for a day if the cultivating classes ceased to earn a profit. It is therefore to the interest of all to join in helping forward the policy of "better farming, better business and better living." And indeed it may be said that without the help of the better educated and more enlightened sections of the people the possibility of the policy becoming a reality is but a small one. In all country districts, whether in Burma or elsewhere, the farmers have little power of thinking together and acting together. They need leaders to explain to them the right course of action and to show them the way to combine. Even in Europe these leaders have never come from the farms. It is because educated men from the towns who have learnt and understood the laws that regulate economic development have come forward to serve as teachers to their

countrymen on the farms, that the latter have been taught to combine and to realise in practice the new policy. Such men are needed in Burma, too, to-day. Some indeed have already been found, but they are as yet to be counted in units where they should be counted in hundreds. For if the regeneration of the Burman farmer is to be brought about, if he is to learn the lesson that progress in civilisation depends not on a greater expenditure on manufactured goods and creature comforts, but primarily upon increased and better organised production, if, in short, the movement is to become a truly national one and succeed in placing the future prosperity of the Burmese people upon an assured and lasting basis, then in every district, in every town, nay, even in every village, there must be found men ready to devote themselves to the instruction of their neighbours and to become not merely the founders of the new institutions but the self-denying guardians and supervisors of their operations.

Some again may say that if it is a national movement that is required, then the proper means of starting and organising it is by Government agency. It is true that the inception of the co-operative movement in Burma and its progress year by year have both been due almost entirely to Government agency; but to hold the view that its final success and development into the complete economic regeneration of the people of this Province can be secured by Government action alone is to misunderstand the limits within which that action can be exercised. Even in the present condition of the movement the success that has been attained by the teaching of co-operation by Government

officials is due to the response made by the people to that teaching far more than to the teaching itself, for it is a well-known fact that, though in some districts, notably in Shwebo, the teaching has resulted in the formation of many most efficient societies and a general acceptance of the principles of co-operation, yet in others the same teaching has been without result, while elsewhere some of the societies formed under the influence of temporary enthusiasm have subsequently had to be dissolved. Government can secure to a people internal peace, the first essential for any growth in prosperity. It can make legislation which assists the people to carry on their businesses with profit. It can repress and punish evil-doers, when they have committed crimes, but it cannot prevent the crime from being committed. It can punish gamblers and make it difficult for opium smokers and drunkards to get their opium or their drink. But it cannot stop opium smoking and drunkenness altogether. That must depend on the people themselves. So, too, Government can, as it has done in Burma, show the way in which co-operation for credit purposes can be brought about, it can make laws to facilitate the formation of societies, it can appoint officers to look after the societies when formed, and to teach the principles of co-operation. But the success of the movement depends on the growth of the co-operative feeling, of the desire to work together for the common good, each for all and all for each, in the hearts and minds of the people themselves; and the hearts and minds of the people lie outside the scope of Government.

The inspiration that must guide and direct the movement must come, not from what Government has done in the past or may do in the future, but from the hopes and aspirations of individual men who combine together to win from nature and from life the utmost that they can give. In no country should there be a readier response to the call of co-operative effort than in Burma. The Burmans rightly pride themselves upon their devotion to their religion, and there is perhaps no religion with whose tenets the practice of co-operation is more in consonance than that of Buddhism. A well known Buddhist preacher in a recent volume of sermons says. "There are four rules to be practised for the acquisition of merit in this life, first ဥဋ္ဌာသမ္ပဒါ or industry; second အာရုံထွေသမ္ပဒါ or thrift; third သောဘူတမိတ္တတာ or the friendship of the virtuous, and fourth သာမိဓိတာ or right living." What is this but the practice of co-operation, and how can any one more effectually fulfil these rules than by combining with his fellows to carry out the policy of better farming, better business and better living. How far-reaching may be the effect of that policy and how great may be the benefits that co-operation may bring upon every department of the people's life may be seen from a study of what has already been achieved by its means among the cultivators of Europe. In the coming chapters therefore some description of the work done by co-operation in European countries will be given, not necessarily that it may be slavishly imitated in Burma, but that with the bright example of the co-operators of Europe before them the leaders of the Burman people in town or

country may also be inspired in their turn to take advantage of the opportunities afforded them by the Government and adapt the same policy to the regeneration of their own fellow country men.

CHAPTER III.

The Danish Example.

No better example of what can be achieved by co-operative effort can be given than the case of Denmark. Denmark is a small country in the north of Europe. Its area is only 14,789 square miles, or about twice the size of the Katha district in Burma, and its total population in 1901 was only 2,449,540, of which number over one-third were employed in agriculture. Half a century ago a war with Germany resulted in the loss of the two important provinces of Schleswig-Holstein, and it seemed then as if there would be no future for such a small country with such a powerful neighbour by its side. But at the present time, so far from being distressful, Denmark is always quoted as the most prosperous of countries, and its organisation of education, agriculture and other industries is held up for imitation by other peoples. This success has been due simply to the adoption of the policy of "better farming, better business, better living," and more especially to the development of co-operation throughout the land.

A hundred years ago or more the land of Denmark, like that of most European countries, belonged to large land-owners, and the cultivators of the soil only had the right of tilling it on payment of dues and services to the land-owners. But there has always been a great desire on the part of the peasantry to own their lands for themselves. A very great assistance was given to the peasantry about

1850 by the formation of a number of companies or associations of moneyed men, which lent money to the peasants for the purchase of their holdings up to 50 per cent. or 60 per cent. of the purchase price, secured by mortgages on the land, to be paid off by instalments in periods varying from 50 to 100 years. The rules of the companies required the sanction of the Government so that a certain amount of State supervision was provided, and fair terms thus secured for the peasants. By means of advances from these companies, together with their own savings, very many peasants have been able to buy their lands. The interest and instalments still due on these loans are often a heavy burden on the farmers, but they look forward to the day when the amounts will be paid off and as a general rule the system has proved a great success.

Originally the land of Denmark was mainly devoted to corn growing, but the great spread of cultivation on the virgin lands of America, where cultivation cost very little, brought large quantities of corn to Europe at a cheaper rate than the farmers of Denmark could produce it. It became therefore necessary to find some other farm products for sale if the peasantry of Denmark was to continue prosperous. This was found in the production of milk, butter, cheese, eggs, bacon and other similar agricultural products. There was a great demand for these commodities in England and other neighbouring countries, and it was found possible to produce them cheaply in Denmark. But it is obviously impossible for a small farmer by himself to arrange to sell his milk, eggs, or butter across the sea in an adjoining country, and the leaders of the agricultural

classes saw quickly that only by the adoption of modern business methods of combination could a big trade in agricultural produce be built up. The situation of the Danish farmers was therefore different from that of the small holders in many other countries. The Dane had succeeded in buying his land on reasonable terms; he was hardworking and thrifty; he was not oppressed by his money-lender. What he wanted was the means, first, of getting the goods he had to supply brought near to the people who were ready to buy them; and, secondly, of steadily improving the outturn of those goods both in quality and quantity. Both these needs were supplied by co-operation.

Dairying or the supply of milk and butter is now the most important trade of Denmark. When co-operation was first started in dairying, the small owners could only get for their butter about three-fifths of the price which the large farmer got for his. This was because his milk varied in quality and could not be depended upon. Success in business depends upon trustworthiness, and co-operation between small men has enabled them to secure this, so that now the butter from co-operative dairies is admitted on all hands to be as good as that from the dairies of large farmers. There were, in 1908, 1,101 co-operative dairies in the country, and their members owned 900,000 out of the 1,089,073 cows in Denmark. These dairies are formed on the following principles:—(1) There is no such thing as subscribing to shares. The farmer who joins a co-operative dairy, therefore, pays nothing down. (2) The money for the erection of the dairy and for working capital is

obtained by loan from outside on the security of the unlimited liability of all the members. This money was as a rule obtained from banks and other similar institutions at rates varying from $3\frac{1}{2}$ to $4\frac{1}{2}$ per cent. per annum. (3) Each member guarantees that for a term of years he will only dispose of his milk to the co-operative dairy and not to outsiders.

As soon, therefore, as it is ascertained in any locality that enough milk is obtainable from those who wish to become members, to make it worth while to start the society, and the unlimited liability of these members is sufficient security for raising the money necessary to erect the dairy and provide working capital, the society can be formed. The actual management of a co-operative dairy is almost invariably left in the hands of a skilled manager. A certain lump sum based on the amount of milk dealt with in the dairy is paid to the manager, in addition to which he receives free his house, his coals or fire wood, and his light; out of this sum he has to pay himself as well as the wages of the men whom he employs. This system is not truly co-operative, but it has worked well in Denmark, and the people are satisfied with it. There is as a rule no reserve fund; but out of the profits large sums are applied to repaying the loan incurred at the starting of the society, so that by the end of the term of years for which the members have guaranteed to supply milk, usually ten or fifteen years, the whole loan has been repaid, the members sharing the surplus in proportion to the quantity of milk they have supplied. Usually at the end of this period a fresh contract is made for another term of years, and a

new loan is raised, the money value of the buildings, etc., being paid over to the old members in proportion to their shares.

The society is controlled by a general meeting at which each member has one, and only one, vote, however large may be the amount of milk supplied by him, and by a committee elected by the general meeting. The committee appoints the manager. The price of the milk supplied to the dairy is regulated not only according to quantity, but also with reference to the proportion of fat which it contains, the milk sent out by each member being tested two or three times a week and priced accordingly. The skim milk from which the cream for making butter has been extracted is returned to the members at a fixed price which covers working expenses. The profits, after the necessary payments towards the interest and principal of the loan have been made, are divided at the end of the year among the members in proportion to the milk supplied by them.

These co-operative dairies try to do away with the middle man and to dispose of their produce themselves. They have, therefore, united to form butter export associations of which there are six in Denmark. These associations make it their business to supply customers with the best possible quality of goods. They are carried on on a sound commercial basis, and their managers often draw high salaries. In 1908 the turnover of these six associations amounted to Rs. 2,80,00,000. Central committees watch carefully over the several societies, and see that the

management is conducted in the most efficient manner possible. They also supply all concerned with the most up-to-date information both as to methods of production and access to markets. The Government also gives its assistance by holding fortnightly competitions in the Government laboratory in the capital. About 110 dairies are invited to send samples of butter to each competition, and thus each dairy gets a chance of comparing its butter with that of other dairies about three times a year. The certificate granted to a dairy whose butter has been on the roll of merit continuously for 21 times in succession (*i.e.*, for seven years) is the most valued distinction in the butter trade.

Thus by the use of co-operation without the expenditure of any money of his own the Danish small farmer not only gets paid down at once a better price for his butter than he used to get, but gets a share of profits on the dairy paid to him every year, while at the end of the term of his guarantee he finds himself also part owner of his dairy. At the same time he finds himself assisted in every way in his efforts to improve the product of milk from his farm. No better example could be given of the splendid results obtainable from the introduction of the new policy of "better farming, better business, better living."

Pig breeding is another important industry of the Danish farmer, and co-operation has been introduced here also. There are 34 co-operative bacon factories in Denmark formed on the same lines as the co-operative dairies. They have in all 93,000 members, and the number of pigs

supplied by them was in 1908 in all 1,549,550, or three pigs to every five members of the population of the country. Large numbers of these pigs are exported to other countries. The greatest care is exercised in the feeding and breeding of these pigs by the farmers and these factories in order that they may command as high a price as possible.

The sale of eggs is also an important part of Danish farming. The price of eggs varies greatly at different times of the year, and private traders are easily tempted to sell stale eggs as new laid. The Danish Co-operative Egg Export Society has done excellent work in procuring a higher price for the farmer by the steady supply of first class eggs to purchasers. It is a central society, its members forming egg-collecting groups of at least ten members each who contract to supply eggs for a year. Every member must stamp his eggs with his own number, and that of the group to which he belongs, so that it is possible to ascertain exactly who supplied each egg. The eggs are sent to packing centres, and are then sent out according to instructions from the Central Society. The groups pay cash for their eggs, the price being fixed a week in advance by the Managing Committee. Any breach of contract or failure to keep to conditions laid down is punished by fixed fines. By good organisation and steady control it is possible to supply first class eggs. The profits are divided in proportion to the value of eggs received. The Danish Egg Export Society consists of 550 groups and does a trade amounting to Rs. 37,50,000 per annum.

Thus far the business methods of the Danish farmers for disposing of their products have been described. The farmers, however, found that they had many other needs, implements for cultivating their lands, manures and fertilisers to increase the outturn of their crops, feeding stuffs for their cattle and their pigs, and such like. By means of co-operation all these have been placed within the reach of farmers of all classes, small and large, in the best possible condition and at the lowest possible price. In the first instance, these agricultural requirements were purchased by the establishment of small societies in different districts each of which tried to make the best terms it could with the wholesale dealers and manufacturers. This was an improvement on the old way of each farmer buying in small quantities for himself. Soon, however, the several small societies combined into federations each of which covers a large section of the country and provides for all the societies affiliated to it. The principle on which all co-operation in Denmark is founded is rigidly adhered to in these societies, namely, the members of the society must be bound for a term of years to carry out all their purchases through their society, and also be jointly and severally guarantors for its finances. For instance, in the case of the three Central Societies for the supply of food-stuffs, the membership of the Central Societies is made up of small local societies, which guarantee a working capital in proportion to the number of cows kept by each local society. This is the limit of the local society's liability for the debts of the Central Society. On the other hand, the individual members of the local societies are jointly

and severally responsible for all liabilities incurred by their own society.

It might be thought that the formation of this vast network of co-operative societies for the sale or purchase of all the farmers' requirements would lead to quarrels with the traders in the towns. This was to some extent the case, and in the beginning the traders tried to put a stop to these co-operative societies. But the farmers refused to be led by the traders, and now the traders have to some extent changed their minds. They have discovered that these societies have enormously increased the productive power of the farmer, and that this increase in production has increased the wealth of the country as a whole and thereby also the general business of the traders in the towns and villages. At the present time Danish traders are in favour of, rather than opposed to, the extension of co-operation in Danish farming. Danish towns have steadily increased in population and prosperity in the last 50 years, and this increase has been proportionate to the development of co-operation in Danish agriculture. The extent to which co-operation should be developed in any branch of the farmer's business and how for the middleman should be driven out is always a difficult matter to decide upon. The middleman, especially if he conducts some process through which the agricultural product must pass on its way to the consumer, is often necessary. Thus in Burma it is highly improbable that the establishment of co-operative paddy mills in connection with the export trade in rice would prosper in competition

with the present large milling firms with their wide knowledge of commercial conditions in foreign markets. On the other hand, the establishment of co-operative societies among the cultivators disposing of large quantities of paddy the quality of which they could guarantee would benefit both sides. The milling firms obtaining a secure supply of paddy of guaranteed quality, would be able to conduct their business more efficiently, and the cultivators would be enabled to get a higher price for their crops.

In addition to the Danish societies already dealt with, mention should be made of those for promoting cattle, pig or horse breeding. A Danish farmer, especially the small holder, rarely keeps a bull or boar or stallion himself. He has not enough means to enable him to get one of first-rate quality. He therefore joins a breeding society in which a number of farmers unite, on co-operative lines, to buy the best possible stock for breeding purposes. He thus without any special expenditure on his own part on the purchase has available for his use an animal of the best possible quality. This is a point in which the Danish farmer might well be imitated by his Burman fellow. Co-operative insurance of live stock against death has been adopted in every part of Denmark and has been of great benefit to the farmers. The societies are all based on the principle that all the members of the society are jointly and severally liable for the losses which may ensue consequent upon accident or death to an animal belonging to a member. There is usually a small entrance of about Re. 1 for each animal insured, and the annual premium is paid for each animal at a certain percentage of the value of the animal

insured, which value is fixed by a special committee or valuer belonging to the society. Members are, as a rule, not allowed to insure for more than a certain sum in all. Some of the societies are very large, having several thousand members spread all over the country, and have become rich and prosperous. Others are very small confined to single villages.

Mention should also be made of the associations called "Kontrol" Societies. The farmers of a district combine to join a co-operative society large enough to employ the services of a trained inspector. This man visits every farm about once a month and enters all details with regard to it in his book, a copy of which is left with the farmer. He notes all the outturns of crops, of milk, of butter, etc., he advises as to manures, crops, feeding stuffs, and to which bull, or boar, the cows or sows should be sent; he makes up the farmer's accounts in every item so that he has an exact knowledge of his position. The visit of the Inspector, therefore, acts on the farmer as that of a skilled accountant does on the business of a merchant and is of the greatest assistance to him in teaching him his actual financial position.

The result of all this co-operative organisation in Denmark has been not only an enormous increase in production from the farms, but also a great improvement in the farmer's way of life. The villages everywhere are well built, clean and tidy. There is no drunkenness and no extreme poverty. The villagers are cheerful, well dressed and intelligent. There is usually a villagers' hall used for

lectures on agricultural and other useful subjects as well as for dances and similar village entertainments. The police are few and far between, and crime is rare. The farmers have no debts, except their instalments due on land purchase, and are a happy, contented and well-to-do class of people. The success of co-operation in Denmark is due in a large measure to the extremely efficient system of education, which there is not room here to describe, but that too is the result of the willingness of the people to combine. In fact, no better instance of the advantages to be derived from co-operation could be found than the present prosperous condition of Denmark.

CHAPTER IV.

Local Savings as the Foundation for Co-operative Effort.

The case of Denmark has been dealt with in the last chapter in some detail, because there more than anywhere else the co-operative movement has been national in character, and has been the main factor in the great advance of the whole Danish people in material prosperity during the last quarter of a century. Its progress should also be particularly interesting to Burmans, inasmuch as it, like Burma, is mainly an agricultural country, and the land is for the most part in the hands of small owners. To deal with all the other countries of Europe in the same way would, however, probably prove tedious, and would at any rate involve a good deal of repetition as the same kinds of co-operative effort, *e.g.*, co-operative credit associations, co-operative insurance of cattle and other live stock, co-operative purchase, co-operative sale and the like are to be found in many countries. It will be found more useful to examine a few instances of the successful organisation of co-operative effort among agriculturists in various countries of Europe, and then to give some details as to particular kinds of co-operation which seem likely to be most suited to the requirements of Burma.

One of the chief disadvantages which besets the cultivator, particularly the small cultivator, in almost all agricultural countries at the present time is the lack of credit. Up to about sixty years ago, it may be said that

nowhere had credit been made available for the small farmer on easy terms. Yet credit is the basis of all modern business, and it is because of the development of credit in the ordinary commercial world that the growth of trade and industry, which is so remarkable a feature of modern times, has become possible. The first step, therefore, in the introduction of better business methods among farmers, must be the provision of credit suited to their needs and at a reasonable rate of interest. This was seen by the first founders of agricultural co-operation and, therefore, as has also been the case in Burma, it has been with the foundation of co-operative credit societies that the earliest co-operative efforts have been concerned. But if credit is to be provided, where is the money to come from? Many will say that the country people themselves, since they are admittedly in need of credit, can certainly not provide the money, and that it must come from the rich men of the towns. To a large extent this is true, but it is to be noted that in addition to the lack of means of obtaining credit for those who need it, there is also in the country, as a rule, a lack of means for collecting the savings of those who have been able to put something by, and making them available for the use of those who require to borrow. There may be Government savings banks, but these as a rule take away the money deposited in them for the Government's own use. The money is quite safe, but it is not available for supplying local credit. Money saved locally is best employed locally, encouraging local agriculture, trade or industry, and this a Government savings bank cannot do. Perhaps it is for this reason that for instance in Burma the

Government savings banks are not well patronized by Burmans.

It will, therefore, be interesting to examine the case of a province of Italy where the provision of a savings bank employing its deposits locally has not only led to a great accumulation of local savings, and thereby to the diffusion of credit in the locality, but also to the organisation of other services in the direction of better business and better farming which have been of the greatest assistance to local agriculture.

The Savings Bank of Parma began in the most modest way in the year 1860, when its status received the approval of Government. Its funds consisted of Rs. 1,300, contributed by a local charitable institution, and some house property given by local philanthropists. Its management was placed in the hands of administrators selected by the Government, the Municipality and the institution which contributed to the first funds. There were many difficulties at the start, but the administrators did the work of cashier free, and every effort was made to preach the advantages of saving, with the result that money began to come in. The money received as deposits was so far as possible employed in making loans and advances to the people of the province for the encouragement of local agriculture, commerce and industry. As the bank grew in strength branches were opened, and by 1896 there were 15 of them. These branches not only receive deposits, they also lend out the money of the bank. Each branch has a manager who does not make loans himself, but forwards all applications with

notes on the good name, conduct, skill and position of the would be borrowers. The Committee of the bank returns them with its orders as to whether the loan is advisable. As the bank has grown in size it has slowly begun to discharge all the functions of an ordinary commercial bank.

Its deposits are of three kinds: (a) Ordinary savings deposits. These may be of any size with a minimum of 5 annas. The interest allowed is 3 per cent. per annum. The savings bank books are made out either in the name of a single person, or to bearer, or both in the name of a person and to bearer. A depositor can withdraw Rs. 30 without notice, Rs. 300 with three days' notice, Rs. 2,500 with ten days' notice, and any larger sum with twenty day's notice. These periods of notice may be doubled at discretion by the committee. Only one withdrawal without notice and one with notice can be made from the same account in each week. In 1896 the deposits of this character were over Rs. 90,00,000. (b) Special deposits for certain classes of depositors, such as labourers, servants, etc., whose actual occupation must be testified to by the local mayor or headman. These deposits cannot exceed Rs. 300 in a single account, and they receive interest at $4\frac{1}{2}$ per cent. The total of these deposits must not exceed $\frac{1}{10}$ th of all the deposits in the bank. Most of the depositors are workmen of the humblest positions, and the bank has thus greatly assisted the growth of thrift among the poorest classes. (c) Deposits by way of current account. Each deposit must be at least Rs. 66, and they are repayable either on demand or at the end of fixed terms. The interest

allowed is 2 per cent., and in 1897 the amount deposited was Rs. 5,00,000.

The money deposited with the bank is used in many ways of which the following are among the most important: (1) In loans secured by mortgage of land. These must not exceed 30 per cent. of the deposits. (2) In loans on note of hand to corporate bodies and associations, limited to 5 per cent. of the deposits. (3) Advances and discounts. These form the majority of the business done. Three signatures are usually required, and a period of six months only is allowed, but renewals are permitted. On the 31st December 1895 there were out 10,693 such advances for Rs. 39,04,170, of which 7,213 were issued by the head office and 3,480 by the branches. The average amount of the advances made by the branches was Rs. 250, and of those made by the head office Rs. 600.

The bank also allows over-drafts secured by mortgages or the deposit of mortgage bonds, and invests its money in securities issued by the State or by local authorities. In particular it endeavours to supply the needs of the small cultivator even more effectively than is possible by its ordinary system of advances, and has for this purpose founded small local village agrarian banks (*caisses agraires*) to serve as intermediaries between it and the small cultivators. These banks, however, will be more suitably discussed in connection with the other works undertaken by the savings bank for the furtherance of the prosperity of agriculture. Its statutes authorize the council of administration, as soon as the reserve has equalled one-tenth of the

deposits, to apply four-tenths of the annual profit either to works of charity or public utility, or to the encouragement of thrift in its various forms. Considerable donations have been given to various charitable institutions of the province in this way, but the province being above all things an agricultural one, the savings bank's chief aim has been to assist agriculture. It began by considering the project for a school for the sons of farmers and small cultivators, but this was soon abandoned for a scheme intended to benefit the entire peasantry, namely the foundation of a travelling professorship of agriculture. The savings bank and the provincial council, the local governing body of the province, which in Italy may be compared to a district in Burma, conferred together and agreed to combine their resources in order to maintain this professorship. The bank offered to provide an office and the necessary furniture, etc., in its own office building, and Rs. 1,300 of the expenditure required. The total expenditure in the first year was Rs. 5,000, and the provincial council provided the remainder. The charges have since increased as the importance of the new office has grown, but they are still shared between the two bodies on much the same lines. The travelling professorship of agriculture is intended to develop the progress of agriculture in the province, and to popularize the spread of agricultural education by lectures, experimental cultivation, publications, and all other methods suited to that end. The holder of the office is controlled by a committee of five, three of whom are selected by the provincial council and two by the administration of the savings bank. This committee is elected for three years,

selects its own chairman, and also appoints the professor. The work to be done each year is arranged by the committee in concert with the professor and a report is drawn up annually and presented to the provincial council and the bank. The choice made of the professor was an altogether admirable one, and the new office has proved a great success. Its work is above all things practical. It includes simple and easily understood lectures on the principles of agricultural science, explaining to the small cultivators in what ways it is to their interest to apply them in the every day work of their own farms. These are usually given in the country villages on holidays in order to collect a good audience. The subjects are always specially chosen with a view to the particular needs of the village where the lecture is given, and the professor strives above all things to gain the confidence of the people to whom he speaks. But he does not confine himself to agriculture alone. He also endeavours to teach the people the value of co-operation. Here too his work is practical, and it is to the initiative of the professor that the foundation of the agrarian banks mentioned above is due.

These banks are formed on lines very like those of the Raiffeisen banks of Germany, on which the Raiffeisen Co-operative Credit Societies of Burma have also been modelled. They are co-operative societies with unlimited liability, and their capital is made up from the profits of each year's operations. These profits go straight into a reserve fund, and although, when the reserve fund has reached an amount considered large enough for the requirements of the Society, future profits may be devoted to

works of local utility, the members have no right to them and can never demand their division amongst themselves. The societies obtain the money they require for their members from the Parma savings bank at 4 per cent. per annum. Loans can only be made to members and only for productive purposes. Short-term loans are made for two years in all by means of periodical renewals every three months. Long-term loans are also made for periods up to ten years. If the loans are misapplied, or if the security offered ceases to be good, the loan may be called in at any moment. The loans are secured by bonds, mortgages or pawns. Short-term loans may be granted on the simple note of hand of the borrower, but their total must not exceed a maximum to be fixed by the General Assembly.

The administration of the society is carried on by the General Assembly which meets twice a year, by the governing committee, consisting of a president, vice-president and three members chosen so that the committee may be well acquainted with the condition of all the members. This committee meets once a month and decides all questions with regard to the selection of members, the granting of loans and the general management.

There is a committee of inspection of five members meeting at least four times a year to examine the books and general management, and to draw up a report of its inspection. Lastly, there is an accountant who keeps all the books of the society, and also acts as general secretary, and a cashier who keeps in his charge all the documents and valuables of the society, and may be asked to give security.

Both these officers are elected for four years at a time by the General Assembly, and are eligible for re-election at the end of their period of service. All the offices are unpaid with the exception of the accountant, who may be given a salary by the General Assembly.

The society contracts with the savings bank as follows:—

1 That it will borrow only from the savings bank. 2 That it will submit itself to the advice and control of the savings bank. 3 That it will place all deposits received by it in the nearest branch of the savings bank. The society thus loses a certain amount of freedom possessed by independent credit societies, but on the other hand, it has all the resources of the savings bank at its disposal which enable it, among other things, to grant long-term loans to its members. Such long-term loans cannot as a rule be safely granted by small independent village banks.

Further, the society gains, in that it has the advice of the agricultural professor always at hand. He looks after the use made of the funds of the society and can veto any request for a loan which he thinks to be rash or unwise.

But the benefits conferred upon the agricultural classes and the cause of co-operation by the travelling professorship with the aid of the Parma savings bank are not confined to the establishment of these credit societies. The professor was not long in discovering that the small cultivators were in need of a great many other things besides credit, and that, if his lectures, and private consultations with the people and the experimental cultivation carried out by him, were to have their full effect, some organisation must be

started capable of assisting the peasants to provide themselves with the necessary manures and fertilisers for their farms, the machinery required for up-to-date cultivation, the means of disposing of their produce at better prices than they could get through the ordinary middleman, and also a simple method of insuring their cattle against mortality, and themselves and their crops against death, accident or destruction. He, therefore, once more with the co-operation of the savings bank of Parma, formed a co-operative society to supply all these services.

The shares of this society are Rs. 16 each, but the value can be raised by its administrative committee in proportion as the reserve of the society grows. Each share taken up involves also a contribution of five annas to the reserve. Any co-operative or mutual aid society can hold shares in the society, and all the credit societies described above have, therefore, become members. The society is administered by an unpaid committee of nine members who elect their own president, and are themselves chosen by the general meeting of all the shareholders. The committee elect the general manager of the society, who is the travelling professor himself, and also the staff. It also elects two other committees, one the committee of control, whose duty it is to see that the rules and bye-laws of the society are obeyed and the other a body of arbitrators who decide without appeal all questions that arise in dispute between the society and its members. As a rule the society sells for cash only, and even demands 10 per cent. of the price to be paid at the time of the order, but arrangements are made for the firms with whom the society deals to allow

credit to its members in special cases. As, however, the members are able to obtain loans through the co-operative credit societies direct from the bank on easy terms, they have no difficulty in obtaining the money for cash payments when their orders are for necessary requirements. The society sells also to non-members, but in this case it charges an increased price of 1 per cent. The results of this society have been most striking. Its foundation has led to a decrease of 20 per cent. in the price paid for fertilisers, while the total amount used is now 20 times what it used to be. Interest was paid on shares at 6 per cent per annum until the reserve fund equalled the subscribed capital. Thereafter 8 per cent. was paid, and this dividend may not be exceeded.

With the success of this society in the purchase of agricultural requirements for its members, its way is clear for the promotion of every kind of co-operative activity for the benefit of the local agriculturists. These activities are not here examined in detail, though the methods for organising some of them will be spoken of in subsequent articles. The point to be noticed, and it is one to which all Burmans, particularly in the wealthier districts of the province, such as the Irrawaddy division, should give their attention, is that the province of Parma has been given a complete organisation of agriculture by means of the four-fold system of the Central Savings Bank with its branches, the travelling professor of agriculture, the co-operative credit banks and the co-operative society. Every need, every requirement of the farmer to enable him to realise the policy of "better farming, better business, better

living," has been foreseen, and the means of obtaining it given to him. And all this has been achieved without any assistance from the Central Government, and simply by the organisation of local effort and the patriotic and public-spirited efforts of local men. It is true that at the commencement, a considerable amount was paid annually towards the up-keep of the travelling professor and his staff by the provincial council, but that sum was small in comparison with the work done by him in teaching and lecturing on agriculture throughout the province, and moreover, with the success of the co-operative society and the ever increasing funds which it has at its disposal, it is probable that in no long time it could undertake the up-keep of all the establishment of the lecturer himself without any assistance either from the savings bank or from the local administration. Italy is a poor country and is often thought to be somewhat behind-hand in progress as compared with its wealthier neighbours. The example of the province of Parma is, therefore, all the more interesting. Certainly to patriotic Burmans whose desire is to promote the prosperity of their country and, above all, of the cultivating population upon whose welfare that prosperity must depend, no better example could be held up for their imitation than that of the people of Parma which we have endeavoured to describe in this chapter. It is by the organisation of local savings and the utilisation of those savings in the promotion of agricultural progress among the local farmers that this great system has been built up in Parma, and it is by a similar organisation that similar results will be produced also in Burma.

CHAPTER V.

Agricultural Societies as the foundation for Co-operative effort—France and Ireland.

In the last chapter a lengthy description was given of the organisation of co-operative effort in the Italian province of Parma under the auspices of the Parma Savings Bank. Parma was selected as the best example of a complete organisation, and it must not be supposed that all Italian provinces are organised in the same way. The most striking thing about the agricultural movement in Italy is the variety of methods which have been adopted to suit the varying conditions of each locality. There are 200 savings banks, 800 popular banks providing credit for the Urban and agricultural populations and, in addition to them some 1,400 small village banks. The organisation of these institutions is not every where the same, but the same principle underlies them all, namely, that the true basis for co-operative credit and all other co-operative efforts for the advancement of agriculture lies in the promotion of local savings and their utilisation for the development of local production. That this is the best and most efficient method is not to be doubted, but it may happen that in any country certain reasons prevent its adoption. Thus, in France, which has always possessed a very centralised administration, the method of dealing with local savings has been as far as possible to collect them in Government institutions and use them for the purposes of the Central Government.

Unless, therefore, new institutions were set up to act as competitors with the Government savingsbanks, a procedure which the Government was not likely to consent to; it was impossible to organise co-operative effort on the same lines as those which have been so successful in Italy. Another method was therefore adopted. A law passed in 1884 permitted the formation of professional associations composed of persons belonging to the same or connected professions, trades or employments and devoted solely to the study and defence of economic, industrial, commercial and agricultural interests. Such associations were also permitted to form themselves into unions for the study and defence of these interests. This law has been the basis for the organisation of co-operative effort in France, and there were in existence on the 1st January 1908, 4,423 such agricultural associations with 771,452 members.

Rule 3 of the model bye-laws of such an association, drawn up by the Central Union of the Agricultural Associations of France to which are affiliated 1,600 associations with 600,000 members, gives the following list of objects to be pursued by the association in addition to the general duty of the study and defence of agricultural interests:—

1. To attach the rural population to their homes and to the land which they cultivate by employing every means in its power to make agriculture an honourable profession and to render it more remunerative.

2. To encourage and initiate experiments in cultivation, in the use of fertilisers and in the selection of seed; to make trial of the most perfect machinery, and every other

method calculated to facilitate cultivation, increase production, diminish the expense of cultivation and reduce the cost of living in the country.

3. To initiate teaching in agriculture and household management and to encourage it by lectures and every other method which may be regarded as suitable.

4. To assist its members to obtain fertilisers, machinery, live stock, seed and all raw material or manufactures useful for agricultural purposes.

5. To extend the use of agricultural machinery.

6. To assist the sale of agricultural products.

7. To give advice and consultations on all subjects connected with the profession of agriculture, and to supply arbitrators and experts for the settlement of all legal questions.

8. To lay before public and administrative authorities the opinion of the association on all measures economic, financial, administrative and legislative which concern agriculture.

9. Eventually, to encourage agricultural labour by the organisation of competitions, the creation of exchanges for offers of and demands for work, and generally to promote in every way agricultural interests, especially by means of mutual institutions for thrift, for assurance, for co-operation, for credit, for charity, and all other purposes tending to the moral, intellectual and professional development of the agricultural population and to the improvement of their material condition.

It will be seen that the sphere in which these associations can operate is sufficiently extensive and that it includes practically every phase of agricultural life.

The management of the association is in the hands of an administrative committee composed of the president vice-president and the secretary-treasurer, with three assessors, all of whom are elected by the general assembly of the association in its annual meeting, and of the president or secretary-treasurer of all the subsidiary societies formed to carry out each or any of the objects set forth in rule 3.

There is also a special committee of arbitrators consisting of three members elected by the general assembly, who need not be actual members of the Association. All disputes between members of the association must be referred to this committee before being taken into a Court of law, but any party to such a dispute may demand to appoint one arbitrator of his choice instead of one of the members of the committee before his case is taken into consideration. There are also rules by which any member who is temporarily incapacitated for work is helped by the association, either by grants of money or by the labour of his fellow members. These associations are not confined to any particular class of agriculturists; landowners, whether or not they farm their land themselves, tenants, peasant proprietors and labourers all belong to them on equal terms, and they therefore represent all the agricultural interests of the country. The funds of the associations come from (1) the subscriptions of members, usually Re. 1 or Rs. 2 per annum, often as low as annas eight; (2) fines imposed on members under the bye-laws; (3) gifts and legacies. The

associations are prevented by law from owning land except such as is necessary for their meetings, their libraries and their courses of professional instruction. In other ways, however, they are bound by no restrictions as to their acquisition of monetary resources.

The associations as a rule are confined to the residents of a single village. This is found to work best in practice as the members then all know each other, and are more prepared to combine for their mutual advantage than they would be if collected from a larger area. It is also easier for them to provide the management of the connected co-operative institutions contemplated by the bye-laws such as those for co-operative credit or the mutual insurance of live stock if their association is a village one. But at the same time a village association has very few resources at its disposal and standing by itself is apt to lack the strength for the effective carrying out of the objects with which it was founded. The strength however which it lacks when standing by itself, it may obtain by combining with other similar institutions. There have therefore grown up in France regional unions of these associations, extending over large divisions of the country, the population of which is already to some extent drawn together by historical or administrative ties. These regional unions are now some 12 in number and they have succeeded in guiding and organising all the activities of the village associations out of which they are formed. Thus one of the earliest duties undertaken by the associations was the collective purchase of the fertilisers and other goods needed by their members for the proper

cultivation of their holdings. One of the most successful unions therefore has started a central office which receives the orders of the associations affiliated to it and deals with them altogether. Its business thus being a very large one it can purchase the very best materials at low prices, which the associations get the benefit of, and it is also often able to sell the produce of one association to another association which requires it without the intervention of any middleman, thus securing an advantage to both parties. It has also founded a co-operative supply store of which all the associations affiliated to it can become members, and from which they can obtain all the household and other requirements of their members on the best possible terms. It has also established a special society for the sale of the agricultural products of the associations. It has further helped forward the organisation of mutual insurance against cattle mortality and arranged a system of reinsurance against the risks incurred by the several village societies for this purpose organised by the associations. In the case of insurance against accidents it has secured excellent terms for its associations by a special agreement with a big insurance company. Its assistance in the provision of agricultural credit has also been considerable. It has been explained already that in France the organisation of savings banks is much centralised with the result that local savings are not as in Italy available for use in fostering local credit and local production. The Government has however to some extent made amends for this by allocating a grant of Rs. 2,60,00,000 interest-free towards the propagation of agricultural credit. By a law of 1899 this sum is to be

distributed, by a commission specially appointed for the purpose, among regional credit banks formed to promote agricultural credit among village banks in the area in which the regional banks operate. According to the law which permits the formation of village banks it is provided that these banks can be formed either by all the members or by a part only of the members of an agricultural association. Most associations therefore have affiliated to them an agricultural bank to supply credit to their members. These banks unite to subscribe the capital for the regional bank and the interest-free advance from Government is limited to four times the capital subscribed. Any village bank which has subscribed to the capital of the regional bank and submits to inspection by the latter can receive advances therefrom, when its needs are in excess of the amount provided by local savings. The regional bank charges the ordinary rate of the Bank of France for these advances. The profit, which, in view of the fact that the State advance bears no interest, is considerable, goes to build up a reserve for the regional bank; for, since the State advance is for 5 years only and may therefore be withdrawn at the conclusion of any quinquennial period, the building up of a large reserve is essential if the co-operative credit system is to possess any real solidity. This system is greatly inferior to that described as in force in the province of Parma and indeed throughout Italy, but it has led to a considerable growth of co-operative credit, though it is to be noted that the French peasant has displayed considerable reluctance in adopting the principle of unlimited liability, which is the most

satisfactory basis for the establishment of village banks. At the same time it is said that unlimited liability is making headway slowly, and though the withdrawal of the interest-free State advances would at the present time be a heavy blow and probably cripple most of the existing banks, it is to be hoped that as time goes on and savings and reserves accumulate the co-operative credit institutions will become more and more self-supporting and able to maintain themselves without State aid.

The system of connected societies confined to members of the agricultural associations, adopted as we have seen in the case of co-operative credit, is also that in vogue for the carrying out of most of the co-operative activities of these associations, as for instance those of mutual insurance against the mortality of live stock. There is one great exception in the purchase of agricultural materials. This was the first duty undertaken by the associations and it is conducted by the associations themselves and not by connected societies. It is the material advantages to be gained by this system of collective purchase that has proved the chief inducement for the small cultivators to join the associations, and though an attempt is now being made to introduce legislation to confine this duty also to connected societies, the associations are strongly against any such change in the law.

The last stage in the organisation of these French associations is the central union to which most of the village associations as well as the regional unions are affiliated. At the present time the central union represents 1,600 associations with 600,000 members or over

$\frac{3}{4}$ of the whole number of organised agriculturists. This central body is thus fully representative of French agriculture and is able to co-ordinate and assist the efforts of the several bodies affiliated to it from a national point of view. The effect of this complete organisation of the agricultural interests upon the development of French agriculture has been most marked, and among other advantages which it has conferred upon the French cultivators must be reckoned the successful reconstitution of the French vineyards which were devastated by the disease known as the phylloxera.

How far the system of professional agricultural associations is suited for introduction into Burma it is perhaps difficult to say, but should for any reason the Italian system of local savings banks prove to be beyond the present resources of the country, the French system offers an alternative the result of the adoption of which should prove no less beneficial to the agriculturists of Burma than it has been in the country of its first adoption.

Two things however must be borne in mind. In the first place the foundation of a net work of small societies in villages all over the country means that there is to be found throughout Burma both in the small country towns and in the villages themselves a number of enlightened men able to understand the advantages, both material and social, that may come from the establishment of such societies and also possessed of sufficient wealth and leisure to be able to devote themselves to the task of teaching their less-informed neighbours. It is not sufficient merely to

persuade them to form societies, it will be necessary also to watch over their development and manage their affairs. The number of men capable of doing this will, it is probable, be found to be very small in the country districts of Burma at the present time. Moreover, it will be noticed that even in France it was the immediate material benefit of being able to buy cheap and reliable fertilisers instead of having to pay high prices for inferior ones which induced the small farmers to join the associations. The prospect of purely social improvements is not a sufficient reason to the cultivator for embarking on the new policy of co-operation. This means that the managers and founders of the societies must be possessed of considerable business ability and experience of the conditions of modern trade. This too will be difficult to find in the country parts of Burma. It is therefore possible that the French system, no less than the Italian, will be found beyond the power of present-day Burma to adapt for its own uses.

The methods of co-operative organisation are however manifold and there is a third way which may, failing others, yet prove the solution of the problem. It is impossible, we will say, to work upwards from the bottom. It may however be possible to work downwards from the top. This is the method which is meeting with such success in Ireland. The necessity that the agricultural classes of Ireland should be organised for collective action on a co-operative basis, if they were to compete with success in the world market and win back for their country that prosperity which seemed to be leaving it for ever, was realised by a small body of patriotic Irishmen in the year

1889. These men, headed by Sir Horace Plunkett, set themselves the task of teaching the rural population the lesson that they had learnt, and of showing them the way to carry their ideas into practice. For a time this work of propaganda, with which was combined that of giving the various co-operative societies, whether dairies, credit banks, or whatever their character, advice and assistance in their management and organisation, was carried on privately by the men who had started the movement. By 1894 the progress made was so great that the Irish Agricultural Organisation Society, Limited, was formed to carry on the work on more extended lines. In the first instance the society consisted of philanthropic persons anxious to promote the movement but in its constitution arrangements were made for the inclusion in its membership of the Societies which had already been created or were to be created in the future. It has a thoroughly representative committee of 24, half elected by subscribing members and half by the affiliated societies. The duties of the society remain mainly those of a propagandist body. It assists in the founding of societies, it supplies organisers who go down to the villages and explain the advantages of co-operation, it publishes a newspaper and pamphlets and leaflets describing the methods and use of agricultural organisation, and it sends out experts and inspectors to assist and direct the societies which belong to it in conducting their business on the most efficient lines. But it undertakes no responsibility for the societies, nor does it come to their assistance by the provision of funds or the purchase or sale of agricultural produce and requirements. It thus works by the side of the societies formed

under its influence, acting the part of an elder brother towards them rather than that of a parent to his children.

The success of this system has been very great. In 1909, that is fifteen years after the formation of the Irish Agricultural Organisation Society, there were over 900 societies with a membership of 100,000 persons, and the numbers are still growing. As in Denmark, the majority of the Irish small cultivators depend on the milk produced by their cattle. Consequently dairy societies are the most common, and again as in Denmark, federations of societies both for the purchase and sale of their produce and requirements have been successfully established. There are over 300 co-operative credit societies getting their money from banks at 4 or 5 per cent. per annum and lending it out again to members at 5 or 6 per cent. In some cases money is also obtained from the Government at even a lower figure namely 3 per cent. Here, then, is a third way open to the men of public spirit in Burma. Granted that under existing circumstances the foundation of a system of savings banks and similar co-operative institutions all over the country, as has been done in Italy, to collect the savings of the people and form the nucleus for the spread of co-operation through every department of agricultural life, is impossible, granted that in the present state of education and development in the province it is impossible to find, scattered throughout the length and breadth of it, men of sufficient capacity and devotion to organise a net work of small societies combined into great divisional or provincial unions as has been done in France, what is there to prevent the adoption of the Irish system?

Let but ten or a dozen Burmans of education and position, whether they live in Rangoon or elsewhere in the province matters not, once convince themselves of the necessity for propagation of agricultural co-operation and devote themselves, in emulation of Sir Horace Plunkett and his friends, to the spread of that conviction throughout the cultivating classes of the country and they will not be long before they find themselves winning adherents on every side. There can be no question of any collision with the policy of Government, for Government is already before them in the field and devoting much time and money to the furtherance of the same cause. Then in time we may see also arise a Burma Agricultural Organisation Society working independently of but in the closest touch with Government, and as the movement attains ever greater success Burma, already called by some from the fascinating qualities of its people the Ireland of the East, may earn the name also in an economic sense as the first people of the Continent of Asia to carry out the policy of true agricultural progress, the policy of "better farming, better business, better living."

CHAPTER VI.

Co-operative Credit.

The methods of general organisation likely to be suitable for Burma having been thus described, it remains to give some account of the particular forms taken by co-operative effort in Europe, which may prove capable of adaptation for use in this Province. We have said already, in an earlier chapter, that in most countries the prime need of the small farmer is the provision of credit. Without credit he cannot improve his position or make the most profitable use of his already existing capital, which consists chiefly of his labour and his own knowledge and experience of cultivation. The progress made in the establishment of co-operative credit societies in Burma shows that their advantages have been realised in many parts of the Province, but there are many districts where the movement has not yet penetrated and it may, therefore, be useful to state briefly the advantages of such societies to the individual cultivator.

In the first place, co-operative credit puts an end to the business of the money-lender, who exacts high rates of interest and preys upon the needs of the cultivator. The experience of the past few years has shown that there is plenty of money in Burma seeking investment, which is readily obtainable on good security at rates of interest varying from 6 to 9 per cent per annum. Yet in most country districts the lowest rate of interest is 2 per cent. per mensem, or 24 per cent. per annum, even for a loan secured by

mortgage. For on demand notes the rate is often as high as 30 per cent. or even 36 per cent. and the small cultivator and tenant, who keeps a running account with his moneylender often pays 40 per cent. or 48 per cent per annum for his advances. If he is very badly off, he often has to take *Sabapa* terms, which at rates varying from Rs. 30 to 60 per 100 baskets at harvest, frequently means interest at 100 per cent. or even more. The moneylender not only deals in advances, he often makes a great profit by hiring cattle. A good bullock can be bought for Rs. 100 or less, but the hire of one for a single season is often thirty baskets of paddy.

A member of a co-operative credit society can get the money he needs for productive purposes through his society at 15 per cent. per annum, while the middleman's profit goes to his own society, and not to a moneylender, and as the movement grows this interest will, probably, be still further reduced. The gain here is obvious. Further it must be noticed that where moneylenders have everything their own way, they set an example which is followed even by those who have no real wish to be unjust to their neighbours. While the current rate is 36 per cent in any village, few, however kindly they may be, will lend at less interest. But when the co-operative credit society comes into the field with its 15 per cent. loans, then even the worst moneylenders find it necessary to reduce their rates.

In the second place co-operative credit tends to assist increased production, and we have seen that it is on increased production from the land that the future prosperity of the cultivating classes depends, enabling them to obtain a

larger income and thereby to live a better and more satisfactory social life. It is, however, often difficult to persuade both the cultivators and also other people of the advantages to the former of credit. The following statement, made by a small tenant in France, may give an illustration of how useful it may be: "In 1897," he says, "I was a poor man and dared not borrow large sums, but joining a co-operative credit society gave me the opportunity of making many profits I could not have made otherwise. In 1898 I borrowed Rs. 66 to buy two sucking calves, which I fed up and sold later for Rs. 220. In 1899 I borrowed Rs. 100 to buy a sow; from her I got eight little pigs, which I sold for Rs. 134 keeping the mother still for myself. In 1900 I rented a mare for work on my farm. I had only Rs. 200, just enough to buy an old beast. I preferred to borrow another Rs. 200 and for Rs. 375 I got a young mare, which I sold again two years later for Rs. 600. In 1901 I borrowed Rs. 125 to buy a cow. I got two calves from her and sold her again when about to bear another for Rs. 220. In 1902 in November one of my cows aborted. She gave very little milk, and I had plenty of fodder so I borrowed Rs. 200 to buy another. The sale of her milk brought me a profit all the winter. In 1903 I wanted to buy fertilisers, and to change the crops on my land. I borrowed Rs. 130 to buy fertilisers and got a splendid crop. In 1904 I borrowed Rs. 200 to pay my rent in December. I should otherwise have had to sell my mare which I needed for my spring crop. Lastly, in 1905 I borrowed Rs. 160 for six months in September. I bought 12 sheep and sold them in January 1906 for Rs. 270.

Their keep for four months cost me only Rs. 50 and, therefore, I gained a profit of Rs. 60 in our months, and still had two months more to use my loan in." The advantage to this man of being able to get the small loans he required was very great. Not one of the operations described, all of which yielded a handsome profit, would have been possible had it not been for the assistance of his co-operative credit society. Such things are equally possible in Burma, and indeed are taking place to-day. It is only necessary to go to a village where such a society is being properly conducted, and many such instances would be related by the members. Increased production is impossible without increased credit, and without increased credit and without increased production, there can be no prosperity to agriculture. The farmer in Burma has, for years, been left to depend on his own resources with the result that he has obtained little credit and that only on the most onerous terms. The time has come for him to combine with his fellows to gain that which, by himself, he could not get, and then to lay the foundation for his future prosperity. Thirdly, co-operative credit tends to regularise the market prices of agricultural products. After harvest the cultivator has to sell his crop, and, especially if he is in the hands of money-lenders, who are clamouring for payment, often has to sell at once. The result is that a great quantity of grain is put on the market at once, and prizes fall to a very low level in consequence. But if a cultivator's loans are due to a co-operative credit society, he can arrange for them to be repaid at the most convenient time, and it may even be possible to take a further advance

to cover his household expenses until such time as the market has returned to a normal level.

These three reasons, all of them of the greatest importance to the Burman cultivator, will perhaps suffice to prove the benefit that will accrue to the Province from the establishment of a complete system of co-operative credit societies. As to the basis on which such societies should be organised, the movement has now been in progress in Burma for several years; there are rural societies scattered over the province, and pamphlets, model bye-laws and other literature, both in English and Burmese, are readily obtainable both from the Registrar of Co-operative credit societies, Maymyo, and other sources by anyone who takes an interest in the question. The question of the organisation of co-operative credit may, therefore, be treated in this book in a more summary fashion than that of other branches of co-operative effort not yet introduced into this Province.

The most suitable system for the small agriculturist has proved, in most countries of Europe, to be that originally started in Germany by Raiffeisen, about the middle of the last century. His societies restrict their operations to a small area, usually only a single village. There are no shares, or, if there are any, their amount is made as small as possible and no dividend is paid upon them. The liability of the members is unlimited, as only then can a body of small men offer adequate security for the sums needed to be borrowed from the outside public. The society is managed by a small committee who are unpaid.

This committee consists usually of five members. It manages all the affairs of the society, receives the deposits from its members, decides on the application for loans put in by them, and arranges for the advances from banks and other outside persons to provide the money for the working of the society.

Loans are only granted to members for productive purposes, and as a rule on the personal security of the borrower and two sureties. Immovable property is rarely taken as security, because such property is often difficult to realise in a hurry.

It will be thought that a small village society, composed of members, none of whom individually have much credit or property, would find some difficulty in winning confidence of outsiders. The contrary has proved to be the case. In Germany such village banks have been trusted in times when money was being taken out of the big commercial banks of the towns, and even in Burma, the Bank of Rangoon, which would not trust a single village cultivator, has lent to co-operative credit societies several lakhs at 9 per cent. per annum. Well to do Burmans are also investing their money in them at 9 per cent. preferring to take this lower rate with the security which the societies offer of the unlimited liability of all their members, than to lend out their money as they did before on mortgage deeds to single cultivators at 24 per cent.

In Burma a type of society has arisen which, though it preserves most of the chief characteristics of the German Raiffeisen system, has special features of its own. The

share is of Rs. 100 in amount paid up by instalments of Rs. 10 annually. No dividend is paid on this share, all profits going to a Reserve Fund, but at the end of ten years, when all the share is paid up, the shareholder can receive his money back. The profits made by the society during the ten years' working then form the property of the society, future profits being divided between the society and the shareholders in the proportion of three to one. In other respects, the society is worked upon Raiffeisen lines.

Societies have now become sufficiently numerous to proceed to combine in their turn so as to provide a higher organisation for finance and control.

For finance two central banks have been formed in Upper Burma—one at Pakokku to finance societies in the Pakokku district and the other in Mandalay to finance in the rest of Burma. Lower Burma societies have hitherto been financed by a Rangoon joint stock bank, but the long-lying deposits required by most societies are somewhat beyond the usual range of the business of such banks, whose interests, at least in Burma, are mainly in the commercial world. The rural societies will therefore in the future have to depend upon the central banks, though it is hoped that the urban societies may be able to maintain and extend their connections with the joint stock banks of the Province. The shareholders in the central banks comprise affiliated societies and individual persons. They have limited liability and act as centres for collecting deposits and for balancing excesses and deficiencies in the funds of affiliated societies. For control, in pursuance of

the practice now generally approved in Europe, societies are, where the conditions of proximity and co-operative knowledge permit, combining to form unions. Such unions are not banks and do not handle funds passing to and from the central bank and the union societies. They are associations for mutual guarantee, for inspection and for propaganda. The union committee, formed of delegates from the union societies, inspects all societies twice a year, assesses the amount each society may borrow from the central bank and other non-members, if insistence be necessary, insists on repayment, advises the Registrar as to the registration of new societies, and actively propagates co-operation in the neighbourhood. Each society in a Union guarantees the debts of the other union societies up to the limit of its own borrowings.

There are now 24 such unions comprising more than half the total number of societies. They are all in Upper Burma. In Lower Burma the facts that there are two distinct races living in adjacent villages, *i.e.*, Burmans and Karens, which races are again divided into Lower Burmans and Upper Burman immigrants in the case of Burmans, and into Pwos and Sgaws in the case of Karens, that there are two religions, that travelling from village to village is expensive and seldom possible on foot, and that societies are still scattered and not numerous, make unions for the present impracticable. With the spread of co-operation and the realisation of the fact that the above difficulties are not insuperable barriers to combination for mutual profit, unions will doubtless be formed in due course in Lower Burma.

The total amount of funds (shares and deposits and reserve) held by Societies and the central banks now amounts to some 22 lakhs of which about Rs. 99,000 is reserve (*i.e.*, the excess of assets over liabilities) and some 6 lakhs are deposits.

The total membership is over 8,000.

The necessity of facilitating thrift as well as credit is not lost sight of and the central bank at Mandalay has opened a regular savings bank department which will meet the requirements of those who cannot put by larger sums in fixed deposits in a society or the central bank. Judging by the popularity of the saving form of society (above described) among the Karens in Lower Burma, there is every reason for believing that a safe place for savings has long been wanted and will not fail to attract savings when provided.

As a result of this year's Agricultural and Co-operative Conference in Mandalay organisations are arising both in Rangoon and Pegu, and are also under consideration in other towns for the collection of the hitherto uninvested savings of the Burman people and their utilisation by way of deposits in the central banks for the furtherance of the co-operative credit movement.

State aid in Burma takes the form of a State-provided staff for instruction in co-operative methods and for audit (once a year at least) of registered societies. Instruction, of course, implies reiteration of principles and correction of errors, as frequently as possible, after formation no less than explanation before it. Though visits to new societies

be numerous, the object is to make sure that the societies are truly co-operative and develop on co-operative lines, in which case money deposited with such societies is safe, and not directly to safeguard such deposits. Once a society has made its loans for the year the Registrar can do little to ensure repayment except—and the exception covers practically the whole case—by inculcating effectively the co-operative idea and a working knowledge of accounts.

State aid in the form of loans is in Burma almost negligible, such loans comprising but $1\frac{1}{2}$ per cent. of the total funds, and this small sum is in course of reduction.

CHAPTER VII.

Co-operative Insurance Against the Mortality of Live Stock.

Of all the disasters to which the farmer, and particularly the small farmer is liable, in the course of his profession, there is none which he has more reason to fear than the loss of his live stock. The amount of capital invested in live stock is always considerable, and the cultivator who loses his cattle by disease or other misfortune is frequently unable to replace them out of his own resources. This is a frequent source of indebtedness, and many are the cultivators whose final ruin may be traced back to the loss of their cattle.

The establishment of a co-operative credit system as described in the last chapter, will, no doubt, do something to assist the cultivator to repair his losses by enabling him to borrow money on easy terms to buy fresh cattle, but, even so, his credit for other purposes will be impaired. The true way to provide against cattle mortality is by insurance. This is the system which in the modern commercial and industrial world has been evolved as the most suitable and convenient method of meeting the risk of heavy losses which may occur either at any moment or only at long intervals, and which it would be impossible to meet out of current income, without gravely impairing the stability of the business. If, then, it be recognised that in the policy of *better farming, better business, better living*, is to be found the solution of the present-day problems of

agriculture, it becomes necessary that the farmer in his turn should adopt the business method of providing against the risks of cattle mortality by means of insurance.

This has long been recognised in Europe, but as has so often been the case, the task of adapting the system found suitable for the ordinary business world to the requirements of agriculture has proved one of some difficulty.

In the business world, insurance is effected through the means of large insurance companies formed on a joint stock basis. But, as a matter of fact, most of the societies of this character which have attempted insurance of live stock, have failed. There are several reasons for this. In the first place it is a difficult matter to find suitable and trustworthy agents in country districts, and there is a lack of statistics as to cattle mortality sufficiently complete or reliable for any accurate calculation to be possible, either as to the risk incurred or the amount of the premium that should be demanded. Again, it is impossible to keep a close watch over the actual deaths that occur, or to insure that the beast on whose account a claim is made is the actual animal that was originally insured. Further, cultivators live scattered over many villages, and the expense of organisation and general management of a concern dealing with small business scattered over a wide area is always heavy. The result is that, in order to make any profit, the companies are compelled to exact high rates of premium, and to insist on such strict and exacting conditions in their policies as to deprive the insurance of much of its advantages in the eyes of the farmers.

The ordinary methods of urban business based on the joint stock system having thus proved a failure, the cultivators of Europe turned to co-operation which already in other departments of agriculture had provided a satisfactory solution for their business problems. Once again the truth was demonstrated that co-operation is the best business system for a farmer. The co-operative insurance of cattle has proved a great success and is now to be found spread abroad through Denmark, Germany, France and almost every country of Europe. So far has it developed in magnitude and in organisation that, at the Congress of Agricultural Associations held in September 1910 at the Brussels Exhibition, an International Committee was formed to deal with the question of the international reinsurance of such risks, consisting of members from Belgium, France, Poland, Holland, Italy, Russia, Austria and Germany. In the present chapter it is proposed to examine the principles on which these national systems of co-operative insurance against cattle mortality have been erected in the hope that Burman cultivators in their turn may be able to follow in the footsteps of their fellows in Europe and evolve a similar co-operative insurance system for themselves.

As in the case of co-operative credit societies, the most satisfactory basis for the co-operative insurance system has been found in the small village society.

The first necessity for the successful management of insurance business is that the persons insuring their cattle shall be well known to the society both as to their general

financial status and their good character. Secondly, it is essential that as soon as the death of an insured animal is reported it should be possible to verify it and ascertain whether the report made is accurate or not. Thirdly, it is necessary that the society should be able to watch over all cases of sale or purchase of live stock, and, fourthly, it is necessary to see that the farmer who insures his animals treats them well and keeps them in a sufficiently good sanitary condition. All these points can be easily and effectually provided for where all the members of a society live in the same village, or in adjoining hamlets, and, moreover, as all the villagers are well acquainted with each other, they are much more ready to combine upon a village basis than if the membership be extended to villages with the inhabitants of which they are but slightly, if at all, acquainted.

The village, therefore, must be the basis of the co-operative system, and has been rightly made so almost invariably in Europe. It will not be necessary to describe the organisation of these village societies separately for every country. It will suffice to take the case of France.

The first attempt at co-operative insurance in France was made long ago in the Department of the Landes. Small societies were formed composed of persons well known and thoroughly trusted by each other. Often several such societies are found in a single village. Their object is to provide for the losses caused to their members by the accidental death of domestic animals and they are managed in the simplest manner possible. There is no subscription

to be paid in advance, but, in the case of the death of an animal, its value is estimated, and at the end of each six months the member whose beast has died receives the indemnity due to him by the rules, each of the members of the society being bound to pay his share, which is calculated according to the proportion in which the total value of the animals insured by him stands to the value of all the animals insured by the whole body of members. Thus if a man insures animals to the value of Rs. 200 with the society and the total value of all the animals insured by the members is Rs. 2,000 he will have to pay one-tenth of the amount of indemnity to be paid by the society to members who have incurred losses during the half-year. These societies, which are often almost of a family character, depend for their success on the good faith of their members and the careful supervision mutually exercised by them on the condition of their cattle stalls. On October 31st, 1904, there were in the Department of the Landes 852 societies of this character with 41,944 members. Sometimes, in order to lessen the amount of the indemnity to be paid by the members, the flesh of the deceased animal is cut up and divided amongst them according to the proportion of the share of the indemnity to be paid by them.

This system with its simple character has proved very useful as a village organisation, but it does not lend itself to a strong and powerful organisation for co-operative insurance of a national character. In the case of a severe outbreak of disease in any village, when most of the villagers would probably suffer losses, it would be of very little assistance. Therefore another system, which is now

generally recognised to be the best, has been evolved. In this a subscription, calculated according to the value of the risk and to the amount of indemnity fixed by the bye-laws of the society, must be paid in advance by all members. By some such system alone can a society be confident of meeting the demands upon it and build up for itself a reserve fund which is the best guarantee of prosperity for any society dealing with insurance. In some societies a third method has been adopted which is a combination of the two already described. These societies require a subscription payable in advance, but at the same time provide for a special levy on the members at the end of any period of six months if the subscriptions are not sufficient to meet the indemnities to be paid. The supplementary levy is limited to a fixed maximum, but even so experience has shown that such levies are never well received by the members and that it is much better to exact an increased subscription in the first instance. If the amount subscribed proves in excess of the indemnities to be paid, it is always possible to arrange that, when the necessary provision for a reserve fund has been made, the surplus shall be returned to the members.

There is some difficulty in ascertaining the right rate of subscription. The founders of any society must, therefore, carefully compare the number of cattle in the locality with the mortality that has occurred in recent years, and thus arrive at a suitable rate. In France the rate is usually, in the case of cattle, well under 2 per cent. on the value of the cattle insured. In Burma, where cattle disease is more prevalent, a higher rate will be necessary probably, if the

risk of rinderpest is to be included, as high as 5 or 6 per cent.

A member must insure all the cattle in his possession. He must separately value each of his animals and his valuation is checked by two members of the society appointed for the purpose. The valuation of each animal as finally settled by these members is entered in a register in foil and counterfoil together with an exact description of the animal, and its age. One copy is given to the member and the other is retained by the Society. As the value of cattle is apt to change somewhat rapidly, especially towards the end of their life, it is desirable that the valuation should be checked every six months.

The two members appointed to value the animals have other duties besides those of valuation. They must also see that the cow-houses of the insuring members are kept in proper order and that the animals are properly fed. No indemnity is payable in the case of losses resulting from neglect of their instructions. The duties of these inspecting members are most important and it is on the conscientious fulfilment of them that the prosperity of the society will depend.

Certain kinds of animals will be excluded from insurance. Thus in France any cattle under six months of age or over twelve years are not insured, the risks in their case being too great. Similarly, animals newly bought are not accepted for insurance until they have been 15 days in the cattle byres of the purchaser.

The following risks are usually excluded from the insurance:—

- 1 Losses due to war, riots, fire, the cowhouse being struck by lightning, floods, drowning, fall of buildings, journeys by railway or by cart.
- 2 Losses due to a dangerous operation undertaken by the owner or under his responsibility, when the operation should only have been performed by a qualified veterinary man.
- 3 Losses due to violence, ill-treatment, lack of care or nourishment, overwork, and in general, serious faults on the part of the owner, proved after enquiry, or on the part of his servants.

It is usual to make a member bind himself for one year, the year to be increased to three if he has been paid any indemnity by the society in the course of it. The society is administered by a committee of six members chosen from the members of the society by the general assembly. They are elected for four years and half of them are re-elected every two years, the members retiring after the first two years to be chosen by lot. Honorary members, *i.e.*, members who subscribe at least Rs. 3 per annum and do not insure any cattle may form one-third of the committee. The committee elects its own president, vice-president and secretary-treasurers. All officers are unpaid.

The committee's duties are to make widely known the advantages of mutual insurance; to value the animals of the members; to control carefully the condition of the live

stock insured, the care given to them and the healthy condition of the cattle byres; to receive the notices of the outbreak of disease or the occurrence of accidents, to examine the animals thereby affected and to verify the deaths which occur; and to pay out the indemnities for deaths when verified.

The general assembly meets once a year, one-third of the members forming a quorum. The committee are elected by ballot and in all cases voting must be secret if one-fourth of the members present demand it or the exclusion of a member is in question.

On the death of any animal the insurer must immediately inform the secretary of the society and the inspecting members of the committee, and decide in agreement with them on the most profitable manner of disposing of the remains. The amount thus obtained is generally deducted from the total of the loss incurred and thus decreases the amount of the indemnity payable by the society. The indemnity is usually paid at 70 or 80 per cent. only of the total loss. Thus, if a bullock worth Rs. 100 dies and its hide and flesh are sold for Rs. 20 the amount of the indemnity will be 80 per cent. of Rs. 100 less Rs. 20 or Rs. 64 only.

As soon as the inspecting members have decided on the amount of the loss incurred by the insuring member, part of the indemnity is at once paid out by them. The remainder is usually kept back till the end of the six months in order that, if at the end of that time the total losses to be met are more than the sums at the disposal of the

society, all those to whom payments are due may receive the same proportion of their indemnities. Thus the members whose cattle die towards the end of the six months will have an equal opportunity of receiving their indemnity with those incurring early losses, and no charge of unfair dealing can be made against the society. The amount paid out at once is usually half the indemnity, the remaining half being kept back till the end of the six months period.

A special provision is inserted in the rules to the effect that the society can never be compelled to pay out more than the balance in its possession after meeting working expenses and the regular contribution to its reserve fund.

It will be seen that the working of these societies is extremely simple, and there should be no difficulty in organising one in any village which has succeeded in establishing a co-operative credit society. But, as said before, so long as the society remains a village one, it is always liable to come to grief through the occurrence of a widespread epidemic among its cattle. To provide against this, unions of societies for the reassurance of the risks incurred by the village societies are widely used.

These unions are formed in the following way:—They, as a rule, work over a whole department in France which answers to a district in Burma. Only village societies which adopt rules approved of by the union and are ready to place themselves under its control may join it. The village societies which join it must pay into the union a half or a quarter of the subscriptions of their members and

a half of the entrance fees paid by them. In return the union repays the same proportion of the losses incurred by the village societies on account of the cattle lost by their members. The system means that the village societies receive from the union a monetary assistance proportionate to their payments to the union, but at the same time they remain responsible for a portion of the indemnities due by them. They have, therefore, every inducement to manage their affairs on the soundest lines possible.

But these unions do not complete the national organisation for co-operative insurance of live stock in France. At the head of the whole system is the central society of reassurance, to which can be affiliated all unions as described above, and also any isolated village society which finds itself in a district not as yet possessing a union. This central society also insists on the rules of any union or isolated society which joins it being drawn up in a form of which it approves, and for a further check upon them requires that applications for admission must be sent in either through the local agricultural associations or the unions of those associations.

The central society receives one quarter or one half of the subscriptions received by the affiliated unions or societies and in return pays one quarter or one half of the indemnities payable by them. Any society or union joining the central society must bind itself to continue a member for three years.

Such is the national system that has been built up in France. The Government spends a good deal of money

in subsidising this system, and its subsidies are divided among the local societies, the unions and the central society. By the aid of these subsidies the growth of the system has been greatly stimulated, but they have one bad result. For the societies have learnt to lean so much upon this Government help that if for any reason it were to be withdrawn many of them could no longer continue to exist without considerably raising their subscriptions. It would appear to be a much better plan so to arrange the subscriptions that the societies can stand on their own feet from the start, and to leave it to Government to give extra help only in cases of widespread epidemic which the societies are unable to meet out of their own resources. But the system of organisation is in either case the same. It will have been seen that there is nothing in the system which could not be quite as easily adopted by Burman villagers as it has been in France, and the benefits which its adoption would confer on the agriculturists of Burma are undoubted. It would appear, therefore, that as soon as a co-operative credit society has been established in good working order in any village the villagers should begin to go a step further up the ladder of co-operation and establish in their midst a society for the co-operative insurance of live stock.

CHAPTER VIII.

Co-operative Sale of Agricultural Produce.

Thus far we have dealt with the provision of credit to the farmer and the securing of agricultural classes against the heavy losses that periodically come upon them through the mortality of their live stock. Both these aims, we have seen, can best be attained by the agency of co-operation. But valuable though the benefits conferred upon the rural population by co-operative organisation in these particulars may be, yet they do not complete the services to be obtained from it. One of the chief necessities for the prosperous development of agriculture is that farmers should be able to dispose of their produce at regular and remunerative prices. In other departments of industry it will be found that it is the large combinations of producers who control the market and fix prices. The farmer alone, from his state of isolation and ignorance of trade, finds himself all too frequently but a pawn at the mercy of traders and middlemen. Consequently in every country one of the first branches of co-operative effort to be started is that of co-operative sale of agricultural produce. We have already described in a former chapter the success which has attended the organisation of the production and sale of Danish dairy produce on co-operative lines. Similar results have been obtained in Ireland. In Burma the main occupation of the farmer consists in the production of paddy and it will be in the methods adopted in Europe for the co-operative sale of cereals that he will be most

interested. This system has been most successful in parts of Germany and Austria, particularly in Bavaria and Pomerania, and it is, therefore, to the methods there in use that prominence will be given for the most part in the present chapter.

Experience has shown that it is not possible to prescribe one universal type of society for the co-operative sale of cereals. Much depends on the size of the farms worked by the members, on the quality of the grain produced, or whether the grain is consumed locally or to a large extent exported to other countries. It is very essential also, before starting such a society, to discover whether it will be in a position to confer any immediate material advantages upon its members. Unless this is so the society cannot possibly prosper. Thus, as has been proved by experience in Germany, where traders are already paying the farmers the maximum value of their crops, there is no chance for a society to succeed. It will succeed in fact only where it introduces *better* methods of business than those already existing, and unless it can see its way clearly to introduce such, it had better not be started at all.

The society will obtain its members partly from individual farmers who may join it, and partly from other societies and associations which will join in their co-operative capacity. The terms on which the latter may join will have to be carefully worked out and their share of liability carefully proportioned to the extent to which their members avail themselves of the society's services. It is also desirable that the society should work in the closest possible connection with such other co-operative organisations as

may be existing in the same locality, so that the new society may profit by the experience of the earlier ones, and, of possible, found its prosperity and credit upon that already attained by them.

We come next to the question of capital. This is an all-important question, for without capital no system of collective sale can be organised successfully. In Germany and Austria this capital may be divided into two parts, consisting first of the funds necessary for the establishment of a godown, and secondly of working capital and the money required for the advances which are essential in all commercial operations.

In most societies the grain received from members is taken into the godown and there cleaned, sifted and graded according to its quality. This often means that a certain amount of machinery has to be erected, especially in the case of large societies. But in Burma, at any rate at present, no such cleaning would be required before despatching the grain to the mills and, therefore, it seems unnecessary to deal at length with the methods of erecting and organising godowns equipped with machinery as practised in Germany. It is, however, probable that each society, even in Burma, will require a godown of some sort though neither its erection or equipment need be very costly. The funds necessary for this purpose, as well as for working capital and for advances, can only come from two sources, the subscriptions of members or from credit. In each case interest will have to be paid on them, and experience shows that this interest is a heavy burden on

the young society. It is essential, therefore, to take great care that the capital raised, though adequate for its purpose, is kept down to the lowest amount compatible with the successful operation of the society.

The value of the society to each member who joins it depends upon the amount of grain which he has to dispose of by its means, and this amount depends on the area cultivated by him. The rules, therefore, should provide that the possession of a certain unit of cultivated land, say ten acres, by a member makes him liable to a subscription of one share in the society, or if the capital is raised by outside borrowing, makes him liable to the extent of one share for the debts of the society. If the unit be fixed at ten acres, then the holder of 100 acres must subscribe for or be security to the extent of ten shares, while the holder of ten acres only need not take up more than one.

The administration of the society is carried on by the following bodies: (1) The administrative council composed of a president, vice-president and a secretary-treasurer. These three form the executive, and of them the secretary-treasurer alone should receive remuneration; (2) a committee of inspection and control composed of from 5 to 7 members, according to the importance of the Society; (3) the general assembly consisting of all the members of the society. The actual work of direction and management will be entrusted by the administrative council to a paid manager and the necessary subordinate staff of clerks and workmen.

In considering the interior organisation of the society, one is confronted at the outset by a question which it is difficult to settle. Must the members bind themselves to deliver all the crop which they have for sale to the society or not? In the case of co-operative dairies, both in Denmark and in France, each member is compelled to hand over all the milk which he has for sale to the dairy, but in Germany and Austria, so far at least as societies for the sale of cereals are concerned, there is considerable controversy on this point. If the obligation is enforced there are considerable advantages. The quantity of grain to be dealt with is known immediately after harvest, as well as its quality. The size of the godown that will be required can also thus readily be ascertained, and the society will get all the grain of its members, both good and bad, instead of perhaps only the leavings of the merchants. The manager, freed from any difficulty in securing sufficient grain for its operations, can concentrate the energies of himself and his staff on the sale of this grain, and is also better able to estimate the price that he can offer, and make good terms with the millers. These advantages are important and in the case of a small society it is recognised that the obligation to deliver all grain for sale to their society must be insisted on. But in the case of large societies the case is different. The obligation may result in the society receiving more grain than it can usefully handle. Moreover, in such cases, control over the members in this regard has been shown by experience to be impracticable. The obligation may reasonably be included in the society's rules, but it should not be too much insisted on. Both in

Bavaria and Pomerania grain is sent in by the members in large quantities, without any such obligation, and as a matter of fact the success of any society must depend on the efficiency of its working and in the advantages actually conferred on its members rather than on any provision in its rules. At the same time if the obligation is not insisted on, it will be necessary to allow the manager to make up for any deficiency in the supply from members by accepting delivery of grain from non-members also, though these may reasonably be charged at a higher rate than members for the services of the society.

There are three methods of dealing with the grain delivered to the society: first, purchase outright by the society for its own account; second, sale by the society on commission for the account of the member, and, third, collective sale by the society for the account of the members. The system of outright purchase is that often preferred by the farmers. Prices are usually fixed once or twice a week by the administrative council who also as a rule keep three or four standard samples of grain. The grain delivered by the members is classified according to its quality in one of these grades and a price quoted accordingly. Payment is made by a bill drawn on the bank or credit society with which the society deals. Thus the society behaves in this case just like an ordinary broker. There are, however, considerable dangers in adopting this method. Unless the manager be possessed of great business aptitude, he is likely to land the society in loss when prices are uncertain and it will always be possible for ordinary traders to defeat the society by outbidding it, if

they hold the view that the temporary loss to themselves will be more than outweighed by the failure of the society to establish itself on a firm basis. Risks of loss can be obviated to some extent by always reselling the grain immediately after purchase. But even so this method of purchase outright is hardly to be recommended as a safe one.

The other two systems are much more reliable and have been adopted universally in Austria and also in most of the Bavarian societies. They are especially suited for young societies without much experience receiving a large number of consignments each of small volume, such as usually are found in a district of small holders. The member sends in his grain to the society immediately after thrashing. There it is cleaned and then weighed. The refuse is returned to the member who uses it to feed poultry, and the cleaned grain is compared with the standard samples of the society and its quality and price fixed. But the member can either keep the grain under his control, in which case the society stores it separately and sells it when the member directs, charging a certain sum for cleaning, handling and sale and deducting it from the price received, or he can hand the grain over entirely to the society, which then sells it with other grain of the same quality at its own discretion. In either case it is customary to pay the member at once a certain proportion of the price, usually from 75 to 80 per cent. One per cent. of the weight is also usually deducted for the loss in handling while in the care of the society.

In the case of collective sale we will suppose that a large consignment is finally sold at Rs. 110 per 100 baskets. Advances have been made on this sum, say up to Rs. 80 per 100 baskets, and the remainder only has to be divided. A list is made out of the amount contributed by each member to the consignment, the value of each member's contribution at the price realised is worked out and the amount of the advances made to him deducted therefrom. Each member is debited with his share of the expenses and the remainder is the amount to be paid out. In the society of Strogard an admirable system is in force. A special committee fixes a price weekly according to the market rate. Each member can receive at the time of delivery an advance of three quarters or 75 per cent. of the full price on his consignment according to its weight. The rest is kept back by the society till the end of the season. Then the actual amount due to each member for the remaining 25 per cent. of the price which varies according to the current price at the time the grain was delivered to the society, is calculated. If after meeting all expenses and paying the amount prescribed by the rules into the reserve fund, the society has sufficient funds to pay this amount in full, it pays it. If it has not sufficient, a proportionate deduction is made all round. If it has more than sufficient, a proportionate increase is made. Thus this society paid at the final account taking:—In 1898-1899, 23·5 per cent., 1899-1900 24·5 per cent., 1900-1901, 25 per cent., *plus* Rs. 3 per ton of barley and Rs. 2·8 per ton of other grain. 1901-1902, 25 per cent., *plus* Rs. 1·8 per ton of all grains.

M. Albert Dulac from whose manual on the co-operative sale of cereals most of the information given in this chapter is taken, thus summarises the three methods of sale: "The sale on commission is a method involving little or no risk to the society, and is, as a rule, pleasing to the cultivator, but its use entails the elimination of most of the advantages which come from co-operative selling. To sell collectively for the account of several members whose consignments of grain are mixed together, is also a method devoid of danger to the society. But it is difficult to make the cultivators accept this system until they have learnt the excellent results to be obtained by its adoption. The third system of purchase outright is appreciated by the cultivators, because it is identical with the ordinary procedure of traders in the regular market. It is useful for the society which thereby can compete with outside competitors on ordinary business lines. But its adoption is dangerous, unless the managers of the society are men of great experience and more than usual ability." These unusual qualities will almost certainly not be found in any society of cultivators in Burma, and, therefore, those who may be inclined to make use of this method of co-operation are strongly advised to confine their energies to the two systems of sale on commission for the members individually and of collective sale.

The grain having thus been received by the society, it remains to dispose of it on the market. The system of co-operative sale is not intended to do away with brokers altogether, but to enable a society to dispose of the crops of its members, in conditions in which they will be those

most highly thought of on the market, to the person who will pay the highest price for them. As we have already said, unless it is clear that the society will be able to obtain better prices than are paid to individuals by local merchants, the society had better not be founded at all.

In Burma all paddy not required for local consumption is sent by the brokers direct to the mills and it will, therefore, be with the mill-owning firms of Rangoon or other sea-ports that the society will have to enter into relations. If the society has been able to grade its paddy according to certain standard samples, and to secure that the paddy when delivered in bulk is always up to sample, there should be no difficulty about this. But as has been the case in Germany, the society will probably require a broker of its own, who is well acquainted with the market, in order to dispose of the paddy at the most remunerative price. These men in Germany receive a fixed wage, and in addition 0.50 per cent. of the business done by them.

It is obvious from what has been said that, for the successful management of such a society, very considerable ability is required in the person of the general manager. Such ability will not often be found among the members of a small local society. This difficulty, which is one that occurs in all branches of the co-operative organisation of agriculture, is met here as elsewhere by federation, and the centralised organisation of the sales of a number of small societies. The responsibility for the sales is thus transferred to the general manager of the federation, and the larger the business that he is called upon to handle, the

larger is the pay that the federation can offer, and consequently the greater the ability of the manager it is able to employ. If such federation be carried out, all that is required of the local societies is honesty and punctuality in fulfilling their business engagements. Further such federation definitely prevents any competition between the several societies which might lead to lower prices, and also enables business to be done on a larger scale than would otherwise be possible. As we have said before, in the modern commercial world, things must be done on a large scale, if they are to be done successfully.

It is difficult to compress into the short space available in this chapter a full account of the methods in vogue for co-operative sale, and slight as has been the description of the organisation of local societies given above, there is very little space remaining for an explanation of the working of the various federations in existence. They vary from one another mainly according to the amount of freedom left to the affiliated societies. Thus at Ansbach, where there is a federation of twenty societies, full freedom of sale is left to the various societies, but the central federation is ready to dispose of whatever grain may be entrusted to it. The societies send up samples of the grain at their disposal, and the federation finds a purchaser who is at once put into connection with the society concerned. The final delivery of the grain and the settling of accounts takes place between the purchaser and the society without any further reference to the central body. The funds of the latter are obtained from a subscription of Rs. 15 per society and a small commission on sales arranged. In Kassel on the other

hand, no freedom is left to the local societies. Each such keeps only an accountant-store-keeper instead of a manager. The central body is informed of all consignments made to the several societies and disposes of the grain at its own discretion. The several societies thus become, as it were, simply branches of one big business. A good deal of account keeping and office work is involved by this system, and it would probably be found to be beyond the powers of any Burman societies to adopt it. But its success in Kassel has been undoubted. There are many other methods of effecting a federation of societies, which there is not space to describe in full here, but it is hoped that what has been set down both here and earlier in this chapter will be sufficient to serve as an introduction to the subject of co-operative sale and to encourage the study of this branch of co-operation among the more progressive agriculturists of this Province.

CHAPTER IX.

Co-operative Purchase.

There is perhaps no lesson in the methods of trade which is so insistently brought to the notice of all classes of the community as that of the difference between wholesale and retail prices. Every child, be he town or country-bred, so soon as he begins to make purchases at all, whether they consist of sweets, matches, cigars or what not, expects the salesman or woman with whom he deals to make him some reduction on his taking a quantity. The poorest cooly is well aware that one of the greatest disadvantages that beset him in providing for the upkeep of his household is that all his supplies are purchased in very small quantities and, therefore, at a much higher price than would be asked if he and all his fellows could club together and buy in large quantities. There is nothing wonderful, therefore, in the fact that, in all countries, once the farmers have begun to learn the advantages of co-operation, one of their first efforts at its adoption has been in the region of the purchase of their agricultural requisites. A reduction in the price demanded is not by any means the only result of such organisation. A very great improvement in the quality of the goods provided, and in their suitability to the business in hand, is also thereby obtainable. When a man goes to a shop or store with a small order, he will be almost certainly compelled to put up with what the storekeeper may choose to sell him. Where there are several stores and shops competing with one another, he may find that

owing to the rivalry thus created, there is a disposition to meet his wishes ; but this competition is rarely to be found outside the towns, and even there the traders may combine against him instead of competing with one another. This is perfectly natural, for his order is probably too small to make it worth while to send for what he requires, and, therefore he is compelled to put up with what happens to be in stock or to go without the goods altogether. Similarly, if he would like a better class of article than that which the salesman has for sale, he will find himself, so long as he remains an isolated small purchaser, unable to insist on his requirements being complied with. But as soon as he combines with his fellows and by uniting the petty demands of all the number, comes to the trader with a large order he will find the situation completely changed. The order will have become a sufficiently important one for the trader to see that there is money in it. He will find it worth his while to take the necessary trouble to provide the united purchasers with exactly what they want both as to the quality and the character of the goods ordered. Even supposing the local trader to be so shortsighted as to refuse to meet the organised purchaser on fair terms, the latter will not be left in the lurch as they were when they were isolated. By the mere fact that their order has become a large one and is likely to be followed by larger ones in the future as the movement grows, they are able to go behind the local man, and if he will not meet their wishes, they will find large firms from business centres willing and ready to meet them. Even if their demands should be for goods of a character not hitherto

dealt with, the prospect of developing a large and expanding trade will almost certainly induce some progressive firm to add a new department to its business.

There is no better instance of the truth of what has been said above than what has happened in most European countries in the case of fertilisers of the soil. It is a necessity for the cultivator that his land should not become exhausted, but rather become more fertile and more productive as the years go by. If this is to be secured, then there must be restored to the land something which will not only repair the virtue which the crops have taken from it, but even increase its fertility. The researches of scientific men have found many fertilisers which will attain this end. But these depend for their efficiency upon their chemical composition. The small farmer is no chemist. It is essential for him that the composition of the fertiliser he buys should be genuine, but in isolation he has no means of discovering whether this is so, or whether the price he is being asked to pay is excessive. It was in the attempt to get rid of these difficulties in the way of the regeneration of French agriculture that the "Syndicats Agricoles" of France were first founded. They organised the co-operative purchase of the necessary fertilisers, and the result has been an enormous expansion in the trade. Every small French farmer can now be sure of obtaining fertilisers of the best quality at the most reasonable prices with very great advantage to the agricultural production of the country. Germany, Ireland, Italy and all other progressive agricultural countries have tried the same system with a like success. In Burma the use of any fertiliser beyond

ordinary farm-yard manure may be said to be at present unknown. Yet there can be little doubt that if suitable chemical manures of good quality could be made available for the farmer, at prices within his reach, a very great benefit would be conferred on Burmese agriculture, and it is to co-operation that we must look for the carrying out of this reform. Even at the present time, however, instances are to be found showing the need of organisation of co-operative purchase among Burman farmers. Mr. J. S. Furnivall, in an article on the organisation of consumption in the *Economic Journal* for March 1910, writes:—“Groundnuts in Burma are cultivated to eke out the supply of olive oil in Europe; the refuse is employed as food for cattle. If the shell be ground up together with the nut, there is an increase of about 25 per cent. in bulk. The shell, however, is innutritious. So long as the extraction of the oil was carried on in the ordinary presses, the inclusion of the shell was an imposture that could be detected; trituration was insufficient, and it remained obvious as gritty particles. Refuse of this nature the cultivator declined to give his cattle. But recent development of the industry has made it profitable for special machinery to be imported, which grinds the shell so small that the adulteration cannot be discovered except by chemical examination. This adulterated product is sold for the same price as the pure article.”

The purchasers of the groundnut refuse from the mills here find themselves in the same position as the small French farmers before the founding of the “Syndicats Agricoles.” The solution to their difficulties is also the same.

It is to be found in co-operative purchase. When this is sufficiently well organised for really large orders to be made for the refuse it will probably be found that there will be no difficulty in arranging for the refuse to be sold to them under a guarantee of its purity and for samples of each consignment to be chemically examined in a Government laboratory. But until the business of providing this refuse becomes a big one, and the purchasers are well organised among themselves, any such result is impossible of attainment. This is really only another instance of the principle of modern commerce stated in a former chapter that things to be done profitably must be done in a large way.

To turn to the manifestations of this form of co-operative effort in Europe, some short description of the associations for co-operative purchase at present at work in Denmark was given in the third chapter of this book. They may be of all kinds. In some cases the association is a loosely-knit organisation of farmers who join together once a year to unite their orders for a particular agricultural requisite, such as fertilisers or seeds, and having obtained their supplies at wholesale rates and distributed them among the members in return for their share of the cost, allow the association to lie dormant until the necessity for a fresh supply puts it into working order again. Such a system is simplicity itself, and requires but little business experience in order to secure successful working. At the other end of the scale must be placed important federations like the United Co-operative Supply Association of Denmark which has its headquarters in Copenhagen, and to

which are affiliated more than 800 distributive societies all over the country divided into 21 districts. A committee of representatives is appointed consisting of one man from each district. The committee elects a council of management of five members and these again elect their own chairman and vice-chairman. The affiliated societies must become guarantors for a minimum sum of Rs. 70 for every twenty members on their share ledger, and they must jointly and severally, as a local society, guarantee the payment of all purchases made by their members. A manager is appointed to the federation having a complete knowledge of the trade who arranges for the distribution of the consignments ordered by the various societies from the federation at Copenhagen. He frequently visits the individual societies and discusses with them locally the best means whereby the federation may be of use to them. To facilitate distribution, the federation has secured large stores in eight Danish towns in each of which a small staff is employed to deal with the districts round those towns. The capital of the federation is Rs. 3,30,000 and it has a reserve fund of Rs. 4,12,500. It owns an extensive experimental farm for the testing of seeds and the growth of such varieties as may be found most profitable and most suited to the climate of Denmark. In 1902 it distributed in packets to all parts of Denmark over 2,000,000 lbs of seeds worth over Rs. 5,40,000 for the use of its affiliated societies. Its sales of other agricultural requirements are on a similar scale.

In Belgium the most important co-operative organisation is the Boeren bond or League of Peasants which has its

headquarters at Louvain. Organised on a definitely religious basis it had, at the end of 1910, 531 affiliated associations with 44,500 members. It promotes co-operative effort of all kinds for the promotion of agriculture, credit, insurance of labourers and livestock, co-operative sale and purchases, lectures and agricultural education and maintains a newspaper of its own as well as a mill at Antwerp. But it is no secret to say that the basis of its prosperity and the source from which it obtains the funds for the development of its many-sided energies, is the success which has attended its organisation of the co-operative purchase of agricultural requirements for its affiliated societies. The sum expended in these purchases are remarkable and worth quoting. They amounted in 1909 to the following:

Purchase of manures	Rs. 10,40,018
Feeding stuffs for cattle	„ 37,84,926
Seeds	„ 75,052

Under these heads, therefore, the league purchased supplies equal in value to Rs. 110 per head of the members belonging to its affiliated societies. The great advantage to the small holders who predominate in Belgium, of being able to obtain their supplies of manure, feeding stuffs for cattle, and seeds at wholesale through the agency of the league is very great, and the figures show how keen they are to avail themselves of it.

In Germany the founder of co-operative credit for agriculture, Herr Raiffeisen, recognised from the first that it was not sufficient to supply the small farmers with the necessary sums of money to enable them to carry on their

business, and that a means must also be found to permit them to expend this money in the most economical and satisfactory way. He, therefore, invested his co-operative credit societies with power to make purchases of agricultural requirements, such as feeding stuffs, seeds or fertilisers on behalf of their members. As in Belgium the profits derived from this business by the societies were no small help in the work of building up the federation into which they have been combined. There are also in Germany many co-operative associations established for the sole purpose of co-operative purchases, and some of these date back many years, having been in operation even before the general co-operative movement began to take so firm a hold upon the life of the agricultural classes. Figures showing the importance of the transactions by way of co-operative purchase carried through by the German societies are not available, but there is no doubt that they are very considerable. In fact so general is the opinion that the proper and business-like way of supplying an agricultural population with all its requirements of what ever kind, is by means of co-operation that there are now numerous schemes all over the country, some already put into practice and some as yet only under discussion, for meeting the needs of the farmers both on their farms and in their homes for electric power and electric light by the means of co-operative organisations.

The question of co-operative purchase in Ireland stands on a somewhat different footing from other countries in as much as the existing English law forbids co-operative credit societies to trade. These societies are, therefore,

unable to follow the example of the German Raiffeisen societies and help their members by supplying them with their agricultural requirements at approximately wholesale prices. The loss of incidental profit which they might have obtained for themselves in the course of such operations has also militated against the establishment of a sound and reliable system of inspection and control. Being restricted to the very small profit which is all that they can make out of their loan business, they find themselves unable to contribute more than very small sums to the up-keep of their central organising body, the Irish Agricultural Organisation Society, which is thereby left to depend in a large measure on private subscriptions. A Bill—The Thrift and Credit Banks Bill—has, however, been promoted to do away with this disability and to place the Irish societies on the same footing as the German ones. When it is passed into law this branch of co-operative effort will no doubt expand greatly, and it is most desirable that no long time should elapse before this takes place.

At the present time co-operative purchase is mainly undertaken by what are called co-operative agricultural societies with limited liability. There are 156 of these affiliated to the I. A. O. S. Many of them, however, are small societies whose business is confined to a few weeks in the spring, when the annual purchases of seeds and manures for their members are made. For the rest of the year they remain in a dormant condition. The supplies of these societies are usually obtained through the Irish Agricultural Wholesale Society, Limited, the growth of whose sales is an indication of the way in which, despite

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the disadvantages described above, the practice of co-operative purchase is extending. The total sales for 1909 were Rs. 15,64,890, an increase of over Rs. 4,65,000 on the figures of the previous year.

The way in which the liability of each member of these first agricultural societies is arranged is interesting. Each member must hold one or more ordinary shares in the society. These are of £ 1 each and may be held by individuals or societies. Five shillings per share is paid on application and the rest when called by the committee. For the purpose of securing the repayment with interest of any loans from any person, government department or corporate body the society may issue to every member, other than a society, such number of loan guarantee shares as shall be at least equal to the number of ordinary shares held by such member. The member is bound to pay up on his loan guarantee shares, which are also £1 each, the same amount as he has paid up on his ordinary shares, but any balance in excess of this cannot be called until the society is wound up. On the winding up of the society, supposing the other security for the society's indebtedness and its assets and undertakings generally to be inadequate to meet the demands of its creditors, then the member may be called upon to pay up this balance but not otherwise. This method has not been practised very long but it appears to work well and to be adequate, for all requirements.

In France, as has already been explained in chapter V the spread of the Syndicats Agricoles or agricultural

associations was at first largely due to the success with which they engaged in the collective purchase of fertilisers and the other agricultural requirements for their members. Two difficulties, however, stood in the way of the complete organisation of co-operative purchase by these associations. The first was a legal one, the associations being forbidden to distribute any profits among their members and being also restrained from purchasing any goods not definitely of an agricultural character. Now the essence of co-operative purchase is that out of the profits made by the association some proportion should be returned to the buyers according to the magnitude of their dealings with it. There also seemed to be no reason why household and other requirements should not be provided for the cultivators by means of co-operation quite as much as fertilisers and other requisites for the farm. Neither of these things could be done by the associations. The second difficulty was that the founders and managers of the associations were not always themselves persons skilled in business and trade. There was a danger, therefore, that, as the volume of the association's operations grew year by year, its managers might be alarmed at finding themselves responsible for the direction of what was rapidly becoming a large wholesale business, which they had not the necessary experience to carry on successfully. Consequently some associations transferred themselves into co-operative supply societies, on a proper business basis. But by doing so they narrowed their sphere of action and lost much of the moral advantages which as agricultural associations they had been able to offer to their members. The solution to these difficulties

was found in the formation of co-operative supply societies (*co-opératives*) by the side of the agricultural associations and their regional unions. Of these the most successful is the Co-operative society of the south-east (*Co-opérative du Sud-Est*) with headquarters at Lyon, formed by the Union of the South-East on the initiative of M. Emile Duport. This society is formed for the co-operative sale or purchase of all the produce or requirements of the farmers. It is based on limited liability. Its shares of Rs. 70 each are half paid up on subscription and half at call. They are held either by the associations in their corporate capacity or by individual members of the associations. Each association which joins the society usually takes one share for each hundred members it has on its books. Non-shareholders may be admitted to participate in the advantages of the society by paying an entrance-fee of Rs 1-4. The associations thus continue to group the agricultural purchases of their members as before, but the business management and responsibility are transferred to the society, while in the case of non-agricultural requirements members can deal direct with the society. This system has proved most successful, and, after only six years of working, its reserves, together with the contributions made by the society towards various agricultural and social objects already amounted to 75 per cent of the subscribed capital, and that without hampering its primary object of securing low prices for buyers and making handsome rebates to them according to the amount of their purchases. Thus in every country co-operative purchase has become an important part of agricultural organisation. That its introduction

into Burma would be advantageous to the cultivating classes there can be no doubt. Exactly in what manner this introduction should be effected is a matter for careful consideration, and it may be that some divergence from the systems in vogue in Europe may be found desirable. But with the growth of unions of co-operative credit societies and the foundation of the Upper Burma Co-operative Central Bank it is impossible not to hope that before long a similar organisation for co-operative purchase may appear and perhaps find its final shape in the establishment of a Central Co-operative Supply Association at Mandalay on the lines of the French Co-operative du Sud-Est.

CHAPTER X.

Conclusion.

In the previous articles we have briefly considered some of the main co-operative activities of the agricultural classes in Europe. It must not be thought that the list has been exhausted. Far from it. But the subjects dealt with are those which seem most applicable to the circumstances of Burma at the present day, and certainly the work of organising co-operative thrift, co-operative credit, co-operative insurance of live-stock and the co-operative purchase and sale of agricultural requirements and farm produce throughout the Province is an extensive enough programme to tax the ability and the perseverance of even the most enthusiastic Burman co-operator.

It may, perhaps, be thought by some that the agricultural classes in organising the purchase and sale of their requirements and their farm produce are trespassing upon the preserves of the trading portion of the community, and that the latter in self-defence would be bound to meet any such action by an attitude of determined opposition. Such a view has been held in the past by a certain number of traders in different countries in Europe; yet it would seem to be indefensible. There would appear to be no reason why the agricultural trader should need protection, or why, even if he did so, it should be given to him. Any person who cares to do so may set up as a trader and, if he is more efficient and successful than his fellow traders, they have no ground for cavil. Similarly, if a hundred farmers

prefer to buy and sell on their own account rather than through middlemen who charge unduly for their services, there would appear to be no reason why they should not take this course. As a matter of fact, experience has shown that it is not even in the traders' own interests to attempt to restrict the growth of co-operation among the farmers. Traders themselves produce nothing. They are dependent for their prosperity on the producers among whom they live. If the farming classes, who are the main producers of Burma, are rapidly growing in wealth and prosperity and annually earning an increasing income, they will be continually stretching forward to a higher standard of living and to the discovery of new wants, and this naturally results in an increasing trade of which the commercial classes must reap the benefit. That this is so has now been fully understood in Denmark, and the traders of that country, therefore, instead of opposing the growth of co-operation among the farmers, now welcome it as being certain to produce an increased volume of trade in which they too will share. Something of the same kind of opinion is now spreading through the trading classes of Ireland, where, for some years past, the smaller traders especially have set their faces against the encouragement of the co-operative movement. This opposition was given voice to in the following resolution passed by the Limerick Chamber of Commerce not very long ago :—" That this Chamber of Commerce, consisting of members of different shades of political opinions, endorses the present policy of the Department of Agriculture of declining to subsidise trading societies with public moneys, or allowing its duties to be

performed and part of the funds expended by an outside organisation, the Department only being responsible to the country for the proper administration of the funds available." The "outside organisation" here alluded to is the Irish Agricultural Organisation Society by the efforts of whose founders the whole fabric of agricultural co-operation in Ireland has been built up. The resolution was sent round to the other Chambers of Commerce in the country, but the Waterford Chamber was the only one to endorse the Limerick opinion. The text of the Council of the Dublin Chamber's resolution of the subject was as follows:—"On reading the resolution of the Limerick Chamber of Commerce relative to the present policy of the department of Agriculture with regard to subsidising agricultural organisation, it was unanimously resolved:—That improvements in the business methods of those who conduct the chief wealth-producing industry of the country must increase their consuming power; that this will develop the home market and so benefit the trade of Irish manufacturers and wholesale merchants. That the chief defect in the business methods of the Irish farmers is their failure to adopt the co-operative system which is practised universally by the farmers of the Continent who compete with the Irish farmers in the British markets. That a portion of the funds provided by the Government for the purpose of developing the farming industry in Ireland may properly be devoted to the instruction of farmers in the principles and details of agricultural organisation. That public moneys appropriated to this purpose can be most advantageously applied through a non-trading voluntary

association which has experience in this special work. Whilst assenting to these propositions, the Council strongly hold that every effort should be made to carry out the necessary reform in the business methods of farmers in such a manner as to cause the least possible disturbance of existing trade arrangements." The Council of the Belfast Chamber of Commerce passed a similar resolution, specifically praising the work of the Irish Agricultural Organisation Society, and it may be taken that this opinion, publicly expressed by the two most important commercial organisations in Ireland, represents the view taken by the most enlightened traders of that country. It is to be hoped that the development of co-operation in Burma will find an equally enlightened opinion prevalent among the commercial classes of this province. All of them must be fully aware that it is upon the maintenance of the agricultural production of the country that their present and future prosperity depends.

It will not have escaped their notice that the progressive increase in the amount of rice exported is due to the extension of the area cultivated and to the improvement in the means of communication and not to the increased productivity of the soil. The acre outturn for paddy is admittedly slowly falling, the population is increasing fast, the best waste lands have already been occupied and the limit of expansion in area is in sight. It is, therefore, certain that, without a change of system, the present progressive increase in the amount of rice exported must ere long be converted into a progressive decrease. Burma has practically nothing but its rice, so far as the great majority

of its people are concerned, with which to pay for the flood of manufactured goods poured into the country every year. The maintenance and the future increase of its over-sea trade would, therefore, appear to depend entirely upon the development of its agricultural resources. This development, as we are taught by all European experience, can come only by the adoption of the policy of "Better farming, better business, better living" and by the organisation of the agricultural industry on co-operative lines. Confidently, therefore, should the farmers of Burma be able to look forward to the cordial support of all the non-agricultural classes of the Province in any efforts which they may make to realise this policy. Nay more, may they not hope that, following the example of Raiffeisen and Schultze in Germany, Emile Duport in France, Luzzatti and Wollemburg in Italy and last, but not least, Sir Horace Plunkett in Ireland, there may come forth from these non-agricultural classes men who will place themselves at the head of the new movement and become the missionaries of the gospel of co-operation among their less enlightened fellow-countrymen upon the farms. For those who are seeking, as many Burmans are seeking at this time, opportunities of rendering service to their fellow-men, there could be no more patriotic or more fruitful sphere for their activities.

In these chapters the greatest stress has been laid upon the better business organisation of the agricultural community. This is a necessary precedent to the carrying out of the rest of the rural life policy, for, as has been said, neither good and efficient cultivation, nor yet a worthy social life can be secured unless they are accompanied by

intelligent and efficient business methods. But these improved business methods are not an end in themselves; they are but the means whereby the first step in advance towards the realisation of the full policy may be secured. That policy is nothing less than the building up of a rural civilisation, something, that is to say, new in the history both of this Province and of the world at large, for all former civilisations have been of the town, a flare up, to use an Irish co-operator's expression, on a few square miles of bricks and mortar. The object of the rural life movement is something more than this; it is to make this country of Burma a permanent and prosperous home for Burmans, and for their children and for their children's children. If, then, this is the aim, there is one large section of the population of the Province whose participation in the work of helping forward the movement is essential, and that is the women of Burma. Without the cordial support of the women of the Province the movement cannot attain the success that otherwise would be within its reach.

Men can acquire land and make it habitable, but they cannot live happily and prosperously upon it unless the women help them. If the aim is to turn the people of Burma into a people of home-makers, then the part to be played in the realization of that aim by the women of Burma is a most important one; for nowhere is the influence of women more potent than in the home. Their help too is needed in the business side of the new movement. The shrewd common sense of the Burmese women and her innate aptitude for petty trade and the other forms of business in which she engages have struck the attention of every

observer of the life of this Province. Her adhesion therefore to the policy of rural progress and the organisation of the farming community upon the lines of co-operation is a matter of first rate importance to the future of the co-operative movement. Success cannot be attained until she, no less than the Burman man, becomes an ardent supporter of the cause.

There is, then, a call for service at the present time both to the men and women of this province. It comes both from the country and the town. But inasmuch as Burma is an agricultural country, it is with the country that the work of regeneration must begin. Make the countryside prosperous and the towns which depend upon the countryside will become prosperous in their turn. There are difficulties and problems to be solved before the future prosperity of the countryside can be assured. But these pages have been written in vain unless it is made clear by them that the problems confronting agriculturists in Burma, however much they may differ in details, are in their essence the same as those confronting the agriculturists of Western lands. In the West these problems are being boldly faced, and in the growth of agricultural organisation and the spread of the co-operative spirit the solution to them has been found. It remains for the people of Burma to apply the same solution, in the sure confidence that it will produce a like result.

There are many in the Province who are disinclined to accept co-operation in agriculture as the one and obvious way of securing an all-sufficient remedy for the problems

of the agricultural community. They do not deny its usefulness, but they regard it rather as at best a palliative, worthy no doubt to be given a place in any scheme of agricultural reform, but by no means to be exalted into the mainspring of agricultural policy. How far these half-hearted adherents have studied the manifestations of the movement in Western lands and the results that have there been achieved is a matter of conjecture, but it is probable that their enquiries have been somewhat superficial. Thus far, however, their view is justified. The Government of India has, indeed, adopted the policy of co-operation as one of the chief planks in its agricultural platform. It is prepared to do all in its power to further the movement, both by the enactment of suitable legislation and by administrative guidance and encouragement. But so long as the movement is merely a Government one, owing its motive power to official influence and official propaganda, while the natural leaders of the people keep aloof, so long will it remain but a palliative, useful no doubt and offering an admirable medium for Government assistance to reach the farming community, but still very far from becoming the national organisation of the cultivators of the country which it has become in Western lands.

On the other hand, if the people of Burma and their leaders both in town and country will adopt the movement for their own, and filling themselves with the co-operative spirit, the spirit of self-help, each for all and all for each set themselves to realise each in their own surroundings the policy of "better farming, better business, better living," not by way of lip service to the good intentions of

the Government, but from a whole hearted belief that thus and thus only can modern Burma hold its own in the strife and competition of the commercial world and lay the foundations of its prosperity on a sure and lasting basis, then indeed will the doubts and apprehensions of the critics be altogether falsified and the future of the movement be assured. The choice lies clear to-day before the people of Burma Which is it going to be ?

