

# IFFCO FOUNDATION

**IFFCO House, 34 Nehru Place, New Delhi 110019. India**

Telephone: [91-11]2643-6387    TeleFax: [91-11]2629-2519.

E-Mail: dixitak@iffcofoundation.org

## **Syndicated Articles Series No. 06** **April 27 2006**

### **Is the Ideal of Cooperative Effective?**

**-The Case of Sugar Cooperatives in Maharashtra State, Western India**

Dr SUGINO, Minoru

#### **Cooperative Ideal and Cooperative Studies**

It is the eternal question for social sciences whether it is possible to transform society with some thoughts or ideal. More than ten years have passed since the collapse of socialism came to be mentioned in public, but that does not seem to mean the insignificance of the trial to transform society with ideal. However, it is also an important problem, and at the same time, how the people having inspired it would respond when the ideal were betrayed by the reality. For example, the ex-executives of the Democratic Cambodia, the socialist country with the most miserable records, are said to have denied the facts simply or shifted the responsibility to others regarding the important points, while saying that they had sacrificed themselves to the cause of revolution, when they gave evidences after the collapse of the regime [1]. On the other hand, infamous dictators in Africa or Latin America, who are said to have enriched themselves and seem irrelevant to the sign of socialism, are said to have often talked about, the significance of revolution' when interviewed [2]. Such examples seem to show that the role of ideal is a question so difficult but worth studying.

Cooperative Movement is one of such Movements as are trying to transform society with ideal. Cooperative Movement, which aims at the locality-wise or workshop-wise transformation, has rarely appeared on the main stage of history, compared with socialism aiming at the reconstruction of the whole nation through revolution; and cooperatives have often been regarded as merely one type of enterprises and none of any social Movements. However, it is true as well that Cooperative Movement has always raised some ideal or social values.

Looking at the 'Cooperative Principles' adopted for several times by the International Cooperative Alliance [ICA], the international organization of cooperative societies [3], although there may be various problems in respective cooperative societies, it is clear that the Cooperative Movement as a whole has tried to diffuse certain values guarding economy and society. This does not mean that cooperative societies have existed as social organizations of homogeneous type around the world from the beginning. Presently

cooperatives of nearly one hundred countries have joined the Alliance [4]. There also seem to be many cooperatives not joining it. There are cooperatives in all the countries or regions in the world. Therefore, various cooperatives in the world are supposed to have various characters, and it is supposed to be becoming more important to investigate respective cooperatives in greater detail.

Then, what is the present state of the academic researches on cooperatives? As there are many case studies about cooperative societies in various parts of the world, the diversity of cooperative societies may have already been elucidated in that sense. On the other hand, seeing the theoretical studies, we can still find many such ones as are enthusiastic in preaching the ideals and seem unchanged since the nineteenth century days when the Movement started. In sum, it cannot be said without reservation that the theoretical and empirical studies have had enough influence on each other [5]. Not so few studies have exposed that ideal or values like 'the ICA Principles' are not observed in real cooperative societies. There have been so few studies to question what the parties concerning cooperatives themselves are thinking about such ideal and values or the gap between them and the reality [6]. Cooperative studies themselves seem to have their own tradition, but their interchange with the studies of other types about non-profit organizations and altruistic behaviors or with other disciplines such as economics, political science, sociology, psychology, socio-biology or philosophy seems to be insufficient, as would be mentioned below.

## **Sugar Cooperatives**

### **-The Present State and Research Review**

It is well known that many of the cooperative societies in the Third World are the ones introduced by the colonial governments as a part of the social policies [7], unlike the ones in advanced Western countries [8]. India is not the exception and, for example, rural cooperative credit societies, cooperatives of the largest category in the country, are typical government-made ones assisted financially by the higher cooperative financial agencies, which for themselves are also financed by the government. However, this does not mean that all of the cooperatives in the Third World are government-made ones assisted and controlled financially or otherwise by the central or local governments. In some countries, farmers or fishermen as the small producers of commodities are spontaneously organizing cooperatives, and such kind of cooperatives sometimes has considerable influence on the politics, economy or society of the nations [9]. In India, sugar cooperatives in the state of Maharashtra, as well as dairy cooperatives in Gujarat State [10] or others are giving strong influence upon the local socio-economy as the small producers' societies with strong peculiarity.

Sugar cooperatives, also called cooperative sugar factories, are modern-style sugar factories commonly owned and managed by sugarcane-growing farmers as co-operative societies. Though not so widely known internationally, India is a major sugar-producing country with the annual turnout of about 20 million tons, and about 6 million tons out of that is produced in Maharashtra, where most of the sugar is manufactured by about 200 cooperatives [11]. These sugar cooperatives were firstly founded in the latter half of 1940s, shortly after the independence of the state of India. Sugarcane-growing farmers, who contributed to the cooperatives purchasing shares and became the members, are distributed the profit of sugar manufacturing through the purchase of cane with the price higher than would be paid in case they sell it to private companies. Unlike many other types of cooperatives in India, the bureaucrats' holding the important posts is not seen in these cooperatives.

In the general body meetings, which are regarded as the supreme decision bodies, the directors are elected, and in the boards of directors constituted by the directors, the chairmen, who are regarded as the highest executive, are elected: and the senior engineers, accountants or other specialists also have strong power as the managing directors or other senior officials. Some sugar cooperatives are also engaging in other industries than sugar manufacturing or social welfare activities, which too seems to be strengthening their influence upon the localities even further [12].

While sugar cooperatives in Maharashtra are highly valued as a rare success case of Indian Cooperative Movement, the criticism against them is not scarce on the other hand. For example, there is criticism against the cultivation of the water-consuming crop like sugarcane in the originally rain-scarce area like Maharashtra. The treatment of the wage laborers working for the cooperatives, particularly the migratory seasonal laborers engaging in the harvest and transportation of sugarcane, is also often criticized as too cold. And, factious conflicts and wrong-doings within the cooperatives are often reported, behind which inner conflicts among the sugarcane-growing farmers, like the members and non-members or the 'rulers' and 'oppositions' within the members, is indicated. As both bad and good sides are mentioned regarding sugar cooperatives as such, their evaluation is extremely divided from 'cooperatives contributing to regional development' to 'the hotbed of grafters'.

Although sugar cooperatives in Maharashtra are the unique existence well known in the state and their own localities as mentioned above, there are not so many studies about them. While viewpoints critical of sugar cooperatives are comparatively often observed in the local journalism, favorable viewpoints have been seen more frequently in the academic researches. It may be worth mentioning that the favorable articles sometimes appeared in academic journals from 1960s to 80s [13]. Works of Attwood and Baviskar, which are known as the comprehensive studies on sugar cooperatives, are the ones to evaluate their democratic decision making, efficient management, contribution towards regional development, etc., highly as a whole [14].

Critical studies, mainly the ones focusing on particular topics, also were sometimes seen in from 1960s to 90s [15]; and recently, Banerjee, et al.'s study, which concludes that the rich farmers controlling the cooperatives are exploiting the poorer ones [16], is remarkable. However, there still have been few comprehensive studies with critical stance, and such materials as the decisions of the Maharashtra State Cooperative Tribunal [17] and local news items have little been referred. Particularly, the studies to question the opinions of the parties concerned regarding 'the ideal and reality' do not seem to exist regarding the sugar cooperatives.

In this article, I would like to make it clear what the parties concerning sugar cooperative in Maharashtra are thinking about the relationship between the ideal raised by the Cooperative Movement and the reality, and theorizing the background of their words considering its relationship with the existence base of the cooperatives. Sugar cooperatives in the state are praised because of the members' control or other good things, while they are blamed because of their behaviors contrary to the ideal of cooperation on the other hand. So, expecting that the parties concerned have often been questioned or for themselves considered the relationship between the ideal and reality, I made interviews with them for several times when I was staying in the state for research.

As the interviews had not made so systematically, in order to complement the fault, I tried to consult theoretical works on not only cooperative societies but also non-profit organizations or altruistic behaviors in a wider sense and connect the interviewees' words with problems of as wide range as possible. As mentioned earlier, such researches are scarce as dealt the

subject what the parties concerning cooperative societies think about the relationship between the ideal and reality; however, I was able to get many suggestions indirectly relating with the subject, having surveyed the works of economics, sociology, psychology, etc. In the last part of this article, based upon both the evidences acquired in the interviews and the suggestions from theoretical works, I would like to view the measures required for sugar cooperatives and the direction of researches in the future. And also, I hope that this study would be able to give new clues to some classical philosophical problems regarding the human nature.

### **The Foundation and Development of Sugar Cooperatives and Early Leaders**

Like in many other Third World countries, Indian cooperative societies are said to be government-made ones introduced as a part of the social policies; however, if such a current is regarded as the main stream, sugar cooperatives in Maharashtra can be called, so to speak, the stepchildren appearing in a branch. Though it can be proved that sugarcane-growing farmers in the western part of Maharashtra had started establishing cooperative societies or other organizations already in the beginning of the twentieth century [18], the direct origin of the sugar cooperatives is Pravara Sugar Cooperative established by Vithalrao Vikhe Patil, a peasant leader, in Ahmednagar District in 1948. Vikhe Patil had been zealous in social works since he was young. Although supported a lot by D. R. Gadgil and Vaikunth L. Mehta, both of whom were eminent as theoretical and practical cooperative leaders in the state, Vikhe Patil seems to have acquired the conception fundamentally for himself that farmers for themselves would manufacture and sell sugar opposing the beating down of sugarcane by private sugar factories.

As Gadgil and Mehta's 'cooperative commonwealth' theory presuppose the existence of numerous independent small producers, it seems that rather the theoreticians had been drawn into the conception of Vikhe Patil's having appeared 'like a thunderbolt', Vikhe Patil is known for his keeping spotless; as misappropriation by him was rumored in 1964, he resigned as the chairman of the cooperative without explaining though he was innocent in reality [19].

After the success of Pravara, such people appeared in various parts of the state as tried to establish sugar cooperatives following the first case. Tatyasaheb Kore, who founded Warana Sugar Cooperative in Kolhapur District in 1954, resembles Vikhe Patil on the point that he himself was a peasant activist zealous in social works. Kore positively adopted the measure that the deduction from the sugarcane price paid to the members would be applied to the industries or welfare, which had first been invented by Vikhe Patil; due to which Warana is presently known as a cooperative where such activities are particularly successful as well as in Pravara. While Kore left in his autobiography such words as "Those who regard poor people as their own brothers are real human beings." or "No poor people should remain in Warana," he 'reigned' over the locality having enormous self-confidence on the other hand. And in the end, he had to resign as the chairman of the sugar cooperative as he was blamed of his long-dated holding of the office by the state government [20].

Vasantdada Shetkari Sugar Cooperative founded in Sangli City, Sangli District in 1958 is known as the cooperative with the largest sugar manufacturing plant in the state but its affiliated works are not so magnificent as Pravara and Warana. Vasantdada Patil, the founder of the cooperative, who was also from the peasant family, had been a well-known politician since he was very young. The characteristic of the activities of this person is appearing in the points that he, as a politician, developed irrigation facilities in the region where sugarcane had not originally been grown, presupposing the establishment of sugar

cooperative. He rather endeavored after establishing large-scale cooperative societies and great-sphere cooperative federations, unlike Vikhe Patil and Kore, who worked to establish cooperatives or schools in their own localities.

Vasantdada had taken an important position in the state politics, becoming the chief minister for example, and produced achievements such as the institution of the Fact-Finding Committee on Regional Imbalance in the state and the introduction of the Employment Guarantee Scheme. In 1988, on the other hand, when he had already actually retired from politics, he requested the Prime Minister of India to intervene in the matter in order to let the state government suspend the investigation of the malpractice in sugar cooperatives [21].

In the state, many other sugar cooperatives were established in succession by mid-1950s; and it is said that their founders also can be classified into two types, viz., the ones aspiring to social works and to politics [22].

### **The Current Problems and the Viewpoints of the Executives**

While sugar cooperatives in Maharashtra had developed as mentioned above, soon various problems came to be indicated. Then, what are the parties concerning the cooperatives themselves thinking about such problems or the relationship between the ideal and reality? In this section, after explaining shortly about a few problems respectively, in order to make the argument easier to understand, I would like to view what opinions regarding the problems a few executives [or ex-executives] of sugar cooperatives whom I interviewed have. And after that to verify their statements, mention the present state of the cooperatives, in which they are concerned, as I know at the last parts. And also. I tried to have the interviewees tell about their own relationship with or feeling toward cooperatives.

The interviewees are four persons i.e., Mr. CM, the managing director of Agasti Sugar Cooperative. Ahmednagar District; Mr. RL the former irrigation manager of Vasantdada Shetkari Sugar Cooperative; Mr. BN, the former deputy chief executive of Vasantdada Shetkari Sugar Cooperative and Mr. NN, the executive director of Rajarambapu Patil Sugar Cooperative. Sangli District [and also the former managing director of Warana Sugar Cooperative [23].

#### **01 The Irrigation Problem**

Western Maharashtra with sugarcane cultivation concentrated is the area also known as the most drought-prone in the state. Although the large-scale irrigation facilities like canals had been constructed for the purpose of increasing the production of food-grains, the sugarcane-growing farmers had come to consume considerable part of the irrigation water by the beginning of the twentieth century. Still at present, while sugarcane cultivation is left as it is with no strict regulations in the areas where irrigation facilities are well developed, irrigation development in the backward areas has not progressed so much.

The scarcity of irrigation or drinking water is becoming the problem also within the sugarcane cultivating areas; that is, canegrowing farmers are pumping up directly from canals or rivers or digging wells along them. In order to acquire a lot of the surface water of the canals or rivers or the underground water enriched by them which is sometimes depriving other farmers than cane-growers or even a part of cane growers of water [24].

On this problem Mr. CM told that sugarcane cultivation should be permitted wherever the irrigation water could be obtained because the cultivation would give benefits to all the parties concerned, i.e., the farmers gaining benefits. Of course, the wage laborers increasing the employment opportunity and the government gaining increased tax income.

According to his interpretation, the new technology to save water such as sprinklers or drip irrigation is too expensive to adopt in practice. Mr. RL stated, while telling that it is the natural tendency for anybody to try to acquire as much water as possible, that the criticism was not always proved to be right that sugarcane growers were monopolizing irrigation water. The ground that he mentioned was that rather the harm of water-logging was arising because of the excessive use of water at present, but at the same time he told that the water supply to sugarcane was restricted because of the scarcity of water. Mr. BN told that it was natural that those close to the sources got the water. He stated that the work to give benefit to those far from water sources required only the government could actually do much expense and that. He also stated that there were technical difficulties with the introduction of drip irrigation and sprinklers. Unlike the other three, Mr. NN admitted that, as sugarcane actually consumed much water, the criticism hit the truth that the cultivators were monopolizing the water.

According to him, while some sugar cooperatives have adopted water saving techniques, these are still on the experimental stage in his own cooperative [25].

In fact, Mr. RL has given interesting evidences regarding the irrigation in Shetkari Sugar Cooperative in the same interview. According to that, in the operational area of the cooperative, while the area under sugarcane is limited up to the 15 per cent of the area irrigated with lift pumps due to the restriction by the District Council, the restriction is not observed in reality in order that the cane-growers keep their interest. The restriction to limit the water supply to sugarcane to once a fortnight also is not actually observed. Such restrictions presuppose that the lift pumps work 16 hours a day, but the water supply exceeding that is actually done unlimitedly, he testified.

## **02 The Labor Problem**

Though there are wage laborers in the factories of sugar cooperatives, rather the relationship with the migratory seasonal laborers engaging in the harvest and transportation of sugarcane frequently becomes the problem in reality. As much labor force is required at a time in the harvest season lasting for a few month, the migratory laborers taken by labor contractors supply the labor force then. Many of them are farmers in the 'dry area', where there are not enough irrigation facilities, so they live on migratory labor in the dry season when they can hardly do any agricultural works. They are put in the state similar to debt slaves because their debt to labor contractors remain permanently, as the interest rate on the advance paid to them by the contractors is very high and their necessities during the migratory working period are mostly bought from the contractors on credit. The laborers have at times driven their Movement to break the situation, but such a Movement does not seem always active [26].

The executives' opinions about the problem of migratory laborers are all simple ones with similar contents. Mr. CM told that their working conditions were good and they were never exploited. Mr. RL too said that the laborers were not exploited. He told that the wage paid to the laborers would be their net income at the end of the working period, 'and that they met their living expenses with selling the cane-tops as fodder. According to Mr. BN, though they are in a disadvantaged position as temporary workers, the migratory laborers were presently

well organized and no longer exploited. Mr. NN also stated that the union of the migratory laborers was strong and they were not exploited.

In from 1970s to 80s, when the migratory laborers' disputes became frequent, the courts successively gave decisions that the migratory laborers were the employees of the sugar cooperatives and would be protected legally as the 'industrial workers'. In order to avoid the contradiction with such decisions, some sugar cooperatives established dummy organizations which would be the nominal employers of the laborers; and Mr. CM was one of the 'pioneer' who led the establishment of such organizations [27]. During the interview it was stated that the main source of income of the contractors was the commission paid by the sugar cooperatives and the sales of the consumption goods and had never mentioned the interest. It may be noted that there is an article stating that their main source of income is the interest [28]. It is a fact that the custom of selling cane-tops mentioned by Mr. RL is seen [29], but it is not certain whether that can be the ample proof to deny the argument of the laborers' 'debt slavery', as it seemed that he wanted to express.

### **03 Conflicts among Sugarcane-Growing Farmers**

There are some problems among the cane-growing farmers too. First it may be worth mentioning that there are a few hundred thousand sugarcane-growers with no membership of any particular cooperatives while sugar cooperatives in the state have about 450 thousand members. Sugarcane grown by such non-member growers is purchased by their neighboring sugar cooperatives when the crop is bad and the material would be insufficient only with the supply from the members. However, when the crop is good, as the sugarcane of the members is preferentially purchased, the non-members' cane is not likely to be bought by the cooperatives. In many cases, such cane-growing farmers are not permitted to join sugar cooperatives although they want to do so and are able to contribute to the shares. And, there is confrontation of the factions even among the member sugarcane-growers; even if one cane-grower is the member of a sugar cooperative, his sugarcane may be left unharvested for a long time in case he does not belong to the 'ruling' faction holding the majority at the present board of directors.

When the affiliated organizations are founded with the deduction from the cane price as fund, the opposition Movements by the 'opposition factions are likely to occur partly because these organizations tend to be operated in favor of the 'rulers'. Even in the mechanisms expected to regulate the conflicts of interest such as general body meetings or director elections, plutocracy and the intervention of hooligans are frequently observed [30].

On this problem, Mr. C M gave expressed a unique opinion that sugar cooperatives exploit non-member cane-growers when sugarcane is abundant and the non-members exploit the cooperatives when sugarcane is scarce. Though Mr. RL had seldom mentioned about this matter it may have to be noted that he told that political strifes of the leaders should not be blamed if the cooperatives would bring about economic development. According to Mr BNM anybody to want it are always given the membership in his own sugar cooperatives, and if there are somebody without the membership they are either those who are not able to contribute to the shares or do not want to be bound by particular cooperatives.

In other words, he does not admit that there is any discrimination regarding the membership in his sugar cooperative. It, however, seems that he has a different opinion regarding the factious conflicts, because he stated that while the conflict seemed to be rather a natural thing, it depended upon the character of the leaders whether it would occur in reality. Mr NN too denied the existence of discrimination regarding the membership mentioning the same

reasons as Mr BN's. 'Moreover Mr NN emphasised that there was no discrimination between the members and non-members and, much less, among the members, even if there were factious conflicts. And also he stated that the affiliated organisations like schools or hospitals had been established to promote the welfare of people in the rural areas and it was the 'slander without basis' to state that those had been founded for the private interest of some leaders.

The case was seen in as early as 1961 that a sugar cooperative was accused to the State Cooperative Tribunal by a farmer as it had refused his application for the membership and had not received the contribution to the share; and in fact, the cooperative concerned was Warana Sugar Cooperatives [31]. In 1963, Shetkari Sugar cooperative too was accused to the tribunal as it had treated the non-member unfavorably when a non-member sugarcane grower had participated in an irrigation development project by the cooperative.

According to Selected Decisions, though the non-member had contributed to the project, he had not been made any compensation by the cooperative after the project had been altered and only the members had been decided to participate in it [32]. Regarding Shetkari, another case has been reported that the deduction from the cane price, which had been to be applied to the styrene-monomer plant whose construction had been opposed by many members, was decided to be repaid because of the pressure from the members [33]. It is regarded as illegal for the cooperatives to deduct some from the cane price paid to the non-members and apply that to the affiliated organizations, but actually not a few cooperatives do that; and the opposition Movements against such violation are seen in all of Warana, Shetkari and Rajarambapu [34].

### **Relationship and Feeling with Cooperatives**

Mr. CM, who is a specialist having held the posts of managing director in not only Agasti but also other two sugar cooperatives, has stood for a director election and been defeated. Though he was once away from sugar cooperatives after the defeat, begged by eminent politicians, he took the office as the managing director of Agasti, the first sugar cooperative established in the dwelling places of the tribes [35], as he stated. Mr. CM, who seemed to be unwilling to conceal his political ambition despite the experience of setback, told that it was rather natural for the cooperative leaders to take part in political activities to protect the interest of the cooperatives.

However, as he stated then that the tribes were 'lazy' and unsuitable for the work to harvest sugarcane, it is not certain to what extent he was zealous in the 'political purpose' of the promotion of industry in tribal areas. Mr. CM seem to be thinking that the principle of 'one man, one vote' is the most important for cooperatives. He also stated that although the Cooperative Movement had lost the spirit of service seen in the days of Gadgil and Mehta, the cooperatives were still better than private enterprises even if they were exploiting farmers.

Mr. RL, as he stated, decided to work for cooperative societies in his boyhood, as he had been deeply impressed reading the book about cooperation, and had worked for Shetkari for more than 30 years since was 18 years old. Therefore being eloquent about its value, he stated that cooperation was important for the elimination of the exploitation by capitalists and the realization of justice and equality. According to him, the spirit of cooperation is expressed best in the slogan, "One for all, all for one." He also stated, regarding the recent tendency that disgraceful affairs were frequently reported that lately there were many of those who abused cooperatives criticizing unintentional faults.



Mr. BN entered the world of cooperatives influenced by his own father, one of those having played an active part in the establishment of Shetkari, as he stated. He seemed to have considerable interest in the development and reduction of poverty, as he stated that though the landless laborers should be distributed the land, as that was really difficult, his cooperative was giving the employment opportunities instead. He also said that cooperatives were something like 'crutches' to make it possible for people to utilize resources commonly for the purpose of economic development.

Mr. NN, the person who had taken the office of managing director of Warana, told that though he had been strongly influenced by Tatyasaheb Kore rather naturally, he had had many occasions to contact Vasantdada Patil directly as well and Vasantdada's influence upon him had been similarly great. He affirmed that there was no problem at all at his Rajarambapu Sugar Cooperative.

Regarding other sugar cooperatives, he mentioned the problems that some cane-growing farmers were not given the membership. Some malpractice had occurred on the occasions of director elections and that some particular persons were holding their offices for a long time. However, Mr. NN himself was a person holding his office for long, and other problems too do not seem to be unrelated with his cooperatives. Summarizing the significance of the Cooperative Movement, he stated that cooperatives to make capital-intensive economic activities possible were indispensable if people in rural areas with limited means of production wanted development, and also that social and cultural development too would become possible only with the help of the Cooperative Movement.

#### **04 Theoretical Consideration and Prospect**

As seen in the previous section, the words regarding the current problems of the [ex] executives of sugar cooperatives are claptrap in a word. Although they had often denied the argued points rather simply, very frequently the refutations could be made easily, comparing their statements and the facts. Their remarks on the treatment of the migratory laborers, in which all of them, including Mr. CS, who had led the act to avoid the application of the labor law, asserted that there was no exploitation, seem typical on this point. Similarly, Mr. BN and Mr. NN's statements that the discrimination between the members and non-members or the factious conflicts among members were not serious seem to be differing not so little from the truth, compared from the reports regarding Warana, Shetkari, etc.

Considering the statement of Mr. RL that the criticism against the sugarcane-growers' monopolizing the irrigation water is not appropriate, the argument seems to be too rough as he himself admitted that the illegal and excessive acquisition of water was actually done in Shetkari. And, even though there might be the regional differences, he had mentioned both the excess and scarcity at the same time. Other interviewees' remarks on the reason why the introduction of the water-saving techniques has not advanced also seem to be something like explanations not reflecting the reality, because they mentioned so different causes such as the technical or financial difficulties. Though defiant statements like Mr. CM's on the farmers' conflicts or such opinions as Mr. NN's on irrigation honestly admitting the existence of problems were also sometimes seen, this fact itself too may be illustrating that their words are claptrap.

For what reasons did such utterances appear? The first reason seeming worth mentioning is the fact that the relationship with those without direct contacts tend to become estranged. It

is pointed out, in the studies of experimental economics such as 'public goods game', etc. that while people often behave altruistically when they have relationship wherein the faces of the others can be seen, they tend to behave rather selfishly when they have 'market-like' 'exchanging' relationship wherein the others' faces cannot be seen [36]. Moreover, it is also pointed out that people are always apt to prescribe themselves by being aware of their own belonging to some particular groups and, due to the other side of such senses, they sometimes discriminate others belonging to other groups, which seems never unrelated with non-profit organizations [37].

Particularly in the case of cooperative societies, though being non-profit by definition, their aim is originally to protect the interest of the members with peculiar attributes and, while raising 'cooperation among cooperatives' or other ideas concerning public spirit [38], they do not avoid exclusiveness on their principle. Therefore, it may not be surprising if the parties concerning sugar cooperatives, the society of sugarcane-growing farmers, show selfish attitudes toward migratory harvesting laborers and farmers other than cane-growers or even non-member growers. A text of cooperative theory states that the more the transaction of a cooperative with the non-members enlarges, the more market-like would its transaction with the members also become and the more would its cooperative character be lost [39]. This argument may explain the tendency properly that there seem to be more factious conflicts in sugar cooperatives with more non-members [40].

Another point to be mentioned is the problem that seems to have arisen since the organizations themselves had become established and enlarged. In either private enterprises and non-profit organizations, while in their early stage, as trial and error is necessary, the relationship wherein the members or workers more or less can see the faces of others is built up, as the division of work is established and the jobs are made typical, the relationship among the people would become 'businesslike' and the culture originally possessed by the organizations would be skeletonized. For example regarding the technology development in the firms, it is argued that once one technique is completed, the experiences of failure remembered until then would be forgotten and the path to 'decline', that might lead to unexpected catastrophe, would be followed [41]; and the similar path might be followed in the process in which cooperatives forget their original social missions.

Though this is an example of a non-cooperative non-profit organization, it is reported that, in a civil organization in the United States, as the organization itself became larger, fund raising or other jobs became more complicated, and at the same time, conflicts among the staff members also increased. However, in the case of this organization, it too may be worth noting that with the enlargement of its activity, the objectives regarding the social values such as 'to insure the inter-racial diversity' rather came to be remembered more clearly [42]. In an article studying conflicts in both private enterprises and non-profit organizations, it is argued that while conflicts are regarded as calamities to ruin the efficiency of management in private enterprises, in non-profit organizations, conflicts are evaluated rather positively as the process to express different interests and sum up these for the decision-making as a whole [43].

However, in the case of sugar cooperatives, seeing the reality of the conflicts and the words and acts of the parties concerned regarding those, it seems hard to think that the conflicts are regarded positively as the one process of the decision making, and they seem to have the constitution rather close to private enterprises in this regard, which may be connected with the character of sugar industry itself as mentioned below.

In sugar manufacturing industry, there are many situations wherein huge amount of the element of production must be mobilized at a time. For example in the harvest period of sugarcane, many migratory laborers to engage in harvest and transport works are needed. And while the fixed amount of sugarcane is necessary to maintain the proper scale of sugar factories, as the crop is affected by the weather, sometimes the sugarcane may become insufficient only with the supply from the members.

Some studies argue that the circumstance that the fixed amount of sugarcane is needed is tying the members irrespective of the difference of their scale of landholding [44]; but I rather think that the non-members or the members belonging to the 'opposition' factions are utilized as the 'buffer' to cope with the scarcity of cane. As sugarcane requires much water, its acquisition too becomes the supreme order. Banerjee, et al. assert that the rich farmers controlling the management are exploiting the poorer ones through maintaining the low cane price and disposing the surplus for their own interest; but I do not have such clear proofs as to affirm like that. However, as the management of the cooperatives make the steady headway, the continuation of the organization, rather than the pursuit of interest, may be given the priority and the 'logic of capital' within the cooperatives may start working. In the consciousness of the executives of sugar cooperatives, because the mobilization of the elements of production like water, sugarcane or labor force is given the priority, the existence of human beings behind such elements may have been forgotten.

And in many empirical studies, it has been mentioned that if cooperative societies, originally the organizations of the weak, succeed in their operation and become the 'strong's'. They may come to oppress the other 'weak's', But on the other hand in many theoretical studies, it is only mentioned that such a problem exists or the refutation is done that there are no alternatives but cooperation [45], and the argument is not necessarily deepened based upon the reality within cooperatives, As it is presently likely that cooperatives are more frequently required to act like private enterprises in coping with the economic 'liberalization', the words and acts of the executives of sugar cooperatives mentioned earlier may provide the clue to elucidate the realities of cooperative societies, However, contacting the executives of sugar cooperatives, it was impressive as well, besides that their behaviors regarding the current problems were claptrap, that they nevertheless seem to have the feeling of taking part in the Movement to head for social transformation in some meaning, namely the Cooperative Movement,

All of the four, that is, Mr. CS who said, "Though they had lost the spirit of service, cooperatives are still better than private enterprises," Mr, RL who said, "Cooperatives have been blamed for unintentional failures," Mr, BN who said, "The likelihood of factious conflicts depends upon the personalities of the leaders," and Mr, NN who said, "Cooperatives enable the capital-intensive rural development," and "It is a slander without basis to regard the affiliated organizations as managed for the private interest," seem to be devoting themselves to the Cooperative Movement in their respective ways, It also may be worth noting that all of them are, on the standpoint of the profession, not the farmer members but the specialists, They belong to, so to speak, the first generation to be influenced directly or indirectly by the leaders in the early period,

The early leaders, objectively backed by the rise of sugarcane-growing farmers as small commodity producers, had acted on respectively particular standpoints, that is, the wish for 'cooperative commonwealth' in the case of the theoreticians like Gadgil and Mehta, and the wish for social works in the case of the peasant leaders like Vikhe Patil and Kore. Though the change of the cooperatives' character seems to have prepared by the appearance of the leaders wishing for politics like Vasantdada, he himself still seems to have had the devotion

to the Cooperative Movement as a kind of social Movement, as seen in the establishment of cooperative federations or large-scale cooperatives.

Then, what should we think of the fact that the executives influenced by the early leaders and others repeat the claptrap words and acts regarding the current problems, while seeming to be devoting themselves to the Cooperative Movement? In the studies of prejudice or discrimination and conservatism, 'the rhetorical use of values' is mentioned. In other words, it is reported that such behaviors are seen to justify the people's own attitudes as 'to deny the negative sides', 'to exaggerate to positive sides', 'to say that this is good but that is bad' or to talk distorting the facts openly [46]. For example, in the world of NGOs, some of them are said to be arguing that as the NGOs do 'something good', 'small problems' as the working conditions are not worth arguing [47]; like this, in the case of the executives of sugar cooperatives also, it can be doubted that they are 'using values rhetorically'. If their devotion to cooperatives is passionate enough in their own consciousness, comparing their acts and words with the realities of the cooperatives, such a doubt cannot but become stronger.

In the studies of non-profit organizations, it is pointed out that as many people think that non-profit organizations provide specialized service with reasonable price, the organizations are required to set their own realities with such image [48]; this indication seems suggestive considering the fact that Mr. RL deplored the decline of the image of the cooperatives. In the case of sugar cooperatives, it is probable that its image in Maharashtra State has been rather bad because of its behaviors and the more the parties concerning them, who have favorable impression on cooperatives themselves, try to 'use values rhetorically', the more the gap between them and the 'world' would be widened. It may be likely as well that in order to cover the gap with the 'world', they would try to propagate the advantage of the cooperatives even further [49].

If even the [ex-]executives influenced, sometimes directly, by the early leaders have behaved like this, the influence of the ideal raised by the Cooperative Movement does not seem strong enough, at least in the case of sugar cooperatives; and as increasingly more younger people, who do not know the days of the early leaders in person, will become the new executives, it is expected that the influence of the ideals will be lessened even further and the behaviors of sugar cooperatives will become even more selfish. Some of the cooperative literatures emphasize the importance of cooperative education in the circumstance that the ideal is weakening like that [50].

In the game theory or experimental economics, there are some studies maintaining that selfish behaviors in the whole group will be restrained if there are some minorities attaching importance to fairness in the group [51], or that the 'ideologies' regarding fairness or others would affect the behavior of each individual [52]; so, there seems to exist a little possibility that the cooperative education to make the executives or ordinary members look back the deeds and spirits of the early leaders would change the circumstances.

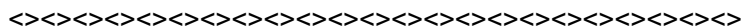
As the 'stakeholder theory' or other cooperative theories maintain, there is some possibility also that the circumstances will be improved if all those having the interest with the cooperatives including others than the members give some utterances regarding the management of the cooperatives [53]. In the case of sugar cooperatives, the animation of the respective Movements of the migratory cane-cutting laborers, 'dry area' farmers, non-member sugarcane-growers, etc. would have some meaning. But, if the character of sugar manufacturing as an industry itself does not change, the reform of sugar cooperatives is likely to be done rather in the affiliated organizations than the sugar manufacturing itself. And

as it is indicated that the scale of groups should not be too large, though nor too small either, for the altruistic behaviors to be done effectively, in this case, it may be likely that the 'complexes' built by the early leaders would be dissolved in the long run [54].

Such thinkable measures as the cooperative education, the Movements by the 'stakeholders' and the reconstruction or dissolution of the affiliated organizations may be regarded as the means to regain the 'relationship wherein the faces can be seen' or even the direct personal contacts [55]. As something like 'hatred among the close relatives' is seen in the world of cooperatives also [56], it can never be said that direct contacts among the individuals always better the situation: however, as it is clear that the current 'human-alienating' situation stems from the notion of the parties concerned to treat others merely as the means of economic activities, it still seems possible to state that the recovery of personal contacts would be the start of the necessary reforms.

We may have to remember that Kant had required 4S to treat others not as the means but as the purpose and Confucius had told that moral reforms should be executed from the close to the further. And Marx's notion of 'Capital', that he regarded as the ringleader of 'exploitation' and 'human alienation', may in reality be reflecting the behavior of humans to treat others heartlessly when they regard others not as their mates but as mere means of economic activities: and that is likely to survive even in other forms of organizations than private enterprises including cooperative societies, non-profit organizations or socialist states.

And also, if we take the relationship between the human nature and the conditions of organizations into consideration like this, we may be able to avoid such a useless dispute as whether the human nature itself is good or bad. It may be deeply related with the enlargement of the organizations themselves built within the Movements that not only Cooperative Movement but also any other Movements aiming to reform society through ideal frequently fail. As there are not so many studies considering the thoughts of the parties concerning cooperatives empirically, it seems necessary to compare the cases of various cooperatives including so-called government-made ones.



**Notes**

[1] Yamada, H., Pol Pot 'Kakumei'-shi [The History of Pol Pot 'Revolution' ], Tokyo, Kodan-sha, 2004.

[2] Orizio, R., [Japanese translation by Matsuda, K.], Dokusai-sha no libun [Dictators' Claim], [original, Talk of the Devil, 2003], Tokyo, Kashiwa Shobo, 2003.

[3] According to Rhodes, R. and D. Mavrogiannis, Thematic Guide to ICA Congresses 1895-1995, Geneva, International Cooperative Alliance, 1995, pp.183-185 or others, the last principles adopted in 1995 are the following: Voluntary and Open Membership; Democratic Member Control; Member Economic Participation; Autonomy and Independence Education, Training and Information; Cooperation among Cooperatives; and Concern for Community.

[4] In~~, p.181, it is stated that cooperative societies in more than 90 countries participated in the congress of the alliance in 1995.

[5] See for example Stettner, L., "Cooperation and Egalitarianism in the Developing Countries", Review of International Cooperation, vol.66 no. 122., 1973, pp. 103-118 and Canadian Cooperative Association, Cooperative Development, 1990.

[6] Among a few such studies, Davis, P., "Seikyo wa naze Kachi ni Motozuku Management O Hitsuyo to surunoka [Why Consumer Cooperatives Need Value-Based Management]", Paper Read at the Consumer Cooperative Institute of Japan, Tokyo, 4th October, 2001 [reproduced in Report No. 33/ Europe Seikyo no Koza-kaikaku to Miai-kaihatsu [Structure Reform and Future Development of European Consumer Cooperatives] , Consumer Cooperative Institute of Japan, 2002] and Hakelius, K. Cooperative Values: Farmers' Cooperatives in the Minds of the Farmers, Uppsala, Swedish University of Agricultural Sciences, 1996 can be mentioned. Henri, S., "Community Justice, Capitalist Society and Human Agency: The Dialectics of Co-operative Law in the Cooperative", Law and Society Review, vol. 19 no. 2, 1985, pp.303-327 is particularly interesting as it is based on the interviews with the parties concerned just like this study of mine.

[7] Though there are many studies indicating such a situation, as the one mentioning in detail what had happened in India, see Hough, E., The Cooperative Movement in India [5th Ed.], Calcutta, Oxford University Press, 1966.

[8] Regarding the history of Cooperative Movement in Western countries, see Rhodes and Mavrogiannis, op. cit. and Burchall, J., The International Cooperative Development, Manchester, Manchester University Press, 1997.

[9] As the studies indicating such a situation, see for example Fredericks, L., The Cooperative Movement in West Malaysia, Kuala Lumpur, University of Malaysia, 1986; Joint Kenyan-Nordic Evaluation Mission, Cooperative Development in Kenya, Bergen, 1976 and McClintock, C., Peasant Cooperatives and Political Change in, Princeton, Princeton University Press, 1981.

[10] Though there are many studies regarding this topic, see for example Chapter4 of Attwood, D. and B. Baviskar ed., Who Shares?: Cooperatives and Rural Development ~, Delhi, Oxford University Press, 1988.

[11] See Jadav, N., "Sugar Sector-Sweet Sugar Gains!", <http://www.indiaonline.com/sect/sure.pdf> and Raman, K., "Rush to Set up a New Sugar Unit", <http://hinduonnet.com/businessline/2000/11/09/stories/070963b1.htm>.

[12] This statement is based upon Attwood, D., Raising Cane: The Political Economy of Indian Sugar, Boulder, Westview Press, 1992 and Baviskar, B., The Politics of Development: Sugar Cooperatives in Rural Maharashtra, Delhi, Oxford University Press, 1980.

[13] Though the journal itself cannot be regarded as purely academic, 'Special Articles' on sugar cooperatives in Maharashtra are seen in Indian Cooperative Review, vol.2 no. 2, Apr.-Jun., 1965. To mention an example of a more academic journal, Economic and Political Weekly, vol. 18 no. 51, 17 Dec., 1983, a brochure entitled "Advertisers' Supplement on Maharashtra" is appended, that contains articles on sugar and other cooperatives written mainly by the men of affairs.

[14] In addition to the works mentioned in note U2], Attwood, "Does Competition Help Cooperation?", Journal of Development Studies, vol.26 no. 1, Oct., 1989, pp.5-27 and Attwood and Baviskar, "Why Do Some Cooperatives Work But Not Others?", Economic and Political Weekly, vol.22 no. 26, 27 Jun., 1987. pp.A38-A53 can be mentioned.

[15] For example on the labor problem, see Rangaswamy, A., "Contractors' Opera", Economic and Political weekly, vol.9 no. 5, 2 Feb., 1974 pp. 126-128; Matson, J., "Class Struggles in Cooperative Development", Bulletin of Concerned Asian Scholars , vol. 15 no. 3, Jun. -Aug., 1983, pp.18-30, etc. As a study wherein the development projects led by sugar cooperatives are critically reviewed, putting the focus on the irrigation problem, Desarda, H., " Maharashtra, Bane of Mushrooming Sugar Factories", Economic and Political Weekly, vol.26 no. 15, 13 Apr., 1991, pp.949-950 can be mentioned.

[16] Banerjee, A., et al., "Inequality, Control Rights and Rent Seeking", Journal of Political Economy, vol. 109 no. 1, 2001, pp.138-190.

[17] This is an institution to settle only the disputes regarding cooperative societies. Compared with this, 'courts' in this study means, so to speak, 'ordinary' judicial courts.

[18] According to Chithelen, I., "Origins of Cooperative Sugar Industry in Maharashtra", Economic and Political Weekly, vol.18 nos. 51-52, 24-31 Dec., 1983, pp.A 121-A135, the sugarcane-growing farmers in the early twentieth century had organized cooperative credit or jaggery marketing societies for example.

[19] Mentions on Vikhe Patil are based upon Mangalvedhekar, R., Bhumiptra [The Chi- Id of the Earth], Pravaranagar, Pravara Prakashan, 1977 and Sawant, S., ~~ [Struggle] [Part 1/2], Pravaranagar, Padmashri Dr. Vithalrao Vikhe Patil Foundation, 1985/86. The works of Gadgil and Mehta then are mentioned in detail in Wadhwa, D., "Zoning for Sugar Cooperatives", Economic and Political Weekly, vol. 35 no. 25, 17 Jun., 2000 pp.2155-2175. At that time, both Gadgil, who was the director of both the Bombay State Cooperative Bank and the Industrial Finance Corporation of India, and Mehta, who was the minister of finance and cooperation of the state government, was able to make important policies on the support for cooperatives. Regarding the thoughts of the two, see Gadgil, D., Writings and Speeches of Professor D.R. Gadgil on Cooperation, Pune, Gokhale Institute of Politics and Economics, 1975 and Mehta, V., Towards a Cooperative Socialist Commonwealth, Bombay, Maharashtra State Cooperative Union, 1965. The important points of their 'cooperative commonwealth' theory are that all the economic activities would be done by cooperatives and that the adjustment of different interests would , be done 'peacefully'.

[20] This part is mainly based upon Kore, T., Mi: Eka Karyakarta [I: One Activist] [Part 1/2], Warananagar, Tatyasaheb Kore's 60th/75th Birthday Felicitation Foundation, 1974/90. On Kore's resignation, see ~ [Pun e] , 26 Jun., 1993.

[21] This part is mainly based upon Dharmadhikari, B., Vasantdada Satara, Vishwakarma Prakashan, 1986 and Patil, R., Vasandraodada Patil, Eka Dilder Neta va Ra- ja Manus [A Democratic Leader and King Manu], Prakhad Prakashan, 1990. The organizations founded with Vasantdada's effort include, among others, the Maharashtra State Federation of Cooperative Sugar Factories and the National Heavy Engineering Cooperative, which manufactures sugar-manufacturing plants for itself.

[22] Interview with Mr. R.G. Kakade, the former president of the Servants of India Society, Pune, 6 Apr., 1993.

[23] All the interviews were conducted in 1993. The dates are 28 Feb. for Mr. CM, 19 Mar. for Mr. RL, 27 Sep. for Mr. BN and 28 Sep. for Mr. NN.

[24] Regarding this problem, see Desarda, "op. cit."; Brahme, S., Drought in Maharashtra: A Case for Irrigation Planning, Gokhale Institute of Politics and Economics, 1983; Joshi, S., Preliminary Draft Report on the Problem of Drinking Water and its Nexus with Sugarcane Cultivation, Pune, Indian Institute of Cost and Management Studies and Research, 1986; Joy, K. and N. Rao, Degenerated Agriculture and its Effects: A Study of Socio-Economic Transformation in Khanapur Taluka of Southern Maharashtra, Pune, Shankar Brahme Samajvijnay Granthalaya, 1993, Ahmednagar Irrigation Circle, River Basin Project: Pravara Valley, Ahmednagar, undated, etc.

[25] According to Shah, T., "Water and Welfare", Economic and Political Weekly, vol .39 no. 12, 20 Mar., 2004, p.1211, in reality recently in Maharashtra also, a few NGOs are succeeding in diffusing water-saving techniques among poor peasants.

[26] In addition to the studies mentioned in note US}, especially regarding the point that the migratory laborers come from 'dry areas', etc., see Jugale, V., Cooperatives in Maharashtra, New Delhi, Classical Publishing Company, 1995.

[27] Taught by Professor D.P. Apte, the former registrar of the Gokhale Institute of Politics and Economics.

[28] Rangaswamy, Op. cit. "

[29] Taught by Professor Apte mentioned above.

[30] In addition to the news items and decisions mentioned in the following notes, on this problem see, among others, ~ 22 Feb., 1982; 9 Sep., 1983; 5 Jan., 1984; 4 Nov., 1985; 29 Oct., 1987; 20 Jan., 1988; 1 Oct., 1991; 26 Jun., 1993; 16 Dec., 1994 and Maharashtra State Cooperative Tribunal, Selected Decisions, 1964 [Wayal, et al. vs. Someshwar Sugar Coop.]; 1969 [Girnar Sugar Coop. vs. Niham, et al.]; 1970 [Shri Ram Sugar Coop. vs. Naik, et al.]; 1971 [More vs. Niphad Sugar Coop.]. On the intervention of hooligans, taught in the interview with Mr. K. J. Joy, the activist of Shramik Mukti Sangharsh Samiti, a political organization, in 4 and 18 Apr., 1993. On the number of the members, see Government of Maharashtra, Department of Cooperation, "Cooperative Sugar Factories", in Cooperative Movement at a Glance [Maharashtra], <http://www.mahasahakar/PartC.htm> [2003].

[31] Maharashtra State Cooperative Tribunal, op. cit., 1961 [Mirgunde vs. Warana Sugar Coop].

[32] 1963 [Patil vs. Shetkari Sugar Coop]. At that time, the tribunal made the cooperative win, stating that it was right to make only the members the beneficiaries in the case of fund shortage and the compensation for the non-members was not necessary then.

[33] But the whole sum was not returned and the plant was decided to be run by a private company newly founded then. Indian Express [rune], 31 Aug., 1991.

[34] See Patil, N. [interviewed], "My Conflicts with the Sugar Barons since 1977", Maharashtra Times [Bombay], 28 May, 1989.

[35] 'Tribes' are the aborigines more or less leading primitive lives and discriminated or oppressed. According to Mr. CM, about 13 thousand of all the 23 thousand members are tribes.

[36] Smith, V., "The Two Faces of Adam Smith", Southern Economic Journal, vol.65 no 1, 1998. Mr. R. Kurzban of Pennsylvania University, who introduced this article to me, told in his letter to me that it was an 'interesting application' to see cooperatives from such a viewpoint.

[37] Abrams, D. and R. Brown, "self-consciousness and Social Identity", Social Psychology Quarterly, vol. 52 no. 4, 1989, pp.311-318. One of my acquaintances working in a welfare organization jointly managed by both the handicapped and non-handicapped too indicates the existence of 'sectionalism' between the handicapped and non-handicapped, etc. And on the points mentioned in this and last notes, see also Pinker, S., [Japanese translation by Yamashita, A.], Nigen no Honsho 0 Kangaeru [Considering Human Nature] [Part 1/2/3], [original, The Blank Slate, 20 02], Tokyo, Nippon Hoso Shuppan Kyokai, 2004 and Ridley, M., [Japanese translation by Kishi, Y. and N. Furukawa], Toku no Kigen [The Origin of Virture], [original 1996], Tokyo, Shoeisha, 2000.

[38] In Hakelius, op. cit., it is stated that in the Swedish cooperatives also, such values as 'internationalism', 'altruism' or 'social reform' are not so strongly kept in the minds of the members.

[39] Chukwu, S., Economics of Cooperative Business Enterprise, Marburg, Marburg Consul t, 1990.

[40] The cases wherein sugarcane of the 'opposition' members is left unharvested, while that of the non-member growers is harvested, are reported in ~, 9 Mar., 1982: 25 Feb., 1983, etc., and in Patil, N., "OP. cit.", the cases of joint agitation by both the members and non-members are reported.



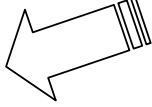
- [41] Hatamura, Y., *Shippai-gakuno Susume* [Introduction to Failure Studies], Tokyo, Kodansha, 2000.
- [42] Ostrander, S., *Money for Change: Social Movement Philanthropy at Haymarket People's Fund*, Philadelphia, Temple University Press, 1995.
- [43] Schwenk, C., "Conflict in Organizational Decision Making", Management Science, vol.36 no. 4, Apr., 1990, pp.436-448.
- [44] See for example, Attwood and Baviskar, "oP. cit".
- [45] See, for example, the literatures mentioned in note [5]. i
- [46] Kristianse, C. and M. Ianna, "The Rhetorical Use of Values to Justify Social and Intergroup Attitudes", Journal of Social Issues, vol. 50 no. 4, 1994. pp.46-57 ; Monroe, K. and C. Epperson, ""But What Else Could I Do?"" , Political Psychos- ~, vol. 15 no. 2, 1994, pp.201-216.
- [47] Vasan, S., "NGOs as Employers", Economic and Political Weekly, vol.39 no. 22, 29 May, 2004, p.2197.
- [48] Holmann, A. and T. Idson, "Why Nonprofit Nursing Homes Pay Higher Nurses' Salaries", Nonprofit Management and Leadership, vol2 no. 1, 1991, pp.3-12.
- [49] Regarding the 'world', see Sato, N., Seken no Me [Eyes of the World], Tokyo, Kobun-sha, 2004. However, here I intentionally applied the notion of the 'world' , which Sato regards as peculiar to Japan, to other countries. It also may be worth noting that even Attwood, "oP. cit." states that sugar cooperatives try to make the impression that they are benevolent through establishing the affiliated organizations, because it is actually impossible for the leaders to show undue favor to all the people living in the localities.
- [50] See, for example, Davis, "op. cit."
- [51] Fehr, E. and K. Schmidt, "A Theory of Fairness, Competition and Cooperation", Quarterly Journal of Economics, vol. 114 no. 3, Aug., 1999, pp.769-816.
- [52] Mastelman, S. and D. Feeny, "Does Ideology Matter?", Public Choice, vol. 57, 19 88.
- [53] Turnbull, S., "Stakeholder Cooperation", Journal of Cooperative Studies, vol. 29 no. 3, 1997, pp.18-52, etc.
- [54] Trivers, R., "The Evolution of Reciprocal Altruism", Quarterly Review of Bio- ~, vol. 46, 1971, pp.35-57. But according to Buchanan, M., [Japanese translation by Sakamoto, Y.], Fukuzatsu na Sekai, Tanjun na Hosoku [Complicated World, Simple Law], [original, Nexus: Small Worlds and the Groundbreaking Science of Networks, 2002], Tokyo, Soshi-sha, 2005, organizations wherein heterogeneous people frequently contact such as, for example, the firms in the Silicon Valley often contacting each other among the rivals or an Italian firm wherein the contact between the management and labor had been frequent and the re-adjustment of I employment succeeded, can correspond plably with the change of the environment. , Following this argument, the circumstance of sugar cooperatives can be improved without dissolving the complexes if the laborers, 'dry area' farmers or other parties concerned can strengthen their influence.
- [55] In Kitajima, K., "Dai4 Hokoku ni Taisuru Comment [The Comment on the 4th Report]", Published at the National Conference of the Japanese Society for Cooperative Studies at Yamanashi

Gakuin University, Kofu, 15 October, 2005, it is reported that while the confrontation between 'association' of individuals humans and 'business management' in cooperatives had been recognized in the traditional cooperative studies, it became to be argued only recently that trust or personal contacts among individuals themselves can be regarded as important means of production comparable with material or human capital.

[56] In Henri, "op. cit.", examples of the members of housing cooperatives are mentioned.

-----

**Special Note:**

- 01 In order to manage the printing area for this article it is suggested that references to the notes and the listing of references may be eliminated.
- 02 Please ensure that two copies of the journal carrying this paper are sent to the following address:
- Dr Daman Prakash, Senior Consultant**  
**IFFCO Foundation, IFFCO House, 34 Nehru Place,**  
**New Delhi 110019. India**
- 
- 02 Kindly arrange to publish this paper on your local/institutional network, and place it in your institutional library for the use of your scholars and students.

***Introduction to Author and the paper***

***About the author....***

Dr Minoru Sugino, Japanese national, born 1966, is a 1989 graduate of Hitotsubashi University, Japan's premier university, from where he also got his Masters in Economics in 1991. He obtained his Ph.D., in 1997 from the University of Pune in India. He was awarded a Research Fellowship at the Tokyo University of Foreign Studies, and served as lecturer at the Institute of Oriental Culture, Tokyo University; and Department of Economics, Meiji-Gakuin University. As a part of his studies in India he concentrated on various social and economic aspects of sugar cooperatives with special emphasis on water resources development and participation of member-farmers in the democratic structure of their organisations. He has contributed specialised paper on Maharashtra's Sugar Cooperatives in various journals published by Japan Association for Asian Political and Economic studies, Japanese Society for Cooperative Studies, Institute of Developing Economics etc. His book 'Development and Thoughts of Sugar Cooperatives – The Case of Maharashtra State in India' and the thesis on Sugar Cooperatives have been widely acknowledged and appreciated by researchers and scholars in Japan and elsewhere. His contact address: Dr Minoru Sugino, Naka-Kokubun 5-30-5, Ichikawa. Chiba 272-0835. Japan

***In the present paper Dr Sugino makes the following points:*** In a number of Third World countries governments have taken the initiative to establish cooperatives. Through participation in shares and by virtue of cooperative laws governments control these institutions leaving the constituting members at a loss. In some countries, farmers or fishermen, as the small producers of commodities, are spontaneously organizing cooperatives, and such kind of cooperatives sometimes has considerable influence on the politics, economy or society. In India, sugar cooperatives in Maharashtra, and dairy cooperatives in Gujarat have been able to influence the society economically and socially.

India is a major sugar-producing country with the annual turnout of about 20 million tons, and about 6 million tons is manufactured by about 200 cooperatives in Maharashtra alone. They were founded as early as during the 1940s. After independence in 1947 more and more sugarcane-growing farmers joined them by purchasing shares. The government had, however, instituted purchase price controls and restricted the distribution of the end product. Since sugar has been a key consumer commodity and the crop being a cash crop, the sugar mills in cooperative sector thrived thereby generated a plenty of additional income. It was the vision of leaders that they made use of such surplus funds to install a variety and number of social institutions for the benefit of member-farmers.

While sugar cooperatives in Maharashtra are highly valued as a rare success case of Indian Cooperative Movement, the criticism against them is not scarce. Some of the irritating factors have been: cultivation of the water-consuming crop like sugarcane in the originally rain-scarce areas; treatment of the wage laborers working for the cooperatives, particularly the migratory seasonal laborers engaging in the harvest and transportation of sugarcane. There have also been conflicts relating to sugarcane-growing farmers, members and non-members or the 'rulers' and 'oppositions' within the members.

---

JapSugar02-dp  
May01,2006