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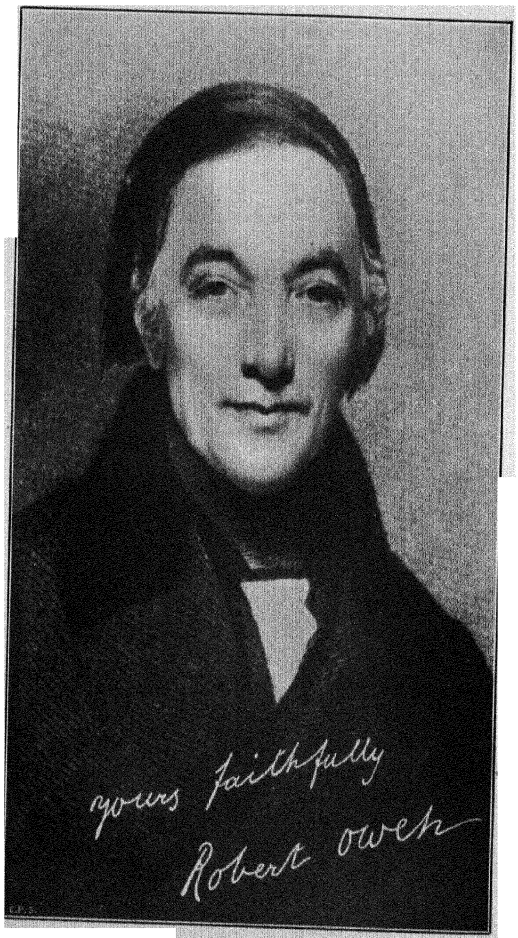
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THE STORY OF A PEACEFUL
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ROBERT OWEN.
1771—1858.

INDUSTRIAL CO-OPERATION:

THE STORY OF A PEACEFUL REVOLUTION.

Being an Account of the History, Theory, and Practice of the Co-operative Movement in Great Britain and Ireland.

Prepared for the CO-OPERATIVE UNION by the SOUTHERN CO-OPERATIVE EDUCATION ASSOCIATION.

EDITED BY

CATHERINE WEBB.

WITH A PREFACE BY

L. L. PRICE, M.A.

FELLOW OF ORIEL COLLEGE, OXFORD.

"The number of your members, the extent of your capital, and the great principle of the union of interests which guides the movement, in my opinion constitutes nothing less than a State within a State."

—THE EARL OF ROSEBERY.

FOURTEENTH EDITION.

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PREFACE.

THIS volume, as Miss Catherine Webb states in the Editor's Note, is intended to discharge the valuable and responsible functions which belong to an authoritative text book. It has been expressly designed for the use of the "students engaged in the study of the History, Theory, and Practice of Co-operation" under the auspices of the Co-operative Union. During some years I have had the privilege of being an examiner in this subject, and it was with no small satisfaction that I heard that such a work had been planned and was in active preparation. I gladly complied with the suggestion that I should write a few words of introduction when it was ready to be published.

An examiner may be said to possess one qualification for undertaking the hazardous *rôle* of a critic of a text book dealing with the subject in which he has examined. He may hope that he has gained from actual experience some little knowledge of the common failings of the average student. Without unreasonable presumption he may think that he has thus been placed in a position where, with some prospect of success, he may attempt to decide for himself, if not for others, how far those prevailing shortcomings may be justifiably ascribed to the want of authoritative guidance in preliminary study. The exact distribution indeed between teacher and text book of the responsibility for these untoward results is a further problem of greater delicacy from which he will probably refrain if he is prudent. But I may at any rate confess that, rightly or wrongly, I have for some time entertained the belief that both instructors and pupils might derive material help in preparing for the examinations in the history and principles of Co-operation held under the direction of the Educational Committee of the Co-operative Union, were they furnished with a new text book specially written for this particular purpose. Such a book has been undertaken and is now brought to completion.

Again, without extravagant egotism I may perhaps urge in excuse for the hardihood with which I have ventured on the onerous, though welcome, responsibility of writing a preface to this new volume, that an examiner, without claiming any unusual powers of insight or prophecy, may

hope to frame a conception, which will not be wholly erroneous, of the pattern to which such a text book should conform, if it is to aid the teacher and to assist the student. He may be pardoned for thinking that he has a tolerably shrewd idea of the parts of the subject which require more detailed treatment than that which they have previously received, and of those which can on the contrary be discussed more concisely without disadvantage. He may believe that he could indicate difficulties which needed elucidation, emphasis which demanded redistribution, omissions which should be supplied. In the case of the present volume I may, therefore, be allowed to state at the outset that the favourable anticipations which I had formed when I was told that the work was in contemplation, and learnt that it had made considerable progress towards completion, have been confirmed by the perusal of the following pages. This new text book seems to me to be admirably adapted to the particular purpose for which it is intended. So far as I can judge, the needs both of teachers and of students are satisfactorily met, and, should it be my fortune to examine in the future fresh candidates in the History, Theory, and Practice of Co-operation, I look forward with no little confidence to noting in the excellence of their papers the beneficial consequences which are likely to attend the use of this text book.

To prevent any misunderstanding, I would repeat here what I have said more than once before as opportunity was presented. In my opinion the results hitherto attained in these examinations furnish convincing reasons for great encouragement. The small proportion of failures occurring and the high average of marks generally secured have been noticeable characteristics of each successive year in which I have examined, and the evident interest taken by the students in the subject which they have been studying has been a welcome feature rarely found elsewhere in such marked and unmistakable prominence by the present writer in a tolerably wide acquaintance with examinations of various kinds. But to pronounce that improvement in the quantity and the quality of the work submitted is impossible would be as untrue as it would in reality be discouraging; and it seems to me to be probable, if it is not certain, that such improvement will follow the general employment of this new text book.

The qualities, which a satisfactory text book should possess, are more easily indicated than they are attained. The writing of a text book is perhaps the most arduous task which an author or, as in this case, a body of authors, can undertake. It makes no inconsiderable demand upon the

practised skill of a literary expert. It requires a combination of capacities which are rarely met together. What to include and what to omit is a knotty problem to resolve. No less delicate and onerous a business it is to determine what can be stated briefly without risk of serious misunderstanding, and what can be expounded in considerable detail without occupying an excessive portion of a space necessarily limited. For a text book must be neither unduly short nor unduly long. It must be full without pretending to be exhaustive. It must be concise without becoming superficial. It cannot avoid laying emphasis upon some matters and according less prominence to others; but its emphasis should be properly distributed or it will mislead. This catalogue of requirements, to which others might be added, suggests the conclusion that a text book is more likely to meet the necessities of the situation, if it is compiled specially for the particular description of students for whose use it is intended. This is the case with the present volume, and to that circumstance perhaps its success is chiefly due.

Nor is it any disrespect or injustice to the earlier "Manual for Co-operators," or to Messrs. Acland and Jones' "Working-men Co-operators" to say that this later text book seems likely to occupy a position which is in some respects distinct from that taken by either of those two previous volumes. Miss Webb indeed remarks, in the Editor's Note, that "it will succeed, but not necessarily supersede, the text books of these former exponents of Co-operation." From this statement few, if any, adherents of Co-operation would wish to dissent. Both those books are fully entitled to the gratitude and honour which they have received. But it is not only the time at which it is published, but also the motive dictating its composition, and the circumstances attending its preparation, which establish an important distinction between this later text book and the two earlier volumes. Not only must the co-operative movement itself be pronounced unprogressive if fresh developments in different directions, which have made their appearance during the intervening period of time, did not require to be now included in an authoritative "history" of Co-operation. Not only have more recent incidents in some important spheres of co-operative "practice" suggested, and indeed compelled, the careful re-examination of some of the positions taken and the conclusions drawn in older co-operative "theory." But it is also hardly to be doubted that the new efforts lately made and the fresh experience specially gained in connection with the work of the Educational Committee of the Co-operative Union have rendered it possible to appreciate more fully and exactly than before the particular needs of teachers and of students preparing for examination

in the History, Practice, and Theory of Co-operation. That such a text book as this volume has been demanded by exigencies of the present time, which were hardly felt at all, or at least were not experienced in the same intensity before, may, without exaggeration, be described as an obvious and notorious fact. That this requirement is now likely to be met more satisfactorily, when knowledge has grown and experience has extended, than it could have been a little while ago, would not be difficult to demonstrate. That the text book, which has been produced under these circumstances in response to this demand, will be found adequate will, I think, be gratefully acknowledged by those who have occasion to consult its pages.

The general arrangement of the subject is simple and effective. The information given in the successive chapters is full, authoritative, and fresh. The discussion of disputed or debateable questions is suggestive without failing to be impartial. Where more or less elaborate reasoning is introduced, as on what may perhaps be called the economics of Co-operation, the argument is not difficult to follow. Where plain straightforward narrative is used, the history is easy to remember. A convenient division of the whole period from 1824 to 1904 into four successive scores of years is adopted. Lastly, where statistics are employed, the figures cited are presented in a form in which their significance can be readily grasped and permanently retained. In short, the volume exhibits in a marked degree those appropriate qualities of a satisfactory text book to which allusion was previously made. It is full without becoming wearisome or confusing. It is terse and compact, and yet does not fail to be lucid and comprehensive. It should, I think, enlighten the student without neglecting to stimulate him or her to fresh inquiry. It should assist the teacher without rendering his or her aid superfluous. Adapted as it is to a particular purpose, it is, of course subject to certain limitations. A small amount of repetition is not merely to be expected, but it is also to be desired, in a text book intended for systematic instruction. An inability to push research to its furthest length is imposed by the very conditions of the task essayed. A reluctance to return a positive final verdict on controverted questions is as welcome as it is discreet. Such limitations as these are acknowledged in the Editor's Note. They are suggested by the aims and prescribed by the size of the volume. They are inherent in the conception of a text book.

And yet I would venture to add to these observations that, successful as this little treatise appears to me to be in meeting the special requirements which it is expressly designed to

satisfy, it has a wider interest and is destined to occupy a more permanent and important place than might perhaps be gathered from what has hitherto been said. A few remarks on this larger aspect may, I hope, be subjoined without exposing this Preface to the charge of exorbitant prolixity; for, as I think, this new text book, issued with the sanction and endorsed with the *imprimatur* of the Co-operative Union, and intended for the instruction of co-operative students and the assistance of co-operative teachers, may also not improbably serve to elicit and direct the interest of the general public, and to attract and guide the observations and inquiries of the trained economist. Neither class in this country has failed to concern itself with the performance and the promise of the co-operative movement. Almost from the outset co-operators have attracted the favouring notice of economists, and they have enjoyed a large measure of approbation at the hands of the general body of English citizens. Prominent statesmen have presided at Co-operative Congresses, as the list given in this volume shows. The newspaper press, which reflects, if it does not inspire, popular opinion, has usually been friendly to co-operators rather than adverse. But it is only natural that some of this interest should have been in some degree at least uninformed. The solid obvious merits of Co-operation have attracted the commendation which they fully deserved; but, from lack of personal acquaintance with the daily details of co-operative business, and of intimate knowledge of the various and sometimes conflicting currents of opinion among practical co-operators, the eulogy, like the criticism, where that has been bestowed, cannot fail on some occasions to have been indiscriminate or misdirected. In this text book the means are furnished for supplying the deficiencies and avoiding the misunderstandings to which the uninstructed outsider must perforce be liable, and I cannot but believe that a perusal of this volume would lead to an estimate of the achievements and the prospects of Co-operation, which would be more just and sure, because it would rest on a more solid basis of informed opinion and of established fact.

Industrial Co-operation has for some time past won for itself a conspicuous place among the most considerable social movements of our times. It is not inappropriately described in the title of this volume as a "peaceful revolution." The authors do not, however, shut their eyes to some unfavourable symptoms which have unhappily made their appearance in unwelcome force in unsuspected quarters. Nor do they record the work already done, or anticipate the further progress to be expected in the future, without qualifying their congratulations and their hopes alike. They note, for

example, the subtle intrusion of credit into a sphere, from which it had ostensibly been banished, as a possible cause of growing mischief which requires sedulous and prompt attention. It may indeed demand drastic treatment, if it is not to work serious harm. They draw prominent notice to the unsatisfactory position of the great mass of the employés in co-operative establishments, regarded from the standpoint of their active connection with Co-operation as a regenerating creed, moulding social and industrial life. For they think that this matter has not yet received the candid or careful scrutiny which will be needed before co-operators can rest content that nothing further should or can be done to elicit and retain the interest of such employés in the welfare of the movement. They do not pretend to ignore the reproach which has not unfrequently been brought both by friendly and by hostile critics against what has been compendiously and expressively described as "dividend hunting." They do not attempt to hide the discouraging circumstance that in certain districts of the country, as in some departments of industrial activity which concern the satisfaction of the needs of the working classes as consumers merely, the success of Co-operation has as yet been small.

Such drawbacks as these, of which account must be taken in any comprehensive estimate of the total progress of Co-operation, stand apart from the larger question of the position and prospects of what is perhaps most accurately described and usefully distinguished as the "self-governing workshop." In this volume they receive distinct consideration, although by the external public the problem of finding a more satisfactory place for the employé in the practical constitution and the daily business of co-operative associations of consumers has sometimes been confounded with that more debateable and certainly more contested question of co-partnership, which has attracted the greater notice. That larger question is also dexterously handled in this volume, and I think that the treatment which it has here received cannot be justifiably accused of unfairness or inadequacy, although it can scarcely be hoped, where opinions have been divided so sharply, and are held so enthusiastically, that the authors of the present volume will satisfy all parties by their handling, and win complete approval either for their narrative of facts or for their account of arguments. They wisely refrain from drawing positive final conclusions.

That the general, if not universal, extension of the self-governing workshop to the whole field of industry entered into the hopes of some early pioneers of Co-operation, and has taken a prominent place in the schemes conceived by not a few influential supporters, both more remote and more recent,

of the movement of a whole, may be admitted, while we recognise that actual practical experience and sober common sense have disclosed difficulties and disadvantages which were not at first realised or perhaps even observed. That a fresh revival of a belief in co-partnership, reduced perhaps in its scope and altered in its direction, has lately been attended by a noticeable measure of success, which contrasts markedly with previous failures, may be allowed, while we acknowledge that the different process of development started by the Rochdale Pioneers has been justified by the indisputable test of enduring and continuous growth. The authors of this volume do not seek to reconcile extremes, but they hint that without the sacrifice of conviction those who adopt different views may find a position side by side in the ranks of an army which is fighting for a cause they can hold in common. They suggest that the co-operative movement is sufficiently comprehensive to embrace partisans of "associations of consumers" and advocates of "co-partnership."

The contributions made to the ancient debate in this new volume will deserve attentive study. The distinction drawn between associations of consumers and associations of producers in place of the unsubstantial difference sometimes made between co-operative production and co-operative distribution, serves, in the hands of the present authors, as in those of others who have treated the same problem from the standpoint of external critics, to divert discussion from misleading to more promising directions. The contention that some unfortunate misapprehension has arisen from the employment of the technical terms "profit" and "dividend" to describe methods and to indicate objects in the practice of Co-operation according to the "Rochdale system," which are essentially different in motive, character, and results from those commonly connected with those particular terms in the ordinary business intercourse of those who are not "Rochdale" co-operators, is pertinent, if it is not essential, to intelligent useful investigation. But these considerations do not form the chief contribution of the present volume; that is rather to be found in the catholic spirit, which, as we have noticed, discerns a possibility of the co-existence of the two contending theories in the creed, as they are now discovered side by side in the practice, of the co-operative movement as a whole. This mood and temper are no less wholesome a sign of the times in co-operative circles than they are welcome to external observers who wish well to Co-operation.

The inevitable lapse of time indeed, with the riper lessons of a more extended experience which it has brought, and the very persistence of an eager controversy, have perhaps demonstrated in this, as in other debateable questions, that

either side may be partly right and partly wrong—right in what it affirms and wrong in what it denies. It has certainly been shown that both of two contrasted forms of industrial organisation may comprise a great number of subordinate varieties, and that the differences severing some of these varieties from those belonging to the other class may be less considerable than the protagonists of the opposing parties are inclined to acknowledge openly or to recognise in tacit admissions made to themselves alone. A noticeable feature of the present volume is the careful classification of the different descriptions of co-operative associations of producers and of the several varieties of co-operation as applied to the production of commodities. No less welcome and remarkable a feature is the interesting and detailed account given of the chief directions in which the practice of Co-operation has recently been developed in Ireland. As Sir Horace Plunkett has urged in a book quoted in this volume, the habit of combination is congenial to the temperament and traditions of the Irish people, and the gratifying results achieved in the sister kingdom in a sphere in which Co-operation has as yet attained little enduring success in England, that of agricultural industry, may yet be traced in their original inception to the useful counsel and the active encouragement of English co-operative experts and officials. These fresh developments constitute an important addition to co-operative practice, which obviously could not have been considered or appreciated by the writers of earlier manuals.

But the chief lesson which this volume impresses on the mind of the economic investigator is the familiar but neglected truth that it is as dangerous to prophecy in economics as it is in politics. The co-operative movement in this country has in some respects at least advanced on different lines and in different directions from those which were laid down or even imagined by many, if not most, of its founders. In a sense it is true that the idea of the Rochdale Pioneers of selling at the ordinary retail price, and dividing the surplus returns which result, among purchasers in proportion to their purchases, was a happy discovery due in some degree to lucky accident. The remote consequences of this principle they hardly realised in their fondest dreams. The complete development of the practice could not have been fully anticipated by their most ambitious aspirations. The story of the tentative commencement of their modest enterprise reads, as we are told once again in this new volume, like an imaginative romance. But the large growth which has sprung from this tiny seedling is an accomplished fact. Similarly, it may be observed that, if the Christian Socialists, to whose valuable services full justice is done by the authors

of this text book, were too sanguine in believing that the "self-governing workshop" was the sure signal of the inauguration of an economic paradise, some incidental advantages, which "Co-operation among consumers" has brought in its train, such as the promotion of involuntary thrift, the diffusion of business aptitude among working men, and the active encouragement of the qualifications of effective citizenship, have been the cause of unexpected benefit to the members of an industrial order unlike that which Owenites or Socialists had contemplated and more akin to that which they regarded as dying if not already dead. The future may not improbably have similar surprises in store for us who are living in the opening years of a new century, to which we are not yet audacious enough to apply a distinguishing label.

For there are few of us perhaps who can look back some distance into the century which has just departed who have not in the hot period of our youth seen visions and dreamed dreams. And then the cold blasts of keen criticism and unkind fortune have in the years of our maturer manhood swept away, as it seemed, many of these unsubstantial fancies into empty disillusionment. And yet, when we have waited a while longer, our imaginative ideals have returned in the less magnificent but more enduring guise of sober possibilities transformed into accomplished facts. Some similar transition may perhaps be connected with the co-operative movement. Its later performance has not resembled its early promise in every detail, but it is none the less a marvellous achievement. A "peaceful revolution" has been wrought, and its possibilities are not exhausted. With the opportune assistance of this new text book, and its authoritative record of fact and opinion, we are enabled to place the aspirations and achievements of the past in a more correct perspective. We can now note development where others have seen stagnation or retrogression. Warned by their example, we may retain a firm faith in the future without indulging extravagant hopes which must be disappointed. A reasonable optimism of this type seems to characterise the authors of this book.

L. L. PRICE.

ORIEL COLLEGE, OXFORD,
September 17th, 1904.

EDITOR'S NOTE.

In the production of this book two worthy examples of co-operative procedure in the making of text books have been followed. The "Manual for Co-operators," which for many years served as the foundation of co-operative class teaching, was the joint production of two of the most eminent enthusiasts for co-operative education—the late Edward Vansittart Neale, and the late Thomas Hughes. Their work as editors was watched over by a committee of the Co-operative Union, and the Manual was published by resolution of the Co-operative Congress held at Leeds in 1881. The second example followed is that of "Working-men Co-operators," another text book prepared for the Co-operative Union by the joint labours of two members of the Central Board of the Union, Mr. A. H. D. Acland and Mr. B. Jones.

The present work is also the joint production of co-operative enthusiasts. It has been prepared by the Southern Co-operative Education Association, and accepted by the Co-operative Union as the text book for students engaged in the study of the History, Theory, and Practice of Co-operation. The main purpose of the writers of the book has been to gather together, and bring up to date, as comprehensive an account as possible of the Co-operative Movement in Great Britain and Ireland, using as their chief sources of information the works of accepted authorities, and presenting it in such manner as seemed best suited to the needs of the student. It will succeed, but not necessarily supersede, the text books of these former exponents of Co-operation.

Many pens have been at work upon its pages, as will be plainly evident to the reader who seeks to find in it any uniformity of style. Provided the facts related could be verified by reliable references, that the story told by each contributor fell into harmony with the main purpose and scope of the book, and that the principle of "equitable association" was made manifest from cover to cover, I, as Editor, have been content to regard the diversity of styles as lending interest to a work containing many technical details. To the general reader, who may happen to discover some apparently unnecessary repetitions of incident or fact, I would submit, that since the book is primarily intended for the use of students, each repetition will, on examination, be found to

emphasise some special point, or drive home some particular lesson. In the revision of the work, over which considerable time and labour has been spent, every effort has been made to avoid any unnecessary elaboration of detail, and care has been taken to leave unmentioned no essential feature or phase of co-operative activity. At the same time, large fields of inquiry are left open for further research.

In addition to drawing information from the published writings of co-operators and records of co-operation, the authors desire to acknowledge their indebtedness to the courtesy of many co-operative officials who have supplied them with local or incidental items of information. In the preparation of the statistical data, and in many matters of historical fact, they have had the great advantage of guidance and advice from Mr. J. J. Dent, of the Labour Department of the Board of Trade; to him they desire to make special acknowledgment, as well as to Mr. Aneurin Williams, to whom they are indebted for the chapters on the "Christian Socialists" and "Labour Co-partnership."

In one direction only do the writers claim for their work the distinction of novelty. This is in the method they have adopted of presenting to the student the diverse theories regarding the division of "the fund commonly known as profit," which, broadly speaking, still divide co-operators into two schools of thought, although happily no longer into two contending parties.

Those who stand for the "Theory of Consumers' Association," which makes the consumer the unit of co-operative effort, and the recipient of its surplus "profits"; and those who stand for the "Theory of Co-partnership Association," which gives the worker—as such—a special place in the responsibility of effort and a special share in its gains, will find within this book the foundations upon which each theory is built up. The writers have made no effort to reconcile the two theories, but they have endeavoured to show that they can and do exist, side by side in one great whole, and that the solidarity of the Co-operative Movement as a social force is complete, despite divergencies in theory and in practice.

The general reader, if he has wit, will determine for himself which of the two theories exhibits the signs of greater vitality. The student, if he has any spark of the co-operative faith in him, will find underlying both "the essential character of our movement," which is "a unifying principle . . . consecrated to the common good of all, and exclusive of none."

CATHERINE WEBB.

NOTE TO FOURTH EDITION.

In the use of "Industrial Co-operation" as a text book during the past six years, some slight difficulty has been felt by teachers and students in quickly realising the plan upon which the book is set out. The publication of the fourth edition allows me an opportunity of explaining that the plan provides, in Chapters I. to V., a brief "historical outline" of the main field of co-operative activities in Great Britain and Ireland, which, in the succeeding chapters, VI. to XXIII. is more fully examined in detail. In Chapters XXIV. and XXV., and in the Appendices, some corners of the field hitherto unnoticed or inadequately examined in preceding chapters are brought into view.

With this present edition, the symmetry of the four periods of twenty years each into which the "historical outline" was originally divided has been broken by the addition of six years to the last period, in Chapter V., in order to bring under review the change and progress which these years have wrought. In all minor details the book has been brought up to date as completely as possible, and attention may be drawn to the supplementary chapter on Agricultural Co-operation in Great Britain, which marks the greatest step in advance that co-operation has made in this country in recent years. Another important advance is found in the references to International Co-operation, from which, indeed, the student should be able to extract his largest store of hopeful aspiration for the future progress of the movement.

Two new diagrams have been added in the Appendix, (*a*) showing the Organisation of the Co-operative Union, and (*b*) the Organisation of the Co-operative Wholesale Societies.

A word must be said with regard to the Statistical Tables. In 1907 the rapid growth of agricultural co-operation determined the Labour Department of the Board of Trade to divide agriculture from all other forms of co-operation and to issue separate statistics in regard to it. The Statistical Tables, therefore, which are supplied to us by the courtesy of the Board of Trade, will be found to contain (1) statistics of co-operation including agriculture up to 1907, (2) statistics

of co-operative distribution, and of production excluding agriculture, and of agriculture alone (both distributive and productive). In addition, there will be found a descriptive analysis of industrial co-operation in the United Kingdom for ten years 1898-1908, reprinted by permission from the Board of Trade *Gazette*.

Other tables, incidental to the various organisations referred to in the book, are brought up to date as near as may be. Where information up to 1910 has not been available, the latest procurable data has been used, and I have again to tender grateful acknowledgments to the secretaries and officials of various organisations for assistance in the work of revision.

EDITOR.

September, 1910.

ERRATA

Page 9, line 7. For "Guardians of the Poor" read "Parochial Authorities."

Page 13, line 21. Delete the word "tariff."

Page 58. For crossheading "Brighton Co-operators, 1828," read "Brighton and Union Shops."

INDUSTRIAL CO-OPERATION:

THE STORY OF A PEACEFUL REVOLUTION.

INTRODUCTION.

THE Co-operative Movement is but a modern development of that spirit of association which may be traced all through our social history, and is seen in many features of the life of the early English village communities in Saxon and Norman times. "Social Innovators"* are to be found in every chapter of history. However diverse the systems and theories put forward, however vaguely expressed, the idea of association in some form runs through the teaching of them all. Whether expressed by the ancient philosophers, as in Plato's "Republic," or by more modern thinkers, as in Bacon's "New Atlantis"; by the peasant, as in "The Vision of Piers Plowman"; by the indignant scholar protesting against the social evils of his time, as in More's "Utopia;" or by the soldier politician, as in Harrington's "Oceana," the idea is similar. Even when, as in the case of the French "Social Philosophers," opposite and contradictory theories are propounded, it is not difficult to see that much of the contradiction is the result of temperament and circumstance rather than of fundamental difference.

But there has been a special and clearer manifestation of this spirit of association since the latter part of the eighteenth century. We have emerged from the era of dreams into that of actuality, and there has grown up a disposition to make experiments in preference to elaborating abstract theories. The Industrial Revolution brought in its train a mental revolution. Adam Smith, Malthus, and Ricardo worked out in detail the theory of competition from the economic and individualist standpoint. The ideas to which the work of Robert Owen gave expression pointed the way of escape from the evils of competition by means of association, and he has been well called the "father" of Co-operation. But Owen

* "Social Innovators and their Schemes," by Sargant.

did not elaborate the theory of Co-operation: that theory is the result of nearly a century's growth and experience.

The story of the "early days" far exceeds in interest the average modern novel; indeed, there is a vast store of material which would yield a rich harvest to a writer qualified to deal with it. Except for the work of Mrs. Gaskell and Charles Kingsley, it has scarcely been touched. Here are characters innumerable, most of them in the humblest walks of life, and there is a glow about many of them which is thrown into strong relief against the grey background of their surroundings. These were the men whose enthusiasm was kindled and whose imaginations were fired by the social teachings of Owen. The student who catches the spirit of these men will be fascinated by the humour, the pathos, and the tragedy revealed even in the reports of their meetings.*

Much of the early literature is vague and conflicting; but, slowly and with some pain, the Co-operative ideal of the present day has emerged from the uncertainty of those early times.

The Co-operative ideal may be expressed thus:—By means of mutual association to eliminate the present competitive industrial system, and to substitute mutual Co-operation for the common good as the basis of all human society. This idea of mutual service—"Each for all, and all for each"—is the very essence of the faith of Co-operation. It may seem paradoxical, but it is nevertheless true, that by the principle of service for service, the instinct of self-interest is made to promote the common good.

But Co-operators are not content with merely considering their own interests; their principle goes much further than this. Under the influence of the "ideal," a policy has been evolved which is essentially humanitarian, and, indeed, in some respects, ethical. Not only must the goods sold be pure, but the conditions under which they are produced must be taken into account—wages, hours of labour, the sanitary conditions of the workshops demand, and receive attention. Moreover, there is a large and rapidly increasing number of Co-operators who, like the early pioneers, regard "store-keeping" and Co-operative workshops and factories as the beginning of a new social life, out of which in due time will come the real Co-operative Commonwealth.

There are certain general features about Co-operation which are characteristic of every society, and are of the nature of fundamental principles. It is based not merely on the principle of association, but of *equitable* association,—every member is on a footing of legal equality. In ordinary

* See early Co-operative Publications.

business concerns, on the other hand, a man's importance is largely determined by the number of shares he holds, or the number of votes which he controls. The possibilities of Co-operative development are practically boundless, its powers of adaptability are immense, and the outlook is considerably enlarged when one considers the essentially democratic nature of the government and control. Its most distinguishing feature is that it exists for the common good: with all its wealth there is community of possession. Land or buildings, once acquired, become the common property of all the members. Every economy in manufacture and distribution, each advance in efficiency or improvement in machinery, benefits every member.

On its ethical side, Co-operation seeks to promote truthfulness and honesty in all the social and economic relationships of life. This has attracted to its ranks most of its best men. Under its influence public opinion, controlled by a public conscience, is brought into the service of trade. Men in competitive trade may gain by taking advantage of others, but Co-operators cannot profit by cheating themselves.

This seeking after commercial righteousness points to Co-operation as the hope of the future. For its attainment the best brain and muscles, the highest skill and ability, and the finest qualities of character are necessary. In view of this, education becomes a fundamental necessity. The strength of a co-operative society cannot exceed the intelligence and character of its members. This educational work must therefore embrace each individual member in its operations: each unit in this living organism must be taught that the social and economic actions of daily life are fraught with consequences of good or ill to every other unit, and that he or she has responsibilities as well as rights.

In thinking of the Movement as a whole it will be well, therefore, for the student to remember that Co-operation means equitable association for *all* purposes, and that it proceeds by a democratic form of government to promote honesty and truthfulness in all the social and economic relationships of life.

CHAPTER I.

Introduction to Historical Outline.

In 1904, at the opening of the twentieth century, looking back into the nineteenth, "our wondrous Mother-age," each one has a mental picture of the everyday industrial life of the people among whom he has lived. It is difficult to realise as one looks back that this picture—this scene of busy, restless town life, with, on the one hand, its group of capitalist directors of industry, on the other its streams of clerks, of artizans, and of unskilled "hands;" with its separated areas of suburban villas, and of factories and workers' cottages—is a new picture, that it represents a new idea of the relation between man and man in the field of industry. And yet it is the life of one century only: the story of "English Industry under the Competitive System" is a new volume in its history and begins with the nineteenth century.

Eighteenth Century: Cottage Industry.

Before we turn through the pages of this volume to the chapter on Co-operative History, let us glance at the preceding volume, "The Age of Cottage Industry," and see what was the industrial life of the eighteenth century. In so doing we shall be learning what had been the life of the average Englishman for three or four centuries; because throughout the country the main circumstances of life were practically unchanged since the Middle Ages.

There were towns, it is true, but these did not then, as now, contain the bulk of the population: spinning and weaving, England's chief industry, went on in the country. "A spinning wheel was to be found in every cottage and farmhouse in the kingdom, a loom in every village."* The home of the weaver or other craftsman was also his workshop. Farmer and labourer in the country, master and journeyman in the town, worked and often lived side by side; and the man might hope by industry and frugality to become in his turn a master.

The middle of the eighteenth century saw in England the rise of a wealthy class with an accumulation of capital for investment. The small holdings of the yeoman farmer were bought up by large landholders, the common fields of the

* "Industrial Revolution." Toynbee.

villages were enclosed, and farming was reorganised on a comparatively large scale with improved implements and methods.

Meanwhile there was a series of inventions in spinning and weaving. The flying shuttle, invented by Kay in 1733, so increased the weavers' rate of working that the spinners were unable to keep pace with them, until spinning-jenny and mule correspondingly increased the speed of the spinners. Then came the power loom, and improvements in machine-manufacture, and in the steam engine. These were made possible through the improved methods of iron-smelting. For the transport of the increased output of manufactured goods, early eighteenth century means—pack-horses or heavy wagons on the badly-kept roads—would have been inadequate. Therefore the introduction of canals was an important link in the chain of industrial development.

Here was the opportunity for the investment of the capital won in the South Seas or in India, by the commerce developed by the successful wars of Marlborough and Pitt and by Walpole's long-maintained peace. The cottager had no means to buy the new machinery, nor could he have worked it in his home. Special buildings were required—factories were built and towns sprang up around them.

We close the book of the eighteenth century on simple mediæval ways of life: yeoman farming disappears, home industry is doomed. The French Revolution has completed the downfall of the feudal system; no less decisively has the English Industrial Revolution inaugurated a new era. The last of the mediæval barriers of privilege and charter, of guild and settlement, are broken down; henceforth the worker is in a new position, free to move where he will, free to make what bargain he can for his services. He is to test the value of this new mobility of labour and freedom of contract.

Nineteenth Century: Period of Despair.

The volume of nineteenth century history opens with gloomy pages. It is true that after her century of warfare with France for colonial supremacy, England emerges victorious at Waterloo from her final struggle with Napoleon. It is true that land-owner, millowner, and merchant are making huge fortunes as food rises in price in consequence of bad harvests and the almost prohibitive tariffs on foreign corn, and that England's manufactured goods monopolise the world's markets. The twenty-five years beginning in 1796 are, we are told by Thorold Rogers, "the worst time, however, in the whole history of English labour."*

* "Six Centuries of Work and Wages," page 492.

In the country prices were abnormally high, wages were low—so low as to need in most cases to be supplemented from the poor-rates—and there were no longer the cottage industries to fall back upon. In factories, the labour of men was often replaced by that of women and children at scanty wages. Indeed, pauper children, *sold* to all intents and purposes by the guardians of the poor, supplied the labour in many cases. These children worked twelve, fourteen, or even more hours out of the twenty-four, and were herded under conditions unwholesome alike to body and character. The other workers, too, toiled for low wages under pitiable conditions, scarcely more tolerable than slavery; men, women, and children alike being liable to tyranny and injustice, and kept at their tasks by threats and blows.

There seemed no redress. By the Combination Laws of 1799 and 1800, workers were prevented from trying to raise wages by means of any form of agreement among themselves. What hope lay before them of profiting by their new "freedom?" The answer may, for our purpose, be found in the study of the life and work of Robert Owen. He alone "seems to have understood what was happening to the entire industry of the country."*

Robert Owen.

As a young man in Manchester when the foundations of its industry were being laid, Owen became acquainted not only with the business of cotton spinning but with the results, physical and moral, of the methods of the early factory system. As a manufacturer at New Lanark during the first quarter of the nineteenth century, he worked out remedies for these evils in his own village, humanising the life of the workers and educating their children. In order that other workers might benefit in a like manner, he advocated the foundation of similar communities throughout the country, but without much response.

He was one of the early leaders of the agitation for factory reform, and was instrumental in getting passed the Factory Act of 1819. This was a fruitful contribution towards improving the prospect before the worker. But perhaps his chief contribution to the solution of the difficulties of this gloomy period, was the impetus given to the workers to take into their own hands the control of industry. As a result of the stimulus given by his teaching from 1820 onwards, there arose, as will be seen in Chapter VI., Co-operative Societies, Labour Exchanges, Trades Unions, and Labour Magazines; and though none of these lasted for any length of time, yet the seed was sown, the direction of advance indicated, and

* "History of Trade Unionism." Webb. Page 139.

Robert Owen's right to the title of the "Father of Co-operation" established. As George Jacob Holyoake puts it, Robert Owen no more constructed co-operation "than George Stephenson did that railway system which a thousand unforeseen exigencies have suggested and a thousand brains matured." Yet, "as Stephenson the elder made locomotion possible, so Owen set men's minds on the track of co-operation, and time and need, failure and gain, faith and thought, and the good sense and devotion of multitudes have made it what it is."*

The Nineteenth Century: Four Score Years of Co-operation.

The opening days of the nineteenth century have been already described as a "period of despair;"† the time since the close of those days of gloom may well be divided into four periods of twenty years—the beginning of each of the first three of these being marked by a significant event.

In 1824 the repeal of the Combination Laws ushered in what we may call the period of "Enthusiastic Experiment."

In 1844 the founding of the Rochdale Society of Equitable Pioneers was the fitting beginning of the period of "Pioneer Work."

Whilst the establishment, in 1864, of the Co-operative Wholesale Society marks the entrance to the period of the "Consolidation of the Co-operative State."

The last twenty years form the "Era of Expansion of the Co-operative Commonwealth." They are marked by many important developments, but at present no single event can be said to stand out with such prominence as those which distinguish the earlier periods.

* "History of Co-operation," Vol. I., page 70.

† For a full description of the "period of despair" consult "The Industrial Revolution," Arnold Toynbee; "The Industrial History of England," Gibbins; or "A Short History of British Commerce and Industry," Price.

CHAPTER II.

Period I., 1824-1843.—Enthusiastic Experiment.

POLITICALLY, this was one of the most active periods of the nineteenth century. It began with the repeal, in 1824, of the Combination Acts, and the consequent rapid development of trade societies or clubs (unions, as we should now call them). This was followed in 1832 by the success of the agitation for political reform, which, far more than the efforts of Owen for factory reform, or the work of Francis Place against the combination laws, had occupied the attention of working men. The reformed Parliament quickly carried through the Abolition of Slavery, the Factory Act of 1833, the amended Poor Law, and Municipal Reform.

Soon, however, some at least of the workers seem to have realised that something more was needed than the enfranchisement of the middle classes. The People's Charter, demanding a further extension of the franchise and other political reforms, embodied this feeling, and filled the minds of many of the working class. The manufacturing class, moreover, saw that its interests were interfered with by the duties on exports and imports, and by the high price of food resulting from the prohibitive tax on corn. A vigorous campaign for tariff reform was carried on from 1838 by the Anti-Corn Law League. The work for further factory legislation, begun by Robert Owen, was carried forward by Richard Oastler and by the Earl of Shaftesbury.

There was a corresponding degree of activity in the co-operative world, as yet not sharply defined from the trade union world.

Distribution and Manufacture.

About 1828 several trading societies, small distributive stores, apparently somewhat of the type of that set up by the Economist Co-operators of 1821,* came into existence, working men seemingly having realised sooner than did Robert Owen, that any improvement in their conditions of life should come from themselves rather than from the richer classes. They hoped by trading in groceries, provisions, clothing, &c.,

* See Chapter VII. page 54.

gradually to provide the capital required for the large schemes from which they still expected great things. In several cases the stage of manufacture was reached.

> As their funds increased some of them employed their members, such as shoemakers, tailors, and other domestic trades, paying them journeymen's wages, and adding the profits to their funds. Many of them were also enabled by these means to raise sufficient capital to commence manufactures on a small scale, such as broadcloths, silk, linen, and worsted goods, shoes, hats, cutlery, furniture, &c.*

Some account of these societies and of the Labour Exchanges which they necessitated will be given in Chapter VII.

Towards the close of this twenty years, co-operative societies of this type, Union Shops as they are sometimes called, sank into oblivion. Some failed for want of legal protection against unscrupulous members; others simply from the apathy of members, disappointed perhaps at the slowness of the journey towards a better order of society. It needed the stroke of practical genius which was to be achieved by the Rochdale Pioneers in 1844 to remove the latter difficulty, and improvements in the law, which were not made till 1852, to guard against the former. These early ventures were before their time!

Literature.

Between 1825 and 1830 several co-operative journals were in circulation. *The Co-operative Magazine*, *The Brighton Co-operator*, *The Associate*, *The Co-operative Miscellany*, *The British Co-operator*, *The Co-operative Mirror*, *The Birmingham Co-operative Herald*, *The Magazine of Useful Knowledge and Co-operative Miscellany*, and *The United Traders' Co-operative Journal*, are all mentioned by G. J. Holyoake, one frequently disappearing after a few months to emerge later under a new title.

Robert Owen's two successive magazines, *The Crisis* (1832-4) and *The New Moral World* (1834-45), recorded the progress of the Labour Exchanges and of the work designed to expedite the coming of the millennial order, and emphasised the idea of communities which should, more or less, reproduce the essential features of Owen's successful experiment at New Lanark.†

Congresses.

This was a time of Co-operative Congresses. The first was held in Manchester in 1830, the second in 1831 at Birmingham, at that time an active centre of co-operation. The third, held at Gray's Inn Road Institution, London, in 1832, requires special mention as a distinctly epoch-making gathering.

* "Life of Lovett," page 41. † See Chapter VI., page 51.

CHAPTER III.

Period II., 1844-1863.—Pioneer Work.

THE political world was fairly quiet for working men during the twenty years now to be considered. The Anti-Corn Law Agitation came to an end after the Repeal of the Corn Laws in 1846; and similarly the movement for Factory Legislation died down after the passing of the Act of 1844 and the Ten Hours Act of 1847. With the practical advantages thus gained the majority of the workers seem to have been for the present content; and Chartism ceased to be a living cause. The interest of the nation at large was absorbed in the well-meant experiment of the Great Exhibition of 1851; in the war fever of the Crimean Campaign; in the thrilling events of the Indian Mutiny; and, finally, in the progress of the American War of Emancipation.

A new era in the distributive or store side of the Co-operative Movement was inaugurated by the introduction of the "Rochdale System." The legalisation of co-operative societies under the Industrial and Provident Societies Act was a valuable contribution by the Christian Socialists to the work of co-operation. We shall have to notice also the part taken by the Christian Socialists in education and in connection with "self-governing" workshops.

In our first co-operative period we saw a time of activity in the establishment of Co-operative Stores, followed by rapid success and by ultimate failure. Yet the evils against which workers had to strive were unremedied. There was still lack of work for the hand weaver, as machinery, long dominant in cotton manufacture, was now displacing hand-looms for silk and woollen goods. Notwithstanding the Truck Acts of 1830-31, there was still much tyranny, the worker being at the mercy of his employer in the price and quality of the food he was forced to purchase. There was, under the new industrial system, the ever-increasing improbability that the working man could himself individually become an owner of the means of production. Hence the spirit which prompted the early co-operative ventures was ready for a repetition of these experiments. But the work which we are now to consider was of a permanent character—good solid foundation work.

The Rochdale Pioneers.

The flannel weavers of Rochdale had their turn of bad times from 1840 onwards. Among them were Owenites, Chartists, and teetotallers. Many of these, however, saw little hope of a far-reaching remedy for present ills in the existing methods of their movements. They therefore reverted to the Co-operative Store, not as an end in itself, but as a means to the wider objects they had in view (see p. 14).

They applied, however, to the old plan a new method for preventing the indifference of members from wrecking their ventures. At one and the same time they appealed to the spirit of self-interest, and succeeded in doing away with what Robert Owen had so clearly recognised as a deadly snare, the making of "profit on price." This they accomplished by paying to capital only a fixed rate of interest, and treating any surplus of receipts over expenditure as a surplus paid by the purchaser, and therefore to be returned to him as his share of "dividend." But although the property of the purchaser, this was frequently re-invested in the society as an addition to capital. In fact, the intention was that capital should constantly be increased in this way as well as by weekly subscription.

The Rochdale Society of Equitable Pioneers was founded in 1844, and had a successful career in store-keeping, as may be traced in Chapter VIII. Grocery, a meat department, and drapery were successively added;* and production was begun in 1852 by shoe-making, clogging, and tailoring.

Even earlier (in 1850) they had taken an active part in the founding of the Rochdale District Corn Mill (the Holme Mill) on the same principle of considering any surplus, not as profit for the investor of capital, but as the property of the purchaser. In fact here, as in the store, the purchaser was taken into partnership, capital receiving interest at a fixed rate (5%). The Rochdale Co-operative Manufacturing Society for cotton spinning was started in 1854 by members of the Pioneer Society, but in this case they took, not the purchaser, but the worker into partnership, dividing out the surplus as profit between capital and labour. However, this mill, known as the Mitchell Hey Cotton Mill, soon became merely a capitalist concern.†

About 1855 the Pioneers attempted to carry on a wholesale department for neighbouring stores. Although this was not successful, it was the beginning of a movement which ultimately led to the establishment of wholesale co-operation. Early in 1863, Abraham Greenwood, at that time president

* See Holyoake's "History of Rochdale Pioneers," Chapter III.

† See Chapter X., page 85.

of the Pioneer Society, formulated a scheme for establishing a wholesale agency by the union of co-operative societies. A new society was registered in November as the North of England Co-operative Wholesale Industrial and Provident Society Limited, and its prospectus appeared in *The Co-operator*, December, 1863. This subsequently became the Co-operative Wholesale Society.*

The Redemption Societies of this period must be mentioned here, although rather survivals of the old spirit than leaders of the new movement.

The Redemption Societies.

The earliest seems to have been the Leeds Redemption Society, started to improve on "the community system of Mr. Robert Owen," by avoiding "the heterogeneous elements composing it." Its aim was "to unite the labour of all for the benefit of all."† Funds were to be raised by the subscription of one penny or more per week. Mazzini is said to have been a weekly subscriber of threepence.

The Leeds District Corn Mill was started largely by its help, a farm was worked in Wales, and shoe-making begun; but want of capital prevented the development of hat-making and tailoring. Even the starting of a store by some members of the Redemption Society in 1852 and the devotion of its profits to the Welsh community did not suffice to develop the latter. The society, therefore, dissolved in 1855, dividing the surplus left, after payment of all debts, among Leeds public institutions. The store, however, survived, and is now the largest in the kingdom, with extensive manufacturing departments.‡

There was an offshoot of the Leeds Society at Pudsey, and societies for the "Redemption of Labour" existed also in Bury, Norwich, and Stockport.

The need of the poor for protection from injustice in the price of corn seems to have been felt very soon after the Industrial Revolution. Hence among the earliest co-operative enterprises were corn mills. Some of these claim attention here, together with those of the period, rather than in strict chronological order.

Corn-Milling.

At the end of the eighteenth century many corn mills were converted into cotton mills, so that those remaining

* See Chapter XIII.

† "Co-operative Production." B. Jones. Page 102.

‡ The Leeds Society, which dates its existence from the starting of the Corn Mill, in 1847, recorded in the year of its Jubilee, 1897, a membership of 87,000; trade, £1,042,616; profit, £150,000; capital, £485,000. It carried on 18 distinct branches of business, employing 1,380 persons, paying in wages about £70,000 per annum. It had over 80 branches in the town of Leeds and in adjacent villages, and had built about 650 houses; and educational work was provided for by a yearly grant of over £1,000 The output of flour was nearly 100,000 bags.—"Jubilee History of Leeds Society," by G. J. Holyoake.

had practically "a monopoly in the most important article of life." In 1795 several of the poor inhabitants of Hull petitioned the Mayor and Corporation for assistance in building a mill, because, in consequence of "an exorbitant price of flour," they found it necessary to preserve themselves "from the invasions of covetous and merciless men." Donations were given, and the mill was duly started.* So successful was it that in 1811 the millers of the town indicted it as a nuisance, but lost their case!

The Hull Subscription Mill was opened in 1801, and the Devonport Union Mill in 1815. The reason given for the founding of the latter was, "There was such an outcry about china clay being mixed up with flour."†

The mills of our Pioneer period seem to have been started for similar reasons. In 1846, just before the opening of the Redemption Society's corn mill, "flour in Leeds was 4s. per stone of 14lbs. and very poor; also it was adulterated to a very great extent."‡ The quality of the co-operators' flour was such that a stone of it made one or two pounds more of bread than the flour of other dealers; and in a short time the price of flour was brought down 2d. in the stone throughout the town.

In 1847 a flour mill at Halifax was opened by a branch of the Leeds Society.

> An account appeared in the local newspapers of 1849, of the success of the Leeds and Halifax Corn Mill Societies, which had effected a general reduction in the price of flour in those towns, thus serving the whole public, besides supplying to their own members pure flour cheaper than the public price, with added profits.§

The organisation of co-operative corn mills may advantageously be studied as typical of possible varieties of co-operative ownership in a business worked on the Rochdale plan, the customer being taken into partnership.

The seven corn mill societies at present existing (1909) are classified in the Board of Trade Report on Workmen's Co operative Societies as follows:—

(i.) Pure federations, their members being retail distributive societies (Derwent and Colne Vale);
(ii.) Societies consisting wholly of individuals (Northallerton and Ripon, the two smallest, and Sherston);
(iii.) Societies with mixed membership, *i.e.*, both retail distributive societies and individuals (Halifax and Sowerby Bridge).

* See Chapter VII., page 53. † "Co-operator," 1863.
‡ "Co-operative Production." B. Jones. Page 177.
§ "History of Rochdale Pioneers." Holyoake. Page 28.

To these must be added—

(iv.) Corn mills owned by distributive societies (Leeds, Banbury, Barnsley, Leigh, Lincoln, Leicester, Carlisle, and others);

(v.) The corn mills of the Wholesale Societies, English and Scottish, which jointly produce more than all the rest put together. These are federal societies of the same type as class (i.), but their operations are not confined to corn-milling as in societies of the first three classes. (Chapter XIV.)

The Christian Socialists.

About 1848 some of the extreme Chartists and Socialists, disappointed by the failure of their agitation, seemed likely to follow the example of their continental contemporaries and appeal to force. At this time there came on the scene a group of reformers who sought to leaven socialism with Christianity, and to rouse the churches to a sense of their social responsibilities. Their leaders were Church of England clergymen—Maurice, and Kingsley—whose only "quarrel with the charter is that it does not go far enough in reform"; and members of the legal profession—Hughes, Neale, and Ludlow: men of a type new in the history of co-operation.

With the work of these men, "the Christian Socialists," we seem to be returning to the earlier idea of Robert Owen, when he looked to the professional and leisured classes for the help needed to improve the lot of the workers. Like him, too, they laid great stress on the moral as well as the economic side of co-operation.*

They worked chiefly in London, where they formed a "Society for promoting Working Men's Associations," themselves providing most of the money needed for these associations. Twelve of these "self-governing workshops" were started, but few lasted any length of time. Ere long the promoters realised that they had been working on wrong lines in setting up in business chance aggregations of workmen, and expecting them without training or experience to carry on business harmoniously and successfully.

Their educative work was more successful. The Working Men's College, founded by them for the purpose of placing a liberal education within the reach of working men, continues to do good work down to the present time.

Even more important to the Co-operative Movement was the change which the Christian Socialists were able to effect in the law, by promoting the Industrial and Provident Societies Act of 1852. In the old days, when goods were

* See Chapter IX., page 72.

simply the property of the members, there was nothing to prevent any one member from appropriating them all to himself, the law regarding members as partners. There was no legal remedy for fraud, and some of the earlier societies suffered greatly from their unprotected condition. But the Act of 1852, "the charter of co-operators," gave a legal status to co-operative societies.

A still further degree of protection was provided after another decade by the second important Industrial and Provident Societies Act, 1862. This increased the amount to which individuals might hold shares from £100 to £200, recognised societies as corporate bodies with limited liability, and permitted one co-operative society to take up shares in another. This last concession made possible the step in co-operative history already mentioned—the co-operation of retail societies for wholesale distribution and manufacture—and many further steps were made in the next forty years.

NOTE added to 6th edition, 1914.—In 1913, after much hard work on the part of the Parliamentary Committee of the Co-operative Union, the Industrial and Provident Societies (Amendment) Act was passed, and came into law on January 1st, 1914. The provisions of the Amendment Act carried the possibility of federal action a step further still, by making it legal for any two or more registered societies to federate and form a separate society for carrying on any particular class of business, *e.g.*, the joint tea departments of the English and Scottish Wholesale Societies is now a separate federation under this provision of the Act.

Further important amendments are—(1) The compulsory annual audit of societies' accounts by a Public Auditor; (2) the publication of triennial returns of members' holdings in the society; (3) important changes in regard to "nominations" effected after January 1st, 1914; and (4) certain further safeguards respecting provision as to death duties and the property of insane members.

See the Industrial and Provident Societies (Amendment) Act, 1913, with notes on alterations Co-operative Union pamphlet

CHAPTER IV.

Period III., 1864-1883.—The Consolidation of the Co-operative State.

THIS is from all points of view an important period in the history of the British democracy. The Reform Bill of 1867 extended the Parliamentary franchise to the working classes in the towns, so that the power to control legislation would have passed from the upper and middle classes to the mass of the people had they known their strength. Further, the Elementary Education Act of 1870 and the Ballot Act of 1872 (the demand for vote by ballot had been one of the six points of the Charter) made still greater the real power of the people.

About a score of years after the same point had been reached by co-operators, trade unions gained the position of legally recognised bodies by the Trade Union Act of 1871, and secured a further triumph in 1875 in the Repeal of the Criminal Law Amendment Act. Thus the work begun in 1824 by the repeal of the Combination Acts was completed after about half-a-century of persistent effort on the part of the workers; whilst the Factory Act of 1878 made more real, as regards the whole of industry, the advantages already conferred by previous Acts.

The seventies opened with a few years of brisk trade, and things seemed on the whole to be going well with the worker. A comparison has been made* between this decade and that between 1830 and 1840, which may be described as the Revolutionary or Socialistic period of Co-operative History; and indeed many of the features of that time are reproduced in the period now under consideration. Once again there is much experiment in Associations of Producers; there is, as has been seen, a great advance both in the organisation and in the membership of trade unions; there is lastly, once again, an interest taken in economic questions by the working classes themselves. Moreover, this interest is once more in a Socialist aspect of political economy, due largely to the circulation of Henry George's "Progress and Poverty" about 1881, and to the activity about that time of the earlier of the present-day Socialist organisations.

* "Trade Unionism." Webb. Page 361.

This will surely prove a fruitful field for co-operative enterprise! It is a period of federation. We look not merely at the work of this society or of that, but at the progress of societies organised into larger federations—whether for business, as in the Wholesale Societies and in the Co-operative Productive Federation, formed in 1882, with the motto, "Hold Together;" or for educational work, as in the Co-operative Union, or the Women's Co-operative Guild, founded in 1883.

The official classification of the work of the chief societies with which this chapter deals is as follows :—*

Classification of Co-operative Societies.

I. Distribution in Great Britain by—
  (i.) Retail Distributive Societies;
  (ii.) Wholesale Societies.
II. Production in Great Britain by—
  (iii.) Retail Distributive Societies;
  (iv.) Wholesale Societies;
  (v.) Associations for Production;
  (vi.) Corn Mill Societies.

For our general survey, however, in this and the following chapter, it is more convenient to revert to the broader classification of co-operative societies into—

1. Associations of Consumers, including all of the above classes but (v.);
2. Associations of Producers; and
3. Agricultural Associations. (See note at end of chapter.)

This is at once more convenient and more in accordance with the economic fact that distribution and manufacture are not opposed but complementary functions, together making up the essential process of production.

> There is no scientific foundation for this distinction [between distribution and manufacture]. . . . The furniture dealer moves and rearranges matter so as to make it more serviceable than it was before, and the carpenter does nothing more.†

Associations of Consumers are of the Rochdale type in that they seek to eliminate profit in the ordinary sense, returning to the customer as quarterly or half-yearly dividend the surplus remaining over between wholesale and retail price when all expenses have been paid. In so far as they supply only their own membership—and this is usually the case—they are as manufacturers working for a known market, producing for use rather than for profit.‡

Associations of Producers are primarily combinations of workers seeking to eliminate, not profit, but the need for a capitalist employer, so that the workers may "receive all

* Board of Trade Report, 1901, xii.
† Marshall, "Principles of Economics," Vol. I. Book II., Chapter III.
‡ See Chapter X.

the net profits arising from their labour."* Usually, however, workers, although they may participate in the privileges and responsibilities of management, form but a part of the Associations. These Associations frequently find their chief customers among co-operators, but they sell also in the open market.†

As we go on we shall notice in the Associations of Consumers the same two stages of development as in the Union Co-operative Shops—

(i.) Distribution ;
(ii.) Manufacture.

While some forms of production, *e.g.*, the work of distributing in retail quantities, dress-making, boot-making, baking, are advantageously carried on by one society, organised in the first place for distribution ; other forms of production, such as corn-milling, the manufacture of machine-made boots, weaving, tea-growing, can obviously be supported, as a rule, only by many such societies acting jointly. Production in this way by several societies is known as *federal production.*

In following the history of Associations of Producers we shall notice—

(i.) The type of the self-governing workshop in early days ;
(ii.) The movement towards Co-partnership, later.

Of the government and management of these two main types of co-operation, associations of consumers and associations of producers, a word may be said here. The association of consumers is practically open to all within reach of a co-operative store. Membership consists as a rule in the holding of a £1 share ; but this may usually be acquired by the accumulation of the dividend received on purchases, the only money payment being the entrance fee, generally one shilling. Membership carries with it the right and responsibility of managing the society, by members' business meetings, and the election of a committee of management. The usual rule is, "one man, one vote." These societies may therefore be looked upon as thoroughly democratic (1) because the constitution gives to every one of the members equal privileges in managing the society ; (2) because all may join.

On the other hand, in associations of producers management may rest either (1) in the body of workers, or (2) in the owners of capital, or (3) in both. We have seen that the first was originally aimed at, but as time went on the owners of capital acquired a predominant if not exclusive control. The most recent ideal, expressed in the term "Co-partnership," is joint control, the balance

* Tracts on Christian Socialism, No. 5, pages 9 to 21.
† See Chapters IX. XVI., and XVII.

of power varying in different associations. These societies cannot be considered democratic precisely in the same sense as those of consumers, for obviously there is a narrower limit to the number of those who can join as workers or capitalists, and governing power is unequally distributed. But in so far as the worker can, either directly or through an employés' society, have a voice in the conditions and control of his daily work, the factory may claim to be a democracy.

Associations of Consumers.

Co-operative societies, federated for the most part into the Wholesale Societies, now pass rapidly from stage to stage of development. After its registration in 1863 —one of the first results of the Industrial and Provident Societies Act of 1862—the Co-operative Wholesale Society got to work in 1864 as a wholesale agency, supplying goods at cost price, plus a small commission to cover expenses. Soon, however, it adopted the Rochdale plan of selling at ordinary market prices, and returning the surplus to purchasing societies in proportion to their purchases. So that 1864 repeats in wholesale trading the Rochdale experiment of twenty years earlier in retail trade. Once again the plan is successful.

The headquarters of the Co-operative Wholesale Society were (and still are) at Manchester, but soon outlying departments were found advisable to enable it to purchase advantageously in distant markets. Thus very early there were butter-buying depôts in Ireland, followed by depôts in New York, Hamburg, Copenhagen, &c., for various goods. Distributive branches were opened in Newcastle, 1871, and in London, 1874. Additional salerooms have also been established in various other towns. In addition to the original grocery, there are now drapery, furnishing, boot, and other departments.

Of the two stages of production—manufacture and distribution—only the latter had as yet been undertaken by the Co-operative Wholesale Society. Its next step—one of the most momentous—was the undertaking of the stage of manufacture. Co-operators became, through their Wholesale Society. not only merchants but manufacturers. In 1873 biscuit and confectionery works were opened at Crumpsall, near Manchester, and boot works at Leicester. Since then, step by step, more of the necessaries of life have been manufactured by the Co-operative Wholesale Society—not only boots, but flannel, shirts, and cloth; soap, candles, starch; furniture and tobacco; besides biscuits and sweets, jam, pickles, sauces, and butter. Eggs are packed, lard refined, flour ground, and fruit grown. But we are anticipating—to the period now under consideration belongs only the beginning of manufacturing activity.

Another development took place soon after the first factory was opened. Co-operators, through the Wholesale Society, became their own shippers; first chartering and finally purchasing their first ship, the "Plover," in 1876. The banking department is just a little older than the manufacturing, having been started in 1872.

The Scottish Wholesale Society so closely resembles the English in the broad outlines of its history and organisation that it requires little notice here. It was established in 1868; and while remaining an Association of Consumers, it so far adopts Co-partnership as to give to employés a bonus on wages equal to the dividend paid to purchasers, and to allow employés to take up a limited number of shares through an Investment Society.*

Associations of Producers.

These societies may be described as being during this time still in the experimental stage, and the basis of experiment was still, as a rule, some form of the self-governing workshop advocated by the Christian Socialists in the preceding period of activity.

The experience gained by the promoters of these associations was fruitful experience. The believers in the ideal of workers' associations learned the limitations under which government by the workers may be carried out, and the extent to which it is possible; so that the theory of the purely self-governing workshop did not long survive the period under consideration.

Among the various experiments alluded to a few may be considered a little more fully.

Profit-sharing was, as we have seen, introduced into the Scottish Wholesale Society in 1870. The best known experiment in profit-sharing of this period is, however, outside the co-operative world—Henry Briggs and Co. adopting it in 1865 at their Whitwood and Methley collieries and abandoning it in 1875.

The Hebden Bridge Fustian Society, founded in 1870, illustrates in its own history the passage of the control from the original group of workmen who founded it, to the distributive societies and individual capitalists who support it. Here labour shares in the profit made, although a determined effort was made about 1875 to stop this arrangement.† No employé, however, may sit on the committee, nor do the shares allotted to the employés out of profits entitle them to a vote in the general management of the society.

* See Chapter XIV., page 118.

† "The Story of the Formation of the Hebden Bridge Fustian Manufacturing Society," by Joseph Greenwood (Co-operative Union pamphlet).

Of the numerous metal-working ventures of this period—for the crop of six co-operative societies sown in Sheffield in 1873 is typical of other places—only the Sheffield Cutlery and Walsall Padlock societies survived in 1903. Engineering on a large scale has not proved a success co-operatively; even the Ouseburn Co-operative Works (1871-1877) failed, although supported by capital from the Wholesale and various retail distributive societies.

The Leicester Hosiery Society (founded 1876) had in its early stages a history similar to that of many other co-operative productive works, in that its control passed largely into the hands of the distributive stores which bought its goods and supplied much of its capital. Recently, however, it has, like the Littleborough Manufacturing Society (flannel, &c.), reached a further stage in federal control, having been in 1903 merged into the Co-operative Wholesale Society.*

Other societies established during this period and still persisting are the Manchester Co-operative Printing (1869), Airedale Worsted (1872), Edinburgh Printing (1873), and the Northampton Productive Boot and Shoe (1881) Societies.

Educational Work.

The tendency towards the federation of societies (themselves a federation of individuals) which marks this consolidating period is seen in the propagandist side of the movement no less strongly than in the business side. Already there had existed for some time a North of England Conference Association, when, in 1869, a London Congress, with Thomas Hughes as president, revived the series of congresses held in London in Christian Socialist times (1850-55), and thus established the Co-operative Union.

The London Congress was the beginning of a series unbroken down to the present time, and arranged for the second congress to be held in Manchester, 1870. This was attended by north country delegates, but the amalgamation of the London and the North Country organisations was not complete till 1873; for although congresses were held each year under a Central Board, this Board at first reflected its dual origin, being elected in two sections, London and provincial. The Newcastle Conference of 1873, however, re-organised the Central Board and did away with this distinction, thus completing the general work of federation for propagandist and educational matters. To the Co-operative Union belong co-operative organisations of all kinds—associations of producers, whether of the self-governing type (*e.g.*, Kettering Boot and Shoe Works) or founded on modern co-partnership

* The Littleborough Manufacturing Society came into the hands of the Wholesale Society through liquidation, whilst the Hosiery Society was purchased as a going concern, solvent and profit making.

lines ; associations of individual consumers, from the smallest distributive store to the self-contained Leeds Society, with its own productive departments, its own corn-milling, tailoring, and bootmaking ; and in addition the two great federal consumers' associations, the English and Scottish Wholesales. In it are included societies of the most heterogeneous character—societies for engineering and for agriculture, for quarrying and for fishing, for bookbinding and for butter-making, the Co-operative Building Society, the Co-operative Insurance Society, the Co-operative Newspaper Society, and a Sectional Educational Association. For it the geographical limits which separate Scottish and English societies into distinct trading concerns do not exist, and the Irish Sea is no longer to prove a barrier to complete consolidation. In fact, there is no limit to the bodies corporate which may be admitted to the Co-operative Union if they accept its aims ; but there are no individual members.*

The organisation of the Union is based on an elaborate system of electoral and working divisions, each society subscribing according to its membership and having voting power in the same proportion. The governing body thus elected—the Central Board—does most of its work through the eight Sectional Boards (Irish, Midland, Northern, North-Western, Scottish, Southern, South-Western, and Western), and by committees. Although the Co-operative Union acts by elected representatives through its Central Board, it has another recognised way of registering its opinion, namely, the Annual Congress. At this Congress societies are represented by delegates, approximately in proportion to their membership ; and questions affecting what may be called the external work of societies are decided—the relation of co-operators to legislative measures, forms of common educational work, points of co-operative ethics, and principles affecting the policy as distinct from the practical management of societies. In fact, the Central and Sectional Boards receive from the Annual Congress—the societies in session—instructions for the work which is entrusted to them, as well as receiving a mandate from the societies which are their electoral constituents. Congress has an " Initiative Power : " hence an individual society failing to make its voice heard in its own section may have the opportunity once a year of bringing its opinions before the whole of the co-operative world.

It has been said that Congress merely registers " pious opinions " which are not carried out in the daily practice of co-operators, and there may still be some grounds for this accusation. But while it has no legislative control over the

* See Chapter XXII., page 196

internal affairs of societies, its influence is increasingly felt, and its decisions respected even on business questions. A good illustration of this is its discouragement of "overlapping"—the establishment of one co-operative society within the working area of another. Even in such matters as credit-trading and profit-sharing, where enthusiasts feel that its power falls short of what they expect, its influence may be greater than is apparent; for while it may fail to lead co-operators forward, it may be powerful in preventing retrogression. On any important question it may voice the opinion of the more advanced among co-operators, and may thus help to educate co-operative opinion by keeping the ideal ever in sight.

The registration of the Co-operative Newspaper Society in 1871 for publishing the *Co-operative News*, the recognised organ of the movement as a whole, was a step forward in educational work, following naturally on the formation of the Co-operative Union. It is interesting to notice that, after paying interest on capital at 5 per cent, the profits are added to reserve or used in improving the paper.

Note on Agricultural Associations.

Co-operative Agricultural Associations do not properly belong to the period under review in this chapter: their development is a feature of Period IV., from about 1890 in Ireland, and from about 1900 in Great Britain. The growth has been so rapid, however, that it is necessary now (1910) to include them as a distinct class in the general "Classification of Co-operative Societies," on page 26, since they cannot be considered under either heading 1 or 2, but partake of the nature of both.

The broad definitions following the classification (pages 26 and 27) apply equally to co-operative agriculture, with the following fundamental distinction, that, while in the main the industrial co-operative societies are carried on and managed by the members as a means of improving their position as consumers, in the case of agricultural co-operative societies the main object is usually to enable the members more effectually and profitably to carry on their daily occupation as individual farmers and producers

CHAPTER V.

Period IV., 1884-1910.—Expansion of the Co-operative Commonwealth.

In entering on the fourth and last period of our survey there is the natural difficulty arising from the recentness of the events—as in seeing in their right proportion objects placed close to the eye.

In the great world of English speaking folk, two main lines of development may be traced, apparently in opposite directions. With the passing in 1884-5 of the Franchise and Redistribution Bills, which together constitute the third great Act of Reform, the political reform of the nineteenth century may be said to be complete. Perhaps the work of the twentieth century may include the extension of the franchise to women.*

The first line of development is intensive, strengthening local power and interest, reverting in some degree to the good old Saxon days, when county, district, and village had each its shire-moot, hundred-moot, or village-moot. This has been the work of the Local Government Acts (1888 and 1894), setting up county, district, and borough councils, and parish councils; the work of the Metropolitan Borough Councils Act of 1900; and in part the work of the Education Acts, 1902-3. In these things the tendency has been towards decentralisation.

Yet the great trend of development has been otherwise, towards unification (and perhaps in this we may read the secret of much of the disappointment of those who expected great things from this gift of local government).

In Imperial affairs the Jubilee celebrations of 1887 and 1897 developed into expressions of this expansive tendency, and were used to kindle a desire to knit into one great whole the individual parts of the Empire. This co-ordinating and unifying tendency has shown itself also in home affairs—for example, in the setting up of the new Educational Authorities by the Acts of 1902-3. In industry, the tendency is seen in

* 1832, Enfranchisement of Middle-class.
1867, Enfranchisement of Urban Working-class.
1884, Enfranchisement of Rural Working-class.

the triumphant inauguration of Old-Age Pensions (1909), the establishment of Labour Exchanges (1910), and Wages Conciliation Boards, and the passing of the "Children's Charter" (controlling and preventing to some extent the employment of children of school age in wage-earning occupations). In the commercial world the individual finds it increasingly hard to keep his place as employer or retailer; the joint-stock company swallows up the individual, the trust displaces or absorbs isolated companies. The municipality, where strong enough, takes its place as caterer for wants which the individual cannot so well supply. Trade unions have felt the necessity for more united action as regards Parliamentary matters, and the growth of a strong Labour Party in the House of Commons is an important feature of the last six years.

Co-operative Development.

Meanwhile, co-operators, not being a class distinct from other citizens, have naturally been developing along the same lines as the nation as a whole. There has been, we shall find, on the one hand, steady growth of local power and responsibility; on the other hand, international development, not merely in business, but in sympathetic intercourse. A development, significant of increased local power, has been the formation of Educational Associations in most of the sections of the Co-operative Union; whilst the unifying tendency is exemplified by the joint purchase of tea estates in Ceylon by the English and Scottish Wholesale Societies, and also by the formation of the International Co-operative Alliance.

Even in lesser degree we find a parallel between co-operative and general history, a parallel but also a contrast—Irish affairs have claimed much attention. It is the era of Irish co-operative development, and of agricultural development in Great Britain. The establishment of the Irish Agricultural Organisation Society in 1894, the Irish Co-operative Agency (1893), and the Irish Agricultural Wholesale Society (1898), the British Agricultural Organisation Society (1904), and the Scottish Agricultural Organisation Society (1905), completes the centralising associations on this side of the movement.

The event of the opening year of our period is the founding of the "Labour Association for promoting Co-operative Production based on the co-partnership of the workers."* Its promoters naturally hope that it will prove to be an epoch-making event of equal importance with the repeal of the Combination Laws, the founding of the Rochdale Pioneer Society, or the establishment of the Co-operative Wholesale Society.

* Now the Labour Co-partnership Association.

Associations of Consumers.

In retail distributive societies, consolidation and unification are most marked. The number of societies has increased, though not strikingly so, the increase being, for the United Kingdom, rather over 38 per cent. But as the number of members has more than trebled, the average size of a society is more than twice as large as it was at the beginning of the period. This is the result of numerous cases of amalgamation of existing societies, and of still more numerous cases of the establishment of branches by an existing society. It may be added that the trade has considerably more than doubled, though not quite trebled.* Of the societies which contribute to this vast volume of trade, the Leeds Industrial has annual sales to the value of £1,600,000 sterling per annum, Edinburgh (St. Cuthbert's) has nearly £1,500,000; while twelve other societies, six in the North-Western Section, one in the South-Western Section, two in the Northern Section, and three in the Scottish Section, have each an annual turnover of over £500,000 per annum, *i.e.*, a weekly turnover of about £10,000.† In the Southern Section, Woolwich and Stratford, the two largest societies, together have an annual turnover considerably over £900,000.‡

For the value of goods manufactured by societies formed for retail distribution, figures are not obtainable for the whole of the period. We may, however, safely consider that it has at least trebled, for from 1896 to 1902 it had increased 98 per cent.

Production by the Wholesale Societies has increased at a rapid pace. The Scottish Wholesale began its manufacturing career in 1887 by the purchase of a large estate (Shieldhall) on the banks of the Clyde, not far from Glasgow, where many of its factories are grouped: clothing and boot and shoe factories, cabinet-making, printing, and brush works, a tobacco factory, and factories for the making of sweets and preserves, coffee essence, and pickles. It has shirt, tailoring, waterproof, and aerated water factories in Glasgow, and other industries are carried on in various places, *e.g.*, soap-making, fish-curing, and corn-milling.

In the case of the English Wholesale Society, salerooms and depôts in England and abroad have been increased in number to keep pace with the four-fold turnover; factories

* The Board of Trade Abstract of Labour Statistics furnishes the following figures:—

	Societies.*	Members	Average Membership.	Sales
1883	1,051	627,625	597	£18,540,004
1893	1,421	1,169,094	823	£31,925,896
1902	1,454	1,892,987	1,302	£55,319,262

* Not including the four Wholesale Societies.

† Bradford, Bolton, Barnsley, Pendleton, Oldham Industrial, Brightside, Plymouth, Newcastle, Bishop Auckland, Kinning Park (Glasgow), St. George's (Glasgow), and Aberdeen.

‡ See Co-operative Congress Report, 1909.

have been multiplied to supply the twenty-fold output.* In 1902 nearly one-fifth of the goods sent out by the Co-operative Wholesale Society were manufactured in its own productive departments. In the Scottish Wholesale the proportion is more than one-fourth. The list of industries seems to cover almost every department of industrial life, excepting engineering, the mining of coal, and other mineral industries.

Co-operative Problems.

In considering which of the extensions are noteworthy, perhaps the developments of the tea, coffee, and cocoa business may be chosen to illustrate the lines of work and some of the problems connected therewith. A department for packing tea, and roasting and grinding coffee, was opened in London in the preceding period (1882), and to this was added the manufacture of cocoa and chocolate in 1887. In this business the English and Scottish Wholesale Societies are partners, so that here the maximum of federation possible among consumers in Great Britain appears to be reached. The next step is significant—the joint purchase of tea estates in Ceylon; so that now the middleman is entirely dispensed with, and the source of all production—the land—reached. Co-operators thus come face to face with one of the imperial problems of the day, the employment of coloured labour; and those in authority have promised careful and independent study of the question. Another step, no less significant, has been the transfer of the cocoa works from Leman Street, the headquarters of London Co-operation, in the crowded East end, to the country town of Luton. Here one solution of the urban population question is touched, the solution advocated on a wider scale by the projectors of Garden City.

The urban land question has had constantly to be met by co-operators, in the difficulty frequently experienced in obtaining a freehold site, in the heavy price to be paid for the land necessary for extending their business, even when the value has been entirely given to the site by their own enterprise. Since the early days of communities and redemption societies, the purchase of rural land has not made much progress amongst English co-operators. Recently, however, the Co-operative Wholesale Society has taken up agricultural land in Shropshire, the Roden Estate (1896), where fruit-farming has been successfully carried on, and it has bought an extensive fruit-farm in Herefordshire (1903); whilst a number of distributive societies help to make up the total

* Board of Trade. Labour Gazette, January, 1904.

WHOLESALE SOCIETIES, 1902.

	English.		Scottish.
Total Sales.....	£18,397,559	....	£6,059,119
Output of Productive Departments..	£3,442,368	....	£1,657,207

acreage of nearly 10,000 acres under co-operative farming.* The purchase by the Scottish Wholesale Society of the estate and castle of Calderwood—for over four centuries the home of the Maxwells, of Calderwood—for the purposes of fruit growing and cattle raising, marks a further development. Moreover, the question of the purchase of land for agricultural holdings, co-operative garden villages or building estates is now being brought before co-operative societies.

Labour questions at home have been at least temporarily met by the policy of paying not less than the trade union or standard rate of wages, and of providing cheerful healthy factories. It is claimed† that in the case of women workers "no serious grievance has missed attention." But the ultimate solution will be approached only when co-operators manufacture approximately all that they need, and are thus able to employ the majority of their members, instead of, as at present, only about 5 per cent. The number of employés may include some who are not co-operators. On the other hand, there are many members of co-operative societies who, though not in the direct service of co-operative societies, are in the wider sense co-operatively employed, being servants of the whole community, as civil servants, municipal employés, teachers, &c.

Co-operative Theory.

In economic questions the last twenty years have seen the crystallisation of a theory of profit. In 1886 the English Wholesale Society gave up its second and last attempt to put into practice a system of profit-sharing; and although the Scottish Wholesale gives a bonus to labour, public opinion seems to look on this rather as a gift to a privileged class of workers than as a final solution of the main question involved in the rate of wages, and the standard of life.

This theory, slowly evolved from the sixty years' practice of consumers' co-operation since 1844, bears an interesting resemblance to the ideal pictured by the intuitive genius of Robert Owen—the elimination of profit on cost. The co-operative consumer of jam, or tea, or boots is using what was produced in a factory owned and controlled by himself (and other co-operators) and distributed by his own agents. There is no manufacturer, merchant, commercial traveller, or dealer beyond himself and his own employés. There is no one buying at a low price to sell at a higher one, as is seen when the transactions from manufacturer to retail purchaser are

* Co-operative Congress Report, 1909.
† Co-operative Wholesale Societies' Annual, 1902

carefully analysed. True, there may be a "surplus" between the charge made by the manufacturing society and its total expenses of management; if so, this is returned to the purchaser. The retail purchaser is charged ordinary market price only to receive back the overcharge or surplus in the form of dividend when wholesale price and expenses of distribution have been met. Hence, "*profits as understood by the ordinary economist have no existence in the co-operative movement.*"*

In the same way the tendency to buy land, reached as the practical outcome of sixty years' progress through retail trade, wholesale dealing, and finally manufacture, is the modern embodiment of the germ idea of the early socialist co-operators, "community on land," a realisation better and fuller than they could then anticipate. The land bought by co-operators for the extension of their business is in the truest sense socialised, rescued from the competitive system, made the common property of those who contribute to its development and enjoy its fruit; and the number of those who may thus become joint-proprietors of co-operatively owned land is, as we have seen, practically unlimited.

Associations of Producers.

The period opens, as already shown, with the founding of the Labour Association, "an educational, advisory, and propagandist body," in 1884. At first the term "Co-partnership" appeared only in the sub-title of the Association—"for promoting Co-operative Production based on the Co-partnership of the Workers." In 1894 it appeared in the title of the Association's organ, "Labour Co-partnership," and in 1903 the Association itself became the "Labour Co-partnership Association." In this evolution we have the key to the evolution taking place in these productive associations themselves—the result of the experience of the preceding twenty years. An increased definiteness of aim resulted from the failures and successes of the previous attempts; the conditions of success and failure were observed, and the limitations of workers, managers, and directors estimated by experience. Unlike its predecessor—the Society for Promoting Working Men's Associations—the Labour Association aimed at giving aid not by funds but by advice, the result of experience. Hence there are fewer failures among the recently founded societies. The type of society has somewhat changed, the self-governing workshop has passed away, the direct control of the employé is, in many of the newer societies, transferred to an employés' investment society, and his share capital is purchased through this society. But the variety is great, and no fixed code is laid down. There are, however, three standard requirements which a society must fulfil before rightly

* Co-operative Wholesale Societies' Annual, 1902. See also Chapter III.

claiming the title of " Co-partnership." It must give to all its workers—

(1) A share in profit, apart from any capital which they may hold;

(2) A share, however indirect, in responsibility and control;

(3) A right to become members by taking up share capital.

In another way the old term " associations of producers " is losing part of its significance, as more and more the societies find their best customers in the distributive societies, and to this extent are producers for a known market. In these cases the distributive societies are usually shareholders, and the producing societies give a dividend to purchasers as well as to labour; producers and consumers merge in one association and are very frequently the same individuals. Good examples of such co-operative communities are Desborough and Kettering.

Of the 132 societies, in the Board of Trade list already referred to, reporting for 1899, 34 were already founded by the end of 1883, but of these not more than fifteen are recognised as co-partnership societies. Of the 132 societies active in 1899, a much larger proportion would pass the tests, so that the growth in number of societies is at least six-fold. From 1883 to 1902 the number of societies was multiplied by seven, and their trade by twenty, approximately the same percentage of increase as that for the English Co-operative Wholesale Society. For later figures see Chapter XVII.

In summarising the work of the societies to be considered in Chapter XVI., we find that the largest number in any one industry is in the boot and shoe trade.

Of the successful textile societies, most belong to the earlier periods—Eccles Manufacturing, 1861; Paisley Manufacturing, 1862; Hebden Bridge Fustian, 1870; Airedale Worsted, 1872; Leek Silk Twist, 1874. The three largest of those of the present period are Macclesfield Silk, Nelson Self-Help, and Wm. Thomson and Sons (Huddersfield), the last-named an interesting case of an employer converting his private business into a co-operative one under the Industrial and Provident Societies Act, not for the sake of the " extra zeal " induced by profit-sharing, but " as an act of justice, and under existing industrial conditions most expedient."*

One society, the North Wales Quarries, Bethesda (1903), deserves special mention, repeating in its formation the

* Schloss, " Board of Trade Report on Profit Sharing."

history of the Walsall Padlock Society, which was formed as a result of a strike.

Of the propagandist bodies mentioned in the Board of Trade Report, 1901, three were in existence in 1884; the rest have been inaugurated during the twenty-seven years under consideration. Among the three older bodies, the Co-operative Union was already well established in 1884, but the Women's Guild was only in the first year of its existence, and its history may therefore be considered as a feature of the present period. It well exemplifies in its rapid and strenuous growth the force in the educational side of Co-operation. The Co-operative Productive Federation is for the mutual assistance of the productive societies which are its members.

Educational and Propagandist Activity.

Side by side with these may be placed the following bodies:—The Irish Agricultural Organisation Society (1894), which, with methods specially adapted to Irish circumstances to some extent replaces the Union in Ireland; the Scottish Co-operative Women's Guild (1892); the Irish Co-operative Women's Guild (1907); and the Labour Co-partnership Association, founded in 1884 as the "Labour Association for Promoting Production based on the Co-partnership of the Workers."

The Sectional Educational Committees' Associations (from 1898) and the Co-operative Students' Fellowship (1909) denote the growth of the present period in this direction.

Each of these bodies will be considered later in its own section of the book, and need not now be further dealt with. One other, however, the International Co-operative Alliance*, founded in 1892, so clearly illustrates the unifying principle at work during our period, that its objects must be stated here. The Alliance is "a Union composed, so far as is possible, of co-operative societies and organisations, so that in future it may claim to represent the co-operative movement better than in the initial stage, when individuals might become members without any mandate from any co-operative organisation." Its objects are both ideal and practical:

(*a*) The ascertaining and propaganda of Co-operative principles and methods;

(*b*) The promotion of Co-operation in all countries;

(*c*) The keeping-up of friendly relations between the members of the Alliance;

(*d*) The collection and unification of Co-operative statistics;

* See page 216.

(*e*) The provision of information and the encouragement of studies concerning Co-operation;

(*f*) The promotion of trading relations between the co-operative organisations of the various countries.

At the end of 1908, twenty-three countries had joined the Alliance, setting up "another milestone on the way to universal peace,"* just as, in our own land, co-operation is effecting a "Peaceful Revolution" in the methods of production and distribution of the necessaries of life upon a foundation of brotherhood in place of competition. The extension of the co-operative principle to other organisations of human society is the inspiration of the future.

We close our summary of co-operative progress in the first decade of the twentieth century, not only with the inspiring prospect of the co-operators of the world federated into one organisation on a catholic basis, but with wonder working means at hand by which barriers of space, time, and communication may be swept away. The practically universal adoption of the penny post and wireless telegraphy, the use of motor traction as a means of transit, and the conquest of the air as a new way of locomotion, opens to us avenues of mutual interchange of thought and action such as the Pioneers could not dream of.

* Mr. W. R. Rae, Congress Report, 1909, page 397.

STUDENTS' NOTES.

CHAPTER VI.

Life and Work of Robert Owen, 1771-1858.

I. Early Life.

THE story of Robert Owen's early life has been graphically told by himself, and also by Lloyd Jones, one of his "social missionaries." He was the son of the local postmaster and saddler in Newtown, Montgomeryshire, a precocious boy, monitor at school at the age of seven, and before the age of ten a student of as many books as he could borrow in his native village.

Between the ages of nine and nineteen, he was engaged in retail business—first he was at a neighbour's shop in Newtown, then with his brother, a saddler in High Holborn, London. For three or four years he was assistant in a high-class drapery establishment in Stamford, and for some time was in a draper's shop in the working-class neighbourhood of the Borough, near London Bridge. Finally, at the age of eighteen, he gained experience of a middle-class business in St. Ann's Square, Manchester.

At nineteen he began his career as a manufacturer, first in partnership, producing "mules" for cotton-spinning, then on his own account, making fine cotton yarn for muslins. Soon he gave this up, though making £300 a year, to become manager of a spinning mill; and shortly after he became partner in an important spinning firm. As a member of the Manchester Literary and Philosophical Society he was acquainted not only with such men as John Dalton, but with Dr. Percival, author of the Report on Factory Life which was the beginning of the agitation for the Factory Acts.

A business journey to Scotland in 1798 had two significant incidents—he made the acquaintance of Miss Dale, of Glasgow, his future wife; and visited New Lanark, a pretty village on the Clyde, with four spinning mills, the property of her father. He recognised New Lanark as a place specially suitable for an experiment which he had long contemplated, and it was as a prospective purchaser of the property that he first presented himself to David Dale. In 1799 he was

married to Miss Dale and became manager of the mills of the New Lanark Twist Company (which consisted of himself and two of his Manchester partners).

II. New Lanark Period, 1800-1828.

For the motto of this period we cannot do better than take that prefixed later to the *New Moral World* :—

> Any general character from the best to the worst, from the most ignorant to the most enlightened, may be given to any community, even to the world at large, by the application of proper means, which means are to a great extent at the command and under the controul of those who have influence in the affairs of men.—Robert Owen.

Hence we shall notice during this time—

(*a*) Owen's care for the education of the children ;

(*b*) His care for the workers at New Lanark ;

(*c*) His efforts to secure the same advantages for others by means of (1) Factory Reform, (2) Communities.

He found at New Lanark that " the population lived in idleness, in poverty, and in almost every kind of crime ; consequently in debt, out of health, and in misery."* There were five hundred children employed, chiefly received from workhouses and charities in Edinburgh at six, seven, or eight years of age. Though these children were comparatively well cared for in a properly managed boarding-house, they had to work from 6 a.m. to 7 p.m. ; so that when their " apprenticeship " was over about the age of fifteen, they were prematurely worn out, and seem as a rule to have drifted to Glasgow and Edinburgh to swell the lower ranks of labour, or fall victims to vice.

Owen recognised that, even from the point of view of economy, the worker—" the delicate, complex human mechanism "—should be treated with as much care as inanimate machinery. He raised wages, reduced the working day from nineteen hours to ten, improved the housing accommodation, and provided wholesome food at a low cost. Each man's daily work was watched, and his progress recorded. As a result, New Lanark soon stood in bright contrast with most cotton mills, " those receptacles, in too many instances, for living human skeletons, almost disrobed of intellect."† It was transformed in a few years into a spot with "the general appearance of industry, comfort, health, and happiness." The members of a deputation which was sent to New Lanark in 1819 by the township of Leeds were delighted with the appearance and conduct of the inhabitants—with the comfort and cleanliness of their dwellings—the neatness of the

* "Economist," 1821, Vol. I., page 228.

† "Observations on the Cotton Trade," 1815.—"Life of Robert Owen," Vol. Ia., page 17.

persons and apparel of the people—their sobriety, their cheerfulness, and their piety.*

For the children even more was done. Instead of being wholly employed in the mills, they were trained in excellently equipped schools. There was constant change of employment; singing, drill, and even dancing brightened their work and aided in their development; maps and pictures were used, but Owen did not believe in the use of books for children under ten. Reading and writing were not ends in themselves, but "merely instruments, by which knowledge . . . may be imparted."† The children were never to be beaten, nor even to hear a harsh word; they were to be taught "the inseparable connection which exists between the interest and happiness of each individual and the interest and happiness of every other individual." There was an infant school for the younger children (we read of their learning dancing at two years of age!); while for those between eleven and twelve there was a second school, at which from one to six hours a day were spent in gardening.

Although the great success of Owen's system was admitted by such men as Jeremy Bentham, Lord Brougham, the Duke of Kent, and many foreign visitors, yet he found difficulty in getting it adopted by others. His fellow manufacturers accepted his aid in urging the Government to remit the import duty on cotton, but they stood aloof when he asked for measures to improve the conditions of employment in cotton-mills. As a result of his efforts, however, the Factory Act of 1819 was passed, limiting the work of children in cotton-mills to twelve hours a day.

The firm had been twice re-organised during this period, but Owen remained at New Lanark till 1828, when, owing to the religious scruples of some of his London partners as to the instruction given in the schools, the partnership was dissolved, and Owen's share in the work came to an end.

III. "The Economist."

Owen's early community work, though taking place during the time he was at New Lanark, may well be considered in connection with activity in London in 1821, detailed in *The Economist*, "a periodical paper, explanatory of the new system of society projected by Robert Owen, Esq.; and a plan of association for improving the condition of the working classes, during a continuance at their present employments."

We have seen that Robert Owen had appealed to the Government to enforce his ideas on factory reform; similarly, it was to the governing classes that he looked for a

* Lloyd Jones, "Life of Robert Owen," page 192.

† "Economist," 1821, Vol. I., page 137.

wider application of his principles. From time to time he wrote detailed accounts of his suggestion that communities on the plan so successful at New Lanark should be set up throughout the country. In 1819, as we have seen, a deputation from a committee of Guardians of the Poor at Leeds visited the village and reported favourably. Whilst regretting that the law did not permit of the adoption of the whole of Owen's plans, they recommended that his system should be adopted for the orphan children. In the same year an influential committee was formed to investigate and report on his plan for industrial villages. It included the Dukes of Kent, Sussex, Portland, and Bedford, the Archbishop of Canterbury, Wilberforce, and six other members of Parliament. In 1820 Owen laid his scheme before "the Noblemen, Freeholders, Justices of the Peace, and Commissioners of Supply for the Shire of Lanark,"* coupling with it an argument in favour of spade husbandry so that employment might be found for men rather than for horses. By 1822, £55,000 had been promised through the "British and Foreign Philanthropic Society" for conducting an experiment; but, knowing the necessity for large capital, Owen did not proceed with this inadequate amount.

Meanwhile, in 1819, he first appealed to the working classes, but chiefly, it would appear, to advise them how to proceed in the work which would, he still seemed to hope, be undertaken for them by the wealthy. Working men, however, throughout the kingdom, were themselves becoming interested in his scheme, as shown by *The Economist*, published weekly throughout 1821, and by the formation of the society there described. It will be seen in Chapter VII. that in the hands of this society of Londoners, the Owenite community scheme was reduced, first to the grouping together of several families in London, and then to the carrying on of a store very much on present lines.

A colony was founded at New Harmony, Indiana, in 1825; one at Orbiston, near Glasgow, 1826; and one in 1830 at Ralahine, near Limerick. These communities and various short-lived co-operative stores on a small scale were the chief visible results of this part of Owen's work. They will be treated of more fully in Chapter VII.

IV. The "Crisis" Period, 1832-4. The Trades Union and Labour Exchanges.

The events of these years must be passed over rapidly, for they fall within our first co-operative period and have been there already dealt with; whilst particulars of the Labour Exchange are given in Chapter VII.

After leaving New Lanark, Owen appealed more directly than before to the workers of the country. He

* "Report to the County of Lanark of a plan for relieving public distress and removing discontent," by Robert Owen.

contributed to the ferment of ideas and projects, practical and utopian, which occupied the minds of the London working-classes at this time. He was present at committees, conferences, and congresses, and took part in numerous societies and organisations. He himself published a weekly paper, *The Crisis*, in which the progress of his various activities may be traced.

Some of the Co-operative Societies (of which there existed over 400 in 1832)* had already undertaken manufacture on a small scale, but found difficulty in getting rid of the goods not required by their members. Exchange bazaars, or depôts, were therefore advocated by "The British Association for promoting Co-operative Knowledge," and one was opened in 1830 near Hatton Garden, London.

Owen took up this work on a large scale and promoted "The Equitable Labour Exchange," which was opened in Gray's Inn Road, London, September, 1832. After a successful career of about a year this came to an untimely end.

In 1832 he presided at the third of the Co-operative-Socialistic Congresses of the time, held in London, at which important progress was made in organising work throughout the country by the appointment of "social missionaries."

In 1834 a "Grand National Consolidated Trades Union" was formed, of which Owen was the moving spirit. But although successful in enrolling hundreds of thousands of workers, this union died out on the failure of various strikes promoted by certain of the enrolled societies. More successful was the "Society for National Regeneration," which first demanded an eight hours day, and which promoted the agitation that led to the Ten Hours Act of 1847.

V. "The New Moral World," 1834-45.

We now enter on the second period of "Community" work by Robert Owen, the last stage of his public career. *The New Moral World* was a co-operative journal which succeeded *The Crisis*, appearing November, 1834, as a weekly publication developing the principles of The Rational System of Society. In it we find accounts of congresses, part of the remarkable series which from 1830 to 1846 represented the various forms taken by the progressive movement which had Owen's teaching as its basis. Here the story of the last attempt at an Owenite community, that of Queenwood, may be traced.

Something of the scope of the paper may be followed in its changing designations. In 1835 it appeared as "The New Moral World and Millennium," and in 1836 had a department called "The Herald of Community." Towards the end of the latter year it substituted "Manual of Science" for

* "Crisis," June 30th, 1832.

"Millennium." In 1838 it became "The Gazette of the Universal Community Society of Rational Religionists, enrolled under Acts of Parliament."

The title shows that Owen still has faith that there is to be a new millennial order ushered in (and that at an early date) to replace the irrational competitive one. He points out in "How to Attain the Millennium"* that the *first* step had been taken in the inventions and discoveries of the preceding century which constitute a new power "superabundant to provide for all the wants of man without human slavery or servitude." The *second* step is to be "the improvement of the character of the human race; in order to make all intelligent, charitable, and kind to each other." Of the remaining ten steps, the only one that need be mentioned is the *sixth*, "The destruction of the immoral and degrading system of *buying cheap and selling dear for a money profit*."

VI. Old Age. The last thirteen years of his life were spent by Robert Owen in comparative retirement. We are told by his friend and biographer, Lloyd Jones, that he was sympathetic with the work of the Christian Socialists, for whom he had to some extent prepared the way. In extreme old age he joined the ranks of the Spiritualists, seeking among those of the generation which had passed away the sympathy for which he longed.

At last, in 1858, while trying to address a congress of the Social Science Association in Liverpool, he broke down, and retired to end his days at his birthplace, Newtown. There he was buried in the grave of his parents, and there, in 1902, a memorial was erected to him by present-day co-operators, at the unveiling of which an address was given by the last survivor of his band of "social missionaries," the veteran co-operator, George Jacob Holyoake.

* "New Moral World," 1841, pages 6 and 11.

CHAPTER VII.

Early Co-operative Experiments.

THE earliest recorded experiment in Co-operation dates back to 1795, and was not so much an attempt to carry out any definite theory of association, as a vague groping after some means of escaping from the misery caused by the high prices of food prevailing at that period.

The harvest of the year 1795 had been a short one, and wheat prices were considerably higher than for at least thirty-five years preceding. The average price in 1795 was 72s. 11d. per quarter, it having at one period of the year risen to six guineas,* and it can easily be imagined that the effect of these prices upon the food of the poorer classes was very serious.

It was under these circumstances, more fully outlined in Chapter III., that in 1795 the following historic petition of the "poor inhabitants" of Hull was presented to the Mayor and Corporation of that town :—

Hull Corn Mill, 1795.

> We, the poor inhabitants of the said town, have lately experienced much trouble and sorrow in ourselves and families on the occasion of an exorbitant price of flour ; that, though the price is much reduced at present, yet we judge it needful to take every precaution to preserve ourselves from the invasions of covetous and merciless men in future. In consequence thereof, we have entered into a subscription, each subscriber to pay 1s. 1d. per week for four weeks, and 6d. per week for four weeks more, which is 6s. 4d. each, for the purpose of building a mill which is to be the subscribers', their heirs, executors, administrators, or assigns for ever, in order to supply them flour : but as we are conscious that this subscription will not be sufficient to bring about our purpose, we do therefore humbly beseech your Worship's advice and assistance in this great undertaking, that not only we but our children even yet unborn may have cause to bless you.

Various members of the Corporation gave financial assistance to the project, and the Hull Anti-Mill Society† was formed with some 1,400 members, and continued its existence with varying success until 1895, when the society was wound up after working for nearly a century.

The example of Hull was followed in several other districts,

* "The Progress of the Nation." G. R. Porter, 1838. Sec. III., Chapter XIV.

† Followed by Hull Subscription Mill, started 1801 and wound up in 1890.—"Co-operative Production." B. Jones. Page 175.

including the dockyard towns of Devonport and Sheerness. The society formed in the latter town in 1816 for bread baking is still in existence as the Sheerness Economical Co-operative Society,* and now carries on the business of farming, bread-making, &c.†

It was in 1821, however, that the activity of Robert Owen in advocacy of association, first bore fruit among the working classes. In January of that year a committee of working men, who had been meeting in London and discussing the principles taught by Owen, issued a report announcing the formation of "The Co-operative and Economical Society,"‡ the earliest record, according to Mr. Holyoake, of a word now so familiar to us.

The Co-operative and Economical Society, 1821.

The proposals of this committee throw interesting light on the ideals of this period, which favoured the formation of a communal centre in the heart of London, without waiting for the organisation of a complete and separate village community so strongly advocated by Owen.

The new society was to consist of 250 families, who were to occupy contiguous dwellings. It was proposed that every male member should contribute one guinea weekly to the general fund, out of which would be provided food and clothing for himself and family, education for his children, and all the other advantages afforded by the association—such as a common hall for meals, common kitchen for preparing food, and joint methods of cleansing the dwellings. Commodious schools and a teaching staff were to be provided by the society. It was also expected that each member of the society would be provided for in sickness and old age, and relieved from all anxiety as to the future of his offspring, who would be provided for, trained, and educated by the society in the event of the parent's death. The communists were to manufacture for themselves many of the articles to be consumed by them, and such members as were not employed by the society were to remain at their present employment.

The following interesting estimate was published, showing (1) the cost to the society of providing lodging, food, and clothing for 250 families; (2) the then cost under ordinary conditions of life; and (3) the estimated saving by the associated system of living, which it was shown would amount to nearly £8,000 per annum.

* Sheerness Economical Co-operative Society had at end of 1908 2,022 members; share capital, £17,583; trade, £33,776; profit, £4,865; employés, 57, to whom bonus amounting to £59 was paid.

† For detailed particulars of these societies the student may usefully consult Mr. Benjamin Jones' book on "Co-operative Production," Chapter XIV., and page 159.

‡ *The Economist*, 1821, pages 13 and 235.

	Cost to the Society.	Present cost to Families.	Saving.
	£	£	£
RENT.—The committee estimate that the rent of 250 families of labourers, at present averages in London, £10 per family	..	2500	..
They have ascertained that the rental of 250 families occupying an establishment, &c., will not exceed	900	..	..
Saving in rent	..	..	1600
BREAD.—150 quartern loaves daily at 10½d. per loaf from the baker.....	..	2394	..
Cost of 644 sacks of flour for 54,750 loaves.....£1608			
Firing, yeast, and salt £135	1863	..	..
Contingencies £30			
Maintenance of two bakers £90			
Saving on bread.....	..	..	531
SHOES.—1,000 men, women, and children, three pairs annually—average cost at present, including mending, say 7s. per pair	..	1050	..
Cost of leather, &c. £300			
Shoemakers £210	560	..	..
Incidentals £50			
Saving on shoes.....	..	..	490
FUEL.—Fuel for 250 families at 2s. per week per family	..	1300	..
Fuel for public kitchen, wash-house, brew-house, and stoves for warming the whole of the establishment.....	400	..	..
Saving on fuel	..	..	900
BUTCHER'S MEAT.—400 lbs. daily, say average price of beef and mutton from the butcher as 6½d. per lb.....	..	3948	..
Cost of meat when killed by the Society, 145,600 lbs per annum, at 4d. per lb. £2427			
Maintenance of two butchers £90	2557	..	..
Contingencies £40			
Saving on butcher's meat	..	..	1386
BEER.—60 gallons daily at 20d. per gallon. Deduct for brewers and publicans' profits, and including their rents, servants, horses, licenses, risks, &c., say £900	..	1825	..
Cost of beer to Society.....	925	..	..
Saving on beer	..	..	900
TEA AND SUGAR.—2 080 lbs. of tea at 8s. per lb., and 19,500 lbs of sugar at 7d. per lb.	..	1399	..
Wholesale price of above, say.....	1257	..	..
Saving in tea and sugar, 10 per cent..	..	..	142

18375

	Cost to the Society.	Present cost to Families.	Saving.
	£	£	£
CLOTHING, EXCLUSIVE OF SHOES.—Say at present £10 per annum per family.....	..	2500	..
Wholesale price of the materials and making up of the whole within the Society..	1650	..	..
Saving in apparel	..	..	850
SUNDRIES.—Fish, puddings, salt, soap, vegetables, milk, butter, &c., say 6s. per family	..	3925	..
Cost wholesale	2944	..	..
Saving on sundries	..	..	981
Totals	13056	20836	7780

GENERAL RESULTS—A saving of £7,780 per annum.

The committee further stated that "on the supposition that each male adult member pays one guinea weekly to the general fund, therefore we are satisfied that the collective sum will provide the whole establishment with all the necessaries and many of the comforts of life in abundance, and at the same time furnish a power for the purposes of production and traffic, which we feel confident will gradually lead to independence."*

The scheme, however, appears to have been too large for the number of converts to the principle of associated life, and a more modest programme was decided upon at a general meeting of the society held four months later, when a series of resolutions was adopted in favour of establishing a store more upon the lines of present-day societies.

These resolutions are interestingly stated in their original terms as follows:—

> That, as the present object of the Society is the purchase of such articles as are necessary for family uses, at wholesale prices, and at the best markets, a stock be formed to enable the Society to market with ready money—such stock to be raised in shares of 5s. each—each member to take at least one share, and as many more as he may think proper—and that should the sum in the treasurer's hands at the end of each quarter be more than is necessary for the purposes of the Society, a portion of the shares be successively repaid with interest until the whole of the shares be extinguished.
>
> That, with a view to facilitate the distribution of the goods, and for other social purposes, as many of the members as can conveniently quit their present residences, do live as nearly as possible together, in one or more neighbourhoods.
>
> That a house or warehouse be taken for receiving and serving out the stores of the Society, where a salesman, aided by such assistants as shall be found necessary, shall be in constant attendance.

* *The Economist*, 1821, page 15.

That to provide for the expense of this establishment, and of the wages of the salesman, &c., as well as to form an accumulative fund, 5 per cent shall be charged on the prime cost of all the articles sold at the store.

That the public, as well as the members, shall be at liberty as soon as the arrangements are sufficiently advanced, to purchase goods at the store.

That, in order to prevent any degree of partiality and all feelings of jealousy respecting the division of the goods, the manner of their distribution shall be in the ordinary course of trade – that is to say, the members shall purchase such articles as they require, in such proportions as they please, whether great or small, and with the same freedom of choice as now attends the conduct of similar transactions in the shops of private traders.

That the salesman be required to give security to the Society for such sum as the committee shall think fit.

That such portion of the funds as shall at any time not be required for the transactions of the Society be lodged in a savings bank.

That the salesman, aided by such members as shall at any time think proper to accompany him, shall purchase the goods for the use of the Society, but that all payments shall be made by the committee, to whom the accounts must be presented on behalf of the parties acquiring demands against the Society.

That, so soon as the number of the Society is completed contracts be entered into, after public advertisements, for some of the articles required by the Society; and that shoemakers and tailors be employed by the Society on its own account.

That the members undertake to study in all things the interest and welfare of the Society at large, and engage to induce their wives and families to do all in their power to promote the general domestic comfort and happiness of themselves and their co-associates.

That, with this view, such of them as reside near together be encouraged to form arrangements for co-operating in the care of their dwellings and the superintendence and education of their children; and that, as soon as possible, arrangements be made for periodical meetings of the whole Society, with their families, for the purposes of mutual instruction, and of rational recreation and amusement.

That the Society keep constantly in view, as one of their ultimate and most important objects, next to the general extension and introduction of the principles on which they are united, the acquisition of an establishment in which they may unrestrainedly proceed upon the plan of social arrangements projected by that great benefactor of mankind, Mr. Owen, of New Lanark.

Several other resolutions were entered into relative to the management of the concern, to the security of the property, and the appointment of the committee.

Any member attending the meetings of the committee (and all the members are at liberty to do so) are entitled to vote in the same manner as the regular committee.

Little information is available as to the success of these first experiments, but it is certain that the ideal became

popular among workmen, and that several hundreds of distributive and productive societies, closely following this plan, were established during the following ten years.

The Brighton Co-operators, 1828.

In 1828 "The Co-operator,"—a periodical established at Brighton by Dr. King, an enthusiastic co-operator, after describing the aims and methods of working these societies gave what has proved to be a very accurate forecast of the future of the co-operative distributive store. It says:—

> But as the wants of the members are limited, there will be a time when capital will exceed what the shop requires. When this period arrives the Society will ask themselves this question—What shall we do with our surplus capital? The answer will be—Employ one of your own members to manufacture shoes, or clothes, &c., for the rest; pay him the usual wages, and give the profits to the common capital. In this way they will proceed, as the capital increases, to employ one member after another, either to manufacture articles consumed by the members or by the public. Beginning to manufacture for the members, the sale is sure. When the capital is able to produce more goods than the members can consume, they must manufacture those articles which are in demand by the public at large.

Fundamental Rules of Societies, 1832.

As the societies grew in numbers, the leaders began to hold meetings and conferences for mutual help and encouragement, and at the third Congress of delegates from co-operative societies of Great Britain and Ireland, held in London in 1832, a series of Fundamental Rules for the guidance of societies was agreed upon, from which the following extracts are made as indicative of the aims and ideals which had been evolved from the earlier ideals of 1821:—

The first statement agreed to was—

> That it be universally understood that the grand ultimate object of all co-operative societies, whether engaged in trading, manufacturing, or agricultural pursuits, is community on land.

After setting forth methods of raising capital, the rules laid down that the societies—

> Would purchase at wholesale price articles of ordinary consumption of the most genuine description in order to be retailed at the market prices for the purpose of further accumulation.

Another resolution set forth that—

> It is the unanimous decision of the delegates here assembled that the capital accumulated by such associations should be rendered indivisible, and any trading societies formed for the accumulation of profits with the view to the merely making a dividend thereof at some future period cannot be recognised by this Conference as identified with the co-operative world, nor admitted into that great social family which is now rapidly advancing to a state of independent and equalised community.

None of the societies, however, appear to have attained any great or prolonged success. The difficulties in the way of association at that time were undoubtedly great. The absence of education among the workers, and of legal protection for the funds of the societies; the necessity of carrying on their trade through irresponsible agents, and the general inexperience of the workers in the technicalities of buying and selling, together with the natural opposition of the private traders, render it a matter for little surprise that very few of the societies survived, and that none developed into the self-supporting communities aimed at by their enthusiastic promoters.

Causes of Failure.

There were also other causes of failure such as are not unknown among present day co-operators. A leading co-operator reporting to the Congress of 1832 upon the failures which had then taken place, spoke at some length on the subject, and enumerated the causes of failure as follows:—

> The first cause has been a want of union and active co-operation among the members.
>
> They have neglected their meetings, failed to make themselves properly and familiarly acquainted with the principles and proceedings of their Society, and left the management of their concerns to a few individuals.
>
> Another cause of this failure has been the existence of a spirit of selfishness amongst them—a spirit which has been engendered in some degree, perhaps, by those societies themselves. Shopkeeping has no tendency to improve either their principles or their morals. In the next place there has been a general neglect of business on the part of the members. They have not audited their accounts, diligently looked after the purchases made for them, or superintended and regulated the stock.
>
> Another cause has been the members not dealing at their own stores. It was not to be expected that the trading societies should answer their ends if the shop were deserted by its own proprietors.
>
> Another difficulty attending these societies, and which has tended to render them abortive, is the great responsibility that attaches to the trustees, whilst there is no bond of union with the members.
>
> The trustees take upon themselves the responsibility of paying all accounts, and answering all demands upon the Society. The members, on the other hand, take upon themselves no responsibility; and if the Society should be found unprosperous they walk themselves out, leaving the trustees with all the responsibility and a losing concern. The incapacity or dishonesty of storekeepers or managers has also been a cause of loss and failure.

The picture of members who "walk themselves out" when things appear to be going wrong is as fresh as if painted to-day, and as true to life!

Although, so far as is known, none of the societies already referred to succeeded in their ultimate aim of developing into self-supporting communities, a considerable number of Owen's followers in various parts of the country were persistent in their advocacy of the community idea, and many committees were formed for the purpose of raising the necessary capital. Elaborate schemes were prepared, and much impatience was exhibited at various meetings and conferences, because of the slow progress made in obtaining the necessary funds. Owen, with his business experience, knew that a considerable capital was necessary if a successful community was to be formed He insisted that at least £200,000 must be raised, while his less experienced but enthusiastic followers constantly urged that a start should be made in a small way, and that the immediate success would be such that capital would at once come in and their example be followed on all sides; an argument familiar to present day co-operators when both distributive and productive societies are being organised, but one which, if acted upon, usually ends in disaster, as experienced co-operators know.

The Community Idea.

Various attempts were made to establish communities, the most important and best known of which were at Orbiston, near Glasgow, at Ralahine, in county Clare, Ireland, and at Queenwood, in Hampshire.

The Orbiston experiment was begun by Abram Combe, who with a few friends formed a joint-stock company, with a capital of £50,000, in shares of £250 each, payable in instalments. The community had a religious basis, although the tenets of the founders, who declared themselves to be "adherents to Divine Revelation," were not enforced upon intending tenants of the community. An estate of 290 acres, about nine miles from Glasgow, was secured, and the buildings were begun on March 18th, 1825. The community had very few elements of lasting success in its organisation or management; people were ready enough to subscribe to the idea of "equal distribution" and to join the community, but not so ready to carry the idea out into actual practice. Many difficulties arose, and three months after the death of the founder, Abram Combe, in August, 1827, the community disbanded.

Orbiston, 1825-1827.

In 1823 Owen delivered a series of lectures in Dublin which so impressed an Irish landlord, John Scott Vandeleur, that he made Owen's personal acquaintance and resolved upon an attempt to carry his views into practice. Vandeleur had two estates, one of 700 acres and another of 618 acres, at

Ralahine, 1830-1833.

Ralahine, Co. Clare, where he resided and which he himself cultivated through a steward. For a few years nothing was done beyond discussing the project with his family and friends, all of whom strongly opposed the scheme, but in 1830 Mr. Vandeleur began his experiment. A number of comfortable stone cottages, a dormitory for single women and another for single men, together with a store, a school, a large dining-room, and a meeting-room were commenced. The country around was at the time in a very disturbed state, outrages and murders being prevalent, and while the buildings were in progress the steward at Ralahine, who showed much harshness to the labourers under his control and had raised their indignation by a number of petty yet stinging acts of oppression, was one night shot dead in the presence of his young wife. This determined Mr. Vandeleur to put his new system into practice at once, and as no one about him was sufficiently in sympathy with his plans to be placed in charge, he went to England, where in Manchester he found a young disciple of Owen, Mr. E. T. Craig, who had studied the principles of co-operative colonisation, and whom he engaged to organise the co-operative system at Ralahine and to act as secretary. In the spring of 1831 Mr. Craig arrived and found matters in a most unpromising condition. The labourers were suspicious and moody, and for the moment Mr. Craig's appearance among them tended rather to intensify this state of things than to impart confidence. The first few months, therefore, were spent in ascertaining the condition and wants of the people, and in gaining their confidence.

In November the whole of the labourers and artizans on the estate and others in the neighbourhood were assembled, and after Mr. Vandeleur had explained his plans for the future, they proceeded to elect by ballot the members of the new Ralahine Agricultural and Manufacturing Co-operative Association. Fifty-two members were elected, none of the persons on the estate being rejected. There were, however, only eighteen efficient labouring men among the number, and among those elected were a widow and six children, one of whom was a feeble hunchback, while the old woman herself was only fit to look after poultry. No objection was taken to this by Mr. Vandeleur, he being determined that the experiment should be made with a fair average of the population as then existing.

The objects of the association were stated in its laws to be—

Objects of Association and Laws.

(1) The acquisition of a common capital.

(2) The mutual assurance of its members against the evils of poverty, sickness, infirmity and old age.

(3) The attainment of a greater share of the comforts of life than the working class now possess.

(4) The mental and moral improvement of its adult members.

(5) The education of their children.

A long list of rules or laws was drawn up, providing for all the details of government and for the conduct of members, provision being made, amongst other things, for the absolute prohibition of all spirituous liquors, tobacco, and snuff from the colony, and of gambling of any kind. The wages were fixed by rule for each agricultural labouring man at eightpence, and for every woman at fivepence per day, these being the ordinary wages of the country. The secretary, storekeeper, smiths, joiners, and a few others received rather more, the excess being borne by Mr. Vandeleur. The wages were expected to be spent at the store for such articles as were kept there or were produced by the society. No member was to be expected to perform any service or work but such as was agreeable to his or her feelings, and such as they were able to perform, but power was given to a general meeting to expel any useless member. Each individual was given perfect liberty of conscience and freedom in the expression of opinions and in religious worship.

An agreement was drawn up between Mr. Vandeleur and three trustees on behalf of the association, for the rental of the land for twelve months, this being stated as 320 barrels of wheat, 240 of barley, 50 of oats, 10 cwt. of butter, and various other articles to the nominal value, at the prices then ruling, of about £700.

The agreement provided that if after stocktaking at the end of a year a profit appeared to have been made, the wages of the men should be raised to tenpence and of the women to sixpence a day, any surplus being accumulated until the capital value of the stock and implements had been paid off to Mr. Vandeleur, who, until such payment, was to receive interest upon the capital value thereof at six per cent per annum.

Success and Failure of the Experiment.

The progress of the colony was from the first rapid and satisfactory. After the members found that the committee of their own body had really the sole power of telling off the members to their several labours, thus getting rid of the hated commands of a domineering steward, and of deciding what work should be done, the change wrought in them was at once seen. The industry and skill of the hitherto sluggish and silently sullen labourer became apparent and was freely

manifested for the benefit of all. From this moment suspicion gave way, and the affairs of the community progressed harmoniously. Its doings quickly became known, and the influence it exerted in the neighbourhood was little less than magical.*

The community was able to pay a sum of £900 a year as rent and interest, to the perfect satisfaction of the landlord, and at the same time the labourers were able to enjoy an amount of domestic comfort, contentment, and happiness which they had never deemed it possible to experience in this world.

Another point of interest in this experiment was the use of labour notes instead of current coin, in most of the internal transactions of the association. Wages were paid in these notes, which were accepted at the store in exchange for goods or for current coin whenever this was required for outside purchases, &c.

At the end of 1833, however, this successful community came to an end, through an incident wholly unexpected. Mr. Pare, an active colleague of Mr. Owen in England, thus describes the catastrophe :—

> I crossed from England to Ireland in the month of October, 1833, in company with the proprietor, to visit and examine the colony of Ralahine, then in the third year of its existence, with the special view of acquiring knowledge, derived from practical experience, to aid me and my co-trustees in carrying out the design of my lately deceased friend Thompson as propounded in his will.† At the urgent request of Mr. Vandeleur I visited Ralahine first, and remained a guest in his mansion sufficiently long to enable me to make a complete and searching investigation of the affairs of the association he had founded; and it may be supposed, as the fact was, that for the reason just given my survey was a critical one. . . . Afterwards on my way back to England I doubled through Limerick to deliver a promised lecture on the "Equitable Labour Exchange Bazaars," then flourishing in England . . . and on this occasion I again and for the last time met Mr. Vandeleur, who seemed in high spirits. Judge then of my surprise on arriving home early in November—filled with delight at the great good I had seen effected at Ralahine, and with gratitude to its excellent founder—to find heading one of the columns of a Dublin newspaper the words "Flight of John Scott Vandeleur." This otherwise respectable and really amiable man was addicted to one damning vice, unknown until then to me, as to many other of his friends. This was the vice of gambling.

Mr. Vandeleur had indulged this passion to such an extent as to involve all he possessed, and, realising his position, took advantage of a vessel then leaving for America, fled to

* "Co-operative Agriculture in Ireland," by Wm. Pare.

† Mr. Wm. Thompson had left an estate in Ireland for the purpose of a similar experiment.

that country and was not again heard of. A fiat in bankruptcy was taken out; there was then no "tenant-right," the law did not recognise the holding of land in common by an association of labourers, and the farm stock was sold up to satisfy the claims of the sheriff.

> "The way," says Mr. Craig, "in which the people received the intelligence was painful and distressing in the extreme. Upon its confirmation I heard women, and stout men even, grieving piteously, and bewailing their loss, as if the dearest friend or relative had been snatched from them by sudden death. As the room occupied by myself and Mrs. Craig were over the cottages of two of the married members the wailing of the people in the night had a sad and heartrending effect."*

Before finally separating with Mr. Craig, the members assembled in general meeting and placed on record a declaration of "the contentment, peace, and happiness they had experienced for two years under the arrangements introduced by Mr. Vandeleur and Mr. Craig, and which, through no fault of the association, was now at an end."†

Queenwood, 1839-1844.

The community at Queenwood enjoyed a longer career of over five years. The estate consisted of two farms, one at Queenwood and the other at Buckholt, together about 533 acres, of which "possession was obtained on October 1st, 1839." Temporary premises were erected for the members who quickly gathered upon the estate, and Robert Owen consented, after considerable pressure, to become "governor" of the community. Owen protested from the first against the inadequate financial basis upon which the experiment was planned, and in the end his protests were fully justified. The community embodied in their association all the fundamental principles which might have led to lasting success, if their financial resources had been equal to overcoming the early difficulties involved in settling a large number of persons upon a new social plan, which should be "self-dependent, self-governed, and responsible to no external power."‡ The building of Harmony Hall—as the residential quarters of the community was called—made large inroads upon the capital of the supporters; the farms proved unprofitable; the various manufacturing ventures recorded heavy losses; enthusiasm waned, and many persons left the establishment, and in October, 1844, the trustees brought the community to an end.§

* "Co-operative Agriculture in Ireland," W. Pare.

† The experiment attracted much interest among English Co-operators, and up to his death in 1894 E. T. Craig was known among them as "Mr. Craig, of Ralahine." In his later days he became, through old age and illness, involved in financial difficulties, and a fund was raised by the Co-operative Union to provide him with an annuity, which was continued to his widow until her death in 1897.

‡ "Herald of Progress," page 17. (Quoted in "Co-operative Production," page 76.)

§ For a full account of these experiments see "Life of Robert Owen," by Lloyd Jones, "Co-operative Production," by B. Jones, and "History of Ralahine," by E. T Craig.

Labour Exchanges.

The use of a paper currency or of labour notes in place of the ordinary currency as a method of exchange, has for many years exercised a great fascination for social and political reformers among the working classes.

Here, it was urged, is a method by which the workers may supply each other with their requirements without the intervention of the capitalist. Why should not the shoemaker and the tailor, for example, work for each other, the shoemaker producing shoes for the tailor in exchange for the coat made by the latter ? This system of exchange of goods, rather than payment on purchase by cash, is indeed the basis of all commerce. Why should skilled workers remain idle in times of so-called trade depression when they are themselves in want of the articles which each can produce, provided only the raw materials are supplied to them ?

In 1830 the distress among workmen from want of employment was acute, and Owen, who in 1820 had explained the idea of Labour Exchanges in his report to the County of Lanark, had in subsequent years frequently pointed out that here was a means by which every unemployed hand might be brought into employment, in supplying the needs of others in a similar position. So long as men could produce what they mutually required there need be no such thing as want. The idea of the exchanges was to establish centres where raw material, manufactured goods, provisions, &c., could be deposited, the depositor receiving in exchange " labour notes " representing the value of the article deposited, calculated at first upon the basis of the time occupied in its production, and later upon an estimate of the market value.* The depositor could then purchase with his labour notes such articles from the general stock as best suited his requirements, paying in addition a small percentage to cover the working expenses of the exchange.

Several exchanges were established, the most important being that opened in Gray's Inn Road, London, where a building free of rent was pressed upon Owen and his followers by a man who professed to be enthusiastic in the cause of labour. The business was started, and very speedily a turnover of goods to the value of £1,000 a week was reached. The success of the experiment then excited the cupidity of the landlord, who put in a claim for £1,700 a year for rent. The managers refused to pay this, and having no legal tenure of the building they were promptly turned into the street. The business was removed to Blackfriars, and subsequently to Charlotte Street, Fitzroy Square, but the interruption

* " Co-operative Movement " Beatrice Potter. Page 50.

consequent on the removal, and want of capital for carrying on so large a concern, led to collapse and failure.

All these futile efforts to re-organise social, commercial, and industrial relationships helped to build up that experience which has given us to-day a vast movement, highly organised, marvellously successful, but tending to forget the bitter need which impelled these early experiments, and the faith that made them possible.

The period of seeming apathy which succeeded these efforts appears to us, at this distance of time, as one of those useful pauses in life when men's ideas and hopes gather strength in silence for fresh and more mature expression. The leaven of the co-operative faith, apparently discounted and discouraged by the failure of these early experiments, and obviously overshadowed for the time by the more militant force of socialism, was yet working in the minds of men, preparing the way for the new experiment of which the next chapter tells, and upon which is built the solid permanent structure of our present-day Co-operative Commonwealth.

CHAPTER VIII.

The Rochdale Pioneers and their Work.

THE story of the starting of the Rochdale Pioneers is the heritage of every co-operator, and has been vivified into a romance of national import by the pen of Mr. G. J. Holyoake, from whose "History of the Rochdale Pioneers" the following descriptive passages are gathered.

> At the close of the year 1843, on one of those damp, dark, dense, dismal, disagreeable days, which no Frenchman can be got to admire—such days as occur towards November, when the daylight is all used up, and the sun has given up all attempts at shining, either in disgust or despair—a few poor weavers out of employ, and nearly out of food, and quite out of heart with the social state, met together to discover what they could do to better their industrial condition. Manufacturers had capital, and shopkeepers the advantage of stock; how could they succeed without either? Should they avail themselves of the poor law? that were dependence; of emigration? that seemed like transportation for the crime of having been born poor. What should they do? They would commence the battle of life on their own account. They would, as far as they were concerned, supersede tradesmen, millowners, and capitalists: without experience, or knowledge, or funds, they would turn merchants and manufacturers. The subscription list was handed round—the Stock Exchange would not think much of the result. A dozen of these liliputian capitalists put down a weekly subscription of twopence each—a sum which these Rochdale Rothschilds did not know how to pay.

These "poor weavers" were engaged in the flannel weaving industry, and in 1843 there was considerable discontent among the workers and a desire to improve wages. Agitations amongst the men; futile negotiations with the employers; strikes, lockouts, and subsequent acute distress followed in quick succession. On any but the sturdiest hearts despair and dull acquiescence in ill-balanced social conditions might well have fallen. The men of Rochdale were, however, of the sturdy kind, and in the twenty-eight weavers who formed the nucleus of the Pioneer Society was found common sense as well as grit. The meetings of these men were frequent, and, says Mr. Holyoake—

> In the end it came about that the Flannel Weavers Committee took the advice of the advocates of co-operation. James Daly, Charles Howarth, James Smithies, John Hill, and John Bent appear to be the names of those who in this way assisted the Committee. . . . At length the formidable sum of £28 was accumulated, and, with this capital, the new world that was to be was commenced.

A ground-floor warehouse in the now famous Toad Lane, Rochdale, was the place chosen in which to open the first store. One more quotation from Mr. Holyoake's graphic story will suffice to bring these homely enthusiasts vividly to life before our mental vision.

> On one desperate evening—it was the longest evening of the year—the 21st of December, 1844, the "Equitable Pioneers" commenced business. It had got wind among the tradesmen of the town that these competitors were in the field, and many a curious eye was that day turned up Toad Lane, looking for the appearance of the enemy; but, like other enemies of more historic renown, they were rather shy of appearing. A few of the co-operators had clandestinely assembled to witness their own *denouement;* and there they stood in that dismal lower room of the warehouse, like the conspirators under Guy Fawkes in the Parliamentary cellars, debating on whom should devolve the temerity of taking down the shutters, and displaying their humble preparations. One did not like to do it, and another did not like to be seen in the shop when it was done; however, having gone so far there was no choice but to go further, and at length one bold fellow, utterly reckless of consequences, rushed at the shutters, and in a few minutes—Toad Lane was in a titter. Lancashire has its *gamins* as well as Paris. The "doffers" are the *gamins* of Rochdale. The "doffers" are lads of from ten* to fifteen, who take off full bobbins from the spindles, and put on empty ones. On the night when our Store was opened, the "doffers" came out strong in Toad Lane —peeping with ridiculous impertinence round the corner, ventilating their opinion at the top of their voices, or standing before the door inspecting, with pertinacious insolence, the scanty arrangements of butter and oatmeal; at length they exclaimed in a chorus, "Aye, the owd weaver's shop is opened at last."

The first "laws" set down by the Pioneers as a statement of their "objects" and plans were as follows:—

Pioneers' Plan of Association.

The objects of this Society are to form arrangements for the pecuniary benefit and improvement of the social and domestic condition of its members, by raising a sufficient amount of capital, in shares of one pound each, to bring into operation the following plans and arrangements:—

The establishment of a Store for the sale of provisions, clothing, &c.

The building, purchasing, or erecting a number of houses, in which those members desiring to assist each other in improving their domestic and social condition may reside.

To commence the manufacture of such articles as the Society may determine upon, for the employment of such members as may be without employment, or who may be suffering in consequence of repeated reductions in their wages.

As a further benefit and security to the members of this Society, the Society shall purchase or rent an estate or estates of land, which shall be cultivated by the members who may be out of employment or whose labour may be badly remunerated.

* Since this history was written (in 1857) successive Factory Acts have raised the age of admission of children into factories for full-time work from ten years to fourteen years, and by the Act of 1901 the age of half-timers is raised to twelve years.

That, as soon as practicable, this Society shall proceed to arrange the powers of production, distribution, education, and government: or, in other words, to establish a self-supporting home colony of united interests, or assist other societies in establishing such colonies.

That for the promotion of sobriety a Temperance Hotel be opened in one of the Society's houses as soon as convenient.

On fundamental questions of religion and politics the Pioneers established the following practice :—

Religion and Politics.

1st.—Not to inquire into the political or religious opinions of those who apply for membership with ours or any of the various co-operative societies in our town;

2nd.—That the consideration of the various political and religious differences of the members who compose our Societies should prevent us from allowing into our councils or practices anything which might be construed into an advantage to any single one of each sect or opinion.*

In the almanac of the Rochdale Pioneers published in 1860 is the following statement :—

The present co-operative movement does not intend to meddle with the various religious or political differences which now exist in society, but by a common bond, namely, that of self-interest, to join together the means, the energies, and talents of all for the common benefit of each.†

Even more than the acceptance of these main objects and rules of conduct, the points of organisation most conducive to the permanent success of the Pioneers, were those touching the regulation and conduct of business transactions which the society laid down for itself, principally as follows :—

Business Principles.

(1) That capital should be of their own providing and bear a fixed rate of interest.
(2) That only the purest provisions procurable should be supplied to members.
(3) That full weight and measure should be given.
(4) That market prices should be charged, and no credit given nor asked.
(5) That "profits" should be divided *pro rata* upon the amount of purchases made by each member.
(6) That the principle of "one member, one vote" should obtain in government, and the equality of the sexes in membership.
(7) That the management should be in the hands of officers and committee elected periodically.
(8) That a definite percentage of profits should be allotted to education.‡

* "History of the Rochdale Pioneers." Holyoake. Page 161.

† Ibid.

‡ They had arranged their rules so that they could devote one-tenth of their profits to educational purposes. But when sent to the Registrar (for registry under the Friendly Societies Act) he refused to certify them. The contest with him lasted many months. The rules were altered again and again. The Society tried to edge in the question of education in several different ways: but he always struck it out.—"History of Rochdale Pioneers," page 73

(9) That frequent statements and balance sheets should be presented to the members.

In order to apportion the profits due to each member, a metal token or check was given, denoting the amount of each purchase made at the stores. These were returned periodically and the total amount of each member's purchases ascertained, and the "profits" divided at so much per pound of such purchases: thus, the member who spent £20 per annum would be entitled to twice the amount of dividend due to the member who spent £10.

Origin of "Dividend."

It may be noticed, however, that the practice of dividing "profits" upon purchases did not originate with the Rochdale Pioneers; several other societies, notably Springburn Society, and several societies in the west of Scotland, claim to have followed this practice in the 'thirties, Meltham Mills in 1827, and one Scottish society about 1822. But "it is to them (the Rochdale Pioneers) we owe the inauguration of the present system upon a basis which has proved to be so sound."*

At the end of December, 1909, the trading position attained by the Rochdale Equitable Pioneers' Society, as expressed in the following round figures, makes a record of surprising success.

Number of Members	17,054
Amount of Share Capital	£333,468
Reserve Fund	£10,088
Year's Trade	£364,594
To Education	£632
Amount of Production (Tobacco and Baking)	£56,778
Workpeople Employed in Production	122
Workpeople Employed in Distribution	273
Salaries and Wages Paid	£24,372

Of the value of their early principles the whole movement is witness.

The plan of association adopted by the Rochdale Equitable Pioneers, by reason of its equity, its adaptability to co-operative transactions, and its almost immediate success, has become the distinguishing feature in the development of consumers' co-operation since 1844. A society following this plan is said to be established under the "Rochdale System," and is accounted a genuine unit in the British co-operative movement only in so far as its rules and practices approximate to its model.†

* "Co-operative Production." B. Jones. Page 2.
† See page 18, and Chapters X. and XV.

CHAPTER IX.

The Christian Socialists.

AMONG those who have moulded the destinies of Co-operation, none, after Robert Owen himself, have exercised a more powerful influence than the body of men known as the Christian Socialists of 1848. Their movement, as their name implies, was essentially religious, and this is not the place to criticise or to defend religious ideas of any kind. But in order to understand the work which Frederick Denison Maurice, John Malcolm Ludlow, Edward Vansittart Neale, Charles Kingsley, Thomas Hughes, and the others who were associated with them did, it is necessary to state the religious views which inspired them.

It has already been shown that the state of England during the thirty or forty years following the end of the great Napoleonic Wars, in 1815, was a lamentable one. The wealth of the country was indeed great, and immense progress was being made in the mechanical arts. But a large part of the population was living in great poverty, culminating from time to time, as trade fluctuated, in periods of extreme distress. Drunkenness and crime were rampant; rioting and rick-burning, burglaries, highway robberies, and even murders, were common incidents. The working classes were almost wholly without organisation; and the fashionable social philosophy of the day had two main doctrines—the doctrine of free competition on the part of individuals, each seeking the good of himself and of his family, and that of *laisser faire* (or non-interference with trade and with industrial relations) on the part of the State.

The Owenite Socialists.

Against this philosophy Owen and his followers at home, with Fourier, St. Simon, Cabet, and others abroad, stood alone; teaching that the good of each can only be attained by each seeking the good of the whole body social, and that the true law of progress is organisation, not the mere struggle between the weak and the strong. These were the "socialists" of that day: we should now rather call them co-operators, though their doctrine (at least as originally preached by Owen) included in an undeveloped form both voluntary co-operation and that action of the State and the municipality which we now called socialism. The Owenites had, however, got them-

selves the reputation of being, if not atheistic, something nearly approaching it, and of having revolutionary ideas as to the family and property. Therefore they were regarded with horror by the ministers of religion and their flocks, as well as with fear and dislike by the possessors of property, and the teachers of political economy. To say that the religious organisations of that day were dead to all that side of religion which concerns the social effects of industry and business and the distribution of wealth, is not to make any controversial statement. It is admitted. There were, of course, splendid examples of the benevolence and self-sacrifice of individuals here and there, and members of the great Evangelical Party of those days had in particular done much for prison reform, the abolition of slavery, and other good causes. But, speaking broadly, the religious bodies at their best stood for personal piety, and the hope of salvation for individual believers; at their worst they represented mere dull formalities and conventionalities, defence of property, class privileges, and theological shibboleths, with opposition to every form of progress and enlightenment.

Tenets of the Christian Socialists.

In these circumstances arose this body of men who felt that the existing state of society was a mere satire upon Christian brotherhood. As the social evils they saw around them seemed inconsistent with the goodness of God, they held that these must arise, not from His ordering of nature, but from the sin and faulty contrivances of man. Indeed they saw that society was avowedly based on the principle of selfishness, the very antithesis of Christianity, which, so far as this life was concerned, was relegated to the subservient office of healing here and there some wound inflicted by its triumphant rival. They set themselves, therefore, first to know the common people by visiting them in their own homes; by sharing their thoughts and hopes and fears. Then they began to teach: they insisted that property is only a trust from God to be administered in the interest of all; that Christianity has a message for the perfecting of this life, as well as of hope for one to come; that men have duties to all their fellow-men and not merely to their own families; that all, of whatever class, have an equal right to culture and to self-development. They pressed home St. Paul's doctrine of solidarity, that if one part of a community suffers, the whole must suffer; and declared that for the strong to strive to possess themselves of all they can in the distribution of wealth, while the Government looks on and leaves them a free hand in doing so, is a wholly un-Christian organisation of industry and of the State. They saw that whatever doctrines might be professed by socialists, and whatever

angry things said in the name of Socialism, its essence was the principle of association, the principle of acting together for the common good; and that this was none other than the root principle of Christianity, formulated in the great saying, "Thou shalt love thy neighbour as thyself." Therefore they were proud to call themselves by the hated name of "Socialist." At the same time they were not only faithful Christians, but zealous Churchmen, opposed to many opinions of socialists of other schools. They held that their task was to Christianise socialism, and that Christianity alone could give that unselfishness which was admittedly the necessary basis of association. For while recognising the powerful influence of circumstances, they repudiated that extreme Owenite "doctrine of circumstances," which taught that men's characters are merely what their circumstances make them, and that improved circumstances would of themselves produce the required unselfishness. Therefore they took the name of "Christian Socialists."

The Personality of their Leaders.

As a theologian and a religious teacher, Maurice was their master and leader; he was a clergyman and ultimately Professor of Moral Philosophy in Cambridge. Ludlow, who had been the first to formulate the idea of "Christianising socialism," and of the inseparable connection of Christianity with socialism, was the chief among them in all matters of economics, of what we now call co-operation, and of law. He, Neale, and Hughes were barristers. Kingsley, a clergyman, like Maurice, and also ultimately a professor at Cambridge, was their great popular exponent, both as preacher, and as writer of pamphlets, novels, and verse. Neale spent lavishly in the cause, not only his fortune, but his time, labour, and health, and became for forty years an unwearying and unselfish guide of the Co-operative Movement; while Hughes, "a first-rate, go-ahead man," who will still be best remembered for his manly and sunny personality, for some years represented the cause in Parliament, and did much work in connection with the Working Men's College established by them. Of these five, the sole survivor, Mr. Ludlow, in his eighty-fourth year, stood up amid the cheers of the great Co-operative Congress of 1904—representing two million members—to move a resolution in favour of international peace and arbitration.

Publications of the Christian Socialists.

On May 6th, 1848, this group of reformers began to publish their ideas. First Maurice and Ludlow brought out a weekly newspaper, *Politics for the People*, in which, with many men afterwards celebrated who gathered round them, they preached the religious and social doctrines described above.

It did not, however, gain the ear of the working class, and in three months it ceased for want of funds. It was followed in 1850 by the *Christian Socialist*, in which the same ideas were taught, and fierce war waged against the terrible system of sub-contracting and sweating in the ready-made clothing and other trades. This evil was largely promoted by the action of Government Departments, and had just been exposed for the first time. They published also a number of tracts on Christian Socialism; and Kingsley, who in 1848 had given a popular form to the new ideas in his novel "Yeast," now, in 1850, in "Alton Locke" applied them specially to the tailoring trade. In these and other writings they also defended Trade Unionism, the Factory Acts, and Industrial Conciliation and Arbitration. Nor did they deal only with industrial questions. Political reform had their support, though they set self-reform first; so had sanitary reform, and laws for the better education of the people, and for the prevention of adulteration. They denounced the exorbitant cost of the distribution of commodities. At times they appeared to attack the morality of profit in any form. On the other hand, they relied mainly on voluntary action, and regarded with horror that confiscation of private property which is to many the most prominent feature of socialism in its modern sense. They combated the violence of the Chartists, and the idea that the greatest evils can be cured, and society reformed, by legislation. But always and above all they preached association and condemned competition.

The Effects of this Teaching.

This teaching brought upon them furious attacks from all quarters. Churchmen and Nonconformists, of the old high and dry type, equally regarded them as revolutionaries undermining the divinely appointed division of society into rich and poor, masters and servants; while to the politicians and political economists they were reckless and ignorant rebels against the natural laws of wealth. To the free-thinking socialists, on the other hand, they appeared belated retailers of ancient superstitions, bound in the long run to be found on the side of property, privilege, and religious domination; and the mass of the people—if it heeded them at all—simply saw in them men of some wealth and position, who could not, therefore, have any real sympathy with, or deserve to be trusted by, those who worked and suffered.

This, however, did not last long: within two years the working classes had learned to value and to trust them, while the religious bodies and the political economists were to a considerable extent either converted to their views or silenced.

Mr. Ludlow had many ties with France and much experience of that country, and while in Paris shortly after the revolution of 1848 had seen the co-operative workshops, established there in large numbers both by the efforts of the workmen and by the assistance of the State. He saw in these workshops the practical embodiment of the great principle of association.

Practical Experiments.

On returning to England he urged upon those who shared his religious views that similar workshops should be formed here, as the only practical cure for the growing evils of competition and sweating. Accordingly a Working Tailors' Association was first founded early in 1850; and when in November the first number of the *Christian Socialist* appeared, we find that there were also in existence in London a Needlewomen's Association, a Printers' Association, a Working Bakers' Association, two Associations of Working Builders, and two of Shoemakers: others followed. Besides these Productive Societies there was the London Co-operative Stores, at 76, Charlotte Street, Fitzroy Square; and at the same address was the centre of the movement, the "Society for Promoting Working Men's Associations." The above workshops received nearly the whole of their capital on loan at four per cent. from the Christian Socialists, chiefly from Mr. Neale; they were constituted on the plan that the workers employed should be the only associates (or, as we should now say, members of the society), should choose their own manager, should regulate all the affairs of their workshop themselves, and—subject to a contribution to a central fund, to be employed for common purposes—should enjoy the net profits of their industry.* This is the organisation which became so well known as the self-governing workshop.

The Society for Promoting Working Men's Associations.

It is not to be supposed that the founders thought this form of organisation suitable for all industry. They saw that certain trades required to be carried on with such a large mass of capital that it was hopeless for the workmen engaged to expect to control them, and in the constitution of the Society for Promoting Working Men's Associations power was given for the admission not only of self-governing workshops, but of societies of combined capitalists and working men. They saw also that at the bottom of the social ladder there were large classes of people so degraded by the existing industrial system that they were quite unfit for industrial self-government. But they saw, or thought, that between

* The founders of the Society for Promoting Working Men's Associations reserved, however, a veto on the choice of manager of an association, and on the regulations of the association relating to his powers and duties, so long as any capital lent by them remained unpaid.

these classes there was a body of skilled workmen, working with a very moderate amount of capital, and on the whole fitted to control their own industry in associated groups. This middle body, therefore, they chose for their sphere of work, considering this enough, and far more than enough, to attempt, and deliberately leaving the two extremes to be dealt with by some future generation in its own way.

As we have seen in Chapters VII. and VIII., co-operation, both distributive and productive, existed in England long before the Christian Socialists; and some of the many workshops founded still survived to their day. These had been almost all intended as first steps to the Owenite ideal of self-supporting communities. The Christian Socialist workshops, on the contrary, were intended to supply the public. Many associations formed with this idea, both in London and the provinces, now followed those mentioned. Some were started independently of the Christian Socialists and some in close connection with them. Many had a considerable amount of success at first and even for some years. One business in particular, that of the Frame-makers and Gilders, founded in London in 1858, maintained itself in one form or another for thirty-three years, sometimes doing a prosperous trade of £8,000 a year or more, sometimes struggling heroically against adversity. Only in 1891 did it disappear, when the death of his co-workers and his own growing age made it impossible for Robert Newton, its devoted manager, to keep up the struggle.

Causes of Non-Success.

The workshops were received with much public sympathy, and some of the most prominent men of the present day were in their youth customers of the co-operative tailors and bootmakers in London. The rock upon which these associations split was not so much want of capital—for the Christian Socialists advanced what was necessary in that way—and not so much want of experience in conducting business, as difficulties in maintaining internal discipline, in securing absolute honesty and fidelity to one another, and in preventing quarrels among men who had had little education in the ordinary sense, and whose training as wage-servants, under the lash of competition, had developed the rougher and the meaner, rather than the nobler side of their characters. It has been the habit to say that the workshop movement of the Christian Socialists failed. If by this we mean that the workshops founded under their immediate influence failed financially in course of time, it is perfectly true. But apart from all their other work, of which we shall speak, it is certainly not true that their workshops as a movement were a failure. They raised up a hope of industrial salvation; they gave a strong

impulse to every form of co-operation, and particularly to the vague efforts which had long been made in this country towards the self-employment of the working classes; and their example gave rise to a constant succession of new productive societies, which have never ceased to grow in numbers and prosperity from that day to this.

Self-Governing Workshops Modified and Finally Superseded.

These societies have in course of time modified their original form, by the admission to membership of individuals not employed, and of co-operative distributive societies, so that they can no longer be accurately described as "self-governing" workshops, seeing that their government does not rest exclusively with those who work in them. As will be seen in Chapter XVII., however, a large number of productive workshops still retain the essential features, that the workmen employed are sharers in the capital, in the responsibility, and general control of the business, in the choice of those who manage it, and in the profits. The Self-Governing Workshop Movement has in fact become the parent of the Co-partnership Workshop Movement, which is described in that chapter. When, in 1884, the Labour Association (now Labour Co-partnership Association) was formed to advise and guide the workshops of this modified type, Mr. Neale, Mr. Ludlow, Mr. Hughes, and others directly influenced by the teaching of the Christian Socialists, took part, with co-operators of the older Owenite school, in founding or in guiding and supporting the new body.

In 1854, however, the successes of the future could be but dimly foreseen by the eye of faith. There was indeed a great multiplication of associations going on, both productive and distributive, but the old spirit of selfishness continued to prevail. Therefore men who based their ideas of social regeneration on the spread of unselfishness could not but be dissatisfied, if not discouraged. In the distributive store the old spirit might produce dividend-hunting without preventing business success; in the workshops it showed itself in a great deal of quarrelling and want of discipline which caused many societies to fail. Even the artizan classes seemed not yet prepared for industry based on voluntary association.

Work in other Directions.

On the other hand, in 1850, the Workmen's Co-operative Societies of the North and the existing workshops had, with the assistance of the Christian Socialist leaders, jointly organised an Annual Congress of their own. To this it now seemed better to leave the work of directly promoting new workshops. The Christian Socialists, therefore, turned their attention for the time being away from this and towards educating and training the working classes. With that end

in view they had long ago started lectures and elementary classes.

The Working Men's College.

In 1854 they established the Working Men's College where voluntary teachers held advanced night classes for working men; and their college has maintained itself down to the present time with ever-increasing prosperity and success. It has been largely imitated elsewhere, and has numbered among its pupils many who have risen from the ranks, and thousands who have benefited while still remaining artizans. Among its teachers have been many of the most distinguished men of our time, and not by any means only those whose views on theology were orthodox. With much wisdom and liberality, the founders were always ready, in this as in their co-operative work, to receive as fellow workers men of all opinions. For nearly the whole of its fifty years of life Great Ormond Street, Bloomsbury, has been the familiar address of the college; but in the year of its jubilee, 1904, the college had built for itself a larger home in Crowndale Road, St. Pancras.

Legislative Reforms.

But besides the unprepared condition of the working classes, the state of the law was another great obstacle which at that time stood in the way of co-operation. Prior to 1852 a co-operative society was, at best, regarded in law only as a private partnership, every member being responsible to the last penny of his property for its debts, while any member who could get possession of the property of the society was practically at liberty to keep it. Indeed if the society had more than twenty-five members it was an illegal company (unless it incurred the heavy expense of registering as a joint-stock company) and its property was not even protected against the outside public. There were practically no means of enforcing honesty on the part of the leading members, and no security for the savings invested in the common enterprise; nor any way of compelling obedience to the rules of the society. In this state of the law it was impossible for co-operative societies to make real progress; it is only wonderful that so many were formed, and managed to live at all. To give some protection to the property of their own workshops the Christian Socialists vested the property of each society in a trustee; but as soon as opportunity occurred they rendered an inestimable service to the working classes by securing changes in the law, which resulted in the first creation of Industrial and Provident Societies and of the Registry and laws for regulating them. The first of the two great steps in this development was the Act of 1852, which protected the property of the societies and gave binding force

to their rules; it was the first law in any country to give a legal position to workmen's co-operative associations. The second was the Act of 1862, which limited the liability of the members to the amount of their shares. For these two Acts the Christian Socialists were directly responsible, and Mr. Ludlow, who drafted the first of them, became in 1874 Chief Registrar of Industrial and Provident Societies (as well as of Friendly and Building Societies) and for many years administered the laws which he had been chiefly instrumental in framing.*

Their Lasting Place in Industrial History.

While the workshops of the Christian Socialists had been springing up and struggling, seeming to fail but really doing very valuable work, chiefly in London, co-operative stores of the Rochdale type were multiplying, chiefly in Lancashire and Yorkshire. The Christian Socialists early came into connection with this older Owenite movement. They had in fact the assistance of at least one Owenite, Lloyd Jones, from the first. Thus it came about that they soon acquired great influence in the whole co-operative movement, and took part in the organisation of the earliest Co-operative Congresses, as already mentioned. And thus Mr. Neale became the Secretary and legal adviser of the Co-operative Union. He drew up for it the model rules which regulate its societies, and for many years worked indefatigably and devotedly in their interests, travelling incessantly from place to place, ever in close touch with the growing movement, and exercising upon it a great and beneficent influence.

Such were the Christian Socialists: such their opinions, such their acts. Whatever we may think of its religious aspects, their work must always occupy a large place in any industrial and social history of our country; and in particular there are special reasons why it must be prominent in any account of the progress of co-operation. First, there was the fruitful experiment which they made in the establishment of co-operative workshops; second, their invaluable work in so reforming the law as to render possible co-operative societies of working men, both for distribution and for production; and, lastly, their work in recalling the possessors of wealth and power to a sense of their duties, in breaking down the dangerous antagonism of classes, in exposing the horrors of sweating, in promoting the education and organisation of the working classes, in bringing together in conferences, that led ultimately to union, the co-operators of the North and South, and in holding up noble ideals before the ever-growing thousands of our Movement.

* See Appendix (A).

CHAPTER X.

Associations of Consumers—Economic Theory.

THE results obtained by the Rochdale Pioneers were observed by workmen in all parts of the country, and many new societies were formed, especially in Lancashire and Yorkshire. These societies, and those formed since, have for their main idea the distribution and manufacture of the necessaries of life in the interests of the consumer, who is also the capitalist. Hence the acceptance of the general principle that the "profits" made shall be applied to the benefit of the consumer.

The impetus which drove the flannel weavers of Rochdale to adopt co-operation was undoubtedly a desire to improve their industrial position as *workers*, by self-supply of commodities, by self-employment, and, ultimately, by establishing themselves in self-governed and self-supporting colonies.

The first of these objects offered "the line of least resistance" towards the goal of their hopes, and to the business of distributive co-operation they first set their hands. "Wealth is not created, it is only economised, by distribution;"* but in co-operative distribution it is economised to such effect that, for the workers at any rate, it has appeared to *create* wealth where none existed, nor could exist for them under the old system of competitive trading.

What is Profit?

"Profit," in the economic sense of "a pecuniary gain accruing from commercial transactions between two persons, cannot exist in consumers' co-operation wherein buyer and seller are practically one person. The margin between the prime cost of an article and the price paid for it over the counter by the individual consumer—who, in his corporate capacity, through his elected or paid representatives, has already sanctioned the fixing of this margin—is subject to certain charges which, again, the consumer in his corporate capacity has sanctioned.

These charges consist of—

(1) The inevitable cost of distribution—rent (or its equivalent), wages, rates and taxes, &c., including the fixed interest on capital;

* Joseph Smith on "Some of the Weaknesses of Co-operation."

(2) The upkeep of fixed and live stock, insurance, &c.;
(3) Various mutual safeguards, such as building up of reserve funds and allowance for depreciation;
(4) Certain other resolved charges, such as educational grants, charitable grants, collective insurance, and contributions to federal action, such as subscriptions to the Co-operative Union.

These charges having been met, there yet remains in well-managed societies an inner margin, which is described in the rules of the Co-operative Union as "the fund commonly known as *Profit*."* The economic laws which are held to govern the incidence of "profit" in ordinary commercial relationships,† and cause profit to depend not upon "price" but upon the fact that "labour produces more than is required for its support," apply in part only to co-operative transactions.

We have seen that in consumers' co-operation the member is at once the buyer and the seller; the functions he hopes that his association will perform for him are—

First, to eliminate as far as possible all agencies or forces which stand between himself and the prime cost of the *essential elements of decent human conditions* — pure food, comfortable clothing, sufficient house accommodation, reasonable educational and recreative opportunities, provision for sickness and old age; and

Secondly, to accomplish this fundamental object by "honesty and fair dealing."‡

Dividend.

The device, which is the distinguishing feature of the Rochdale system, of charging retail prices current in the ordinary working class market, and returning the margin upon cost—"the fund commonly called profit"—to those who had paid it in purchasing the goods, has been found equitable, sound, and practical.

The amount of the "dividend"§ very often is, but never should be, accepted as the gauge of true success or failure in an individual society. The divisible margin itself is always

* Rule 8, sub-section (2).—*Note.* The English language is responsible for the fact that this word, which so ill describes the fund implied, is the only one available. Its compulsory use in relation to co-operative transactions has been, and still is, to some extent, the cause of serious misunderstanding between co-operators, and in the minds of casual outside observers. It is hoped that this present work will help to clear away for the serious student such misunderstanding as yet remains.

† See Mill's "Principles of Economics." People's Edition (1885), p. 252, Book II. chapter XV.

‡ Laws of the Woolwich Co-operative and Provident Society, 1851.

§ The term "dividend" is, like "profit," a not wholly accurate definition of the divisible margin which is allocated to each individual customer in the shape of a cash return of 2s. 6d. in the £ of purchases (the average rate paid in 1906). In commerce, the term is properly used only in relation to the earnings of capital or stock. Usage, however, and the lack of a more accurate term, has in this case also sanctioned and now compels, the continued acceptance of this term.

variable, is subject to the pressure of a number of arbitrary forces, and may be affected by any or all of the following causes :—

By skill or lack of skill in wholesale purchasing of goods ;

By care or wastefulness in distributing them ;

By *good or bad management*, in the adjustment of supply to demand—remunerative use of capital, economy, parsimony, or extravagance in the payment and amount of service employed ; by a well or ill-balanced approximation of the minimum of working expenses to the maximum of trade done.

The dividend may be unduly *inflated* by the following :—

By excessively high prices ; by inferior quality of goods ; by neglect of such mutual safeguards as ample depreciation and strong reserve funds ; by paying insufficient wages ; by "cheese-paring" methods of management.

The term "dividend-hunting" is rightly levelled against societies practising any of these methods of obtaining a high rate of dividend.

The dividend may be unduly *reduced*—

By cutting prices ; excessive leakage ;* dishonesty on the part of employés ; disloyalty† on the part of members ; or by causes that are unavoidable, such as a sudden rise in wholesale market prices, or any unexpected misfortune, such as a flood or a burglary.‡

Following upon a discussion on the "Comparative Merits of High and Low Dividends," at the Doncaster Congress, 1903, it was resolved with practical unanimity :—

> That, in the opinion of this Congress, abnormally high dividends are injurious to the progress of the Co-operative Movement, as the payment of such dividends involves the charging of high prices, which has a tendency to diminish trade and to exclude from the benefits of co-operation those for whom its advantages are chiefly intended, and hereby expresses its opinion that the amount of dividend should not in any society exceed 2s. 6d. in the pound.§

* LEAKAGE.—In sub-dividing and weighing out articles for retail sale a certain amount of waste is unavoidable, as in cutting up a side of bacon into saleable pieces or rashers. Unskilful or careless handling of articles, or allowing them to deteriorate in selling value, makes excessive leakage. It is a general practice to allow 1¼ per cent (3d. in the £) on trade done for ordinary leakage.

† By "disloyalty" is meant members dealing elsewhere instead of at the stores and so preventing the business from being carried on economically, relative to the fixed charges for working expenses.

‡ A case may be cited in which a small and struggling society was mulcted in heavy damages for an accident which happened to a pedestrian who fell into an excavation made for drainage purposes outside the shop door, but within the store precincts. The amount of damages awarded to the injured person reduced the society's dividend for three successive quarters.

§ Congress Report, 1905.

It is not proposed in this book to discuss in argumentative form the question of the *right* of workers to a share in the "divisible margin" available for dividend, whether great or small. "Profit sharing" has been a rock from which co-operators have struck out copious streams of argument *pro* and *con*, by voice and by pen, since the time when* the Rochdale Manufacturing Society,† by a large majority vote of shareholders, ceased to pay "bounty to labour."

Profit Sharing.

The student will find the arguments on each side fully laid down by Mr. G. J. Holyoake on the one hand‡ and Beatrice Potter (Mrs. Sidney Webb) on the other,§ and in innumerable essays, pamphlets, and recorded utterances of more or less authoritative co-operators. It is purposed that the student shall be able, in this chapter and in Chapters XV. and XVII. to trace clearly the application in practice of the various theories regarding division of profit accepted by the several main sections into which co-operators are gathered within the movement. These main sections may be broadly enumerated as follows :—

(a) Associations of Consumers.

(1) Societies formed by individual shareholding consumers for the joint purchase and distribution of commodities retail to themselves, and employing workers in the manual processes of weighing, parcelling, and delivering goods, in the clerical processes of bookkeeping, and in the more widely intelligent processes of management.

(2) Societies distributing commodities retail as above, and in addition manufacturing certain commodities required by the consumers; employing workers in distribution, and in addition certain workers in the processes of making bread, boots, clothing, &c.

(3) Societies which are federations of consumers' societies, distributing commodities wholesale to retail societies, and employing workers in all the processes of distributing, account keeping, management, and manufacturing.

(b) Associations of Producers.

(4) Societies formed, usually, by groups of workers, alone or in co-operation with shareholding individuals or shareholding societies of consumers or both, manufacturing certain commodities and employing themselves and others in the processes of making and marketing their products.

* March, 1862. † See page 85.

‡ "The Co-operative Movement To-day." Chapter XIII.

§ The "Co-operative Movement in Great Britain." Chapters IV. and V.

The theory of "profit making" in associations of consumers has been vividly put by Mr. Henry W. Macrosty, B.A.*—

> A number of men and women combine together and start a Co-operative Store, agreeing for reasons of convenience to sell their goods to one another at the ordinary shopkeepers' prices, and to divide the surplus later in proportion to their purchases under the name of dividend. They save the retailer's profit and obtain their goods at what they would have cost the shopkeeper, plus the expenses of distribution; they save the surplus, but they make no commercial profit. If a number of Stores combine together to establish a wholesale agency for purchasing directly from the manufacturer or producer, they save all middle profits but make no profit for themselves. The net result is the same as if they sold their goods at once at cost price.

The Consumers' Theory of "Profit."

This, the "consumers' theory"—implying the right of the consumer to the whole of the "profit"—is that accepted by the large majority of societies under groups 1 and 2 of the main sections enumerated above, and by certain of the societies in groups 3 and 4.

As will be seen in Chapter XVII., the theory that the worker has a right to share in profits (on the ground that he helps to produce them) is that put into practice by the majority of societies in group 4, and by a small minority in the other groups.

The question of profit-sharing has always been, and will probably continue to be, more hotly contested in connection with groups 2, 3, and 4, than in connection with group 1, in which the workers employed are engaged in distributive processes only. The problem of co-operation in manufacture is admittedly far more complex and difficult to work out than in distribution. Largely owing to the teaching of the older economists, the producer was for long commonly held to render a more valuable service to society than did the distributor. Later economists, however, have in large degree rectified this view of the relative value of human labour, and in co-operative practice, except in rare cases,† no real distinction between these two classes of workmen has ever been drawn. Whenever a consumers' association has accepted the theory of profit-sharing with its employés, usually all workers alike have shared, without reference to the kind of service rendered. But the earlier view has had considerable weight in theoretic discussions upon this problem.

The existence of these conflicting theories is, however, brought to notice here, because of the important bearing they have upon the subsequent development of the movement, especially in regard to the idea of "self-employment,"

* "Productive Co-operation: Its Principles and Methods." *Co-operative Wholesale Societies' Annual*, 1908, p. 188.

† *E.g.*, Scottish Co-operative Wholesale Society. See Chapter XIV., page 118.

embodied in Objects IV. and VI. of the Pioneer Society. See Chapter VIII.

The men of Rochdale seem early to have differentiated between distribution and production, though not between distributor and producer, for when in 1850 the establishment of a corn mill was mooted and finally decided upon, the Rochdale District Corn Mill Society was inaugurated as a separate society, the Equitable Pioneers investing in shares to the amount of £400 to £600.* No question of participation of the workers in profits appears to have been considered in regard to the corn mill, but upon the establishment of a cotton-spinning mill in 1854—largely organised by the Rochdale Pioneers, but entirely separate from the distributive society—it was embodied in the rules of the Rochdale Co-operative Manufacturing Society that the profits, after paying five per cent. interest on capital, should be divided between the members, "giving an equal percentage to capital subscribed and labour performed." In 1862, owing, it is held, to the pressure of outside capitalist shareholders, this division of profits was given up and all profit given to capital, the mill becoming practically a joint-stock company.

Rochdale Corn Mill and Manufacturing Society, 1850.

It is unprofitable to speculate as to the direction co-operative effort might have taken had the Manufacturing Society maintained its first rules regarding division of profit; but it is valuable to notice that the subsequent controversy following upon the reversal of this policy resulted, as we have seen, in societies formed for both distribution and production giving a share of profits to labour or not doing so, as the promoters leaned to one side or the other in the controversy.†

In distributive societies the share of "profit" accorded to labour takes the form of a "bonus" on wages, sometimes as a percentage on "profits" and turnover, but more generally at a rate per pound on wages corresponding to the rate per pound of dividend on purchases paid to members.

Bonus.

The following table has been prepared from the statistics of societies for 1908 given in the Congress Report for 1909‡:—

Number of societies making returns	1,560
,, ,, paying bonus	242
,, distributive workers affected	14,288
,, productive ,, ,, ...	9,928
Amount of bonus paid	£75,402

* Holyoake's "History of the Rochdale Pioneers," page 29.

† *E.g.*, Rochdale Equitable Pioneers' Society does not give bonus to labour. Rochdale Provident Co-operative Society, established 1870, does.

‡ Retail distributive societies only are enumerated in this table.

CHAPTER XI.

Objects and Rules of Retail Societies.

A CO-OPERATIVE SOCIETY established prior to the passing of the Industrial and Provident Societies Act, 1852, usually gathered round itself a certain individuality which found expression in the formula adopted for its "objects" and rules, and to some extent in its business methods and the adaptation of them to local circumstances. But with the progress and adoption of legal safeguards, certain formulæ required by the Acts brought greater uniformity, and perhaps the loss of some personality, into the concrete expression of the co-operative faith as set forth in accepted rules and statutes.

Early Rules.

For example, the rules of Upperby Society, established in 1829* state that—

> The objects of this Society are to lay the foundations of a capital to keep all the members in constant employment at their respective trades, and for their mutual benefit; to diffuse the principles of Union and Co-operation; and to form a community of independent labourers. The association shall be composed of persons of good character, who are desirous to coalesce for the attainment of the equal enjoyment of the necessaries and conveniences of life, which are to be possessed by industry and moral rectitude; and to secure the same to their children by conforming their minds to principles of co-operation.

A favourite formula with societies established in the fifties was as follows :—

> The object of the society is to improve the social and domestic condition of its members, and encourage amongst them a spirit of honesty and fair dealing by carrying on in common the trades of bakers, grocers, corn and provision dealers.

Upon the passing of the Act of 1862 the Pioneers of Rochdale issued a set of model rules to which was prefixed an address to co-operators.† After enumerating the benefits the Act conferred upon co-operative associations, the address proceeds :—

* The Upperby Co-operative Industrial Society is still in existence, but its membership has never exceeded 100, and so far as can be ascertained, the society has never been engaged in manufacture. Its "object," as stated in the rules now in force is "to carry on the trade or business of grocers and general dealers."

† *Co-operator*, March, 1863.

> Let us consider a little the consequences which may follow from these powers. It is not too much to say that the future prosperity of the working men of Britain now lies in their own hands, if they observe the simple rules following:—
>
> (1) Use your own consumption—your eating and drinking, and shoeing, and clothing—to save up capital for yourselves.
>
> (2) Use your capital to set yourselves to work.
>
> (3) Use the profits of your work to obtain for labour generally a fair share in the profits of all capital, by giving it a fair share in the profits on your capital.
>
> (4) Use the accumulation of your profits to make yourselves powerful by your united strength if you cannot be powerful by your separate strength.

By the time the Acts were consolidated in the Act of 1876, the rules of societies had become to a large extent stereotyped, and, since the preparation by the Co-operative Union, of Model Rules couched in terms of legal uniformity with the amended Act of 1893, there has been little, if any, variation in the rules adopted by newly formed societies.

Large numbers of the older societies amended their old rules and adopted the model rules, which, while they give no scope to expressions of ideals, are found to lend themselves best to due uniformity with the orderly conduct required by law.

The rules of the Rochdale Equitable Pioneers' Society have now been brought under the present Act, the objects of the society being stated in the following terse phrases:—

> The objects of the society are to carry on the trades of general dealers, both wholesale and retail, and of manufacturers of any article dealt in or used by the society, also of builders, and the business of insurance against loss by fire; and it shall have power to purchase, hold, sell, mortgage, rent, lease, or sublease land of any tenure, and to erect, pull down, repair, alter, or otherwise deal with any building thereon.

Some of the propagandist spirit of the old Pioneers still lingers in the rule book, however, for on the last page are found twelve items of "Advice to Members of this Society." See Appendix (B).

Present Day Distributive Co-operation.

We pass now to consider in detail some features of present day Distributive Co-operation.

Registration.

As we have seen in Chapter IX., the advantages conferred upon co-operative societies by the Industrial and Provident Societies Acts of 1852 and 1862 were most important, the later Acts of 1876 and 1893 added to and completed the legal protection afforded by the law, and, with few exceptions, the existing co-operative societies in the United Kingdom are registered under the Industrial and Provident Societies Act, 1893. A few societies are registered under the Companies Acts, and

most of the agricultural co-operative banks in Ireland are registered under the Friendly Societies Act.*

Societies affiliated to and adopting the rules approved by the Co-operative Union, can obtain registration at a reduced fee. Every amendment of rules must be registered. Unlike the Friendly Societies, a society registered under the Industrial and Provident Societies Act is a corporate body with limited liability, and with a common seal, and on registration any property held on its behalf is vested in the society without formal transfer or reconveyance. The society can sue and be sued in its own name, and has a special remedy in the courts of summary jurisdiction against an officer or any person convicted of withholding books or other property of the society, or wilfully applying any part of such property to purposes not authorised by the rules or by the Act. Any number of persons, being not less than seven, may apply for registration of a society having for its object the carrying on of any "industry, business, or trade"—and in these terms is expressly included dealings of any description in land. Subject to certain special provisions of the Act, a society may also undertake the business of banking.

The Act also limits the amount of shares that any person may hold in a society to £200, but does not limit the holding of loans above this amount, nor the amount of capital a society may accept. Therefore the shares, which are usually of £1 value each, are always at par, and may be withdrawable.

A society can, however, invest an unlimited amount of money in another society, and receive as corporate members any society registered under the Act, or other body corporate, if its rules so allow. Two societies may now federate.

To obtain registration there are certain provisions which the rules of a society *must* set forth, touching the name and seal of the society; admission of members; mode of holding meetings and election of committees; capital, profit, audit, &c., and no rules can be amended or altered, and no new rules made, without the consent of a specified majority—prescribed in the model rules as two-thirds—of the members voting at any special general meeting. No amendment of rules is valid until registered.†

An important provision of the Act (Section 24) relates to the exemption of co-operative societies from the charge of income tax under schedules C and D.

Exemption from Income Tax. So long as the number of its shares is not limited either by its rules or its practice, *i.e.*, so long as the society is open to admit as members all persons who trade

* A summary of the chief features of past legislation affecting Industrial and Provident Societies has been prepared for the Co-operative Union by E. W. Brabrook, Esq., C.B., late Chief Registrar of Friendly Societies. See Appendix (A).

† See Appendix (C).

> with it, so that they may join in the proportionate return of any surplus made by the society in its trade, then the society is not charged with income tax. . . . On the other hand, if the society closes the door of its membership against its customers, and refuses to allow them the proportionate return of surplus on their trading, then the whole of the society's surplus becomes subject to income tax.*

This exemption, however, does not prevent individual members whose incomes are over £160 per annum being liable to income tax for the income they may receive from co-operative investments. It is estimated, however, that fully 95 per cent of the membership of co-operative societies consists of persons not in receipt of taxable incomes.

It is highly important that this provision of the Act should be thoroughly understood, because attempts have been made, and are likely to be repeatedly made by the traders of the country to rescind this provision, and make co-operative societies directly chargeable with income tax in regard to the "profits" said to be derived from their trading operations.

The grounds upon which Co-operation justly bases its claim to exemption are—

(1) That in co-operative trading *no commercial profit is made.* See page 84.

(2) That persons individually exempt cannot be collectively chargeable.

Although membership of a co-operative society is practically open to all, societies have the power to restrict membership—

Restriction of Membership.

(*a*) By excluding certain classes of persons from membership by rule or resolution.

(*b*) By admitting or excluding individual applicants for membership upon the approval or otherwise of the committee or of members' meetings.

(*c*) By fixing the minimum number of shares to be taken up upon application or the minimum amount of purchases to be made, or by requiring entrance fee or other condition.

Examples of method (*a*) may be found in societies that (1) admit one member of a household only; (2) admit husband and wife to joint membership, but not to individual membership; or (3) admit husband or wife (but not both) and grown-up children.†

* "Co-operative Societies and the Income Tax." Co-operative Union pamphlet, by J. C. Gray.

† In an inquiry instituted by the Women's Co-operative Guild as to the conditions of membership of 205 societies the following facts were elicited:—145 societies had unrestricted membership, 28 admitted one member of the household, 12 admitted joint membership, 16 either husband or wife and grown-up children, 2 appeared to exclude the wife altogether, and 2 admitted any two members of a household, but no more.—*19th Annual Report Women's Co-operative Guild, 1901-2.*

This policy of restriction has for its ostensible object the keeping of share capital within workable limits, but its wisdom has been called in question on this ground, as well as on the ground that restriction of this sort generally results in excluding women from membership. Occasionally these restrictions are not embodied in the rules of the society, but are put in force by resolution of a members' meeting.

Examples of (*b*) are numerous and may be typified by the comprehensive rule of the L—— Society which enacts that—

> Complete lists of names, residences, and occupations of all persons who have applied to become members . . . shall be submitted to the next weekly meeting of the Committee of Management for their approval; and if any person whose name is on the said list shall be objected to by the majority of the Committee of Management then present, the name of the said person shall be erased from the list. These lists . . . shall be hung up . . . for the inspection of the members three clear days at least prior to the next monthly or quarterly meeting of members . . . and if objection be taken by a majority of the members present . . . to any of the persons named on the said lists, such person or persons shall not be admitted as members of the society; but all other persons named thereon shall be considered to be finally admitted.

Examples of (*c*) are found in societies which require two, three, or even five shares to be taken up before membership is complete. The requirement of an entrance fee of one shilling is common to the majority of societies, while a rule such as that of the M——— Society is frequently met with, viz.:—

> No person shall continue to be a member of the society who does not purchase from the society to the extent of at least £4 per annum.

The amount fixed is frequently more than this sum.

These latter forms of restriction do much to exclude the poorest classes of workers from membership. Largely owing to the efforts of the Women's Co-operative Guild, however, there is now a strong tendency amongst societies to abolish them. See Chapter XXIV.

An example of practically unrestricted membership is found in the following rules of the U——— Society:—

> The society shall consist of its present members, and of all other persons who sign a declaration of their willingness to take out at least one share, and pay a deposit of not less than one shilling, and have been approved by the committee of management. Any person rejected by the committee may appeal to the next general meeting, by which he may be admitted.
>
> A married woman may be admitted a member of the society, and may hold and deal with any share or interest in the society credited to her as if she were unmarried, as is provided in the Married Women's Property Act, 1882.
>
> A minor not under the age of sixteen years may be admitted as a member, and execute all instruments and give all acquittances necessary to be executed or given under the rules, but may not be a member of the committee or manager of the society.

CHAPTER XII.

Government, Administration, and Position of Employes in Retail Societies.

THE government of a co-operative society is in the hands of the members assembled in general meeting at times fixed by the rules. The larger proportion of societies hold meetings quarterly, others half-yearly. Many societies hold in addition monthly meetings of members which have no executive power except such as may be delegated to them from time to time by the general meeting, but are generally useful in giving members an opportunity for discussing details, points of management, or the principles and rules of the society; of making suggestions for the consideration of the committee; and of recommending persons suitable for election as officers of the society.

Meetings.

The functions of ordinary business meetings* include the admission of new members; the election of committees and other responsible officers; the consideration of the reports upon the society's business affairs presented by the committee and officers; and the transaction of any general business of the society.

Special General Meetings may be called for any special purpose—such as alteration of rules—but a special meeting cannot transact any business not specified in the notice convening it, nor unless the notice convening it has been given according to the rules. But an ordinary business meeting may be made special for any purpose of which notice has been given, provided that such business is not brought on until the ordinary business is concluded.

The democratic rule of "one member, one vote" is in practice in all distributive societies, but unless exercised by ballot—as is sometimes the practice in the election of committees—a member can only exercise his power by attending and voting at meetings of the society. It is therefore counted the duty of every member to attend the meetings and take part in the government of his or her society, and in a few of

Voting Power.

* Model Rules of Co-operative Union.

the older societies a fine is inflicted upon members absenting themselves from the general meeting without good cause.

Committee of Management.

The management of a society is vested in an elected committee of members, who may perform their work entirely without fee, or receive only a small attendance fee; "but it is most desirable, in fixing the scale of payment, to avoid the likelihood of men trying to get on to the committee simply *for the sake of the fees.* This is a danger to be carefully watched in the co-operative movement."* On the other hand, it can probably be claimed that no movement has evoked more devoted and unremitting service from its volunteer workers than has the co-operative movement.

In the choice of the committee† probity and sound commonsense are of even greater value than brilliance, but men possessing a good grasp of finance, the technique of business affairs, tact and fair judgment of character, are invaluable representatives to choose, and are worthy of all confidence.

Methods of Election.

Various methods of election are practised, the most general being nomination and election by open vote in general meetings, but this system has been found to have many disadvantages. The Congress at Doncaster, 1903, passed a resolution advocating the use of the ballot in electing committees, declaring that "the practice in many societies of nominating and electing at the same meeting committees of management by open vote is not calculated to promote wide selection, representative appointments, free choice, and the best results generally." The Congress therefore recommended—

> That elections be conducted in the interval between ordinary business meetings, by means of nomination papers, bearing the assent of the candidates, and voting by ballot, for which ample facilities should be given.

In the case of large societies, and those having a number of branches, it was further recommended—

> That a system of district representation be adopted as most likely to promote greater interest and equity, better knowledge of candidates' qualifications, and a fuller supervision of the society's business.

It frequently happens that where the general committee is elected by ballot, the educational committee is still elected by vote at meetings, with the result that the status of the educational committee is depreciated to some extent and less interest is shown in the selection of the right kind of

* "Working-Men Co-operators." Acland and Jones. Chapter III., revised edition.

† In a large majority of societies women as well as men members are eligible for committee.

representatives. The Chairman or President of a society is sometimes elected by the members, sometimes chosen by the committee from amongst themselves.

In most societies committee members are eligible for re-election annually, a certain number retiring in rotation at each general business meeting. In a number of societies a definite period of service is fixed by rule—two or three years—after which the member must retire for one year before again becoming eligible for election. It is a moot point, however, whether this system is advantageous to the best interests of the society.

Members are disqualified for election to committees in many societies upon any or all of the following grounds:—By being under the age of twenty-one years; by holding office or place of profit under the society; by holding less than a specified number of shares, or having been a member less than a specified time; by having relatives employed by the society; or by failing to purchase a specified amount of goods from the society. Bankruptcy is always held to disqualify a committee-man from continuing in office, and in many societies, if a member or his wife carries on any business similar to that of the society he is held to be disqualified for office.

Powers of Committee.

Subject to the approval or authorisation of a general meeting the committee is empowered to control all business of the society, receive and give receipts for all moneys due to it, determine all purchases or sales, and the prices to be paid or charged for the same, and make all contracts entered into by or on behalf of the society for any of the objects for which it is formed, including all purchases and contracts relating to land. The committee should engage or discharge, and fix the duties and salaries of all employés. In brief, the committee acts for the society in all things within the scope of its objects, and such acts are binding on every member of the society as if they had been the acts of a majority of the members of the society at a general meeting, with the exception of certain acts which, under the Industrial and Provident Societies Acts, can only be performed by the members.*

The Responsible Officers.

In addition to the committee, the responsible officers of a society are the secretary, the auditor or auditors, and, in some cases, the treasurer.

The Secretary is sometimes elected from and by the members, especially in the early years of a society, when wholly or partly gratuitous services are required. This method of selecting a paid officer

* E.g., Amendment of rules, or dissolution of the society.

virtually removes him from the control of the committee, whose duty it is to oversee and direct his actions, and is considered by many co-operators to be unwise, because, in the event of his work proving unsatisfactory, a secretary so elected can rarely be removed at the instigation of the committee without disruption and party feeling amongst the members.* The secretary is responsible for keeping the minutes and records of the society, and in small societies he is also responsible for keeping the books and preparing accounts. However appointed, a secretary has duties, as a responsible officer of the society, under the Industrial and Provident Societies Acts, any breach of which renders him liable to penalties.† The election or appointment of officers, otherwise earnest and honest, but deficient in knowledge of accounts and business procedure, is the most fruitful source of failure of societies. Fortunately, lukewarm co-operative secretaries are rare, and dishonest ones rarer still. In large societies accountants and cashiers are always appointed by the committee.‡

The Industrial and Provident Societies Act requires that the accounts of a society shall be audited at least once a year.

Auditors.

The usual practice in the movement is to do this half-yearly or quarterly. The audit must be conducted by a Public Auditor approved by the Treasury—with the assistance of lay auditors if desired. The office is extremely responsible, and should never be entrusted to incompetent or unprincipled persons; careless and incompetent auditing has resulted in the downfall of so many societies that Congress has from time to time drawn the attention of societies to the danger of employing any but certificated auditors.§ Audit certificates are granted by the Co-operative Union upon examination to persons who hold the third stage certificates in Co-operative Book-keeping, or have been continuously engaged for not less than five years in auditing a society's books. The Co-operative Wholesale Society has instituted an audit department, the staff of which includes a number of registered auditors who are competent to act for societies. The Treasury has also appointed a number of co-operators holding the Union's certificates "with distinction" to be "Public Auditors." Members may therefore be safeguarded by auditors acceptable to the Treasury as fully qualified accountants and to the movement as earnest co-operators.

An auditor is essentially the representative of the shareholders, and his duty is to ascertain that the balance sheet presented to the shareholders is a *bona fide* and

* "Working-Men Co-operators," Chapter III., page 52, revised edition.
† "The Co-operative Secretary," page 28.
‡ The office of treasurer is now considered unnecessary owing to facilities for banking, see Chapter XX. For Training of Secretaries, see "The Co-operative Secretary."
§ Congress Report, 1903, page 338.

correct statement of the affairs of the society. It is no part of an auditor's duty to take the stocks—this duty belonging to the committee or to stocktakers elected by the members or the committee; but he must assure himself that they have been properly taken. Neither is it his business to prepare the books or the balance sheet—this duty belongs to the secretary or the accountant. The auditor's duty is to check every item of receipt and expenditure; to satisfy himself that all debts owing by or to the society are properly accounted for; that the rules regarding depreciation are duly carried out; that the members' pass books tally with the share ledger; that all other funds, such as penny bank funds, reserve funds, &c., are accurately rendered; that all deeds are in perfect order, and that the banking account is correct. He must also satisfy himself that the profit declared for the period covered by the balance sheet to be submitted to the members has been legitimately made, and is recommended for division strictly in accordance with rule. He is further required by the Act to verify and sign the Annual Return to the Registrar. He is likewise bound by the Act to sign a certificate at the foot of the balance sheet stating that he has examined the books and vouchers of the society, and has found them correct or otherwise. In signing this certificate, an auditor does more than give the members a comfortable assurance that all is going well; he pledges his personal honour and probity, and any wilful departure from strict accuracy in the statement so signed is an offence under the Act, and renders the auditor liable to a fine not exceeding fifty pounds.

The General Manager.*

Except where the offices of secretary and general manager are combined in one person elected by the members, as is sometimes the case, the general manager is appointed and governed entirely by the committee. The success or failure of a society depends enormously upon the character and capacity of the manager, and the extent of his influence with the members—with whom he is necessarily brought into closer contact than is the committee. At the same time the committee's responsibility is not lessened even when the manager proves himself to be the "strong man" of the society. The committee, and not the manager or other paid officials, is legally responsible to the members for the proper conduct of the business of the society, for the amount of gross "profit" fixed, for the regulation of expenses, for keeping sufficient but not excessive stocks, and for maintaining the staff and appearance of the shops at a high level of efficiency. In many of the larger societies, departmental managers, and branch managers are appointed who act under the direct supervision of the committee. The committee should beware

* For training of Managers consult "Co-operative Managers' Text Book."

of the temptations to dishonesty placed in the way of managers and buyers by means of bribes offered by unscrupulous merchants, and of other fraudulent methods by which a dishonest manager can cheat the society ; and it should never relax close and detailed supervision over the management. On the other hand, the importance of giving to responsible managers an adequate, and even liberal remuneration, should be fully realised.*

Bonds and Security Guarantees.

To guard against lax or fraudulent misuse of the society by responsible officials, it is a general practice to require from all officials or employés in charge of moneys a deposit or a "fidelity guarantee" of a fixed amount, which is liable to be forfeited in case of proved discrepancy. These may take the form of shares or a loan deposited with the society under a special agreement, or of a Fidelity Policy taken up with some insurance company.†

It is general also to require from the manager or shopman a "leakage bond," an instrument distinct from the foregoing, under which a certain specified sum is forfeited to the society in the event of the leakage on goods exceeding a stipulated amount.‡

Checks.

The method of employing open tills for cash takings is rapidly dying out, and some system of dealing with cash which shall remove temptation to peculation is substituted in all large and many small societies. It may be accepted that some check is necessary to restrain dishonest employés and to protect honest ones, but the systems in use vary so greatly that they cannot be usefully discussed here.§

Some method of checking the individual purchases of members in order to apportion the dividend is also necessary ; of these the old-fashioned metal checks, stamped with various money values and presented to the customer in amount according to his purchases, are still in use, but are rapidly being superseded by paper systems, which serve the double purpose of showing the members' purchases and checking the amount of each employé's sales.

The Chief Causes of Financial Difficulty.

"It may be useful to some co-operative societies and cannot do harm to any, if we try to point out some of the causes which bring a few societies into financial difficulties,"‖ wrote William Cooper, the first "cashier," and afterwards secretary of the Rochdale Pioneers' Society, and probably the movement has possessed few wiser advisers than he upon the principles of

* See page 104.

† The Co-operative Insurance Society Limited undertakes this branch of insurance, and is much used in the movement. For forms of bonds see Industrial and Provident Societies Act.

‡ See page 82, footnote "Leakage," and "Co-operative Managers' Text Book," page 58.

§ See the "Manual on Systems of Check," published by the Co-operative Union Price 4d.; also "The Co-operative Secretary," Chapter XX.

‖ *The Co-operator*, November, 1862.

sound co-operative business. These causes of difficulty Mr. Cooper enumerated thus:—

> 1st, The desire of directors to appear before the members with a favourable report showing large gains;
> 2nd, members of young societies expecting that their society should pay as great a dividend as is paid by older and well-established societies; and
> 3rd, the want of practical experience and knowledge which would enable the directors, secretary, and auditors to make out a reliable statement, in which there can be no doubt that the dividend declared is *bona fide* profit.

Among the methods essential to financial soundness he enumerates as of chief importance, "stocks taken at cost price, or present purchaseable market value, and all other stock, whether fixed or otherwise, in the same way, that is, rather under than over their real value."

> I think that if secretaries and officers keep clearly before their minds which items stand in favour of their society, and which stand against it, they will experience little difficulty in making out a true and reliable report. Young societies miss their way, if they do miss it at all, chiefly in the stocks or debts. Therefore, it is of the greatest importance that they make sure that no stocks are over-valued, and they should make themselves equally certain that any goods sold or taken in stock, which are not paid for at the time, must be set down against the society as debts owing.

This sage advice may be applied with equal force to-day, and it cannot do harm to any to bear it constantly in mind.

Methods of Bookkeeping.

Nowadays, any person aspiring to be a responsible officer of a society may acquaint himself with the approved methods of co-operative bookkeeping by attending one of the classes held under the auspices of the Co-operative Union, and studying the manuals provided by the Union.* There is still great diversity in the methods of presenting the accounts, and it does not come within the province of this book either to illustrate the variety or to lay down precise rules for making up a balance sheet. It may, however, be accepted as a desirable ideal that the form should be as simple as possible, consistently with a clear statement of the main accounts, namely, (1) the Cash Account; (2) Profit and Loss Account; (3) Capital Account (Funds and Effects).

In addition to these it is desirable to show (4) a Trade Account, and (5) an Expenses Account, these exhibiting in a fair amount of detail the exact position of the various departments and branches of the society. The education committee should render a separate account of the expenditure of the educational grant; and if a building department is in operation a separate account should also be given for this.

* See Chapter XXIII., page 208.

The members should be able to put their finger on any weak spot, and also to know in what direction the strength of the society lies. This is possible only when the form of the balance sheet is easily understood by persons of ordinary intelligence. Many societies' balance sheets exhibit a mysterious confusion of figures, bewildering to the expert and utterly incomprehensible to the average member.

Financial difficulties are not, however, the only pitfalls into which a society can stumble. Many others are indicated in various chapters of this book. Each phase of the movement has its peculiar susceptibilities to certain weaknesses, and some of those to which distributive Co-operation is most liable may be touched upon here, while others, such as the danger of credit, are sufficiently serious to require treatment amongst the problems of Co-operation.*

Other Causes of Weakness.

Schism of any sort is a weakness to be constantly guarded against. It may arise at any time and from any cause, such as the dismissal of a popular employé, contentions between the management committee and the educational committee, or party intrigues to secure the election of certain committee-men. Over-building, or the starting of new departments or branches before the society is firmly established, render a society liable to times of great difficulty. Overlapping amongst societies is a fruitful source of unhealthy competition and consequent weakening of principle, and is an evil which has lately become acute. Congress has from time to time condemned this practice and urged arbitration, and the adoption of a fixed boundary line.†

Apart from causes which operate within the movement itself, and tend to restrict its growth and full development, and in some cases to cause partial or permanent local failure, there are certain external forces which also limit and hamper its expansion. These need be only briefly indicated here. Mrs. Sidney Webb, in the concluding chapter of "The Co-operative Movement," points out certain limitations imposed by the social and economic conditions which prevail in the kingdom, and which the most enthusiastic co-operator realises can be overcome, if overcome at all, only by an extremely gradual process of leavening.

External Sources of Weakness.

These, roughly enumerated, include, amongst others—

(1) The class divisions of society, which give us on either hand extremes of poverty and of wealth.

Poverty and irregular habits form a lower limit to the growth of co-operation. Fastidiousness and indifference bred

* See Chapter XXV., page 232.
† Congress Reports, 1904 and 1909.

of luxury constitute a higher limit to the desire or capacity for democratic self-government.*

(2) The administrative limits imposed by national and municipal enterprises, unsuited to the control of a purely industrial democracy—means of transit, and the provision of commodities of compulsory consumption, such as water, light, and sanitary safeguards.

(3) The limitations of international interchange of commodities.†

(4) The restrictions imposed by ancient systems of land tenure.

In addition to these larger causes it may be observed that the success of Co-operation is much less marked in large centres of population such as London, than in industrial towns or districts having a settled staple industry. Efforts to overcome the difficulties arising from the migratory habits of urban populations have engaged the attention of the movement for many years.

The People's Society.

The most notable effort to adapt Co-operation to London conditions was the establishment, in 1895, of "The People's Society." This society was the outcome of an inquiry set on foot by the joint action of the Co-operative Union, and the Co-operative Wholesale Society, to ascertain the causes of failure of Co-operation in London.‡ The committee appointed by them to consider the subject, reported that some modification of the Rochdale system seemed advisable in order to encourage the growth of Co-operation in the unfriendly soil of London.

It was therefore proposed to establish a society upon the following lines:—

(1) That a fund should be created for special propaganda in selected neighbourhoods.

(2) That a society should be registered, with rules giving the Co-operative Wholesale Society control, and, so long as such control lasted, the Wholesale should guarantee the security of moneys invested therein by the public.

(3) That stores should be opened in suitable neighbourhoods, the general management of which should be in the hands of a central representative committee, with local supervisory and educational committees.

* "The Co-operative Movement." Beatrice Potter. Page 226.

† See also Chapter XVII., page 141.

‡ From 1881 to 1892, 78 societies started in London failed during the same period.

(4) That it should be possible for a store desirous of becoming independent to take over its share capital and become a separate society.

The chief advantages of the scheme were thought to be: greater permanence in management; uniform dividend over the whole of the stores, irrespective of their several savings, and the opportunity for a member moving from one part of London to another, to continue his membership and dealings wherever a store was situated.

The scheme made considerable headway at first, over 3,000 members being enrolled, and twelve branches opened in as many districts; the total annual trade reached by the People's Society was between £20,000 and £25,000. The experiment was watched with close and critical interest, but failed to attain sufficient success to warrant its continuance, and in 1900 the society was formally wound up. Of the twelve stores established, eight were closed and four continued as independent societies. One of these, Willesden and District, is doing well, with a trade of over £300 per week (1903); the other three struggled on for some months and were then liquidated.

The main causes of the failure of the "People's" appear to have been a certain lack of elasticity on the part of the Wholesale Society—its chief promoters—and a considerable amount of local disunion on the part of members and committees, some of whom obtained positions of prominence without learning the first lessons of co-operation and democratic self-government—the lesson that "the common good of each must be the common good of all."

It may be said, however, that in spite of the failure of the People's Society, Co-operation in London gained from the experiment an impetus from which it is now receiving benefit in renewed activity and enthusiasm on the part of the older existing societies.

Position of Employes.

From time to time the attention of the movement has been drawn to the position of the employés of distributive societies, and some severe strictures have been passed upon what is undoubtedly a weak spot in co-operative organisation—not necessarily an inherent weakness perhaps, but one requiring a far closer supervision and more corrective measures than the movement at present seems ready to give or to apply.

Information regarding the conditions of employment within the movement is not abundant, and as a subject of study has never received an adequate share of practical attention.

The total number of persons employed in distributive

Co-operation was 69,187* at the end of 1909, and these have been grouped and described as follows :—†

(*a*) *Secretaries*, who "must understand the principles of Co-operation."

(*b*) *Managers and Sub-Managers*—

On whose faithful services the material progress of the movement principally rests, and from whose unfaithful services the movement experiences its greatest drawbacks.

We find this group subdivided into a large number of clever workmen, who are at the same time most devoted and enlightened Co-operators, made so by an inherent natural quality of mind and heart in most cases—by long service in the movement in others : a still larger number of clever workmen and good servants, but perfectly ignorant or indifferent Co-operators ; and a certain number who are neither clever workmen nor good Co-operators.

(*c*) *Shop Assistants and Clerks.*

This group includes the class from whom the movement should look to draw its future chiefs of departments, secretaries and managers, and how do we find it constituted ? Chiefly of young men and women, who have spent from a few months to a number of years in the service. Young people of ordinary intelligence (the movement gives but little scope as yet for more than ordinary intelligence), heedless of anything beyond the present advantage of shorter hours, etc. ; and having ever before their eyes the possibility of having to sever their connection with the co-operative movement at a week's notice.

(*d*) *Junior Shop and Office Hands.*

Everyone knows what these young people are—lads and lasses of all degrees of tractability and all shades of character, all of them much more ready to laugh than to think, and hating dry facts like poison. Embryo general managers . . . plastic material, out of which the co-operative movement may shape what it will.

With the exception of secretaries, and some managers, these all serve upon the short tenure of a week's notice, and—

The movement says in effect, we desire our employés to be honest, capable, and civil ; to be at the beck and call of a dozen or so direct masters, and a few hundreds, or perhaps thousands, indirect masters and mistresses ; to accept with astonished and profound gratitude the concessions of half-holidays and shorter hours of labour we make to them ; to take oftentimes small pay for drudging service under incompetent committees, and to go elsewere if these conditions are not to their liking.‡

In the main, employés are recruited from the ranks of store members' sons and daughters, but a proportion, more particularly of trained workers, are constantly being recruited from the outside competitive trade. Others are ex-committee-men who have often no technical knowledge of

* See Table in Annual Congress Report.

† "Should Co-operative Employés Understand the Principle of the Movement ?" Co-operative Union Pamphlet, by Catherine Webb.

‡ Ibid.

the business of buying and selling, but whose trustworthiness has frequently proved the salvation of many distressed societies. It is frequently charged against the co-operative employé that the service rendered is not so smart and attentive as it is customary to find in competitive shops. Mr. Thomas Wood notes, in a paper read at a conference of secretaries,* "a lack of earnestness on the part of employés in their work," and affirms that—

> A sense of honesty in this direction requires to be inculcated if we wish to secure economy and efficiency and to improve personal character and integrity. . . . Laxity of attention to time and duty will not be tolerated in private commercial firms because personal interest is alive to economy, and therefore causes strict supervision over all the staff. With co-operative societies, because of their representative organisation and control, the direct incentive to the supervision mentioned does not exist, and therefore it is not usually so strict, consequently it behoves us to create an *esprit de corps*, if I may so term it, a voluntary individual integrity, rather than a forced one derived from having to be continually watched. In the one case there is the tendency to servility, in the other to true manliness.

Mr. William Maxwell, in a paper read at Bristol Congress, 1893,† dealt with salutary candour with the hours, wages, status, and conditions of service then prevailing in co-operative societies, and brought out clearly the weak points on both sides, usefully epitomising the dangers most to be guarded against—

> "My original idea," he says, "when promising to write this paper, was to advocate profit-sharing to all our employés as a means to induce them to take a greater interest in our work. While of opinion it would have a splendid effect in this direction, still it would be a mockery to talk to many of them of profit-sharing till they have shorter hours and better remuneration. I do not forget that the average hours set down for co-operative employés are four or five less per week than the employés of private traders, and for this many of our storemen are truly grateful. Nor am I unmindful of the fact that in many stores (not in all) they get a week's annual holiday, exclusive of local holidays. I also cheerfully admit that very many employés I have spoken to are happy and contented with the conditions of their position. But, even with this class, you will rarely find interest or enthusiasm for co-operation. The young men say that the chances of promotion, unless in a quickly developing society, are few. . . . The practice of bringing in managers and chiefs of departments from the outside has a most discouraging, if not demoralising, effect upon our employés. Our stores should now be able to train a body of men that in time would be able to fill any position in the movement. If this idea was more closely kept to, we would not only have able practical men, but under better conditions enthusiastic co-operative managers and shopmen. It must not be forgotten either that as our movement spreads out the chances of our shopmen starting in business for themselves are getting gradually

* April, 1904: "Expenses and Depreciation, and their Application to Co-operative Societies," by Mr. Thomas Wood, F.C.A. Co-operative Union Pamphlet.

† "The Relation of Employés to the Co-operative Movement." Co-operative Union Pamphlet.

less. It is also a fact that our success has embittered the merchants against us to such an extent that many of them refuse to employ any one who has served in our stores. Thus the prospects of our employés are not getting brighter in proportion to the success of our cause.

"It is clear that the yearning of many of our storemen for the open market arises largely from the want of the co-operative idea, and possibly in some cases of an over-estimate of their own ability. This class of storemen are always certain that their knowledge and administrative powers are not getting free play, under the guidance of a committtee who desire that all goods shall come through co-operative sources. Such men frequently cause infinite trouble to committee and membership. Cases are not infrequent where they have defied a portion of the committee, the membership taking sides for and against the storeman, the society being rent in twain; and all because the employé had never been impressed with the true meaning of co-operation. Nor are committees entirely free from blame in connection with the difficulties in which the storeman sometimes finds himself involved. Some gentlemen on the evening of their election to committee become full-fledged drapers, grocers, bakers, and financiers Experience does not count for much with this (happily small) class of administrators. If it were not so serious, it would be amusing to watch them taking the rôle of the merchant without a single rehearsal."

Mr. A. Hewitt, secretary to the Amalgamated Union of Co-operative Employés,* writing in 1903, bears testimony to the fact that these outspoken words "did much to arouse committees to a sense of their duty towards the servants of their societies," and there appears to have been going on since a gradual reduction in working hours, a general extension of weekly half-holidays and summer holidays, and some appreciable raising of wages.

The question of wages has, however, assumed an aspect of urgency in recent years. In 1907 the Women's Co-operative Guild formed, jointly with the Amalgamated Union of Co-operative Employés, a Central Committee for pressing forward the adoption by societies of a "Minimum Scale of Wages" for girls and women. A vigorous campaign proceeded until a resolution was passed at the Newcastle-on-Tyne Congress (1909) urging all societies to adopt a suggested scale, providing, for boys, a uniform progressive rate from 6s. per week at the age of 14 up to 24s. per week at the age of 21 years, and for girls, 5s. per week at 14 up to 17s. per week at 20 years.

The Co-operative Union, in a circular recommending societies to adopt this minimum, say :—

"The United Board . . . do not suggest that this scheme and scale of payment is either perfect or final, but they look upon it as a basis upon which a still more equitable and reasonable system of remuneration of all co-operative employés may ultimately be realised."

Satisfactory progress has been made with regard to male employés—more especially as regards the minimum rate for

* See Chapter XXI., page 181.

adult male workers—but less so in the case of lads and female employés. In March, 1910, a petition, signed by 13,337 guild members, representing 426 guild branches, was presented to the directors of the Co-operative Wholesale Society, urging the adoption of the scale for all females employed in the society's factories and workshops. The petition was backed up by a powerful appeal that co-operators should "set the pace in civilising the conditions of labour," and concludes :—

> "If the moderate and practicable minimum authorised by Congress is carried out in all our Co-operative Wholesale Society's workshops, we shall have realised that a living principle should underlie our industrial conditions; we should have gained, not a finally satisfactory ground, but one from which an advance can better be made; we shall have done much to make sure the foundations of our co-operative state."

The campaign goes forward in hopes of winning the whole ground, and should arouse the keen interest of students in an important phase of co-operative economics.*

An illiberal attitude towards the employés reacts upon a society to a serious extent in the direction of lowering the standard of efficiency, and inducing indifference and discontent, even where it does not tend to foster sharp practices or downright dishonesty. The undoubted evils thus brought about require more robust tonics than sentimental appeals to the employé's loyalty and instinct for self-sacrifice, although these are not necessarily ineffectual. The gradual adoption of such remedies as (*a*) a minimum standard of wages, (*b*) the shortest possible hours of labour, (*c*) some definite and practical method of training young employés, both in the technique of their trade and in the principles of Co-operation, (*d*) an increased desire to find and keep within the movement men and women of ability, and (*e*) the encouragement of a better understanding between committees and employés, should be looked upon as parts of the forward programme of the movement.

Such, then, are the main lines along which Retail Co-operation has moved since 1844. The Rochdale form of society has now practically superseded all other forms. Statistics regarding the number of members, capital, and trade will be found in the general tables and charts given in the Appendix.

* See Women's Co-operative Guild pamphlets, "Pull Together;" "Women in Co-operative Stores and Factories;" and "Guild Annual Report 1909-10."



J. T. W. MITCHELL.

1828—1895.

CHAPTER XIII.

Wholesale Co-operation—History.

THE multiplication of isolated stores, each in its own area bearing the full brunt of the jealous opposition of the competitive world, could not long continue without the next step in the progress of co-operation—entrance to the wholesale markets—making itself apparent, and claiming the attention of co-operators.

Notwithstanding the fact that up to the passing of the Act of 1862 the law did not allow of federal action between societies, the need for wholesale buying, "to meet the requirements of the hundreds of societies then existing, was so great that a wholesale agency was formed as early as 1835." It failed, "principally through the legal barriers that then impeded the free action of all co-operative societies."*

Immediately after the passing of the Act of 1862, a conference of representatives of co-operative societies was convened at Oldham (Christmas, 1862), when Mr. Abraham Greenwood laid before the delegates a scheme for the establishment of a "wholesale agency."

Before developing the points of his scheme, Mr. Greenwood told the conference of the efforts made by the Christian Socialists to establish a "Central Co-operative Agency" (in London, 1850) "for the purpose of counteracting the system of adulteration and fraud prevailing in trade, and for supplying the co-operative stores with a quality of goods that could be relied upon, and in the highest state of purity."† This agency also proved unsuccessful, and amongst those of its promoters who suffered severe financial losses in consequence were E. V. Neale, Lloyd Jones, and Joseph Woodin. The latter took up the remnant of the agency under the title of Woodin and Co., Wholesale Tea and Coffee Merchants, Sherborne Lane, London, and later near London Bridge.‡

* Co-operative Wholesale Societies' Annual, 1895.

† *Co-operator*, March, 1863.

‡ NOTE.—Co-operative Societies drew their supplies of tea and coffee from this firm for a number of years, until the tea trade of the Wholesale Society—for whom Mr. Woodin acted as agent—grew large enough to demand separate management and separate quarters of its own. At this point, in 1882 after having served the Wholesale Society loyally during the years through which he had handled its tea business, the strong co-operative sympathies of Mr. Joseph Woodin led him to retire from business entirely, leaving the non-co-operative portion of his trade in the hands of his sons.

The Rochdale Pioneers made an effort in 1852 to establish a "wholesale department,"* with the view of supplying stores in Lancashire and Yorkshire. Mr. Greenwood tells at length how jealousy, indifference, and lack of hearty support brought failure, but adds—

> My opinion is, that had there been no other cause of failure than those mentioned, the Central Co-operative Agency and the Equitable Pioneers' Wholesale Department must inevitably have failed, from their efforts being too soon in the order of co-operative developments.†

The Co-operator for October, 1862, gives a list of "above 300 strictly co-operative societies for the sale of food, clothing, &c., paying interest upon capital and giving dividend upon purchases generally to both members and non-members." It was calculated that about 120 of these would be able to avail themselves of the proposed agency.

The plan proposed by Mr. Greenwood contained the following points :—

The North of England Wholesale Society, 1864.

(1) That ready-money dealings be strictly adhered to ;
(2) That none but co-operative societies should be allowed to join ;
(3) That each store should pledge itself to deal exclusively with the agency in those articles which it supplied ;
(4) That a small percentage be charged as commission on the amount of business done ;
(5) That the capital be raised *pro rata* upon the number of members belonging to the agency ;
(6) That stores pay their own carriage.

With the exception of the third and fourth proposals, which were early amended, the constitutional basis of association thus laid down has remained practically unchanged to the present time. It was found impracticable to extort the pledge of loyalty suggested in point (3), but the exhortation to "loyally support your own Wholesale" has been a familiar phrase on the lips of co-operative advocates from Christmas Day, 1862, onwards.

The "North of England Co-operative Wholesale Industrial and Provident Society Limited" was registered in August, 1863, and business was begun in Manchester in 1864.

The romance of the wholesale side of the movement is not in its inception, but in its marvellous growth and expansion, and in the possibilities that yet lie before it. But for being illuminated by the co-operative spirit and enthusiasm of its founders, its origin might almost be counted a commonplace

* See Co-operative Wholesale Societies' Annual, 1896, page 202, and *Co-operator*, March, 1863.

† *Co-operator*, March, 1862.

evolution of sound commercial practice. It would, perhaps, be claiming too much to credit the promoters of the Wholesale Agency with any clear perception of what is now termed the "federal ideal" of co-operation, just as it would be an exaggeration to credit the Rochdale Pioneers with a complete basis of theory for the ideals they put into active practice. At the same time, in an early statement made by the committee of the North of England Wholesale Society, we are able to trace a distinct feeling after an ideal which has since grown into the faith of a considerable majority of co-operators. This statement reads as follows :—

> "By securing societies against imposition in the days of their infancy and inexperience, and enabling them to purchase on more advantageous terms than the largest societies have hitherto done, *we shall ensure the healthy extension and consolidation of our movements.*"*

In the concluding words we find the keynote of the wholesale movement and of the federal ideal, which later became crystallised in the following expression of the aims of co-operators set before the student in "Working-men Co-operators" :—

> The general purpose of the societies . . . is, that the business and the work done shall be done not in the interests of, nor in order to enrich, one individual, or a few, but in the interests of the general body of those who are concerned, both as workers and as consumers of the ordinary necessaries of life.†

Within six months of starting, the method of charging a commission on cost price was discarded, being found unworkable in practice, and the method followed by retail distributive stores, of selling at the ordinary current market price, was adopted instead. The Rochdale plan of dividing profits on purchases was also applied as a necessary point of harmony with the ideas of their constituent members. "Non-shareholding societies were not at first allowed to share in the profits ; in 1865 they were allowed half dividend under certain conditions, and in 1867 they were allowed it unconditionally."‡

Change of Name to the Co-operative Wholesale Society.

In 1873, the name "North of England Co-operative Wholesale Society" was changed for the shorter but all-embracing one of "The Co-operative Wholesale Society," and as such it will be designated in all future references in this book, although some events that must be mentioned took place before the change of name was effected.

* Co-operative Wholesale Societies' Annual, 1896, page 215.

† Working-men Co-operators, chapter 1, pages 9-10 (revised edition).

‡ Working-men Co-operators, page 89 (revised edition).

As early as 1866, two years after the registration of the Wholesale Society, a butter branch was opened in Tipperary, a step which carried to Ireland a co-operative influence which has since gone far to create a direct market between the Irish farmer and the British consumer.

In 1868 the Scottish Wholesale Society was founded. The experience of the Co-operative Wholesale Society was utilised by the Scottish Wholesale Society; and if there was not a legal union of the two bodies, there was then formed a union of hearts and heads that has continued to grow stronger and stronger as time has rolled on. The English helped the Scotch, and the latter generously recognised the help so given, the *Scottish Co-operator* saying :—

Starting of Scottish Wholesale Society, 1868.

> The Scottish Wholesale Society will commence business with advantages which the North of England had not, for, in a truly co-operative spirit and unselfish disinterestedness, the directors of the "North of England Society" have kindly offered to instruct us by giving us the benefit of their experience in management and in buying, a boon the value of which no true estimate can be formed, and which ought to produce among societies an amount of faith in the working out of our proposed society sufficient to make its inauguration a successful reality.*

Henceforth it has become the habit of co-operators to count these two societies as stepping together in the path towards the complete realisation of the federal ideal. The Co-operative Congress was for many years annually reminded, in a humorous passage of arms between the late J. T. W. Mitchell, the President of the English Wholesale Society, and Mr. William Maxwell, the President of the Scottish Wholesale Society, that this "union of hearts" resulted in the consolidation of "British" co-operation.

It is not possible for the moment, however, to consider the two societies as one except in this sympathetic sense, since the acceptance of the "theory of profit-sharing" by the Scottish Society, and its rejection by the English Society, as well as some other constitutional divergences, make it important that the student should clearly distinguish between the two. Both societies trade only with registered co-operative societies. Both derive their capital from their members—the co-operative societies, but the Scottish admits its adult employés to membership, allowing them to take up shares to the amount of £50 each. Both are democratically governed by the vote of their members, but with certain differences in the allocation of voting power. The voting power in the English Wholesale

Points of Difference between English and Scottish Wholesales.

* Quoted in the Co-operative Wholesale Societies' Annual, 1896, page 217

resting on the numerical strength of members: in the Scottish, mainly on the volume of trade done.

In the English Wholesale Society, a system of "bonus to employés" was instituted in 1874, and given up in 1876 as unsatisfactory. In the Scottish Wholesale Society, bonus to employés has been in force under varying conditions since 1870. (See page 118.) The main points of constitutional difference between the two societies are compared in greater detail on page 125.

As before indicated, the rapidity with which the agencies for wholesale co-operative supply and manufacture have grown is one of the most striking features of the movement. The tables (5) and (6) in the Appendix express in round figures the onward march of the two Wholesale Societies, but the outline of the expansion of their varied activities, given in Chaptèr XVI., will serve to show how far-reaching are the ramifications, and how deeply the roots of co-operative trade and industry have entered the commerce and industries of the world.

"Now, however humbly co-operation may begin, it must go on to manufacturing, and so to the possession of land,"* said John Holmes, a stalwart among co-operative pioneers, and both Wholesale Societies speedily found themselves in a position to "go on to manufacture." As in distributive co-operation, so in wholesale co-operation, the existence of conflicting theories regarding the organisation of production became of paramount interest when the entrance of the Wholesale Societies into manufacturing enterprises became imminent. Out of the fierce controversy of many years have grown the two definite theories which necessarily find frequent mention in this book. The "theory of co-partnership production" is brought out in Chapter XVII., while the "theory of consumers' production" is shown in Chapter XV. as finding its chief stronghold in the federation of stores in the English Wholesale Society.

* *Co-operator*, May, 1862.

CHAPTER XIV.

Wholesale Co-operation—Development, Present Position, and Treatment of Employés.*

The English Co-operative Wholesale.

As stated in its rules, the objects of the Co-operative Wholesale Society are to carry on the trades or businesses of wholesale dealers, bankers, shippers, carriers, manufacturers, merchants, cultivators of land, workers of mines, and insurers of persons and property.

The headquarters of the Wholesale Society have always remained at Manchester, where block after block of imposing warehouses and offices have arisen in and adjacent to Balloon Street, Garden Street, and Dantzic Street. From here the societies all over the country were served until the opening of a branch at Newcastle-on-Tyne, in 1871, and the establishment of the London Branch, in 1874, supplied the wants of societies in the extreme North and South, and relieved the pressure on the centre. The opening of Depôts, both at home and abroad, followed in rapid succession. At Balloon Street (Manchester) and at the Newcastle and London Branches fine conference halls have been built, in which the business meetings and many other co-operative gatherings are held.

The following calendar denotes the principal events that have marked the progress of the society from its commencement :—

Year.	
1863	Society enrolled.
1864	Business commenced.
1866	Tipperary Branch opened.
1871	Newcastle-on-Tyne Branch opened.
1872	Bank Department commenced.
1873	Crumpsall Works purchased.
1873	Leicester Works purchased.
1874	London Branch established.
1876	New York Branch established.
1876	s.s. "Plover" purchased.
1879	Rouen Branch opened.
1881	Copenhagen Branch opened.
1882	London Tea and Coffee Department opened.†
1884	Society's twenty-first anniversary celebrated.
1884	Hamburg Branch opened.

* Note.—The information given in this and the following chapter has been drawn mainly from official publications of the two Wholesale Societies, and from special information kindly supplied to the editor.

† This establishment is the joint property of the two Wholesales.

Year.	
1884	Bristol Depôt opened.
1885	Fire at London Branch.
1887	Manufacture of Cocoa and Chocolate begun.
1888	Fire Newcastle Branch.
1891	Dunston Corn Mill opened.
1894	Montreal Branch opened.
1895	Printing Department opened.
1895	Gothenburg Branch opened.
1895	Irlam Soap Works opened.
1896	Roden Estate purchased.
1896	"Wheatsheaf Record" (first publication).
1897	Sydney, N.S.W., Depôt opened.
1897	Banbury Creamery opened.
1898	Littleborough Flannel Mill acquired.
1901	Sydney Tallow Factory purchased.
1901	Roden Convalescent Home opened.
1902	Luton Cocoa Works opened.*
1902	Purchase of Ceylon Tea Estates.*
1903	Leicester Hosiery Factory taken over.
1904	Huddersfield Brush Factory taken over.
1905	Bury Weaving Shed commenced.
1905	Esbjerg Depôt opened.
1906	Employés' Thrift Fund established.
1906	Rochdale, Oldham Star, and Manchester Flour Mills taken over.
1907	Mitchell Memorial Hall opened.
1908	Keighley Iron Works, Dudley Bucket and Fender Society, and Birtley Tin Plate Society taken over.

Methods of Business.

The bulk of the general trade is done in goods bought by the society's buyers at home and abroad, and distributed to the retail societies from its warehouses, or, in the case of very large consignments of certain articles, sent direct to the retail society from the manufacturer or port where landed. Large stocks are held in Manchester, Newcastle, and London in the Grocery and Provision, Drapery, Woollens, Boot and Shoe, and Furnishing Warehouses, from which the orders of societies in these districts are executed.

One general principle runs through all the purchasing done by the society, namely, to go direct to the source of production whether at home or abroad, so as to save the commissions of middlemen and agents. For some articles, such as tea, coffee, wool, and leather, there is, of course, a definite market where the whole supply is put up to auction by brokers, and in such cases the buyer has to take his place with the rest of the world and bid for what he wants. The home buyers usually have samples offered to them by the manufacturers, but in some branches of trade they have to visit special markets. The millinery buyer has to go to London and Paris at certain seasons. The buyer for dried fruit goes to Greece in the autumn, and thus secures the pick of the crop by calling on the largest growers and paying cash on delivery. In New York, Montreal, Sydney, N.S.W., Spain (Denia), Aarhus and Copenhagen, Hamburg, and Gothenburg, the Wholesale has purchasing depôts with resident buyers, whose office it is to purchase and ship home the productions of these countries as required by English co-operators. On arrival in England, the goods are divided among the warehouses at Manchester, Newcastle, London, Liverpool, and Bristol. Samples

* These establishments are the joint property of the two Wholesales.

are then placed on view in the various salerooms of the Wholesale, at Manchester, Newcastle, London, Bristol, Cardiff, Leeds, Huddersfield, Blackburn, Northampton, and Nottingham, so that buyers from the retail societies can at once see them and place their orders.

Foreign Trade.—The total amount of the goods imported direct by the Wholesale from foreign countries in the twelve months ended December, 1909, was £7,077,988. The chief items that go to make up this total are as follows :—

		£
America	Cheese, Bacon, Lard, Flour, and Canned Goods.	1,311,355
Australia	Butter, Wheat, Tallow, Leather	110,508
Austria	Sugar, Chairs, Drapery, and Furnishing.	444,836
Belgium	Green Fruit, Eggs, &c.	8,852
Canada	Cheese, Butter, Leather	398,152
Denmark	Butter, Bacon, Eggs	3,530,904
Finland	Butter	24,079
France	Sugar, Dried Fruit, Fancy Goods.	84,350
Germany	Sugar, Butter, Eggs, Fancy Goods	330,964
Greece	Dried Fruit	146,015
Holland	Rice, Cocoa, Cheese, Yeast, and Margarine.	132,817
India	Gunny Bags	2,962
Italy	Canned Goods, Rice, Essences, &c.	8,605
New Zealand	Butter and Cheese	6,223
Norway	Canned Goods, Washboards, &c.	6,338
Spain	Green Fruit, Dried Fruits, Nuts	42,410
Switzerland	Curtains, Ribbons, &c.	9,001
Turkey	Dried Fruit	62,889
Sweden	Butter, Eggs, Boxes	416,728
		7,077,988

Shipping.—For the transit of these goods the Wholesale soon found it necessary to provide ships. The first steamship, the "Plover," was purchased in 1876, and in 1879 the "Pioneer" was launched. The steamers of the Wholesale are now engaged in plying between continental and English ports, and in coasting service in England.

Joint Tea Department.—An important amalgamation has been arrived at between the two wholesale societies for the purpose of joint ownership and management of the tea, coffee, and cocoa department. Two tea estates have been purchased in Ceylon, at Nugawella and Wellaganga, where the cultivation and preparation of the crop is performed by coolies under the direct supervision of the agents of the Wholesale. An endeavour is made to steadily improve the conditions of work and life of the native employés.

Both the British Wholesale Societies followed up the opening of butter branches in Ireland by the establishment of creameries. Those owned by the English Society are situated in the south-west of Ireland, chiefly in the counties of Limerick, Kerry, and Tipperary, with a few in Clare and Cork. The Scottish confines its activities to the north of Ireland and the Enniskillen district chiefly.

Irish Creameries.

The method of dealing with the milk suppliers is upon a fortnightly cash payment, the price being determined by the market price of butter at the time, and partly also by local competition.

Relations between the Wholesale Societies and the promoters of farmers' dairy societies (see Chapter XVIII.) have not always been harmonious; the idea of the establishment of creameries in Ireland owned and worked by British co-operators being repugnant to those desirous of seeing the growth of self-sustained co-operative associations in Ireland. The difficulty, however, is largely created by national sentiment, and a general understanding exists that if at any time the farmers prefer to organise a local society and take over the creameries at a fair valuation, the Wholesale would be prepared to sell. Under this arrangement, several creameries and auxiliaries have been sold to Farmers' Co-operative Societies during 1902.

With the exception of these creameries and a bacon factory in Ireland, a bacon factory at Herning (Denmark), and a tallow and oil factory in Sydney (Australia), the factories of the English Wholesale Society are in England, grouped for the most part round the three centres of the society, in Manchester, Newcastle, and London. Certain of the more important industries, such as boots (Leicester and Heckmondwike), clothing (Broughton and Leeds), cocoa (Luton), are situated with regard to geographical convenience for the supply of raw material, quick despatch of goods, the neighbourhood of the retail stores to be supplied, or the existence of a supply of skilled labour.

Productive Works.

The machinery and equipment of the factories are of the most modern and efficient character, and the buildings are generally erected for the special purpose they are to serve, upon freehold land, and with due regard to architectural excellence. The maximum of air space, ventilation, lighting, heating and sanitation required by Factory Act regulations is fully complied with, and the special additional provisions of dining-rooms, kitchens (for preparing food), and other comforts for the workpeople, carry the Wholesale Society into the first rank of good employers of labour.

Hours, Wages, and Conditions of Labour.

The 48 hours week is aimed at as the ideal working period, and obtains in a large proportion of the factories. Where a trade union exists, the conditions of the union are observed; and where no such union exists—as in the case of a large proportion of women and girl workers—an effort is made to ensure fair rates of wages. The acceptance of the "minimum standard" indicated on page 104 would, it is held by those who advocate its adoption, greatly facilitate the efforts of the society in this direction.

Special effort is made to organise work in the different factories so as to minimise seasonal overtime and slackness, and the inevitable tedium and pressure of modern factory industries is lightened in every way possible.

Employees Thrift Fund.

On December 30th, 1907, a "Thrift Fund" was established by the society for its employés. All workers, distributive and productive, are eligible for membership on completion of six months' continuous service. The objects of the fund are "to make provision for the retirement of its members through old age or incapacity caused by infirmity of body or mind, the encouragement of thrift, and the creation of a bond of interest between the society and employés which shall be mutually advantageous." Contribution to the fund by employés is, with certain exceptions, on a basis of $3\frac{3}{4}$ per cent on fixed wages of over 40s., and $2\frac{1}{2}$ per cent on wages under 40s. per week. Contributions by the Co-operative Wholesale Society are on a basis of $2\frac{1}{2}$ per cent on the wages of those members earning 30s. per week and under, and $1\frac{1}{4}$ per cent on the wages of those earning over 30s. per week. The accounts of contributions are kept under distinct heads, and owned separately by the society and the employé respectively, until such time as the benefits become withdrawable at the age of sixty years, or earlier under certain contingencies or termination of service. The management of the fund is in the hands of a committee of eleven—six directors of the society and five elected employé members, who become trustees for the investment of the fund with the Co-operative Wholesale Society. The "Thrift Fund" has been warmly received by the employés, and is expected to work equitably in solving the difficult problem of securing to the society constant efficiency, with due regard for long and loyal service.

A general idea of the point reached by the Wholesale Society in manufacture, so far as the general wants of the community go, may be obtained from the following rough classification, which shows only the chief heads of manufacture :—

Food.	Clothing.	Miscellaneous.
Biscuits.	Woollen Cloth.	Soap.
Sweets.	Flannels.	Candles.
Cakes.	Overcoats. (Men's and Boys')	Crockery.
Jams.	Suits. (Men's and Boys')	Furniture.
Pickles.	Shirts. (Men's and Boys')	Tobacco.
Marmalade.	Mantles. (Women's and Girls')	Cigars.
Candied Peel.	Jackets. (Women's and Girls')	Cigarettes.
Flour.	Costumes. (Women's and Girls')	Printing.
Lard.	Blouses. (Women's and Girls')	Lithography.
Bacon.	Skirts. (Women's and Girls')	Bookbinding.
Butter.	Aprons. (Women's and Girls')	Bedstead and Bedding.
Tea Growing, Blending, and Packing.	Underclothing. (Women's and Girls')	Washing Machines.
Coffee.	Boots.	Fenders.
Cocoa.	Shoes.	Tinware.
Fruit.	Slippers.	Brushes.
	Hosiery.	

In addition to the above, the Wholesale Society is engaged in a large number of enterprises which are not yet shown separately in the statistical tables, though in nature they are productive. They are under the control and their figures are included in those of the respective distributive departments. They are as follows :—Irish Creameries, Creamery Auxiliaries, Tralee Bacon Factory, Herning (Denmark) Bacon Factory, Longton, Crockery Decorating. Manchester : Mantle, Underclothing, and Pepper Factories, Saddlery Department, and Bacon Stoving, &c. Newcastle : Drug and Saddlery Departments, Bacon Stoving, &c., Factories. London : Bedding and Upholstery Departments and Tailoring Factory ; also Silvertown Productive Works. Roden and Marden Fruit Farm.

Banking.—The Banking Department of the Wholesale, which was established in 1872, plays an important part in its transactions. In the year 1909, 909 retail societies had accounts with the bank, and profits amounting to £34,104 were made on a turnover of £127,661,984. A number of trade unions, friendly societies, building societies, and productive societies have placed their accounts with the bank. See Chapter XX.

The Scottish Co-operative Wholesale Society.

As has been already stated, the Scottish Wholesale Society was registered and commenced business in 1868, and the whole history of its operations since then is one of continued progress. Until 1873 the Society's premises were situated in Madeira Court, Argyle Street, Glasgow ; but these premises rapidly became too small for the

increasing business, and suitable buildings were erected upon a site purchased in Morrison Street and Paisley Road, which has remained the headquarters up to the present time.

For the first few years the sales made to societies consisted entirely of groceries and provisions; but in 1873 a small stock of the commoner articles of drapery goods was procured, and thus was started the Drapery Department. In 1875 this department was severed from the grocery and placed under separate management.

In 1877 a Branch Grocery and Provision Warehouse was opened at Leith, and in 1878 a branch at Kilmarnock, this latter being primarily intended, and still largely used as a centre for the collection and distribution of the agricultural produce of the south and west of Scotland. From this branch is also worked an extensive trade in potatoes grown in Ayrshire and surrounding counties.

The pressure of enormously rapid growth at the centre necessitated rapid extension of premises. First the ground and buildings adjoining the original purchase made in Paisley Road were acquired, which gave the society possession of the island block, bounded by Paisley Road to the north, Morrison Street to the south, Clarence Street to the west, and Dundas Street to the east. Various adjacent plots of ground were acquired and built upon, so that now the society owns some of the finest business premises in the city. Departments for boots and shoes and furniture were added between 1875 and 1881, when another branch was opened at Dundee for the supply of societies in the northern district of Scotland. There are now few articles of ordinary consumption in use that the society is not competent to supply to its members.

Productive Works.

The Scottish Wholesale Society "went on to manufacture" as early as 1881, when "with due caution and careful consideration" a small factory for the manufacture of shirts was established. In the same year a tailoring factory was started, and in 1882 the business of upholstery and cabinet-making was initiated; these branches of production being also begun on a very modest scale. In 1884 a cabinet factory was opened, and in 1885 a factory for the manufacture of boots and shoes. The opening of a depot at Enniskillen (Ireland) in the same year (1885), for the collection and distribution of Irish produce, linked the two countries together. Then followed in quick succession the starting of a hosiery factory (1886), a printing department (1887), and brush, preserve, and artizans' clothing factories (1890); mantle, confectionery, and tobacco factories in 1891; coffee essence works, chemical department, mechanical department,

and sausage works in 1892; and a tinware department and pickle works in 1893.

At this period the productive industries of the society were confined almost entirely to Glasgow, most of them being carried on at Shieldhall, Govan, near Glasgow, where twelve acres of ground were purchased for this purpose in 1887; but several of the factories are still conducted inthe city, in Paterson Street and Dundas Street. In 1894, however, an important departure from this centralised system was made by the erection of Chancelot Flour Mills, Edinburgh, 1894, and in 1896 the Ettrick Mills, Selkirk, were purchased for the manufacture of tweeds and blankets. In 1897 the Junction Meal and Flour Mill, Leith, was acquired by the society ,and the same year also saw the start of the soapworks at Grangemouth, and of the ærated water works at Glasgow. In 1898 a creamery was started at Enniskillen, with auxiliaries in various parts of the neighbouring country; and in 1899 a creamery and margarine factory was also established at Bladoch, Wigtownshire. An interesting productive branch, a fish-curing station, was established in Aberdeen in 1899.

A factory for the manufacture of linen shirts was opened in Leith in 1901; business commenced in the Regent Flour Mills, Glasgow, in 1903; Estate of Calderwood purchased in 1904; Aerated Water Factory, Dunfermline, established, 1906; Aerated Water Factory at Kirkcaldy established, 1908; Depôt at Winnipeg, Canada, for purchase of wheat for flour mills, opened in 1906; and six wheat elevators erected in Canada during 1908. Various extensions have been made in Glasgow, Paisley, Aberdeen, and Enniskillen (Ireland), while a milk centre was opened in June, 1909, at Ryelands, near Strathaven.

These productive departments have, almost without exception, been successful from the start. The principle on which they are conducted is as follows:—The factory in which the goods are produced is charged with all the expenses of production, with depreciation on whatever buildings or plant have been erected for the purpose of carrying on the industry, and with interest on capital at the rate which the capital costs the society from time to time. The goods manufactured are charged, or transferred, against the department at the same price as that at which similar goods could be purchased from outside manufacturers; and in cases where, previous to the starting of the society's works, a discount was allowed by the outside firm from whom the goods were purchased, the same discount is allowed by the factory to the distributive department.

The Scottish Wholesale Society employed (June, 1910) some 7,669 persons, of whom 3,615 were adult males and 2,797 adult females, 417 youths under 18, and 840 girls under 18. The total wages paid for 1909 was £416,773.

General Attitude towards Labour.

The conditions of employment under the society show a high level of comfort and consideration. The hours of labour average 44 to 48 hours per week in all departments, and the wages are never below, and frequently above, the current rates of the district for similar service.

The society is especially careful regarding the comfort and well-being of its productive workers, particularly its women workers, providing dining rooms, good food at low prices, overalls and caps for working in when necessary, &c. In its workrooms and factories the observance of Factory Act regulations is a matter of principle, and the society ranks high as a model employer of labour.

As in the English Wholesale, a strong effort is made to avoid seasonal pressure, and to give continuous employment to the workers, a matter that is not difficult in a rapidly-growing organisation with an extensive and certain market for its goods.

The following authoritative statement, published by the Scottish Wholesale,* explains the past and present practice of the society in the payment of "bonus":—

Bonus to Labour in Scottish Wholesale.

> The payment of bonus, since its institution in 1870, has taken three different forms. Till 1884 employés received on wages earned double the rate per £ allocated as dividend on members' purchases. This arrangement was then replaced by one which set aside the double claim of the employé, and recognising a difference between workers in the distributive and productive departments, established a differential rate. The distributive employés received the same rate of bonus as was the rate on members' purchases and the rate of bonus to productive workers was determined by the net aggregate profit made in the manufacturing departments only. This arrangement continued till 1892, when the system of bonus payment was again revised. Hitherto the whole bonus allocated had been paid over; but the present system, which allows a uniform rate to both distributive and productive departments, requires that one-half of each worker's bonus be retained and put to his credit, forming a special fund, called the Bonus Loan Fund. This capital bears interest at the rate of 4 per cent per annum, and is not withdrawable until the expiry of three months after leaving the service of the society, unless with the consent of the committee.

Simultaneously with the introduction of the present

* Co-operative Wholesale Societies' Annual, 1910, page 121.

system of bonus, arrangements were made to permit of employés becoming shareholders in the society.

Employee Shareholders.

The number of shares held by one individual may range from five to fifty of twenty shillings each, and the paid-up capital bears interest at the rate of 5 per cent per annum. By the rules of the society, the shareholding employés are entitled to send one representative to the quarterly meeting, and one additional for every 150 employés who become shareholders. At the present time there are 544 shareholders, which permits of a representation of four at the business meetings of the society.*

The rules of the Wholesale Societies do not make provision for educational funds, but a liberal attitude towards all educational activities within the movement is consistently maintained. Educational efforts among their employés are promoted and encouraged, grants are made to Congress funds, the Women's Co-operative Guilds, and other propagandist bodies, and the meeting halls of both societies are freely put at the service of the movement.

Educational and Charitable Purposes.

The following tables show the amount and direction of sums allotted from reserve funds to purposes of charity, philanthropy, and public utility.

ENGLISH WHOLESALE SOCIETY.

Sums allotted from Reserve Funds 1893-1909.

	1893-1903 inclusive.	1900-1909 inclusive.
	£	£
1. To charitable institutions	11,039 ..	23,585
2. To the relief of distress arising from persons being out of work through labour disputes and trade depression	7,224 ..	7,027
3. Grants towards expenses of British Cotton-growing Association, congresses, &c., and in relief of distress through mining and shipping disasters, Indian famines, &c.	11,630 ..	23,186
4. Convalescent Homes	— ..	15,166
	£29,893	£68,964

SCOTTISH WHOLESALE SOCIETY.

Sums allotted from 1893-1910.

	£
1. To charitable institutions	27,368
2. To the relief of distress arising from persons being out of work through labour disputes and trade depression	4,299
3 Grants towards societies in difficulties, colliery disasters, Indian famine, Technical College, Glasgow, and Ruskin Hall, Oxford	3,913
	£35,580

* Co-operative Wholesale Societies' Annual, 1910, page 123.

The English Wholesale supports a Convalescent Home for members of Co-operative Societies at Roden, and contributes largely to the Northern and North-Western Co-operative Convalescent Homes Association and the Southern Co-operative Convalescent Fund. The Scottish contributes largely to the upkeep of the two Scottish Convalescent Homes.

Amongst the various useful services which the English Wholesale Society performs for its constituent societies is the publication of a monthly record called *The Wheatsheaf*, in which space is given for local matter. See Chapter XXI., page 187.

CHAPTER XV.

Wholesale Co-operation—Organisation, Government and Theory.

THE organisation of the English Co-operative Wholesale Society is that of a pure federation of consumers' associations, including in its membership only registered societies or bodies corporate, and trading only with such societies. The control is entirely in the hands of its constituent members, democratically exercised through accredited representatives sent to general meetings of the society.

The following extracts from "The Wholesale of To-day" give the essential points of the principles upon which the constitution of the English Wholesale is based* :—

> "To consider the economic character of the Co-operative Wholesale Society, we cannot isolate the society from the whole scheme of co-operation in England, and discuss it as we might a single distributive society. In the latter case operations are confined to a definite small area, and the policy of the society is absolutely controlled by an arbitrary body of members with only a moral dependence on the rest of the movement, and such a society is capable of independent existence if all similar institutions ceased to exist. The Wholesale, however, occupies a totally different position, being unlimited as to the extent of its operations, but restricted as to the nature of them, being incapable of separate existence, and essentially dependent on the rest of the movement.
>
> "Serving all co-operative societies alike in all parts of the country, being criticised by all, owned and controlled by all, it becomes, as it were, a focus of the ideas common to all the Co-operators of England. Its policy becomes an indicator of the state of economic thought among co-operators in general.

* Co-operative Wholesale Societies' Annual, 1902, page 337.

"Co-operation as we have it in England to-day presents the spectacle of millions of persons combining together to supply themselves with the commodities they require in order to prevent the waste and loss caused to them when the various services of distribution are performed by irresponsible individuals. Just as local associations of co-operators undertake this work for the final or local distribution of goods by employing persons at fixed wages to issue the goods from shops and stores belonging to the community, so they undertake the work of wholesale supply and distribution by employing persons to obtain for them at home or abroad the goods they require, and to arrange for their distribution."

General Meetings.

At the general meetings of the society, the report, statement of accounts, and other business on the agenda are first discussed at the branches, and at "divisional meetings" held at various centres, and finally discussed at the central meeting, held in Manchester. All the votes cast at the several meetings are reckoned together, and the matter under discussion is decided by a majority of votes. No new rule can be made, nor any of the rules repealed or altered, except by a vote of a majority of two-thirds of the members voting at a general meeting of the society.

Board of Directors and their Powers.

The management of the society is in the hands of the General Committee, which meets weekly. To ensure efficient control, the Committee holds its meetings in Manchester one week, then Newcastle, then Manchester, then London, and so on. The General Committee is divided into four main Sub-Committees, dealing with Finance and General Purposes; Grocery; Drapery, &c.; and Productive Works. There are thirty-two members, sixteen from Manchester District and eight each from Newcastle and London. Each member is elected for two years and is then eligible for re-election.* The general powers exercised by the Committee are practically the same as those exercised in the management of retail societies.† It is one of the remarkable facts about the Wholesale Societies that the men to whom is entrusted the executive control of this vast organisation are all workers who have risen from the ranks of Co-operation, having won the respect and confidence of the Movement by years of service, and, once elected, a director is rarely unseated in subsequent re-elections. It is also interesting to note that cases are on record of a director

* See Diagram in Appendix. † See Chapter XII., page 96.

having become an employé of the society, and of an employé having been elected a director.

The late J. T. W. Mitchell.

Although admittedly standing high above his colleagues in force of character, the late J. T. W. Mitchell—for twenty-one years the President of the English Wholesale Society (1874-95)—may be regarded as the type of man who has made the directorate of the Wholesale the most honourable official position within the movement to which the co-operator may aspire. Born at Rochdale in 1828, of humble parentage, and struggling to manhood through many disadvantages, Mr. Mitchell joined the Pioneers' Society in 1854, early taking office on the committee, and serving as secretary for a time. He served also on the educational committee of the society, and devoted every moment of his spare time to furthering the movement, and that of the Sunday School and temperance cause, with which his whole life was closely connected. His character was strongly influenced by deep and sincere religious feeling, and it has been said of him: "Plain living, hard work, love for the children, purity of motive, love of God, and kindness to his fellow-men, marked and ennobled his whole life."* An appreciation of Mr. Mitchell, written after his death by Mr. William Maxwell, President of the Scottish Wholesale Society, contains the following graphic picture of the man and his methods† :—

> Alike in committee as in the great meeting of shareholders his conduct was impartial, his temper equable, his tact and resource unlimited, his replies straight, and his general demeanour tolerant in the extreme. . . His power of explaining intricate and difficult questions gained for the institution over which he presided, confidence and respect. . . He could not be corrupted. . . All those who differed from him most in co-operative policy now recognise how sincere he was. In business he was punctuality itself, his firm grasp of the financial position of the Wholesale was always remarkable, . . and it may not be too much to claim that he was largely instrumental in placing the Wholesale Society in the secure financial position it occupies to-day.

The Theory of Consumers' Production.

As indicated in Chapter XIII., the importance of the "Theory of Consumers' Production," as carried out by the Co-operative Wholesale Society, makes it necessary that a clear statement should be presented to the student in this chapter. The following authoritative passages are, therefore, quoted from the "Co-operative Wholesale Societies' Annual" (1902) in order that the attitude of the society towards this question may be fully understood.

* Rev. J. Hirst Hollowell, quoted by Mr. Maxwell in Co-operative Wholesale Societies' Annual, 1896.

† The late J. T. W. Mitchell, J.P., by William Maxwell, Co-operative Wholesale Societies' Annual, 1896.

"As co-operators engage in commerce and manufacture solely to supply their own needs, the open market and foreign trade being unknown to them, they may be regarded as a close community buying and manufacturing goods for themselves. They do not buy to make profit by selling to others than themselves; that the ordinary retail store is open to the general public is merely evidence that co-operators are anxious that everybody should join them, and non-members' trading is a most efficient system of propaganda.

"While considering co-operative production as carried on by the Wholesale Society, certain general facts must be noticed. Co-operators have undertaken production solely to supply certain of their own needs. The goods made by the Wholesale are made not to be sold for profit, but to be consumed by the proprietors of the factories where they are produced. Though one hears of Wholesale goods being bought and sold, and of profits made on them, it is of the utmost importance in studying certain aspects of the Wholesale Society's production to remember that neither in the Wholesale Society nor in the distributive store are the goods "sold" to the members at a "profit" as these terms are understood in the world of competitive trade. When the Wholesale sends boots made at Leicester to a society, and the latter hands them to a member, there is no "sale" in the economic sense, but merely a process of distribution.

"In the Co-operative Wholesale Society, production has developed, one might say, along the lines of least resistance. The capital of its members has been put into industries where there was least likelihood of failure. . . . Thus we find the Wholesale engaged in the manufacture of goods that are in great demand, as well as in minor industries where great injustice to both consumers and producers is done outside.

"This leads us to consider briefly the advantages of the control of industry by the community. . . .

The Control of Industry by the Community.

The advantages are two-fold; they concern the consumer and the producer. The consumer gets the goods of the nature and quality he wants. His ignorance of technical points in manufacture cannot be used to defraud him. If he desires the Wholesale Society's pure cocoa, he gets pure cocoa; if he desires cocoa mixture, he

> pays a lower price consistent with the lesser cost of manufacture. . . . The workman who makes the goods works under better conditions than prevail outside, and gets a better return for his labour. His work is more regular and permanent, since he works to meet a known and certain demand. . . . In the Wholesale Society's factory the remuneration of labour and the conditions are the subject of a direct and simple contract between a body of organised consumers who want certain work done, and a body of workers who also are presumably organised through their trade union. . . . The real reason why the control of industry, as regards the owning and managing of factories, should be in the hands of the "consumers" is because they are ultimately the whole community, and they work for the interest of all."*

This fundamental principle, that "the control of industry . . . should be in the hands of the 'consumers,' because they are ultimately the whole community," is that upon which the Scottish Wholesale is also based, with the difference before noted that here the worker is admitted to a share in both "profit" and management. In all other respects the constitution and government of the Scottish Wholesale Society follows closely upon the lines of the English. Such divergences as are important can be more clearly seen in the following table of comparisons :—

POINTS OF DIFFERENCE

BETWEEN

THE English Co-operative Wholesale Society.	AND THE Scottish Co-operative Wholesale Society.
——:o:——	——:o:——
MEMBERSHIP.—Societies or bodies corporate registered under the Industrial and Provident Societies Act, or Companies Act, with limited liability, or under any law of any country giving right to trade as bodies corporate with limited liability.	MEMBERSHIP.—Societies registered under the Industrial and Provident Societies Act, and any employé over 21 years of age admitted by committee. *Exception :* No society trafficking in intoxicating liquors shall be eligible for membership.
CAPITAL.—Societies that are members must take up not less than one £5 share for every	CAPITAL.—Societies that are members must take up one £1 share for every member, and increase

* Co-operative Wholesale Societies' Annual, 1902, page 337.

five members, and increase annually as members increase. Every society on its admission shall pay one shilling on each share, dividend and interest not being withdrawable until the allotted number of £5 shares are fully paid up.

Employés are not admitted as members.

VOTING POWER.—One vote for every 500 members, or fractional part thereof.

DIVISION OF PROFITS.—As dividend on purchases of members. Half dividend to non-members. For any purpose which the general meeting may direct, whether charitable, philanthropic, of public utility, or within the objects of the society or not.

MANAGEMENT.—Committee elected by vote of members. Now 32 in all, in following proportion :—

Manchester	16
Newcastle Branch	8
London Branch.....	8
	32

The executive power rests with the general committee, certain departments of this work being relegated to four sub-committees.

PRESIDENT.—Elected by committee.

as members increase. Every society on its admission shall pay one shilling on each share, dividend and interest not being withdrawable until the allotted number of £1 shares are fully paid-up.

Employés admitted as members may take up from five to fifty shares of £1 each. Each employé must apply for five shares and pay not less than 1s. per share. Bonus may go to pay up shares.

VOTING POWER.—Society members. One vote in right of membership, one for the first £1,500 worth of goods bought, and one other vote for every additional £3,000 of goods bought during the quarter immediately preceding any general meeting,

Employé members jointly have one vote, and one additional vote for every 150 employés who become shareholders.

DIVISION OF PROFITS —As dividend on purchases of members. Half dividend to non-members As bonus to employés; at same rate on wages as dividend on purchases. One-half of each worker's bonus is retained and put to "Bonus Loan Fund."*

MANAGEMENT.—By committee of 12, elected by vote of members.

Various sub-committees.

PRESIDENT AND SECRETARY.—Elected by vote of members.

* See Appendix for Chart of Organisation and Statistics.

Limitation and Weaknesses.

The student can hardly contemplate the organisation of this vast federal movement without some speculation regarding the possible limitations and weaknesses which must surround it, as all other human enterprises. Some of the limitations noted in Chapter XII., as restricting the expansion of distributive co-operation, apply necessarily to the wholesale movement as well, since the latter is dependent upon the former.

The competition offered to retail societies by local tradesmen, is repeated in the case of the Wholesales by traders and merchants—sometimes with practices that are discreditable alike to all parties. The enormous wealth and commercial position attained by the Wholesales bring them into relationship with the competitive markets of the whole world, wherein it may possibly occur that the ideals and principles which should govern co-operative dealings may seem to handicap the co-operative buyer—as, for instance, in the purchase of cheap goods having a suspected origin in the sweater's den, but for which there is a demand in retail societies.

The power and influence acquired by the Wholesale Societies within the movement itself lead critics, and sometimes friends, to wonder whether there is not some danger of the free democratic constitution of the societies being overborne by the weight of autocratic officialism. These dangers—if they exist in any literal sense—can only be guarded against by the exercise, on the part of the movement, of its full responsibility and control over the policy and practice of the societies; and by electing as directors men of high character and ability.

CHAPTER XVI.

Co-operative Production—General Survey.

As will have been gathered from frequent references in previous chapters to Co-operative Production, this phase of the Movement presents a peculiarly interesting and somewhat complicated division of our subject.

To the general mind the application of co-operative methods to manufacturing processes gains special interest from the fact that it appears to leave room for the individual worker to claim consideration by reason of his productive capacity. Within the co-operative ranks also this attitude of mind is not rare, and finds its chief satisfaction in those methods of production which give prominence to the worker rather than to the consumer.

Thus we see in established agencies for co-operative production a notable variety in types of organisations practically unknown in agencies for distribution. Before describing in detail the type of society—that of Co-partnership Association—now holding chief place amongst organisations expressly formed for co-operative production, it may be well to bring into review all the varied types of societies engaged in manufacture, and to summarise their work. The student will then be able to see more clearly the extent to which production has grown, and the proportion attributable to each group or type of organisation. He will also be better able to trace the main trend of co-operative opinion regarding the best form in which to carry on manufacture—an opinion that has grown out of many years of conflict and discussion among co-operators

The variety of methods by which production is carried on is still so considerable that it is somewhat difficult, in some cases, to say definitely to what group a particular society should be assigned. It has therefore seemed wisest to adopt, as far as possible, the impartial grouping and classification used by the Labour Department of the Board of Trade, from whose official records most of the statistics used in this book

are drawn. The group of co-partnership societies described in Chapter XVII., which have been detached and dealt with at length as of being of special interest, are included in and form part of the comprehensive survey covered by the Report on Workmen's Co-operative Societies published by the Labour Department in 1901.* The figures quoted, however, are those for 1908, published in the Board of Trade Gazette.†

Types of Societies Engaged in Production.

Co-operative Production in the United Kingdom, which in 1908 amounted in value to £22,778,285, is carried on by societies of various types, which may be grouped roughly into the following four classes :—

(1) Retail Distributive Societies ;

(2) The two Wholesale Societies, English and Scottish :‡

(3) Corn Mill Societies ;

(4) Other Societies formed specially for Production.

The societies in the first three classes, which produce about 90 per cent of the total value of goods manufactured, may be broadly described as based upon the principle of production for and in the interest of the consumer, supplying a known demand, thus avoiding the fluctuations of the competitive system ; while those in the fourth class, with the exception of a few societies, may be regarded as the outcome of the movement in favour of associations for production in the interest of the producer, initiated by the Society for Promoting Working Men's Associations in 1850–52,§ producing for sale to co-operative societies and also in the open market.

Production by Distributive Societies.

Class (1) consists of retail distributive societies which have established departments for the manufacture of goods required for the use of their members. In 1908 there were 947 of these societies, employing 22,290 persons in production, the goods produced amounting in value to £11,085,095, or nearly 50 per cent of the total production by co-operators in the United Kingdom. The wages paid by these societies amounted during the year to £1,307,981. The goods so produced are usually transferred to the distributive departments of the societies, and there sold to the members. The character of the goods produced will be seen by a reference to Table in the Appendix.

* [Cd. 698.]

† Reproduced (by permission) in the Appendix.

‡ Note.—The Irish Co-operative Agency Limited has since commenced the manufacture of butter in two districts of Ireland.

§ See Chapter IX.

Class (2) consists of the English and Scottish Wholesale Societies, which, as explained in Chapter XIV., are federations of retail societies which have also established factories and workshops for producing on a larger scale goods required by the members of the retail societies, the goods so manufactured being transferred as required to the retail societies for distribution to their members. In 1908 the two Wholesale Societies employed in production 18,476 persons, who produced goods to the value of £8,464,021, or 37·2 per cent of the total production, the wages paid to these workers amounting to £992,977. The character of these productions will be seen by reference to Chapter XIV.

Production by Federated Bodies.

Class (3) consists of seven corn mill societies, which differ somewhat in constitution, but are mainly federations of retail societies, although some of them have a considerable number of individual members. They employed in 1908 274 persons, who produced flour, &c., to the value of £1,048,943, the wages paid to these employés amounting during the year to £22,633.

In the case of all these three classes of societies, the policy of producing their own requirements in their own workshops and factories, instead of purchasing from private manufacturers and merchants, results in the saving of the profits which otherwise would go into ordinary competitive channels; and, what is of even greater importance, enables the co-operators who consume the goods so produced to know and regulate the conditions under which the workpeople are employed, and to secure themselves against adulteration and dishonesty in the production. It will also be seen that this form of organisation for production approximates very closely to the ideal of production advocated by the early co-operators of 1828, described in Chapter VII., page 58.

The societies in Class (4) comprise many different forms of organisation, including some which are federations of retail societies; others having a mixed membership of individuals and retail societies, and some few in which the membership consists entirely of individuals. It also includes most of the societies described on page 133 as belonging to the "Co-partnership" movement, and 22 Irish Societies engaged in production other than agriculture.

Productive Societies.

Since 1907 the Board of Trade returns have separated agriculture from other forms of co-operation, and the statistics for production given in this chapter do not include the Irish Agricultural Societies described in Chapter XVIII.,

and the British Agricultural Societies dealt with on pages 175–6 and in the supplementary chapter on Agricultural Co-operation.

This class includes altogether 140 societies, that, in 1908, employed 9,106 persons, producing goods to the value of £2,180,226, or about 10 per cent of the total production, the wages paid by them during the year amounting to £502,056. The character of the productions by this class is practically covered by the description given in Chapter XVII., page 135.

Totalling up the number of societies in the four classes, we find that 1,096 co-operative societies of various kinds were engaged in production, employing a total of 50,143 persons, the wages paid during the year amounting to £2,825,647, the value of goods produced being £22,778,285.

Of these totals, 859 societies, with 35,321 employés, and productions amounting to £16,637,935, were in England and Wales; 215 societies, with 14,256 employés and £6,091,246, were in Scotland; and 22 societies, with 566 employés and £49,104, were in Ireland.

Of the total number of employés engaged in production, 27,574, or 55 per cent, were men; 14,592, or 29 per cent, were women; and the remainder, 7,977, or 16 per cent, were young persons under 18 years of age.

Tables are given in the Appendix showing the share of employés and others in the membership, capital, and management of societies formed expressly for production, and the profits allotted to productive employés by societies of all classes.

CHAPTER XVII.

Labour Co-partnership.

THE self-governing workshops established by the Christian Socialists, as narrated in Chapter IX., were based on co-operation among groups of producers only. On the other hand, production as carried on by stores or federations of stores is a branch of consumers' co-operation, based on what may be called "the theory of consumers' production,"* the theory that co-operative production ought to be carried on by organisations of consumers, combining to supply themselves. The modern theory of Co-partnership sees truth in both these theories, and seeks to reconcile them by combining the consumer and the producer in a united organisation for co-operative production. It also finds a place within such organisations for the man who merely finds capital, at least so long as the actual producers and the organised consumers cannot themselves find all the capital needed.

When in 1854 the Christian Socialists, as an organised body, had ceased to foster the formation of self-governing workshops, such workshops continued nevertheless to be formed in various parts of the country, as also did others, upon somewhat similar lines, formed under trade-unionist and other influences. Many of these perished; but as time went on—and especially after the granting of limited liability to co-operative societies in 1862—the numbers again increased, and they began to show more stability. The ideal, however, was modified; individual sympathisers outside the workshop were admitted as members (as apparently they were in the Owenite workshops before the days of the Christian Socialists); so too were societies of consumers. Thus, in the place of the old self-governing workshop, the modern Co-partnership workshop was developed.

Establishment of the Co-operative Productive Federation, 1882.

But so numerous were failures and so few were successes that in 1883 only fifteen productive societies based on Co-partnership were known. Just about that time there was a notable rally. In November, 1882, the Co-operative Productive Federation was registered to bind together the existing Co-partnership societies for business purposes. In 1883 was formed the Labour Association

* See Chapter XV., page 123.

(now Labour Co-partnership Association) to "promote co-operative production based on the Co-partnership of the workers;" and in the same year the Co-operative Aid Association, to encourage the starting of productive societies, both by propaganda and by loans of capital. This last method proved dangerous, and after many losses the Aid Association suspended operations; but the Labour Association, which confined itself to propaganda, and the Productive Federation, have continued to carry on valuable work. The growth of societies was rapid in the 'eighties, so that when the Royal Commission on Labour sat in 1892, the fifteen societies had grown to forty-six. In that year the Scottish Wholesale, which had shared profits with its employés since 1870, admitted them as members: and thenceforth the figures of its productive departments add largely to the total of co-partnership production. The increase in the number of societies continued up to and including 1899; but during the two following years (marked by so much prosperity and by the excitement of the South African War) there was no net growth in number, though some increase still continued in the volume of trade and the amount of capital. Since the end of the war and the return of harder times the growth of new societies has been rapid, and old ones have made good progress.

Establishment of the Labour Association and Aid Association, 1883.

The following figures for 1883, 1893, 1903, and 1908 show the progress which has been made:*—

	1883.	1893.	1903.	1908.
Societies	15	77	126	112
Capital (share, loan, and reserve)	£ 103,436	£ 619,154	£ 1,666,801	£ 1,941,112§
Trade	160,751	1,155,842†	3,226,530‡	4,214,542‡
Profits	9,031	65,387	179,854	182,063
Losses	114	2,112	2,532	7,607
Dividend on Wages	Not known	8,225	23,356	24,262

These figures refer to English and Scottish societies. They do not include Ireland, though in that country there has been a very rapid growth of some hundreds of agricultural societies embodying the co-partnership principle in their rules. The societies included here had divers origins, corresponding with those of the four typical societies mentioned on page 137. Approximately, one hundred of them began with a group of producers, combining to carry on their industry without the intervention of an employer; some

Classification of Societies.

* For full details of these figures see "Labour Co-partnership," July, 1904. The figures there given are taken from the Annual Report of the Co-operative Union and the Balance Sheets of the Societies.

† Including £306,060 by the productive departments of the Scottish Wholesale.

‡ Including £1,627,624 by the productive departments of the Scottish Wholesale.

§ These figures are taken from the "Cooperators' Year Book 1910."

half-dozen, mostly very large societies, were organisations of consumers desiring to supply themselves; four or five are of capitalistic origin, beginning, that is, with employers in the ordinary sense; while two or three others are agricultural productive societies. These last are a modification of the first group: they are organisations of producers, who, however, do not aim at combining their own labour co-operatively, but at marketing the products of their individual labours to the best advantage after, usually, converting them into a more profitable form, by means of labour employed on the co-partnership principle.

To divide the societies exactly into these four groups would be impossible: their characteristics blend one into the other. If it were done as nearly as might be, we should find that, while the Scottish Wholesale and one or two other large societies of consumers' origin account for much of the great increase of trade, capital, and profit, the societies of producers' origin have also made great progress, their yearly trade exceeding £1,000,000, with capital and profits in proportion—that is, about one-third of the totals for 1903 given on previous page.

Distribution of Power.

Each of these groups has, of course, its special characteristics, more particularly as to the distribution of power. Where the workers have formed a society, they usually exercise the chief power.* Where stores have done so, they are the most powerful element.† Where the employer has converted his business and provided the bulk of the capital, he retains a very large part of the power for a considerable time;‡ while large groups of farmers who form a co-operative dairy count for more in the management than the few workers employed therein.§ These different types are also especially representative of different parts of the United Kingdom. The English societies are mostly formed by producers; the Scottish by consumers; while the agricultural societies, a few of which are found in England, are counted, as we have seen, by hundreds in Ireland. The importance of the societies and the trades represented also vary very greatly. In 1903 the

Geographical and Trade Distribution.

* *E.g.*, in the Leicester "Equity" Boot Society the workers control the society, and have always elected practically all the committee. A contrary instance is that of the Paisley Manufacturing Society, which began as a purely producers' society, and is now almost entirely controlled by the stores, which have since become members.

† *E.g.*, in the United Baking Society of Glasgow the committee are representatives of the stores holding shares.

‡ *E.g.*, in the society "William Thomson and Sons," which had been Mr. George Thomson's private business, the rules were so framed at the commencement as to give him very great power. With the full consent of the members he has always remained manager and the leading spirit of the society.

§ The Brandsby Dairy in England, or any one of the Irish Co-operative Dairies, will serve as an instance.

Scottish Wholesale produced goods worth £1,627,624; the United Baking Society of Glasgow, £422,720; the Paisley Manufacturing Society (weaving), £90,697; while seven other societies exceeded £40,000, twenty-six were between £40,000 and £10,000, and the rest were smaller. There were sixteen societies making boots, eighteen engaged in building or wood-working, twelve weaving cotton, wool, or silk, one spinning silk, six making clothes of various sorts, ten printing, two making watches, three cutlery, one padlocks, one nails, seven engaged in other metal trades, three in brush-making, and one or two each in bookbinding, piano-making, typewriting, cab-driving, barge building, barge owning, quarrying, brickmaking, leather-dressing, harness making, milling, baking, dairying, mineral-water making, sick nursing, and photography. In addition, one society—the Scottish Wholesale, carries on a great variety of manufactures.*

A noticeable thing about the English societies is their tendency to group themselves in and around certain towns. Thus, nine are found in Leicester, besides several in the villages around; five are in Kettering. These are the most conspicuous instances, but it may be said generally that the presence of one successful productive society tends to make others spring up in the neighbourhood, more particularly where the store of the town is sympathetic and helps by investing money for buildings or working capital, as at Kettering, Wellingborough, and elsewhere. In these cases the store and the local workshops form a strong co-operative group. Desborough, with its two important productive societies and a flourishing store, which owns much of the land and has built most of the houses, is almost a co-operative community.

General Characteristics.

All these co-partnership societies have certain points in common. Like the distributive societies, they are registered with limited liability, under the Industrial and Provident Societies Acts. In the general meetings the rule of "one member, one vote" usually prevails, except that additional votes are given to other societies which hold shares, on the ground that they represent not one man but many. The members elect a committee of management, and the committee appoints a manager. In a few of the older societies the members employed, while voting to elect the committee, may not serve on it themselves: in others the proportion of employés on the committee is fixed: in others again all are equally eligible. Practically always women have the same rights as men, both of voting at general meetings and of being elected to the committee; and minors of sixteen years and upwards

* See Chapter XIV., page 116.

are eligible for membership. As in the stores, the first charge on the profits is "the wages of capital," *i.e.*, a limited rate of interest, usually fixed at five per cent. Unlike the stores, capital usually receives in addition a small part of the remaining profits, if any; while the shares are not withdrawable, but only transferable to a purchaser or nominee. But the essential features of a co-partnership society, which distinguish it from any other form of co-operative production, are three.

Essential Features.

First, the workers, in addition to their wages and wholly apart from any capital they may hold, share directly in the success of the business. This is accomplished by profit-sharing, though what is technically called "gain-sharing" or "produce-sharing" would serve in given circumstances. If profits allow, a "dividend to labour" is paid in proportion to wages earned.

Secondly, the workers have a right to share in the capital by becoming members, whereby,

Thirdly, they share also in the responsibility and control.

Thus it is essential that, as the business grows and new workers are taken on, the door of membership be kept open to the non-members employed. Power is indeed taken under the rules to refuse membership to workers whose character makes them personally unfit to be members, but this power is seldom if ever used. No society which on any other ground refused membership to an employé would be acknowledged as a true co-partnership. The share of profit allotted to non-members employed is, however, sometimes on a lower scale than that to members, or is conditional on their applying for membership. It is also usual for a worker's dividend on wages to be put to share capital until he holds some five, twenty, or fifty pounds therein. A member has no right to employment by the society: it chooses its workmen where it can find the most suitable—among its members by preference, but if necessary outside. In the division of profit, besides the wages of capital and the dividend on wages, another and often a large share is usually allotted to the co-operative customers, *i.e.*, the stores, as a dividend upon their purchases, while smaller shares go to a provident fund, to the remuneration of the committee, and to educational and social purposes. In a few societies there is also a fund to reward inventions and special services—a wise provision for stimulating the zeal and intelligence of the members. A typical distribution of profit, after paying five per cent interest on shares and allowing for depreciation and reserve, would be: one-tenth to provident fund, one-tenth to com-

Typical Distribution of Profits.

mittee, one-tenth to share capital, one-twentieth to educational purposes, and the remainder about equally to labour and to customers.

Typical Co-partnership Societies.

A group of workers in a given trade, let us say they are printers—probably they are also members of the local co-operative distributive society—not satisfied to remain permanently wage servants, meet together to organise a co-operative workshop for themselves and those whom they may afterwards take in to work with them. They put together a few pounds each towards capital, get sympathisers of their acquaintance to do the like, and perhaps obtain similar support from organisations such as trade unions and workmen's co-operative societies: these are probably also their chief customers. So they work on, every man interested in the profit—if there be one—and those who are shareholders interested also in the loss. Probably they begin in a very small way. By-and-bye, it may be, their trade grows to five, ten, fifty thousand pounds. Still every new worker has a share in the profit, and an equal chance of becoming a member.

Such is a typical instance of a Co-partnership productive society.

Or it may be a society of consumers, or a federation of consumers' societies, starting a bakery; or an employer who desires a higher relation with his workmen, registering his business as a co-operative society; or a group of small farmers or working peasants, who combine to build a dairy, to turn their milk into butter or cheese. Each of these may be a typical instance of the Co-partnership principle, if the societies thus formed secure to the labour employed in such bakery, factory, or dairy, the right to share in the profit and to become members.

The Claims of Co-partnership.

We see, then, the objects which co-partnership societies have in view; they claim to carry out the principle embodied in the rules of the Co-operative Union, "to conciliate the conflicting interests of the capitalist, the worker, and the purchaser, through an equitable division among them of the fund commonly known as profit." This is the basis, but it is by no means the completion, of their programme. Much less is that programme summed up in the common phrase, "bonus to labour," which seems to imply the idea—so foreign and repugnant to Co-partnership—of a benefaction from some superior power.

Taking a bird's-eye view of these societies, before we begin to estimate the value of the system, we see them as groups of producers scattered here and there over the country

by ones and twos, and occasionally in larger numbers, sometimes having come together of their own accord, sometimes on the initiative of the organised consumers, or of an employer; working sometimes to supply the great competitive markets of the world, but far more often the co-operative distributive societies to which they and their fellow working-men belong. For in the great majority of societies these co-operative producers are store co-operators also. We see them making goods which are thoroughly sound, which are sometimes of the very highest quality, and are always above the average of similar goods sold in ordinary shops to the working classes, even although the wealthy man may consider them somewhat rough. We see all these producers sharing in the profit, responsibility, and control of their industry, and using part of its gains collectively for provident, social, and educational purposes. We find also the chief of these groups federated for mutual help, and conscious of forming a unity, a movement, based on an ideal common to them all.

The Advantages of the System.

The advantages of this system fall under two heads, material and moral. On the material side, it yields a fund which enables the workman to increase his earnings, often by five or ten per cent. At the same time, by making him a shareholder in the business employing him, it enables him to assert his claims and protect his rights. But more important are the effects upon character. It stimulates his zeal and careful working; and, as part owner of the capital with which he works, he feels (more or less, according to his nature) a share of the responsibility of the business, and is taught to look on industrial questions from a new point of view, no longer that merely of the wage servant. Moreover, he takes his share in the democratic government, not of some far-away power, but of the workshop in which he spends his life, and he gets the training and education which such practice of democracy affords. These are no small advantages.

The Difficulties of the System.

On the other hand, it may be freely admitted that the difficulties are not slight. Discipline must be maintained in every organisation, and it has sometimes proved not easy to maintain discipline where every man has felt himself to be one of the owners of the place, relieved (as he may have foolishly thought) from the obedience of a wage servant. The position of manager over men who, as shareholders, have the ultimate voice in the affairs of the society has not always been easy; and it is not always easy for working men to see the necessity for paying a manager

liberally and securing a man of special ability for the work. Trouble often arises also from a want of business knowledge, from insufficiency of capital, and from the difficulty of obtaining custom. But all these things apply principally to the early days of a society. Once it has become established they are felt less; business knowledge is acquired as time goes on; the importance of management is recognised; capital comes in as soon as it has been shown that its position is safe; a trade connection is in course of time got together, more especially among the distributive societies; and workers, if they have not at first realised it, learn the necessity of discipline and subordination. At any rate, if these matters do not work out well, it means that the society does not become established but fails in its infancy. It is the starting of a co-partnership business which presents the real difficulties, but happily in a large and increasing proportion of cases, these difficulties are overcome and success is attained.

Even in the starting the difficulties are chiefly felt where the actual producers are beginning with inadequate capital, not where an association of consumers, or any other body with large capital at its command, commences a co-partnership business; nor where an employer introduces Co-partnership into an established business.

An exaggerated view has often been taken of the number of failures in co-partnership societies. The early years of any new form of organisation show many failures. It was so with the early trade unions and the early stores; indeed there has never ceased to be a considerable proportion of failures among these organisations. The same is true of co-operative production, and perhaps more true in proportion as the work of organisation is there more difficult. Of the workshops established before the time of Robert Owen, or by the union shops, or by the Christian Socialists, all but one or two have disappeared, and so too have almost all those registered under the Industrial and Provident Societies Acts in the early years of those Acts. In 1884 it was calculated that only some 26 corn mills and 22 other productive societies were known to exist,* whereas 224 productive societies registered since 1852 had failed and disappeared. This cannot be regarded as evidence of the failure of Co-partnership, seeing that only 24 of these failures gave any share of their profits to the workers and had therefore any claim to be called co-partnerships. As time has gone on the proportion of failures has very decidedly decreased, and it is now scarcely greater than among distributive societies. In spite of all difficulties the growth shown above has taken place, and as

* "Working-men Co operators," page 121 (Revised Edition).

the great body of workers becomes more educated and better off, we may fairly expect the difficulties to become less.

There are, however, objections which are not in the nature of difficulties, but which have suggested the question whether the system has certain serious inherent faults. First, there is the position of the non-members employed. We have seen that no society is recognised as co-partnership which does not admit employés to membership. But can this be secured permanently, or do the co-partnership societies tend to become knots of little masters? In early days this occasionally happened. Chiefly through imperfect rules the newcomers were not made into members. But very few such societies now exist, and those few of course are not recognised as co-partnership. Where the rules are properly drawn up at the commencement, the right of membership is secured to all employés who desire it, and the democratic feeling of a large body of working class members is found a sufficient security for the permanent maintenance of this right.

Can the System be Maintained?

Again, do co-partnership societies tend to cut down wages; do the members, in fact, "sweat themselves" in order to obtain trade? In practice, the tendency is found to be very much the other way; the members try to get themselves good wages and good conditions. The best answer to any such doubts is that co-partnership societies almost everywhere have the support of the trade unions, and are known as paying standard wages, and often more than the best wages in the trade.

Wages and Conditions of Industry.

But again, must not the multiplication of societies in one trade lead to competition? The answer is, first, that even in the boot trade—where societies are most numerous—so great is the variety of boots made that there is very little real overlapping; secondly, that eventually this difficulty must be met by the federation of societies. In France, where societies in building, road-making, and other branches of work are numerous, it is found that they arrange among themselves to avoid tendering in competition.

Competition between Societies.

Lastly, is there not so great a variety of rules among these societies, particularly as to the division of profits, as to prevent their offering any clear and satisfying type? We have seen that, in spite of their variety, there are certain essential features common to them all. That being so, the variety is in itself welcomed, as helping to show by experience what details are best, and to adapt the principle to the endless variety of circumstances.

The individual investor, who is himself neither an employé

nor, of course, an association of consumers, but, to however minute extent, a "capitalist," has been referred to above. What may be his ultimate fate in co-partnership production it is difficult to say. Probably he will become less and less necessary, and the capital he supplies will, more and more, take the form of loan capital; the rights, responsibilities, and powers of shareholders being more and more reserved for the actual workers and the actual consumers. But this is a question for the future.

Position of the Individual Investor.

We have also seen the capitalist in touch with Co-partnership at another point, viz., where the owner of a business has taken his workers into partnership, and made it into a completely co-partnership society. There are, however, many businesses in which the amount of capital needed is so great that this is impracticable. Nor are they more suitable for complete consumers' co-operation, since those whom they serve are often either a fluctuating body—like shippers of goods, railway travellers, hotel visitors, and so forth—or are not inclined to co-operate, or are scattered all over the world. These businesses are the great examples of capitalistic industry, and after making every allowance for the growth of voluntary associations, and of State and municipal enterprise, they seem destined long to hold a place among us. But in them also Co-partnership has found a place, and promises to find an increasing place. For where the workers employed have been given a share in the profits, and where those profits have been accumulated as share capital in the business employing them, another form of Co-partnership, less complete than those which we have already considered, is revealed. It is a form which has probably a very great future before it, as the means by which great businesses may be transformed into co-operative shape. Indeed, in at least one instance this has actually happened.* Advocates of Co-partnership welcome all such attempts made in good faith, not only when amounting to a complete system of Co-partnership, but even when only amounting to steps in that direction—steps calculated to benefit the workers materially, to educate them, and to lead the way to better things.

Transformation of Capitalism.

But to return from this "Transformation of Capitalism" to the co-operative movement strictly so-called, how far can co-partnership societies—whose origin, growth, advantages, and difficulties we have seen—be considered a fulfilment of the co-operative ideal? It cannot be denied that within itself a co-partnership society is admirably co-opera-

Co-partnership and the Co-operative Ideal.

* As an example of complete transformation, the great Ironworks and Familistère, established by Godin, at Guise, in France. As an example of partial transformation the Crystal Palace District Gas Company, near London.

tive: on the other hand, in the relations of co-partnership societies one to another, or in their relations as producers to the societies of consumers, can we say that there is an element of co-operation? To deny it would be greatly to overstate the matter, but it is quite true that in both respects there is much to be done in order to complete their co-operative organisation. The element of co-operation between one productive society and another already exists in the Co-operative Productive Federation. Founded, as we saw, in 1882, the objects of the Federation were to market the goods of the societies in common, to raise capital in common, and to serve other common purposes; and while it has not done all that was expected of it, it has done enough to rank as a distinct success. It has raised several thousand pounds of loan capital, which it has re-lent to the societies for the extension of their businesses; it has done much in the organisation of exhibitions, in looking after the general interests of the societies, in issuing a Year Book and other literature, and in maintaining a feeling of unity and a spirit of co-operation among the societies. But there is much more to do in this direction. With the exception of a successful scheme of joint invoicing by which distributive societies can simplify their dealings with the Federated Productive Societies, coupled with a few tentative attempts at joint travelling and various schemes for joint advertising and propaganda, the Federation has achieved little of importance in the direction of joint marketing, or in the avoidance of possible competition amongst the societies. This problem has not, as we have said, become practically urgent, but it cannot be denied that when a large number of societies exist in the same trade, it is necessary for the perfection of the co-operative principle that some thorough form of federation among them should exist. The absence of this largely accounts for co-partnership societies multiplying so much more slowly than the growth of the whole co-operative movement would warrant. The later comers have found themselves regarded by many as competitive rather than as co-operative growths.

Work of the Co-operative Productive Federation.

Next, as to the relation of co-partnership societies to the societies of consumers, which are usually their chief or only customers. Co-operation, to be complete, must certainly regulate the exchange of wealth between one body of producers and another. We need, therefore, some co-operative relation between the productive societies and the distributive. Such a co-operative relation exists in the very large number of cases where stores are customers and also shareholders in the productive society, thus sharing in its management, profit,

The Relation of Co-partnership to Consumers' Societies.

and responsibility, exactly as stores share in, say, a federal corn mill. In nearly all successful co-partnership societies a large number of stores are members, and in some cases they exercise by far the greater part of the control. Thus a co-partnership society is commonly a federation of distributive societies with a body of producers; it regulates co-operatively the exchange of wealth between them, subject, as in all co-operation, to the ultimate control of market values and of trade union standards.

It must, however, be remembered that many co-partnership societies do a part, and some do the greater part, of their selling in the open market, in which case federation with the consumer is impracticable. This cannot be considered an objection to them from a co-operative point of view, since there is and must long remain (as we have seen) an immense volume of trade beyond the reach of consumers' co-operation. Unless the workmen engaged in the industries which produce for that trade are condemned permanently to mere wage service, they must be free to organise on a Co-partnership basis.

Still, the question remains whether, in that much larger part of the trade of co-partnership workshops which is done in supplying the distributive movement, the co-operative relation between the producer and consumer would not be at once simpler and more complete if the Co-operative Wholesale Society represented the co-partnership productive societies. This, in the first place, would involve membership of the Wholesale being open to the productive societies, which at present is not the case. Subject to that, it is a very attractive proposal; but unfortunately where it has been tried it has not often succeeded. To complete the co-operative relation between the consumer and the co-partnership producer, it would seem necessary for the productive societies first to complete a federal organisation among themselves, and then for that federation of productive societies to enter into relations with the great federations of consumers' societies.

In addition to federations of productive societies on the business side, the Labour Co-partnership Association, already mentioned, is largely a federation of productive societies for propaganda, though a large number of individuals, trade unions, and distributive societies also subscribe to it, and so help to spread knowledge of the principles of Co-partnership throughout the country, far beyond the limits of the co-operative movement. It would be unreasonable to expect this work to be done wholly by the co-partnership societies, only a few of which have large resources.

Propaganda.

Lastly, we must consider the future of Co-partnership.

Future Development.

In forecasting it we have really to forecast, in that industrial democracy which we call co-operation, the working out of the two great principles of central unity and freedom of the parts; a problem which every form of democracy has to solve. In other words, we must reconcile federation and decentralisation. It is easy for a village to be self-governing; it is not difficult for a great nation to build on universal suffrage a government so highly centralised that the freedom of local government, and almost the identity of the individual, are lost. But to build up a great community which shall enjoy central unity and at the same time a real self-government of all its subordinate groups of members, in all those things which concern them primarily or exclusively—this is a task of tremendous difficulty.

On the consumers' side of the co-operative movement we have an excellent example of what should be aimed at. There every store manages its own affairs in a purely democratic way, without outside interference, while the stores are federated together for common business purposes in the great Wholesale Societies, which, as their representatives, control matters the societies could not manage individually without waste and some measure of competition. On the producers' side, such an organisation is not so easy; at any rate it has not yet been worked out. The mere division by districts, which is so natural in the case of stores, is not applicable to productive societies. For these, like trade unions, must be federated not merely according to their geographical position, but first trade by trade, and then all trades together. In essence, nevertheless, there is needed (at least according to the ideal of co-partnership co-operators) the same organisation on the productive side of the movement as exists on the distributive. They desire to see, that is, a great number of societies enjoying self-government in the management of their own affairs, bearing the responsibility for any mistake they may make, and relying upon the efforts of their own members and workers for their education and development; but all federated together for the avoidance of undue competition, for carrying out common purposes, and for arranging a truly co-operative relationship with the corresponding federation on the consumers' side of the movement.

Of the two forms of co-operative production, each has achieved (still according to the same ideal) one-half of true and successful democracy. The wholesale, or federal, system has central unity. Co-partnership societies have the freedom and responsibility of each group of workers: the task which the future presents to them is to perfect the federal relation already begun, among themselves, and between themselves and the consumer.

CHAPTER XVIII.

Co-operation in Ireland—Historical Survey.

In presenting the following account of the birth and growth of the Co-operative Movement in Ireland, it seems necessary to point out, that the application of the co-operative principle to the main industry of the country appears likely to affect the national life of the Irish people with a directness and importance quite unlike that exercised by it upon the national life of Great Britain. In Great Britain the influence of the movement upon national life and character is relatively indirect. Co-operation ranks amongst several great industrial regenerative forces, powerful and far-reaching in their effects upon the comfort and well-being of the people, but still subordinate to the tendencies of national commerce and political progress.

In Ireland the movement, although comparatively young, has "already passed out of the experimental stage," and gives hope that it "will some day be seen to have made the last decade of the nineteenth century a fit prelude to a future commensurate with the potentialities of the Irish people."* The ground for this large and sanguine hope rests chiefly upon the past social and political conditions of the country—conditions which towards the middle of the nineteenth century left Ireland depressed, despairing, and almost careless of her future.

Social and Political Condition of Ireland.

It is not within the province of this book to deal with what is called the Irish Question, but we venture to quote the following passages, which seem to epitomise the situation, from Sir Horace Plunkett's "Ireland in the New Century" in order that the student may arrive at a sympathetic appreciation of all that co-operation now means to that country :—

> "The only historical causes of our present discontents to which I need now particularly refer," says Sir Horace, "are the commercial restrictions and the land system of the past, which stand out from the long list of Irish grievances as those for which their victims were the least responsible.† . . . The commercial restraints imposed by England sapped the industrial instinct of the people—an evil which was intensified

* "Ireland in the New Century," by Horace Plunkett. Page 60.
† Ibid, page 17.

in the case of the Catholics by the working of the penal laws. When these restrictions upon industry had been removed, the Irish, not being trained in industrial habits, were unable to adapt themselves to the altered conditions produced by the Industrial Revolution, as did the people of England. And as for commerce, the restrictions, which had as little moral sanction as the penal laws, and which invested smuggling with a halo of patriotism, had prevented the development of commercial morality, without which there can be no commercial success." . . . "The real grievance lies in the fact that something had been taken from our industrial character which could not be remedied by the mere removal of the restrictions."* . . "The industrial revolution . . found the Irish people fettered by an industrial past for which they themselves were not chiefly responsible."† . . . "Thoughtful Englishmen now recognise the righteousness of the claim for reparation, and are willing liberally to apply any stimulus to our industrial life which may place us, so far as possible, on the level we might have occupied had we been left to work out our own economic salvation."‡

"The Irish land system suffered from the same ills as we all know the political institutions to have suffered from—a partial and intermittent conquest. Land-holding in Ireland remained largely based on the tribal system of open fields and common tillage for nearly eight hundred years after collective ownership had begun to pass away in England. The sudden imposition upon the Irish, early in the 17th century, of a land system which was no part of the natural development of the country, ignored, though it could not destroy the old feeling of communistic ownership, and when this vanished, it did not vanish as it did in countries where more normal conditions prevailed. It did not perish like a piece of outworn tissue pushed off by a new growth from within; on the contrary, it was arbitrarily cut away while yet fresh and vital, with the result that where a bud should have been there was a scar. This sudden change in the system of land-holding was followed by a century of reprisals and confiscations, and what war began the law continued. The Celtic race, for the most part impoverished in mind and estate by the penal laws, became rooted to the soil." . . . "They had, on account of the repression of industries, no alternative occupation, and so became, in fact if not in law, *adscripti glebæ*."§ . . . "The Irish question is, then, in that aspect which must be to Irishmen of paramount importance, the problem of a national existence, chiefly an agricultural existence, in Ireland."‖

The chief success attained by co-operation in Ireland is in its application to agriculture, and for this reason it has acquired that direct national influence upon which so much hope is founded.

It is interesting to note that the first recorded co-operative experiment in Ireland was in connection with agriculture, and was the direct result of the influence of Robert Owen, and took the form of the community experiment at Ralahine, described in Chapter VII., and for some twenty-five years after the collapse of this experiment there appears to be no record of further attempts at co-operative effort.

* Ibid, page 18. † Ibid, page 19. ‡ Ibid, page 20.
§ Ibid, page 21. ‖ Ibid, page 89.

A Period of National Trial and Distress.

Ireland had in the meantime passed through a period of fierce trial and distress. The vitality of the nation was almost at its lowest ebb when, in 1847, the terrible famine broke down the remaining courage of the people, and allowed to flow that steady tide of emigration which still continues, though not now altogether unchecked. In its course it has carried away to other lands over four millions of the sturdiest specimens of the Celtic race, leaving the population of Ireland in 1901 scarcely more than half what it was in 1841.*

During the twenty years following the great famine the tide of emigration was strongest, and the mind of the people was not in tune for constructive effort.†

Early Distributive Societies.

In 1859 we find a retail store established at Inchicore, near Dublin (which is still in existence), followed by several others in various parts of the country; but so little progress seems to have been made that in 1881 there were in Ireland only seven societies, with a total membership of 500, and total sales in that year amounting to £19,058. In 1888 these had grown to ten societies, with 1,127 members and nearly £35,000 of trade.

In July, 1888, Mr. Ernest Hart, a director of the Irish Exhibition then being held in London, invited the Southern Section of the Co-operative Union to organise a conference, to be held at the Exhibition, to discuss the possibility of extending the co-operative movement in Ireland. The invitation was cordially accepted, and on August 1st a large gathering of southern co-operators, with a sprinkling of Irish visitors, was held, under the chairmanship of Lord Aberdeen. A paper read by Mr. Benjamin Jones, then Hon. Secretary of the Southern Section, urged that steps should be taken to teach the principles of co-operation to the Irish workers as a means of making their labour more productive, and of increasing the amount of labour required, and suggested that co-operative effort in Ireland should begin with production, promising the help of English co-operators in this work. The proposals were enthusiastically taken up by the conference, and a committee appointed to form a propagandist association. The following persons were elected to undertake this work:—Messrs. Edward Vansittart Neale, George Jacob Holyoake, Benjamin Jones, Hodgson Pratt, J. J. Dent, Sedley Taylor, W. H. Bullock-Hall, Ernest Hart, and J. B. O'Callaghan.

* In 1841 the population of Ireland was 8,175,124; in 1861, 5,798,564; in 1891, 4,707,750; and in 1901, 4,456,546.

† The number of native Irish who emigrated in 1852 was 190,822, and in 1902, 40,190. Emigration Statistics of Ireland, 1903. [Cd., 20 80.,

An "Irish Co-operative Aid Association" was formed, with Mr. Ernest Hart as chairman, B. Jones as treasurer, and J. J. Dent and W. H. Bullock-Hall as hon. secretaries. Subsequently the committee was strengthened by the addition of Mr. J. T. W. Mitchell as a representative of the Co-operative Union. Funds were raised and the association at once put itself in communication with every one known to have influence in Ireland, and it circulated by post in every parish in that country papers explanatory of the co-operative movement and its possibilities.

Formation of the Irish Co-operative Aid Association.

In September, 1888, the Hon. Horace C. Plunkett—well known as the leader of the Irish co-operative movement and as vice-president from 1895 to 1906 of the Department of Agriculture and Technical Instruction in Ireland*—described in the *Nineteenth Century* the success of the existing co-operative distributive store at Dunsany, and strongly appealed to men of all parties to assist in multiplying these societies all over Ireland; and subsequently he joined the committee of the Aid Association. A deputation which visited Ireland on behalf of the Association, after making special inquiries, found that the expense and labour of successful organisation was more than could be continued by a voluntary association of busy men in London, and the Co-operative Union, at the instance of Mr. E. V. Neale, agreed to form an Irish Section, and to provide the necessary funds for active propaganda. An Irish Sectional Board† was accordingly formed, its first chairman being the Hon. H. C. Plunkett, and its secretary Mr. R. A. Anderson; and the London association was dissolved. Mr. J. C. Gray was sent by the Union to Ireland to make inquiries and to advise local co-operators, and submitted a report to the following Co-operative Congress in 1889, when Mr. Plunkett attended as a delegate from the Dunsany Store and addressed the Congress upon the conditions in Ireland.

Introduction of the Hon. Horace C. Plunkett.

Formation of the Irish Section of the Co-operative Union.

By 1891 sixteen dairy societies had been established in Ireland under the auspices of the Union, three others were in process of formation, and a special grant was voted by Congress for the extension of the work.

Thus the work was carried on until 1894, at the end of which year there were 33 dairy societies, 13 retail stores, and one agency society, or a total of 47 societies, recording a total trade for that year of £268,333.

* See Chapter XXIV., page 228.
† For recent development, see page 17.

It was found at this time that the democratic machinery of the Co-operative Union, with its central office in Manchester, was not sufficiently elastic to meet the requirements of the organisers in Ireland, and in 1894 a new society was formed and registered in Dublin for the purpose of organisation and propaganda, under the name of the Irish Agricultural Organisation Society, the Hon. Horace Plunkett becoming its president and Mr. R. A. Anderson secretary. The objects of the society were stated to be :—

Formation of the Irish Agricultural Organisation Society.

> To improve the condition of the agricultural population of Ireland by teaching the principles and methods of co-operation as applicable to farming and the allied industries ; to promote industrial organisation for any purposes which may appear beneficial ; and, generally, to counsel and advise those engaged in agricultural pursuits.

At its first meeting the policy of the new society was laid down by Mr. Plunkett in the following words :—

> The keynote of our proposals is the proposition that the Irish farmers must work out their own salvation ; and, further, that this can only be done by combination among themselves. . . . It will be pointed out that effective combination for a productive or commercial purpose is not to be accomplished simply by a recognition of the fact that it is necessary to combine. An association which is not to be a mere debating society, but which is to be capable of joint action, must be organised on certain well-known but rather complicated lines in order to be permanent. The farmers, from the nature of their occupation, are incapable of evolving for themselves the principle which must be observed in framing such rules as will do justice between man and man, and harmonise the interests of all concerned. Even when a farmer grasps the idea that he ought to combine with his neighbours he cannot put before them an intelligible and working scheme. Now here is the point at which, without any interference with his business, without weakening his spirit of independence, without any departure from the principles of political economy, we can do the Irish farmer a great service. To bring to the help of those whose life is passed in the quiet of the field the experience which belongs to wider opportunities of observation and a larger acquaintance with commercial and industrial affairs.

The society quickly attracted to its service many men of all political and religious opinions who had not hitherto taken part in co-operative work, but who, under the guidance of Mr. Plunkett and Mr. Anderson, soon became able and zealous propagandists. Several have made themselves experts in all matters relating to the successful management of agricultural industries, and have engaged in the work not only of teaching co-operative principles, but also of giving advice and instruction both in the details of management of a society, and as to the technicalities of dairying and other branches of agricultural industry.

This ability to intelligently discuss and advise upon the technical details of a farmer's work had doubtless much to do with the success of these organisers in gaining the confidence of the farmers, and in bringing into combinations a class of men notoriously difficult hitherto to bring into any form of co-operation.

Apart from its industrial value to Irishmen, co-operation has proved of enormous value in breaking down the bitter class animosities which have existed in Ireland to an extent almost unknown in Great Britain, and in creating a bond of union amongst men of every shade of opinion. Many hold that this amelioration of social conditions is the most conspicuous success of the movement.

The Extent of the Movement in 1907.

Before describing in detail the characteristics of the various groups of societies now at work in Ireland, it may be useful to give a summary showing the extent to which the movement had grown by the end of 1907, the latest year for which complete figures are available.*

CO-OPERATION IN IRELAND, 1907.

	No. of Societies.	Membership.	Sales.
DISTRIBUTIVE—			£
Retail Societies	20	7,375	231,481
Wholesale Society	1	159	65,638
Agency Society	1	48	180,637
Irish Producers	1	30	42,905
Co-operative Producers	1	7	5,230
Agricultural Societies	136	13,899	116,425
Egg and Poultry Societies	24	6,711	74,797
Home Industries Societies	12	778	5,824
Totals—Distributive	196	29,007	722,937
PRODUCTIVE—			£
Dairy Societies	269	42,603	1,753,643
Other Productive Societies	22	1,458	14,930
Totals—Production	291	44,061	1,768,573
Totals—Distribution and Production	487	73,068	2,491,500
BANKING—			
Agricultural Credit Association.	216	16,855	57,306†
Total Co-operative Concerns	603	89,923	2,548,806

* The figures are taken from the Abstract of Labour Statistics of the Board of Trade, 1907, and may be taken to include practically every society at work in Ireland in 1907.

† Amount lent to borrowers during the year.

CHAPTER XIX.

Co-operation in Ireland—Organisation and Development.

On examining somewhat in detail the work and characteristics of the various kinds of societies included in the preceding totals, it is interesting to find that in Ireland co-operative principles have been applied successfully by a class which, in Great Britain, had up to 1900 taken no appreciable part in the movement, namely, the small farmers. Ireland is a country of small farmers. Out of a total population (at the last census, 1901) of 910,256 families, no less than 546,931 families lived by farming, the actual number of holdings being 601,765. An analysis of this total discloses the extent of these holdings to be as follows :—

Holdings under 5 acres in extent	146,599
„ over 5 but under 15 acres	153,299
„ over 15 but under 30 acres.....	136,058
„ over 30 acres.....	165,809

The Land Purchase Acts have placed a large number of tenants in possession of their holdings. It has been pointed out that the rapid change in the ownership of the land, which is in consequence taking place, will throw the responsibility for the future of the country more than ever upon those who own and control the source of all its wealth. Co-operation is an "absolute necessity if the majority of our agricultural countrymen . . . are to maintain a decent standard of comfort."*

Agricultural and Dairy Societies.

The agricultural and dairying societies form the most important groups of co-operative societies in Ireland. These societies, although, with few exceptions, registered with identical rules and objects, may be divided into two classes, viz., (1) those engaged in the production of butter from milk supplied by the individual members and others ; (2) those engaged in the purchase and sale of artificial manures, seeds, agricultural implements, and other articles required by their members, and not carrying on production.

Objects and Rules.

The object of the societies is to "carry on the occupations of commission agents, wholesale and retail dealers in farm and garden produce, seeds, artificial manures, dairymen, manufacturers of butter, cheese, and other dairy produce, exporters and importers of live stock, and dealers in any other class of goods the committee may direct ; to obtain and disseminate useful

* Sir Horace Plunkett in a letter to the Annual Meeting of the I.A.O.S 1909.

information among its members; to develop and promote the agricultural organisation movement; to make advances to members for productive or economic purposes on security approved by the committee; and to carry on any occupation or manufacture in any way allied to agriculture."

It will thus be seen that power is taken for development in innumerable directions. The shares are of the nominal value of £1, payable by instalments, and power is taken to issue guarantee shares. Power is also taken to establish branches or auxiliaries, provided the milk supply or trade of any other existing co-operative society organised by the Irish Agricultural Organisation Society shall not be injuriously affected, unless by friendly arrangement with such society or societies. Provision is made for the direct representation on the committee of branches or auxiliaries formed by the society.

By this wise measure the possibility of "overlapping"—a difficulty not unknown in Great Britain—has been foreseen and guarded against.

The provisions as to division of profit are as follows, a different method being provided in the case of productive and distributive departments:—

Division of Profits.

"(*a*) *General Business.*—At least one-half of the net profit arising from the general business of the society, other than dairying, after providing for the charges specified in the general rules, and for the payment of interest on share capital at a rate not exceeding 5 per cent. per annum, shall be carried to the reserve fund until the latter equals the share capital. The remainder of such profit shall be divided among the members in proportion to their sales through and purchases from the society during the period to which the division relates. When the reserve fund equals the capital the general meeting shall decide as to the amount to be placed to the reserve fund in each year thereafter.

"(*b*) *Dairying.*—The net profits arising from the business of dairying, after providing for the charges in General Rule 114,* and for the payment of interest on share capital at the rate of 5 per cent. per annum, shall be allotted as follows:—

(1) Not less than 10 per cent of the net profit shall be allotted to the workers employed by the society, in proportion to the wages earned by them respectively during the period to which the division relates.

* Model Rules of Co-operative Union.

(2) The remaining profits shall be appropriated to the individuals from whom the society has purchased milk, cream, or other dairy produce in proportion to the value of milk, cream, or produce supplied by each to the society during the period to which the division relates; provided that no non-member shall participate in the net profits of the society."

The committee can exclude from dealing with the society, any supplier who does not take up shares within three months after he commences to supply, provided, however, that the committee use their discretionary power in all cases where the non-member is in poor circumstances.

The committee has also power to direct that shares may be paid up either partly or wholly in (*a*) cash, (*b*) kind, and (*c*) allotted profits.

No portion of the net profits of the society, save and except interest on shares and loan capital, are allotted in cash until such time as the society has an available cash surplus in excess of its liabilities. But it is provided that the first ordinary business meeting in each year shall allot the net profits of the society as shares or in part payment of shares to those entitled to participate in the profits under the rules.

The share of profits falling to the workers are not to be paid in cash, but are to be accumulated as transferable shares in the society.

It is also provided in the rules that "any member who shall supply milk to any creamery other than that owned by the society, for the space of three years from the date of his admission to membership, without the consent in writing of the committee, shall forfeit his shares, together with all money credited thereon."

Political or sectarian discussion at either committee or general meetings of the society is prohibited by rule, and traders, agents, and dealers in agricultural produce are excluded from membership.

It may be convenient if in describing these societies we deal first with the Dairy Societies.

Description of Dairy Societies.

The first Co-operative Dairy Society was formed at Drumcollogher, in co. Limerick, and was registered in 1889, but after working for some time with varying success, it was purchased by the English Co-operative Wholesale Society and ceased to exist as an independent society. Previous to this Irish butter was made almost entirely by hand at the individual farms, small quantities being churned each day

and kept until sufficient was ready to make up a package for market, when it was packed up and taken to the nearest town or to the cross-road shops, and sold to the jobbing butter buyers. A firkin of butter made in this way would frequently contain, when it reached the British market, samples of various flavours, colours, and texture, and was not always found to be clean when unpacked; nor were the methods of doing business notably economical.

> The publican at the cross-roads will give a place in his house to the butter-buyer to put up his scales. Perhaps it is in the stables he would get it, and even if it is, doubtless it is in the public-house he will pay for the butter. The men of the parish will collect around him with the week's butter. He will welcome them, he will praise the butter, he will praise the women, he will give the highest price to each of them. He will find no fault with greasy butter, nor with ribbed butter, nor with butter not properly washed from buttermilk, nor with smoky butter. He will stand them a drink at his own cost—the open-handed man—and he will take leave of them at the shop counter, where they will have another drink or two as a compliment to the publican who gave them the use of his house. Indeed it would grieve you the talk of the fools going home after that, half drunk, praising the buyer who gave them all "top price," and none of them thinking that they all got the price of the smoky butter.*

Under these conditions it is not surprising that the Danes, the Swedes, and the French, with their adoption of co-operative organisation and their use of machinery and scientific methods, competed seriously with Ireland, and practically beat her out of the British markets. With the organisation of co-operative dairies and the adoption of improved methods similar to those of continental countries, Ireland is now slowly but surely regaining her lost trade, and winning back her reputation as a butter producer.

A recent publication of the Department of Agriculture in Ireland† gives the following description of a co-operative dairy:—

> "A fully equipped creamery costs about £700 to £1,500 to establish. This amount is usually subscribed in £1 shares, each member taking as many as he can afford; the main object being to admit every one who possesses cows. The shares are paid in four instalments of 5s. each, and interest is paid on them at the rate of 5 per cent. The first instalment is paid in cash, and the second is usually paid in the same way, but the third and fourth may, at the option of the committee, be paid in milk. The co-operative creamery is

* "The Advantages of Co-operation." Prize Essay in Gaelic, by Patrick O'Shea (translated).

† On "The Best Method of Organisation for Agricultural Co-operation and Credit," by H. C. Smith, M.A., LL.D.

owned and managed altogether by the shareholders as members, who elect a committee to conduct their business. This committee appoints the manager and all other employés. It meets monthly or oftener to examine accounts, fix prices for milk and so forth. The farmers send in their milk, in the summer night and morning, in the spring and autumn once a day, and in the winter every alternate day. This milk is soon run through the "separators," and the skim milk is returned free to the suppliers. When the milk comes in it is measured and tested; thus the supplier who neglects his cows, or waters his milk, is punished by getting a low price, and the thrifty and intelligent farmer gets his full reward. A certain proportion of the buttermilk is also returned to the supplier."

Some Early Mistakes.

As in all experimental organisations in the early stages of development, the societies have made many mistakes and encountered difficulties from want of experience. These mistakes have from time to time been pointed out to them by inspectors appointed by the Irish Agricultural Organisation Society. For example, in the report of this society for 1899 it was pointed out that—

> Too little importance is attached to enlarging the membership of the dairy societies so as to include every milk supplier. In some societies a mistaken and quite illegal policy of refusing admission to those milk suppliers who in the first instance did not take shares, has been adopted. The reports show that in such cases the creameries suffered more from the competition of proprietary creameries than where their doors are always left open, as is provided by Act of Parliament, for new members. The reason is obvious: a milk supplier who is not a shareholder regards the co-operative creamery to which he is supplying his milk as nothing more or less than a proprietary concern. A fraction of a penny per gallon will tempt him to send to one of its competitors, and needless to say, the policy of those competitors is to offer him such an inducement. It cannot be too strongly impressed upon societies that their share lists must ever remain open to all eligible applicants for membership, for upon the number of members and their thorough understanding and appreciation of the principles of co-operation will their success mainly depend.

In some of the societies the rules relating to the division of profits have been ignored and the profits carried wholly to the reserve fund. In some, officials have neglected to give security as required by the rules, and difficulties have arisen. In others, the committee have exceeded their powers by making advances of cash to milk suppliers without interest, and without security beyond a verbal promise to repay by

supplying milk. These mistakes are, however, such as greater experience and knowledge of the movement will prevent in future, and it is satisfactory to find that year by year a keener interest is being shown in the best methods of management.

The Small Shareholder.

An illustration of one of the advantages of the movement in Ireland is given in the statement that the development of the system of creameries has given an opportunity to labourers to become cow owners. "Numbers of them now have cows, and one case has been reported where a man living in an ordinary wayside cottage, with one acre of land, has been enabled to own eight milch cows, from the milk of which he has realised £70 in cash during the last year. This man's case is typical of many others From grazing one cow by the roadside—on the 'long farm,' it is called in the country—he was enabled to buy additional cows, and rent grazing for them, through the profits he derived from the creamery. The gain per cow over the old butter-making methods is pretty generally estimated at 30s. per annum, but in some cases milk suppliers put it down at a much higher figure."*

Tendency to Centralisation.

The present tendency among the dairy societies is to centralise the butter churning at a few centres. Instead of each small society making up into butter the supplies of its members, a number of local societies now prefer to separate the cream and send it on to a central society to be churned into butter. These societies thus become "auxiliaries" or branches of the central society. A number of auxiliary societies have been already formed and separately registered.

There are obvious advantages in this plan, such as the possibility of procuring for one central creamery expensive plant and more highly skilled management than could be separately obtained by a number of small societies; but there are also difficulties as to methods of testing the cream sent to the centre by the auxiliaries, the division of expenses and of profits between central and auxiliary societies, and various other details, which have to be solved by experiment, and for this purpose model agreements between centres and auxiliaries have been prepared by the Irish Agricultural Organisation Society.

In the opinion of this society the present areas from which milk is drawn by the creameries are too limited, and in order to attain the acme of economy and efficiency the radius from a central creamery must be increased to from thirty to fifty miles, and possibly more.

* Irish Agricultural Organisation Society's Report, 1899.

At present Irish butter is practically absent from the market during the winter months, and until the supply is maintained all the year round Ireland will continue to take a secondary place and lower prices as compared with Denmark, which sends a continuous supply. The auxiliary and central churning system is regarded as the only possible system for successful winter dairying. The difficulty in the way of this is, however, much more a question of the backwardness of the Irish railway companies and of railway rates than of dairy management, and to remedy this, strong outside pressure will be necessary.

Winter Dairying.

A federation of the co-operative dairy societies was formed in 1893 for the purpose of marketing the produce of the individual societies, and so preventing to some extent the competition of societies in the same markets and the consequent lowering of prices. There were then thirty dairy societies in existence, with a total annual trade of about £150,000, and it was felt that if the full benefits of co-operation were to be realised some kind of federation was necessary. The following interesting account of the formation and early days of the agency has been published:—

The Irish Co-operative Agency Society.

> The Agency was established by sixteen dairy societies, who took shares in it proportionate to the amount of their trade. The capital thus raised amounted in cash to £137. The societies bound themselves to sell all their butter through the agency at a commission of 2½ per cent, for which they were indemnified against bad debts. They selected a committee of management and established the head-quarters of the Agency at Manchester, the greatest centre of butter distribution in the north-west of England. A series of misfortunes followed, and unsatisfactory management resulted in two law suits in which the Agency lost all its capital; the societies wavered in their allegiance to their federation, and some broke their agreements and refused to consign their produce. . . . The societies by their refusal to consign forced the society from its original position of a commission agency and obliged it in brisk markets to purchase its supplies at firm prices, just like any competing firm of butter merchants, and only when its prices were equal to, or higher than, those obtainable elsewhere did it "get the preference." In dull markets the creameries made it their "dumping ground" for butter which they could not sell elsewhere. Frequently butter refused by its competitors, was thrown upon the agency for sale, and in such quantities (and sometimes too of such bad quality) that the low prices which had to be accepted were quoted against the agency in comparison with those that some societies, more fortunate than the rest, had realised elsewhere.*

The Agency Society, however, has persevered in spite of the apathy and lack of support of the societies, and is now

* Irish Agricultural Organisation Society's Leaflet No. 60, "Trade Federation," 1902.

one of the largest shippers of creamery butter in Ireland. Some years ago it transferred its headquarters to Limerick, where it now has commodious premises, and it also has branches and depôts at Manchester, Liverpool, London, Glasgow, Cardiff, Bristol, Leeds, Birmingham, Newcastle-on-Tyne, and the Isle of Man. In 1900 it purchased the creamery of the Rathduff Dairy Society which was in difficulties, and has since carried on butter-making as a branch of its business both there and at Donoughmore, where it has also acquired a creamery. The total production of butter by the society during 1902 was about £6,000, while its total distributive sales amounted to about £184,000. Although the progress of the society has fluctuated considerably since its establishment, it has in recent years steadily improved its position, and has adopted the policy of carrying all its profit to a reserve fund, which at the end of 1902 amounted to £2,470.

The total amount of bad debts incurred by the society during nine years has been only £256 upon an aggregate trade of about one-and-a-quarter millions, and this loss has been met out of the profits, so that no loss whatever has been sustained by the societies who have stood by the federation.

A National Brand of Butter.

An effort is now being made to induce the dairy societies to guarantee to the agency a regular supply of high quality butter, which should be sold under a national brand or trade mark, and so obtain for Irish creamery butter the reputation it deserves. It is urged that such a plan if adopted would also meet one of the chief evils of the present system—that of competition of the societies with each other for customers, with the consequent cutting of prices. The societies, it is said,

> Have it in their power to create through the Agency in the space of two or three years, a federation so strong, so powerful, so effective that it will practically establish a "corner" in Irish creamery butter on behalf of the united producers, and control the market for that commodity. Isolated individual action, even when taken by the largest society at present existing, can never accomplish this. The combination must be national to be effective. It must be founded upon principles and upon a constitution fair to every society alike, its objects and its methods must be understood and its rules strictly adhered to.*

The Agency Society is formed upon lines somewhat similar to those of the British federations. Each society in the federation must take at least twenty £1 shares, of which 5s. per share only need be paid up on application, every society having the right of representation at all meetings and of taking part in the election of the committee, and sharing in the profits.

* Irish Agricultural Organisation Society's Leaflet No. 60, "Trade Federation."

For a short period, in 1896, the society carried on a department for the supply to its federated societies of manures, seeds, implements, &c., and for the marketing of barley, live stock, and other produce of the members, but early in 1897 it was decided to form a separate federation for this purpose, and the Irish Co-operative Agricultural Agency was established, but was subsequently replaced by the Irish Agricultural Wholesale Society, described on page 160.

Agricultural Societies.

In these societies the members are associated for the combined purchase of seeds, manures, implements, &c., required by their members on their individual farms, &c., and also for marketing the produce raised individually by the members. In the earlier societies special rules were prepared for them, but in recent years, as already stated, rules giving powers for dairying, &c., have been added, and both Agricultural, and Dairy societies are now registered as "Agricultural and Dairy Societies," with identical rules.

As may be expected from the wide powers taken in their objects and set forth in the rules, the activities of these societies have covered a wide range, in nearly all cases with success. In the purchase of artificial manures alone they have found it possible in many cases to reduce the cost by 40 to 50 per cent. and to obtain a superior quality, guaranteed and analysed by the public analyst. In farm seeds they have secured equal advantage, and in implements and machinery they have gained at least 25 per cent. by dealing directly with the manufacturers.

Besides rescuing them from the wasteful and extravagant way of buying at the cross-road shops, a society helps its members in many other ways. Through it they can obtain the use of thoroughbred sires for the purpose of improving the breed of their farm animals, and hire costly machinery such as they could not afford to buy. The society can also sell the corn, eggs, pigs, or other produce of members in the best markets and for the best prices, and thus avoid much individual haggling and waste of time and money.

The expenses of these societies are small. In many cases very little capital is required, no special buildings being needed for stock, &c. Generally the requirements of the members are ascertained by the secretary of the society, himself frequently a farmer acting as secretary for a merely nominal salary. The members' orders are bulked, and estimates for the total obtained direct from the manufacturers or from the Agricultural Wholesale Society.

Until recently, the manufacturers of manures—doubtless under pressure of their local agents who had previously

supplied the individual farmers at a good profit to themselves—refused to supply the co-operative societies at less than 2½ per cent. increase upon the prices at which they supplied the local dealers. After considerable negotiations between the Irish Agricultural Organisation Society and the manufacturers, the latter have now given way, and the agricultural societies are supplied upon the same terms as other dealers. This result has probably been helped by the fact that a number of the societies have commenced the compounding of special manures for themselves, thus putting to practical use the knowledge gained from the technical lectures and instruction given at the local centres by lecturers of the Department of Agriculture and of the County Councils.

Other societies have developed in the direction of renting grazing land and re-letting it to their members, while others again have arranged for the working of demonstration plots by members; the object being to test the value of various artificial fertilisers, with and without farm-yard manures, and also to test different varieties of seeds, the working of the different plots being carefully supervised and the results accurately recorded for the benefit of the members and co-operators generally.

The Irish Agricultural Wholesale Society.

The Irish Agricultural Wholesale Society Limited was registered in 1897 with "ordinary shares" of 5s. each, issued only to societies in Ireland registered under the Industrial and Provident Societies Act, at a rate of interest not to exceed 5 per cent. per annum, and "cumulative preference shares" of £5 each, issued to individuals and bearing a fixed interest at the rate of 5 per cent. The "profits," after payment of interest and provision for reserve fund, are divisible among the members who make purchases from, or sales to the society. Its first committee of management consisted partly of delegates of shareholding societies and partly of individual holders of preference shares. The object of the society is to supply the local co-operative agricultural societies and other members with their requirements in artificial manures, seeds, feeding stuffs, machinery, &c., saving them from numerous commissions of middlemen, and protecting them from the possibility of having their industry injured by the use of inferior manures, seeds, &c. Like the Agency Society, the new Wholesale met with many difficulties in its early years, the chief being that of finance. As the local agricultural societies were small and had little share capital of their own, they did not supply the federation with sufficient capital to carry on its business efficiently, and at the end of 1898 its total share and loan capital amounted only to £2,440. It has, however, steadily improved its position in spite of the

apathy of the societies and the antagonism of the private merchants and manufacturers.

In the annual report of the Irish Agricultural Organisation Society for 1900 it is stated that "the Irish agricultural machine manufacturers, and many English firms as well, still persist in their boycott of the Wholesale Society. Meanwhile the Wholesale Society and the federated societies are procuring their machines elsewhere, and thus, through no fault of the co-operative movement, but through an extraordinary piece of shortsightedness on the side of the manufacturers, a large sum of money is annually leaving the country." In 1902 the trade of the Wholesale Society had grown to about £53,000, its membership consisting of 28 societies and 54 individuals, but it is still hampered by want of capital. The financial difficulties in 1902 were such that it would have been unable to carry on its business had not the committee succeeded in negotiating a special loan of £5,000. Its members again, like those of many English societies, are frequently wanting in loyalty to their own organisation. "The most serious difficulty against which the Wholesale had to contend was that notwithstanding its efforts to combat and break down the influence of the various rings and syndicates which exist in the agricultural requirements trade in this country, many of the societies actually used the exceptional quotations given them by the Wholesale Society in order to make more favourable contracts with firms outside the movement, whose interest it naturally was to prevent any form of combination of farmers for trading purpose taking place."*

Egg and Poultry Societies.

The objects of these societies are stated in their rules to be "to carry on the business of wholesale and retail dealers in poultry and eggs and other articles connected with the poultry industry; to improve the breed of poultry in the district, both for table use and for laying purposes; to procure and distribute among its members all the requisites for their industry and to market the produce of members on their behalf." The shares are transferable only and of 5s. each, payable in instalments upon call. The net profits, after providing for the charges in General Rule 114 of the Model Rules of the Co-operative Union, are divided as follows:—Interest on capital at a rate not exceeding 5 per cent.; of the remaining profit 5 per cent. is carried to the reserve fund and the remainder to members in proportion to the value of the poultry and eggs supplied during the period to which the division relates, but no dividend is paid upon feeding stuffs or other articles bought by members from the society, all profit accruing under this head being carried to the reserve fund

* Irish Agricultural Organisation Society's Report for 1902.

Profits are divided half-yearly, but no dividend or interest is paid in cash until the shares are fully paid up. Other rules are similar to those of the agricultural societies.

Previous to the starting of these societies the trade in Irish eggs was a decaying one. This was due largely to the system—or want of system—upon which the industry was carried on. The practice among farmers' wives all over Ireland had been to hold their eggs until they had a sufficient quantity to make it worth while taking them to market, particularly when prices were going up. The injury done to the trade by this abominable system of "holding up" eggs was enormous. The Irish egg—under proper conditions the best in the world—was sold at the lowest price and was difficult to sell at all. About 1897 there was a crisis in the Irish egg export trade. The Liverpool and Glasgow egg merchants had issued a circular stating that they would in future refuse to purchase Irish eggs unless they were clean, fresh, and properly packed, similarly to the continental eggs. At this juncture Co-operation was brought to bear upon the problem by the Irish Agricultural Organisation Society, and poultry societies began to be formed and to introduce better methods of trading into the business. They at once started on completely new and improved lines—which practically amounted to a revolution. Eggs were bought from the members by weight instead of by the dozen or score, and all were refused but the perfectly fresh and clean, while these were packed on the continental plan, in non-returnable cases and in wood wool, in accordance with the instructions given by an expert of the Irish Agricultural Organisation Society. Although the prejudice against Irish eggs brought about by the old system is very hard to break down, progress has been made, and to assist this still further the Irish Agricultural Organisation Society has registered and advertised a trade mark for eggs exported by the poultry societies.

The purchase by weight and condition has had the effect of inducing local poultry keepers to pay more attention to the freshness and cleanliness of the eggs, and to adopt the advice of experts as to the best breeds of poultry to keep. Prices have advanced to a point hitherto unknown—the gain in some cases amounting to 3d. a score—and the local egg dealer, who heretofore made it understood that he conferred a favour when he bartered tea and sugar for eggs, has now to raise his price to that paid by the local society. The system of barter that gave two profits to the egg dealer and none to the hen-wife, is giving way before the cash system of the society, which gives the poultry-keeper the full value for her improved produce and leaves her free to spend the cash where she will.

Some of the societies have commenced the table poultry trade, a much more difficult and risky business than the egg trade, but one which can be considerably developed. The fowls are bought by weight, killed, plucked, and trussed ready for market in the manner taught by Irish Agricultural Organisation Society experts. The sales are steadily increasing, and profits hitherto unknown are being realised. One society reported in 1899 that in one trial consignment alone a profit of one hundred per cent over the prices that could be obtained locally was realised, but this was, of course, an exceptional experience.

Table Poultry Trade.

A further development of these societies will probably be in the direction of central federations for collecting and marketing the produce and for the fattening of poultry for the market. Two of the local societies have already commenced experiments in the fattening of fowls.

Home Industries Societies.

These societies have a special significance in relation to the annual emigration from Ireland of thousands of her young women. The Home Industries of Ireland are organised to promote forms of employment which shall make it possible for these young women to support themselves at home, or at any rate provide an auxiliary wage-earning industry that can be carried on in rural districts together with work on the farm

The difficulties of organisation are very great, since the industry has in many places to be created upon nothing more definite than " a vague desire for employment on the part of the would-be workers."*

The special rules of these societies state that " the objects of the society shall be to develop and improve among the members of the society home industries, such as poultry and egg production, pig rearing, knitting, lacemaking, and needlework of all kinds, weaving, wood-carving, or any other industry which may be suitably carried on in the homes of the members; to provide them with the technical instruction needed for these industries, and with the material and appliances required for them; to obtain a market for their produce, and to save for them the profits derived from its sale. One-half of the net profits of the societies, after paying 5 per cent. upon capital, is to be carried to a reserve fund until this equals the share capital, the remaining profit is to be divided amongst the members in proportion to their wages earned, their sales through or purchases from the society. No portion of the net profits, however, except interest on share and loan capital, is

* Irish Agricultural Organisation Society's Report, 1902.

to be allotted in cash until such time as the available cash surplus of the society is in excess of its liabilities.

"A number of these societies are at work, the members being mostly engaged in lacemaking, needlework, embroidery, weaving, knitting, and shirtmaking, a large number of workers being engaged in the work, whose earnings vary from 5s. to 15s. weekly. Some of the societies pay several hundreds yearly to their workers, and though the total appears small, yet when a girl is enabled to earn 7s. or 8s. weekly it means often the difference between comfort and poverty in the small farmer's home. The work itself has a refining effect upon the character; the production of a beautiful piece of lace or embroidery marks an epoch in the ordinary country girl's ideas and tastes. Here, as in other branches of the Irish Agricultural Organisation Society's work, the indirect results, the reflex action upon character, are as important as the direct material gain for which the societies are ostensibly organised."*

In a number of these societies the members work under the direction of an expert instructor, whose salary is met by grants from the Technical Education Department in Dublin. In some cases the members work together in rooms provided at a convent by friendly Sisters, who superintend the work of the girls and make arrangements for marketing it.

Flax Societies.

These societies are an interesting example of State assistance, through co-operative societies, in the revival of what was a dying industry. Their object is to scutch and market flax grown by the individual members, and to assist in the improvement of its cultivation. The members grow and supply the flax to the mill, which charges for scutching it and markets the flax, the amount realised being divided among the members in proportion to the value of the flax supplied by each.

The first flax mill was established at Dunboe in 1900, but after some early success and later vicissitudes it was wound up in 1908. Some nine societies were at work in 1909 with, however, not very satisfactory financial results, owing chiefly to a poor crop of flax. "Whether the introduction of co-operative methods will ever restore this branch of the farmers' industry to its former position remains to be seen; but the conditions which have brought about the decline in flax growing appear to resemble very closely those which led to the decline in home-butter making,"† namely, the failure of the Irish people to advance quickly enough along the lines of improved methods of production.

* Irish Agricultural Organisation Society's Report for 1902.

† Mr. R. A. Anderson, secretary I.A.O.S., in a paper on "Co-operative Agriculture, read at the International Congress at Hamburg, 1910.

It is estimated, however, that the average price realised in 1902 by the proprietary mills in the district was less by 6s. per cwt. than that obtained by the co-operators. This improved price obtained by Co-operation is stated to be the result of improved cultivation of the flax under the advice of an expert, the payment of weekly wages instead of the usual piecework system, and the use of directly imported seeds and suitable manures procured by the society.

Other Societies.

Co-operative societies of beekeepers, with a central federation in Dublin, are formed with similar objects and rules. At Sligo, a productive society for shirt-making, formed upon co-partnership lines, is in operation, and various other societies are in existence. A bacon curing factory at Roscrea is the most recent development of co-operative enterprise. The Irishman seems ready and able, in fact, to apply the principle of Co-operation to all the circumstances of his industrial life.

Probably, however, the most interesting group of societies are the Agricultural Banks, which have taken root in Ireland and have met a very real need. For the details of the working of these, however, the student must turn to the next chapter.

NOTE added to 6th edition, 1914.—The Co-operative Congress met in Ireland for the first time at Dublin in 1914, when a considerable impetus was given to the formation of distributive societies, hitherto a backward form of co-operation in this country. The aid lent to the workers of Dublin by co-operators in England during the progress of the labour disputes in the autumn and winter of 1913 predisposed the people towards the movement, and many towns are awaking to the benefits of co-operative action.

CHAPTER XX.

Co-operative Banking and Credit Banks.

Co-operative Banking, which forms a very large part of the co-operative movement abroad, is as yet in its infancy in the United Kingdom, and this is the more remarkable from the fact that it is a subject which has constantly been discussed by British co-operators for the past thirty-five years.

The importance to the democracy of retaining control over the employment of its accumulated savings has been urged over and over again by leading co-operators, but without avail, and practically the whole of the floating capital of co-operative societies, of trade unions, and of friendly societies is still handed over to private banking firms, by whom it is lent to employers of labour, to merchants, and to traders. Not only do the bankers profit by these transactions, but their competitors are enabled by the use of co-operative capital to oppose the progress of industrial democracy.

On contemplating the enormous accumulated funds of workmen's organisations, estimated in 1903 by the Chief Registrar of Friendly Societies to reach a total of £164,933,167, it is easy to realise the power that an intelligent use of these funds would place in the hands of the workers, and difficult to understand why steps have not been taken to utilise this vast capital in the interests of associated labour. See Table in separate pamphlet.

Discussion in Congress, 1869.

At the first of the present series of Co-operative Congresses, held in 1869, the question of Co-operative Banking was discussed, and the need of a co-operative bank was urged on the ground that a co-operative outlet was required for the surplus capital of the stores, and that progress in manufacture was hindered by the want of the necessary capital. As a result of this discussion resolutions were adopted affirming—

(1) That it was expedient to establish a Co-operative Banking and Credit Association with a central office and branches.

(2) That it should be formed as nearly as possible on the model of the North of England Co-operative Wholesale Society,* and composed exclusively of

* The present English Co-operative Wholesale Society.

co-operative societies registered under either the Industrial and Provident Societies Act or the Joint-Stock Companies Act, but no society to be deemed co-operative which divided profits exclusively on capital.

(3) That trade societies of working men which obtained a legal position should be admitted as members.

(4) That the business of the association should be to keep the money both on current account and on deposits, of co-operative and trade societies, whether members or not, to discount the paper of co-operative societies, give guarantees for their transactions, and do all the usual banking business for its customers.

(5) That money be received on deposit from registered friendly societies, benefit building societies, and individual members of co-operative societies.

This proposal was strongly supported by Mr. Thomas Hughes (the president), and by Messrs. J. M. Ludlow, E. O. Greening, Wm. Nuttall, and others.

At the following Congress, 1870, it was reported that the results of an inquiry as to the willingness of co-operative societies to join in the establishment of the bank had been handed to a high authority upon banking, whose name, however, was not disclosed,* and a report of this authority in favour of the proposal, together with various criticisms on the proposed constitution, was read to the Congress. After further discussion, the resolution of the previous year was reaffirmed and the subject referred to the executive of the Congress for further development. Efforts to induce the trade unions to join in the establishment of the bank were made by Messrs. Hughes, Ludlow, Morrison, and others—who were then actively engaged in promoting legislation for the legalisation of the trade unions—but without success. At the succeeding Congress, in 1871, a further paper was read from the banking expert, urging that in the Wholesale Society was to be found the nucleus around which the scheme of a bank could be gradually evolved, and recommending that the Wholesale Society should open an account at the Bank of England, appoint a London bank as its agent, and at once begin to act as a banker. The Congress, however, appeared to lean to the side of caution; the question as to how the bank would find investments for its capital seemed to puzzle some delegates, while others were in favour of further propaganda before taking any definite action. Eventually the matter was referred to the Provincial Committee of the Central Board

* This expert was Mr. Silvanus Wilkins.

with instructions to bring it before the societies in the neighbourhood of Manchester, and, if approved, to ask for the adoption of the scheme by the directors of the English and Scottish Wholesale Societies.

There was no immediate practical outcome from this decision, owing to the apathy of the societies, but renewed energy was, however, put into the propaganda by the advocates of a wholesale bank, and resulted in the Wholesale Society passing the following resolution at its quarterly meeting on May 18th, 1872:—

Establishment of a Banking Department of the Wholesale Society.

> That in order to commence and gradually develop a banking business, authority be given to the committee to receive surplus capital from the members, withdrawable at call and subject to the current bank-rate of interest, the same to be used in our own business, or lent out on approved security.

Considerable interest was aroused in the proposal by means of district conferences, at which the advantages to be gained by the societies were discussed. It was even suggested that secretaries would be saved the trouble of writing out separate cheques, that they would need only to send on their cash to the Wholesale, and when they had accounts to pay would simply have to forward to Manchester a list of the firms and persons to whom payment was due, when the Wholesale would make the payments for them and debit their account with the amounts so paid. There is no record to show that this labour-saving process was actually put into practice. At the succeeding quarterly meeting it was stated that London agents had been appointed, that £29,000 had been received from the stores, and that over £11,000 of this had been lent out in advances on loan to various companies and societies. The meeting then proceeded to extend the scope of the new department by authorising the committee "to apply for and receive loans from societies which are non-members, whether joint-stock companies, corn mill societies, or retail stores, such loans being used as those are from members, and that the Board be authorised to open current banking accounts with members or non-members."

At the Newcastle Congress, in 1873, it was announced that the department was in working order, that London and Provincial Banks had been appointed agents, and that it was now possible for co-operative societies to do their banking business through the Wholesale Society at a cheaper rate than through other banks, and that the profits of the department would be divided among the depositors and those doing business with the society.

The Industrial Bank.

At the same Congress it was reported that an "Industrial Bank" had been founded under the Companies Act, by some co-operators at Newcastle, for the purpose of developing the co-operative movement in the northern counties; and a resolution was adopted by the Congress affirming that the Industrial Bank and the banking system of the Co-operative Wholesale Society could co-exist in harmony, and instructing the Central Board "to communicate with both bodies with a view to arranging a system of concurrent action."

A year later, however, friction had arisen, and the Central Board, in their report to the Congress of 1874, stated that—

> The growth of the system of banking now begins to assume, in the case of the Wholesale, a truly important character—the current balances being by the last report, £31,891. 18s. 3d., and the sums on deposit subject to notice of withdrawal . . . having risen to £145,264. 7s. 8d. . . . and that whatever portion of the capital is exposed to such a demand should be used in production only, in making those short advances to which the trading operations of bankers are usually limited.

After referring to the progress of the Industrial Bank at Newcastle, the report goes on to say that a committee composed of Mr. Hughes, Mr. Crabtree, and Dr. Rutherford had "distinctly recommended the legal separation of the banking business of the Wholesale from its trading business, and would thus have prepared the way for a union between the Industrial Bank and the Wholesale banking business so as to form one Central Co-operative Bank."

This proposal was opposed by some of the Wholesale directors on the ground that the change might disturb the confidence then felt by the societies in the Wholesale, "and in the end the two systems of banking were left to pursue their separate paths under the expectation that the force of circumstances would gradually bring them together."

The Industrial Bank, which had admitted individual shareholders as well as co-operative societies, was soon the cause of considerable friction in the movement, its friends urging that the Wholesale banking system of using the deposits in its trading operations was unsafe, and that the department should be entirely separated from the Wholesale and amalgamated with the Industrial Bank. The advocates of federalism, as exemplified by the Wholesale, resented this as an attack on the Wholesale Society, and much feeling was aroused. Eventually, the Industrial Bank, which had advanced large sums to a co-operative engineering society, of which the chairman of the bank was manager, came to an end through losses incurred by the failure of the engineering concern, and the rivalry ceased.

The Wholesale Banking Department has also sustained heavy losses during its existence, but has survived them all and has steadily progressed for many years past. It is still, however, a long way from having reached the position which, as the central bank of the movement, it should occupy, its total receipts in 1909 amounting only to £63,909,720, and its profit for the year to £34,104.*

Present Position of the Wholesale Banking Department.

When it is remembered that the business of the movement amounted in that year to a total of nearly 110 millions, it will be seen that there is still much room for development.

Small Savings and Penny Banks.

Many retail distributive societies have established savings bank departments, where small deposits are received, usually at interest of 4½ per cent per annum, and withdrawable, in the case of small sums of less than £5, upon demand, and upon short notice for larger amounts.

Juvenile penny banks have also been established in many societies for the encouragement of the habit of saving among children, and a return obtained by the Co-operative Union in 1903 shows that 587 societies had a total of no less than £995,818 on deposit in these banks; the total number of depositors being 570,886.

Co-operative credit associations may, as stated in the Board of Trade Report on Workmen's Co-operative Societies, be conveniently divided into three classes—

Co-operative Credit Associations.

(1) Building Societies registered under the Building Societies Acts.

(2) Friends of Labour Loan Societies certified under the Loan Societies Act.

(3) Credit Societies and Banks registered under the Industrial and Provident Societies Acts and the Friendly Societies Acts.

The objects of the first group are to receive share capital and deposits from their members, upon which a fixed rate of interest is usually paid, and to make advances of capital to members wishing to purchase or build a dwelling-house, such advances being repayable by instalments spread over a term of years. A very large number of workmen have availed themselves of these societies to become owners of their own dwelling-house instead of continuing to pay rent to a landlord.

* 909 Societies were banking with the Wholesale at the end of 1909 The profits of theBank are divided among its customers in proportion to the amount of business done with it, non-members receiving a dividend at one half the rate paid to members. The dividend to members is usually one per cent upon the average debit and credit balances.

There were in 1908, 1,956 of these societies in existence, with an aggregate membership of 623,047, and capital amounting to £69,068,411. They have not usually been regarded as an integral part of the co-operative movement, except in the case of one society, which is well known to co-operators generally, viz., the Co-operative Permanent Building Society, all the officials of which are also well-known workers in other phases of Co-operation. There is, however, except in a few instances, no doubt as to the co-operative character of these organisations. Many retail distributive societies also carry on a considerable business in this branch of Co-operation, the total amount of capital invested by stores in this form of security being stated in the Congress Report for 1909 to amount to £6,850,000.

Labour Loan Societies.

The second class—Labour Loan Societies—are societies for receiving share and loan capital from members and for advancing small loans to members requiring financial assistance. They are less co-operative in character, the Act under which they are registered giving less real control over the management to the members than is usual in other forms of co-operative societies. They have for many years past been decreasing in number, partly owing to this weakness in their constitution, and partly to the practice which has grown up in many of them of encouraging members to receive loans even when not required. This practice is generally adopted as a means of increasing the business of the societies, the non-borrowing investor being regarded as not contributing his share to the profits out of which his interest as an investor is paid. Needless to say this practice is a very undesirable one and leads to habits the opposite of those which it should be the object of Co-operation to encourage. The societies have, however, frequently been of great service to some members in times of temporary financial need, and have encouraged the habit of saving in others. At the end of 1907 there were 248 of these societies in existence, with an aggregate membership of 33,570, and capital amounting to £251,879.

Co-operative Credit Banks.

The third class—Co-operative Credit Banks and Societies—are the most recent development in the United Kingdom of Co-operation as applied to financial transactions, and are the most interesting in their operations. There were 240 of these societies at work in 1908, with an aggregate membership of 20,848, and a total share, loan, and reserve capital of £146,761.* They are mostly in Ireland, there being only thirty-two in England and one in Scotland. With the exception of

* See Table in separate pamphlet for details.

seventeen in England and the one in Scotland, they are all in agricultural districts, and are formed with the object of assisting the development of profitable industries among agricultural labourers and small farmers.

The town banks are usually registered under the Industrial and Provident Societies Act, the members holding shares upon which a limited interest is paid, and the capital being advanced in loans to members, generally upon the security of two other members. They are somewhat similar in their operation to the labour loan societies, but with the important difference that, as a rule, strict inquiry is made as to the purpose for which the loan is required, and also that every member has by the rules an active share in the management of the society.

The agricultural banks are of a different character. They are usually registered under the Friendly Societies Acts as "Specially Authorised Societies." They have no shares, the capital consisting of deposits and loans upon which a small fixed interest is paid, and of entrance fees, subscriptions, and reserve funds. In Ireland a number of the societies are working with a loan of from £50 to £100 advanced to them by the Congested Districts Board or the Department of Agriculture. They are all worked upon what is known as the Raiffeisen system, the main features of which are—

Raiffeisen Banks.

(1) That the liability of members is unlimited;

(2) That loans are made to members only; and

(3) Only for purposes which the committee of the societies are satisfied is of a reproductive character which will enable the borrower to repay the loan at the termination of the period agreed upon. The officials are generally unpaid, and the profits of the societies are carried to reserve funds, no dividends being paid.

During the year 1907 there were at work in Ireland 216 societies, with a total membership of 16,855, and capital amounting to £57,306. A total of £57,735 had been advanced in loans during the year. The working expenses of the societies amounted to only £2,187, and their total profit, after paying interest on deposits and loans, amounted to £544.

Irish Agricultural Banks.

To the British co-operator, accustomed to a turnover of many millions, these figures will appear insignificant, but the usefulness and influence of these societies are out of all proportion to their size. Sir Horace Plunkett says: *"They perform the apparent miracle of giving solvency to a

* "Ireland in the New Century."

community composed almost entirely of insolvent individuals," and "the industrious men of the community, who had no clear idea before of the meaning or functions of capital or credit, and who were generally unable to get capital into their industry, except at exorbitant rates of interest and upon unsuitable terms, are now able to get, not always indeed all the money they want, but all the money they can well employ in the improvement of their industry." . . . "The whole community is taught the difference between borrowing to spend and borrowing to make."

The "Gombeen" Man.

These co-operative banks are rapidly putting an end to the wasteful and thriftless methods of borrowing formerly in vogue in the rural districts of Ireland. The money-lender, or as he is called in Ireland, the "gombeen" man, has through the agency of these small banks received a very severe check. Instead of interest at the rate of thirty or sixty per cent. being paid to the "gombeen" man, the farmer need now pay only five per cent. to his co-operative credit bank for a loan. Instead of having to make a journey of ten or twelve miles in order to obtain cash accommodation from the nearest joint-stock bank, he may now get it within the bounds of his own parish. In the poor rural parts of the country, the cost of negotiating loans from joint-stock banks consisted, in addition to a higher rate of interest, of the borrower's travelling expenses and those of his two sureties, whose food and drink he had also to pay for on the journey. Not once only, but every time the three or four months' bills required renewing the same outlay had to be met. Moreover, the interest charged was deducted before the money was actually advanced.

Curious Methods of Raising Money.

Where farmers had not recourse to "gombeen men" and joint-stock banks, many curious methods of raising money were adopted in the absence of a proper system of popular credit. Perhaps the most remarkable device was one by means of which the farmer could buy on credit. A number of men would agree to drive in their cattle to an auction in the nearest market town, where all the animals were offered for sale as the property of only one of them. The others then bid up to a good price. Cash was paid by the auctioneer to the supposed seller at a discount, and the supposed buyers gave bills for three or four months to the auctioneer and were charged by him an exorbitant rate of interest for the credit. Then the cattle were driven home to the sheds they came from, and the "syndicate" divided the money, less discount for cash, auction fees, interest, and the cost of refreshments. Sometimes a farmer would buy a beast on credit and sell it for cash immediately afterwards for what it would fetch.

In superseding such methods of raising money the co-operative banks are rendering invaluable assistance to Ireland, not only in enabling necessary capital to be obtained cheaply, but in improving the character of the small Irish farmers. The membership of the society and the feeling of responsibility which the successful management of the society gives, and the steadiness of character required as a condition of obtaining loans from the bank, all tend to inculcate business habits and a greater appreciation of the value of character and of money. The fact that no bad debts have yet been incurred by these banks is significant of their success in this direction.

The chief difficulty encountered by the early societies was in obtaining the necessary capital for making advances. The joint-stock banks, when not holding aloof altogether, charged exorbitant rates of interest for loans, usually 10 per cent. The Congested Districts Board and the Department of Agriculture in Ireland have, however, with a foresight unusual in Government departments, seen the great value of this new development and have made advances of capital to a number of the co-operative banks at 4 and 3 per cent. per annum interest. Some of the County Councils, too, realising the great value to Ireland of this form of Co-operation, are making grants towards the expenses of organisation, while recently the joint-stock banks appear to have realised that they were unwise in holding aloof and are now willing to help by allowing overdrafts upon reasonable terms.

On the whole, Ireland may be congratulated upon having forestalled Great Britain in the successful initiation and development of Co-operation in finance, as well as in agricultural operations generally.

CHAPTER XXI.

Miscellaneous Activities.

Co-operation in Agriculture.

In Great Britain, until the beginning of the present century, little progress was made in the application of co-operative principles to agriculture, owing mainly to the naturally conservative character of the agricultural worker, and in some degree, probably, to the fact that the advocates of Co-operation have mostly been townsmen, for whose "new-fangled" ideas the farmer and the agricultural labourer has an honest if paralysing contempt.

During the nineteenth century, however, there were a number of experiments in co-operative farming, impelled chiefly by the community idea, all of which, with the exception of two, passed out of existence in the course of a few years, leaving some scanty records behind which have been carefully gathered up by Mr. B. Jones in "Co-operative Production."* Of these two early societies, which were still in existence at the end of 1902, one, formed at Assington, Suffolk, in 1829, has never been registered, and particulars regarding its history or present position are not obtainable. The second was formed a few years later in the same district and by the same philanthropic landowner, Mr. John Gurdon. Both societies enjoyed an unbroken success up to 1876,† after which a series of bad years supervened up to about 1883, when the strength of the younger society was found to be completely broken. An appeal was issued on its behalf by the Guild of Co-operators—a propagandist organisation in London—and the society was wound up and reorganised as the Assington Agricultural Association, with capital supplied by a number of societies, individuals, and members of the old society. It has never, however, succeeded in working at a profit, and a considerable amount of share capital has been lost; for some years no interest has been paid on shares.

A third society is at Coln St. Aldwyns, in Gloucestershire, and has worked more successfully. The total acreage of the two registered societies is, however, only 475 acres. In addition to the acreage farmed by these societies, 10,119 acres were, in 1908, being farmed by 86 retail distributive

* "Co-operative Production," Chapter XXIV.
† Ibid, page 616.

societies and the English and Scottish Wholesale Societies, the net result of the year's working being a profit of £251. It cannot yet be claimed, therefore, that farming is amongst the successful co-operative adventures in great Britain.

Since the beginning of the present century, however, the tidings of the success of agricultural co-operation in Ireland has inspired the farmers in this country to a growing interest in the movement.

The systematic promotion of agricultural co-operative societies in Great Britain dates from the formation in 1900, on the initiative of Mr. W. L. Charleton, of the British Agricultural Organisation Society. Prior to this date a few societies had been independently formed in different parts of the country, such as the Agricultural and Horticultural Association (1867), the Aspatria Agricultural Society (1870), the Brampton Agricultural Society (1872), the Skelldale Dairy (1891), the Brandsby Dairy and Trading Association (1894), the Eastern Counties Dairy Farmers' Co-operative Society (1896), and the East Anglian Farmers' Co-operation (1897), but it had become evident that there was an opening in Great Britain for a society on the same lines as the Irish Agricultural Organisation Society, founded by Sir Horace Plunkett. In 1901, an amalgamation was effected between the British Agricultural Organisation Society and the National Agricultural Union at the suggestion and by the efforts of Mr. R. A. Yerburgh, M.P., who had accepted the presidency of the latter body on the condition that it abandoned political action and undertook the promotion of agricultural co-operation. The new society was registered in April, 1901, as the Agricultural Organisation Society, and Mr. Yerburgh was elected president. It is purely a propagandist body, supported by voluntary subscriptions and, to a small extent, by the affiliation contributions of the societies which it forms; it does no trading, and by its rules the distribution of a dividend to members is prohibited. In its own special field it occupies a position analogous to that of the Co-operative Union, of which it is in its turn a member. In Scotland a separate propagandist body was registered in 1905 under the name of the Scottish Agricultural Organisation.

Both the importance and interest of this new development of Co-operation should attract the attention of students, and a supplementary chapter on Agricultural Co-operation has been added to this volume. Statistics of the movement in the United Kingdom, which are now dealt with separately from industrial societies in the Board of Trade returns, appear in the Appendix.

Co-operative Insurance.

A very important application of the principle of mutual association is found in the Co-operative Insurance Society Limited. This society had its origin in Rochdale, and its first registered office was at the Equitable Pioneers' Stores, in Toad Lane. At the date of its establishment, in 1867, the Industrial and Provident Societies Acts did not provide for the registration of an insurance business, consequently it was enrolled under the Companies Acts, and continued as a company until the amendment of the Industrial and Provident Societies Acts permitted of its registration as a society. This was accomplished in 1899. See Appendix, page 259.

The Co-operative Insurance Society is a federation. The shares are £1 each, of which the smallest number that may be held by any one society is five, but only 4s. per share has been called up. Interest is paid at the rate of 6 per cent. Each society shareholder is entitled to one vote, or one delegate, for every £50, or fractional part thereof, paid by it in respect of the premiums or insurances effected through its agency in the preceding year.

Five forms of insurance are undertaken by the society, viz. :—

(1) Insurance against damage by fire of any property, whether belonging to any member of the society or not.

(2) Guarantees for the honesty of persons employed by co-operative societies.

(3) Insurance of the lives of members of co-operative societies or their relatives.

(4) Insurance of members of co-operative societies against death by accident.

(5) Collective Life Assurance of members of societies.

The first fire insurance policy was issued on February 21st, 1868; the first fidelity guarantee policy was issued on June 25th, 1869; and the first life policy issued on August 14th, 1886. In 1871 the office of the society was removed to Manchester. It was originally proposed to dispense with agents and to carry on the whole business upon a "profit-sharing basis," that is to say, that any surplus remaining after paying interest on capital was to be divided between the policy-holders. This plan was, however, given up after one such division had been made, upon its being found that agents were a necessity, and that after paying interest, central office expenses, and the commissions of agents the surplus remaining was too small and too uncertain to make its division amongst policy-holders advisable. By a new rule, registered in 1887, a

revised plan was adopted, under which the Fire, Fidelity, and Life insurances are considered as separate departments; balances remaining in each department, after all claims and expenses have been met, are placed to separate funds. In the Fire and Fidelity departments, the balances are retained to provide for the fluctuations that occur year by year, and for the growing liabilities of the society under its policies.

In the Life department, the liabilities under the life policies are calculated every five years by an actuary, and the surplus, except a reasonable provision for contingencies, is divisible exclusively with life policy-holders. Whenever possible co-operative societies are appointed as agents, but individuals are also appointed.

In 1904 a scheme of Collective Life Assurance was introduced. By this method a single policy issued to a distributive society (without making any inquiry as to the age or state of health of any member) takes the place of the thousands of individual policies required for all its members. The premiums and the sums assured are both based upon individual members' recorded purchases from their societies in specified periods; for every £1 of such purchases one penny premium is required, and four shillings is assured at the member's death. Societies were somewhat slow in adopting the scheme at first, but at the end of 1909, 137 societies, with an aggregate membership of 195,523, had taken up policies under this economical form of assurance.

The Insurance Society makes a separate report annually to Congress; the figures given in the Appendix show its position at the end of 1908.

Co-operative House Building.

Next to "Community on Land," one of the chief ultimate aims of Co-operation is to provide for its members good and sufficient housing accommodation. The plans of the early "communities" always included the comfortable housing of settlers as one of the attractive features of their schemes, and the Rochdale Pioneers, as we have seen, made the "building, purchasing, or erecting of a number of houses" one of the definite "objects" of their association. It was an object, however, that must necessarily have been slow of realisation, because, in the nature of things the house that shelters him—whether paid for in rent to a landlord or bought as a personal possession—is one of the most costly items in the expenditure of a working man. Until co-operators, therefore, had acquired a certain amount of accumulated capital they had perforce to postpone this part of their programme.

But the object has never been lost sight of, and to-day a large number of co-operative societies have realised to some

extent the hopes of the Pioneers. Whether Co-operation has done all that it might have done in actual practice to solve the "housing question"—which stands in the front rank of urgently needed industrial reforms—is a moot point; but it may fairly be claimed that in raising the standard of general living amongst its members, the movement has had no small share in raising also the standard of housing accommodation required by working-class families.

Largely owing to the instigation of the Educational Committee of the Co-operative Union and the Women's Co-operative Guild, co-operators have given much attention of recent years to the more public aspect of the housing of the people, and practical constructive work within the movement has been stimulated and encouraged by vigorous discussion.

In 1902, at the request of the Exeter Congress, the Co-operative Union instituted an inquiry with a view to ascertaining "to what extent the co-operative movement is trying to carry out that part of its programme which relates to the housing of the people."* The result of this inquiry was presented to Congress at Doncaster (1903) in a report of which a summary is given in the Appendix. It will there be seen that co-operative house-building proceeds along three general lines, societies adopting any or all of the following plans as may best suit their local circumstances or the requirements of their members:—

(1) Advancing money, at fixed rates of interest, to members for the purpose of buying or building houses, such advances being covered by a mortgage upon the property and being repayable by instalments extending over a number of years.

(2) Building houses which are retained by the society and let at a rental to members.

(3) Building houses which are sold to members outright, or upon terms of payment extending over a number of years in the form of a rental, plus an additional sum enabling the society at the end of the period to convey the property to the member.

The relative value of these several plans is a matter for serious discussion whenever a society proposes to embark upon a building department, both from considerations of practical expediency as well as from considerations of principle. The question of expediency in individual cases must of course remain outside the province of the student to discuss, but the question as to whether, broadly speaking, it is more completely in accordance with co-operative principle to "let," or to "sell"

* Congress Report, 1903, pages 70 and 158.

houses has an important bearing upon the future development of this branch of co-operative enterprise.

It is contended that to build and let houses enables a society to extend its corporate influence beneficially over the domestic comfort of its members, and that the mutual ownership of houses—including generally the land upon which they are built—is an important advance towards realising the complete ideal of the co-operative movement, namely, "community on land." On the other hand, it is affirmed that to enable an individual co-operator to become the owner of the house he lives in, is to give him stability, self-reliance, and an assured provision for comfort in old age.

The valuable principle involved in the first case is, however, frequently overborne by the practical difficulty of locking up large amounts of capital in land and house property, and it will be seen that the majority of co-operative houses are built by individual members on advances made by societies; 23,940 houses having been built in this way, against 8,247 houses built and owned by societies, and 5,080 built by societies and sold to members.

Besides the building societies mentioned in Chapter XX., which are more or less co-operative in character, special interest attaches to "The Tenant Co-operators Limited," a society established in 1888 for the express purpose of "providing dwellings for workmen and others upon a co-operative system," and which has successfully applied the Rochdale plan to the owning and letting of houses. The "Tenant Co-operators" is registered under the Industrial and Provident Societies Act with shares of £1 each and loan stock, both carrying interest at 4 per cent.; the society also has power to obtain loans from the Public Works Loan Commissioners, repayable by instalments, and bearing interest varying with the period over which repayments extend.

The method of working is as follows:—Houses in suitable positions are either acquired or built by the society, and let at the ordinary rents of the neighbourhood, to tenants who must be shareholders—taking up at least one £1 share. At the end of each half year, the surplus profit—after providing for expenses, repairs, depreciation, &c.—is divided among the tenants in proportion to the rents paid by them. The dividend is not withdrawable in cash, but is placed to the tenant's share account, and provides a fund out of which any arrears of rent can be met, any damage to property made good, and internal repairs paid for. This system ensures the interest of the tenant shareholder in the welfare of the whole society, and affords great security to the capitalist shareholder

in making losses by arrears of rent and careless use of property practically impossible.

The success of the Tenant Co-operators has been considerable, dividends varying from 1s. to 2s. 6d. in the pound upon rents have been declared, and the society now owns estates at Upton Park (Essex), Penge (Kent), Plashet (East Ham), Camberwell (S.-E. London), and Epsom (Surrey). The total number of houses and tenements owned was, at the end of 1909, 122, let at an average weekly rental of 8s. 5d., the total amount of capital involved being £28,680. 12s. 4d. The "Ealing Tenants Limited," established in 1901, was the forerunner of a number of societies working on similar lines, with the exception that the shares of these later societies are usually £10 each and tenant shareholders must take up five shares (£50). Fourteen of these societies are federated under the Co-partnership Tenants Limited. The estates in 1909 covered an area of 652 acres, with 6,595 houses erected or in course of erection. The cost value of land and buildings was £524,300.*

The application of co-operative ideas to estate development has been immensely stimulated by the success of the "First Garden City Company," whose "city" at Letchworth, in Hertfordshire, has acquired world-wide fame as the practical realisation of the dream of Mr. Ebenezer Howard, the author of "To-morrow." The common ownership, planning, and development which is the central idea of garden city estates, garden villages, and garden suburbs, provides good environment for the growth within their borders of co-operative institutions of many kinds; in the establishment of stores for the supply of the inhabitants; of co-operative industries for their employment; in co-operative ownership of cottages, dairies, small allotments, and many other enterprises. It may be that the spirit of the old "community ideal" may yet find modern expression in a completely co-operative garden village.

The Amalgamated Union of Co-operative Employees.

As the result of a desire for some form of mutual benefit society as a provision against sickness and temporary loss of employment, that had been stirring amongst Co-operative Employés for a number of years, several local employés' benefit associations were inaugurated between 1889 and 1891, notably in London, Bolton, and Manchester. At the latter place the association was the outcome of a conference of committee-men and employés, convened by the Manchester and District Co-operative Association (in connection with the Co-operative Union), and it soon began to give evidence of permanence and stability.

After four years' experimental working as an employment

* See "Co-partnership," September, 1910.

bureau and propagandist agency, the Manchester District Co-operative Employés' Association amalgamated with the Bolton Co-operative Employés' Trade Union, and registered, in January, 1895, under the Trades Union Acts, as The Amalgamated Union of Co-operative Employés, "with provision for nearly all the 'rainy days' through which a co-operative employé is liable to suffer."*

From time to time the rules of the Amalgamated Union have been amended and altered, and its objects as now set forth are :—

> To promote the social and intellectual welfare of its members by (*a*) periodical discussions and meetings for the interchange of ideas on practical and theoretical subjects affecting the well-being of co-operative employés and the movement; (*b*) the advancement of the interests of employés in particular, and of the co-operative cause generally, by any means which may appear to the members judicious; (*c*) the regulation of wages, hours, and general conditions of labour in co-operative societies; and (*d*) the raising and maintaining of funds for mutual benefit, by the contributions of its members.

Among the purposes for which the funds may be applied are the following :—

> 1. To provide a weekly allowance for members when out of employment.
> 2. To provide allowances for members during ill-health or temporary disablement.
> 3. To assist in defraying the funeral expenses of members and their wives.
> 4. To provide legal aid for members.
> 5. To provide money grants to members permanently disabled by accident, infirmity, or illness; also for the relief of cases of exceptional distress.
> 6. To compile and keep a register of all members out of employment or desirous of a change of situation, and submit names to societies which are making appointments.
> 7. To enable the Union to be represented at Trades Union Congresses, on Trades and Labour Councils, and other kindred bodies.

In its constitution the Amalgamated Union follows the lines of the Co-operative Union—individual members being enrolled into local branches, and the branches uniting into districts for the election of district councils—approximating to the sectional boards of the Co-operative Union. The district councils each appoint representatives to form a Central Executive Council, which arranges for the annual delegates' meeting of the employés. Each member has, if he chooses, a vote in his branch meeting on every important subject, and in the election of district councils and general officers. Each branch sends delegates, in the proportion of one for every twenty members, to represent the views of its members at the annual meetings.†

* "The Amalgamated Union of Co-operative Employes," by A. Hewitt (Pamphlet).
† Ibid.

Co-operative employés can join the Union either as members or as associates. Members subscribe either 2d., 3d., 4d., or 6d. a week, according to the scale of benefits selected; while associates—who pay a subscription of 6d. a quarter only—include employés who are already insured in other institutions, and those who are over 50 or under 16, and consequently too old or too young to be admitted as benefit members. The scale of contributions and benefits are shown in the Appendix, together with particulars as to the present strength and financial position of the Union.

It is claimed for the Union that "the indirect moral and social benefits, shared in alike by the members who pay full contributions and the associates who only pay a nominal sum, form a very important part of the objects of the Union."* Its position and status within the co-operative movement is that of a valuable agency in "keeping co-operative societies up to their ideals as regards conditions of labour,"† and its efforts to improve the rates of wages, the working hours, the holidays, and the general conditions of employment in co-operative societies have met with considerable success. Its method of approaching these questions is co-operative and pacific rather than militant.

> No provision for strikes is to be found in its rules, though should any Co-operative Society . . . victimise a member, he can be recompensed, if necessary, by an extension of the out-of-work benefit allowance.‡

The membership of the Union was primarily intended to include shop assistants only, but the question of admitting to membership piece-workers and other employés working at trades which have unions of their own, has recently engaged the attention of the executive council. The question is by no means so simple as it would appear; there are in the employment of co-operative societies workers in many trades who may become involved in disputes of a highly technical nature with which a mixed union would be incompetent to deal. Nearly all of these trades have unions of their own, and, after careful consideration and inquiry, the Amalgamated Union decided not to accept into membership any workers in trades having effective unions of their own, unless they are at the time members of the unions connected with their respective trades, and are willing to continue such membership.

This policy is calculated to prevent overlapping and to keep the Amalgamated Union in touch with the general body of trade-unionists. Its connection with the trades union movement is also maintained by sending representatives to

* Ibid. † Mr. J. Shillito, Presidential Address to Congress, 1903.

‡ "A Co operative Service Union," letter by Mr. A. Hewitt in *Co-operative News*, June 14th, 1902.

the Trades Union Congress, and by joining in efforts to secure legislative reforms for shop assistants.

The Union is untiring in its efforts to educate co-operative employés in the principles of Co-operation, "teaching them that they are not mere shop servants, but powerful factors in the success of a great movement."

As we have seen in Chapter XII., there is much to be done before all co-operative societies and their employés can be said to have arrived at a full appreciation of their mutual responsibilities towards each other, and towards the high ideals upon which the movement is based; there is, therefore, ample scope for the work of an organisation following the lines of the Amalgamated Union of Co-operative Employés, which, while approaching questions of industrial relationships within the movement from the point of view of the worker, does so in the spirit of the true co-operator.

Co-operative Literature and Periodicals.

The Co-operative Movement cannot be said to be rich in its literature, although such records as exist of the birth and growth of its principles and organisation are of undoubted interest. Pamphlets and periodicals of the Owenite days and of the times of the Christian Socialists are to be found scattered throughout the libraries of co-operative societies and individual co-operators, but no very determined or sustained attempt has yet been made to gather together into an accessible co-operative building a complete library of co-operative and economic literature.

It was hoped that such a library would have been formed by co-operators as a memorial to the life and labours of Robert Owen, but the project—after coming before the Congress for several years in succession—met with such indifferent support that it had to be given up in favour of a less significant memorial, namely, the contribution of an "Owen wing" to the public library raised at Newtown in commemoration of the Jubilee of Queen Victoria. The student, therefore, who comes into possession of an Owenite tract, or a volume of any of the long series of journals which recorded, under various picturesque titles, the progress of the co-operative idea from 1821 onward* may count himself fortunate.

With the exception of certain works, notably, "The History of Co-operation," "The History of the Rochdale Pioneers," and "The Co-operative Movement To-day," by Mr. G. J. Holyoake; "A Manual for Co-operators," by Mr. E. V. Neale and Judge Hughes; "The Co-operative Movement in Great Britain," by Miss Beatrice Potter (Mrs. Sidney

* See Chapter II., page 14.

Webb); "Working Men Co-operators," by Messrs. A. H. D. Acland and Benjamin Jones; "Co-operative Production," by Mr. Benjamin Jones, and the works of various social economists to whom reference is made in the bibliography given on page 275; the annals of Co-operation must be sought for in innumerable annual reports, congress addresses and handbooks, conference papers, and fugitive pamphlets. Many of these can be obtained from the Co-operative Union, which annually distributes some 70,000 such publications. Others can be obtained from the offices of the associations from which they emanate.

The movement has never been quite unrepresented by some organ especially devoted to its interests, and in 1860 the Manchester Equitable Society endeavoured to establish an official organ in the "Co-operator." This little monthly paper passed into the hands of the late Henry Pitman, and under his management served as the organ of the movement for a number of years, passing through many financial vicissitudes and ending in 1871 heavily overburdened with debt. The "Scottish Co-operator," established in 1863, circulated in Scotland, and also continued up to 1871, when it was merged, together with the "Co-operator" and the "Social Economist"—published in London—into the *Co-operative News*, the present official organ of the movement.*

The prospectus of the Co-operative Newspaper Society was issued in 1871 by the Central Board, acting under the instructions of the Manchester Congress (1870), when it was decided to establish a paper which should be owned and governed *by* co-operators instead of *for* them.

The constitution of the Co-operative Newspaper Society is now entirely that of a federation of co-operative societies, the individual shareholders, who were originally invited to join, being eliminated after the registration of the society under the Industrial and Provident Societies Act in 1873. The rules of the society limit the interest on share capital to 5 per cent, and apply any surplus profit to reserve or to the improvement of the paper. Some difficulties were experienced in the early years of the society until the *Co-operative News*, under the editorship of the late Mr. S. Bamford, became firmly established and widely supported. At the end of 1908 the circulation of the *News*† was 74,000 copies taken by 940 societies. 325 societies were members of the Newspaper Society, and the share capital amounted to £11,443.

As the official organ of a many-sided movement, the

* See "Working-men Co-operators" (revised edition) page 153. "History of Co-operation," Vol. II., pages 369 374. "Co-operative Production," page 593.

† The *Co-operative News* is published weekly, price 1d., but the general practice is to sell it at half-price as a means of educational propaganda.

Co-operative News must of necessity steer a course of complete impartiality, and it is sometimes felt that some power of "leadership" is lost in the endeavour to avoid partisanship. Mr. Holyoake's vivacious description of the policy proper to a representative journal has special point when applied to the *Co-operative News*. He says :—

> A representative journal owes equal respect and equal protection to all parties, and might guide with dignity and secure progress with good feeling. There is a difficulty in conducting an official paper, and I put the difficulty in the front because everybody ought to see it from the first – and the difficulty is this, that an official journal must be impartial, and impartiality is generally considered insipid. Few writers can be entertaining unless they are abusive, and few editors are good for anything unless they are partisan. If they have to strike out of an article the imputations in it, they commonly strike out the sense along with it, until the paper has no more flavour than a turnip. Still, if there be no choice, it is better to have a turnip journal than a cayenne pepper organ.*

It is probable the outsider may miss the flavour of cayenne pepper in the *Co-operative News*, but the co-operator finds in the motto which it has adopted as the expression of its policy—"In Things Essential, Unity. In Things Doubtful, Liberty. In All Things, Charity."—a guarantee of impartiality which constitutes its chief value.

In 1905 the Co-operative Newspaper Society established the *Millgate Monthly*, a popular threepenny illustrated magazine, devoted to association, education, literature, and general advancement. In 1907 *Our Circle*, a monthly journal for children and young people, was issued, meeting a distinct lack in co-operative literature and quickly finding favour with societies. Its circulation was 26,000 per month at the end of 1908.

Scotland again revived the *Scottish Co-operator* in 1894 as a monthly journal—but now issued weekly, by the establishment of the *Scottish Co-operator* Newspaper Society Limited, and Ireland is served by *The Irish Homestead* as the official organ of the Irish Agricultural Organisation Society. It was established in the same year (1894), and is published weekly. *Labour Co-partnership* is published monthly as the organ of the co-partnership productive societies. This also was established in 1894, and seeks to be the record, "not of a district, but of a form of co-operation."† Many societies and conference districts publish a "Record" of their own, which serves the useful purpose of disseminating local information. At the end of 1908, two districts and thirty-five societies published such "Records"—either monthly or quarterly—the total circulation of which was about 200,000 copies.

* "History of Co-operation," Vol. II., page 376.
† "Our Aims." "Labour Co-partnership," Vol. I., No. 1.

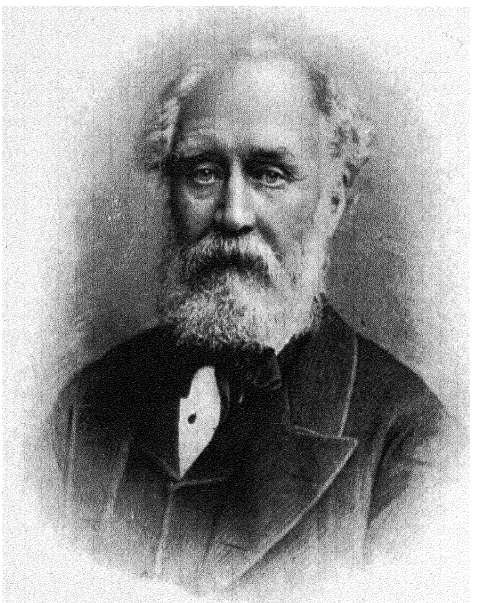
The *Co-operative Employe*, issued in 1908 by the Amalgamated Union of Co-operative Employés as a means of intercommunication amongst its branches, is the latest addition to co-operative journals. It has attained a circulation of 13,000 per month. The journal of International Co-operation is the *International Co-operative Bulletin*. It was established in 1908, and is issued monthly in an English, French, and German edition.

In 1896 the Co-operative Wholesale Society issued a monthly publication called the *Wheatsheaf*, which contains certain pages of general matter dealing more particularly with the progress of wholesale co-operation, and certain pages adapted to the insertion of local matter provided by societies. In 1908, 500 societies made use of the *Wheatsheaf* as a local "Record," the total monthly circulation being about 380,000 copies.

NOTE added to 6th edition, 1914.—In 1914 the Co-operative Union established the *Co-operative Union Review* as a medium of communication with societies and educational committees. It is issued quarterly and should be useful to students.

PART III.

Educational Propagandist and Activities



EDWARD VANSITTART NEALE.

1810—1892.

CHAPTER XXII.

The Co-operative Union.

THE Co-operative Union is the result of growth and accumulated experience. Co-operative organisation in the years following 1844 seems to have been somewhat "parochial" in character. The magnificence which characterised most of the schemes of earlier days was, for the time being, laid aside, and co-operators settled down to the practical consideration of their immediate difficulties. This was inevitable: they had to think out, and work out in practice numberless problems the solution of which the modern co-operator takes for granted. But the necessity of meeting together for mutual discussion is inseparable from a democratic movement like co-operation, and although local needs might for a time absorb the energies of co-operators, the larger questions which had grown up with the movement, legal difficulties, the holding and transfer of land, and methods of wholesale supply, were problems affecting all the societies, and demanded deliberations which it was impossible for any one society to give to them unaided. Thus the growing need for some central organisation became evident.

"Parochial" Work.

The meetings held by "the Society for Promoting Working Men's Associations," aided by its weekly journal, *The Christian Socialist*, did much useful work as a pioneer in this direction, especially in the south of England.

At a conference of Lancashire and Yorkshire societies, held in Manchester in June, 1851, it was resolved that Messrs. Lloyd Jones of London, Wm. Bell of Heywood, J. Campbell. of Manchester, and J. Smithies of Rochdale form a committee and draw up rules for guiding the co-operative movement of England.

Later in the same year, a writer in the *Christian Socialist* said:—

> I am of opinion that the best thing to do at present would be to form a Co-operative Union—let there be a branch in every town where there is a store or workshop, or where there

> are any friends to the cause, no matter whether they are members of stores or not.*

The writer clearly contemplated a Union which would not only help the existing societies, but also conduct organised propaganda for the extension of co-operation among the workers.

Nearly twenty years elapsed, however, before this idea took practical form. In 1860 the societies of Lancashire and Yorkshire made the first step by forming a Conference Association, the example being shortly followed in other districts.

Early Conferences and the Congress of 1869.

It is recorded† that six conferences were held between 1850 and 1855: five in the north and one in the south of England. Nineteen were held between 1860 and 1868, of which four were in Scotland, twelve in the north, and three in the south of England. These conferences were often held on Good Friday, and were regarded as meetings of great importance.

The growth of co-operation was continuous and rapid, and every year brought fresh difficulties and new problems. The idea of a National Co-operative Association grew, but it was not until 1868 that it took definite shape. In August of that year a meeting of friends interested in co-operation was held at the offices of the Agricultural and Horticultural Association, in Parliament Street, Westminster, under the presidency of Mr. Edward Vansittart Neale, and it was resolved to convene a Co-operative Congress in London in February, 1869. A guarantee fund was to be raised for the purpose, and co-operative productive societies at home and abroad were to be invited to exhibit their work. The response to the circular setting forth the proposals was disappointing, and it was not until after another meeting, in March, 1869, that the Congress became practicable. An arrangement committee was formed, and the Lancashire and Yorkshire societies were brought into the scheme through their Conference Association. This latter body, representing as it did the democratic element of the movement, considerably strengthened the hands of the promoters of the Congress. A circular was issued fixing the date of Congress for May 31st, 1869. The following extracts from this circular set forth clearly the objects for which it was proposed to meet:—

> "The rapid growth of co-operation is one of the most remarkable facts in modern history. Originating with the working classes, a system of business has been introduced, which, if rightly carried out,

* Christian Socialist," 1851.

† "Working-men Co-operators," page 126 (revised edition).

promises to change completely the social and industrial aspects of the country, by altering in its very essence the relationship between buyer and seller, employer and employed.

"Whether this most important movement shall be so wisely conducted as to achieve a speedy and complete success, with as little disturbance and loss as possible to those interests and persons that are likely to be affected by it, is a question of deep interest to the community—especially to those who, as co-operators, are practically engaged in working out the change.

"Co-operation is spreading everywhere; but its leading principles are not strictly defined, or its higher aims understood. The methods of business, in distribution or production, of the different societies, are not in harmony. Its success in individual cases is doubtful where it might be certain; whilst, where failures and losses occur, they are at once hurtful to those who enter on such experiments, and a grave discouragement to others.

"While the success of the movement is no longer doubtful, there are obstacles to be removed, dangers encountered, and higher objects sought, which render counsel necessary among those who have studied the principles of co-operation, and who have practically engaged themselves in its working."

Then follows an appeal to trade societies and other working class bodies.

The subjects set down for discussion help us to understand what were regarded as the problems of that day. Among these were:—

1. How best to utilise the organisation of the trades unions for co-operative purposes;

2. The best means of making co-operative societies mutually helpful; *e.g.*:—

(*a*) By bringing the productions of co-operative societies into the co-operative and general markets.

(*b*) By instituting a system of Guarantee, Banking, and Labour Exchange.

(*c*) By applying co-operation to agriculture and horticulture.

(*d*) By combining manufactures with agriculture and horticulture.

(*e*) By educational establishments which may be rendered self supporting by industrial co-operative enterprise.

(*f*) By forming an organisation of all co-operative societies and co-operators at home and abroad.

(*g*) By seeking an amendment of the law where it is found to hamper co-operative exertions.

3. What are the chief causes of failure of co-operative stores and manufacturing establishments, and what are the fundamental conditions necessary in each case for success?

4. In partnerships of industry, what division of profits, as between capital and labour, is most likely to produce perfectly harmonious action, and therefore the largest measure of success. What division is most equitable and what *now* is most practicable.

From this programme it will be seen that co-operative ideas had now outgrown the parochial stage, and both national and international problems were included in its scope.

Thomas Hughes, M.P., was appointed president, and A. J. Mundella, M.P., vice-president of the arrangements committee, with Walter Morrison and E. O. Greening as treasurers. 107 names appear on the committee,* and the list is worth studying, including as it does the names of many of the greatest men of the time.

The Congress was opened in the Theatre of the Society of Arts, John Street, Adelphi, on May 31st, 1869.

Thomas Hughes presided and delivered the inaugural address. He traced the growth of co-operation, lamented that co-operators did not always live up to their principles, and mapped out the future policy of the movement.

On the fourth day Mr. G. J. Holyoake read a paper in which he advocated the formation of a Central Board, to act as a sort of "Executive Congress." After a long discussion, it was decided, on the motion of Mr. J. M. Ludlow, that a London Committee should be formed, to act in conjunction with the Conference Committees of the north.

The Establishment of a Central Board.

This London Board consisted of the following gentlemen, with power to add to their number :—Thomas Hughes, M.P.; Walter Morrison, M.P.; A. J. Mundella, M.P.; William Allan (Amalgamated Engineers); Robert Applegarth (Amalgamated Carpenters and Joiners); E. O. Greening; Hon. Auberon Herbert; James Hole; G. J. Holyoake; Lloyd Jones; J. M. Ludlow; William Pare, F.S.S.; Hodgson Pratt; Henry Travis, M.D.; Joseph Woodin. Mr. E. V Neale, who was abroad at the time, was added to the Board on his return.

* See Congress Report, 1869.

Thus was formed the organisation out of which the Co-operative Union has grown.

At the next Congress (1870) the organisation became more definite. The names of the London and Provincial Boards are included in the Congress Report. The London Section was re-appointed, and the Provincial Section was appointed as follows:—Abraham Greenwood, Rochdale; Samuel Stott, Rochdale; Thomas Cheetham, Rochdale; William Nuttall, Oldham; Isaiah Lee, Oldham; James C. Fox, Manchester; David Baxter, Manchester; Thomas Slater, Bury; James Crabtree, Heckmondwike; J. Whittaker, Bacup; W. Barnett, Macclesfield; Joseph Kay, Over Darwen; William Bates, Eccles; J. T. McInnes, Glasgow (editor of the *Scottish Co-operator*); James Borrowman, Glasgow.

It will be seen that the Provincial Section covered a wide area and included Scotland.

In 1872 it was suggested that other sections should be formed, and in 1873, at the Newcastle Congress, Mr. E. V. Neale read a paper recommending the formation of a "Central Co-operative Board," to consist of five sections—the Southern, Midland, North-Western, Northern, and Scottish; and the formation of a United Board, composed of representatives from each section, which, subject to Congress, should be the governing authority of the Central Board.

These proposals were adopted, and at the Congress a detailed constitution was drawn up. On the motion of Mr. E. O. Greening, it was decided that Congress should be held in each section in rotation.

Since 1873 the organisation of the Central Board has been altered in form from time to time as the result of experience and to meet fresh needs, and in 1889 the Board was reconstituted and registered under the Industrial and Provident Societies Act as "The Co-operative Union Limited," under which name it has since carried on the work of organising the co-operative movement. As stated in its constitution:—

Constitution of the Union.

> The Union is founded to promote the practice of truthfulness, justice, and economy in production and exchange.
>
> (1) By the abolition of all false dealings, either (*a*) *direct*, by representing any article produced or sold to be other than what it is known to the producer or vendor to be; or (*b*) *indirect*, by concealing from the purchaser any fact known to the vendor material to be known by the purchaser, to enable him to judge of the value of the article purchased.

(2) By conciliating the conflicting interests of the capitalist, the worker, and the purchaser, through the equitable division among them of the fund commonly known as *Profit*.

(3) By preventing the waste of labour now caused by unregulated competition.

Rules of Admission.

Each society applying for admission to the Union is deemed by such application to accept the principles above stated as the basis of all its business transactions, and no society is admitted into the Union unless its management is of a representative character. Thus the Union is vested with the safe keeping of what may be termed the ethical conscience and character of the movement, which finds expression in the well-known co-operative motto: "Each for All and All for Each."

Every member of the Union must hold one transferable share, of the nominal value of five shillings, which does not carry interest or dividend.

Every society must, so long as it continues a member of the Union, contribute annually to its support as follows:—

(*a*) In the case of distributive or retail societies, the sum of 1¼d. per member;

(*b*) In the case of other societies (federated, productive, &c.), such rates as may be decided upon by the United Board.

At the end of 1913 the Union consisted of 1,272 societies, with a membership of 2,874,574. There were 235 societies, with 136,582 individual members, which had not joined the Union.*

Detail Organisation.

For purposes of co-operative organisation the United Kingdom is divided up into seven geographical areas, called sections. Each of these sections has its own Sectional Board, elected annually by the societies within the area covered by the respective sections, in such manner as they themselves determine. The seven Sectional Boards together constitute the Central Board, which is the governing body of the Union.

The following table shows the number and distribution of the Central Board, and the method of election:—

* See Chart of Organisation in Appendix.

Section.	Number of Members.	How Elected.
Irish	7	By the whole Section.
Midland	11	„ „ „
Northern	7	„ Districts.
North-Western	20	„ Districts, except four Sectional Representatives.
Scottish	10	„ whole Section.
Southern	9	„ „ „
South-Western	5	„ „ „
Western	5	„ „ „
Total Central Board	74	

From 1888 to 1896 Ireland was served by an Irish Sectional Board of five members, but in the latter year it was decided at the Woolwich Congress that the Irish Section should be merged into the Scottish, with one representative elected by and from the societies in Ireland members of the Union. The rapid progress of co-operation in Ireland, both agricultural and distributive, has, however, rendered it impossible to keep pace with the work under this arrangement. It was therefore decided by the Congress at Stratford (1904) to again separate Scotland and Ireland, and to give to Ireland, in place of a Sectional Board, an Executive Committee of seven members, which shall act under the supervision and control of the United Board. Two members of this committee are appointed to attend Congress and the annual meetings of the Central Board as the representatives for Ireland.

Qualifications for Members of Central Board.

A candidate for membership of one of the Sectional Boards must be a member of some society member of the Union belonging to the section for which he is nominated, but need not be a member of the society by which he is nominated.

Usually there are a large number of nominees for a seat on the Central Board, and the candidates have almost invariably served an apprenticeship in co-operative propaganda on district committees, educational associations, or local societies, and have become known to the section as active and sound co-operators, willing to devote considerable time and energy to the cause.

Women are eligible for election, and in the Southern Section five women have been elected, one holding office at the present time (1910), all of whom have graduated through the Women's Co-operative Guild. Changes on the Board seldom occur except by retirement, and a member retiring after ten years' service may be elected an honorary member of the Board. Such honorary members are subject to re-

election annually by Congress, upon the nomination of the United Board, and are entitled to attend the meetings of their respective sections and the annual meetings of the Central Board and Congress, and to speak at such meetings, but they may not vote.

A large part of the work of the members of the Board consists in visiting societies and speaking at propagandist meetings, and the calls upon members possessing any degree of oratorical eloquence are sometimes very numerous. Membership of the Board, though a position of honour, is by no means a sinecure.

Each of the Sectional Boards in England and Scotland, and the Executive Committee in Ireland, is responsible for the guidance of the societies in its own area, and meets monthly.

Some of the sections cover very wide areas, and it has been found necessary to provide local machinery for local work. Each section is therefore divided up into districts, which vary in size and character. For each district, a District Committee is elected by the societies in that area, to carry on local propaganda work, and arrange conferences on various subjects of local interest. In some districts the Committee is augmented by representatives from societies who give special subscriptions to the work.

District Committees.

The Central Board meets as a whole only twice a year—once immediately after its election, to decide its general policy for the year; and once just before Congress, to consider its report to Congress. But a large amount of executive work is carried on in the interval between the Congress meetings. This is delegated to the United Board and to various committees. The United Board consists of representatives from the Sectional Boards. The North-Western sends four representatives, the Midland, Northern, Scottish, and Southern two each, and the South-Western and Western one each. The United Board meets three times in each year, and, subject to Congress, is the executive of the Union. The following committees are also appointed :—

Executive Machinery.

(1) *The Office Committee* meets four times a year in the intervals between the United Board meetings, and carries on the executive work of that body. It consists of representatives from each section, who are members of the United Board, and acts under the authority of that Board.

(2) *The Finance Sub-Committee.*—This is appointed by the office committee. Its business is to check and

scrutinise accounts, sign cheques, and control expenditure, &c.

There are also other committees for work of a special character.

(3) *The Educational Committee* is composed of representatives appointed by the Sectional Boards, and by the Sectional Educational Committees' Associations and the Women's Guild, and meets four times in each year, or more frequently if required. Its function is to direct and guide the educational activities of the movement, and to promote classes for teaching the history and principles of co-operation, book-keeping, and cognate subjects. It issues an annual programme and lecture list, provides lectures, teachers for classes, prizes, scholarships, and certificates. (The work of this committee will be referred to in detail in Chapter XXIII.).

(4) *The Productive Committee* has charge of all matters relating to co-operative production, provides model rules, visits societies and gives advice free, assists in getting rules of new societies registered, and generally endeavours to keep productive or manufacturing societies on right lines.

(5) *The Joint Parliamentary Committee* is composed of four representatives from the United Board, with four from the English, and four from the Scottish Wholesale Societies. Its office is to watch legislation, examine new Bills, and endeavour to protect co-operative interests in Parliament.

(6) *The Joint Committee of Trade-unionists and Co-operators.*—Four members each from the Co-operative Union and the Parliamentary Committee of the Trades Union Congress compose this committee. Its primary object is to deal with disputes which, happily, are not frequent in co-operative societies. There is a separate committee for Scotland similarly constituted, and it is important to remember that these committees are a valuable factor in the maintenance of a smoothly working relationship between trade-unionists and co-operators.

(7) *The Exhibitions Committee.*—This committee was constituted in 1902 to organise and control exhibitions of co-operative production. There are four representatives from the Co-operative Union, four from the Co-operative Wholesale Society, and

three from the productive societies. The demands for co-operative exhibitions were very numerous, and as there was no definite agreement as to these between the Co-operative Wholesale Societies and the productive societies, some central body, representing both, became necessary. The heavy cost of these exhibitions, too, made it necessary to limit their number, and to carefully select the localities, in order to insure some return for the large outlay.

(8) *The Joint Propaganda Committee* is composed of three representatives of the Co-operative Union and four from the English Co-operative Wholesale Society. It meets monthly to organise special propaganda work in different parts of the country. A permanent organiser is employed, who visits new districts and helps in the establishment of new societies. Weak and struggling societies are assisted with advice and loan capital. Other societies are assisted to open up new branches in neighbouring districts where no store exists. The organiser frequently visits a society—usually by request—and canvasses the whole of the members. In this way weaknesses of local management are discovered and mistakes corrected.

A similar committee, with an organiser, has also been established in Scotland, in connection with the Scottish Sectional Board of the Co-operative Union, and the Scottish Co-operative Wholesale Society. This committee works on lines similar to those of the English committee.

The appointment of these organisers suggests an interesting revival of Owen's social missionaries.

(9) *The International and Foreign Inquiry Committee.*—This committee consists of eight members elected from the Central Board. It obtains information and reports as to co-operation in other countries, and works in conjunction with the "International Alliance," of which an account will be found on page 215. Members of the committee often attend the Co-operative Congresses in continental countries, and this exchange of visits does much to strengthen the spirit of fraternity between co-operators of different nations.

In addition to the foregoing committees others are

occasionally appointed which, though responsible for important work, are not permanent bodies. The "Owen Memorial Committee" and the "Co-operative Defence Committee" are examples. This latter was appointed to oppose the traders' boycott of co-operators in 1902, which it did most successfully.

We are now in a position to see what a vast and complicated organisation the Co-operative Union really is. The map given in the Appendix will show the geographical position of the various sections and districts.

Advantages of the Union.

It is not generally known how large has been the Union's share in building up the co-operative movement. The greater part of the legal advantages enjoyed by the co-operators originated in the action of the Central Board of the Union. They have been summarised as follows :—

(1) The right to deal with the public instead of their own members only.

(2) The incorporation of the societies, by which they have acquired the right of holding in their own name lands or buildings and property generally, and of suing and being sued in their own names, instead of being driven to employ trustees.

(3) The power to hold £200 instead of £100 by individual members of societies.

(4) The limitation of the liability of members for the debts of the society to the sum unpaid upon the shares standing to their credit.

(5) The exemption of societies from charge to income tax on the profits of their business, under the condition that the number of their shares shall not be limited.

(6) The bestowal of power on one registered society to hold shares in its own corporate name to any amount in the capital of another registered society.

(7) The extension of the power of members of societies to bequeath shares by nomination in a book, without the formality of a will or the necessity of appointing executors, first from £30 to £50, and now to £100, by the Provident Nominations and Small Intestacies Act, 1883, which also makes this power apply to loans and deposits as well as to shares.

(8) The Industrial and Provident Societies Act, 1871, which enabled societies to hold and deal with land freely.

(9) The Industrial and Provident Societies Acts, 1876 and 1893, which consolidated into one Act the laws relating to these societies, and, among many smaller advantages too numerous to be mentioned in detail, gave them the right of carrying on banking business whenever they offer to the depositors the security of transferable share capital.

It now remains to describe the great annual meeting of the Union, which is known as Congress. The table on page 204 gives a full list of the Annual Congresses which have been held in unbroken succession since 1869, and shows the number of delegates present, and the name of the president. Congress is a gathering composed of delegates from co-operative societies who are members of the Union, and a delegate to Congress must be a member of the society he represents.

The Annual Congress.

The Congress is held in each section in rotation, at the invitation of some society therein, each Congress deciding by vote on the place of meeting for the following year. Almost directly one Congress is over preparations begin for the next. The first step taken is to form a Reception Committee, composed of representatives from subscribing societies in the section concerned, to which are added (1) the General Secretary of the Union; (2) Members of the Sectional Board; (3) representatives from District Committees and the Women's Guild. The business of the Reception Committee is to organise all the local arrangements necessary for the success of the Congress.

The societies in the section in which the Congress is held make special subscriptions to a Congress Fund, the cost varying from year to year. One of the difficulties attending Congress is that comparatively few places possess buildings suitable for Congress and its exhibition, and it has sometimes been found necessary to erect a special building for the exhibition, which, of course, adds considerably to the cost. Accommodation has now to be provided for from 1,200 to 1,500 delegates, not only for meetings but for luncheon and lodgings.

The proceedings at Congress are controlled by a Standing Orders Committee, which is appointed by the United Board. The reports of the Central Board, the accounts, statistics, and other papers to be considered, are sent out three weeks before Congress, and amendments thereto and special resolutions may be handed in until 12 o'clock on the morning of the first day. It has been decided, however, that the official agenda shall have precedence over extraneous matters. Congress is held on the Monday, Tuesday, and Wednesday in

Whit Week, unless otherwise arranged by the previous Congress. The President is appointed by the United Board and introduced to the Congress by the President of the previous year, who now becomes Vice-President.

The business of Congress usually commences with an inaugural address, delivered by the President; after which deputations are received from co-operative bodies abroad and kindred associations at home. The result of the election of the Central Board is then declared, followed by the consideration and adoption of the Board's report. Specially prepared papers are sometimes read, and before the gathering concludes, the broad outlines of the policy for the following year is decided. There is some danger that Congress may become too large to be efficient, and the question of reducing the number of delegates sent by societies has been considered, but nothing has yet been done beyond revising the Standing Orders with a view to expediting discussion.

The Congress has been called the Co-operators' Parliament, but its propagandist value is not less important than its legislative capacity. Here one sees something of the power and magnitude of the co-operative movement which impresses even the delegates who attend for the first time. Co-operators from all parts meet each other, make new friendships, exchange ideas, gain information, and return home with fresh enthusiasm for their work.

Officers of the Union.

From its inauguration as a Central Board up to 1891, the Union had the advantage of the honorary services of the late E. V. Neale as its General Secretary, from whose complete devotion to co-operative ideals, and clear organising faculty, it has derived a very large part of its power and influence within the movement. On Mr. Neale's retirement, in 1891, he was succeeded by Mr. J. C. Gray, who had acted as Assistant Secretary to the Union since 1883. Mr. Gray's appointment was confirmed at the Rochdale Congress in 1892, and his personality and work are now well known throughout the co-operative movement in all countries. As General Secretary to the Co-operative Union he is responsible for the organisation of the whole of the routine work of the Union and of the Congress. He is supported by a loyal staff of assistants and clerks, many of whom have been in the service of the Union for a considerable number of years.

General Work of the Union.

The work of the Union is not confined to propaganda. As a registered society it acts as accountant, bookseller, commercial and general adviser to societies, and as publishers of co-operative literature, and teachers of the principles and methods of co-operation. The Central Office of the Co-

operative Union is at Holyoake House, Hanover Street, Manchester. There are branch offices at 99, Leman Street, London; 84, Westmoreland Road, Newcastle-on-Tyne; and 263, Wallace Street, Kingston, Glasgow.

LIST OF CONGRESSES.

Date.	Where held.	President.	No. of Delegates and Visitors at Congress
1869	London	T. Hughes, M.P.	63
1870	Manchester	W. Morrison, M.P.	106
1871	Birmingham	Hon. A. Herbert, M.P.	113
1872	Bolton	T. Hughes, M.P.	193
1873	Newcastle-on-Tyne	J. Cowen, jun.	198
1874	Halifax	T. Brassey, M.P.	189
1875	London	Prof. T. Rogers	114
1876	Glasgow	Prof. Hodgson	116
1877	Leicester	Hon. A. Herbert	168
1878	Manchester	Right Hon. Marquis of Ripon	276
1879	Gloucester	Prof. J. Stuart	133
1880	Newcastle-on-Tyne	Bishop of Durham	176
1881	Leeds	Right Hon. Earl of Derby	273
1882	Oxford	Right Hon. Lord Reay	219
1883	Edinburgh	Right Hon. W. E. Baxter, M.P.	376
1884	Derby	Sedley Taylor	454
1885	Oldham	Lloyd Jones	578
1886	Plymouth	Right Hon. Earl of Morley	460
1887	Carlisle	G. J. Holyoake	464
1888	Dewsbury	E. V. Neale	581
1889	Ipswich	Prof. A. Marshall	435
1890	Glasgow	Right Hon. Earl of Rosebery	654
1891	Lincoln	Right Hon. A. H. D. Acland, M.P.	580
1892	Rochdale	J. T. W. Mitchell	821
1893	Bristol	G. Hawkins, J.P.	615
1894	Sunderland	T. Tweddell, J.P.	722
1895	Huddersfield	G. Thompson	849
1896	Woolwich	*B. Jones	900
1897	Perth	W. Maxwell, J.P.	857
1898	Peterborough	†D. Mc.Innes	932
1899	Liverpool	E. Hardern, J.P.	1205
1900	Cardiff	W. H. Brown	1027
1901	Middlesbrough	J. Warwick	1138
1902	Exeter	G. Hawkins, J.P.	1006
1903	Doncaster	J. Shillito, J.P.	1150
1904	Stratford	‡A. W. Golightly	1365
1905	Paisley	§W. Maxwell, J.P.	1318
1906	Birmingham	J. C. Gray	1329
1907	Preston	W. Lander	1492
1908	Newport	T. W. Allen	1334
1909	Newcastle-on-Tyne	W. R. Rae	1556

* The inaugural address was on this occasion delivered by the Earl of Winchilsea.

† The inaugural address for this year was delivered by the late Bishop of London (Dr Creighton).

‡ The inaugural address in 1904 was delivered by Mr. E. O. Greening.

§ The inaugural address was delivered by Dr. Muller.

CHAPTER XXIII.

Co-operative Education.

THE decision of the Rochdale Pioneers to devote 2½ per cent. of their net profit to an educational fund has become historic; it marks indeed an epoch in co-operative history.

The Example of the Rochdale Pioneers.

With the first proceeds of their 2½ per cent. the early co-operators established reading and conversation rooms, where it became possible, for the first time, for members to discuss the questions of the hour under their own roof. It would be difficult to over-estimate, and easy to under-estimate, the importance of this facility for intellectual communion sixty years ago. The cheapest newspapers cost from fourpence to sixpence each, and were beyond the reach of working men, of whom, indeed, a large proportion could neither read nor write. Circumstances have changed since then, but the idea expressed in the action of the Pioneers remains as a vitalising principle of co-operative organisation.

Records of the progress of co-operative education are nowhere well preserved or easily accessible, but it is certain that in the early days the educational funds of societies were frequently devoted to elementary instruction in its literal sense, and that many working people gained some notion of "the three R's" thereby. We are told, for instance, that from 1850 to 1855 the Rochdale Pioneers conducted a school for young persons who willingly paid a fee of 2d. a month for the instruction provided. As time passed, however, the necessity for this kind of elementary school work became less, especially after the passing of the Education Act of 1870, under which the provision of primary education became the duty of the State. But for many years the co-operative educational fund was the means of providing working men with facilities for acquiring much general and, in some cases, technical and scientific knowledge.* This work would doubtless have grown more rapidly but for the artificial restrictions of the law. Under the Friendly Societies Acts and the Provident and Industrial Societies Act (1852) societies were permitted to

* Mr. John Bright when distributing prizes in connection with the Rochdale Working Men's Institute in 1862, referred to the Pioneers' Library, and repeated the assurance of a member of the London Athenæum Club that the selection of periodicals to be found in the reading-room of the library was "better and more extensive than that provided by the Athenæum Club itself.—See *Co-operator* February, 1862, p. 167.

provide by rule for educational purposes, but in the amendment of these Acts in 1856 the clause relating to the disposal of profit was altered, in the case of the Industrial and Provident Societies Act, in such a way as to make provision for education technically illegal. Thus it came about that between 1856 and the Act of 1862—when the power was restored to allot profits to "any purpose allowed by the Friendly Societies Act, or otherwise permitted by law"—societies were unable to embody such a provision in their rules, and "got out of the way of thinking it an essential matter."* Some continued, however, to make grants for propagandist purposes, and for many years "education" and "propaganda" were almost synonymous terms, not merely with the rank and file of the members but with most of the co-operative leaders as well.

At the 1869 Congress two papers on educational work were read, one of which advocated a wide extension of propagandist effort and the other the establishment of a co-operative college on a French or American model.† Since that time the subject has been discussed at almost every succeeding Congress, and a study of the records of these discussions, and of the many notable papers that provoked them, will reveal the gradual recognition of the idea of co-operative education as something differing from propaganda, and will enable the student to trace the growth of an increasingly earnest inquiry as to the best forms in which this central idea might receive practical expression.

Professor Stuart's Definition.

Professor Stuart, in his inaugural address at the Gloucester Congress in 1879, pleaded for an extension of educational work, and gave co-operators not only a word of warning, which will bear repetition to-day, but a valuable definition of the lines upon which co-operative education should run.

> If the mass of your members are not sufficiently instructed in economic science, in the facts of commerce, in the state of this and other countries, in the history of trade, in general knowledge, and in particular knowledge of what you aim at and how you seek it—I say, if the mass of your members are not sufficiently instructed in these things, there arises a real danger to the co-operative movement; your numbers become a hindrance, and your possessions become a peril, and your productive endeavours will continue to be the failure which they too often hitherto have been. Your movement is a democratic movement, if ever there was one. It, therefore, cannot repose on the good sense of a few; its success will depend on the good sense of the masses of your people. . . . First you must educate your members in your own principles, and in those of economic

* "Working Men Co-operators," chap. XII. (revised edition).

† (1) Co-operative Libraries and the principles on which they should be formed and managed. (2) Self-Supporting Educational Establishments.

> science, and in the history of endeavours like your own; and, in the second place, you must educate them generally. Education is desirable for all mankind, it is the life's necessity for co-operators.

Arnold Toynbee's Trumpet Call.

In Arnold Toynbee's paper on the "Education of Co-operators," read at the Oxford Congress (1882), the full scope of the limitations and possibilities of their educational powers is stated with great clearness and force, and co-operators are apt to regard this Congress as marking the starting point of a new and vigorous growth of educational work, and Arnold Toynbee's utterance as a trumpet call to the education of the citizen. He points out that elementary education is provided by the State; religious education is the task of the church; technical, and what is called the higher education, is the function of the employer, the State, and the universities, and then asks.—

> What part of education then is left for co-operators to appropriate? The answer I would give is, the education of the citizen. By this I mean the education of each member of the community as regards the relation in which he stands to other individual citizens and to the community as a whole. But why should co-operators more than any one else take up this part of education? Because co-operators, if they would carry out their avowed aims, are more absolutely in need of such an education than any other persons, and because if we look at the origin of the co-operative movement we shall see that this is the work in education most thoroughly in harmony with its ideal purpose

Establishment of the Educational Committee of the Union, 1885.

An important step in organisation and co-ordination of the work was made in 1885 when Congress agreed to the appointment of an educational committee of the Union, to act as a central advisory body to the societies in the Union. (See Chapter XXII., page 199.) This committee defines the object of Co-operative Education as "primarily the formation of co-operative character and opinions; and secondarily, though not necessarily of less import, the training of men and women to take part in industrial and social reforms and municipal life generally." In framing the Programme which it issues each year, an endeavour is made to organise the education of co-operators, both directly, by the provision of special class teaching in the history, theory, and principles of the movement, and in economic, industrial, and constitutional history in so far as these subjects have a bearing on Co-operation; and indirectly, through advice and assistance given to local educational committees in the administration of their funds.

At the Congress at Woolwich (1896) a special committee

was appointed to inquire into and report on the educational work of the movement, and to prepare a scheme of educational work for co-operators. In this year (1896) there were 586 societies making educational grants, the total amount so allotted being £46,752. As a result of the inquiry and the consequently increased interest taken in educational work, the amount devoted to education had grown in 1908 to £91,041, allotted by 810 societies.

The Committee of Inquiry, 1896.

It is difficult to classify the various kinds of work carried on by educational committees, but a fairly accurate indication of their scope may be taken to include (*a*) definite instruction in co-operation, &c., by means of class work, the organisation of children's guilds, young people's circles and women's guilds, distribution of literature, propagandist meetings, lectures, &c.; (*b*) provision of scholarships in connection with local schools, university lectures, &c.; (*c*) recreative efforts of a more or less educational character, *e.g.*, reading rooms, concerts, choirs, flower shows, excursions, &c.

An annual programme is provided by the Education Committee of the Co-operative Union, full of suggestions and instructions based upon the accumulated experience of many years of experimental work. This programme now forms the basis of all centralised educational work and much of the effective local work. The scheme of class work includes the subjects of Co-operation, Industrial History, Economics, and Citizenship, in nearly all of which subjects preliminary, elementary, and advanced stages are taught. Students sit for examination, and are awarded prizes, certificates, and scholarships.

The Educational Programme.

Correspondence classes, for students unable to attend any local class, and classes for the study of the art of teaching, also form part of the yearly scheme under the guidance of the committee.

A part of the work which is rapidly growing in importance is the training of co-operative employés, under a scheme of classes for (*a*) junior employés and apprentices (locally organised), (*b*) salesmen and countermen, and (*c*) general managers. These two last are directly organised under the supervision of the sectional boards of the Union. Classes, and examinations without class work, in Co-operative Bookkeeping precede correspondence training courses for co-operative secretaries and examinations for auditors.

The committee has also a working arrangement with the Oxford University Extension Delegacy for the examination of co-operative students who desire to obtain the approval of the delegacy as teachers of Economics, Industrial History, and Citizenship, under the auspices of the Union.

The committee also act as the administrators of the scholarship funds founded in memory of Edward Vansittart Neale, Thomas Hughes, and Thomas Blandford.* The two former scholarships are for a four years' course at Oriel College, Oxford, and are of the annual value of £100 each. The Blandford memorial takes the form of travelling scholarships of the value of £10 each, offered to two successful candidates in the Co-operative Union examination in the subject of Co-operation.

This work of providing definite instruction in the principles of co-operation and subjects bearing on co-operation is laying the foundation of future efficiency in every section of the movement, but it does not exhaust the resources of the committee in the organisation of co-operative education. Essay competitions for adults and juniors, the arrangement of a lecture list, and active co-operation with other educational agencies—such as the National Home Reading Union, the University Extension Movement, the Workers' Educational Association, and the Working Men's College (London)—form parts of the programme.

Educational Committees of Societies.

The growing importance of education as a definite part of the work of Co-operation led many societies to follow the example of the Rochdale Pioneers and appoint a special committee to carry on this part of the movement. In the hands of management committees educational subjects have a knack of slipping to the bottom of the agenda, and are liable to receive but secondary consideration under the pressure of business details.

The model rules of the Co-operative Union recommend the putting aside of 2½ per cent. of the profits as a fund, and the election of a special committee for its administration, and the general tendency is for societies to fall in with this method. There are still, however, a number of societies that have neither educational fund nor committee; others administer the fund through a sub-committee of the management committee. The net amount of the fund available depends upon the size and local circumstances of the society, and the methods of administration vary as greatly as the sum to be administered.

It is frequently urged against co-operators that a considerable amount of their so-called educational work consists of social gatherings, tea meetings, and the like. However strongly educationalists may deprecate the use of the funds for

* NOTE.—Mr. Thomas Blandford was a prominent and much-respected worker in the cause of Co-partnership Co-operation, and at the time of his death, in 1899, held the position of secretary to the Co-operative Productive Federation

these objects, those with any complete knowledge of the needs and desires of the people cannot but recognise a certain educative value in such methods of stimulating the social life of a co-operative society. To confine the meaning of education to serious book study only is to restrict its area in a manner at once narrow and artificial and out of keeping with the broad ideal upon which the movement rests.

Educational Committees' Associations.

In Chapter XXII. the organisation of the work of the Union into sections and districts is dealt with. Not the least important part of the work in these districts is the holding of conferences on various subjects of interest or importance. Delegates from the societies attend, and frequently their opinion on the subject discussed is ascertained by vote. For some years the delegates attending were invariably drawn from the general committees and represented very largely the trading element only. With few exceptions, the educational committees had none but local status. This disability was the subject of discussion for some time, and at the Peterborough Congress in 1898 it was decided to form sectional Educational Committees' Associations as auxiliaries to the central education committee upon the following lines:—

(1) That educational committees might combine upon a voluntary basis and form associations with the object of organising and extending educational work throughout their respective sections.

(2) That each association so formed be entitled to send one representative to the central educational committee of the Union, except the north-western section, which might send two representatives.

Associations have been formed in nearly all the sections, and a system of quarterly conferences has grown up which not only give educational committees a status not hitherto enjoyed, but do much to stimulate the work by giving opportunities for the exchange of ideas. These associations do not receive grants in aid from the Union, but are supported by fees subscribed by the local societies, generally out of the educational fund. They report annually to Congress through the sectional boards

The Educational Associations are, even yet, to some extent upon their trial, but they are slowly gathering weight, and in all probability will become a definite part of the educational machinery of Co-operation, serving as a connecting link between the local committees and the central educational committee of the Co-operative Union.

The Women's Co-operative Guild.

One of the chief auxiliary educational and propagandist agencies within the movement is the Women's Co-operative Guild, which was inaugurated in 1883 with the object of organising women as co-operators. The Guild, on attaining its majority in 1904, issued in commemoration of this event a short historical account* of its organisation and activities, from which the following particulars are mainly gathered :—

The inception of the Women's Guild arose out of a correspondence in the *Co-operative News*, which in January, 1883, opened a special column to women under the editorship of Mrs. Arthur Dyke Acland. This correspondence included letters from Mrs. Lawrenson, of Woolwich, in which a "league," with a board, conferences, and subscriptions was definitely suggested. "The league may be said to have been finally floated at the Edinburgh Co-operative Congress in June, 1883. There the membership rose from 14 to 50 ; an annual subscription of sixpence was decided on, the formation of local branches suggested, and the first leaflet issued."†

The growth of the Guild has been continuous, and in recent years very rapid, the total number of members at the end of the 27th year being 25,942, and the number of branches 521. These vary in membership from 10 (the unit of a branch) to 550 women, and although the organisation is entirely self-governed, branches are not established except of connection with a co-operative society.

The organisation of the Guild follows the lines of the Co-operative Union in associating the branches into districts and sections approximating in area to those of the Union. These are all governed by committees elected from their special constituencies, while the whole Guild is ruled by its annual congress, a central executive committee of seven members being elected by all the branches. The object aimed at is healthy independence in local work, combined with response to the policy and suggestions coming from the centre. District conferences of branch delegates held usually three or four times in the year, sectional conferences held usually twice a year, prepare the way for the Congress of the Guild, which has now become an annual event of considerable importance in the co-operative movement. Branches and districts usually adopt for local guidance the model branch and district rules which have been drawn up by the central committee and accepted by annual meetings. A distinct code of rules governs the Guild as a whole and provides for elections, meetings,

* "The Women's Co-operative Guild," 1883-1904, by Margaret Llewelyn Davies, General Secretary of the Women's Co-operative Guild. Price 9d. and 1s.

† Ibid, page 11.

finances, &c. Members subscribe individually to branch funds* and collectively to the district and central funds at a rate of 2d. per member per annum. The small funds thus created are, in a number of cases, subsidised by grants from societies; the central fund receiving an annual grant from the Co-operative Union.†

The annual report of the Guild is incorporated in the Report of the Central Board of the Co-operative Union, and is presented to Congress.

The friendliness and sense of brotherhood, so much a part of the co-operative creed, is encouraged in all Guild work, and one of the points kept in view is the bringing out and training of individuals so as to fill the official ranks with the best officers. Further, to encourage all those who are most intelligent and aspiring, special individual education is provided for by means of correspondence classes, reading parties, essay competitions, and examination questions.

The policy of the Guild has always been progressive as regards co-operation, labour interests, and educational developments, but above all its mission has been to give to women co-operators a sense of corporate responsibility, and an opportunity of sharing in the full life of the movement.

The inquiry into the educational work of the movement (see page 208) was largely inspired by it, and it has from time to time initiated inquiries into the conditions of employés' hours and wages, the facilities for reaching the poor, and other matters upon which exact information is requisite for true progress. It has also been the aim of the Guild to arouse women to a sense of the "basket power" which they especially possess as comptrollers of the household exchequers.

The education received by individual Guild women in their branch organisations makes itself felt in the influence exercised by the Guild as a whole on co-operative, municipal, and national affairs. Thus we find Guild members, who have graduated in their own branch, serving on co-operative committees in increasing numbers in nearly every division of co-operative activity, and also upon boards of guardians and public educational committees.

The Guild takes a keen interest in all questions affecting the national well-being, and home life of the worker, labour legislation affecting women and children, sweating, trade-unionism, and women's suffrage.

> It is not only the individual who has been made conscious, through the Guild, of latent power, but a new element is entering into public life. Working-women form the largest

* Usually 1s. per annum; unless such subscriptions are made unnecessary by grants from the society to which the branch is attached.

† Rising from £10 in 1886 to £200, the present amount granted.

> section of the community. Four million women and girls are actual wealth producers, receiving payment for their work. Still larger in numbers are the married women, who, as home-makers, contribute by their unpaid labour just as directly as wage-earners to the support of family life. This class is now, through organisation, finding its voice, formulating its needs, and taking its part in administrative work as co-operators and citizens.*

Particulars of the special work of the Guild in relation to the poor will be found in Chapter XXIV., page 220.

The Guild supports by voluntary contributions a convalescent fund, which was inaugurated as a memorial to Mrs. Benjamin Jones, one of its early workers and presidents. This has now grown into a permanent and useful institution for the relief of members convalescent after illness.

The honorary general secretary to the Guild is Miss Margaret Llewelyn Davies, and the office is at 66, Rosslyn Hill, London, N.W.

The Scottish Co-operative Women's Guild.

A Guild was established in Scotland in 1892, and now (1908) numbers 113 branches and 10,884 members. The work of this sister organisation proceeds on similar lines to those of the English Guild, with whom the friendliest relations exist, but a special feature of the Scottish Guild is its work on behalf of the Scottish Convalescent Homes, for which it has raised considerable sums of money. The Scottish Guild receives an annual grant of £50 from the Co-operative Union, and reports separately to Congress. The honorary general secretary is Mrs. Slater, University Lodge, Dumbarton Road, Glasgow. The Guild in Ireland, formerly attached to the Scottish, is now on a separate footing and receives a grant of £15.

The Labour Co-partnership Association.

The Labour Association "for promoting co-operative production based on co-partnership of the workers," was founded in 1884 as an outcome of the desire on the part of the advocates of profit-sharing workshops to have some propagandist agency definitely pledged to the promotion of their principles. Mr. E. V. Neale took a large share in its formation, and remained in active sympathy with it until his death in 1892.

The association, which in 1903 discarded its long sub-title and expressed its intention under the title of "The Labour Co-partnership Association," appeals (1) to co-operators, (2) to workers associated in trade unions, and (3) to the general public, and its subscription list is open to all. It has attracted to it a large number of sympathisers of all classes, and its work is largely supported by subscriptions and donations from

* The Women's Co-operative Guild page 162.

NOTE.—The Guild has adopted as its motto the words "Of whole heart cometh hope," from *The Vision of Piers Plowman*, written about 1370 A.D.

individuals. In 1902, 70 co-operative societies and other organisations were among its members.

Subscriptions are invited upon the following general basis from:—

(1) Individuals who subscribe from 1s. a year and upwards to its funds (2s. 6d. and upwards entitles subscribers to have all the association's literature sent post free as it is published, including its monthly organ, *Labour Co-partnership*).

(2) Labour co-partnership productive societies and their educational departments, which subscribe one penny per member per year.

(3) Distributive stores, educational departments, employers' associations, and trade unions, which subscribe £1 and upwards a year, and receive, post free, 13 copies of (1) *Labour Co-partnership* each month, and (2) other publications from time to time during the year.

The work of the Association is controlled by a central executive committee elected at an annual meeting of members, and its methods of propaganda include—

(1) The publication and supply of literature.

(2) The delivery of lectures, addresses, &c.

(3) The holding of conferences of all classes of persons interested in the elevation of the workers.

Mr. E. V. Neale drafted for the Association a set of model rules for productive societies, which are accepted generally by all societies formed under its agency, and a friendly supervision, including the giving of much practical advice, is constantly exercised over all the affiliated productive societies. Local interest is maintained by "lodges," whose work approximates to the propagandist work of educational committees of distributive societies.

Since 1886 the Association has promoted an annual exhibition of co-partnership production in conjunction with the Co-operative Festival held (with the exception of the first year) at the Crystal Palace. These exhibitions have been the means of attracting much public attention to the objects and attainments of co-partnership societies as a distinct phase of the co-operative movement.

The Association also seeks to promote the adoption of co-partnership and profit-sharing methods by large employers of labour, provided always that such arrangements are entered into with the spirit shown by such men as the late M. Leclaire,

of Paris, and the late M. Godin, of Guise.* Mr. Neale utters a word of caution on this point.†

> If, he says, a real solution of the questions affecting labour and capital is to come from the side of the capitalist, it must be from men who approach it in the spirit of Leclaire and Godin—men who do not ask, "How can I manage so to enlist the interest of the worker in what he does for me that what he receives will not in any way diminish my gains from his work?" but seriously inquire, (1) How can the joint proceeds of capital and labour be justly divided between these two factors? (2) What institutions will make the earnings of the worker most full of benefit to himself? and (3) How can those institutions be best introduced and kept efficient?

The Association publishes a monthly journal, *Labour Co-partnership*, and numerous pamphlets and fugitive leaflets. Mr. Henry Vivian is the secretary, and the office of the Association is at 6, Bloomsbury Square, London, W.C.

The International Co-operative Alliance.

The idea of establishing friendly relations between British and Continental co-operators came from the French co-operators in 1884, and has since grown into an effective working alliance which gives promise of securing to co-operators all over the world a common ground of interest and of mutual support and strength.

The first approach to the subject was made at the Derby Congress, 1884, when Mr. Harold Cox, of Cambridge University, returning from a visit to Paris, brought to that Congress a fraternal message from some Parisian co-operators, asking for permission to send a delegation from their body to the next British Co-operative Congress. This friendly request evoked much enthusiasm amongst the delegates, and the following resolution was adopted by acclamation :—

> That this Congress expresses its gratification at the announcement made by Mr. Harold Cox of the wish of the Parisian co-operative societies to enter into regular relations with the English Co-operative Union, and authorises the United Board to take all necessary steps for the establishment of such relations on a plan to be brought before the Congress next year.‡

* On the tomb of M. Godin, at Guise, are engraved the following words, addressed by him to his fellow-workers and found among his papers after his death :—

Come to this tomb
When you have need to be reminded
That I founded the Familistère
For brotherly associations and partnership.
Remain united by the love of humanity.
Pardon the wrongs which others do to you.
Hatred is the fruit of evil hearts:
Let it not enter among you.
Let the remembrance of me be for you a bond of brotherly unity.
Nothing is good or meritorious without the love of humanity.
Prosperity will accompany you in proportion as concord shall reign among you.
Be just towards all and you will serve as an example.

* Twenty years of co-partnership at Guise. Translated by Aneurin Williams, page 87

† "The Labour Association, its principles, objects, and method By E. V. Neale.

‡ Report of Congress, 1884, page 42.

At the following Congress (Oldham, 1885) Messieurs Marty and Nicole were received as the first representatives of French co-operators at a British Congress, and succeeding Congresses have been honoured by the presence of leading co-operators from many lands, while British co-operators have since been represented at practically all important co-operative gatherings in other countries.

In 1885 the Central Co-operative Board appointed "a Committee of Foreign Inquiry,"* consisting of Messrs. H. R. Bailey, E. O. Greening, A. Scotton, and J. C. Gray (secretary). This committee proceeded with their inquiry upon two general lines, 1st, to elicit information and enlist voluntary aid from individuals in the various countries who were able to speak with knowledge of the subject; 2nd, to obtain through the interest of the Foreign Office reports from British consuls in countries where working-men's co-operative societies were known to exist. In both efforts the committee were eminently successful, and the report of their work submitted to the Congress at Plymouth was of extreme interest, as showing that in almost every civilised country the principles of Co-operation had taken root.†

At the Plymouth Congress M. de Boyve, a French representative, made some definite proposals for an "International Federation" between English and French co-operators on propagandist lines. This suggestion was brought up again at succeeding Congresses until, in 1892, Messrs. E. de Boyve, Charles Roberts, E. V. Neale, E. O. Greening, T. Hughes, G. J. Holyoake, J. Greenwood, and other friends of profit-sharing decided to form an "International Co-operative Alliance" which should appeal especially to all who favoured the sharing of profits with workmen.‡

The formation of this Alliance did not, however, supersede the work of the Foreign Inquiry Committee of the Co-operative Union, which, by resolution of the Huddersfield Congress, 1895, was reconstituted as a permanent sub-committee of the Central Board under the title of the "International and Foreign Inquiry Committee." The Alliance, tentatively formed to promote profit-sharing, called an international congress in London in 1895, when the basis of its constitution was broadened to include all forms of Co-operation. The Co-operative Union, through its sub-committee, was constituted the section for Great Britain, and the sole link between individual British societies and the Alliance.

* Congress Report, 1886, page 37.

† Appendix to Plymouth Congress Report, page 94.

‡ "The International Co-operative Alliance," by Miss J. Halford. (Co-operative Union pamphlet).

The International Co-operative Alliance has held eight Congresses: London (1895), Paris (1896 and 1900), Delft (1897), Manchester (1902), Budapest (1904), Cremona (1907), Hamburg (1910), and in the intervals between congresses much good work has been done towards fostering direct trading relations between co-operators of one country and those of another. A tabulated register of co-operative productions available for exchange is kept at the office of the Alliance, which is also the medium for disseminating all manner of information concerning the movement.

Previous to 1902 individual members were accepted by the Alliance, and over one hundred persons, many of considerable standing in economic and philanthropic circles, were amongst its friends and financial supporters. But at the Manchester Congress it was decided, upon the pressure of the British section, that membership should in future be confined to duly accredited co-operative organisations, except in countries which were not yet sufficiently organised to seek representation in this way.

It was felt that although the Alliance must necessarily lose something by cutting off its individual supporters it would ultimately be the gainer as a democratically organised and governed body.

On June 30th, 1910, the membership of the Alliance was as follows:—Societies in the United Kingdom, 273; societies in 25 other countries, 574; and individual members, 19.

At the eighth Congress, held in Hamburg (1910), the rules hitherto in force were entirely reorganised and several important changes in administration effected.

A series of resolutions was adopted at this Congress defining the scope of various forms of co-operation and their bearing upon each other. The final resolution of the series supplies in the following terse sentences a definition of the aims of International Co-operation upon its ethical side:—"By uniting the co-operative movement throughout the world into a great international organisation, a universal centre is created by means of which their mutual interests find expression, and which exercises a stimulating and fruitful influence on the development of co-operation. The union of all forms of co-operation in the International Alliance must also serve to counteract the many existing differences between the various nations. Such an Alliance opens the way to a mutual understanding among the nations on the basis of equal rights and mutual consideration, thus furthering the high and noble purpose of preparing humanity for universal peace and well-being."*

* Report of Hamburg Congress.

The policy and action of the Alliance are regulated, as heretofore, in the first instance by its congresses, which are composed of duly accredited representatives of societies which have been admitted to membership.* Next in order of control is a central committee, elected upon a national basis as follows :—A nation subscribing £10 shall have the right to appoint one representative. All countries paying a subscription of £25 shall appoint two representatives; countries subscribing £70, three representatives; those which pay £150, four; and those which pay £300 and more, five. The Central Committee is empowered to convene the congresses, to confirm the budget and the programme of work of the Alliance, to choose the Executive Committee (either from one country or more), and to appoint a general secretary and other officials. Details of management are conducted by the Executive Committee. The annual subscriptions, upon which the Alliance is supported, are now fixed upon a basis of a minimum rate and graduated scale of contributions, depending upon the dimensions of the organisation which is the member. Thus, ordinary local co-operative societies pay a minimum of 12s. if their membership is not more than 3,000; up to £2 if above 10,000. Co-operative societies or unions of such societies—such as wholesale societies and central unions—subscribe a minimum of £5. Propagandist societies subscribe at least £2.

A most important part of the services rendered to co-operation is the publication of an International Co-operative Bibliography,† published in 1906, in French, English, and German. This work is kept up to date by the issue of an International Directory of the Co-operative Press‡ (also published in three languages), and of lists of new journals or publications bearing upon co-operation in the organ of the Alliance, the *International Co-operative Bulletin*.

The headquarters of the Alliance has hitherto been, under the old rules, fixed in London. Congress is now empowered to decide, from time to time, what town and country shall be the seat of the Alliance, and at the Hamburg Congress it was decided to maintain the central office in London until the next congress—to be held at Glasgow in 1913. See Appendix.

* For objects, see Chapter V., page 42.

† Price 7s. 6d. ‡ Price 1s. 3d.

CHAPTER XXIV.

Problems of Co-operation.

How to Reach the Poor.

One of the chief problems which co-operators are still attempting to solve is that of bringing the benefits of Co-operation within the reach of the very poor.

The necessity for some more effectual method of reaching this class of the community than any which has hitherto been adopted has long been recognised, but the problem presents many difficulties. The nature of the surroundings in which the lives of the poorest are passed, the lack of training and of education—in the real sense of the word—from which they suffer, makes it difficult for them to realise the benefits of Co-operation.

To those whose lives are a continual struggle to obtain the barest necessaries of existence, and who have the fear of hunger, and even of starvation constantly before them, the present advantage of obtaining an article offered at an apparently lower price, even if of inferior quality, outweighs that of the prospect of a comparatively certain dividend which is not due for a few weeks. The system of obtaining goods on credit is one which has unfortunately become very common among these people, owing largely to the uncertain nature of their earnings, and the burden of debt often brings with it an obligation to continue dealing with a particular tradesman, even although the ultimate advantages of co-operation may be seen and understood.

It must be admitted, too, that co-operative societies have in many instances ceased to recognise their obligations towards the very poor, or have failed to realise that the special needs of poverty call for special methods of trading and propaganda. The Lincoln Congress (1891) discussed the matter, and a circular letter was in consequence issued by the Co-operative Union. In this, the attention of societies was drawn to various suggestions made by different writers as to methods which should be adopted to reach the poor.

The Cardiff Conference (1900) again considered the question, and passed a resolution* urging upon societies "the

* Report of Cardiff Congress, 1900

desirability of having branch stores in districts in which the very poor reside, to supply goods suitable and in such quantities as will meet their requirements."

Later on in the same year, at the Woolwich Congress of the Women's Co-operative Guild, Miss Llewelyn Davies read a paper in which various suggestions were made as to the methods that should be adopted in poor neighbourhoods.* The chief of these are :—

(1) That membership should be made easy by the abolition of entrance fees, facilities given for small deposits towards share capital, and easy methods of withdrawal.

(2) That dividends should be low and should vary as little as possible, low prices should be charged for goods, and every facility given for the purchase of small quantities.

(3) That the shops should be made attractive in appearance, and the goods well marked in plain figures.

(4) That suitable propaganda work should be carried on, simple explanations of the advantages and methods of Co-operation being given.

In the latter part of 1901, the Women's Co-operative Guild, with the sanction and assistance of the United Board of the Co-operative Union, commenced a series of inquiries into the general conditions as to membership, prices, &c., existing in co-operative societies.† Special work was also undertaken in five towns, such as personal inspection of poor areas, visits to people in their homes, and interviews with various officials whose work brought them opportunities of knowing the conditions and needs of the poor. The result of this investigation was that many suggestions, including some previously made concerning the special features of stores in poor neighbourhoods, were again brought forward.

The Women's Co-operative Guild had for some time advocated the establishment of a co-operative Settlement in connection with societies having branches in poor neighbourhoods, and in October, 1902, such a settlement was started at Coronation Street, Sunderland, in connection with a branch of the Sunderland Society.

The work carried on here has been of a varied nature. A noticeable feature of the store is the facility offered for the

* "A Co-operative Relief Column," by M. Llewelyn Davies. Women's Guild Office, 66, Rosslyn Hill, London, N.W.

† "The Extension of Co-operation to the Poor." Women's Guild Office, 66, Rosslyn Hill London, N.W.

purchase of goods in small quantities, and a cooked-meat shop has proved a valuable adjunct to the store. Attempts have been made to diminish the need for a return to the system of credit trading by the establishment of a penny bank, and of a general club, in which deposits of any sum can be made, and goods to the value of the deposits taken out at any time.

In addition to this, the social life of the members is encouraged by the formation of a girls' sewing class, a co-operative club for young men, a co-operative league for young women, and a branch of the Women's Co-operative Guild, while lantern lectures, entertainments, and meetings for discussion are held in the hall attached to the store and settlement.

The settlement was carried on until September, 1904, when it was closed. From the first there had been opposition from a section of the society, who could not agree that special efforts should be expended on poor neighbourhoods. Some of the most enthusiastic supporters were no longer in office, and there was difficulty in finding the right workers. But the encouraging results attained during the life of the settlement, some of which are permanent, proved the great possibilities of concentrated work of this kind, and made good the claims put forward at the end of the first three months—*

1. That it is possible to win the trade of the poorest.

2. That such trade is a financial benefit to the whole Society.

3. That the Store is a sure means for gaining the confidence and friendship of the people, establishing a relationship unspoilt by the demoralising effects of charity and relief.

4. That the Store makes a solid foundation and convenient centre for constructive social work in a poor neighbourhood.

There is still need for more experimental work of this kind, but above all there is need to find some means of *permanently* improving the condition of the very poor.

The question of "Co-operation and the Poor" is never long absent from the list of topics under consideration in the movement. A valuable contribution to the subject appeared in an article by Mr. J. C. Gray, in the Co-operative Wholesale Societies' Annual for 1902. In this the writer lays stress upon the necessity for "regular permanent employment under healthy conditions," and, as a means of achieving this, suggests the starting of Home Colonies for self employment, such as were the ultimate goal of the Rochdale Pioneers.

* "Summarised Report. Coronation Street Branch." By M. Llewelyn Davies.

Within the past ten years, however, unemployment, as one of the chief causes of poverty, has assumed a position of urgency and importance in the councils of the nation, and it is now generally acknowledged that the problem is one demanding reforms of an economic, industrial, and legislative character more far-reaching than any sectional movement can apply.

The methods which co-operation can best adopt in its relation to poverty and unemployment seem to be :—(1) the sweeping away of every possible barrier to membership, whether of restrictive rules, excessive entrance fees, credit trading, high prices, or competitive dividends ; (2) the institution, out of collective profits, of emergency funds, and funds for aid in sickness and convalescence, as means of meeting periods of exceptional distress amongst members ; (3) the increase, with all possible speed, of productive enterprises based on conditions of employment which will raise the standard of all co-operative workers well above the poverty line, and help to steady the uncertain relations between supply and demand which at present have so much to do with variable employment.

The Attitude of Co-operators towards Political and Municipal Questions.

At one of the early Congresses (1832) the following resolution was passed :—*" Whereas the co-operative world contains persons of . . . all political parties, it is unanimously resolved, that co-operators *as such* are not identified with . . . any political tenets whatever . . ."

Party politics have proved a frequent cause of dissension even in movements which are professedly of a non-political character, and the early co-operators were probably wise in thus insisting that political creed should not qualify or disqualify for membership of a co-operative society.

On the whole, the co-operative movement has adhered to this principle, and although within recent years there has grown up a desire on the part of some members to devise a scheme for the direct representation of co-operators in Parliament, the feeling of the movement has hitherto been against the adoption of such a course.

This must not, however, be taken to imply that co-operators take no interest in political matters ; on the contrary, they are keenly alive to the possibilities for good or ill arising from legislative action, and in matters which concern the industrial welfare of the people as a whole they are usually prompt to act.

* Report of 1832 Congress.

One of the most important committees of the Co-operative Union is the Joint Parliamentary Committee.*

The reports of the Central Board of the Co-operative Union show that the Joint Parliamentary Committee has dealt from time to time with the following matters :—The Corn Tax, the Sugar Bounties and Convention, the Importation of Canadian Cattle, the Education Act, Prevention of Corruption in Trade, the Municipal Corporations Amendment Bill, Acts affecting Factory Legislation, Land Questions, Franchise Questions, Old-Age Pensions, and the Fiscal Policy of the country.

The Educational Programme issued by the Educational Committee of the Co-operative Union, under its Citizenship Subjects, has included as special topics of study the Land Question, the Housing Question, National Education, Municipalisation, Public Health Laws, Poor Law, Old-Age Pensions, and Unemployment. The Women's Co-operative Guilds also give a prominent place in their programmes to the education of women as citizens and have taken action concerning the Corn Tax, the Education Bill, regulations concerning Factories and Workshops, the Fiscal Question, Women's Suffrage, School Clinics, and Labour Exchanges.†

Probably one of the most important pieces of work accomplished as a result of direct co-operative effort has been the creation in Ireland of a Government Department of Agriculture for that country. In 1895 the idea of a " Round Table " conference of Irish politicians was advocated by the Hon. Horace Plunkett and his Irish co-operative colleagues, as a means of advancing the cause of national prosperity and self-reliance. A committee was accordingly appointed—since called the " Recess Committee "—upon which sat Irish Members of Parliament of all shades of political opinions together with men representative of religion, education, the professions, commerce, agriculture, and industry. The committee sat during the Parliamentary recess, and upon its recommendations, followed up by considerable public advocacy and interest, an Act was passed in 1895 " for establishing a Department of Agriculture and other Industries and Technical Instruction in Ireland and for other purposes connected therewith."

The Hon.—now Sir—Horace Plunkett was appointed Vice-President of the Department and under his direct and sympathetic administration the principles and methods of Co-operation were encouraged to full growth. Sir Horace, in

* See Chapter XXII., page 199. † Women's Co-operative Guild Programmes.

"Ireland in the New Century," pays a generous tribute to the influence of co-operators in this matter as follows:—

> Those who did the work of which I have written first launched upon Irish life a scheme of organised self-help which, perhaps more by good luck than design, proved to be in accordance with the inherited instincts of the people, and, therefore, moved them to action. Next they called for, and in due season obtained, a department of government, with adequate powers and means to aid in developing the resources of the country, so far as this end could be attained without transgressing the limits of beneficial State interference with the business of the people. . . . The result is that a situation has been created which is as gratifying as it may appear to be paradoxical. Within the scope and sphere of the movement the Irish people are now, without any sacrifice of industrial character, combining reliance upon government with reliance upon themselves.*

Thus it will be seen that co-operators recognise that their efforts should not alone be confined to building up a "State within the State," but that they have specific duties towards the Municipality and the Nation.

Arnold Toynbee, in a paper read before the Oxford Congress in 1882 on "The Education of Co-operators,"† points out that if co-operators would carry out their avowed aims, the true function of co-operative education must be the education of the citizen.

The training in association and in business habits which the co-operative society gives to its members is a valuable means of fitting them to take their share in municipal government. Many co-operative committees number borough, urban district, and county councillors among their members, several co-operators have been made justices of the peace, and some of the most useful members of boards of guardians and educational authorities are also members of co-operative societies. Amongst these latter are included some forty women, who are members of the Women's Co-operative Guild.

In these facts we may see some approximation towards the ideal of "brotherhood and a perfect citizenship," called by Arnold Toynbee "the inheritance of co-operators." Here again, however, the need is apparent for further development, for as he so truly says:—

> We have abandoned, and rightly abandoned, the attempt to realise citizenship by separating ourselves from society; we will never abandon the belief that it is yet to be won amid the press and confusion of the ordinary world in which we move. If, however, this great task is to be accomplished, if co-operators are to arrive at a correct solution of the social problems which are every day becoming more grave, if workmen are to rightly exercise the unparalleled political power of which they have

* "Ireland in the New Century," pages 289-290.

† "The Industrial Revolution in England" Arnold Toynbee. Page 226

become possessed, then they must receive a social and political education such as no other institutions have offered, and which I believe co-operative societies, by their origin and their aims, are bound to provide.*

The Necessity for Recognising the Economic Tendencies of the Age.

The co-operative movement has during the last fifty years become firmly established in this country. Year by year its membership and trade increases, and recent years have shown developments in the work of co-operative production and in other fields of activity.

As was shown in earlier chapters of this book, the movement had its beginning at a time when the evils of the system of "unrestrained competition" were pressing heavily upon the workers; and its founders sought to minimise this pressure by offering an alternative system.

The methods adopted by the Rochdale Pioneers and their followers have proved themselves to be such as were, on the whole, fitted to bring about the result that the founders desired. It is to be regretted that greater progress has not yet been made in some of the directions suggested by them; still, it must be admitted that much has been accomplished towards improving the condition of working men and women.

The early community experiments, and the workshops started by the Christian socialists, fared ill, largely because they were not adapted to the conditions of the time, and because the people were not ready for them. The work of the Rochdale Pioneers succeeded probably because they tried to adapt their method to the prevailing conditions, and were content to build slowly and to wait for future developments.

But methods which are good under one set of conditions often become, not only useless, but at times even harmful when circumstances have changed. In studying the industrial history of our country, we find that the manorial system, the regulation of trade and industry by the Mediæval Guilds, and the domestic system of industry, were all useful in their day; all served a good purpose while they were adapted to the needs of the time. Yet all in turn had to be superseded by other systems more suited to the changed economic conditions which have gradually succeeded each other throughout the centuries.

If the Co-operative Movement is not in its turn to fall behind the needs of the times, co-operators must be constantly watchful, and must study the economic tendencies of the age. Hence the need for co-operative education; hence the desire of the ardent co-operator to become a student of social questions.

* "The Industrial Revolution in England." "The Education of Co-operators." Arnold Toynbee. Page 230.

One of the most marked economic tendencies of the present age is the concentration of capital into the formation of large companies, trusts, and syndicates. The attention of co-operators has been directed towards this tendency, and conferences have been held in several parts of the country to discuss the matter. The Co-operative Union has issued a pamphlet—"Co-operators and the Trust Movement"*—in which attention is drawn to the growth of trusts, and suggestions are made as to the best means of consolidating co-operative forces so as to meet the danger.

The Congress at Doncaster (1903) passed a resolution† drawing attention to "the rapid growth of trusts and other combinations of capital controlled by, and in the interests of comparatively few people," . . . . and urging co-operative organisations "when arranging propaganda work to endeavour to counteract the influence of such combinations and to strengthen our movement to resist any attempts which may be made to retard its free growth and development."

In a paper read at a district conference held to consider "Future Propaganda Work in view of the Growth of Trusts," the danger and its remedy are clearly pointed out.‡ The writer refers to the difficulties encountered by the early co-operators, and traces the development of the co-operative movement through various stages, and then points out that "while Co-operation has been growing, conditions have been changing." He draws attention to the fact that the individual shopkeeper is rapidly being superseded by the trading company, and while expressing the opinion that "co-operators have nothing to fear if they are true to themselves," adds that "the very success of Co-operation has to some extent produced its greatest dangers." He urges the necessity for the education of co-operators in the history and principles of the movement, the need for loyalty to principle, and for keeping the co-operative ideal clearly before the movement and the outside world; and the extension of co-operative production "until we produce *all* that we require."

The solution of the problem probably lies in this direction. When the co-operative movement is able to produce within its own circle, for the use of its own members, all that is necessary for their requirements, it will have no reason to fear the evil results of a corner in the outside market. When it can offer employment within the movement itself—as an alternative to employment in the competitive system—to all

* "Co-operators and the Trust Movement," by M. O'Brien Harris, D.Sc. (Co-operative Union Pamphlet.)

† Annual Congress Report, Doncaster, 1903.

‡ "Future Propaganda Work." . . . Paper by W. H. Berry, read at Conference at Rainham, December, 1903.

its members who desire or need it, then co-operators will have no reason to fear a "boycott," such as has several times been attempted.

The success which has attended past efforts in co-operative production, seems to prove that there is every prospect of further successful development in this direction. But first, co-operators must be induced, as has already been pointed out, to study the economic tendencies of the age; they must get to understand and to realise the probable effects of the development of the system of "monopoly for the benefit of the few;" and next they must learn to recognise the possibilities which lie in developing the principle of unrestricted Co-operation for the benefit of all. The capital is available, and the experience of the past has proved the workers capable of managing for themselves vast business concerns. The present need is for further development till the movement becomes thus truly self-contained. If this is accomplished and the movement maintains its present plan of making membership open to all who desire to avail themselves of its advantages, the evil effects of the system of private monopoly will be effectually counteracted by the building up of a "people's trust" worked in the interests of all.

The Connection between Co-operation and other Movements.

The question is often discussed as to the relationship which should exist between Co-operation and other movements having for their object the improvement of the condition of the industrial classes.

Trade-unionism, socialism, friendly societies, and the various organisations formed for political action, were all factors in the lives of the workers during the early part of the 19th century. Each form of organisation expressed certain needs of the workers felt in some phase of their lives; each attempted to embody the desire for liberty which the new conditions had awakened in their minds; each was a manifestation of the spirit of association and an endeavour to express the idea of democratic organisation.

The teaching of Robert Owen influenced alike the early trades union, socialist, and co-operative movements, and after the collapse of the union shop experiments (see Chap. VII.) the socialist and co-operative movements were for a time practically one, and Rochdale Co-operation is sometimes said to be "the joint outcome of the Trade Union, Chartist, and Socialist movements."* During the latter half of the 19th century, however, this union became somewhat weakened, and each of the movements concentrated its attention upon a specific form of work. The socialist—pleading for equality

* "The Co-operative Movement in Great Britain, page 61.

of opportunity—has endeavoured to bring about the common ownership of land and collective control of production. The trade-unionist has sought to secure for the workers fair wages, shorter hours, sanitary workshops, and freedom for united action. Those who believe in political panaceas for the ills which at present trouble the worker have tried to remedy these by legislation, and the most striking political development of the strength of the workers is seen in the growth of a powerful Labour Party in Parliament.

The work of the Co-operator has doubtless seemed to the casual observer to be of a much more trivial nature. His energies have probably appeared to be mainly absorbed in retailing tea, butter, and cheese, discussing the relative merits of various kinds of leather; studying how best to make bread and endeavouring to discover the safest methods of securing a good dividend at the end of each quarter. Probably—to quote one of Mr. Holyoake's humorous observations—it seems to many "a ridiculous thing that the social regeneration of the world should consist in opening a cheese and butter shop . . . a great descent from the imperial altitude of world-building to stoop to selling long-sixteen candles and retailing treacle."*

In reality, however, the Co-operator, perhaps almost unconsciously, has been building up a system of industry within which is already embodied much that the other movements desire to see generally adopted. The modern disciples of the Christian Socialists—the adherents to the principle of labour co-partnership—aim at bringing about "the partnership of capital and labour as a solution of the conflict between them"† by establishing "workshops in which the workers share in the profits and participate in the management," and thus receive "a share in reward, responsibility, and government."‡

The consumers' associations, starting from the basis of the democratically owned and governed store, are building up an extensive organisation conducted in the interests of its members, but including among its root principles the payment of fair wages and the just treatment of employés.

Thus, while the Trade-unionist seeks to mitigate the lot of the workers employed in the competitive system, the Co-operator is slowly developing an alternative system based upon mutual interest and service. While the Socialist has been endeavouring to bring about the reorganisation of

* "History of Co-operation," vol. 1, page 68.

† Paper by Mr. Henry Vivian, "Labour Co-partnership Association."

‡ Extracts from evidence given by the Labour Association before the Royal Commission on Labour.

industry upon a basis of State ownership and State control, the Co-operator has been establishing a "State within a State," and it may justly be claimed that "the voluntary organisation known by the name of 'Co-operation' has accomplished remarkable results in . . . laying the foundation of a new system of production, distribution, and exchange."*

Co-operators have also shown themselves alive to their duties as citizens, and have proved their readiness to work for legislation which concerns the welfare of the people (see page 223), and to unite with others working in the same direction.

Thus there is much in the co-operative ideal which is common also to other reform movements, and a closer connection would probably be useful to them all. This is recognised to some extent by the trade union and co-operative movements, for they sometimes unite in organising conferences on matters affecting the workers, and also send delegates to each other's annual congresses. The "Joint Committee of Trade Unionists and Co-operators" aims at reconciling any disputes that may arise between co-operative societies and such of their employés as are members of trade unions. The two movements are not antagonistic but supplementary: each has it in its power to render help to the other; each serves as a means of training the workers for service in the other, and each helps to protect the workers from some form of oppression.† The dividend accumulated in a co-operative society has often proved valuable to the trade-unionist when out of work or during a strike, while contributions from co-operative societies to funds for the relief of the wives and children of trade-unionists have on several occasions materially helped the workers to tide over times of great hardship.‡

On the other hand, the standard rate of wages insisted upon by the trade unions is some protection against the possible danger of "dividend" being used as an excuse for lowering wages. Thus both movements are necessary, for "without co-operation, voluntary or municipal, there is no guarantee that any industry will be carried on for the public benefit; without trade-unionism there is no security that this public benefit will not be made a source of injury to the minority of producers."§

* Introduction, by Hodgson Pratt, to the "Society of To-morrow." G. de Molinari.

† See "Co-operative Movement in Great Britain," Chapter VI.

‡ "It is estimated that £40,000 was contributed by Co-operative Societies to the Engineers' funds in the late dispute."—"Trades Unionism and Co-operation," by J Johnston, J.P.

§ "Co-operation and Trade Unionism," Paper by Beatrice Potter.

But, as it has been pointed out by a close student of co-operation* "The more one attempts to bring co-operation into focus with such notions as competition and Socialism, the stronger grows the conviction that co-operation cannot be resolved into aspects of these. It is not the negation of competition, nor does it affect competition in one way only. It is not the herald of Socialism, nor is it a means to combat it. The co-operative synthesis lies deeper than this. It centres about a common and original impulse of man, which inspires him, whatever his environment, to make his weakness strength by the simple plan of joining with others who are similarly conditioned, in the pursuit of a goal, which can be attained in proportion as he is prepared to co-ordinate his own interest with those of his fellow-members."

Co-operation then is not opposed to the other great organisations of workers, but is complementary to them, and thus the Co-operator, while recognising the work that they are doing in their respective spheres, asks for their support for the co-operative movement. He contends that all must be consumers of the necessaries of life, and that at present these must be obtained either from the ordinary competitive markets or from co-operative societies. He claims that the latter, despite their limitations, approximate more nearly than the ordinary shop to the ideal of the other movements; and hence he urges those who are working for better conditions of labour, greater equality of opportunity, and common control of the means of production, to share with him in the benefits which the Co-operative Society offers to its members, and to assist him in building up the Co-operative Commonwealth.

* C. R. Fay, "Co-operation at Home and Abroad," page 354.

CHAPTER XXV.

The Co-operative Movement To-day. Summary and Conclusion.

It is hoped that the account of the history, principles, and practice of the co-operative movement given in the foregoing chapters will have shown that the whole edifice rests upon a basis of equitable association, and that this characteristic manifests itself in all the various organisations for mutual service which exist within its borders.

It has sometimes been said that the Co-operative Movement has to-day lost the high ideals of its pioneers; that with the attainment of material success the altruistic desire to uplift humanity has been abandoned, and that selfishness is now the predominant motive actuating co-operative effort. Before concluding our survey, it may be well, therefore, to endeavour to trace in the practice of present-day Co-operation the characteristics which marked the faith of the early co-operators, and which has found expression in the motto "Each for all, and all for each."

How Far has It Kept its First Faith?

In the "Economist," of 1821* is the following statement concerning the objects of a society then in course of formation:—

> The object sought to be obtained . . . is unrestricted co-operation on the part of all the members for every purpose of social life.

We have seen that the Rochdale Pioneers were actuated by the same desire, and indeed this belief in the all-embracing power of Co-operation may be traced throughout the history of the movement in all its phases. True, it has sometimes seemed to be obscured by petty details; true, co-operators are divided as to the precise meaning of "unrestricted co-operation"; true, material prosperity has in some cases overshadowed the finer spirit of this large conception; but the belief has never been entirely lost. Economic changes have necessitated modifications of some of the original proposals; experience has taught that others are probably unsuited to our present stage of social development; but the ideal is still that of the substitution of industrial peace for commercial warfare, and it is still true in the main that—

* "The Economist," August 11th, 1821.

> Co-operators have always been inspired by the ancient doctrine of human fellowship, by the new spirit of social service, by a firm faith that the day would come when each man and woman would work, not for personal subsistence or personal gain, but for the whole community.*

How Far has the Rochdale Plan been Followed as Regards Pure Food?

One of the aims of the early co-operators was to abolish fraudulent trading, such as adulteration of goods,† short weight, and unfair prices, and these principles are still recognised as an essential of co-operative trading and manufacture. Co-operators may justly claim to have taken a large share in securing, not only for their own body, but for the people generally, purer food at more reasonable prices, both by their work in educating public opinion and in actual practice within their own organisation. Mr. E. W. Brabrook, late Chief Registrar of Friendly Societies, has given it as his opinion that—

> The Co-operative Movement stands to-day as one of the most practical and the most successful efforts to promote industrial welfare. Its beneficial operation has extended far beyond the range of the actual members of societies. The competition which it has set up with the local tradesmen has shown them that it is unwise, as it is unfair, to make the purchaser who pays cash provide for the loss of interest and sometimes of principal caused by the purchaser who takes credit, and has reduced the share of the middleman in the profit of commodities to a minimum. The whole community has benefited by this change.‡

As Regards Ready Money Trading.

Unfortunately, however, in another important direction, that of ready money trading, the co-operative movement cannot claim to have kept true to its first principles, and those who have the maintenance of its high ideals most at heart make no secret of their regret at this departure from the sound rules laid down by the early co-operators for the conduct of their business, that "no credit should be given nor asked." The proportion of co-operative societies which have departed from this rule in more or less degree is far too large, and although the majority of societies which give credit have defined the limits within which it shall be allowed, yet the practice is nevertheless dangerous to the stability of the society practising it, and inimical to "the beneficial influences and the immense possibilities which are involved in the practice of thorough Co-operation."§

* "The Co-operative Movement in Great Britain." Page 221.

† The Second Annual Report of the Leeds District Flour Mill Society, 1849, contained the following injunction:—"At whatever cost, instruct the buyer to buy the *best* wheat the market affords, and to bear in mind that the working classes of this district should have the *best* and *purest* bread possible to be manufactured. The *quality* should be *first*, the *price* only the *second* object."—"Jubilee History of Leeds Society."

‡ "Provident Societies and Industrial Welfare," by E. W. Brabrook, C.B., page 146.

§ "The System of Credit as Practised by Co-operative Societies," by J. C. Gray. (Co-operative Union pamphlet.)

From time to time Congress has recorded its emphatic condemnation of credit trading, and in 1905 the matter appeared sufficiently urgent to warrant the appointment of an Anti-Credit Committee, composed jointly of the Central Board and the Women's Co-operative Guild, to deal with the question.

The inquiries of the committee show that credit takes four forms in the movement :—

(*a*) For shop goods.
(*b*) For goods sold on the hire system.
(*c*) For goods produced or work done by productive departments.
(*d*) For work done or goods sold on contract to public bodies.

Over 90 per cent of the total amount owing to societies is for shop debts contracted by members—the most reprehensible form of credit.

Various methods for reform are suggested by the committee, including a vigorous campaign in favour of the adoption by societies of strict cash trading rules, coupled with the establishment of " emergency or relief funds " to meet cases of exceptional distress. These funds are of two kinds—

(1) Loan funds, without interest, to be repaid as circumstances admit.
(2) Free relief funds, given in orders upon the stores of from 2s. 6d. to 10s. per week, renewed as necessity demands.

The chief efforts of the committee are, however, given to the task of breaking down the idea that thriftless habits of credit trading are a necessity for the workers, and in propaganda intended to restore the disregarded principle of cash trading to the place of honour in the movement.

As Regards Fundamental Principles and Practice.

The fundamental principles that capital shall be provided by the members and bear a fixed rate of interest, and that " profits " should be divided *pro rata* upon the amount of purchases made by each member ; the democratic principle of " one man one vote " ; and the democratic form of government by elected committees, are maintained both in spirit and in practice ; and for the most part the equality of the sexes is recognised.

As Regards Self-Supporting Colonies.

Even in the direction of self-employment and the establishment of self-supporting home colonies, the dreams of the early co-operators may be said to have reached some small measure of fulfilment. The last few years have shown

a growing tendency to federal action, and an increasing consolidation of co-operative organisations, together with an ever-increasing breadth in the nature and scope of their work, necessitating the employment of an increasing body of workers, for whose well-being there is a growing sense of responsibility on the part of co-operators.

As Regards Temperance.

One other proposal put forward by the Rochdale Pioneers—that "for the promotion of sobriety, a temperance hotel should be opened as soon as convenient," has found fulfilment in the spirit rather than the letter. The co-operative movement has consistently refused to countenance the sale of alcoholic drink in its stores, and its influence has, on the whole, been ranged upon the side of temperance. A growing number of societies have established co-operative cafés, worked upon temperance lines, as branches of their business. Co-operation has not, however, wholly succeeded in guarding its organisation from the temptations of this insidious evil, and it is important that there should be no weakening of this early ideal and practice as regards "the promotion of sobriety."

What it Stands for.

It has been well said that it is "the definite sacrifice of effort and money in the interests of education which gives to British co-operation its peculiar flavour; and differentiates it most clearly from societies of strictly business outlook."* The co-operative movement stands for thrift; but it stand also for "industrial freedom and control of the means of production."†

We have seen to what extent the movement reflects the enthusiasm of the Pioneers for education, and in what manner it has proceeded "to arrange the powers of production," and the hold it has taken upon agriculture and the land.

In the number of its adherents, and the volume of its trade; in the strength and social importance of its propagandist agencies; and in the elasticity with which its methods may be applied to varied undertakings, the Co-operative Movement To-day has to a great extent fulfilled the hopes of its founders, although these have not been carried out in their entirety by any one society.

Its Present Great Need.

There are problems to be faced and difficulties to be overcome—some of which were undreamed of by its early founders—before the Movement shall have reached its full growth. Whatever the future may hold, the present is not the time in which co-operators can rest content with their achievements. It is not enough that the leaders of thought in the movement should be imbued with the high ideals that have come to them from the past: Co-operation is essentially a democratic movement,

* C. R. Fay, "Co-operation at Home and Abroad," page 332.
† W. R Rae, "Inaugural Address," Congress Report, 1909, page 27.

and its ultimate success depends upon the membership as a whole—their knowledge of its principles, their devotion to its cause. Apathy is the greatest foe to success. "Langour," said Arnold Toynbee, "can only be conquered by enthusiasm, and enthusiasm can only be kindled by two things—an ideal which takes the imagination by storm, and a definite intelligible plan for carrying out that ideal into practice."*

The pressing need of the movement of to-day is that every individual co-operator should arrive at a clear understanding of the principles upon which Co-operation is based, and acquire some knowledge of its business methods. The dangers and weaknesses which exist within its own borders, and those which threaten it from without, have been indicated in various pages of this book. The movement is justly proud of its great organisation; but the tendency—to which all successful undertakings are liable—to exalt commercial prosperity at the expense of principle is a weakness of which co-operators should beware. The trite axiom that "the strength of the chain is in its weakest link" holds good in Co-operation as in any other organisation. Whether the "weakest link" is found in the apathy of individual co-operators; in illiberal treatment of employés; in the growth of a commercial spirit; or in ignorance of economic tendencies, it is this link which should be the most closely watched, lest the fair chain of democratic brotherhood which binds co-operators into one complete whole, break at this point.

Its Future Course.

The course which lies before the Movement is well summed up in the following extract from the address of the late Dr. Creighton, Bishop of London, to the Congress at Peterborough, in 1898:—

> The Co-operative Movement cannot cease to be missionary or its career is ended. It cannot measure its results simply by consideration of material benefit to those concerned; it must be in living connection with the whole field of industrial effort. It must not only sell the goods which the customer wants . . . it should create a higher view of the proper conditions of industry, and should inculcate a preference for goods which are produced under those conditions. It should never cease to pursue and emphasise the great moral considerations on which all our dealings should be based. . . . Material interests do not prosper unless they bring with them that increased sense of duty which must ever accompany a large sense of comradeship. In proportion as we know ourselves to be one of many we lose our selfish individuality in a common life, animated by a common purpose.

It is by adherence to these principles and to this practice that the co-operative movement will continue to attract to its ranks as its leaders men and women of high character; it is thus that its members will be able to maintain the impetus gained in the past; it is thus that the "Peaceful Revolution" from Competition to Co-operation will be accomplished.

* "The Industrial Revolution." Toynbee. Page 230.

SUPPLEMENTARY CHAPTER.

The Agricultural Co-operative Movement in Great Britain.

In considering Agriculture in relation to other forms of co-operation it should be borne in mind that a fundamental difference exists between industry on the one hand and agriculture on the other. This difference exists in the fact that whereas the industrial worker combines with his fellows in the hope, by mutual association, of enlarging the scope of his productive capacity, and for this reason surrenders his independence as an individual producer for co-partnership in a common concern, the agriculturist, on the contrary, remains an independent individual producer, and uses his co-operative society "as a kind of common channel either for the supply of materials to be made use of by him as an individual, or for the disposal of produce already individually raised."*

The standpoint from which he approaches co-operation must always remain different from that of the worker or the consumer. "But this does not imply a conflict of interests. Each organisation within its province can be adequate without injury to the other. Where the two meet, mutual relations may be established. The agricultural society may sell direct to the store and the store may furnish the agricultural supply society with certain of its provisions, produced or bought by its wholesale federation. The development of mutual relations on these lines is to-day playing an important part in the creation of a feeling of unity between these two main wings of the co-operative movement."†

The history of agricultural co-operation in Great Britain is briefly summarised on page 196 up to the year 1906, when the total number of societies in England and Wales at the end of December, 1906, was 142, established in 41 counties, and having a membership of about 9,000. The turnover was about £350,000. In Scotland at the end of 1906 there were six agricultural societies established, in addition to two previously formed in Scotland by the Agricultural Organisation Society.

Until recently, Supply Societies formed the most numerous

* C. R. Fay, "Co-operation at Home and Abroad," page 6.
† Ibid page 13.

class of agricultural co-operative societies, and they still furnish by far the largest portion of the aggregate turnover. The co-operative small holdings and allotments societies are now more numerous, but their turnover (the total amount of rents received) is comparatively trifling. The small holdings societies, too, are all (potentially or actually) supply societies as well. Some of them already supply requirements, and most of them will eventually do so.

Agricultural Supply Societies.

The problem of large *versus* small societies is always present in the organisation and working of supply societies. At first the Agricultural Organisation Society advocated the small society by preference, but the tendency to form large societies soon showed itself and seems now to have become general.

The combination of supply societies for trading has proved very difficult. At first an attempt was made to form a national federation, but it was not very successful, as the larger societies held aloof. At present the tendency is to form "district federations," each with a large and favourably-situated society as the centre of it.

The supply societies have done very good work in (1) reducing the price to farmers of the requirements of production and (2) levelling up quality. Not only the members have benefited; farmers all over the country have done so, as the formation of a society or the fear of a society being formed made dealers give better terms and helped to check fraud.

The problem of co-operative dairying in England is quite different from that in Denmark or Ireland. In England the co-operative creamery, manufacturing butter, would not be desirable. The problem is usually (1) to find more remunerative outlets for whole milk and (2) to dispose of surplus milk in the flush season in such a way as to prevent the market being glutted. The method practised with success is to sell whole milk co-operatively (either wholesale or retail) and have a factory for converting surplus milk into cheese or otherwise dealing with it.

Dairy Societies.

Since 1906 the principal facts in the history of the movement have been the passing of the Small Holdings Allotment Act, 1907, and the Consolidating Act of 1908, which embodied the provisions of the Small Holdings Act of 1892 and the Small Holdings and Allotments Act of 1907. The passing of these later Acts provided a great stimulus to the formation of small holdings and allotment societies.

Small Holdings and Allotments.

Under the Act of 1892, County Councils were empowered :—

(1) To purchase land and to sell it to applicants for small holdings on the instalment system.

(2) To advance money to tenants of small holdings who had agreed to purchase their holdings from their landlords, the purchase money being repaid to the Council by instalments.

Under the Small Holdings and Allotments Act, 1907 :—

(1) The *duty* is thrown upon County Councils to supply small holdings and upon Parish Councils and Urban District Councils to supply allotments.

(2) The Councils are given compulsory powers of obtaining land either by purchase or on lease.

(3) The Councils are empowered to *let* land to applicants for small holdings or allotments (as the case may be).

(4) The Councils are empowered to let land to "associations formed for the purpose of creating or promoting the creation of small holdings or allotments and so constituted that the distribution of profits amongst the members is prohibited or restricted."

Note.—There is no power to *sell* to such associations.

(5) The County Councils are empowered to promote co-operation amongst small holders, and to assist co-operative societies of small holders by grants, loans, or guarantees.

(6) The Board of Agriculture can make grants to societies "formed for the promotion of co-operation in connection with the cultivation of small holdings or allotments."

The Agricultural Organisation Society takes up a neutral position in regard to the controverted question of "tenancy" *versus* "ownership." It takes the Act as it finds it, and assists in forming "small holdings and allotments societies," the object of which is to acquire land and sub-let it to the members in small holdings or allotments.*

Grants from the Board of Agriculture.

Agricultural co-operation has been brought into close relations with the Board of Agriculture through the grant to the Agricultural Organisation Society of an annual grant out of the Small Holdings Account for work in "the promotion of co-operation of small holdings and allotments." This grant has enabled the society to appoint a poultry expert, and to make an arrangement with the National

* See leaflets published by the A.O.S., Dacre House, Dacre Street, Westminster, and Annual Report of same, 1909.

Poultry Organisation Society whereby the organisation of egg and poultry collecting depôts should be undertaken by the Agricultural Organisation Society. The grant has also brought the society into touch with many County Councils, both through providing lecturers and in connection with the applications of small holdings societies for land. There were in July, 1910, 149 of these societies affiliated to the Agricultural Organisation Society.

Agricultural and Distributive Movements.

Another important step in the history of the movement was the reading of papers on "Agricultural Co-operation in its Relation to Co-operative Distributive Societies" at the Newcastle Co-operative Congress (1909), and the negotiations which followed with a view to bringing about closer business relations between agricultural and industrial movements. As an outcome, a Joint Sub-Committee of the Co-operative Union, Co-operative Wholesale Societies, and the Joint Boards for Trade and Organisation, as representing the Agricultural Co-operative Societies, was appointed, and has already done good work in drawing closer the relations between the two movements.

The Agricultural Organisation Society has always been affiliated to the Co-operative Union, a representative of which sat on the Agricultural Organisation Society Committee. The secretary of the Agricultural Organisation Society has usually attended the Co-operative Congresses and intervened in the discussions when matters arose relating to agricultural co-operation.

The Co-operative Union has placed its experience at the disposal of the Agricultural Organisation Society, and has been frequently consulted on matters relating to the conduct of business by societies, &c. Notices of conferences are sent to the Agricultural Organisation Society, and occasionally the conferences are attended by representatives of the Agricultural Organisation Society.

A Joint Committee of the Co-operative Union and the Agricultural Organisation Society was formed in 1905 "to consider whether ordinary distributive co-operation can be combined in rural districts with the co-operative supply of agricultural requirements."*

Trade Federation.

The societies have already felt the need for some form of federation for combined trading between societies, and from the Joint Boards above mentioned a Sub-Committee was appointed in 1909 to promote a scheme for trade federation. The proposals took the form of suggested "district federations," which might ultimately lead to the establishment of

* See Congress Report, 1906.

one or more centrally situated "trading centres," and the formation of a "Central Board for Trade." Some progress has been made in the carrying out of this scheme, and already a number of arbitrary areas have been arranged as "centres."

Weaknesses and Problems.

This scheme typifies, however, some of the weakness of the movement, chief amongst which are the want of cohesion amongst societies, the difficulty of getting the agriculturalist to combine for trading purposes on a large scale, and the absence of arrangements for exchange of ideas which is inherent in the isolated life of the rural districts. The farmer is not usually very business-like, and there is difficulty in procuring efficient secretaries, expert managers, and, in large societies, the absence of real co-operative spirit amongst the members is felt as a weakness.

The problems before the movement include, besides that of effective federation, that of the sale of produce, the breaking down of rings of buyers, of presenting produce in proper form at the right time, and of overcoming the farmer's ignorance of the requirements of the market and his love for driving his own individual bargain.

It will be seen, however, that there is much hope in the movement, although the path before the leaders is a hilly one, calling for strenuous endeavour.

SUMMARY OF PRESENT POSITION.

Societies Affiliated to or Formed by the English Agricultural Organisation Society :—	
(*a*) Number of Societies, December 31st, 1909	321
,, ,, July 25th, 1910	371
(*b*) Total Membership, December 31st, 1909	19,500
(*c*) Aggregate Turnover, 1909	£860,000
(*d*) Classification of Societies, July 25th, 1910 :—	
Societies for the Supply of Requirements or Sale of Produce	141
Small Holdings and Allotments Societies	149
Dairy Societies	16
Agricultural Credit Societies	35
Egg and Poultry Societies	17
Farming Societies	2
Fruit-grading Society	1
Motor Service Society	1
Industries Society	1
Auction Markets	3
Milling Society	1
Agricultural Co-operative Federation Limited	1
Central Co-operative Agricultural Bank Limited	1
Agricultural and General Co-operative Insurance Society Limited	1
Scottish Agricultural Organisation Society	1
	371

There were also at the end of 1909 no less than 100 societies neither formed by nor affiliated to the Agricultural Organisation Society. The total membership of these societies was about 24,000 and their aggregate turnover in 1909 about £1,100,000.

In Scotland 39 societies were affiliated to the Scottish Agricultural Organisation Society in June, 1910, and a number of others were in course of formation under the auspices of the society.

APPENDIX.

The Statistical Tables following are reprinted by permission from the "Abstract of Labour Statistics," the "Labour Gazette," or the "Report on Workmen's Co-operative Societies," published by the Labour Department of the Board of Trade, with the exception of Charts on pages 246–248, 271, and Tables on pages 259–262, which have been specially prepared for this volume. The Chart on page 263 is taken from a recent number of "System."

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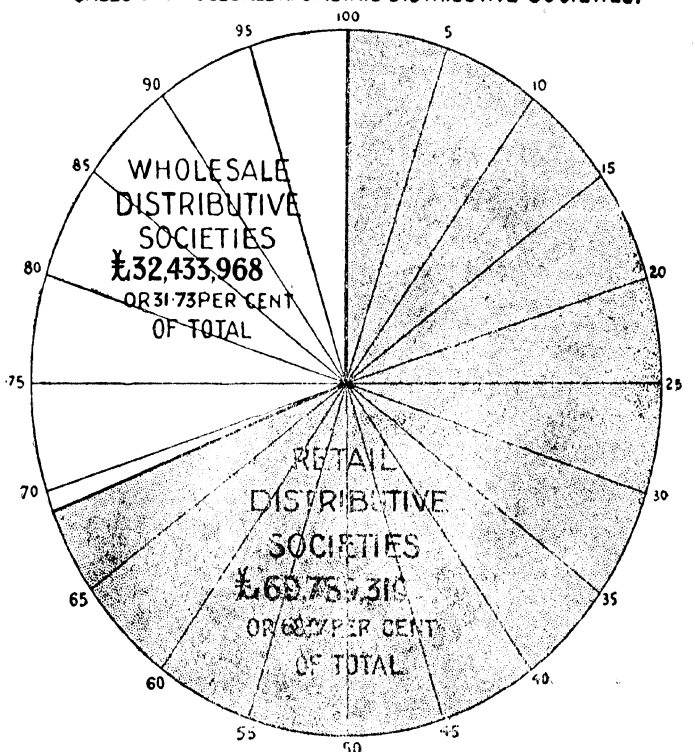
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CO-OPERATION.

CO-OPERATIVE DISTRIBUTION & PRODUCTION IN 1908

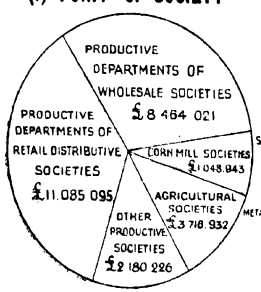
(EXCLUSIVE OF AGRICULTURE).

SALES OF WHOLESALE AND RETAIL DISTRIBUTIVE SOCIETIES.

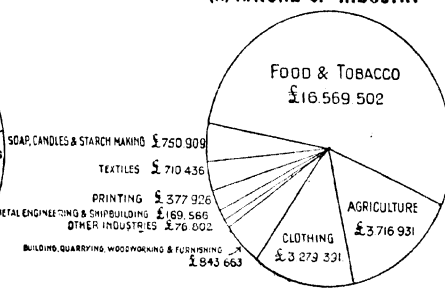


VALUE OF GOODS PRODUCED CLASSIFIED BY

(I) FORM OF SOCIETY

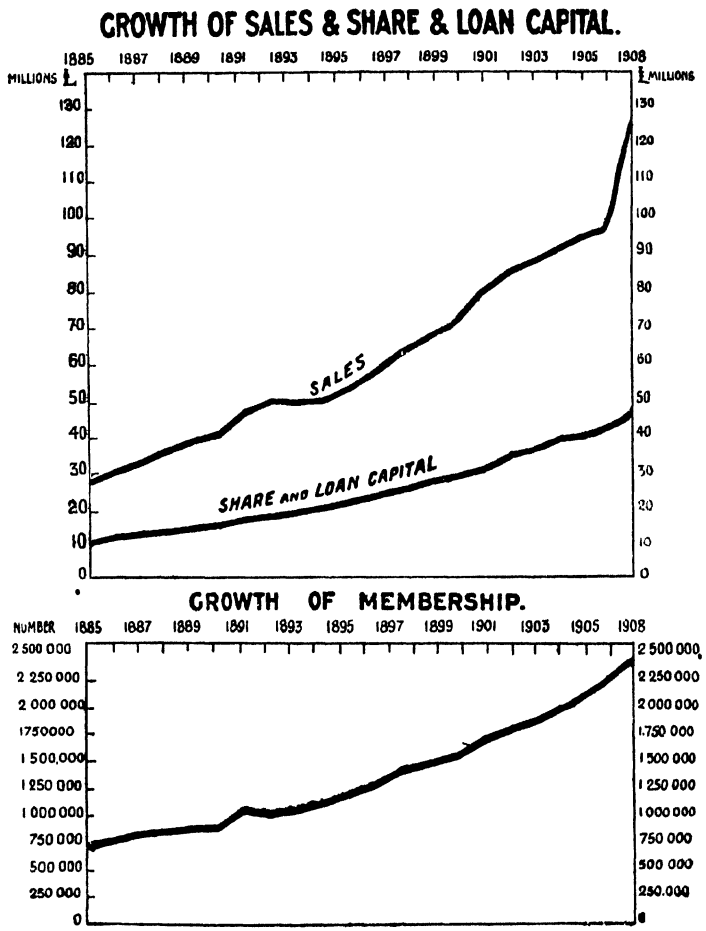


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CO-OPERATION.

GROWTH OF CO-OPERATION, 1885-1908

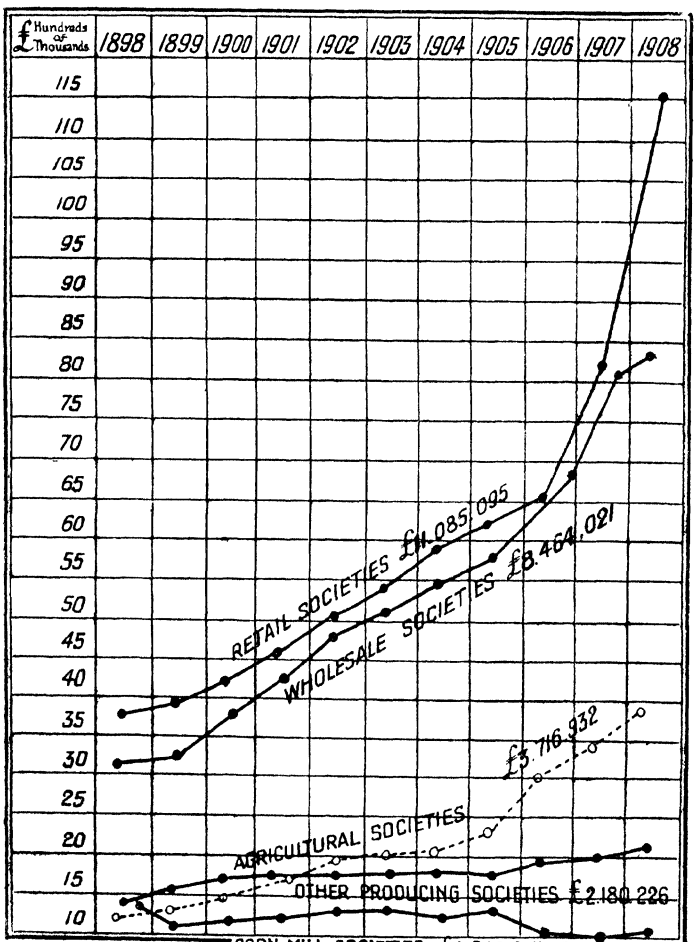


CHART

SHOWING THE GROWTH OF PRODUCTION

By Retail Societies, Wholesale Societies, Corn Mills, Agricultural, and other Productive Societies respectively from 1896 to 1908.

TOTAL PRODUCTION IN 1898, £9,485,767; **IN** 1908, £26,495,217.



APPENDIX SHOWING THE POSITION IN 1908 OF (1) INDUSTRIAL SOCIETIES, (2) AGRICULTURAL SOCIETIES, (3) CREDIT SOCIETIES.

(1) INDUSTRIAL CO-OPERATION IN THE UNITED KINGDOM, 1908.

(Based upon Returns made direct to the Department by the Societies concerned and upon Returns made to the Chief Registrar of Friendly Societies and to the Co-operative Union.)

Reprinted (by permission) from the "Board of Trade Labour Gazette."

The following particulars relate to distribution and production by Workmen's Co-operative Societies in the United Kingdom, exclusive of societies and departments of societies concerned with agriculture.

Summary.—Production and Distribution.

Returns from Workmen's Co-operative Societies for Production and Distribution in the United Kingdom show that 1,573 such societies were at work in 1908. These societies had a total membership of 2,446,696, or 9·6 per cent of the estimated population of the United Kingdom of 20 years of age and upwards. Their total capital amounted to £47,056,500, being made up of £32,879,798 shares, £10,380,409 loans, and £3,796,293 reserve and insurance funds. Compared with 1907, there was a decrease of 22 in the number of societies, but increases of 3·6 per cent in membership, and of 4·1 per cent in total capital.

On a total trade of £125,001,572 the net profit for the year was £11,677,297, which is equal to 35·5 per cent upon the total share capital of all the societies, compared with £11,952,609, or 37·6 per cent, in 1907.

The total number of persons directly employed by the 1,573s ocieties was 116,603, an increase over 1907 of 3·1 per cent.

The societies may be divided into three groups, viz.: (1) Societies established primarily for Production; (2) Societies established primarily for Wholesale Distribution; and (3) Societies established primarily for Retail Distribution; but as the Wholesale Societies and many of the Retail Societies produce a portion of the goods distributed by them, it will be convenient to group the figures according to the nature of the business and to present the totals under the following heads:—(1) Production, (2) Wholesale Distribution, and (3) Retail Distribution.

The table below shows the trade under each of these heads for each of the years 1898-1908, together with the total trade of all the groups:—

Year.	Production.	Wholesale Distribution.	Retail Distribution.	Total Trade.
	£	£	£	£
1898	9,485,767	17,267,078	42,583,449	69,336,294
1899	9,888,533	19,226,564	45,050,944	74,166,041
1900	10,974,611	21,507,520	50,056,815	82,538,946
1901	11,879,784	23,342,825	52,766,889	87,989,498
1902	13,027,391	24,456,678	55,327,646	92,811,715
1903	13,736,903	25,728,630	57,523,575	96,989,108
1904	14,602,246	26,610,468	59,319,465	100,532,179
1905	15,295,505	27,725,207	61,095,889	104,116,551
1906	16,349,850	29,650,218	63,363,056	109,363,124
1907	19,417,753*	32,390,028	68,115,200	119,922,981
1908	22,778,285*	32,433,968	69,789,319	125,001,572
Increase 1908 over 1898	13,292,518*	15,166,890	27,205,870	55,665,278
Percentage Increase	140·1*	87·8	63·9	80·3

1.—Production.

The Returns received for the year 1908 show that two wholesale and 947 retail societies for distribution, seven corn mills, and 140 other productive societies, or a total of 1,096 societies, of all classes, had 50,143 employés engaged in the production of goods amounting in value to £22,778,285, the total amount paid in wages being £2,825,647. Of these societies 859, with 35,321 employés and a total production of £16,637,935, were in England and Wales; 215, with 14,256 employés and a production of £6,091,246, were in Scotland; and 22, with 566 employés and a production of £49,104, were in Ireland.

* A considerable part of the increase in the value of production is due to a much larger number of retail societies than formerly making returns of the slaughtering of cattle.

Year.	Value of Production by Societies established primarily for				
	Production.		Wholesale Distribution. *	Retail Distribution. *	Total Production by all Classes of Societies.
	Corn Milling Societies.	Other Productive Societies.			
	£	£	£	£	£
1898	1,408,646	1,430,210	3,016,691	3,630,220	9,485,767
1899	1,184,885	1,546,627	3,306,516	3,850,505	9,888,533
1900	1,226,995	1,627,116	3,827,086	4,293,414	10,974,611
1901	1,234,311	1,662,491	4,334,210	4,648,772	11,879,784
1902	1,303,682	1,719,803	4,850,026	5,153,880	13,027,391
1903	1,377,703	1,752,300	5,189,673	5,417,227	13,736,903
1904	1,345,207	1,783,779	5,515,161	5,958,099	14,602,246
1905	1,378,328	1,794,712	5,851,355	6,268,110	15,295,505
1906	965,018	1,904,262	6,804,924	6,675,646	16,349,850
1907	954,733	2,082,066	8,102,980	8,277,974‡	19,417,753
1908	1,048,943	2,180,226	8,464,021	11,085,095†	22,778,285
Increase or Decrease in 1908 over 1898.	359,783†	750,016	5,447,330	7,454,875‡	13,292,518
Percentage Increase or Decrease.	25·5†	52·4	180·6	205·4‡	140·1

In the following table the total production (£22,778,285) of all classes of societies in 1908 is shown according to the nature and extent of the principal industries carried on by each class of society separately :—

Industries carried on by Societies of all classes.	147 Associations for Production including Corn Milling.	Two Associations for Wholesale Distribution.*	947 Associations for Retail Distribution.*	Totals.
	£	£	£	£
Food and Tobacco	1,917,198	5,446,930	9,205,464	16,569,592
Clothing	500,815	1,266,669	1,511,907	3,279,391
Building, Quarrying, Woodworking and Furnishing	196,244	390,836	316,583	843,663
Soap, Candles and Starch Making	..	750,909	.	750,909
Textiles	404,617	298,124	7,695	710,436
Printing, &c.	168,579	204,017	5,330	577,926
Metal, Engineering and Shipbuilding	77,805	75,196	16,565	169,566
Other Industries	23,911	31,340	21,551	76,802
Total for 1908	3,229,169	8,464,021	11,085,095‡	22,778,285
Total for 1907	3,036,799	8,102,980	8,277,974	19,417,753
Percentage increase in 1908 over 1907	6·3	4·5	33·9‡	17·3

* In these societies the goods produced are usually transferred to the distributive departments, and not sold direct from the productive departments.

† Decrease, partly due to the fact that two corn mills were amalgamated with the English Co-operative Wholesale Society in 1906.

‡ A considerable part of the increase in the value of production by retail societies is due to a much larger number than formerly making returns of the slaughtering of cattle.

It will be seen that food and tobacco account for over 70 per cent of the total production, the clothing group accounting for about 14 per cent.

The number of employés engaged in production in 1908 and the wages paid to them are stated below, for the same groups of industries and classes of societies as in the preceding Table :—

Industries.	147 Associations for Production, including Corn Milling.		Two Associations for Wholesale Distribution.		947 Associations for Retail Distribution.		Totals.	
	No. of Employees.	Wages paid.	No. of Employees. *	Wages paid. *	No. of Employees. *	Wages paid. *	No. of Employees.	Wages paid.
		£		£		£		£
Food and Tobacco..	2,039	141,270	3,452	194,735	7,286	514,367	12,777	850,372
Clothing	3,106	140,950	8,580	412,877	12,620	623,067	24,306	1,176,894
Building, Quarrying, Woodworking & Furnishing..	529	37,201	1,863	165,457	1,918	149,611	4,310	352,269
Soap, Candle and Starch Making .	..	..	952	49,766	..	.	952	49,766
Textiles	2,004	98,257	1,480	66,992	100	2,300	3,584	167,549
Printing, &c.	892	63,913	1,485	71,730	34	913	2,411	136,556
Metal Engineering and Shipbuilding.	517	32,357	442	20,238	106	7,418	1,065	60,013
Other Industries ..	290	10,741	222	11,182	226	10,305	738	32,228
Total for 1908....	9,377	524,689	18,476	992,977	22,290	1,307,981	50,143	2,825,647

It will be seen that 42 per cent of the total number of employés engaged in production were employed in the clothing trades, and 30 per cent in the preparation of food and tobacco.

Of the total number of employés engaged in production, 27,574, or 55 per cent, were men; 14,592, or 29 per cent, were women; and the remaining 7,977, or 16 per cent, were young persons under 18 years of age.

Of the 1,096 societies of all classes, 158 allotted sums to their employés engaged in production out of the profits of the year. The total amount so allotted was £34,642 to 14,664 employés of societies and departments paying £791,573 in wages, this being equal to £2. 7s. 3d. per head, or 4·4 per cent on the wages paid, compared with £2. 9s. 4d. per head, or 4·7 per cent on wages, allotted in 1907 by 160 societies.

* These figures are exclusive of the number and wages of employés engaged in distribution.

II.—Wholesale Distribution.

The two wholesale societies (English and Scottish) are federations of 1,414 retail societies, and had a total capital of £9,049,059, of which £1,974,745 consisted of shares, £5,389,240 of loans and deposits, and £1,684,894 of reserve and insurance funds. Of this £3,110,438 was employed in the productive operations dealt with in the previous tables on production.

The following table shows the growth in the distributive trade of the two Co-operative Wholesale Societies during each of the years 1898-1908 :—

Year.	English Society.	Scottish Society.	Total.
	£	£	£
1898	12,574,748	4,692,330	17,267,078
1899	14,212,375	5,014,189	19,226,564
1900	16,043,889	5,463,631	21,507,520
1901	17,642,082	5,700,743	23,342,825
1902	18,397,559	6,059,119	24,456,678
1903	19,333,142	6,395,488	25,728,630
1904	19,809,196	6,801,272	26,610,468
1905	20,785,469	6,939,738	27,725,207
1906	22,510,035	7,140,183	29,650,218
1907	24,786,568	7,603,460	32,390,028
1908	21,902,842	7,531,126	32,433,968
Increase in 1908 over 1898	12,328,094	2,838,796	15,166,890
Percentage Increase	98·0	60·5	87·8

III.—Retail Distribution.

The Returns for 1908 show that 1,418 Retail Societies were trading in that year. Their total membership was 2,404,454, an increase of 3·5 per cent over 1907 ; their total share, loan, and reserve capital was £36,565,977, an increase of 3·6 per cent ; their total sales amounted to £69,785,798, an increase of 2·5 per cent, and their total profit was £10,773,005, a decrease of 1·0 per cent. The total number of persons employed by these societies in the work of distribution was 60,304, an increase of 2·0 per cent over 1907.

Of the 1,418 Retail Societies, 199 allotted out of the profits of the year to 14,017 employés engaged in the work of distribution the sum of £37,628, or an average of 5·0 per cent upon the wages paid to these employés.

The following table shows the sales of the Retail Societies in England and Wales, Scotland, and Ireland respectively for each of the years 1898-1908.

Year.	England and Wales.	Scotland.	Ireland.	Total.*
	£	£	£	£
1898	33,581,525	8,939,733	60,245	42,581,503
1899	35,414,557	9,570,933	61,956	45,047,446
1900	39,326,406	10,654,410	72,751	50,953,567
1901	41,543,850	11,126,869	90,452	52,761,171
1902	43,498,094	11,711,028	110,140	55,319,262
1903	45,083,506	12,289,746	139,635	57,512,887
1904	46,209,821	12,951,886	150,178	59,311,885
1905	47,568,418	13,333,135	185,438	61,086,991
1906	49,336,474	13,816,029	201,269	63,353,772
1907	53,161,784	14,716,111	231,481	68,109,376
1908	54,779,398	14,742,691	263,709	69,785,798
Increase in 1908 over 1898	21,197,873	5,802,958	203,464	27,204,295
Percentage Increase	63·1	64·9	337·7	63·9

(2) CO-OPERATIVE AGRICULTURAL SOCIETIES IN THE UNITED KINGDOM.

Based upon Returns made direct to the Department by the Societies concerned, and upon Returns made to the Chief Registrar of Friendly Societies and to the Agricultural Organisation Societies of England and Ireland.)

Co-operative production and distribution in the United Kingdom as applied to agriculture, which until recent years had been confined mainly to Ireland, has recently made considerable progress in Great Britain, and statistics of the agricultural co-operative societies are dealt with separately from the industrial societies dealt with in the last issue of the *Labour Gazette*. The societies now dealt with below are those registered under the Industrial and Provident Societies Acts, and the Friendly Societies Acts.

Productive and Distributive Societies.

While in the main the industrial co-operative societies are carried on and managed by the members as a means of improving their position as consumers, in the case of agricultural co-operative societies the main object is usually to enable the members more efficiently and profitably to carry on their daily occupation as individual farmers and producers. For this purpose the societies formed are of two kinds, which may conveniently be classed as "Productive" and "Distributive" Societies.

* These figures are exclusive of the few Distributive Home Industries Societies in Ireland, which are included in the General Summary Table (Production and Distribution)

The "productive" societies take the form mainly of creameries or dairies which purchase from the members the milk or cream produced by them as individual farmers. This is manufactured by the societies into butter, cheese, &c., by paid employés, and sold in the open markets, the operations of the societies being carried on under the supervision of committees elected by the members. In a few cases these societies have also undertaken the supply of members' requirements, to avoid the formation of a separate "distributive" society.

The "distributive" societies are usually formed for the collective purchase and distribution of the seeds, manures, implements, &c., required by the members, and for the sale in the markets of the cattle, eggs, poultry, and other products of the industry of the members in their capacity of individual farmers. The profits, as stated in the rules of both types of societies, are distributed among the members *pro rata* upon the value of the goods purchased from and sold to the society, but in practice are frequently added to the reserve fund.

In addition to these two groups of societies formed specially for agricultural purposes, there were, in 1908, 69 industrial societies (two wholesale and 67 retail distributive societies) which carried on farming and dairying departments mainly as a means of producing milk, butter, vegetables, &c., for the use of their members, the goods so produced being transferred to the distributive departments of the societies, and the profits, if any, being merged into the profits of the other departments and distributed in the general dividend to purchasers.

The returns relating to these three groups of societies, obtained by the Labour Department for the year 1908, showed that there were then at work in the United Kingdom 600 co-operative societies formed specially for agricultural production and distribution, with an aggregate membership of 79,468, a total share capital of £201,367, loan capital amounting to £199,817, reserve and insurance funds amounting to £145,119, and sales during the year amounting to £3,222,043, upon which, including interest on shares, a total profit of £33,958 was shown.

These societies employed 2,267 persons, and paid in salaries and wages during the year a total of £93,639.

Of these 600 societies, 298 were "productive" societies, employing 1,659 persons, and paying in salaries and wages during the year £65,460, their total sales amounting to £1,929,540 and their profit to £27,878; while 302 were "distributive" societies, employing 608 persons and paying

salaries and wages amounting to £28,179; their total sales amounted to £1,292,503 and their profit to £6,080.

The farming and dairying departments of the 69 industrial societies and of one agricultural distributive society employed 884 persons, paid in salaries and wages during the year £46,877, and produced goods to the value of £494,889. The profit or loss on these departments was not shown.

	Distribution.	Production.		Total.
	Agricultural Trading, Egg and Poultry, and Bee Keepers' Societies of all kinds.	Special Farming and Dairying Societies.	Farming and Dairying Departments of Wholesale and Retail Distributive Societies*	Agricultural Distribution and Production by Societies of all classes.
	£	£	£	£
1898	296,125	486,317	228,514	1,010,956
1899	333,825	645,158	307,548	1,286,531
1900	380,535	811,302	397,366	1,589,203
1901	385,619	892,249	427,676	1,707,544
1902	440,786	1,039,431	478,534	1,958,751
1903	498,315	1,137,565	427,594	2,063,474
1904	532,913	1,132,087	401,383	2,066,383
1905	589,611	1,387,487	402,639	2,379,767
1906	841,900	1,683,238	473,258	2,998,396
1907	1,136,502	1,813,602	477,379	3,427,483
1908	1,292,503	1,929,540	494,889	3,716,932
Increase of 1908 over 1898	996,378	1,443,223	266,375	2,705,976
Percentage Increase	336·5	296·8	116·6	267·7

The marked increase in the past three years is largely due to the development of co-operative agricultural distributive societies in England and Wales, resulting from the activities of the Agricultural Organisation Society assisted by the Board of Agriculture.

Cattle Insurance Societies.

In addition to the co-operative societies engaged in production and distribution, there were, in 1908, 57 societies formed specially for the mutual insurance of the cattle, pigs, &c., belonging to their members.

These societies are registered under the Friendly Societies Acts without share capital, and consist mainly of small holders in agricultural districts of England and Wales.† The societies are distinguished from ordinary friendly societies in that the amounts of the insurances are not limited by the Act. In practice, however, the insurances are for small amounts only.

* Including the productive department of one agricultural distributive society.

† There were no societies of this class at work in Scotland or Ireland

	1904.	1905.	1906.	1907.	1908.
Number of Societies making returns ..	53	53	58	56	57
Total Membership	3,505	3,457	3,718	3,780	3,872
Receipts during Year:—	£	£	£	£	£
Contributions	1,369	1,457	1,758	1,665	1,641
Other Receipts	377	331	561	454	476
Total Receipts	1,746	1,788	2,319	2,119	2,117
Expenditure during Year:—					
Benefits to Members	1,375	1,242	1,760	1,539	2,088
Working Expenses	204	250	520	421	364
Total Expenditure	1,579	1,492	2,280	1,960	2,452
Total Funds at end of Year	7,210	7,491	7,899	8,091	7,868

(3) CO-OPERATIVE CREDIT SOCIETIES IN THE UNITED KINGDOM.

Returns received by the Department from Co-operative Credit Societies in the United Kingdom for the year 1908 show that there were then 240 societies at work, with an aggregate membership of 20,848, and a total capital (share, loan, and reserve) of £146,761. These societies had made advances to members during the year amounting to £70,817; repayments by borrowers (including interest) amounted to £75,386, and the amount still owing at the end of the year was £105,149.

Many of these societies are managed by honorary officials, and the working expenses thus being kept small, the total expenses during 1908 (including interest on capital) amounted to £5,929 only for the whole of the 240 societies, or an average of less than £25 per society. The total net profits of all the societies amounted to £1,004.

Of the 240 societies, 32, with a total membership of 3,228, were in England and Wales; one, with 357 members, was in Scotland; and 207, with 17,263 members, were in Ireland.

Eighteen of the societies (17 in England and one in Scotland) were in urban districts, the remaining 222 (of which 207 were in Ireland) being all in agricultural districts.

	1908.	1907.	1906.	1905.	1904.
Number of Societies making returns	240	249	238	221	191
Number of Members	20,848	20,793	18,288	16,545	13,680
	£	£	£	£	£
Total Capital (Share, Loan and Reserve)	146,761	135,100	130,061	121,764	114,328
Amount of Loans:—					
Advanced (including renewals)	70,817	74,593	77,629	66,668	50,389
Repaid (including interest)	75,386	69,015	65,443	55,794	39,347
Owing by Borrowers	105,149	105,092	95,282	87,334	73,906
Working Expenses (including interest on capital)	5,929	5,607	5,157	5,550	4,874
Net Profit (after allowing for interest)	1,004	1,217	825	953	419

CAPITAL FUNDS OF WORKMEN'S ORGANISATIONS IN 1907

(EXTRACTED FROM THE REPORT OF THE CHIEF REGISTRAR OF FRIENDLY SOCIETIES).

Table showing the number, membership and capital funds at the end of 1907 of various classes of workmen's registered organisations :—

Classes of Organisation.	No. of Returns.	Total Membership.	Amount of Funds.
			£
Building Societies	1,910	623,047	77,289,229
Friendly Societies	29,310	15,983,264	57,128,168
Industrial and Provident Societies	2,812	2,588,209	56,393,313
Trade Unions	652	1,973,560	6,424,176
Workmen's Compensation Schemes	59	99,371	164,560
Friends of Labour Loan Societies	248	33,576	260,905
Total Registered Provident Societies	34,991	21,301,027	197,660,351

THE CO-OPERATIVE INSURANCE SOCIETY LIMITED.

See pages 177–178.

POSITION AT END OF 1908.

No. of Members—Societies 880

Departments.	Insurance Funds.	Sums Insured.	Claims Paid.	
			No.	Amount.
	£	£		£
Life (four Branches)	129,469	....	1,293	10,708
Accident and Fidelity	11,419	....	42	772
Employers' Liability	9,462	....	569	2,300
Fire	83,472	27,047,094	1,183	12,406
Totals	233,822	....	3,087	26,180

In 1913 the Co-operative Insurance Society Limited became the Joint Insurance Department of the Co-operative Wholesale Society Limited and the Scottish Co-operative Wholesale Society Limited. New rules appropriate to the new conditions have been adopted and registered. The change was brought about after long negotiations between the several societies, and marks an important progressive step in federal policy.

The Collective Insurance Scheme, inaugurated in 1904, has been improved upon, and has been adopted by a large number of societies.

STATE INSURANCE.

Upon the passing of the Health Insurance Act, 1911, the Co-operative Wholesale Society Limited formed an "approved society" in connection with its Insurance Department, receiving as members any persons eligible for State Insurance. The head office of the approved society is at Balloon Street, Manchester; but members join, and all transactions are conducted through the local co-operative societies.

THE INTERNATIONAL CO-OPERATIVE ALLIANCE.

The outbreak of war in Europe in August, 1914, necessarily put a stop to the work of the International Co-operative Alliance, and must eventually have an immense effect upon its fortunes. What that effect may be it is impossible to foretell, but it is of interest to note that at the end of 1913 the following countries were in membership :—

	No. of Societies affiliated collectively.
Austria	769
Belgium	102
Finland	168
France	640
Germany	1,168
Netherlands	144
Switzerland	369
United Kingdom (England, Scotland, and Ireland)	480
	3,840

Individual societies in Bulgaria, Denmark, Hungary, Italy, Norway, Portugal, Roumania, Russia, Servia, Spain, Sweden, India, Japan, Canada, and the United States are also members. Making a grand total at the end of 1913 of 22 countries, 3,871 societies, and 55 unions of societies.

SUMMARY OF HOUSE-BUILDING BY CO-OPERATIVE SOCIETIES IN 1906.

From Preston Congress Report, Page 78.

Number of Societies making returns	413
Number of Houses Built and Owned by Societies	8,530
Number of Houses Built and Sold by Societies	5,577
Number of Houses Built by Members on Advances by Societies	32,600
	46,707
	£
Amount Expended by Societies on Houses Owned	1,839,069
Amount Expended by Societies on Houses sold to Members	1,232,073
Amount Advanced by Societies on Houses Built by Members	6,532,296
	9,603,438

AMALGAMATED UNION OF CO-OPERATIVE EMPLOYÉS.

REFERENCE—CHAPTER XXI., PAGE 181.

FOURTEEN YEARS' PROGRESS FROM THE INTRODUCTION OF THE BENEFIT SCALES IN JUNE, 1895, TO JUNE 30TH, 1909.

Year ended June 30.	Total Income.	EXPENDITURE.							Added to Reserves	Central Funds at end of Year.	Membership at end of Year
		Branch Management.	Central Management.	BENEFIT PAYMENTS. Out of Work.	Sick.	Permanent Disablement.	Funeral.	Contributions Returned.			
	£	£	£	£	£	£	£	£	£	£	
1896	569	..	182	53	73	..	9	..	242	340	2179
1897	1152	158	187	38	222	..	10	..	537	877	3186
1898	2114	294	292	144	437	..	33	..	914	1791	4320
1899	3098	428	373	133	848	..	90	..	1226	1730	5430
1900	3899	524	733	146	1202	..	81	.	1213	4230	6276
1901	4659	631	768	261	1219	..	98	..	1682	5912	7338
1902	5732	743	842	321	1549	24	154	..	2099	8011	8294
1903	7129	847	985	462	1776	15	268	4	2772	10783	9404
1904	8493	1121	1159	734	2255	35	323	15	2851	13634	10535
1905	10023	1495	1203	1153	2759	6	408	17	2982	16616	11819
1906	12143	1748	1571	1323	2957	680	318	36	3510	20126	13203
1907	14445	2059	2119	1408	3920	621	507	39	3772	23898	17393
1908	18451	2728	3226	1553	5033	780	586	50	4515	28413	23122
1909	25849	3696	3750	3740	6590	642	642	353	5437	33850*	27032
	116472	16472	17390	11469	30840	2803	3706	514	33752		

TOTAL BENEFIT PAYMENTS . . £49,322.

* In addition to this amount, funds totalling over £2,250 were in the hands of branches for local purposes.

TABLE OF CONTRIBUTIONS AND BENEFITS.

NEW SCALES ADOPTED.

Scale.	WEEKLY CONTRIBUTIONS.		WEEKLY BENEFIT WHEN OUT OF EMPLOYMENT.		WEEKLY BENEFIT DURING SICKNESS OR TEMPORARY DISABLEMENT.		FUNERAL BENEFIT	
	Entry Age 16 to 35 Years.	Entry Age 35 to 50 Years.	First Six Weeks.	Second Six Weeks.	First Nine Weeks.	Second Nine Weeks.	Member	Member's Wife dying during his lifetime.
I.	6d.	9d.	18/-	9/-	12/-	6/-	£9	£4/10/-
II.	4d.	6d.	12/-	6/-	8/-	4/-	£6	£3
III.	3d.	4½d.	9/-	4/6	6/-	3/-	£4/10/-	£2/5/-
IV.	.d.*	3d.*	6/-	3/-	4/-	2/-	£3	£1/10-

* Between 16 and 20 years of age, or under special conditions only.

PERMANENT DISABLEMENT AND BENEVOLENT FUND.

RAISED BY LEVIES AS REQUIRED.

BENEFITS.

Total Disablement through Accident or Infirmity	£100
Partial Disablement through Accident or Infirmity ..	£50
Permanent Disablement through Illness	£10
Benevolent Grants up to	£20

FREE USE OF EMPLOYMENT REGISTRY.

1909.

WORKING HOURS OF EMPLOYEES IN DISTRIBUTIVE DEPARTMENTS OF RETAIL CO-OPERATIVE SOCIETIES.

ARRANGED BY GROUPS OF COUNTIES IN UNITED KINGDOM.

Based upon returns published in the "Co-operative Directory."

	Number of		Hours per Week.	
	Societies.	Employés.	Aggregate.	Average.
ENGLAND AND WALES—				
Northern Counties	127	8,036	394,383	49·1
Yorkshire	170	8,526	457,629	53·7
Lancashire and Cheshire	177	11,761	646,170	54·9
North and West Midlands	154	6,891	374,903	54·4
South Midland and Eastern	125	4,274	235,366	55·1
South-Eastern	63	2,653	149,228	56·2
Southern and Western	76	1,907	105,524	55·3
Wales and Monmouth	79	1,458	78,179	53·6
Isle of Man	2	19	1,070	56·3
Totals—England and Wales, and Isle of Man.	973	45,525	2,442,453	53·7
SCOTLAND—				
Northern Counties	87	3,852	203,665	52·9
Southern Counties	135	9,831	524,391	53·3
Totals—Scotland	222	13,683	728,056	53·2
RELAND—				
Leinster	5	25	1,416	56·6
Ulster	8	183	10,043	54·9
Totals—Ireland	13	208	11,459	55·1
Totals—United Kingdom, 1909.	1,208	59,416	3,181,968	53·6
,, ,, ,, 1901.	1,245	42,285	2,276,645	53·84

CORRESPONDING TOTALS IN 1901.

	Number of		Working Hour.	
	Societies.	Employés.	Aggregate.	Average.
England and Wales	976	32,779	1,770,027	54·0
Scotland	259	9,426	501,884	53·2
reland	10	80	4,734	59·2
Totals—United Kingdom	1,245	42,285	2,276,645	53·84

SUMMARY OF PREVIOUS LEGISLATION RELATING TO FRIENDLY SOCIETIES AND INDUSTRIAL AND PROVIDENT SOCIETIES.

(A) REFERENCE—CHAPTER XI., PAGES 79 AND 88.

(1) The Friendly Societies Act, 1834, allowed of the formation of societies for any "purpose which is not illegal." The Friendly Societies Act, 1846, allowed of the establishment of societies "for the frugal investment of the savings of the members, for better enabling them to purchase food, clothes, or other necessaries, or the tools or implements of their trade, or calling, or to provide for the education of their children or kindred." The Friendly Societies Act, 1850, contained a like provision. The Industrial and Provident Societies Act, 1852, commonly called Mr. Slaney's Act, and founded on the report of the Committee on the savings of the middle and working classes, 1850 (of which he was chairman), made further provision for such societies. It was amended by the Industrial and Provident Societies Act, 1856. These Acts were consolidated and amended by the Industrial and Provident Societies Act, 1862. This Act was amended by the Industrial and Provident Societies Act, 1867, and by the Industrial and Provident Societies Act, 1871. These Acts were consolidated and amended by the Industrial and Provident Societies Act, 1876, which statute is practically re-enacted, with some important amendments, by the present Act, which was passed in 1893, and is that under which co-operative societies work to-day.

(?) HISTORICAL STATEMENT OF THE ENACTMENTS ESTABLISHING A SPECIAL TREATMENT OF SOCIETIES REGISTERED UNDER THE INDUSTRIAL AND PROVIDENT SOCIETIES ACTS, IN THE MATTER OF INCOME TAX, AS SUBMITTED BY THE BOARD OF INLAND REVENUE TO THE DEPARTMENTAL COMMITTEE ON INCOME TAX, 1905.

The first Act for the Registration of Industrial and Provident Societies was passed in 1852. That Act (15 and 16 Vic., cap. 31) did not contain any specific exemption from Income Tax, but it enacted (Section 8) that all the provisions of *laws relating to Friendly Societies*, unless expressly varied, should apply to every Society constituted under that Act. At that time, Friendly Societies enjoyed an exemption under Schedule *C of the Income Tax Acts* (Section 88, 5 and 6 Vic., cap. 35, and this exemption was extended to interest and other profits and gains chargeable under Schedule D, by Section 49 of the Act. 16 and 17 Vic., cap 34. These

exemptions in favour of Friendly Societies were regarded as applicable also to Industrial and Provident Societies by virtue of the provisions of Section 8 referred to above. The right of these Societies to exemption was questioned in one or two instances, but the Board of Inland Revenue were advised that their claim to relief was well founded.

The Act of 1852 was repealed by the Industrial and Provident Societies Act of 1862 (25 and 26 Vic., cap. 87). Section 15 of this Act enacted that the provisions of the *Friendly Societies Acts* shall apply to Societies registered under this Act in the following particulars :—

" Exemption from Stamp Duties and Income Tax," &c. This clause was, perhaps, not very happily worded, but it shows a plain intention that registered Industrial and Provident Societies should enjoy relief from Income Tax similar to that accorded to Friendly Societies.

In 1867 the Act of 1862 was amended by an Act (30 and 31 Vic., cap. 117) which recited that doubts have arisen as to the effect of the 1862 Act in certain cases, and that it is expedient that the same should be removed, and that the provisions of the earlier Act should be amended in other respects. The clause of the 1862 Act relating to Income Tax was repealed, and a new provision was enacted (Section 12) exempting registered Societies from liability to duty under Schedules C or D of the Income Tax Acts. To this exemption clause an entirely new limitation was attached, for it was provided that the exemption should not be construed to relieve any members of such Societies, or any persons employed by them, who were in receipt of a total income of chargeable amount, from liability to assessment in respect of any portion of the profits of the Society paid to them.

The Act also made provisions (Section 13) for the furnishing of lists containing the names and residences of persons to whom profits made by any Society were paid, with a view to the assessment of such as were liable ; but the labour of preparing the returns was so great, and the returns were of so little value on account of the very large proportion of members entitled to exemption, that with Mr. Gladstone's approval they were dispensed with, and when the law regulating these Societies was once more consolidated in 1876 this provision was not repeated.

In 1880 the exemption from direct assessment granted in 1867 to all registered Societies was withdrawn in the case of Societies which sell to persons who are not members, and which limit the number of their shares either by their rules or their practice (Section 8, 43 Vic., cap. 14).

The grievance of the private traders which this Section was intended to remedy, had been brought before the Select

Committee of the House of Commons on Co-operative Stores in 1879.

Finally, on the consolidation of the law in 1893, by the existing Act (56 and 57 Vic., cap. 39), the present exemption (Section 24) provided as follows:—

> A registered Society shall not be chargeable under Schedules C and D of the Income Tax Acts, unless it sells to persons not members thereof, and the number of shares of the Society is limited either by its rules or its practice. But no member of, or person employed by the Society, shall be exempt from any assessment to the said duties to which he would be otherwise liable.

NEW BILL.—A new Bill is before the House of Commons for the amendment of the present Acts.

ROCHDALE SOCIETY'S ADVICE TO MEMBERS.

(B) REFERENCE—CHAPTER XI., PAGE 87.

1st.—Procure the authority and protection of the law by enrolment.

2nd.—Let integrity, intelligence, and ability be indispensable qualifications in the choice of officers and managers, and not wealth or distinction.

3rd.—Let each member have only one vote, and make no distinction as regards the amount of wealth any member may contribute.

4th.—Let majorities rule in all matters of government.

5th.—Look well after the money matters. Punish fraud when duly established by the immediate expulsion of the defrauder.

6th.—Buy your goods as much as possible in the first markets; or, if you have the produce of your industry to sell, contrive, if possible, to sell it in the last.

7th.—Never depart from the principle of buying and selling for READY MONEY.

8th.—For the sake of security always have the accounted value of the "fixed stock" at least one-fourth less than its marketable value.

9th.—Let members take care that the accounts are properly audited by men of their own choosing.

10th.—Let committees of management always have the authority of the members before taking any important or expensive step.

11th.—Do not court opposition or publicity, nor fear it when it comes.

12th.—Choose those only for your leaders whom you can trust, and then give them your confidence.

MATTERS TO BE PROVIDED FOR BY THE RULES OF SOCIETIES REGISTERED UNDER THE INDUSTRIAL AND PROVIDENT SOCIETIES ACT.

(C) REFERENCE—CHAPTER XI., PAGE 88.

1. Object, name, and registered office of the society.

2. Terms of admission of the members, including any society or company, investing funds in the society under the provisions of this Act.

3. Mode of holding meetings, scale and right of voting, and of making, altering, or rescinding rules.

4. The appointment and removal of a committee of management, by whatever name, of managers or other officers, and their respective powers and remuneration.

5. Determination of the amount of interest, not exceeding two hundred pounds sterling, in the shares of the society which any member other than a registered society may hold.

6. Determination whether the society may contract loans or receive money on deposit,* subject to the provisions of this Act, from members or others; and, if so, under what conditions, on what security, and to what limits of amount.

7. Determination whether the shares or any of them shall be transferable, and provision for the form of transfer and registration of the shares, and for the consent of the committee thereto; determination whether the shares, or any of them, shall be withdrawable, and provision for the mode of withdrawal and for payment of the balance due thereon on withdrawing from the society.

8. Provision for the audit of accounts and for the appointment of auditors or a public auditor.

9. Determination whether and how members may withdraw from the society, and provision for the claims of the representatives of deceased members, or the trustees of the property of bankrupt members, and for the payment of nominees.

10. Mode of application of profits.†

11. Provisions for the custody and use of the seal of the society.

* A society receiving small deposits of not more than 10s. in any one payment, or of more than £20 from any one depositor, or repayable at less than two clear days' notice, is not considered as carrying on the business of banking, or subject to the special obligations attaching to such societies.

† Except that it must be a "lawful purpose" there is no restriction on the disposal of the profits so long as such disposal is authorised by the rules. Consequent on a decision that in the absence of a specific authority the application must have some relation to the purpose of the society, it is now customary in societies' rules to add the words, "whether within the purposes of the society or not."

12. Determination whether, and by what authority, and in what manner, any part of the capital may be invested.

A society must before the 31st March in each year send to the Chief Registrar an annual return of its receipts and expenditure, and funds and effects.

A society may be dissolved—

(1) By an order to wind up, made by the County Court in England, or by the Sheriff's Court in Scotland.

(2) By a resolution for voluntary winding up, made as directed by the Companies Acts.

(3) By an instrument of dissolution signed by three-fourths of the members.

In the event of the society winding up, no individual who, or society which, has ceased to be a member for one year or upwards prior to the commencement of the winding up, shall be liable to contribute towards the payment of the debts and liabilities of the society. Members (individuals or societies) shall not be liable to contribute any amount exceeding the amount of fully or part paid-up shares held by him or it. Loan holders shall not be liable to contribute unless it appears to the court that the contributions of the existing members are insufficient to meet the just demands of the society.*

NOTE.—The student may usefully consult the appendix on co-operative law given in "Co-operation at Home and Abroad"† for information on laws governing co-operative associations in other countries.

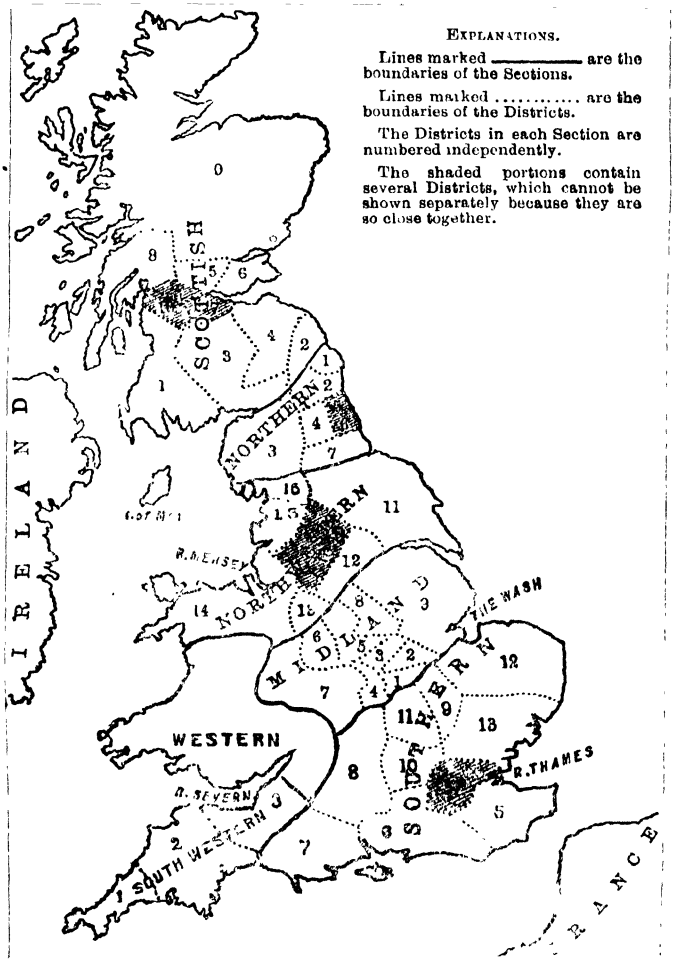
* See "The Industrial and Provident Societies Act, 1893," with explanations and forms, and Model Rules. Published by the Co-operative Union.

† By C. R. Fay.

THE CO-OPERATIVE UNION.

SECTIONS AND DISTRICTS.

REFERENCE—CHAPTER XXII.



LIST OF CONFERENCE DISTRICTS OF THE CO-OPERATIVE UNION AT THE END OF 1908.

No. on Map.	Name of District.	No. of Societies in District.
	Midland Section.	
1	Northampton & Earl's Barton	19
2	Wellingboro' and Kettering	29
3	Leicester	46
4	Coventry	19
5	Derby	17
6	Stafford	26
7	Birmingham	22
8	Nottingham	28
9	Lincoln	20
	Northern Section.	
1	North Northumberland	23
2	South Northumberland	16
3	Cumberland and Westmorland	21
4	West Durham and S. Northumberland	23
5	East Durham	21
6	South Durham	20
7	South Durham & North Riding of Yorkshire	21
	North-Western Section.	
1	Bolton	35
2	Manchester	35
3	North-East Lancashire	37
4	Rochdale	25
5	Oldham	18
6	Rossendale	16
7	Airedale	48
8	Calderdale	31
9	Dewsbury	30
10	Huddersfield	45
11	East Yorkshire	21
12	South Yorkshire	29
13	Macclesfield, Crewe, and District	28
14	Cheshire & North Wales	37
15	North Lancashire	17
16	North Lonsdale	17
—	Isle of Man	3
	Scottish Section.	
1	Ayrshire	36
2	Border Counties	13
3	Central	43
4	East of Scotland	24
5	Stirling, West of Fife, and Clackmannan	14
6	Fife and Kinross	36
7	Falkirk	22
8	Glasgow and Suburbs	37
9	Perth, Forfar, and Aberdeen	46
10	Renfrewshire	23
	Southern Section.	
1	North Metropolitan	27
2	East Metropolitan	9
3	South Metropolitan	14
4	Surrey	19
5	Sheerness	25
6	Lewes	23
7	Wilton	13
8	Oxford	17
9	Cambridge	11
10	Bucks	13
11	Bedford	16
12	Norwich	17
13	Colchester and East Essex	21
	South-Western Section.	
1	Cornwall	17
2	Devon	35
3	Somerset	26
	Western Section.	
—	Gloucester & Hereford.	19
—	Brecon, Monmouth and East Glamorgan	27
—	Glamorgan and West Wales	22

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(Current Report should be in the hands of the Teacher.)		
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*†CO-OPERATIVE MOVEMENT TO-DAY. Holyoake. Swan, Sonnenschein	2	0
*CO-OPERATIVE PRODUCTION. B. Jones	5	6
(Useful for history of many extinct and some existing societies.)		
CO-OPERATION AT HOME AND ABROAD. C. R. Fay, B.A. King and Son, London	10	6
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