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THE CONSUMERS' CO-OPERATIVE MOVEMENT

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THE CONSUMERS' CO-OPERATIVE MOVEMENT. BY SIDNEY & BEATRICE WEBB

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Made in Great Britain

PREFACE

THE reader will find in this book, not a history of the Co-operative Movement in Great Britain, but a descriptive analysis of its present position, with a survey of its relation to other manifestations of Democracy and of its possibilities for the future.

We have now been for thirty years investigating and describing democratic institutions, and only in the twenty-ninth year did we publish any volume dealing with national government or the Political State. We started at the opposite end, not only because the other manifestations of Democracy—in Trade Unionism and consumers' Co-operation, and in the various developments of Local Government—had been relatively neglected by writers on Political Science; but also because, to us as Socialists, these other manifestations seemed actually of greater importance than the Political State itself. For we have always held that it is in this spontaneous undergrowth of social tissue, rather than in a further hypertrophy of the national government, that will be found, for the most part, the institutions destined increasingly to supersede the Capitalist System. Accordingly, we first spent six years in analysing Trade Unionism,[1] and then another decade or so in investigating the origins of the

[1] *History of Trade Unionism*, 1894, newest edition, 1920; *Industrial Democracy*, 1897, newest edition, 1920; *Problems of Modern Industry*, 1898, newest edition, 1920; *The Works Manager To-day*, 1917; *The Story of the Durham Miners*, 1921.

English Local Government of to-day and its contemporary working[1]—our studies being meanwhile illuminated by active participation in administration. We now revert to the voluntary associations of consumers, with which one of us had dealt at the outset,[2] and which have since grown into a democracy comparable in magnitude and importance with either Trade Unionism or Local Government. In the volume published last year under the title of *A Constitution for the Socialist Commonwealth of Great Britain* will be found our tentative suggestions for the co-ordination of these democracies of consumers and democracies of producers, and of all of them with the Political State.

In the present work, which may be regarded as analogous to our *Industrial Democracy* on the subject of Trade Unionism, we treat exclusively of the very considerable achievements of the British Co-operative Movement. It will be seen that we do not regard Co-operation particularly as a method by which poor men may make savings and advance their own position in the world, nor yet as a philanthropic device for eking out wages and producing contentment. To us the social and political significance of the Co-operative Movement lies in the fact that it provides a means by which, in substitution for the Capitalist System, the operations of industry may be (and are increasingly being) carried on under democratic control without the incentive of profitmaking, or the stimulus of pecuniary gain. Those who doubt or deny the possibility of

[1] *The Parish and the County*, 1907; *The Manor and the Borough*, 1908; *The History of Liquor Licensing*, 1903; *The Story of the King's Highway*, 1913; *Statutory Authorities for Special Purposes*, 1922; *English Prisons under Local Government*, 1920; *English Poor Law History*, Part I., *The Old Poor Law*, 1927; *English Poor Law History*, Part II., *The Last Hundred Years*, 1929.

[2] *The Co-operative Movement in Great Britain*, by Beatrice Potter (Mrs. Sidney Webb), 1891, latest edition, 1893. Something of interest on the purpose and methods of this work will be found in *My Apprenticeship*, 1926, by the same author.

there being any practicable substitute for capitalist profitmaking will find it instructive to consider to what extent, by what means, and with what results, democratic associations of consumers have achieved their success.[1]

Just because we take the consumers' Co-operative Movement very seriously, as constituting one of the principal elements in the State of To-morrow, we have not hesitated to explore what seems to us to be its shortcomings and its characteristic defects; and we have even ventured to suggest how some of its difficulties may be overcome and its imperfections made good. We realise that this plain speaking, imperfectly informed as it must necessarily sometimes be, will provoke controversy among Co-operators, and may be resented by some who think it unwise ever to give points for use by hostile critics. But the consumers' Co-operative Movement has, like Local Government and Trade Unionism, outgrown the stage at which it can be injured by malicious criticism, which will never be at a loss for material or excuse. Co-operators have sufficient courage to take lessons from their own failures—or what seem to outsiders to be their failures—as well as from those of the Capitalist System. An analysis of these seeming failures, however imperfect, may be of use in showing how they can be converted into acknowledged success.

As this book is avowedly about the consumers' Co-operative Movement, the reader will not expect to find in it any account of other forms of combination,

[1] It may not be needless to point out that no valid distinction can be made in industry between "production" and "distribution." There is, of course, in no case any actual "production" of either matter or force. What is effected, alike in mining or manufacturing, transport or retailing, is only a change of position and grouping. What is "produced" is always exclusively an increase of utility. We shall therefore be on our guard against the common error of supposing that Co-operation has succeeded better in "distribution" than in "production," or that one form of Co-operation may succeed best in "distribution," and another in "production."

which have often been included in the term Co-operation. We make no attempt to deal with the various associations of manufacturing producers, or their experiments in "self-governing workshops," profit-sharing agreements or "industrial copartnerships." Nor do we explore the extensive and extremely important developments, in various countries, of combinations among agricultural producers, whether for the conduct of creameries, the buying of their requirements, or the marketing of their produce. We leave equally on one side the widespread and in some countries extensive associations, mainly of producers, for Co-operative credit. We must state plainly that these omissions do not imply that we undervalue the really great achievements, notably in Denmark, Germany, Ireland, and India, of one or other of these forms of associations of producers. But in our view they differ fundamentally in character from the associations of consumers, which have come to constitute 99 per cent of the British Co-operative Movement; and it seems to us only to darken counsel to use the term Co-operation to designate both forms of combination, the one aiming at taking production and distribution out of the hands of the individual profitmaker, and at the total elimination of profit; whilst the other —possibly of equal efficacy in its own appropriate sphere—is designed actually to strengthen the financial position of the individual producer, and to increase his pecuniary profit. We think that both associations of consumers and associations of producers will be more accurately understood if they are separately studied and separately described. We mean, therefore, by the Co-operative Movement, exclusively the associations of consumers for the purpose of superseding the capitalist profitmaker in the conduct of industries and services.[1]

[1] The materials for a study of the Co-operative Movement are to be found, for the most part, not in descriptive books or economic treatises,

We could not have made our analysis, nor written our description, without the cordial assistance of the Co-operators themselves, to whom we offer our warmest thanks. We have been particularly helped, at every stage of the work, by the directors, committeemen and officials, as well as by mere purchasing members, not only of Co-operative societies all over

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neither of which deal adequately, nor, in our opinion, even accurately, with the development and the problems of the Movement, but in its voluminous internal literature which is scarcely ever collected and preserved by public libraries. The largest collection of reports, proceedings, and accounts of Co-operative societies, their Jubilee Histories, and their conferences and congresses, together with the extensive pamphlet literature (including unpublished Owenite manuscripts), is probably that at the office of the Co-operative Union, Holyoake House, Manchester. For the period prior to 1850 much is to be found in the Goldsmiths' Library at the University of London, South Kensington. An extensive but chiefly modern collection, including many Co-operative reports and much else that is neither in the Goldsmiths' Library nor in the British Museum, is at the London School of Economics and Political Science.

A very elaborate *International Co-operative Bibliography* was published by the International Co-operative Alliance in 1906. The best introductory accounts of the Movement are *Working Men Co-operators*, by Sir Arthur Acland and Benjamin Jones; *The Story Retold*, by J. P. Madams, 1920; *Co-operation in Scotland*, by James Lucas, 1920; *Co-operation in Ireland*, by Lionel Smith-Gordon, 1920; *Co-operation and the Future of Industry*, by Leonard S. Woolf, 1918, and *Socialism and Co-operation*, by the same, 1921; *The Co-operative Movement in Great Britain*, by Beatrice Potter (Mrs. Sidney Webb), 1893; *Co-operation at Home and Abroad*, by C. R. Fay; *Industrial Co-operation*, by Catherine Webb, 1904, latest edition, 1917; *Co-operative Industry*, by E. Aves, 1907; *The Co-operative Movement To-day*, by G. J. Holyoake, 1906; *Co-operation*, by J. Clayton, 1912; *Co-operation for All*, by P. Redfern, 1914, and *The Consumers' Place in Society*, by the same, 1920; and *Consumers' Co-operation*, by Albert Sonnichsen, New York, 1919; see also *Die Konsumvereinsbewegung in Grossbritanien*, by T. O. Cassan, 1915; *Theorie, Geschichte und Praxis der Konsumenten Organisation*, by V. Totomiantz, 1914; *Les Sociétés co-opératives de consommation*, by Charles Gide, 1910, translated as *Consumers' Co-operative Societies*, and *La République co-opérative*, by Ernest Poisson, 1920.

For the early history of Co-operation in Great Britain the reader should consult the various works of George Jacob Holyoake and the biographies and writings of Robert Owen, Rev. F. D. Maurice, Thomes Hughes, J. M. Ludlow, and Rev. C. Kingsley (see *Christian Socialism*, by Rev. C. E. Raven, 1920); *Co-operative Production*, by Benjamin Jones, 2 vols., 1894; and for an account of that almost forgotten prophet, Dr. George King, the *Year Book* of the International Co-operative Alliance for 1910. Detailed annals, written "from inside" will be found in *The Story of the C.W.S.*, by Percy Redfern, 1914; *History of Co-operation in Scotland*, by William Maxwell, 1910; and *Wholesale Co-operation in Scotland*, by James A. Flanagan, 1919.

Great Britain, but also of the great federal institutions of the Movement, the Co-operative Union and the English and Scottish Co-operative Wholesale Societies. We owe to all of them many valuable suggestions, and the correction of many mistakes. We have sought to incorporate what we have learned from an army of willing informers. But the whole responsibility for the book (and for the errors which it cannot fail still to contain) is our own. We have insisted on making our own investigations, and on forming our own judgments; and for what we say no one in the Co-operative Movement has any responsibility whatever. To our secretary, Miss Ivy Schmidt, we owe thanks for unwearied intelligent help, in investigation as well as in the construction of the book, and for the entire preparation of the index.

Just as this book goes to press, we are enabled, by the courtesy of the Co-operative Union, to insert some of the statistics for 1920, which emphasise the wonderful growth of the Movement. The separate Retail Societies have grown from 1357 in 1919 to 1379 in 1920; their total membership from 4,131,477 to 4,504,852, or by over 9 per cent; their aggregate sales from £198,930,437 to £254,158,144, or by more than 27 per cent; their share and loan capital from £74,411,306 to £86,553,168, or by over 16 per cent; and the sales per member from about £48 to about £56. Meanwhile the net sales of the English C.W.S. rose from £89,349,318 to £105,439,628, or by 18 per cent; its share and loan capital and deposits from £20,706,513 to £24,856,371, being 20 per cent; whilst the net sales of the Scottish C.W.S. rose from £24,789,040 to £29,559,314, being 19 per cent. How far the increase in membership must be discounted by reason of the extension of the practice of enrolling more than one member of a family; and to what extent the growth of total sales and of sales per member

represents merely a rise in prices cannot be accurately gauged. Something like three-sevenths of all the families or households in Great Britain are now enrolled as Co-operators. Roughly speaking, the Co-operative Movement supplies, to this three-sevenths of the population, one-half of their foodstuffs, and one-tenth of their other household purchases.

SIDNEY AND BEATRICE WEBB.

41 GROSVENOR ROAD, WESTMINSTER,
October 1921.

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CHAPTER I

THE CO-OPERATIVE STORE

ALL the world knows the story of the twenty-eight flannel weavers of Rochdale who, in 1844, put their pence together to buy and divide among themselves the commodities that they required. What is of interest to us is the unself-consciousness of their act. The self-governing workshop, as has often been pointed out, was born of a theory; and the whole movement of associations of producers has been, in one country after another, nursed and dandled by successive generations of intellectual philanthropists and world reformers. The Co-operative Movement of Great Britain, manifested in the "Store" and the "Wholesale"—perhaps because it was genuinely of working-class origin—achieved without intending: grew, indeed, to maturity before there was any accurate formulation of the theory on which it was based. The immediate object of the twenty-eight flannel weavers of Rochdale was to free themselves from the adulteration and credit system of the little shopkeeper and the "truck shop" of the employer; but their ultimate purpose was their emancipation from wage-slavery by such a reorganisation of industry as would enable them to provide themselves with employment—to use their own words, so "to arrange the powers of production, distribution, education, and government" as to "create a self-supporting home colony." But

they were weavers of flannel, and what they had need of was food. They came face to face with the fact that the commodities that they and their families required were not those that they themselves produced : that as soon as there is widespread division of labour the consumers of any commodity are necessarily a different body of people from the producers of it. To organise industry from the consumption end, and to place it, from the start, upon the basis of production for use instead of production for exchange, under the control and direction, not of themselves as producers, but of themselves as consumers, was the outstanding discovery and practical achievement of the Rochdale Pioneers. At first they merely bought collectively, in wholesale quantities, the groceries and draperies and household requisites that their families needed, and retailed them to themselves individually. Step by step, during the past three-quarters of a century, we see the associated consumers pushing their control of industry further back. They begin by dispensing with the profit and management of the retail shopkeeper. The federated stores go on to create their own wholesale warehouse, supplying every conceivable article, thus eliminating the wholesale dealer. They send their own agents abroad, and presently dispense, for particular lines of goods, with the importing merchant, the broker, and the shipper. They acquire their own tea plantations, their own butter factories, and for their jam works their own fruit farms. As householders cease to bake their own bread, the store sets up a bakery ; and presently a group of stores combine to erect their own flour mill. From mending boots and clogs they come to making them in giant factories ; and the " fine drapery emporia " into which the crowded sales counters have developed in some cities, together with the growing tailoring and dressmaking departments, have come to be very largely

supplied from their own cloth and flannel and cotton mills. They have similarly their own factories for hosiery, corsets, margarine, soap, candles, furniture, saddlery, hardware and brushes, along with cigars, tobacco, cocoa, and sweets. All this vast organisation of industries of the most diverse kind, with works dispersed throughout the United Kingdom—with depots and agencies, indeed, in ten different countries—has come, without alteration of purpose, without even any deliberate formulation of theory, by mere expansion from the original Rochdale Store.[1] The three or four millions of working-class families (comprising possibly one-third of the whole population) who in the United Kingdom constitute the membership of the thirteen hundred separate Co-operative societies have thus, in the fullest sense, organised, and now, without restriction, democratically control, on the basis of production for use instead of that of production for

[1] It was nearly half a century before the Co-operators became aware of their Movement as, not one of "workers'" control, but a "consumers' democracy." Throughout all the books of G. J. Holyoake it is assumed that, whilst the mere distribution of products might be left to the consumers' representatives, all production should be the work of self-governing associations of workers as such. In the widely distributed text-book of the Movement by A. H. D. (now the Rt. Hon. Sir A. D.) Acland and Benjamin Jones, entitled *Working Men Co-operators*, first published in 1883, the note is still that of "artizans' co-operation," enabling the members of the store to "become small capitalists." J. W. T. Mitchell, of Rochdale, for a quarter of a century chairman of the Co-operative Wholesale Society, was always struggling to express the contrary conception of a self-governing democracy of consumers, eventually becoming co-extensive with the whole nation of citizens. The theoretical justification for a consumers' Co-operative Movement, organising both manufacture and distribution on the basis of supplying ascertained wants; to be supplemented by an absolutely co-extensive organisation of the workers as such in Trade Unions and Professional Associations, for the maintenance of their Standard of Life; and both to be completed by a national and municipal organisation of citizens as such for essentially civic functions, was, we think, first definitely promulgated in *The Co-operative Movement in Great Britain* by Beatrice Potter (Mrs. Sidney Webb), 1891; and in her paper entitled *The Relationship between Co-operation and Trade Unionism*, read at a Conference of Trade Union officials and Co-operators at Tynemouth, August 15, 1892, published by the Co-operative Union in 1892, and reprinted in *Problems of Modern Industry*, by S. and B. Webb, 1898. See also *Towards Social Democracy?*, by Sidney Webb, 1916; and *A Constitution for the Socialist Commonwealth of Great Britain*, by S. and B. Webb, 1920.

exchange, the provision for themselves and their families of commodities amounting to a couple of hundred million pounds annually. Their business increases year after year at several times the rate at which the population is increasing. We have here, it is plain, a genuine and demonstrably successful alternative to the organisation based on the diametrically opposite idea of production and distribution for private profit which we term the Capitalist System.

The Economic Basis of the Co-operative Society

The organisation by which this enormous business is managed and controlled is still so unfamiliar to any but its working-class members that a somewhat detailed description must be pardoned. The unit is the Co-operative society, established for the purpose of starting a "store" or general shop. A Co-operative society is an association which usually begins by the recruiting of a hundred or so members, who promise to deal at the new store, and to take one or more shares of a pound each, which they may pay for by small instalments. With the exiguous capital thus furnished, a shop is rented and a manager is engaged. The stock is at first limited to the articles of grocery in most universal demand, which are obtained either from enterprising wholesale dealers or, at the present day, if the committee is wise, entirely from the Co-operative Wholesale Society. Retail prices are usually fixed at those ruling in the neighbourhood, the excess over wholesale rates serving to cover the expenses, allow for depreciation of plant, provide a reserve fund, and finally supply the "dividend," which experience proves to be such an attraction to the members. On making any purchase, however small, the customer receives a paper or metal voucher, stating its amount.

At the end of each half-year the ascertained surplus is, after payment of the salaries of the manager and shop assistants, of a fixed interest on capital, and of all other expenses, returned to the members in exact proportion to their purchases.

It is this returning to the purchasers of the margin between the cost of production and the price paid that distinguishes the Co-operative society from capitalist joint-stock trading. In the British Co-operative Movement the characteristic, and even to this day the most generally adopted method for this distribution of the surplus, misnamed "profit," is by a dividend upon the amount of each member's purchases during the period of the account. In adopting this "dividend on purchases," as contrasted with dividend on share capital, the twenty-eight flannel weavers of Rochdale [1]

[1] The Rochdale Pioneers Society was, of course, neither the first Co-operative store, nor even the first association of consumers to divide its surplus by the device of "dividend on purchases." This device was, however, apparently an independent and, so to speak, spontaneous discovery of the Rochdale weavers after several Co-operative societies had failed in Rochdale itself; and by the constant propaganda of G. J. Holyoake and others, their enterprise, which their own efforts spread through South Lancashire, became the prototype of successful Co-operation, not only for Great Britain but also for the rest of the civilised world. For the history of the extensive but usually short-lived Co-operative experiments in the eighteenth century, and in the first decades of the nineteenth century, see *History of Co-operation* by G. J. Holyoake; *Co-operative Production*, by Benjamin Jones; *History of Co-operation in Scotland*, by William Maxwell; *Memoirs of a Century* (*Record of the Lennoxtown Friendly Victualling Society*), by James A. Flanagan; *History of the Scottish Co-operative Wholesale Society*, by the same; *The Story of the C.W.S.*, by Percy Redfern; and the *International Co-operative Bulletin* for July 1913. Among existing Co-operative societies, those of Sheerness (1816) and Ripponden Valley (1837) in England, and the Bridgeton Old Victualling Society (1800), the Lennoxtown Victualling Society (1812), the Larkhall Victualling Society (1821), and various others in Scotland, are older than the Rochdale Pioneers. "Dividend on Purchase" is said to have been advocated by Owen's principal Scottish disciple, Alexander Campbell, as early as 1830, and to have been put in operation in some of the short-lived Scottish societies of that decade (see Campbell's letter of 1865, printed in *The Co-operative Educator*, October 1920); and in 1827 it was in force in a little society at Meltham Mills near Huddersfield, which has lasted to this day, having, in 1919, 263 members, and sales of £11,147. Probably Charles Howarth, the Rochdale flannel weaver, was an independent discoverer, for whom Holyoake's continuous propaganda secured the credit of being the "first begetter." Early Co-operative societies on the Continent are said to have also made the discovery

hit upon a device of extraordinary potency, affecting alike the constitution and the economic and social results of the vast organisation that they were unwittingly founding.

Trading without Profit

The economic and social results of dividend on purchases have often been described. What is not so generally appreciated is its effect on the constitution of the Co-operative society. This apparently insignificant constitutional device has, in practice, (*a*) provided machinery for the most complete democracy of ownership and control; (*b*) ensured that this democracy would remain for ever open to new-comers on equal terms; (*c*) given every one an equal motive for its perpetual expansion, and (*d*) erected a permanent barrier against the dominion, so far as the Co-operative Movement extends, of capitalist trusts or other monopolies. Without the device of "dividend on purchases" it is unlikely that these results would have been attained; and, if we may infer from the experience of other societies in which this device has not been adopted, without it this working-class organisation of industry would not have been successful. It is therefore worth considering how exactly the system of "dividend on purchases" is found to work.

It ensures automatically a democratic constitution, thus giving at least the opportunity of popular control. As the members are financially interested in their capacity of purchasers, not in that of owners of share capital, it follows naturally that—unlike the plan of joint-stock companies—they do not cast votes or carry influence in proportion to the amount of capital that

independently (that styled Ermunterung at Chemnitz in 1845): see *Die Deutschen Arbeiter-Konsumvereine*, by Paul Goehre, 1910. But it was from the Rochdale Pioneers that the steadily spreading, and now world-wide Co-operative Movement took its start.

they have contributed. As the total of purchases made by each is a varying quantity, which cannot at any moment conveniently be ascertained, the only practicable basis of voting is that in which each person has a single vote, and this is invariably adopted. There is no qualification for the Co-operative suffrage, whether of sex or amount of property, or habitancy or race. Not even length of previous membership is taken into account. The poorest, youngest, humblest adult of either sex, who yesterday made his first purchase, if he has paid his minimum share allotment,[1] is equally governor and controller of the whole colossal enterprise, has equal vote and voice in the decision of its most momentous issues with the man who has been a member since its establishment and has accumulated in share and loan capital the very maximum that the Rules permit. It will be for ever incredible to the capitalist-minded person, but it is literally true, that the ownership of share capital gives no additional vote or influence whatsoever in the administration. Moreover, in an ordinary joint-stock company or other capitalist enterprise the greater the financial success, the higher is the rate of interest or dividend paid to the shareholder or other capitalist. In a Co-operative society the case is reversed. The utmost financial prosperity brings the shareholder no higher reward; indeed, in a very successful Co-operative society, the tendency is all the other way—the rate paid for loan capital goes down, the rate of interest on shares is apt to be reduced, at any rate for shareholders purchasing

[1] Usually the new member pays a shilling instalment only on his share, the balance being automatically paid up from his dividend on purchases. Many societies make a charge of a shilling—occasionally even of half-a-crown—as entrance fee, in return for which a book of Rules is supplied. The present tendency is to abolish any such entrance fee, charging sixpence for the book of Rules. Occasionally two £1 shares have to be taken up, and in one or two societies as many as five, or (in Wales) even ten, and one shilling is almost invariably accepted as the first instalment, threepence per week being fixed for subsequent instalments, but in practice the balance is made up from the accruing dividends on the member's purchases.

less than a specified sum, and those who fail to purchase anything at all for a long time may even find their interest withheld altogether. Capital, in short, in a Co-operative society is regarded as entitled only to its fixed remuneration,[1] the annual interest of 5 or 4 per cent or even a lower rate at which it has been hired (the great Leeds Industrial Society, with a share capital of nearly £1,500,000, was paying on it in 1921 only 3½ per cent, in spite of remarkable prosperity)—exactly as the society's employees are entitled, in respect of their labour, to the wage or salary agreed upon. The "profits" go to neither party: they cease to exist. The consumers' Co-operative Movement is, in fact, based on the elimination of "profit on price," the so-called "dividend on purchases" being merely

[1] Save only that, in the contingency of complete liquidation and dissolution of the society, the shareholders are entitled to divide among themselves, in proportion to their holdings, such assets as may be left. It must, in strictness, be added that this consumers' democracy is qualified by the existence—not, we think, in large numbers—of the mere investing shareholder who makes no purchases; and even occasionally by the member who takes up a share in order to exercise influence at the meeting. The Industrial and Provident Societies' Act limits to £200 the amount of share capital that may be held by any one member; but the great majority of the members hold little more than the qualifying shares, and not 15 per cent hold more than £10 each. In the Liverpool Co-operative Society in October 1920, when the average share capital of its 60,221 members was just under £10, the holdings were as follows:

Under £2	40,756	members.
£2 to £3	3,363	,,
£3 to £5	3,163	,,
£5 to £10	3,386	,,
£10 to £20	2,959	,,
£20 to £30	1,539	,,
£30 to £40	977	,,
£40 to £50	662	,,
£50 to £100	1,746	,,
£100 to £150	811	,,
£150 to £200	859	,,
	60,221	,,

The General Co-operative Survey Committee reported in 1916 that "the figures examined further suggest that at least one-half of the capital is held by one-tenth of the members" (*Co-operative Union Annual Report for 1916*, p. 183). It may be added for comparison that it is estimated that of the total wealth of the United Kingdom, nine-tenths is owned by one-tenth of the population.

a device for returning to the consumer in the way of rebate or discount what proves to have been charged in excess of the cost of production.

It ensures that the democracy shall for ever remain open to new-comers on equal terms with the founders. Unlike an association of producers, the Co-operative society is always anxious to increase its membership, and to issue more shares. The very essence of business success is the attraction of new and additional purchasers, to whom the solid advantages of " dividend on purchases " or of attractive common services, such as collective insurance or social amenities, must therefore be perpetually offered ; and the binding of chance purchasers to become loyal and permanent customers, by making them actual members. The number of shares being unlimited, and new shares being always obtainable at par, prevents both speculative traffic in shares and their ever going to a premium. The accession of new members, and the consequent taking up of additional shares, far from diminishing the pecuniary advantages of those already in, positively increases these advantages. There is thus no temptation to restriction or exclusiveness.

It gives every member not only a motive, but practically an equal motive, in desiring the prosperity and the growth of the society. As the net " profits " do not go to the owners of share capital, but to all who purchase, in proportion to their purchases, the member who has practically no capital in the concern has the same pecuniary motive to increase the profits as he who has much. The poor man with a large family may, indeed, be drawing a larger " dividend " than the wealthy bachelor.

It erects a permanent barrier against the dominion of trusts and monopolies. As the Co-operative Movement has grown repeated proposals have been made to it by capitalist trusts that it should " come inside "

and join them in maintaining prices against the consumer. The corn-millers invite the Co-operative corn-mills to unite in fixing prices; the bakers open up negotiations for jointly maintaining the price of the loaf; the boot and shoe manufacturers would like the Co-operative boot factories to agree to a standard price-list; there is a butter ring, and a bacon ring, an incipient agreement among the soap-makers and an "honourable understanding" among the "gentlemen of the hollow-ware trade"—the Co-operative Movement (that is to say, the associations of consumers) will invariably have nothing to say to them.[1] No inducement of this kind will appeal to the Co-operative Store or Wholesale, because every increase in price restricts demand, whilst the extra amount put on price would simply have to be returned to the purchaser in proportion to his purchases. The Co-operative Movement, unlike every other trader, always has an interest in breaking up price agreements by underselling, never in belonging to them.[2] During the war the influence of the Co-operative Movement in checking the rise of prices of household commodities was most marked, the Wholesale societies habitually acting on the principle of not raising prices until their

[1] Co-operators have frequently shown their resentment of even arrangements for mutual convenience with employers' associations. Of the Cambridge Co-operative Society about 1894 we read, "In order to keep in touch with things in the bakery trade, the committee joined the Master Bakers' Association." But at the quarterly meeting the members resolved that, "while highly approving of the general management of the committee, this meeting greatly deplores the alliance with the master bakers of Cambridge, and earnestly requests them to break off the alliance at once, and in the future join no league of tradesmen for the conduct of our business" (*Co-operation in Cambridge*, by W. Henry Brown, 1920, p. 39).

[2] The "dividend" is, of course, not earned equally by every department of the business, nor yet on every commodity dealt in. Usually an equal dividend is paid on all purchases, but a lower rate may be paid on the turnover of the bakery or butchery, the coal department or the laundry. A lower dividend is usually paid on purchases by non-members (which are seldom large, because membership is so easily gained). A recent official estimate, based on a large number of returns from Consumers' Co-operative societies, puts the average proportion of sales to non-members at 0·21 per cent.

stocks were exhausted, and then restricting the increase to the bare minimum; whilst the retail societies were constantly selling bread, margarine, and other articles appreciably below the rates current in their district.

But though the effects of "dividend on purchases" on the constitutional structure and practical policy of the Co-operative society are of peculiar interest, we must not omit to emphasise the extraordinary effectiveness of its appeal to the thrifty housekeeper. The twenty-eight weavers of Rochdale, it has been well said, in adopting this plan of sharing the inevitable surplus of receipts over expenditure, hit upon "a scheme which has in every way appealed to the instincts of the careful housewife in the better-off working-class and the lower middle-class—a system which, whilst promising her good quality in the articles purchased, at the same time ensured the automatic saving of money in the form of dividends to be returned to the purchaser at the end of each quarter. Any one who has, with regard to automatic thrift in coal-clubs, boot-clubs, clothing-clubs, and industrial burial insurance companies, studied the ways of the working-class woman of England will readily understand the great attraction such a system would have for her. A further consideration, which in her eyes may by no means detract from the scheme, is the fact that money paid for goods at a Co-operative store is probably household money, of which she is merely a steward, while money paid as dividend to a woman Co-operator is, in practice, money that she regards as more peculiarly her own than the household allowance can possibly be. The Co-operative store is the working-class woman's bank. The wife of the very poor man, whose allowance is so small that it admits of no kind of bank, cannot afford to deal at a Co-operative store. (But see footnote.) The woman who normally keeps a bank account of her own does not, unless she

be a Co-operative enthusiast, commonly become a Co-operator—the system makes no financial appeal to her. It is obvious that, in order to succeed as it has done, Co-operation must make a financial appeal. Enthusiasm means instruction in, and knowledge of, an ideal, and a membership which depended on enthusiasm alone would be counted by thousands instead of by millions. There are, of course, both kinds of members in every society—the instructed, earnest propagandist who attends meetings, joins guilds, and works for the good of the cause, and the ordinary man or woman who is not concerned with causes and ideals, but who finds that the Co-operative system supplies a want. There is no question that the vast majority of Co-operative members still belong to the latter class." [1]

The scene on " Dividend Day " has been imaginatively described by a Co-operative enthusiast. " By ones and twos, and sometimes in little processions, all day long in a large society, the customer-members come with their dividend warrants, filing before an office-counter, and each receiving a sovereign or two pounds or five pounds, all as a right, without question or obligation. If one were to interview these members, what stories one would hear ! This member, by the help of the dividend, has kept a child at school an extra year. A second is one of those wonderfully

[1] Paper by Mrs. W. P. Reeves read at the Fabian Conference at Barrow House, Keswick, July 1913. At the present time (1921) Co-operation spreads among men and women of the lowest wages ; and some societies have on their rolls many hundreds of dockers, agricultural and general labourers, and women workers in the sweated trades. The recent spread of Trade Unionism to the same grades and sections, at one time deemed impossible, has facilitated their instruction in Co-operation, whilst the protection of the Trade Boards Act has been potent for good. It is only the poverty that is attendant on extreme irregularity of employment that is now recalcitrant to Co-operative membership ; and it may be suggested that it is not so much the small average earnings of the migratory or casual labourer, as the absence of any regular housekeeping money that stands in the way. But of all grades and sections of the wage-earning class, it is largely the irresponsible, unattached, and undomesticated young bachelors, in all trades, whatever their wages, especially if they move from place to place, that the Co-operative Movement most completely fails to attract.

hard-working women who manage to bring up children, and keep themselves respectably, though robbed of a husband's help; and she tells you that many a time she would have been without a fire except for the 'divi.' A third has converted her doctor to Co-operation by promptly paying his bill out of her dividend. A fourth, year by year, has had a pleasant week at the seaside, which never would have been possible but for the store's dividend. A fifth has turned his golden nest-egg into real hens and a poultry run, and multiplied it seven times seven. A sixth tells a sadder story of an accident to one of her family, but the one bright point of it is that the dividend, plus the help of a surgical aid society, procured a wonderful artificial limb. A seventh is leaving the bulk of his dividend in, for he has felt the benefit of this before when he was out of work."[1]

To the administrator of a Co-operative society the device of dividend on purchases makes a special appeal as an automatic machine for raising the capital necessary for future developments. "It is difficult," we were told by the energetic secretary of a young society, "to persuade the average wage-earner, male or female, to set aside, week by week, a part of the family earnings for investment in the society: it is comparatively easy to suggest to the housewife the advantage to herself and her children of leaving in the society a part or even the whole of the quarterly dividend as the nest-egg of a fund for future needs." We see no reason to doubt the statement that, in the early years of the Movement as a whole, and in the first experience of each new society, this almost automatic saving of part of the dividend constitutes the greater part of the steadily increasing share capital. With this view we see the Co-operative societies increasing the obligatory holding of share capital from the original one pound

[1] *Co-operation for All*, by Percy Redfern, 1914, p. 28.

to two, five, and even six pounds,[1] and providing by rule that some portion of the dividend on purchases shall be retained and applied to completing the payment for these shares until the minimum holding has been reached. On the other hand, it must be noted that, with the improvement in the pecuniary position of the wage-earning class, and especially with its growth of deliberateness in saving, there comes an increase in the investment of "new money" in the Co-operative Movement, apart from the dividend. This investment has been specially marked during the past decade, when appeals for additional capital have had to be made. Merely in the savings banks conducted by the Co-operative societies nearly four million pounds is now invested, being twice the total of ten years before. There has been a steady tendency for societies to remove the maximum limits that they had frequently set to the amount of share capital that any member might hold, and for an increasing (though still very small) proportion of members to go up to the statutory maximum of £200. The total share capital of the retail societies, which amounted in 1919 to £65,644,968, has been growing by many millions annually, and the average holding, notwithstanding the continuous increase in membership, has risen in the past decade by about 30 per cent. More significant still, in this connection, is the growth of loan capital in the retail distributive societies, which is wholly supplied by members in addition to their share capital, and has latterly been increasing at the rate of something like a million a year. Altogether

[1] There is a marked difference in this respect between English and Scottish societies. Out of 78 English societies of which we have analysed the rules on this point, 36 still retain the minimum of £1, 15 require £2, 8 £3, 1 £4, whilst 17 exact £5. Out of 14 Scottish societies similarly analysed, only 2 retain the minimum of £1, whilst 9 require £5 and 1 £6. It is significant that the society which pays no dividend on purchases (The Progress Co-operative Society Limited, of Glasgow) requires each member to invest £10 as share capital.

the capital of the Co-operative Movement has been increasing in the past two years, as a consequence of the energetic appeal for additional resources, by an amount apparently exceeding the whole sum credited to the members as dividend on purchases.

We may very easily overrate the permanent value of the device of dividend on purchases. As the Co-operators of Belgium, in particular, have shown, there are many other ways of carrying out the fundamental principle of the consumers' Co-operative Movement —of returning to the members the surplus between the cost of production and the price charged to the purchaser. We shall presently show, in our section on the increasing variety of Co-operative enterprise, that any such surplus may be, and in many British societies is already being, spent on providing other services to the members, frequently free of any charge, such as life assurance, the provision of sickroom appliances, legal advice, libraries and reading-rooms, educational classes, scholarships, entertainments, meeting halls, playgrounds, summer schools, convalescent homes, and even country houses. Moreover, this surplus has been largely used for strengthening the financial position of the societies in the interests of future generations by " depreciating " land, buildings, and plant to such an extent that societies now sometimes work entirely free of rent ; [1] or in experimenting in new and hazardous developments for the good of the members, some of which are bound to prove either temporarily or permanently unremunerative. It is, in fact, one of the outstanding advantages of the consumers' Co-operative Movement that it provides

[1] Thus, in the Failsworth Industrial Society, the total value of the land, buildings, and fixtures used in the business stands in the balance-sheet in 1920 at £36,169, though the cost was £80,624, and they are worth to-day at least £150,000. The only item in the nature of rent charged in the accounts is the annual interest charge on £36,169 ; whereas any one having to hire the premises would have to pay six or seven times that amount.

a fund, not only for developing new industrial enterprises, but also for promoting cultural services directed, not to the enjoyment of a small class, but for the increased civilisation of the whole community. We must, in fact, judge the Movement not wholly or even mainly by the pecuniary advantage which it brings to individual purchasers at the stores, but increasingly by the larger developments that it makes possible for the life of the whole body of members.

The Number and Size of Co-operative Societies

There is something very impressive in the yearly totals of Co-operative membership, which has for the past sixty years hardly ever failed to increase substantially year by year. The hundred thousand of 1863 became a million by 1891, two millions by 1904, three millions by 1914, and four millions by 1919. The number of separate societies has not increased by any means in like proportion. Between 1862 and 1888 the number of separate consumers' retail societies appears to have risen from about 400 to about 1200, with an aggregate membership of less than 900,000. The number of such societies in active existence rose slowly to its maximum in 1903, when there seem to have been as many as 1481 effectively in being; but by that time the aggregate membership had grown to nearly two millions. Since that date, whilst the aggregate membership has more than doubled, the number of separate societies has slowly but steadily fallen, until, in 1919, those known to be actively in existence were reckoned at no more than 1357. During the past fifteen years, in fact, the establishment of additional consumers' retail societies has not kept pace with the absorption of others by amalgamation.[1]

[1] In the decade 1905–14, 148 new societies were formed, 150 wound up,

We append two tables showing for each year from 1883 to 1919 [1] the number of societies known to exist, with their aggregate membership, share and loan capital, and sales.

Year.	No. of Societies making Returns.	No of Members in Societies making Returns	Capital.		Amount of Sales
			Share	Loan.	
			£	£	£
1883	1051	627,625	6,398,744	736,605	18,540,004
1884	1128	696,282	6,652,390	840,571	19,569,940
1885	1148	746,772	7,508,900	833,416	19,872,343
1886	1148	774,408	7,916,650	956,293	20,496,433
1887	1153	828,073	8,561,098	908,998	21,358,207
1888	1204	867,223	8,906,662	1,031,823	23,987,206
1889	1297	932,000	9,521,108	1,006,587	25,887,240
1890	1240	961,616	10,310,743	1,132,585	26,887,638
1891	1307	1,044,675	11,312,806	1,194,753	30,599,401
1892	1420	1,126,880	12,208,677	1,327,444	32,344,534
1893	1421	1,169,094	12,529,359	1,388,876	31,925,896
1894	1421	1,212,945	13,183,868	1,350,152	32,242,394
1895	1417	1,274,994	14,123,685	1,654,344	33,900,674
1896	1428	1,355,946	15,385,295	1,515,773	36,673,858
1897	1442	1,465,538	16,318,718	2,035,004	40,128,559
1898	1436	1,535,575	17,426,410	2,252,987	42,581,503
1899	1446	1,613,461	18,934,023	2,519,519	45,047,446
1900	1439	1,707,011	20,566,287	3,019,998	50,053,567
1901	1438	1,793,167	21,965,994	3,326,591	52,761,171
1902	1454	1,892,987	23,167,244	3,541,580	55,319,262

We must examine more closely the distribution of this membership of more than four millions, which is still rapidly growing. The societies differ greatly in size and character. There is first the village store. More than half the societies have fewer than a thousand members each, and three-fourths of them have fewer

and 77 amalgamated (General Co-operative Survey Committee's Report, in *Co-operative Union Annual Report for* 1916, p. 178). In the fifteen years, 1906–19, no fewer than 115 separate societies were merged by amalgamation, being from 3 to 16 each year (*The Proposed National Society*, by T. W. Mercer, Co-operative Union, 1920).

[1] The second table has been prepared from the annual reports of the Co-operative Union since 1901. The table of figures for the earlier years, which do not exactly correspond with those for the later years (owing chiefly to the different dates up to which belated returns are included), is taken from *Industrial Co-operation*, by Catherine Webb, 1904, p. 244.

Year.	Number.	Membership.	Share Capital.	Loan Capital.	Sales.
			£	£	£
1901	1462	1,793,770	21,966,628	3,326,591	52,761,175
1902	1476	1,893,176	23,167,619	3,541,580	55,319,262
1903	1481	1,987,768	24,217,134	3,764,563	57,512,917
1904	1469	2,078,178	25,139,504	3,971,231	59,311,934
1905	1457	2,153,185	26,077,174	4,170,020	61,086,991
1906	1448	2,222,417	27,350,588	4,317,526	63,353,772
1907	1443	2,323,378	29,038,649	4,345,644	68,147,529
1908	1428	2,404,595	30,037,352	4,558,021	69,783,278
1909	1430	2,469,039	30,804,246	4,779,848	70,315,078
1910	1428	2,542,532	31,614,559	4,851,753	71,861,383
1911	1407	2,640,091	33,253,757	4,935,164	74,802,469
1912	1399	2,750,633	34,742,691	5,070,376	78,856,098
1913	1387	2,878,648	37,275,057	5,326,708	83,615,175
1914	1391	3,054,297	39,573,049	5 744,894	87,964,229
1915	1375	3,265,011	43,141,970	5,706,626	102,557,779
1916	1362	3,520,227	47,153,203	6,169,149	121,688,550
1917	1366	3,788,490	48,574,049	6,362,444	142,003,612
1918	1364	3,846,531	54,039,225	7,355,483	155,161,963
1919	1357	4,131,477	65,644,968	8,766,338	198,930,437

than two thousand. If we extend our conception so as to include the stores in the smaller towns, we note that at the end of 1919 all but one of the 43 Irish societies making returns, all but 29 of the 257 Scottish societies, all but 7 of the 70 Welsh societies, and all but 156 of the 977 English societies—together 1154 out of 1352—had a membership of between a few dozen and five thousand. But these five-sixths of all the societies included among them little more than half the aggregate membership, whilst the 198 larger societies, from 5000 to 100,000 in membership, themselves accounted for nearly as many as the 1154 smaller ones.

It would be a mistake to assume that the smaller societies stand for Co-operative failure. Sometimes they do. We find, here and there, societies of a few hundred or a few thousand members in the midst of a large population, where the stagnant membership, the annual sales, the capital, and the vitality of the society represents proportionally only an infinitesimal

abstraction from the profit-making business that dominates the place. On the other hand, the great majority of the societies of small membership are in villages or minor urban centres, where they often enrol as members a high percentage of all the families within their area, carry on the greater part of the retail trade, and engage in a considerable variety of enterprises for their members' convenience. Many a society of a few hundred members, in some cases enrolling 70 or 80 per cent of all the accessible households, employing share and loan capital to the value of £20 or even £30 per member, and having sales reaching an average of sometimes as much as £100 per head per annum, may claim to have reached as high a degree of success, in view of the local condition, as the great societies of the populous cities.[1] Thus, the 430 members of the Calderbank Society (Scotland), in 1919, purchased goods to the extent of £147 per member, by means of a capital of £21 per member. The 480 members of the Seghill Society (Northumberland) were, in 1919, administering a capital equal to £39 per head of the membership, and doing a trade of just over £100 per head per annum. Some of the small societies in the mining villages of South Wales do as large a trade per head. The little society at Bryn (Glamorgan), with no more than 152 members, administering less than £2000 of capital, sold goods in 1919 to the value of £15,512, or over £100 per member. In the whole county of Clackmannanshire the total Co-operative membership actually exceeds the number of families or households. The society

[1] Already in 1912 it could be said that the Alloa Co-operative Society "embraces nearly five-sixths of the people of Alloa, nine-tenths of the people of Kincardine, and more than half the people of Airth" (*An Historical Survey on the Occasion of the Society's Jubilee*, 1912, p. 83).

The 2681 members of the Murton Colliery Co-operative Society (Durham County), which has always worked on the plan of a comparatively low dividend, were purchasing in the quarter November 1920 to January 1921 at the rate of £130 per annum.

in the little village of Coalsnaughton, with no more than 249 members, administering a capital of some £21 per head, made sales during 1919 to the extent of £108 per head. For an English society enrolling a high percentage of the accessible population we may cite that of Leek and Moorlands, and compare its membership roll in 1919 of 4944 with the estimated population in the town of Leek itself of no more than 15,000. Its trade in 1919 was £190,714, or over £38 per head. In many respects the industrial village of Desborough, to which we shall again refer, presents the best example of Co-operative intensity. Here the estimated population in 1919 was under 5000, whilst the Desborough Co-operative Society had then 2098 members, and sales within the year of £109,866, or over £52 per head.

In contrast with the small society, usually working in a local centre of restricted and not rapidly increasing population, stand those societies of tens of thousands of members in densely populated cities, where the membership and trade have grown, mainly by a process of individual accretion, to such an extent as to constitute a powerful Co-operative organisation. The society may be one of old standing, like that of Leeds (established in 1847), in 1919 having 81,175 members, with a trade of £3,749,288; or that of Barnsley, with 55,490 members in 1919 and a trade of £2,720,191; or the St. Cuthbert's Society of Edinburgh, with 57,404 members and a trade of £3,599,216; or the Northern Society at Aberdeen, with 32,883 members and a trade of £1,554,348. Or the development may be of more recent date, as in the Birmingham Industrial Co-operative Society (established in 1881), which had, in 1919, 47,868 members and a trade of £1,621,113; or that of Liverpool, established in 1886, with 53,953 members and a trade of £1,682,525.

We see a somewhat different development in other places where the Co-operative organisation has been formed to deal with a widely dispersed population, or where an energetic society in a town of no great population has extended its operations into the neighbouring villages, in such a way as to bring into a single membership the inhabitants of a considerable geographical area. Thus the 470 members of the Brecon and District Co-operative Society, established only in 1913, are scattered over a territory of 200 square miles; but by the aid of the society's vans, which regularly traverse the whole district, and by visiting the Brecon store on market days, they were able in 1919 to purchase to the average amount of £43 a year each. The Banbury Co-operative Industrial Society, established in 1866, has altogether seventeen establishments in as many villages in Oxfordshire (together with one at the town of Leamington in Warwickshire). To serve all its 5000 members in this large area it started in 1915 its "Country Vans Round," in which a competent salesman takes round a loaded van to twelve other villages at stated times, selling goods and booking orders for future delivery.[1] Another notable example of a country society, serving a membership scattered over a wide area, is presented by the Cainscross and Ebley Co-operative Society, established in 1863, and having, at the end of 1919, 5358 members enrolled in six branches. These members represent about half the total number of householders in thirty contiguous parishes forming an irregular oblong of something like 600 square miles. "It may be said that the bread cart in its daily round from one or

[1] *Our Jubilee Story, or Fifty Years of Co-operation in Banbury and its Neighbourhood*, by W. H. Lickorish, 1916. As long ago as 1884 the Hawick Society started a "County Van Trade . . . as an auxiliary" to its business, and soon had four vans regularly traversing all the roads within a radius of twenty miles or more, selling provisions and bringing back farm produce (*History of the Hawick Co-operative Store Company, Limited*, 1889, pp. 75-6).

other of the branches practically links up in a continuous line the whole of this intervening distance." [1] The Long Eaton Co-operative Society (established 1867; 13,392 members in 1920 in a district within a twenty-miles radius of that little town) was able to claim, as long ago as 1901, that it sold every week "on an average a four-pound loaf for every man, woman, and child in Long Eaton," and 75 per cent of the grocery, butchery, and milk supply.[2] The Gloucester Co-operative and Industrial Society, established 1860, now enrols its 18,360 members over a large part of Gloucestershire and extends even into Worcestershire, with branches at Gloucester, Cheltenham, Newent, Sharpness, Tewkesbury, and half-a-dozen smaller places in an area of 200 square miles. Or we may cite the Lincoln Co-operative Society, established in 1861, which had by the end of 1920 grown to a membership of 26,320 in 25 branches, 14 of which are dispersed over an area of 800 square miles.[3]

Finally, we have the vast aggregation of population in the metropolitan area, which was the scene of such heroic efforts in the early history of Co-operation, but was long marked by a succession of almost uninterrupted failures and became known as the "Co-operative desert." Repeated special efforts in propaganda by the Co-operative Union yielded no apparent result. At the beginning of the present century an attempt on a new plan, largely aided by the Co-operative Wholesale Society, to set on its feet

[1] *History of Co-operation in Cainscross and District*, by Bramwell Hudson, 1913, p. 156. Its "sixteen bread vans" are now "delivering bread to some 5000 houses" scattered over "approximately 600 square miles of country" (*The Cainscross and Ebley Co-operative Economist*, No. 309, December 1920, p. 69).

[2] *Co-operation in Long Eaton*, by Samuel Clegg, 1901, p. 237.

[3] Of one of the ten rural branches of the Lincoln Equitable Co-operative Industrial Society it was reported in 1917 that it had 581 members, being about 98 per cent of all the householders, and that most of them were agricultural labourers. Their average holding of capital was nearly £18, and their average purchases for the year just under £40.

a centralised " People's Co-operative Society," having eleven branch stores each supervised by its own elected local committee, achieved no lasting success ; with this exception, however, that one of these branches developed into the highly successful Willesden Society, which had, in 1919, 6800 members and annual sales exceeding £205,634. On the outer edge of London, indeed, successful societies flourished at Woolwich (round the Arsenal), Stratford (round the railway workshops), Edmonton, Enfield, Hendon, Penge, Croydon, and Bromley, and these grew steadily in membership. In the present century, in fact, there has been little to complain of in the growth of Co-operation in the metropolitan area. The strong societies at the edges extended their sway over the centre. The Bromley, Croydon, and Penge societies have united to form the South Suburban Co-operative Society, covering all the outer belt, with a line of boundary agreed upon with the Royal Arsenal Society. In 1921 there are nearly three hundred thousand members in the metropolitan area, four-fifths of them concentrated in three strong and flourishing societies. The characteristic feature of these metropolitan societies during the past decade has been, in fact, their agglomeration by amalgamation. Thus the Royal Arsenal Co-operative Society, established in 1870 at Woolwich, with 68,509 members in 1919 and £2,633,941 trade, now extends from Erith to Putney, with an aggregate membership in 1921 exceeding 100,000. The South Suburban Co-operative Society had, in 1919, 24,821 members, with a trade of £476,781. These two societies now dominate the whole metropolitan area south of the Thames. The Stratford Society (established in 1860), with 49,812 members and £1,959,179 trade in 1919, amalgamated in 1920 with the Edmonton Society (established in 1888), with 34,103 members and £806,909 trade, to form the

London Co-operative Society, which is now in course of absorbing the West London Society, with 14,744 members and £303,519 trade—thus uniting in a single organisation the whole metropolitan area north of the Thames from Southend to Hanwell. This huge agglomeration, which, with over 110,000 members, is now the largest single retail society in the Kingdom, is flanked on the north by strong but more narrowly localised societies at Epping (membership 1607, trade £56,091), Enfield Highway (membership 12,973, trade £509,228), Hendon (membership 2519, trade £62,124), Willesden (membership 6800, trade £205,634), and Watford (membership 7568, trade £91,597).

Surveying the 1350 or so retail societies throughout the Kingdom from the standpoint of "regionalism," we see that both the societies and the membership follow to a great extent the distribution of the principal staple industries of mining and manufacturing. In the industrial communities between the Clyde and the Forth, in the mining and manufacturing towns and villages between the Humber and the Tweed, and in some of those of the Midlands, Co-operative membership is relatively thickest, whilst its percentage to the local population is lowest in the rural districts of the south of England and mid-Wales. The large populations of the metropolis and the seaports, although not so backward as formerly and now supplying a numerically extensive membership, are proportionally less Co-operative than the principal inland industrial centres. Even in the predominantly agricultural counties there will often be a strong and flourishing Co-operative society in a town which happens to be the seat of any branch of the engineering industry, or a considerable railway centre. From such a town Co-operation may, as at Lincoln and Gloucester, spread extensively among the agricultural labourers and nondescript workers of the countryside. The

only counties of England and Wales which, in 1920, contain no Co-operative society are Rutland (which has within its borders, however, branches of a Leicestershire society) and Radnorshire.[1] In Scotland there seems to be no Co-operative society in Orkney and Shetland, nor in Sutherlandshire, Ross and Cromarty, Nairn, and Kincardine, nor in the Hebrides. Co-operative membership is, in fact, still very thin throughout the Highlands and the Western Isles.

Impressive as are the Co-operative statistics, and the almost ubiquitous distribution of Co-operative societies, we must not exaggerate the extent to which these societies have yet supplanted the profit-making retail shopkeeper, even in respect of working-class custom. No complete statistics of retail shopkeeping are available; but the organisation of "rationing" for certain food stuffs during the Great War compelled the Ministry of Food to obtain some valuable information on the subject. Thus, when every consumer of sugar, of whatever age, had to be registered no fewer than 10,682,685 persons were recorded as buying

[1] In the census year 1911 the English counties having respectively the highest and lowest percentages of Co-operative members to population were as under:

Durham	13·27	Rutland	0·58
Northampton	12·39	Hereford	0·74
Cumberland	12·37	Sussex	1·35
Derby	12·07	Dorset	1·84
Yorkshire	11·22	Cornwall	1·91
Lancashire	10·74	Hants	2·46
Northumberland	10·64	Herts	2·51

("General Co-operative Survey Committee's Report," in *Co-operative Union Annual Report*, 1916, p. 73).

In 1918, the Scottish counties in like cases were as under:

Clackmannan	33·27	Berwick	0·43
Dumbarton	19·59	Inverness	0·55
Stirling	18·34	Bute	0·67
Edinburgh	17·39	Kirkcudbright	0·70
Fife	17·36	Banff	0·82
Selkirk	16·29	Argyll	0·84
Renfrew	15·63	Elgin	0·99
Ayr	14·26	Wigtown	1·15
Peebles	14·06		

their sugar from the 6200 Co-operative societies and branches. This was over 26 per cent of the whole estimated resident population of Great Britain; and it is known that (owing to the special difficulties which Co-operative societies experienced in getting supplies) not a few Co-operative households registered for sugar with profit-making grocers. For various reasons the corresponding statistics of registration for butter afford further information, though (relating as they do, only to the imported "Government butter") they necessarily exclude the households which either made their own butter or (a much larger number) purchased butter produced within the country. It was, however, estimated that 90 per cent of the population registered for Government butter. Out of this total, 23 per cent registered with about 5500 Co-operative societies or branches supplying butter; $23\frac{1}{2}$ per cent with some 7000 branches of "multiple shops," and $53\frac{1}{2}$ per cent with some 137,000 ordinary retail shopkeepers. We may, perhaps, infer that the Co-operative Movement has secured the greater part of the custom, for ordinary groceries, of something like a quarter of the whole population; but that its establishments number only about 4 per cent of the total number of retailers. Taking the 16 districts into which Great Britain was divided for butter distribution, in none of them could the Co-operative establishments claim to supply half the population, though Northumberland and Durham came near this with 48 per cent. In the north of Scotland only 3 per cent of the consumers of butter were supplied by Co-operative societies; in London only 5 per cent; and in the south-eastern counties only 10 or 12 per cent.

One special interest of the butter statistics is that they afford the first statistical analysis of the distribution of "multiple shops," or "chain-stores," of which there seem to be 8000 or 10,000, belonging to

nearly 200 different limited companies, of which 7082, belonging to 146 companies, obtained permits for the sale of butter. These 7082 butter-selling multiple shops, and probably also those not dealing in butter, are thickest on the ground in the north of England. From the Solway and the Tweed to the Dee and the Humber—exactly where the English Co-operative societies are themselves strongest—there are 2527 multiple shops dealing in butter, or more than a third of all in Great Britain. In this large part of Britain the private retailer serves with butter less than half the population. Elsewhere his proportion ranges between 50 and 68 per cent, except in the extreme north of Scotland, where his customers are 90 per cent of the whole population of purchasers. The 146 butter-selling multiple-shop companies had each from 6 to 900 branches, 17 of them having each over 100. The total 7082 branches served 8,785,700 customers with butter. The 129 smaller organisations, having 3503 branches, served with butter 2,004,600 registered customers, or 572 per branch. But the 17 largest organisations, with 3579 branches (half the total), served no fewer than 6,780,100 butter customers, or 77 per cent of the whole, averaging nearly 1900 butter customers per branch. Three gigantic concerns, selling butter at 2092 branches, supplied no fewer than 5,099,400 registered customers, or 2437 per branch, being nearly 14 per cent of the whole butter-buying population.[1] Needless to say, it is with these highly organised multiple-shop companies, dealing principally in butter and margarine, tea, and general groceries, but also in imported meat, that the Co-operative Movement nowadays finds itself in the sharpest rivalry. The old-fashioned shopkeeper conducting

[1] We take these statistics from a valuable brief article by Miss S. Bushell ("The Relative Importance of Co-operative and other Retail Trade"), in *Economica*, the journal of the London School of Economics, for January, 1921.

a single establishment in village or town, though still numerically preponderant, succumbs increasingly before either of his rivals ; and these seem to be, on the whole, running neck to neck in the race.

Developments of Co-operative Democracy

So long as Co-operative societies had memberships of a few hundred, or even a few thousand, there was little development of Co-operative structure. The constitution of the Rochdale Pioneers and its successive imitators was of the simplest and long showed few signs of development. Even to-day the basis remains unaltered. The system of dividend on purchases provides automatically a democratic constitution. Any person over sixteen years of age may become a member by paying the first instalment on his qualifying share or shares, and all members over twenty-one years of age—men and women—are free to take part in the quarterly meetings at which the policy of the society is discussed, criticised, and determined by a majority of those present at the meeting, each person having one vote and one vote only, and no proxies being allowed.

In the early societies, as in the small ones of to-day, the general body of members elected a committee of management of half-a-dozen or more, a secretary, and a treasurer, and these officers managed the society between the periodical meetings of the members, without any further organisation.[1] But when the Co-operative societies came to have memberships of fifty or even a hundred thousand, with a turnover of millions of pounds annually—when, moreover,

[1] The rules of Co-operative societies, unlike the statutory constitution of Local Authorities, provide for the removal of any member of the committee of management at any time by two-thirds of the members present and voting at a special general meeting, which may thereupon proceed to fill up his place by a majority of the members present and voting.

new issues of policy arose beyond the quality of the tea or the methods of delivery—we see a development of new constitutional forms which may become of great significance in the theory and practice of Co-operative democracy. We shall describe these changes under four heads: the constitution of the committee of management and the development of its power; the transformation in the status of the employees; the more elaborate organisation of the electorate, and the rise of representative bodies intermediate between the committee of management and the membership.

The Committee of Management

The committee of management, now often styled in the larger societies "board of directors," continues always to be elected by the members,[1] for a term which may be anything between one and three years, a certain proportion (frequently one-third) retiring each quarter, half-year, or year. With a view to securing rotation in office, retiring members were formerly in most societies made ineligible for re-election for a specified period; but experience has shown the advantage of continuity; and up-to-date societies now permit immediate re-election of the retiring committee-men or directors.[2] The qualification varies

[1] There seems to have been an earlier practice of simply taking the members in rotation. Even in so large an organisation as the St. Cuthbert's Co-operative Association (Edinburgh), the directors were, for twenty-two years, not in any way selected, but "were simply taken from the roll of members. The names were called out at a quarterly meeting, and the person called upon could either accept or decline office as he thought proper. A fine of one shilling was supposed to be inflicted for refusal to serve; but this was a dead letter, only one case having been tried." Not until 1881, when the capital was nearly £10,000 and the annual sales reached £30,000, did the members choose whom they thought best qualified for the office (*First Fifty Years of St. Cuthbert's Co-operative Association*, edited by William Maxwell, 1909, p. 136).

[2] "If we desire to make our societies more efficient," declared Alderman F. Hayward, J.P., in his inaugural address at the Co-operative Union Congress in 1919, "we must abolish all time-limits for committees and

from society to society. Occasionally nothing beyond a year's membership and being twenty-one years of age is required. But frequently it is provided by the rules that the candidate shall hold a certain minimum number of fully paid-up shares in the society, whether two, five, or ten. It is often stipulated that he shall be "a purchasing member"; and sometimes a minimum amount of purchases is required (the Leeds Industrial Co-operative Society names £14 in each half-year). But in those societies that we have investigated there is usually both a share and a purchase qualification for office; no person who has not a minimum of paid-up shares (in some cases amounting to ten £1 shares [1]) and who does not make a minimum of purchases in the year (in some cases amounting to £30 [2]) is eligible for election to the committee. It is, however, the disqualifications which are of most significance. Members of neighbouring stores, trade competitors, or contractors with the society are frequently debarred from taking part in its management. The exclusion of all employees from service on the committee of management was long universal in the British Co-operative Movement, and has, so far as we have been able to ascertain, been generally adopted in other countries. In many societies the disqualification is extended to the parents, brothers, and sisters, or blood relations of the employee—even to cousins and uncles and aunts; whilst some societies seem to be particularly suspicious of relations by marriage, and exclude parents-in-law and even brothers- and

abandon the method by which appointments are made in accordance with a rota system. . . . A rule compelling persons to retire after a short period of service is equivalent to having committees permanently in the stage of apprenticeship. . . . What does happen is that frequently persons are selected to do work for which they have no aptitude. Even when their colleagues have special qualifications for the work, the rota is followed" (*Annual Report of the Co-operative Union*, 1919, p. 89).

[1] The Rochdale Pioneers, for instance.

[2] The St. Rollox and Cowlairs Societies, for instance.

sisters-in-law.[1] In a subsequent section we shall describe the great change in the status of the Co-operative employee, but we must here note that disqualification of employees for election to the committee of management still (1921) prevails in all but a small minority of the 1300 societies.

With the growth of membership, capital, and trade in the couple of hundred larger societies, the work and the authority of the committee of management have inevitably both increased. The committee divides into sub-committees, each taking charge of a particular department such as grocery, drapery, building, and finance. The treasurer has often disappeared as a chief officer, the work being done by a highly organised accounting, banking, and checking department, the extent and elaborateness of which is one of the characteristic features of the large Co-operative society of to-day. The multifarious duties of the old-fashioned secretary, who acted also as manager, are, in the largest and most efficient societies, to-day divided. The secretary is now the head of an independent department, occupied with the extensive business connected with the share and loan transactions of the large membership, the incessant volume of correspondence, and the proceedings of the various committees. This officer, who in the early days of the Movement was always elected by the members, is now, usually, in the larger and more successful societies, appointed by the committee of

[1] Cainscross and Ebley Co-operative Society. In the St. Cuthbert's Co-operative Association (Edinburgh) the rule was adopted in 1890 " that no member having relations employed in the Association be eligible for committee ; no one further removed than a brother or sister to be considered relatives under this rule " (*First Fifty Years of St. Cuthbert's Co-operative Association*, edited by William Maxwell, 1909, p. 168).

As late as 1879, it seems, the Gloucester Co-operative and Industrial Society did not even permit its employees to be members of the society, though it allowed them to make purchases, and even conceded them the full dividend on their purchases (*Jubilee History of the Gloucester Co-operative and Industrial Society*, by F. Purnell and H. W. Williams, 1910, p. 84).

management.[1] The managerial functions are dealt with in various ways. The first stage in the development is to appoint, in addition to the secretary, a general manager, who acts as buyer and organiser for all the departments, having under him a steadily increasing number of assistant and branch managers, who are not buyers. When the society has branched out into a number of departments, many of them doing a considerable trade, the need is felt of more specialised and more technically instructed management, and we find a general manager dispensed with, and the principal departments placed in the hands of departmental managers of high qualifications, who are buyers as well as organisers, and who are directly responsible to the committee of management. This, we think, is to-day (1921) the typical internal organisation of the large Co-operative societies in Britain.[2]

[1] Out of 76 English societies, the rules of which we have analysed, 50 appoint the secretary by the committee of management, whilst in 26 the members still elect. Out of 14 Scottish societies similarly investigated, only in four is the secretary thus appointed, in all the others elected by the members. Where there is a separate General Manager, he is always appointed by the committee of management.

[2] We append the following description of the administration supplied to us by the Birmingham Co-operative Society (established in 1881 and having in 1920 57,346 members and over two million pounds of sales).

"The Sub-Committee system is in operation. There are four Standing Sub-Committees, each composed of three members as follow: *Grocery Sub-Committee* covering the following departments—Grocery and Provisions, Seeds and Feeding-stuffs, Bakery, Confectionery, Restaurant, Fish, Fruit, and Greengrocery. *Drapery Sub-Committee*—Drapery and Allied Trades, Boots and Shoes, Ready-made and Bespoke Tailoring, Furnishing. *Building and Delivery Committee*—Coal Department, Works Department, Traffic Department, Stables Department. *Butchery Sub-Committee*—Butchery, Milk-selling, General and Poultry Farms. In addition, there is a finance committee, which is composed of representatives of each of the other committees together with the president—five in all. This committee has under its control the financial affairs of the society, including the Secretarial and Accountants Department, and deals with a large number of subjects connected with the general administration and with matters which are common to all departments with a view to securing uniformity. Every department and every employee of the society is subject to one or other of the five sub-committees. There are three grades in the service—departmental managers, branch managers, and other employees. There is a clean-cut division between each department of the society. Departmental managers who are responsible for two to three shops up to about forty in the case of the Grocery Department, buy for, manage, inspect, supervise.

There is, however, now a feeling in the largest societies that a further development is required. When various departments are simultaneously growing at a great rate, demanding extensions in all directions, the business and financial problems involved are such as to require the unifying control of a general manager who should be exclusively concerned with the administration of the enterprise as a whole. Some of the largest and most rapidly developing societies have accordingly reintroduced the general manager, who is now not a buyer, but an administrator, not interfering with the technical work of the several departments, whose managers remain in direct contact with the appropriate sub-committee of the board of directors.

The filling of the posts of secretary, departmental manager, or general manager has become perhaps the most important and the most scrupulously performed of the duties of the board of directors or committee of management. When a change has to be made, or

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and generally control their department, subject to their respective sub-committees. It is the modern tendency forced upon management committees by the great growth of their societies to leave more and more to their paid officials and departmental managers, and to confine themselves to receiving reports, deciding matters of policy or of principle, dealing with proposed developments, and occasionally visiting their branches and departments. This tendency is fairly well marked locally, and the committee do not interfere to any considerable extent with the detailed management of their various businesses. Departmental managers make reports fortnightly to their sub-committees, reporting on all matters of importance or interest, and of course on certain routine matters. The sub-committees meet fortnightly, when they devote the whole night to their sub-committee business, and the next week the meeting of the general committee is held. The reports of the sub-committees are in the meantime put in writing by the clerks in attendance on each committee and circulated with the agenda of the general meeting. This saves much time, as the reports are all formally moved without speeches unless there are additional items or exceptional matters requiring further explanation. The secretary and assistant secretary are the executive officers of the general committee, sitting with them, acting in an advisory capacity, and afterwards carrying their decisions out. Under this system the committee are able to conduct the affairs of the society in one board meeting and one sub-committee meeting per fortnight with occasionally one extra night, making three meetings per fortnight. This of course is exclusive of branch and department visiting, attendance at conferences, meetings, deputation work, and other special duties undertaken from time to time."

when a vacancy occurs, the post is advertised throughout the whole Co-operative world; applications are invited from every competent official. Their qualifications are carefully scrutinised and inquired into. The record of the societies which they have hitherto served, and especially the financial success or failure of their own departments, is elaborately discussed. The two or three candidates who seem the best qualified are then interviewed by the whole committee. Usually the committee, or a deputation from it, visits each of the societies which the candidates are serving, in order to see whether its organisation, its methods of business, the condition of its premises, and the scope and variety of its enterprise reflect credit on its responsible officials. Not infrequently, we are informed, it is these visits of inspection that are decisive in the appointment; the fluent and attractive personality of an ambitious candidate not always being reinforced by the committee's impression of the results actually achieved in his own administration, whilst the successful organising work accomplished by a more tongue-tied plodder has often commended him for promotion. With regard to the president, we note divergent tendencies. A few years ago it seemed as if he were destined to be replaced by a chairman of the committee, elected by the committee from its own members. This has become the practice in many societies.

A Full-time Salaried Executive

Latterly, however, there has been introduced the conception of a paid and " full-time " executive, which sometimes takes the form (as in the Barnsley Society) of a salaried president and two salaried vice-presidents, supplemented by " ordinary " directors. In such a case the salaried president and vice-presidents are elected by the whole membership, like the " ordinary "

directors, but for a longer term of years (for instance, for five instead of three years).[1] A further step has been taken by the Royal Arsenal Co-operative Society, established 1870, and in 1919, as we have already indicated, selling goods to the value of £2,633,941 per annum to a membership of 68,509 extending from Erith to New Malden. This society is now entrusting its entire management to seven directors, who are to give their whole time to the society's service for a salary of £400 a year. They have been elected by the entire membership, voting by ballot papers, on the system of the single transferable vote, it being believed that this would prove a better way of securing a certain degree of " district representation " than if the electorate were divided into geographical districts. The outcome of this experiment will be watched with interest by the Co-operative world. Other large societies, notably those of Leeds and Bolton, are already considering the revision of their constitutions in the same direction.

This transformation of the executive, in a few of the largest societies, from a committee paid only by fees to a small number of full-time salaried officers is, perhaps, the most momentous of the changes that are now taking place in the constitutions of the Co-operative societies. When we realise the inevitable limitations of the committees of men engaged during the day in earning their own livelihood in manual or minor clerical labour, able to meet only in the evening, at the end of exhausting toil, and unaccustomed in their daily lives to any but a narrow range of dealings in small sums, we can only be amazed at the capacity and success with which these Co-operators have coped with business running literally into millions of pounds

[1] The salaries at present (1921) fixed in the Barnsley Society are £600 for the president and £550 for each vice-president, free of Income Tax. The " ordinary " directors now receive £100 a year each, instead of the usual fee for each attendance.

per annum, and have controlled staffs of hundreds of employees. What has been accomplished in scores, and even hundreds of cases, not merely for a year or two but over generation after generation, would be impossible in any other organisation, and incredible if it were not attested by the facts. And what is leading, very gradually, to a supersession of the unpaid committee is not either bankruptcy or failure—for it is the most flourishing and enterprising societies that are leading the way—but merely the sheer impossibility of getting through the ever-increasing work even by meeting every evening, coupled with a feeling that there are opportunities for yet greater success and still further expansion which can be embraced only by increasing the executive power.[1]

The Education Committee

A special part of the management of a Co-operative society to which, throughout the whole history of the Movement, great importance has been attached, is the educational work, for which, by tradition, as much as $2\frac{1}{2}$ per cent of the annual surplus or "profit" is supposed to be allocated. This educational work, which stands in marked contrast with the activities of even the most enterprising profit-making shop-

[1] The increased expense involved in a salaried executive is less important than it seems at first sight. In a large society the calls upon the time of the committee of management have become so incessant that the fees for attendance, even on the modest Co-operative scale, and the travelling expenses, amount, for a committee of sixteen or twenty, to a considerable sum, which may reach as much as a couple of thousand pounds a year. The salaries of a president and two vice-presidents may not exceed such a sum; and even those of seven salaried directors will not seem extravagant for the direction of a trade of four millions a year.

It may be observed that it is usual in all the larger Co-operative societies of Germany for the "Vorstand," or executive committee of the three principal officers, to give their whole time in return for salaries. So in Belgium, the well-known "Voruit" of Ghent, and "Maison du Peuple" of Brussels, are governed by three salaried officers, the functions of the elected committee, or "conseil d'administration," being rather of a supervisory and ratifying character, except as regards new departures of policy.

keeper, has been conceived as including (*a*) such general provision for the further education of the members of the society as the maintenance of a library and reading-room for their free use ; (*b*) the organisation of evening classes in literature, science, and art ; (*c*) popular lectures and entertainments for the members and their wives and children ; (*d*) instruction in the " principles of Co-operation " both for the members and for the employees ; (*e*) the technical training of the employees in accountancy and book-keeping, salesmanship, and what not ; and (*f*) propagandist lectures and public meetings for spreading Co-operation and increasing the society's membership. With the adoption of universal elementary schooling, the very general provision of evening classes by the Local Education Authority, and the establishment in nearly all towns of municipal free libraries and reading-rooms, it has ceased to be necessary for the Co-operative society to undertake these services for its own membership. The result has been a certain confusion of thought as to the work that should now be undertaken by the education committee. We find such committees now frequently doing little more than providing entertainments, pushing the circulation of the *Co-operative News*, and conducting book-keeping classes for the younger employees. The expenses of delegates to the frequent sectional and district conferences, at which subjects of Co-operative interest are discussed, are usually charged to the educational funds, together with the cost of entertaining at tea the delegates from other societies when a conference is arranged. We note, in certain districts, a falling-off of belief in this " educational work." Not a few societies, especially in the mining villages of the north of England, are without any education committee, and make no pretence at exercising any educational functions. In spite of the continued incitement of the Co-operative

Union, there seems to be a disposition, especially in the larger societies, to cut down the sum allocated to the education committee, which now often is permitted to spend, not the $2\frac{1}{2}$ per cent of the annual surplus which may once have been nearly universal, but a much lower percentage, or even no more than a definite sum (in the Barnsley Society in 1920, only £600). Nevertheless, the mere growth in the pecuniary volume of aggregate sales and surplus has caused the total allotted to education to double in the past eighteen years, whilst the last two years have witnessed an even greater proportionate increase in the sum placed at the disposal of education committees.

This lack of confidence in the educational work of the Co-operative society is, we think, intimately connected with the constitutional provision for its management. The traditional and almost universal practice is for the educational work to be entirely conducted, independently of the committee of management, by an educational committee, separately elected by the members at the general meetings. The seven or ten or more men and women who are thus chosen have usually no direct contact with the committee of management. Their functions are neither onerous nor regarded as of great importance. "In most towns," we are told by a leading Co-operator, "there is little sympathy between the two bodies; and very often you get men on the committee who think their functions are the three R's; others political; others concerts and entertainments." There is, accordingly, usually little or no competition for the post; and the committee does not, as a rule, obtain the services of the leading personalities in the society. In the great majority of societies it has no salaried officer to organise its work. Under these circumstances, it is scarcely to be wondered at that most educational committees display little enthusiasm or energy, and even less

initiative ; and they are apt to arouse a feeling in the more energetic officials and committees of management that the money spent does not nowadays yield an adequate return either to the society or to the Movement as a whole.

We note various constitutional changes taking place, as a result of this disillusionment. In a certain proportion of the societies, such as those of Leeds, Bolton, Barnsley, and Birmingham, the educational committee has secured the services of a full-time salaried secretary,[1] who has been able to put a little life into the courses of popular lectures and entertainments, to keep going the technical classes for employees, and to organise both district conferences and public meetings of propagandist character. In some societies the lack of contact with the committee of management has been imperfectly remedied by the provision that one or more of its own members should be nominated to the educational committee. But the position of the educational committee seems to be, in the larger societies, growing steadily worse. The great and continuous increase in the magnitude and importance of the work of the committee of management tends both to throw the educational committee still further out of touch with the real government of the society, and to diminish its relative importance in the eyes of the members. When, as at Barnsley and Woolwich, the general work of management is assumed by full-time salaried directors, the separate existence of the educational committee may seem still more inappropriate.

The Status of the Employees within the Constitution

We shall discuss at length, in a later chapter, the

[1] Unfortunately societies wise enough to give the managers of their grocery and drapery departments a salary of £800 a year consider £300 a handsome stipend for a whole-time organiser of all social and intellectual work of the society.

relation between the consumers' Co-operative Movement and its continuously growing multitude of employees, organised to-day in Trade Unions and Professional Associations. Here it suffices to describe the status of these employees within the formal constitution of individual Co-operative societies. On this point we have to record a considerable change of opinion and policy during the past decade, and especially during the past few years. Many societies have abrogated the long-standing explicit disqualification of employees to vote as members in the election of the committee of management: an enfranchisement sometimes restricted to adult employees, not married and not living with their parents, who are members. It looks now as if the Co-operative Movement would frankly accept[1] the view that there is no more justification for disfranchising a member merely because he happens to be also an employee of the society than for the denial of the Parliamentary vote to the citizen who is a postman or a policeman. The eligibility of employees for election to the committee of management by vote of the members is less widely accepted, and may be more open to question.[2] A few societies

[1] The Co-operative Union has, however, not yet omitted the disfranchising clause from its Model Rules (edition of 1920).

[2] The report of the General Co-operative Survey Committee in 1919 gives a very hesitating opinion with regard to employees participating in the management and control of the Society by which they are employed. "We are of opinion," they state, "that there is not yet sufficient experience to justify a recommendation that employees, as such, should have representation on management committees; but we believe it would be in the interests of the Movement if one or more societies were to make the experiment. There are one or two societies, upon the management committee of which employees may sit as employees, but as the employees on the committee have usually been officials these cases do not provide the experience which we consider is required, for the present-day demand is for representation of the rank and file employees. Whilst we do not recommend anything more than an experiment in the way of official representation on committees of employees as such, we are strongly of opinion that employees of a society who are members of a society, should not be by rule rendered ineligible for election to the committee because they are employees. . . . Whilst thus desirous of giving to employees their full rights as members of their societies, we are of the opinion that much of the work of management committees

(like the Crewe Co-operative Friendly Society, Limited) have never had any disqualifying rule, though members who were also employees were not often nominated. They are now beginning to be nominated and elected—the Crewe Society had its first employee member in 1918 and its second in 1920. The York Co-operative Society has now four employees sitting on its committee of management, one of them being the secretary of the local branch of the employees' Union. Where there was an express disqualification, this has sometimes been simply abrogated (as in the Annfield Plain Industrial Co-operative Society, Limited). In other cases express provision is being made in the rules that not more than one [1] or two employees shall be eligible for election, or not more than one-sixth of the total number of the committee. The Sunderland Equitable Industrial Society has for twenty-one years allowed the election of one employee, during which time the same person has always been re-elected. The new rules now being adopted in other societies (as in the Manchester and Salford and the Warrington Equitable Co-operative Society, Limited) usually allow of " the election of not more than two employees upon the committee of management." A Welsh society now allows four such members. Some other societies put no limit on the number of employees who may be chosen by the members.[2] As an outcome of the

does not affect employees as such, and that provision for the employees to participate in the determination of the conditions of their employment can be provided by some form of workshop committee or joint council representative of the management committee and employees, the appointment of which we recommend. We are of the opinion that the formation of such workshop committees or joint councils would meet the vital needs of the employees, and probably render unnecessary any special representation on the management committee. The subject of workshop committees is further discussed in a later part of our report dealing with welfare work " (*Report of the General Co-operative Survey Committee*, 1919, p. 194).

[1] " No member shall be disqualified from serving on the Board of Directors by reason of his being employed by this Society, but not more than one person employed by the Society shall be a Director at the same time " (new rule of 1920 of the Hucknall Torkard Industrial Provident Society, Limited).

[2] " Any servant of the society complying with the foregoing shall be

movement of thought and of the alterations in the rules, employees are being nominated for election in an increasing number of societies, occasionally as many as four at a time for seven places, though they are not always elected. In several scores of societies at least, an employee, and sometimes two or three, may now (1921) be found on the committee. The great Liverpool Co-operative Society has three. There are, however, already signs of a reaction, especially where candidatures of employees have been more numerous than has been liked by the members.

There are, indeed, some objections to the election, at the members' meeting, of employees to be committee-men;[1] and there can be in this way no assurance that the person chosen represents the views or feelings of the staff. Accordingly a few societies have taken another line. The rules of the Hendon Industrial Co-operative Society provide for a special "Employees' Representative" being elected annually to the committee by the employees themselves, quite apart from the election of the other members at the quarterly meeting. The Bishop Auckland Industrial Co-operative Flour and Provision Society, by the rules revised in 1915, has specifically laid it down that "the

eligible for nomination to a seat on the board of management" (*Rules of the Newbiggin District Industrial and Provident Society, Limited*, 1920).

"Employment by the society shall not disqualify a member from being an officer other than Public Auditor" (*Rules of the Coventry and District Co-operative Society, Limited*, 1920). Under this rule one employee has already been elected a committee-man.

[1] Canvassing for votes has been found an evil. Some societies have penalised the practice. Thus, in the Bolton Co-operative Society's rules it is stated that "Any person seeking election on the Committee of Management and on the Educational Committee found to have been soliciting votes by the circulation of canvassing matter, or to have induced other persons to solicit votes for him in that manner (either before or after nomination) or to have canvassed the servants of the society, shall be disqualified and shall not be again eligible for a period of two years." "Any member of the society found to have issued canvassing matter on behalf of any candidate, or found canvassing within 100 yards from the entrance of any of the society's polling stations on the day of election, shall render himself liable to expulsion from the society" (*Jubilee History of the Bolton Co-operative Society, Limited*, 1909, p. 418).

employees of the society may appoint one of their own number, who is a member of the society, and eligible according to rules 79 and 89, to be a member of the committee. He shall share in the duties and responsibilities of the committee, and be paid for his services at the same rate as the other members of the committee except (*a*) he shall not be an officer of the society [meaning not president, secretary, or treasurer], (*b*) he shall not be paid for attendance at meetings or for services performed during hours for which he receives wages from the society."[1] Among the South Wales societies this practice is spreading. In the Dowlais Society (3160 members in 1919, with sales of £186,069) one employee is elected by the employees themselves to the committee of management, and two others to the education committee. The Nantymoel Society (2284 members in 1919, with £232,442 trade) has no fewer than four employees elected to the committee of management by the employees, these constituting one-fifth of the entire body.

But there is yet another line along which provision has been made for the participation of the employees in the conduct of the Co-operative societies' activities. The separately elected education committee, which exists in every important society, and sometimes exercises considerable influence—managing the hall, the library, the lectures, and the social entertainments—usually accepts employees as eligible for election, and they sometimes take an active part in the work. In some of the larger societies there have been established shop or works committees of employees only, entitled to confer with the committee of management about all matters affecting the staff; and even something like "Whitley Councils," composed of representatives of the management and of the various sections of em-

[1] *Rules of the Bishop Auckland Industrial Co-operative Flour and Provision Society, Limited*, 1915.

ployees exclusive of the management, in equal numbers, for the consideration of all such questions. Thus, the Warrington Society, which, as we have seen, allows two employees to be elected by the members to the committee of management, also provided in 1919 for the appointment of a very elaborate "Joint Advisory Committee" composed of equal numbers representing the committee of management on the one hand and of the employees of the society on the other, for the following amongst other purposes, namely: "To consider the general welfare of the employees, and to make recommendations to the committee of management from time to time; to consider the education and training of the employees from a Co-operative standpoint, and to make recommendations thereon; to consider all such matters as may be referred to it from time to time by the committee of management, and to endeavour to cultivate and maintain a Co-operative spirit and understanding between the management and the employees on all matters affecting their common interests and that of the industry which they mutually serve."

It is further specifically provided that "the following are, amongst others, the questions which shall be referred to the Advisory Committee for consideration:

1. Hours of labour and business.
2. Minimum rates of wages and working conditions.
3. Sickness benefit and its application.
4. Annual and other holidays of the staff.
5. Check-book surplus and deficiencies.
6. Incompetence, dishonesty, or indifference of any members of the staff.
7. Disputes arising between Trade Unions and the society.
8. Suggestions for improving methods, extensions of branches, and new lines of business.

9. None of the above clauses shall in any way interfere with recognised Trade Union functions."

This important and influential committee in a highly successful society, having some 20,000 members, a quarter of a million pounds of capital, and an annual turnover approaching a million sterling, consists of fourteen members, seven (of whom two must be women) elected by the committee of management and seven by the employees, the latter being chosen each December by all the employees over twenty years of age for the time being, voting in five sections, namely, Office Staff (one); Branch Managers (one); Grocery (one male and one female); Drapery, Boots, Clothing, and Furnishing (one male and one female); and Bakery, Vanmen, and Carters (one). It meets when it likes, but outside working hours, in a room provided by the society, and chooses its own chairman and secretary, the latter being paid by the society.[1]

The Coventry and District Co-operative Society (established 1869; in 1920, 26,245 members) has formed a "Labour Advisory Council" of similar nature. It consists of six members appointed by the committee of management, and six elected by ballot by the employees for one year. The employees in the Works, Dairy, Garage, Coal, and Stable departments choose one; those in the Farm department, with the carters, choose one; those in the Outfitting, Furnishing, Tailoring, Boots, Drapery, and Millinery departments choose one; those in the Bakery, Grocery, and Confectionery departments choose one; the clerical staff chooses one; and (a characteristic of Coventry industrial organisation) one is chosen from and by the "shop stewards." The council appoints its own chairman, who must be neither an employee nor an official of the society. It meets once a month to

[1] *Constitution and Rules of the Warrington Co-operative Society's Joint Advisory Committee*, 1919.

interpret the rules as to conditions of service, and to consider matters referred to it by the committee of management, the shop stewards, or the employees themselves ; and it reports, not only to the committee of management, but also to the general meeting of members.[1]

The extent to which the 20,000 members of the Warrington Society and the 26,000 of the Coventry Society have recognised the claim of their four to seven hundred employees to participate in the management of what concerns their working lives, and the apparently well-devised constitutional machinery devised for this purpose, represent, we think, a high-water mark of democracy in the Co-operative Movement.

The Reorganisation of the Co-operative Electorate

We pass now to perhaps the most important of the problems that confront the consumers' Co-operative Movement. The criticism is often made that the present gigantic membership of the Movement, and especially the tens of thousands of members of the larger societies, do not constitute a live democratic community. Judged by the rough and ready standard of the percentage taking part in elections, it must be admitted that the Co-operative Democracy of society members falls far short of that of the Municipal and National Democracies of citizens, and stands behind even the Trade Union Democracy. On the other hand, it may be urged that the part played by the Co-operative membership, though exercised otherwise than by votes, is more continuous and often more genuinely effective than that of other electorates. We must survey the facts.

The membership of the Co-operative Movement in

[1] *Rules of Coventry and District Co-operative Society.*

Great Britain is still overwhelmingly manual working class in character. It is true that in some industrial towns and populous aggregations of urban districts, where retail shopkeeping has remained in the hands of small traders, the old-established Co-operative society with its imposing central premises and numerous branch stores dominates the whole district, and enrols all classes in its membership. Moreover, in societies catering for the suburbs of the large cities there will be a considerable contingent of the "black-coated proletariat"—clerks, teachers, minor officials, and junior professionals; and here and there a wealthy sympathiser will patronise the "Co-op. shop" on principle, and is occasionally the virtual founder of the society. But even where middle-class members have been attracted, the preponderance of membership always remains with the wage-earning class.

Whether it is the husband or the wife who actually joins, or both of them, varies from society to society, according to local custom. In some parts of the north of England, especially in the mining districts, membership is almost exclusively male; and committees of management even refuse to enrol any one but the head of the household.[1]

During recent years there has been some desire and agitation to reverse this practice, which has never prevailed in some societies, and to admit to membership as many members of a family as chose separately to take up shares. This movement for "Open Membership," as it has been termed, has gathered strength from (*a*) the desire for more capital and for the opportunity

[1] In what is now the great St. Cuthbert's Co-operative Association (Edinburgh) "we find, in 1864, what is termed a serious discussion taking place on the admission of married women as members." It seems to have been feared that this might lead to husbands neglecting to attend the society's meetings. On a division, wives were allowed to become members; but with a strange addendum, namely, "that we fine married women who have husbands able to attend the meetings but who are absent." It is not recorded that any such fine was imposed (*First Fifty Years of St. Cuthbert's Co-operative Association*, edited by William Maxwell, 1909, p. 70).

for increased investment, permitted by such an avoidance of the legal restriction of share capital to £200 per member; (*b*) the wish of employees of the society, who usually belong to the households of members, to be able to exercise their own influence in the election of the committee—a wish fostered by the Amalgamated Union of Co-operative Employees; and possibly also (*c*) an increased demand of the young people for financial independence. As a result, "Open Membership" is becoming more general, and the change accounts, in some small degree, for the rapidly growing membership totals.

The Co-operative machine is usually started by men, and it continues for the most part to be controlled by men, though the actual customers are mainly the women of the families concerned. Many of the societies, especially the newer and smaller ones, have as members more men than women, sometimes, at the outset, three or four times as many. On the other hand most of the larger societies have more women than men on their lists of members. It is said that in some districts as many as 90 per cent of the members are women, and that in many large societies five-sixths of all the members are women. The membership of the great Plymouth Society is said to be three-fourths women. This was found to be the proportion in the Enfield Highway Co-operative Society. The closer connection between the Co-operative and Trade Union Movements is reported to be now causing male Trade Unionists to become members. It may be that the tendency is for men to form the societies, and, later on, for the wives of the incoming households to take the initiative in becoming members.

How far do the members take part in the business of the society? On this question the reports vary; and some of them are depressing to those who look for an alert and active and public-spirited democracy.

The quarterly meetings are said to be attended only by a small proportion of the members—one estimate puts it at 2 to 5 per cent—and to be usually unexciting and flat to the last degree. Of one great society in the North of England the regular attendants are said to be only "those having a direct interest in the society," or large shareholders (*i.e.* "those having up to £200 invested"), or "persons who at some time have taken active part in the management, or who are anxious to do so." Elsewhere we learn that "only the old members attend." Of another large society it is reported that the meetings are usually attended by 300 members, this being only a tiny proportion of the membership. Crowded and excited meetings seem to occur only in a crisis, usually when heavy losses seem to threaten dissolution or when a drastic reduction of dividend is suggested. It is still usually the men who attend the meetings, though some alteration is being brought about, as we shall subsequently describe, by the action of the Women's Co-operative Guild. Of one large society in the North we learn that not many women are seen at the meetings—"a few who incline to thrift, a few members of the Women's Co-operative Guild, and, more rarely, a lady member of the Co-operative Education Committee" will be present. In many parts of Great Britain (as on the Continent) the attendance of any women members was long unheard of, and is even now a rarity. On the other hand, of one large society, in which four to six hundred members attend the central meetings, it is said that two-fifths of the attendance is by women. Finally, we are told, plainly with some exaggeration, that there are certain societies which are "run by their employees." This phrase, it is interesting to note, is always used in an unfavourable sense. The employees, who are themselves purchasing members of the society, are said, in some societies, to attend as members at

the quarterly meetings in order to vote for committee-men who will not merely give high wages and favourable conditions of employment, but will also condone a certain slackness of discipline, liberality in the grant of leave of absence, and generally a " free and easy " conduct of business.

The most favourite subject of discussion at the meetings used to be the amount of the dividend—a " drop in the divi." almost always bringing a full meeting and much criticism. Nowadays members seem better educated in Co-operation, and they realise more easily that a fall in the dividend is not so great an evil as it was once deemed. Other subjects discussed are " factions on the Committee," " grievances of the employees," " losses made by special departments," " high prices," and " complaints with regard to the quality of goods " ; whilst of late years there has been a notable increase in the number and fervour of discussions of social and economic policy, such as " trading with the C.W.S. or in the open market," the subjection of the societies to Excess Profits Duty or the new Corporation Profits Tax ; the demands of the employees' Trade Union for higher wages, co-operation with the Labour Party or in joint committees with the local Trade Unions, in recent years subjects connected with the country's international relations, the relation of the store to the Co-operative Union, or the advantage of attendance at the periodical sectional conferences which are a feature of British Co-operation.

It is, however, impossible to escape the conclusion that the vast majority of Co-operative members regard the store principally as a convenient and financially advantageous shop at which to deal. They may believe in the incidental and ulterior benefits of the Co-operative Movement. They may even at one time have been actively interested in its development. But it seems true, from one end of the Kingdom to the other,

with rare exceptions, that 95 per cent of the members do not take the trouble even to vote in the election of the committee of management.

It is, however, unfair to assume, as is often done, that because the vast majority of Co-operative members habitually absent themselves from the quarterly meetings, and do not trouble to vote, there is no effective democracy in the Co-operative Movement. The self-government of the Co-operators is manifested more in the continuous supervision and criticism maintained over the executive by small bodies of members, than by frequent changes in the composition of the executive by spasmodic mass votes. Thus, the Co-operative democracy really acts directly on its executive. Unlike the members of Parliament or the Town Councillors, the members of committees of management of Co-operative societies have, quarter after quarter, in some societies month after month, actually to face a meeting of their electors, which may be small, but which is usually quite active and alert, and which is fully conscious that any resolutions that it may pass are effectively mandatory upon those who are deputed to manage the society's affairs. The general meeting, whether quarterly or half-yearly, is, indeed, not merely a gathering of electors, but itself a legislative body, before which a definite agenda of business has to be brought. Thus we find these members' meetings actually authorising new departures, not merely those requiring any alteration in the rules, but even the items of expenditure called for by purchases of additional sites and buildings, the undertaking of new enterprises, the allocation of funds for the work of the education committee, the expenses of a Co-operative candidate, or the making of grants to charitable institutions. Momentous issues of policy, such as joining the Co-operative Wholesale Society or affiliation to the Co-operative Party, are determined in the same

way. The fact that the meeting consists only of a few hundred members gives even a greater opportunity to the pertinacious critic who, in complaining that the C.W.S. productions are not adequately pushed; or that such and such a branch store is of mean appearance, dirtily kept, and poorly supplied; or that the quality of the flour is deteriorating; or that a particular kind of bread is not sold, is conscious that he is voicing the complaint of an unnumbered host of inarticulate and absent members. Those who have attended the quarterly meetings in recent years, especially in the larger societies, cannot but have remarked how well-informed the criticisms often are, and how competently the speakers talk upon matters within their personal knowledge. Nor are those who take part in the discussions always manual working wage-earners. The foreman in a large factory, the assistant manager of a local manufacturing enterprise, or the accountant of the gas-works will acutely criticise the policy with regard to accumulating stocks, or analyse the balance-sheet in a manner that compels a reasoned explanation from the committee.

It is satisfactory to note the constitutional changes that are being effected in many societies, with a view both to stimulating a wider participation by the rank and file of the members, and to making more effective the influence of the membership upon the administration.

To take first the arrangements for the general meetings. In order to avoid the inconvenience of meetings too large for discussion—sometimes too large even to get into the available halls—and with a view also to bringing them nearer to a widely scattered membership, the plan is being increasingly adopted, even in relatively small societies, of having, either regularly or on special occasions, a series of divisional meetings in the several districts. This is a novel device, hitherto unknown to political science. For

these divisional gatherings are legally all parts of a single members' meeting. No member may take part in more than one of them. The same business is brought before all of them; and only identical resolutions or amendments, of which previous notice has been given, may be put. All the votes are added together to produce the decision.[1] This device of divisional meetings, instead of a general meeting, has often resulted in increasing the aggregate attendance of members.[2] In the great Leeds Industrial

[1] In the Haswell Co-operative Society, established 1866, which had, in 1919, 3481 members, it is provided in the 1920 rules that "the membership residing at the various places where business is done by the society shall be divided into districts, and district quarterly meetings shall be held at which the same business paper as will be submitted to the general quarterly meeting shall be considered and voted upon. A member may attend and speak at any meeting, general or district, but shall only be entitled to vote at one of such meetings." The 6726 members of the Chester-le-Street Co-operative and Industrial Society (established 1862), who shop at their central premises and nine branch stores, are, for the purpose of voting, elaborately divided according to their places of residence into twelve electoral districts; and they may vote only in their respective districts. The poll is open for three weeks preceding each quarterly meeting. The great Plymouth society has a more elaborate rule. "On all matters of unusual interest, in order to obtain the votes of members from all parts of the district covered by the society on a specific question or questions, the committee shall have power to convene district meetings. These meetings shall be held in suitable halls, and shall be as far as possible held simultaneously, but in each case the last meeting must be held not later than fourteen days after the date of the first meetings. The agenda for each meeting must be the same, and any deviation therefrom in any one or more of the meetings shall make the decisions of that meeting void and of no account. No member shall attend more than one meeting. Admission to these meetings shall be by production of the member's share pass-book, and his attendance thereat shall be registered by the stamping of the vouchers therein contained and printed for that purpose. Special district meetings may also be called by . . . not less than 50 members in each and every district" (*Rules of the Plymouth Co-operative Society, Limited*, 1916, p. 31).

[2] But the numbers remain small. In the Enfield Highway Society, which had 15,705 members in 1920, there were present at the general meeting at Enfield Wash on December 8, 1920, only 291 members, and at the three divisional meetings on December 6 at Chingford, Hoddesdon, and Enfield, 26, 37, and 70, respectively (*The Enfield Highway Wheatsheaf*, February 1921, p. 2), making an aggregate total of 424, or under 3 per cent. In 1902 in the flourishing Cainscross and Ebley Society (Gloucestershire) the introduction of divisional meetings, one for each branch, led at first to great dissension. In the following year, however, when the rules were systematically revised, the provision for divisional meetings was retained, and has since been carried out without demur (*History of Co-operation in Cainscross and District*, by Bramwell Hudson, 1913, pp. 130-132).

Co-operative Society, with its 90,000 members and 98 grocery branches, there are, every half-year, over sixty ward meetings of this type, the aggregate votes of which place in office the president and other directors; elect the educational committee, the auditor and the delegates to Congress; and approve all charitable donations, and indeed also business expenditure representing new departures by the society. The aggregate votes of all the ward meetings added together amount to between 1500 and 3000, according to the nature of the business decided. It is the votes of these ward meetings which determined such important issues of policy in 1920 as the joining of the Co-operative Wholesale Society and the affiliation to the Co-operative party. The Leeds Society still has, in addition, a general meeting at its central People's Hall, which holds about a thousand, to which it nominally invites all its members, and at which the final counting of the votes at the ward meetings takes place; but the only function of this survival is formally to pass the accounts and balance-sheet, and to authorise the payment of the half-year's dividend on purchases.

Another device for stimulating local interest among the members of a large society is to divide the area of its operations into geographical districts, and to require each member of the committee of management to have the qualification of residence in a particular district, each district having its allotted number of members on the committee. Sometimes nomination by another resident of the district is also required. A further development of the same idea is to provide for district election. In the Leeds Society the directors are severally elected by the votes cast in the four geographical districts into which the area of the society is divided. Thus the ward meetings within each of the districts decide upon the directors for the district by their aggregate voting. In the new constitution

of the Royal Arsenal Co-operative Society provision has been made for the seven full-time salaried directors to be elected by a ballot vote of the entire membership, but on the system of the single transferable vote. This system of proportional representation has been adopted as an alternative to district election, in the hope that it will combine district representation with a recognition of personal distinction.[1]

In the early days of the Co-operative Movement voting always took place at the members' meetings; and this is still the usual practice, even in a society as large as that of Leeds. But this exclusion of members who did not attend meetings has been remedied in some societies in more than one way. The Murton Colliery Co-operative Society (in 1919, 2505 members, with sales of £247,161) distributes the ballot papers among the members by messenger, who collects them on the following day; but members may also obtain their ballot papers on application to the secretary, and may return them by post in stamped sealed envelopes.[2] In the South Shields Co-operative Society

[1] The results of the first election of the seven salaried directors of the Royal Arsenal Co-operative Society are fully recorded in its journal, *Comradeship*, for April 1921. It seems that, in spite of there being no fewer than 34 candidates, and much local advertisement of various kinds, out of nearly 100,000 members, only 6188 took the trouble to vote. No fewer than 29 counts were made before the seven successful members were ascertained; but the final result only differed from the list of seven polling the highest numbers in the first count by the substitution of one person (who was tenth on the first count) for another, who slipped down from the seventh to the eighth place. Though the membership of the society is very largely female, and women candidates were energetically supported by the local Guilds, none were elected. Practically all the successful candidates proved to be associated with the central part of the society's membership, and of those specifically representing the outlying districts none were elected. In fact, five out of the seven seats were retained by members of the former committee of management, whilst the other candidate who was successful on both the first and final counts, was identified with the "Forward" movement in politics. The second new member (the only one brought in by the 28 subsequent transfers of votes) was an employee of the society. The election was exceedingly troublesome, and somewhat costly; and not a few of those concerned doubted whether the advantages claimed for the single transferable vote had been worth the cost and trouble.

[2] *Rules of the Murton Colliery Co-operative Society*, 1912, p. 12.

a delivery and collection of ballot papers from house to house by the society's own messengers is reported to have resulted, in December 1919, in a 50 per cent poll at the committee election. Other societies take the votes by ballot, during one or more days, in ballot-boxes placed at the society's central premises and principal branches. The experience of some societies, as at York and Bradford, seems to be that the device of the ballot-box does not usually produce a larger poll than would have been obtained at divisional meetings. On the other hand, the Barnsley Society gets in this way a vote for its directors of over 12,000 in a membership of 60,000—a percentage which compares favourably with many municipal elections.

It is not generally realised that, largely owing to these new arrangements for voting, the Co-operative elections are not always spiritless and perfunctory ballotings, in which any one who takes the trouble to be nominated can get elected as a matter of course. Taking the Movement as a whole, and remembering the relative size of the electorates, we hazard the opinion that contests for seats on Co-operative committees of management, although ignored by the newspaper press, arouse more general interest, and are more keenly contested—though this is not saying much—than those for Parish and Rural District Councils and Boards of Guardians. In certain old-established societies of considerable membership there is often nearly as much keenness in the election of the committee of management as in the municipal contests. The Bolton Co-operative Society, with 45,000 members, gets 3000 to 5000 of them to vote in the presidential election. In 1909, when the Gloucester Society had 8460 members, the retiring auditor and the late general manager both aspired to the presidency of the society. "The resulting contest was carried on with great spirit by both the candidates, and resulted

in a very much greater number of votes being recorded than had ever before been known in the society's history. The aspect of Brunswick Road on the polling day resembled the neighbourhood of a voting place at an exciting municipal, or, for the matter of that, Parliamentary election. In the evening the street became almost impassable from the crowd of voters. . . . The stream of voters ascending to and descending from the voting room on the first floor caused such a congestion that a temporary exit had to be provided through another part of the premises. . . . Over 2800 members recorded their votes, and the figures were : A. Burlton, 1349 ; J. T. Laidler, 1308. At the same election there were six candidates for two places as auditors, and twenty-four candidates for places on the committee." [1] And here we note taking place another departure from old-established custom. In the early days of the Movement, as in a social club, it was assumed that canvassing for votes was an improper practice, and in many books of rules there are drastic prohibitions and penalties concerning this wickedness.[2]

[1] *Jubilee History of the Co-operative and Industrial Society, Limited,* by F. Purnell and H. W. Williams, 1910, p. 150.

[2] Thus, the Leigh Society ordains that " any candidate for the position of president, member of the committee of management, or educational committee, found guilty of canvassing, or of authorising, or allowing that to be done on his behalf by any of the following methods, shall be disqualified, if three arbitrators, appointed by a quarterly meeting of members, after having heard all the necessary evidence, are of opinion that such an offence has been committed ; and he shall not be again eligible for a period of two years—(*a*) by the issue of any written, typed, or printed matter ; (*b*) by house to house canvassing ; (*c*) by canvassing in factories, workshops, clubs, or other buildings where members may assemble together ; (*d*) by canvassing employees of the society. It shall be deemed an offence for any member of the committee of management or educational committee to canvass for any other person seeking election on either of the said committees ; for which offence he shall forfeit his seat on the committee. If any of the arbitrators appointed declines, or is unable to act, the decision of the remainder shall be final " (*Rules of the Leigh Friendly Co-operative Society, Limited,* 1920, Rule No. 16). And the very extensive Bolton Society still provides that " any person seeking election on the committee of management or on the educational committee found to have been soliciting votes from the servants of the society, either verbally or by the circulation of canvassing matter, or to have induced any other person to solicit votes

But it has gradually been seen to be futile to invite the electors to vote, and yet to prevent their being informed as to the record and professed intentions of the candidates. Outside organisations, such as the Trade Unions of the employees, the Trades Council representing all the wage-earners of the locality, or the local branches of the men's and women's Co-operative guilds, made their own appeals to the Co-operative electors. The retiring members of the committee have sometimes felt obliged to take the same course in order to answer criticism or rebut attacks. In certain large and active societies it has become the practice for the candidates to issue election addresses, and to claim an opportunity of speaking at ward meetings or other gatherings of members. In a few societies an evening may be set aside for the candidates to address such members as care to attend. Thus, in particular cases, the contest may be fought as vigorously as an election for the Town Council.

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for him in like manner (either before or after nomination), shall be disqualified, and shall not be again eligible for a period of two years. It shall also disqualify any person for a similar period if his wife or his son or daughter is found to have been canvassing, or to have induced any other person to canvass for him, the servants of the society. It shall be deemed an offence for any member of the committee of management or of the educational committee to canvass for any other person seeking election on either of the said committees, for which offence the person at fault shall forfeit his seat on the committee.

"Any person seeking election on the committee of management or on the educational committee found to have been soliciting votes by the circulation of canvassing matter, or to have induced other persons to solicit votes for him in that manner (either before or after nomination), shall be disqualified, and shall not be again eligible for a period of two years.

"Any member of the society found to have issued canvassing matter on behalf of any candidate, or found canvassing within 100 yards from the entrance of any of the society's polling stations on the day of election, shall render himself liable to expulsion from the society" (*Rules of the Great and Little Bolton Co-operative Society, Limited*, 1919, Rule 27). In the Royal Arsenal Co-operative Society, at the first election for the salaried executive in 1921, two candidates were actually disqualified, merely for having expressed their views to the Women's Co-operative Guild in order to promote their own election.

The Establishment of a Representative Assembly

More vital, and perhaps even more revolutionary in its constitutional potentialities, is the first beginning in the Co-operative society of the characteristic organ of British political democracy, the elected representative assembly, intermediate between the electorate and the executive. We have already described how, in the great and flourishing Leeds Industrial Co-operative Society, established in 1847, which had, at the end of 1920 no fewer than 92,912 members, a capital exceeding £1,500,000, and an annual turnover of over £5,000,000 sterling, the members are divided, for the purpose of electing the board of directors, into four geographical constituencies, according to place of residence. Within these four districts there are, as we have described, regular ward meetings connected with the several branch stores, each attended by the members who habitually make their grocery purchases at that branch. It is these ward meetings which, as we have explained, constitute, in the aggregate, the general meeting of members which elects the president of the society and (in their four geographical districts) the twelve directors. It is at these ward meetings, too, that the votes are cast which, in their aggregate, authorise any expenditure out of the net profits, apart from dividend on purchases, and a dividend equalisation fund, whether the purpose be "charitable, philanthropic, of public utility, or any other purpose, whether within the objects for which the society is formed or not." But these ward meetings serve also as a constituency for the election of a body of men and women who are rapidly assuming the character of a representative assembly with independent powers of sanction and initiative. At each half-yearly meeting of the ward there is an election by show of hands, from members purchasing

to the extent of at least £8 each half-year, and holding two fully-paid-up shares in the society, of a local committee-man for a term of eighteen months ; thus constituting for each ward a local committee of three members, who serve respectively as chairman and secretary of the ward, and stocktaker of its branch store.[1] Each local committee is required to meet at least once a fortnight. They have to visit the branch store, and they are specifically charged to bring before the directors anything relating to the quality or the price of goods or the conduct of the business which appears to be faulty. They are to " advise with the storekeeper on any matter in their judgement tending to the improvement of the management or the increase of the sales." But in addition to these duties the local committees have to meet collectively. There are, we are informed, fortnightly meetings of groups, each uniting about a dozen local committees, which occupy themselves with complaints and suggestions made in connection with the several branch stores. Moreover, the whole of the twenty or thirty local committees of the wards within each of the four geographical districts meet together about once a month to constitute a united local committee for the district, which has, according to the rules, " the management of all meetings of members within the district " ; and " the primary duty of seeking to add new members, and of inducing members to support the society." Each united local committee elects, it should be noted, two out of the twelve delegates whom the society sends to the C.W.S. quarterly meetings, the remaining four being appointed by the board of directors. But what seems destined to be the most important constitutional function of the local committees is their evolution into a continuous representative assembly. At least once a quarter,

[1] These 300 local committee-men receive no payment beyond their tram fare to and from the meetings.

on the Saturday preceding the quarterly and half-yearly meetings respectively, and at such other times as the directors may think advisable, the three hundred members of the local committees (together with the educational committee, " and such other persons as the board for the time being may determine ") are summoned to the People's Hall, " to meet the directors in conference, for the purpose of considering the balance-sheet (and) directors' report (in January and July), the educational committee's report (in April and October and), discussing the workings of the society or any matter affecting its interests."

This " quarterly conference of local committees," as it is commonly styled, is always well attended, an excellent tea being provided without charge at the close of the proceedings. The president, in laying before the conference the directors' report, delivers an informative address, in which he points out the matters to be explained to the members when they assemble in their ward meetings in the ensuing week. The elected auditor also gives a report, often criticising items in the accounts. Questions are asked and speeches are made by the " Locals," who voice any objections that may be entertained in their wards. The chairmen of the three main business committees (finance, mill, and stores), into which the board of directors is divided, afford further explanations and reply to criticisms. Besides the regular meeting once every three months, the board of directors finds it useful to summon the local committee-men to special conferences, whenever there is an important issue of policy on which an inconvenient popular agitation may spring up, or with regard to which it is desirable that some particular action should be taken. During 1920, for instance, it was found desirable to explain at length the reasons that made it inexpedient for the society to embark on the building of cottages ; and on

another occasion the facts with regard to a wage dispute which had occurred with the society's carters. It is clear that the main intention and purpose of the institution of the conference was that, the local committee-men being convinced by argument as to the necessity and wisdom of the action and proposals of the board of directors, they should proceed to their several ward meetings and secure the support of their local fellow-members for the official policy. We gather that, for the most part, the conference usually serves its intended purpose ; and the whole machinery of conference, local committees, and ward meetings is obviously of great educational value. But, like the knights and burgesses whom Simon de Montfort first summoned to Westminster to form the House of Commons, the Leeds Conference of Local Committee-men has developed additional functions. The three hundred " Locals " who found themselves constituted into a permanent body discovered the need for an independent executive committee to organise their own proceedings. They have accordingly elected an extra-legal committee of eight of their number, which now receives all the suggestions made by the united local committees of the four districts, and decides on a united policy for the " Locals," independently of that formulated by the board of directors. If the popular policy is not accepted, the " Locals " may then set going an agitation in the ward meetings, concert a united attack at the conference, and in the last resort at the quarterly general meeting of members. They may even organise opposition to the re-election of stubborn members of the board. It was as an outcome of the demand of the " Locals " that the system of collective life assurance was adopted, and that the decision was at last taken, after more than half a century of refusal, to join the Co-operative Wholesale Society. It may be added that candidates

for places on the board of directors, in the election addresses that are now read at the ward meetings before the ballot is taken, always make a point of reciting their service as local committee-men, and of stating that they have been nominated by the local committees of the wards within their districts. At present, we are informed, eleven out of the twelve directors of the society have had previous service as local committee-men.

We have described the working constitution of the Leeds society because the development from local committees to a representative assembly seems to us even more important than the institution of the local committees themselves. Other societies have local committees, which were, indeed, suggested in an early edition of the *Model Rules* issued by the Co-operative Union. In some cases they have been given up, sometimes because of their inanition, and sometimes because it was felt that particularly energetic local committees got special advantages for their own branches not enjoyed by branches unprovided with a local committee, or with a committee that did not function. In the extensive Lincoln society, which had, in 1919, 19,245 members and altogether 25 branch stores, with sales amounting to £912,663, local committees of not more than nine members are elected annually for each of eight outlying branches. But we gather that all but one of these local committees confine their activities to meeting about every six weeks, and the eighth meets only monthly, in spite of the fact that a fee of eighteen pence is allowed for each attendance. It is found difficult, we are told, to invent business for such meetings as are held; and they are not considered to have been very successful in attracting the most useful members. In the equally large Peterborough society (with 19,641 members in 1919 and sales of £662,271) seven out of

the eleven country branches elect at their quarterly members' meetings local committees of a few members, who actually meet weekly, and earn their fee of eighteen pence per attendance by discussing, week by week, the current return of takings at the branch store, making suggestions to the board of management, and generally supervising the local business. The board of management makes a point of consulting the local committee about any local appointment, or any proposed alteration or extension. There is even a half-yearly conference between the board of management and all the local committees, and there are rumours that some of the local committees have joined in private meetings to decide on a common policy. And the Long Eaton Co-operative Society (established 1867; 13,392 members in 1920) has a quarterly conference between the directors, the local committees, the educational committee, and the representatives of the guilds, at which the various items in the quarterly report, complaints and suggestions are discussed.[1]

We are inclined to think that it is the binding

[1] Bodies of the nature of representable assemblies, intermediate between the members and the governing councils or executives, are being introduced into the larger Co-operative societies of Germany, Belgium, and France. The newly formed amalgamation at Paris, the "Union des Co-opérateurs," for instance, is divided into sections by "arrondissements" and "communes," which must meet at least once a year, to appoint representatives of the section at the general meeting of the society, where they cast votes proportionate to the number of members by whom they are respectively delegated, recorded by their signatures on the sheet of paper constituting the mandate. But the section elects also one representative for each 250 members to form a general committee, which must meet at least quarterly. At each meeting the "conseil d'administration," or committee of management, presents a verbal report upon the society's progress, and upon the complaints or criticisms made since the preceding meeting. The representatives chosen to serve on this general committee are charged to present to the committee of management all complaints and useful suggestions made to them by the sections or by individual members. The general committee has also to consider propaganda, welfare institutions, and the questions raised at the Co-operative Congress. It is required to suggest the delegates to that Congress, and also to draw up a list of candidates for election to the committee of management (*Union des Co-opérateurs, Commentaires, Statut, Règelment intérieur*, Paris, 1920). A somewhat similar organisation is proposed in the new rules of the *Maison du Peuple* of Brussels (1921).

together of all the local committees into a representative assembly which gives vitality to the local committees themselves, and has made them successful in the Leeds society. It must always be difficult to give to a branch committee any effective power; and the advisory function which such a committee can exercise with regard only to its own branch will seldom be found sufficient to attract useful members. The fact that local committees exist (as at Lincoln and Peterborough) only for some of the branches, or only for the country branches, and not for the others, both excites jealousy and suspicion and prevents even joint meetings or conferences of all the local committees from claiming to represent the membership as a whole. Our impression is that where local committees are instituted, they should be formed simultaneously for every one of the society's branches. They should be regularly summoned as a representative assembly, and elaborately consulted by the directors upon issues of policy. Their regular work of branch store supervision will probably be done all the better if they exercise also the larger function.[1]

Competition among Rival Societies

The Co-operative Movement of Great Britain, like the Trade Union Movement, has been almost wholly free from the systematic competition between societies

[1] Another tendency—in a sense alternative to the development of a representative assembly—is to utilise, as a supplement of the committee of management, not local committees but the organisations formed by the men's and women's Co-operative guilds. Thus, in some large societies, such as Birmingham and St. Cuthbert's (Edinburgh), the guilds have the privilege of electing members to the education committee, whilst in the Liverpool Co-operative Society the management committee allows the men's and women's guilds to nominate a certain number of the society's delegates to the quarterly meetings of the C.W.S.; and it is interesting to note that the meetings of the men's and women's guilds, in default of more representative bodies, are increasingly used in the larger societies by directors to defend their administration and by candidates to bring before the members their rival policies.

deliberately organised in the interests of rival religious or political creeds, which characterises the Co-operative and Trade Union Movements of Belgium and France and, to a lesser extent, those of Germany. The more mechanical competition of different societies for membership and trade, due to mere juxtaposition, scarcely occurred so long as the " Co-op. shops " were small and far between. Towards the latter part of the nineteenth century, however, the multiplication of stores, and their ever-widening circles of membership, resulted in frequent collisions. By the end of the century it could even be said, we think with great exaggeration, that " the evil of overlapping is gnawing at the very vitals of the Co-operative Movement."[1] The evil is naturally most apparent where Co-operators are thick on the ground, as, for instance, in South Lancashire and the West Riding of Yorkshire, or in the mining and engineering districts of the North-east Coast. In some of the mining villages of Durham the Co-operative societies of the neighbouring towns will have rival branches in the same street. In one large village, for instance, having no society of its own, no fewer than seven societies from neighbouring villages compete, by seven rival branches, for the trade of its 8000 inhabitants. In 1904 there were five separate and distinct Co-operative societies within the boundaries of the Borough of Rochdale (population 91,000); whilst, including these five, the number of separate and distinct societies within the radius of three miles from the hall of the Rochdale Pioneers was no less than fifteen. In 1921 the position is a little better, a few amalgamations having taken place; but there are still duplicate societies in Rochdale itself, and more than a score in the narrowly restricted Rochdale District of the Co-operative Union. At Blackburn there is a great improvement, three out of

[1] *Co-operative News*, April 22, 1899 (p. 407).

the five competing societies having amalgamated in 1920, with a combined trade of three-quarters of a million sterling. At the very headquarters of the Movement overlapping has been seen almost at its worst. Down to the end of 1920 there were half a dozen societies, with various geographical names, the membership and trade of which extended over the whole of Manchester and Salford, sometimes with stores closely adjacent to each other, whilst severally supplying also considerable suburban areas. As a consequence of this rivalry and overlapping, it has been complained that Co-operation in Manchester, apart from the magnificent premises of the C.W.S., is meanly housed, cannot afford any considerable choice of commodities, lags behind in the development of new departments, and has no extensive " drapery emporium " and no restaurant, whilst its social and educational influence on the city is of the smallest. The principal society, the Manchester and Salford, has now acquired a valuable central site for the erection of a new establishment on a larger scale, and an amalgamation of eight or nine societies, containing a membership of 130,000, is now under consideration. If this amalgamation is completed the society will be the largest in the Kingdom, with sales exceeding eight millions sterling.

Competition and " overlapping " of this kind is a natural result of the extreme " voluntaryism " of the Co-operative Movement, which inspires the starting of societies on the smallest possible scale by little groups of enthusiasts here, there, and everywhere, exactly as the spirit prompts them. The tendency is strengthened by the common British distrust of centralised supervision and control. What happens is that a score or two of energetic workmen find themselves without a store within an easy walk of their cottages. It is quite easy for them to start a

Co-operative society with the very minimum of capital and legal formalities ; and if the management is at all prudent, the new store grows of itself. If success continues, it accretes members and customers in street after street, until its influence reaches the edge of the membership of an older society. The senior society resents this " invasion " of its accustomed territory. The junior society objects to any limit to its enterprise. Active competition goes on for members and custom. According to the old-fashioned economic assumptions, on which so much of our national policy is still based, this competition ought to produce, for the benefit of the inhabitants of the borderland between the rival stores, an ever-increasing efficiency of service. But a long experience has convinced the Co-operators that competition does not usually result in any such increased efficiency. There is, on the contrary, a progressive pandering to the ignorance or to the economic weakness of the customers, to the eventual disadvantage of all alike. One of the competing societies will begin to be lax about credit :[1] the other will retort by tempting customers with an exorbitant dividend on purchases,[2] or by selling " lines of goods " below cost, or even, in some exceptional cases, with the delusive and temporary cheapness of sweated goods.[3] In all

[1] " Ashington (Northumberland) . . . has two societies—the Industrial and Equitable. The former society, twelve months ago, entered upon a drastic effort to remedy the credit evil. The result . . . has made a distinct fall in sales and diminution in membership. On the other hand the Equitable Society has increased its sales " (*Co-operative News*, January 1904). In 1920 the two societies continue to compete with each other, but the Industrial has shot ahead, with more than six times the membership of the Equitable.

[2] In the Huddersfield district, where there are 44,000 Co-operators, for instance, there were in 1913 42 Co-operative societies with dividends ranging from 2s. 8d. to 4s. 5d., a movement for a uniform dividend having failed. Six years later there were still 40 societies, whose aggregate membership had increased only to 54,114, with dividends varying from 1s. to 3s. 5d.

[3] In the Rossendale district of Lancashire the 15,173 Co-operators were, in 1913, dispersed among fifteen Co-operative societies, only four having a membership as large as one thousand. Six years later there were still fourteen societies, with an aggregate membership actually shrunken

cases the needless duplication of organisation involves a real waste in buildings and plant, in the cost of management, in the expense of delivery service, and even in advertisement and canvassing. It is no mere coincidence that where there is most Co-operative rivalry and overlapping there the profit-making trader and the "multiple shop" company are taking their strongest holds. At the very birthplace of the Movement, in Rochdale itself, this is specially to be noticed.

We need not assume, as Co-operators are perhaps too prone to do, that the co-existence of two societies within the same area is invariably and necessarily an evil. There may be cases — such as those of the Universities of Dublin and Oxford, where separate Co-operative societies (the latter of which did not survive the war) were started in 1913–14 for the University population—in which the several societies serve entirely different memberships and are not really in competition, just as two actual adjoining shops may each have its own circle of customers. Any such specialisation of membership, like any specialisation in kinds or grades of commodities, is, however, distinctly exceptional. There are other instances in which the rise of the new society may be justified by the refusal of the old society to open a branch in a particular neighbourhood, or by the ascertained corruption or inefficiency of the elder society. But usually competition has arisen from simple carelessness, and has continued because of the slow development of any centralised authority within the Co-operative Movement having both the capacity and the power to co-ordinate Co-operative enterprise.

The loss, inefficiency, and scandal of overlapping in the British Co-operative Movement are now, we

to 14,482, five of the societies having over 1000 members each, and the other nine having under 3500 members among them. Such small competing societies are reported to be the worst for conditions of employment.

think, being gradually lessened. There is an ever-increasing momentum towards the amalgamation of societies which find themselves competing with each other ; sometimes even when the several organisations are numerically large, with extensive capital and trade. There is a growing tendency for powerful societies centred in county towns or industrial capitals to absorb the less successful village societies in their neighbourhood, and to cover all the suburbs with their branches. And finally there is, we think, an increasing readiness on the part of competing societies to submit to a delimitation of geographical boundaries for membership and trade. The Birmingham Industrial Co-operative Society, for instance, has voluntarily concluded agreements with seven separate neighbouring societies delimiting precisely defined trading frontiers, including, in one case, a society still separated by a stretch of " Co-operative desert." Since 1904, in fact, the total number of societies has declined by nearly 10 per cent, and the steady increase in membership and trade has meant, in the main, a widening of the spheres of influence of the larger societies. The adjustment of differences has been facilitated by the annual appointment by the Co-operative Congress, since 1892, of a Boundaries Committee, charged to arbitrate between rival societies, with power to recommend the expulsion of a recalcitrant society from the Co-operative Union. Societies will, however, often agree among themselves as to their respective boundaries. Already, in 1887,[1] " a joint

[1] *Failsworth Industrial Society Jubilee History*, by J. H. Ogden, 1909, p. 136. But four years later the boundaries had to be reconsidered (*ibid.* pp. 198-200) on account of the activities of the New Moston society.

One of the difficulties is the removal of members from the district of one society to that of another and their preference for remaining with their old society. The usual agreement is that old members may be retained, but that no new members must be accepted outside the geographical boundary between one society and another. " Where, as frequently happens, members go outside the area of their own society and patronise another one because of superior trade facilities offered by the more distant society, and

meeting of . . . representatives from the Manchester and Salford, Blackley, Droylsden, Eccles, Failsworth, Oldham Industrial, and Pendleton societies " amicably arranged their mutual boundaries and had them " defined on a large map." In 1899, we are told that " the question of overlapping is being dealt with in a practical manner by the two Bristol societies, Bedminster and Bristol and District; a circular has been issued jointly by the societies in which it is mutually agreed : (i.) that any applications for membership made by persons residing outside the boundaries allotted to each society shall be referred to the society in whose district the applicant resides; (ii.) that on and after a certain date (to be hereafter fixed) the delivery of goods by either society over the boundary line before mentioned shall be discontinued." [1] The two independent societies which share between them the Co-operative membership of Oldham still co-exist, but in 1900 they solemnly agreed on a geographical boundary line which should henceforth divide their respective territories. Under the influence of the Co-operative Union's Boundaries Committee more intractable differences have been settled by amicable arrangements for uniformity of prices, uniformity of dividends, uniformity of refusing to give credit, and such a restriction of delivery circuits as would prevent any street being visited by more than one cart. In a few cases, however, the Co-operative Union has taken punitive measures. The Harborne Tenants' Co-opera-

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where this is due to a larger society having more departments than can be provided by a society nearest to the member . . . arrangements might be made for members of the small society to buy from the larger society with a ticket provided by their own society" (*General Co-operative Survey : Third Interim Report*, 1918, p. 67).

It may be noted here that in 1920 the Bedlington Society passed a rule precluding any member of another society being elected to the Board of Management.

[1] *Co-operative News*, November 18, 1899 (p. 1259). The two societies subsequently amalgamated.

tive Society, established in 1911, was refused recognition, both by the Co-operative Wholesale Society and the Co-operative Union, on the ground that it was wantonly "overlapping" societies in Birmingham and its suburbs (in one of which, the Birmingham Industrial Co-operative Society, it was subsequently merged); whilst the Beswick Society was temporarily excluded from the Co-operative Union for refusing to agree to a boundary with the Manchester and Salford Equitable Co-operative Society.[1] In 1919, as a result of an attempt to federate for the provision of a joint model bakery and other mutual services, the Bromley, Croydon, and Penge Societies amalgamated, as we have already mentioned, as the South Suburban Co-operative Society, with a membership of 23,700, capital amounting to £163,000, and sales amounting to £540,000. In the same year schemes were prepared for the amalgamation of eight societies in Huddersfield, for two societies in Sheffield, and two in Swinton. The most significant event in this direction has been the decision of the Stratford and Edmonton Co-operative Societies to unite as the London Co-operative Society, Limited. This amal-

[1] The following seem to have been the facts about the Beswick Society. An employee of the Manchester and Salford Society, on leaving its service, started a shop of his own at Beswick, which he subsequently offered to sell to the society in order that it might become a branch. This offer was refused, and a separate society was organised in 1892 to take over the business. As a branch was apparently needed in Beswick, the society, which was joined by some of the employees of the Co-operative Wholesale Society living in the district, prospered and grew in membership and trade; reaching, in 1919, 19,525 members, with sales of £870,424. Contrary to the almost universal practice of the British Co-operative Movement, it held an off-licence for wines and spirits, which it surrendered in 1896. Presently it came into conflict with the Failsworth and Droylsden Societies on the one hand, and with the Manchester and Salford Society on the other. It agreed to accept the determination of the Boundaries Committee with regard to the two former societies, but refused to withdraw its competition with the Manchester and Salford Society. Its record seems to have been an almost continuous story of complaints about overlapping and of abortive attempts at demarcations of boundaries and projects of amalgamation (*History of the Beswick Co-operative Society, Limited, from 1892 to 1907*, by A. E. Worswick, 1907, 189 pp.; *Co-operative News* (many references)).

gamation, which took effect in September 1920, brings within the sphere of a single strong organisation, the most extensive in the kingdom, a thickly populated area of over 200 square miles, " from Westminster to Southend and from Barnet to Barking," with 93,000 members, a round million and a half sterling of capital, and total sales exceeding five millions sterling—subsequently increased, as stated elsewhere, by the absorption of the West London Society, which brings under a single Co-operative administration all London north of the Thames.

The interest of these successful efforts to grapple with " the disease of overlapping " lies not merely in the tendency to amalgamation,[1] and to agreement to fix the dividend at a common level, but also in the gradual adoption, by these thirteen hundred spontaneously arising voluntary associations of consumers, based solely on their desire to consume, of a series of geographical boundaries, beyond which they agree not to extend. If we imagine the Co-operative Movement spreading to all parts of the kingdom, and if the present tendency to accept the decisions of the Boundaries Committee of the Co-operative Union is strengthened, and internal

[1] A drastic remedy for overlapping was proposed at the 1906 Co-operative Congress, by the late J. C. Gray, then secretary of the Co-operative Union, who suggested that all the existing societies, distributive and productive, should be merged into a National Society, controlled by a General Council of 150 members elected by co-operative constituencies. He proposed that the existing societies should be managed by their local committees, but should be considered as branches of, and be controlled by, the National Society. The project exerted considerable interest, but met with scant favour. The likelihood of any such suggestion being accepted within the near future seems very remote, but there is a general feeling that a great deal more co-ordination and uniformity of policy could be introduced to the benefit of the Movement. This proposal for the merging of local Co-operative societies in one National Society was reintroduced at the Bristol Congress in March 1920 by the Bristol Society, and it was agreed that it should be a subject for discussion in the following year. But there is a general feeling against the proposal, it being urged that local autonomy secures a larger initiative and a larger sense of personal responsibility; that the individual societies would not agree to it and that it would be impracticable to introduce a uniform dividend on purchase owing to the divergence of policy between the north and south of England, the north being in favour of a high and the south in favour of a low dividend.

discipline enforced, we should see Great Britain divided, for the purpose of producing and distributing articles of household consumption, into mutually adjacent areas as accurately defined, and possibly as permanently settled, as those of county and municipal government, although not coincident with these. We should like to see the Co-operative Union prepare and publish a Co-operative Map of Great Britain, county by county, or province by province, marking by colours the actual sphere of influence of each local society. The "Co-operative deserts" thus appearing as interstices might then be made the fields of special and persistent propaganda.

The Growing Sphere of the Co-operative Society

The constitutional developments of the Co-operative society, the avoidance of overlapping, and the acceleration of the movement for amalgamation of rival stores, which have been the marked features of the past decade, have been accompanied by a continuous extension of the sphere of Co-operative enterprise. The normal case is that the Co-operative society begins by distributing grocery and bread, and successively undertakes practically every part of the food supply of its members' households, excepting only alcoholic drink.[1] The successful society soon adds drapery and boots, and presently every ordinary article of clothing. Household furniture and common repairs

[1] Co-operators are not, as such, teetotallers; but they have always had a strong repugnance to engaging in the liquor traffic, even to the extent of supplying, under grocers' licences, beer and spirits in bottle; and they have thus deliberately abstained from a trade which the profit-making shop-keeper finds a lucrative adjunct. A few Co-operative societies, here and there, have held grocers' licences, sometimes (as in the Beswick Co-operative Society) where they have taken them over on purchasing existing grocery businesses. These have, however, usually been abandoned after a few years (the Beswick Society, established in 1892, gave up its grocers' licence in 1896). A few small societies, especially in Scotland, continue the business of supplying bottled beer and spirits for consumption off the premises. The Wholesale societies have never engaged in the business.

come next, until eventually there is scarcely any commodity or service purchased by the members that will not be provided.[1] So far the extension, in range and variety, of the Co-operative enterprise may, with the aid of the Co-operative Wholesale Society, be undertaken by a society of no great size. Many a Co-operative society of no more than a few thousand members gives to its predominantly working-class membership much the same convenience in shopping as is afforded in London to the middle-class purchaser at Harrod's or Selfridge's.[2] Here and there the Co-operative Movement, even in small communities, has achieved much more. Through the agency of the local Co-operative society, the wage-earning community has, in some specially self-contained local populations, been raised to a position of dominance. In England, for instance, the Desborough Industrial and Provident Co-operative Society stands out as a remarkable example of concentrated local effort. Established in 1863 among the weavers and agricultural labourers of this little Northamptonshire village, it now has (1920) a membership of no fewer than 2160

[1] There is an extraordinary similarity in Co-operative annals. "The history of every added branch of business is of a similar character—first a period of small trade, next a period of difficulty, and lastly a period of almost unbroken success" (*History of the Hawick Co-operative Store Company, Limited*, 1889, p. 79).

[2] Within three years after forming their society in 1874, the oil-shale miners of West Calder, who at that time formed a majority of its membership, decided to erect a small gunpowder magazine, and a workshop for making the blasting cartridges which they used in their work. In undertaking this service for its members the West Calder Co-operative Society was not only lessening their daily expenses. The practice of the miners had previously been to keep their keg of loose gunpowder under the kitchen bed, and to abstract from it every evening, in front of the fire, and in the midst of the family, as much as would be required on the following day. Membership among the miners quickly became general, and the business has ever since been a source of profit (*West Calder and its Co-operative Society*, 1896, p. 38).

The Hawick Co-operative Store Company, established in 1839, and having, in 1919, 4547 members, with a trade of £287,667, very early specialised in "stocking-makers' needles" for the convenience of its members, who were then largely stocking-makers working in their own cottages (*History of the Hawick Co-operative Store Company, Limited*, 1889, p. 33).

out of a total population of under 5000—*i.e.* practically all the heads of households. This society, which has accumulated a capital of £102,000, and does an annual trade of £120,000, has become not merely the lord of the manor, including the site of Desborough itself, but has also recently purchased the adjoining village of Harrington, its landed estate now extending to 3425 acres. Besides the typical Co-operative business of selling grocery and clothing, and making, repairing, and retailing furniture, the society distributes coal to its members; produces milk, meat, poultry, fruit, and vegetables on its own farm; and has carried out successful housing and allotment schemes. Not satisfied with production for use, the society has even gone into production for exchange, and has undertaken iron-ore mining and brickmaking for the open market. It is a testimony to the shrewdness and tolerance of the large Nonconformist majority within the society that they have transferred to the Bishop their right, as owners of the advowson, to present to the church living; retaining, however, in their own hands the presentation to the adjacent living of Harrington, for which, on a vacancy, they chose an ardent Co-operator from Accrington. The society has been fortunate in having retained for nearly thirty years the same able and zealous secretary, Mr. Jesse Marlow, who enjoys the confidence of the local Co-operators and the respect of his neighbours as the local representative on the Northamptonshire County Council. If we may point out a defect in this flourishing Co-operative community, it is the typical apathy of the great bulk of the members to their common concerns. Only some 10 per cent of them, we are told, trouble to attend the quarterly meetings at which the policy of the society is decided, and by the votes of which its very considerable financial enterprises are controlled.[1]

[1] This apathy and unwillingness to take part in the control of industry

A like account might be given of Co-operative dominance in the neighbouring town of Kettering. The Kettering Industrial Co-operative Society, established 1866, had, at the end of 1920, 11,598 members, with sales of £450,000 for the year. Its total capital approaches half a million sterling. It owns more than £100,000 worth of freehold property in the town, in addition to nearly as much more which it has assisted its members to purchase individually. It has invested a considerable sum in the four local associations of producers, manufacturing boots, clothing, and corsets; and these have become, in a sense, to a considerable extent its own productive departments. It joins with them in an elaborate scholarship and bursary scheme, designed to provide secondary schooling for the sons and daughters of its members, and also to direct their attention to the advantages of the Co-operative Movement. It publishes a quarterly magazine, of which 6300 copies are distributed gratuitously, and which is one of the most creditable of the literary productions of the local societies. Finally, it sends its secretary to the County Council, and was, in 1918, mainly instrumental in returning to Parliament the only successful candidate of the Co-operative Party.

For the most part, however, the great extension in the range and variety of Co-operative enterprise

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is all the more noteworthy in that Desborough is "Co-operative" through and through. An exceptionally large proportion of its inhabitants are Co-operative employees as well as Co-operative shareholders, in production as well as in distribution. Besides the Desborough Co-operative Society itself, which employs about 200 persons, the Co-operative Wholesale Society (in its local corset factory) employs 330 operatives, whilst there is in the village an Association of Producers largely dependent on the consumers' societies for capital and trade, the Crompton (or Desborough) Boot and Shoe Manufacturing Society, employing 130 persons. Thus, whilst with very few exceptions, every house in Desborough contains one or more Co-operative members, every other house sends a man or woman, a youth or a maiden, to earn a living as the employee of a Co-operative Committee.

during the present century has taken place in the large centres of population, where the membership of the societies runs into tens of thousands, and where the amalgamation of rival stores has enabled the whole purchasing business of great populations to be organised from a centre. At Leeds and Edinburgh, at Liverpool and Birmingham, at Plymouth and Derby, and now even in London, both north and south of the Thames, we have Co-operative societies with memberships exceeding 50,000, capitals of a million sterling or more, and annual sales of several million pounds. Such a society will often own and occupy commanding central premises—in the provinces often actually superior to any other in the city—including a fully developed "departmental store," dealing in every variety of food-stuffs, clothing, household furniture and utensils, drugs and tobacco, seeds and agricultural implements,[1] jewellery and bicycles; with handsome showrooms resorted to, not only by the members of the society itself, but also by those of the country societies in the vicinity which are affiliated for this purpose to their larger neighbour. But unlike the profit-making departmental stores of the London middle-class, the central premises of the working-class Co-operative society will often be more than the miscellaneous "emporium" into which the little retail shop has grown. Above the tiers of retail departments and showrooms there will usually be a great assembly hall for the meetings, lectures, and entertainments, to which the members resort. There may also be on an upper floor broad corridors on which (as in the Liverpool Co-operative Society) open the

[1] Members who keep chickens or pigs are supplied with feeding-stuffs at advantageous prices, and allotment holders and peasant cultivators get seeds and fertilisers on which they can rely. In return the Co-operative society's vans collect their produce, from vegetables and eggs to calves and pigs, crediting them with the full market value. Some societies (such as Leeds and Enfield Highway) even encourage their members to save their waste-paper and bring it to the stores, where the utmost price is paid for it.

committee rooms required for the administration, not by autocratic " captains of industry," but by democratic committees ; or lent for the accommodation of Trade Unions and Friendly Societies. There may even be smoking-rooms and billiard-rooms, and certainly a lending library (occasionally having as many as 20,000 volumes) and reading-rooms, sometimes also a " conversation room," for the free use of the members. Near the library there may be (as in the Lincoln Co-operative Society) a " Sick-room Appliances Department," often managed by the Women's Co-operative Guild, from which members may, for a few pence weekly, hire all the requisites for home-nursing of the bedridden sick. In the basement there will usually be an extensive popular restaurant, open also to non-members, and run without dividend. In close proximity to the central entrance we may find (as in the Liverpool Co-operative Society) a handsomely equipped and much frequented banking and insurance office, an agency of the C.W.S. banking and insurance departments, where the current accounts not only of the members but also of the local Trade Unions and Friendly Societies are kept, deposits are received and paid, remittances are arranged, and every variety of insurance business (including that of the Co-operative " Approved Society " under the National Insurance Act) is transacted without the profit-seeking motive.

From these central premises will be supplied several dozens—occasionally more than a hundred—of branch stores, conveniently dispersed in all the districts of working-class residence, not only throughout the city and its suburbs, but also, in some cases, in the villages within a radius of twenty miles or more. Most of these branches will stock the common food-stuffs and household requisites, some adding drapery and boots. Some of those within the city may specialise

in fish, fruit, and fresh vegetables; others in milk (the Lincoln Co-operative Society has ten milk shops); or in bread and confectionery, with a "tea shop." For the supply of what has often become by far the greatest distributing business of the city, there will be, on appropriate sites, perhaps on the river or canal bank, or with special railway sidings, the society's gigantic bakery, and perhaps (as at Leeds and Barnsley) the society's own flour-mill; an equally extensive refrigerating store which occasionally (as at Barnsley) accommodates also the local shopkeepers; with a coal wharf and "bagging department." The society may have had, in the past, its own gas-works; and will to-day often have its own electricity plant.[1] There will be an extensive "Transport Department," developed out of the earlier stabling, now sometimes equipped with a shunting locomotive, and usually with railway trucks of its own (in one case, as many as one hundred), canal boats,[2] barges, at Plymouth a fishing-smack or two, and, at Aberdeen as well as at Plymouth, even a sea-going steamer, largely for coal supplies, as well as with motor lorries for delivery, motor-cars for the journeys of the administrators, and motor charabancs (of which the Plymouth society owns no fewer than seventeen) for hire by the members.[3]

[1] Occasionally the Co-operative society will supply light to the whole town. The West Calder Co-operative Society, established in 1874, with 8948 members in 1920, has, since 1893, lit the streets of West Calder from its own electrical installation, the street lamps having been erected by voluntary contributions (*West Calder and its Co-operative Society*, 1896, p. 114). The Co-operative Society at Cramlington in Northumberland for some years maintained its own gas-works, and lit the village; ceding it, however, to the Urban District Council when this was established (*A Short History of the Cramlington District Co-operative Society, Limited, 1861–1911*, by B. Simpson, 1912).

[2] "As shippers, the society now runs a canal boat, *Speculation*, to carry coal from the Upper Erewash to the Long Eaton wharves" (*Co-operation in Long Eaton*, by Samuel Clegg, 1901, p. 237).

The Bingley society (established 1850; members on December 31, 1920, 3,968; sales for that year a quarter of a million pounds) bought three canal boats for its coal trade as long ago as 1875 (*Fifty Years of Co-operation in Bingley*, by W. Hartley, 1900, p. 64).

[3] Among the many Co-operative societies owning fleets of motor chara-

Attached to the Transport Department, or to some other, will be one for undertaking or funeral furnishing in all its branches. The Works Department will not only execute all the structural repairs and extensions that so great an enterprise is always requiring, but will also carry out all the repairs and decoration required by the members, and will from time to time erect out of surplus capital rows of cottages to be let to the members.[1] Further afield will be the huge laundry, equipped with the latest machinery and labour-saving devices; in some cases (as in the Leeds Co-operative Society) washing as many as 90,000 men's collars every week, and developing into "dry cleaning" and renovation of clothes, carpet-beating, and even (in the case of the Plymouth society) dyeing. The society, whilst having at its command the vast manufacturing enterprises of the Co-operative Wholesale Society, to be described in the following chapter, usually has manufacturing departments of its own, often employing regularly more than a thousand men and women, and producing goods to the value of several hundred thousand pounds annually. Besides its "bespoke" tailoring and dressmaking workshops and its extensive boot-repairing department (in which one society "soles and heels" 200,000 pairs annually) a large society may have its own boot and shoe and shirt

banes for the use of the members are those of Plymouth, Birmingham, Gloucester, Nottingham, Pendleton, Woolwich, Wigan, Radcliffe, Whitworth, Bingley, Ramsbottom, and Murton Colliery.

[1] In the last couple of decades of the nineteenth century many of the old-established and prosperous societies found themselves with more capital than they knew how to apply. We see them resolving to exclude non-purchasing members, limiting the share or loan capital to be accepted from each member and reducing the rate of interest. Some promoted the establishment of separate building societies, and, like the Failsworth Industrial Society in 1883 (*Failsworth Industrial Society Jubilee History*, by J. H. Ogden, 1909, p. 117), made them loans at interest. In many other cases the societies themselves established "Building Departments," and advanced sums to their members to build or buy houses, repayable by instalments. Many thousands of Co-operators have thus acquired their own houses. In other instances the societies bought land and built cottages to let to their members.

factories. It may sell its own jams, pickles, and aerated waters, its own sweets and preserves, its own furniture and trunks, even its own tinware and leather goods, as well as those of the C.W.S. We have yet to mention the farm or farms (in one case extending to over 3000 acres), often also nursery and market gardens, purchased and maintained by the society, not so much for profit as for ensuring to the members a constant supply of the best dairy produce, vegetables, and fruit, and for providing, for the extensive butchery department, convenient accommodation land, a ham and bacon curing establishment, and a sausage factory. Not yet common, but now increasingly prevalent, is the maintenance of a country mansion for the use of the members, with extensive gardens and playing fields, a small park and attractive woodlands, connected with the city by organised charabanc journeys, resorted to by week-end house-parties; and extensively used as a "holiday home" at the Christmas, Easter, Whitsuntide, and summer vacations.[1] To the Co-operative convalescent homes of the district, members of all the local societies have access on payment of a small weekly fee; "lines" or "recommends" securing admission to the local hospitals can be obtained, and some societies have arrangements by which the members can obtain the services of the best local

[1] Culcheth Hall, which the Leigh Friendly Co-operative Society (established 1857; 14,119 members in 1920) maintains all the year round as a Holiday and Rest Home, is a well-furnished mansion, representing a value of nearly £20,000, standing in the midst of an estate of 130 acres farmed by the society, in a pleasant rural country between Leigh and Warrington (*History of the Leigh Co-operative Society*, by Thomas Boydell, 1907). The Plymouth Co-operative Society has extensive and attractive country mansions at Whympstone and Membland, which are being increasingly used by the members as holiday homes and summer schools (*Diamond Jubilee Record of Plymouth Co-operative Society*, 1920, pp. 39, 54). The Royal Arsenal Co-operative Society (Woolwich) maintains "Shornells," at Borstal Woods, as a boarding-house and excursion centre. The Peterborough Society maintains Glatton Hall for the same purpose. "The Nelson Co-operative Society maintains Hill End House as a "guest house and summer school." The Ipswich Co-operative Society maintains, at Felixstowe, a seaside boarding-house for its own members.

dentist on advantageous terms.[1] Over and above the organised supply of all these services and commodities, we shall find, revolving round the society's educational committee and, often, its "social institute," all sorts and kinds of associations and clubs; "guilds" for women, for men, for young persons, for children, usually with branches meeting at the outlying stores, debating societies, literary societies, choral societies, drill and dancing classes, chess societies, photographic societies; football and cricket clubs, field clubs, rambling clubs, cycle clubs, "summer schools" and "holiday fellowships" for home and foreign travel.[2]

Arrested Developments

Although there are now no fewer than a score of societies having each an annual turnover of more than a million sterling, so that the society is occasionally actually the largest single employer of labour in its district,[3] it must not be supposed that all these manifold

[1] The Enfield Highway Co-operative Society (established 1872, membership in 1920, 15,705, sales £700,354) subscribes £100 each half-year to the Southern Convalescent Fund, which enables its members to get money grants in convalescence and provision for dentistry.

[2] No service is too small for the Co-operative society to supply. Thus, opera-glasses, field-glasses, telescopes, and sometimes travelling bags or trunks are provided for hire by members about to travel. "The loan of opera-glasses to members, which is such a successful feature of our work, was arranged for in the first instance on April 9, 1873. . . . Since then field-glasses have been added, and the charge reduced to 1d. per day. Galvanic batteries have been added for loan to members at the same charge" (*History of the Educational Department of the Bolton Co-operative Society, 1861–1914*, by F. W. Peaples, 1914, p. 10). Some societies have bath-chairs for members to hire (as in the Hull Co-operative Society). Others (like the Sunderland Equitable Industrial Society) add microscopes and lantern slides. In some cases (as in the Enfield Highway Co-operative Society) crockery is hired to members. Nor is the provision of the Co-operative society confined to material commodities. The Plymouth Co-operative Society has a Legal Department, which assists its members with legal advice. The Colne Co-operative Society opened, in 1921, an office to help its members to cope with their Income Tax returns and assessments. During the war the Royal Arsenal Co-operative Society, among others, organised a special department to deal with its members' difficulties over food rationing.

[3] At Plymouth, which has some 200,000 inhabitants, the Co-operative

developments of Co-operative enterprise can be found in any one society, still less that they are actively shared in, even in the most advanced society, by anything like the entire membership. On the contrary, as we have already indicated, a large proportion of the members of every society merely deal with it for the most common household supplies, and take practically no part either in its management or in its educational opportunities and social life. Beyond the supply of the common material necessaries of life of the average working-class household,[1] each of the other activities of the Co-operative society will be found to be taken advantage of only by a small and sometimes by a relatively infinitesimal minority of the members. It is needless to say that this applies most of all to the strictly educational work of the societies, and scarcely less so to the various attempts at organising social intercourse. There is, in fact, alike in the small rural societies and in the great amalgamations now characteristic of the large cities, often a regrettably small amount of collective social and intellectual activity. In many societies there is none. We have come across no society in which as many as 5 per cent of the members actively share in what social and intellectual life the society provides. Compared with the profit-making trade which Co-operation displaces, even this small nucleus of social intercourse and intellectual activity is so much clear gain to the community. But the nucleus is lamentably small. It is here that the Co-operators

society has 2519 employees, " a number by far exceeding that of any other employer in the district, with the exception, of course, of the Government " (*Diamond Jubilee Special Record of Plymouth Co-operative Society*, 1921, p. 45).

[1] In the Plymouth Co-operative Society, established in 1860, and having in 1920 65,912 members—a society noted for the wide range and variety of its enterprise—90 per cent of its two and a half million pounds of receipts in that year were derived from the nine principal departments of grocery, butchery, dairy, bakery, coals, drapery, greengrocery, boots, and tailoring (*Diamond Jubilee Special Record of Plymouth Co-operative Society*, 1921, pp. 45-6).

have most fallen short of the hopes and aspirations with which the Movement began. Relatively to the great increase in membership, capital, and trade, the amount of educational work has stood still. In many cases the lending libraries and reading-rooms have been abandoned, on the excuse that the municipal library now supplies all needs.[1] There are a few fairly good Co-operative libraries—those of the societies at Bolton and Oldham have each over 20,000 volumes,[2] whilst that of the Jarrow Society claims to have even a larger circulation of its well-chosen collection—but, where the Co-operative library is continued, it is not often supplied, year by year, with the new books in history, science, economics, and politics that a young student requires, or the thoughtful workman wishes to read, and is allowed to remain, with the least possible expenditure on additions, almost entirely made up of the cheapest, often the trashiest, and generally the least valuable novels. Here and there a Co-operative society will bring down a series of quite good lecturers from London and the Universities to speak to its members on literature, science, art, and politics, thus affording to an obscure industrial district a valuable intellectual stimulus that would not otherwise be supplied. But for the most part the Co-operative Movement can hardly be said to be distinguished for setting a standard by its popular lectures, or successful in attracting addresses from men of light and leading. Many a Co-operative society has done useful work in the past, though on rather a small scale, by organising evening classes in

[1] In 1882 the Halifax society, which had (a very exceptional case) made some disastrous speculative investments of its surplus capital, sold its library of 4000 volumes to the municipality for £250 when the municipal library was established (*History of the Halifax Industrial Society, Limited, for Fifty Years*, by Montague Blatchford, 1901, p. 131).

[2] At Bolton, indeed, the library and reading-rooms of the Co-operative society are said to be superior to those provided by the municipality (*History of the Educational Department of the Bolton Co-operative Society, Limited. 1861–1914*, by F. W. Peaples, 1914).

literature, science, and art, before this work was undertaken by the local education authority; and some of them still find this service useful, in supplement of the rather sluggish efforts of a backward county council. Ordinary classes of this kind are, however, now commonly provided in all the towns by the local education authority, to which the Co-operative society has ceded the work. The society's classes are now commonly restricted to book-keeping and the "principles of Co-operation," mainly for the benefit of the employees, and a few of the sons and daughters of the members. Only occasionally do we find the Co-operative society taking the lead in the newer developments of adult education, such as the organisation, in conjunction with the Workers' Educational Association, of University Tutorial Classes. There is, in fact, in nearly all Co-operative societies to-day, an uncertainty of aim and infirmity of purpose with regard to the educational work to be undertaken, which we may see reflected in the financial provision that is made. Instead of the traditional 2½ per cent of the profits, which was assumed to be allocated to education, many small societies now allocate nothing, and many more give only a smaller percentage, or only a fixed sum of a few score or a hundred pounds,[1] most of which is spent in concerts and other entertainments,

[1] In 1916, out of 892 societies from which returns were obtained—not to speak of the 500 odd which made no return—39 allocated nothing to educational purposes, 127 made a grant of a specific sum, 15 allocated from ¼ to ¾ per cent of the profits, 99 from 1 to 2 per cent, 69 gave the traditional 2½ per cent, whilst 6 gave either 3 or 5 per cent, and 2 gave 10 per cent. Five others gave small percentages on sales or small sums per member ("General Co-operative Survey Committee's Report," in *Co-operative Union Annual Report for 1916*, p. 259). In 1898, when an unsuccessful attempt was made in the Bolton Co-operative Society to reduce the annual allocation to the work of the educational committee from 2½ per cent to 1½ per cent of the surplus, it was stated that the Oldham Equitable Society was thus allocating 3 per cent and the Oldham Industrial Society 4 per cent (*History of the Great and Little Bolton Co-operative Society*, by F. W. Peaples, 1909, p. 227). Among the societies having the best record for educational work seems to be that of Bolton; see *History of the Educational Department of the Bolton Co-operative Society, Limited, 1861–1914*, by the same, 1914.

or in paying the expenses of a small proportion of the members as delegates to conferences. On the other hand, a few societies are adopting the sounder policy of allotting for education one, two, or (as at Eccles) even three shillings per member per annum.

One of the principal objects of the educational committee is always publicity and propaganda, with a view of attracting new members to the society. The Co-operative Movement is permanently at a disadvantage, in comparison with almost every other social movement, in being consistently ignored, and very largely boycotted, by the newspaper Press, which has become ever more dependent on the revenue derived from the advertisements of the profit-making manufacturers and traders. These naturally resent any gratuitous notice of the proceedings, however greatly of public interest, of what to them is merely a business rival.[1] Thus, even in districts in which nearly every household is that of a Co-operator, the really striking developments of the Co-operative society, its quarterly meetings and even its public lectures and entertainments, receive only the scantiest notice. To counteract this boycott, some Co-operative societies publish a little monthly or quarterly journal entitled, *The Record*, *The Co-operator*, *The Co-operative Bee*, *The Provident Magazine*, or *The Co-operative Economist*; but 430 of them prefer to add four or eight pages of local Co-operative news to the monthly magazine called *The Wheatsheaf* which the C.W.S. publishes for this purpose, with an aggregate circulation of nearly 650,000; or at least they distribute to their members, on application only, the Movement's national weekly, *The Co-operative News*, at half-price, or even gratuitously.

[1] Co-operative societies have hitherto made little use of the newspapers for advertising their own stores. Occasionally (as happened to the Teignmouth Co-operative Society in 1918) the local newspaper will refuse to insert such an advertisement, even if the price is tendered

We cannot say that these attempts at publicity by the 1300 retail Co-operative societies attain any considerable success. None of the local publications succeeds in being attractive to any but a convinced Co-operator,[1] and only very rarely can they be said to possess literary merit. We fear that it must be confessed that the local Co-operators seldom appreciate either the difficulties or the advantages of a high literary standard; and committees of management can rarely themselves produce a competent editor; nor bring themselves to afford the cost, even where they have memberships of 50,000 to appeal to, of a really good local Co-operative magazine. It is, we think, remarkable that the Co-operative societies have, as yet, not seen the advantages for publicity, as well as for the education of their members, and for obtaining revenue, of regular cinematograph entertainments,[2] in which the most popular films might be judiciously combined with attractive descriptions of the society's newest developments, and utilised for advertising its forthcoming meetings, its lectures, and its other entertainments.[3]

It is, we suggest, symptomatic that the Co-operative society which, in spite of great difficulties, has organised a successful business in coal and fish, milk and drugs, greengrocery and butcher's meat, has nowhere developed, apart from the rather feeble local magazines that we have mentioned, any substantial publishing or even bookselling department. There are small departments for newspapers, magazines, and books

[1] Among the best that we have seen are *The Kettering Co-operative Magazine*, *The Keighley Co-operative Bee*, *The Cainscross and Ebley Co-operative Economist*, and *The Provident Magazine* (of the Paisley Society).

[2] The Walkden, Whalley, Clitheroe, Derby, Grimsby, Shanklin, Lake, and Bramstone, and a few other societies do, however, run cinema theatres.

[3] It may be added that we know of no society in Great Britain in which the plan of the very successful Hamburg Co-operative Society has been adopted, of dividing the entire membership into small geographical blocks according to residence and placing each block in charge of a zealous volunteer, who regularly visits all the families allotted to him in order to inform them of new developments, ascertain whether they have any complaints, and generally arouse their interest in the Co-operative Movement.

at Co-operative stores at Burnley, Nelson, Long Eaton, and at the Roe Green branch of the Willesden Society. Here and there a society will add to its drapery department a small counter for the display of (almost entirely) illustrated books for children or presents.[1] But notwithstanding that there have always been reading boys in working-class households, that many a workman's cottage now contains a substantial collection of books that have interested the owner, and that the number of artizans and mechanics who buy solid treatises has greatly increased, the distribution of scientific, historical, economic, or political literature, of cheap reprints of classical works or even of the standard novels, has not yet been undertaken by any Co-operative society. Hence all the great and steadily increasing working-class demand for books is being supplied outside the Co-operative Movement.[2]

With Co-operative enterprise in the larger societies covering so wide a range of commodities and services and extending to so great a volume of transactions, with the increasing need for a more rapid growth of

[1] We shall deal, in the next chapter, with the publishing work of the federal organisations of the Movement; and we need here only note that the English C.W.S. has endeavoured to promote a regular bookselling trade by the retail societies, and has established a wholesale "Book Department" at its Newcastle branch.

[2] We have ourselves supplied some of our own books direct to Trade Unionists, in specially cheap copies, in tens of thousands. The Labour Research Department has disposed of thousands of cheap copies of books on economic history and current politics. A separate body, the Labour Publishing Company, is now taking up this work. The Workers' Educational Association sells annually thousands of copies of such books. At Bradford, Glasgow, and elsewhere there are booksellers successfully specialising in this business of supplying the wage-earners with good books.

A more invidious development is the very extensive sale, by canvassers to working-class households, of expensive books, to be paid for by instalments. Some of these books are of great educational value, but many of them are not; and they are always supplied, often flashily illustrated and bound, at very high prices. The extent of this traffic is not often realised. Probably the total amount at any one time outstanding in instalments—the average loss by bad debts being only 1 per cent—is in the neighbourhood of a million sterling. One concern has more than a quarter of a million pounds on its books, representing a regular clientele of possibly as many families.

social and educational activities, Co-operators will realise how important are the constitutional improvements to which the most progressive societies have been led by their experience. We suggest that the Movement suffers, to some extent, from the slowness with which improvements travel from society to society. There is, here and there, too much disposition, amid the steady increases in the figures of membership and trade, to "rest and be thankful." The growth in size must, of itself, compel a development of structure. To continue successfully to fulfil the demands and to satisfy the aspirations of the four million Co-operators, one society after another will find itself obliged to strengthen its management committee by full-time directors; in one or other way to redistribute its membership so as to give to the rank and file a more real opportunity of taking part in the government of the society; to raise and to constitutionalise the status of its employees; to organise its great electorate of 50,000 to 100,000 persons, actually larger than that of the normal municipal or parliamentary constituency; and finally, as we suggest, to institute some sort of representative body, such as the quarterly conference of the Leeds local committees, or the summoning of representatives from women's and men's guilds, so as to enable its vast membership effectually to control the administration and usefully to stimulate the energies of those directors and officials who are inclined to rest on their oars. The consumers' Co-operative democracy has shown, during the seventy years of its existence, a remarkable capacity for initiative and experiment. The Movement originated, as we have seen, in the invention by a group of working men of an economic device of remarkable potency—dividend on purchase—as one way of trading without profit. Successive generations of working-class committeemen and officials have not only added new ways

of carrying out this fundamental principle of production for use, such as collective insurance and free services to members, but have made a series of inventions in the method and machinery of democratic management—inventions which have made practicable a rapid increase alike in the volume and variety of Co-operative enterprise. The arrest that we seem to recognise in the educational activities of the Co-operative societies, the growing disparity in the amount spent on education and in the brains put into this work relatively to business management, may perhaps be due to the survival in nearly all the societies of an *ad hoc* education committee with an inefficient and often unpaid staff, and with neither the status nor the opportunity for stimulating and guiding the intellectual and social life of the tens of thousands of men, women, and children included in the local Co-operative community.

But we have, as yet, told nothing like the full tale, either of Co-operative activities or of the development of Co-operative structure. Great and varied as is the business of the larger retail societies, by far the most extensive development has been that of the federal institutions of the Movement, to which we have, so far, barely alluded. It is, in fact, in these federal institutions, with which we deal in the next chapter, that we see, during the last two decades, perhaps the most significant progress.

CHAPTER II

FEDERAL INSTITUTIONS

WE have described the establishment of consumers' Co-operation in Great Britain in the " store," formed by a group of workmen for the purpose of supplying themselves with commodities and services without the toll of profit. We have seen how these stores have, in hundreds of cases, developed into great democracies of consumers, with constitutions successfully adapting themselves to their continual increase in membership and variety of functions ; yet remaining always localised and autonomous. But unlike the contemporary development of municipal enterprise in Great Britain—itself a species of consumers' Co-operation [1]—the British Co-operative Movement has always manifested a genius for federal union. For the first generation after 1844 this spirit of federation took the form of groups of neighbouring stores uniting together for the limited purposes of corn-milling and baking, or of subscribing to the establishment of the " Co-operative Productive Societies " (associations of producers) or the " Working-class Limiteds." Some of these so-called Co-operative Productive Societies, like the Co-operative Corn-mills and the Baking Societies, are avowedly only federations of consumers' societies.[2]

[1] See, for an examination of the relative position of Municipal Enterprise and the Co-operative Movement in the community of the future, Chapter VI. of this book.

[2] It illustrates the confusion of thought which prevails that these Co-

Others, like the Co-operative Printing Society and the Co-operative Sundries Manufacturing Society, though classed with associations of producers, are really organised by and for the advantage of the associations of consumers. Others, again, retain in the ownership of shares by the operative employees a semblance of the " self-governing workshop " idea, but have become, alike as regards management, capital, and trade, dependents on the consumers' societies. During the past couple of decades there has been a continuous tendency for such organisations (like the celebrated Hebden Bridge Fustian Manufacturing Society) to pass finally into absorption by the Co-operative Wholesale Society.[1]

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operative Corn-mills and Baking Societies are commonly classed with the little associations of producers, so that the statistics are made to give an unreal importance to what is called " Productive Societies." Of course the Co-operative Corn-mills are not associations of the labourers employed in them, nor the Co-operative Bakeries of the operative bakers. We believe that not one such person is a member. The shareholders are, in both cases, for the most part Co-operative associations of consumers, along with a few private individuals, who thus combine to supply themselves with flour and bread. There are in England three such Co-operative Corn-mills (employing 61 persons), producing £304,000 worth of flour, and five such Co-operative Bakeries (employing 65 persons), producing £101,000 worth of bread, etc. In Scotland there are nine such Co-operative Bakeries (employing 1576 persons), and producing £1,951,000 worth of bread, etc. Of like nature are the Co-operative Laundries, of which there are seven in England and one in Scotland (employing 875 persons), and doing work to the extent of £160,000 per annum, almost entirely for Co-operative associations of consumers.

[1] During the last eighteen years the C.W.S. has absorbed the following separate societies, which were of the nature either of associations of producers, largely supplying consumers' societies, or of federal organisations of consumers' societies:

1903. Leicester Hosiery.
1904. Huddersfield Brushmakers.
1905. Desborough Corset Manufacturing Society.
1906. Rochdale Flour.
„ Star Flour Mill, Oldham.
1908. Keighley Ironworks.
„ Dudley Bucket and Fender.
„ Birtley Tinplate.
1915. Halifax Flour.
„ Sowerby Bridge Flour.
„ Colne Valley Flour.
„ Unity Cutlery Society.
„ Federated Cutlers.

But in spite of this tendency of the older federal organisations to be absorbed in the Co-operative Wholesale Society, there has been of recent years a revival of the Movement for partial federations of local origin. In some cases small societies have combined to form joint associations for millinery and drapery: thus the two Westhoughton societies have lately united to form the Westhoughton and District Society for such purposes. Various federations have been formed for the baking of bread, including one of nine societies in East Durham in 1919. Laundry work is often undertaken in the same way, and there are now in existence seven laundry societies on a federal basis. A number of societies in South Yorkshire lately met in conference to consider the advisability of forming a federal organisation for purposes of local transport, including the erection of a joint workshop for motor-lorry repairs. In 1919 seven societies agreed to form a federal body (the Tees-side Co-operative Federation) to start a jam factory at Stockton-on-Tees. Such local federations for particular purposes formed one of the developments suggested by the General Survey Committee, which reported that "Federations of retail and distributive societies can in many places be formed for the purposes of undertaking business which societies individually are not able to undertake, or which can be more economically administered by a federation. . . . Federations of local societies might undertake waggon building, harness making, the making of laundry and bakery fittings, scales, requisites for shop furnishing, as well as the manufacture of mineral waters."[1]

1917. Delph Woollen Manufacturing Society.
1918. Hebden Bridge Fustian Manufacturing Society.
And jointly with Scottish C.W.S.:
1913. Co-operative Insurance Society.

[1] *General Co-operative Survey: 3rd Interim and 4th Final Reports of the Co-operative Survey Committee, as presented to the Carlisle Congress*, 1919, pp. 44 and 75.

Local federations of this kind are naturally not looked on with favour by the Co-operative Wholesale Society, except in such things as laundry work, which the C.W.S. does not yet undertake, or in dealing with local agricultural produce. It is said, indeed, that some of the societies interested in the Tees-side Co-operative Federation refused to continue the sale of C.W.S. jam. How far the modern revival of these partial federations will prove durable it is too early to predict; but past experience throws doubt on their being able, in the long run, to serve the societies so well as the much more extensive organisation of the Co-operative Wholesale Society, in which, so far as they deal in the same commodities or supply the same service, they will probably eventually be merged.

The Co-operative Wholesale Societies

The most important of these federal bodies in the Co-operative Movement on its manufacturing, distributive, and financial sides are, it need hardly be said, the English and Scottish Co-operative Wholesale Societies, in which are united all but a tiny fraction of the thirteen hundred local consumers' societies, together with a hundred other Co-operative organisations. The first of these,[1] "the Co-operative Whole-

[1] "The objects of this 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 against risks of every description which may be lawfully undertaken within the meaning of the Assurance Companies Act, 1901, and the National Insurance Act, 1911, . . . but no new trade or business of manufacturers, cultivators of land, or workers of mines shall be begun without the sanction of a general meeting on due notice given" (Rules of the Co-operative Wholesale Society, Limited, 1912).

A few small societies still stand aloof from membership of the Co-operative Wholesale Society, though they do not, in any case, abstain from purchasing its wares. One of them is the Rochdale Provident Society, which has 16,401 members and an annual trade of £411,379, but the others are small bodies. These claim that, however useful the Co-operative Wholesale Society may be, they are themselves able to buy more advantageously for their members by taking full opportunity of the open market

sale Society," was established in Manchester by a group of Lancashire and Yorkshire Co-operators in 1863 under the name of the North of England Co-operative Wholesale Society. The Scottish Co-operators followed suit in 1868. These great business federations are based, like the individual stores, on government by and in the interests of the consumer; they are practically open only to Co-operative societies, which take shares in proportion to their membership, and share the "profits" in proportion to their purchases. The two "Wholesale" societies not only obtain for the stores, on the lowest possible terms, practically every article in which they deal direct from the English or foreign manufacturer or grower, but they have also, for the past half-century, set themselves to manufacture, in their own productive departments, every commodity demanded by the stores which they can possibly produce to advantage. The English society sells annually, to its membership of twelve hundred societies, over a hundred and five millions sterling worth of goods (being nearly three and a half times the value of 1913), of which over thirty-three millions (or more than four times the value of 1913)

They may be influenced by the wishes of their managers or their committeemen, who may have personal reasons—not necessarily of a corrupt character—for placing their orders elsewhere. There is, however, a strong tendency to come in, it being very justly felt that to deal with the Co-operative Wholesale Society affords the surest guarantee against corruption. The Leeds Industrial Co-operative Society, in 1919 actually the largest in Great Britain, long refused to join the C.W.S., but did so in 1920.

Membership of the Scottish C.W.S. is not so nearly universal among the Scottish societies, of which several among the larger bodies hold aloof (though purchasing as non-members), among them being the Aberdeen Northern (32,883 members, £1,554,348 sales); Eastern Dundee (8473 members, £524,305 sales); Westport Arbroath (2579 members, £83,546 sales); Lennox, Dumbarton (2350 members, £156,855 sales); Rutherglen New Victualling (920 members, £66,119 sales); Abbey Green, Lesmahagow (579 members, £39,348 sales); and a number of smaller societies.

For the history of the wonderful growth of these "Wholesales," see *The Story of the C.W.S.*, by Percy Redfern (Manchester, 1913); *The History of Co-operation in Scotland*, by W. Maxwell (Glasgow, 1910); and *Wholesale Co-operation in Scotland: the Fruits of Fifty Years' Efforts, 1868–1918*, by James A. Flanagan (Glasgow, 1920).

are the products of its own manufacturing departments. Making various necessary allowances, it is estimated that the two Wholesales supply the stores with about five-eighths of all the goods that these distribute, and others are obtained from associations of producers, or produced by the local societies themselves, so that it is doubtful whether the societies purchase as much as one-third of their turnover from capitalist traders. The largest items of the English Co-operative Wholesale Society sales are: butter and margarine to the extent of £7,272,897; sugar, £11,975,187; bacon and hams, £5,483,947; and tea, 5,473,516; whilst flour to the value of £9,552,777 is annually produced in the great Co-operative Wholesale Society mills—making nearly forty millions sterling for these five important food items alone. Drapery, apart from men's woollen cloth and ready-made clothing, amounted to £8,299,397; hosiery to £1,566,316; shirts to £436,432, and plain cotton weaving to £902,718. It is interesting to compare the manufactures of the two forms of Co-operation. Among the C.W.S. products are boots, shoes, and leather to a value of £2,138,435, which is more than half as much again as the aggregate output (£1,419,251) of all the little bootmaking factories of the associations of producers; printing and bookbinding to the value of £844,781, which exceeds the output of all the printing and bookbinding societies organised on that basis. Altogether the manufacturing work of the C.W.S. is six times as great as the aggregate of all the associations of producers. The two Wholesale societies employ over 36,000 operatives in what are classed as processes of production. Taking together the stores and the Wholesales, with the corn-milling and baking societies, the associations of consumers employ, in manufacturing processes of one sort or another, just upon 47,000 operatives, which is five times as many as are employed by all the

associations of producers put together, even including those which are really only dependents of the stores.

Banking

The economists of to-day warn us of the increasing power wielded in contemporary industry by those who control the operations of banking, and thereby insidiously influence the direction in which the nation's annual savings shall be invested. One of the most important developments of British Co-operation is the banking system that it has organised for itself. It is an incidental result of the device of " dividend on purchases," which those unfamiliar with the movement find it difficult to credit, that the Co-operative societies —that is to say, the associations of consumers—have frequently had at their disposal more capital than they knew what to do with. They make it a rule to pay cash ; and, vast as is their business, their bills are unknown in Lombard Street. In 1872 the C.W.S. started a " Deposit and Loan Department " for the convenience of its constituent societies, and this, from 1876, has been termed the Banking Department. It now keeps the current accounts of over a thousand Co-operative societies ; more than five thousand Trade Unions, Trade Union branches, and Friendly Societies, and over two thousand Working Men's Clubs and other mutual organisations (these latter, which have deposits of some four millions, began to be admitted as non-members from 1887), its total deposits and withdrawals now exceeding six hundred and forty-five million pounds a year. This, it is calculated, is about 95 per cent of the cash turnover of the whole Co-operative Movement in England and Wales, only eighty-two societies, with the remaining 5 per cent of the turnover, still keeping their accounts with the capitalist banks. In contrast with

the practice of these competitors, the C.W.S. Bank charges a definite commission for keeping each account, according to its volume and amount. But, on the other hand, it allows interest on all balances, whilst overdrafts are permitted at a fixed rate. The commission charged for working current accounts is calculated on a basis to cover approximately the expenses incurred. The surpluses available after making due provision for reserves and depreciation of investments are used for increasing the interest allowance and reducing the charge for overdrafts. Thus the advantages of the operations of the bank go entirely to its customers, whether lenders or borrowers, and not to shareholders as such.

Until the changes rendered necessary by the war, the surpluses were allocated to the customers in the shape of a dividend, which was usually 1 per cent on balances. For instance, supposing the rate of interest allowed on credit balances to be $3\frac{1}{2}$ per cent, the dividend of 1 per cent would bring the allowance up to $4\frac{1}{2}$ per cent ; and if the rate of interest on overdrafts was 6 per cent, the dividend of 1 per cent would reduce the charge to 5 per cent. In the case of non-members the dividend allowed would be at half the members' rate as above. During the war, however, the interest and dividend were consolidated, and a net rate is now charged or allowed in a single operation, such rate being fixed at the end of the half year after an estimate of the results of the working has been made. Thus, in the instances given above, the allowance for interest on credit balances would be calculated at $4\frac{1}{2}$ per cent (instead of $3\frac{1}{2}$ per cent plus 1 per cent), and the charge for interest on overdrafts would be calculated at 5 per cent (instead of 6 per cent debit and 1 per cent credit). In this way the whole net surplus resulting from the banking operations, which a joint-stock bank would call its profit, is distributed half-yearly

among its customers, whether borrowers or lenders. The balance remaining to the credit of the Revenue Account represents only the sum retained for transfer to reserve or depreciation. It is interesting to notice that if the joint-stock banks of the United Kingdom treated their customers in the same way, it would mean distributing among these customers just about what is now distributed in dividend among the bank shareholders ![1]

The C.W.S. Bank has its own offices at Manchester, London, Newcastle, Bristol, and Cardiff; and it makes use, as receiving and paying agents, not only of many hundreds of Co-operative societies in all parts of the kingdom, but also of the branches of other banks. In 1910 it began to open deposit and current accounts (for private and not for exclusively business purposes) for individuals being members of and recommended by Co-operative societies, which act, in each case, as receiving and paying agents. There are now over 19,500 such individual accounts (mostly deposit), in connection with over 600 Co-operative societies, with an average aggregate balance exceeding two and a half millions sterling.

Both the Trade Union and the individual accounts are rapidly increasing in number and aggregate volume, owing to the growing feeling in favour of concentration of working-class effort. The Trade Union business

[1] The Co-operative Wholesale Society, until recently, also advanced money, through the societies, to enable individual members to build or purchase their own houses, to the extent of a million and a quarter pounds to over five thousand members; whilst in 1919 and again in 1920 it took a further step by inviting individuals as well as societies to subscribe for 5½ and 6 per cent bonds repayable in five and ten years as a method of increasing its capital to enable greatly increased stocks at enhanced prices to be carried, and extensions in the purchase of agricultural land and other developments to be undertaken. Over £6,000,000 have been subscribed by means of these bonds. The Scottish Co-operative Wholesale Society does not do banking proper, in the sense of keeping current accounts. But it receives deposits at interest from both societies and individual members, the amount now standing at over four and a half millions sterling. Much of this sum is invested at short notice with public authorities, whilst some is lent to societies on the security of land and buildings.

has also been greatly developed by the facilities offered in connection with the transactions of the Trade Unions as Approved Societies under the National Insurance Acts. Four such societies alone issue among them no fewer than 2000 small cheques each week for benefits due to their members, and as these cheques are payable at the Co-operative society to which the member belongs, they afford the cheapest and most convenient vehicle for the issue of benefits to members scattered over the whole kingdom.

The possible sphere of expansion for the C.W.S. Bank is plainly very great. With the growing tendency of the better paid artisans, the teachers, and other minor professionals to open current accounts, it might easily become a bank of hundreds of thousands of small individual accounts. But it has also large accounts, which, in the case of some of the Co-operative societies, run into millions of pounds. It will very probably secure practically the whole remaining banking business of the Trade Union and Working Men's Club Movements, as well as that of the Labour Party and consumers' Co-operative Movements. The volume of business of the C.W.S. Bank has been growing during the last few years at the extraordinary rate of 30 or 40 per cent per annum, in spite of the difficulties introduced by the war. Further growth is now to a certain extent obstructed by the apathy of some of the Co-operative societies, perhaps due, in some degree, to an objection on the part of their staffs to having to undertake the additional work involved in acting as agents for the bank, and to a failure to realise the importance of advertising, among their members, the advantages which a greater concentration of working-class investment would bring to the whole Movement. It should be added, too, that although the Productive Federation uses the C.W.S. Bank, it is only employed by a minority of the Co-partnership

or Productive Societies; and only to a small extent by the Friendly Societies. Moreover, the great rise in prices, with the consequent greatly increased value of the stock to be carried, together with the rapid development of new departments, has for the moment absorbed all the surplus capital of the Co-operative societies themselves, with the result that the demand for overdrafts has lately been greater than that for safe and remunerative custody of surplus balances. This need for more working capital is leading societies everywhere to remove their former limitations on the amount of share and loan capital to be held by any one member, and to increase (in one case even up to 8 per cent) the rate of interest allowed thereon, whilst the C.W.S. itself is issuing 6 per cent bonds—developments which restrict the desire of individual Co-operators for deposit accounts in the C.W.S. Bank. It has been made a subject of reproach that, although all the surpluses of the C.W.S. Bank are shared exclusively among its customers, these exercise no more control over its management—except through the societies' membership of, and control over the C.W.S. itself—than do the customers of an ordinary joint-stock bank. Possibly for this and other reasons a suggestion was made by the General Survey Committee in 1919 for "the transfer of banking facilities to a special Co-operative Banking Society," which, it was thought, "would lead not only to a more rapid development of Co-operative Banking, but also, through the greater concentration upon trade which would then be possible, to a more rapid development of wholesale co-operative trade and centralised production." The suggestion naturally did not commend itself to the C.W.S., nor were any substantial grounds for it discovered; and it found so little support that the General Survey Committee formally withdrew it in 1920, retaining, however, the proposal of a Co-operative

Investment Society, " to take such surplus capital as the Wholesale Societies did not require "—a proposal not applicable to the present circumstances, when nearly every Co-operative society, and particularly the two Wholesale societies, need all the increased capital that they can obtain.

Insurance

Co-operative Insurance began in 1867, when the Co-operative Insurance Society was established to undertake the fire insurance of the different societies. Gradually all the other branches of insurance were added, including the life insurance of individual Co-operators; and in 1913 the whole concern was taken over jointly by the English and Scottish Wholesale Societies, and is now run—retaining its own name—by a joint committee. We need not describe its highly successful provision for all the needs of the societies as regards ordinary and industrial life assurance, fire, accidents, workmen's compensation, employers' liability, and fidelity guarantee insurance, with an aggregate premium income of more than $1\frac{1}{4}$ million sterling. Another development is that of the so-called " industrial " life insurance by weekly premiums. For some years this made no great progress, but in 1918 the Planet Insurance Society, which had been established among Trade Unionists, was taken over, and a serious attempt was made to extend this department, with the result that the business is now increasing by leaps and bounds, the industrial premium income being, at the end of 1920, about £3000 per week. There were then over 130 district managers, each with a staff of agents, working in close conjunction with the local Co-operative societies. It is claimed that the Co-operative Insurance Society works at a much lower expense ratio, and accordingly

offers better terms than the profit-making Industrial Insurance companies; and that the facilities afforded by the constantly accruing dividend on purchases will enable Co-operators to obtain the still further savings of annual instead of weekly payments. But the most remarkable feature is the development, since 1904, of its plan of "collective life assurance," by which all the members of a Co-operative society, without selection or medical examination, become automatically insured, without being bothered to make any individual payments, by the silent operation of "dividend on purchases." The Co-operative society pays a single premium annually, covering all its members, at the uniform rate of a penny in the pound on their aggregate purchases. Benefits then become payable on the deaths of members, varying according to their average of purchases during the preceding three to ten years. A further development of the scheme in 1910 provided for benefit payable also on the death of the wife or husband of the member.[1]

[1] As at present arranged, any society's collective premium of a penny in the pound on the members' recorded purchases gives, on the death of a single man or woman, a benefit of five shillings in the pound of his or her average year's purchases, up to a maximum of £50. In the case of a married pair (whether or not more than one of them is a member) the benefit on death of husband is four shillings, and on death of wife two shillings, in the pound of the average year's purchases of the couple, up to maxima of £40 and £20 respectively (or, if the society prefers, equal benefits at the rate of 3s., and up to a maximum of £30 in each case, may be substituted). Half benefits may be secured by a collective premium of a halfpenny in the pound.

A yet further development in 1910, providing benefit also on the death of any child of the member—which was not at once widely taken advantage of—was abandoned in 1913, pending further consideration. The advantage of having all the children's death benefits automatically found, without the drain of the weekly pence to the Industrial Insurance companies' agents, would, we believe, prove a powerful recruiting influence among the wives.

Any Co-operative society can now obtain policies insuring definite benefits on the death of members' children over six months old, as well as members and wives, for a payment of 1½d. per £1 of aggregate purchases; and one society (the West Wylam and Prudhoe Co-operative Society, established 1873, membership in 1920, 6045, sales £443,119) has taken advantage of this. The statutory prohibition of the payment of more than a limited sum on the death of children, however much may have been insured, prevents the spread of this scheme, as most children of Co-operators are already covered by the policies of the Industrial Insurance companies; and their parents cannot believe that it would pay them to throw these away.

Down to the end of 1920 no fewer than 890 Co-operative societies, with an aggregate of more than 2,675,000 members, had adopted this insurance scheme, the premium income at a penny in the pound reaching practically £600,000 a year, and the number of claims paid reaching 42,838. All net profits are, of course, returned as bonus to the participating societies. We may contrast the cost of this Collective Life Assurance of the Co-operators with that provided by the great Industrial Insurance companies with their tens of thousands of agents. The weekly collection of premiums by these agents involves a ratio of expenses to premium of more than 40 per cent, or fivepence in the shilling. In the Co-operative scheme there are no weekly pennies to trouble about, there are practically no lapses, and the ratio of expense to premium is only 3 per cent, or less than a halfpenny in the shilling.

It is plain that there is the possibility of a saving of many hundreds of thousands of pounds a year in the payments now actually made by the three or four million Co-operative households, largely weekly or quarterly, for individual life assurance policies. If these Co-operators would merely authorise the premiums to be debited periodically to their share accounts, into which there streams the quarterly or half-yearly dividend on purchases, nearly the whole expense of collection of these premiums would be saved.

It remains to be noted that, on the establishment of the National Health Insurance scheme in 1912, the Co-operative Insurance Society started its Health Insurance Section, as an Approved Society under the Act, for the purpose of enabling Co-operators to insure in their own society. This was exclusively an English venture for account of the C.W.S., the Scottish Wholesale having no part in it. The prompt and

energetic action of the Industrial Insurance companies, which had the advantage of having tens of thousands of agents in the field, prevented this Health Insurance Section from gaining more than a quarter of a million members. Their contribution cards and benefits are administered through the several Co-operative societies at a low expense ratio. The Scottish C.W.S. preferred to establish a separate body for the purpose, the Scottish Co-operative Friendly Society, which had, in 1913, no more than 12,026 members, a number which has since grown, partly by absorption of a number of small Scottish societies, to 26,000

The Continuous Expansion of the Wholesale Societies

We have not space to recount what is really the romantic story of the continuous expansion of the English and Scottish Wholesale Societies during the past half-century. The successive ventures in a hundred different kinds of manufacture, from biscuits to ladies' corsets, from boots to buckets, from cotton cloth to cocoa—each one begun with caution, and after protracted enquiry, and upon elaborate consultation with the best available experts—have naturally not been without their ups and downs. Much could be written on what has never been sufficiently described or adequately appreciated—the courageous initiative which both the Wholesale Boards have displayed in launching out in new directions; the dogged persistence they have shown in holding on through years of losses in particular departments until they had found the way to financial success; and the invention and resourcefulness by which this result has been, in one branch after another, at last obtained. Nor have their ventures been confined to Great Britain. Purchasing depots began to be established in Ireland as early as 1866, but an important new departure

was made in 1895, when it was decided to set up creameries in Ireland for the direct production of the Co-operators' enormous requirements in butter. A great many C.W.S. creameries were established during the next few years, with varying financial success ; but this " invasion of Ireland " excited some resentment, and it became gradually more than doubtful whether the form of organisation under a far-distant board was that best suited to the circumstances. At length, in 1909, the decision was arrived at, in principle, that the Irish creameries should be transferred to local creamery Co-operative societies, and the business, in the main, left to them. The English C.W.S., however, still runs in Ireland one creamery and two auxiliaries, whilst the Scottish C.W.S. has nine creameries in Ireland.

In another direction an important step was taken in 1877 by the opening of a New York depot, to be followed by others at Rouen, Copenhagen, Aarhus, Odense, Denia, Esbjerg, Herning, and Montreal. High hopes of a Co-operative shipping fleet accompanied the purchase in 1896 of the first steamship, to be followed by the buying of others and the building of some specially for Co-operative trade. But experience taught the directors that, whilst they could economically arrange for imports, they were not yet in a position to make up full export cargoes, and the Co-operative fleet has sunk down to four vessels and ten lighters. It was a new development, not reached until the present century, for actual production to be undertaken outside the United Kingdom ; but the acquisition of a tallow factory at Sydney (1901) was followed in 1902 by the purchase (jointly with the Scottish Society) of the first of a number of tea estates in Ceylon, later extended to Southern India ; in 1917–1920, by the acquisition, similarly on joint account, of oil-yielding properties in West Africa. The Scottish

C.W.S. had meanwhile been acquiring, on its own account, besides creameries and piggeries, in Ireland, a depot at Winnipeg (1906), various wheat elevators in Canada (from 1908), cocoa-yielding properties in West Africa (from 1914), and wheat farms in Canada (1916).

Meanwhile the heterogeneous manufacturing departments were increasing in number and extent, but the agricultural developments of the Movement remained small, and the vast mass of food supplies for Co-operative consumption were simply purchased in the world market. The desire grew to carry Co-operative enterprise further back, even to the land itself. Mention has already been made of the acquisition, from 1902 onward, of extensive estates overseas for growing tea, oil-kernels, cocoa, and wheat. From 1904 onwards, but particularly since 1912, the English C.W.S. has been buying agricultural estates in England for the production of fruit for its jam factories, milk for its dairies and distributing depots, and wheat for its mills and bakeries, until it has come to own and administer no less than 33,232 acres. In 1917, notwithstanding a financially disastrous experience with a coal-mine in 1877–82, the Shilbottle Colliery was purchased; and this is now being worked to supply a small proportion of the very extensive business in coal.

There seems at first sight no limit to the scope and enterprise of the federated Co-operators in pursuit of their ideal of bringing under the control of the Democracy of Consumers the whole of the processes of industry, right back to the earth itself. The experienced committee-men and managers of the C.W.S., as of the larger stores, are always yearning to eliminate the last remaining capitalist middleman and to get everything at its very source; executing by their own agents all the processes of growing, harvesting, extract-

ing, transporting, converting, mixing, manufacturing, preparing, and packing that the raw material undergoes on its way to consumption, and performing every kind of personal or professional service. And from first to last the object of the Co-operative Wholesale Societies is not to make profit out of the stores to which they belong—any more than the object of the store is to make profit out of the customers to whom it belongs—but merely to charge such a price for all the varied services that they perform as will just cover the necessary working expenses, provide handsomely for depreciation and reserve, and leave, as far as possible uniformly year after year, a modest "dividend"—in England usually 4d., in Scotland now 5d., in the pound—to be returned to the societies, and so eventually to the individual consumers, in proportion to their purchases.[1]

The Service of "Brains"

What the C.W.S. supplies, in a wholesale way, to the retail Co-operative societies is not limited to the wares distributed to the members, or even to the world-wide organisation by means of which the resources of the entire globe are brought, without the intervention of the capitalist profit-maker, to the smallest rural township. The isolated village store, like the old-fashioned little shopkeeper, is at a dis-

[1] At the quarterly meetings, by which the C.W.S. is governed, the members have always expressed themselves against an increase in the dividend and in favour of a lowering of the prices. Unlike the shareholders of any capitalist enterprise, what they ask for is lower dividends. "It is true that in 1908 the Warrington society moved for a fivepenny dividend—'they had no desire for the extra penny, but they brought forward the amendment to test the feeling of the delegates.' But the committee then insisted upon the wisdom of preferring a further strengthening of the reserve funds of the society, and the amendment everywhere was lost by large majorities. Only one year later the soundness of the official policy was demonstrated. In March 1909, after the production losses of 1908, the committee were obliged to draw over £12,000 from the reserve fund to pay the assured dividend of 4d." (*The Story of the C.W.S.*, by Percy Redfern, 1913, p. 317).

advantage, compared with the wealthy "captain of industry" directing his long chain of multiple shops, in commercial knowledge, in accumulated experience of the world market, in the command of highly trained experts of various kinds, and in the organisation of publicity. In more ways than one the C.W.S. brings to the retail Co-operative society the service of brains.

We may note, first, the function of giving information and advice. Not for nothing is the consciousness that the Co-operative world constitutes a community of which the motto is "Each for all and all for each." To the C.W.S. officials and directors turn confidently the managers and the committee-men of all the smaller societies when they are perplexed by any business difficulty, or confronted with threats of oppression by the capitalist trader. Like the Vatican itself, the C.W.S. is—at least relatively to the resources of the average local Co-operative society—omniscient and omnipotent. Its half a century of continuous expansion has given it experience of practically all commercial problems. It has come across nearly all the legal difficulties with which a Co-operative society may be threatened. Its knowledge of possible alternatives is unrivalled. It has no other interest than that of enabling every retail society to surmount the difficulties in its path, and to attain the greatest possible development. All this knowledge and experience is freely placed at the service of any Co-operative society seeking assistance in business perplexity or trouble. And the C.W.S. is a potent ally. A railway company or a manufacturing trust may be tempted to act arbitrarily, or even tyrannically, to a small local business. But it is a different thing to have to deal with an enterprise having an annual turnover of a hundred millions sterling, with access to alternative routes and alternative sources of supply.

In the everyday conduct of business we see this

service of suggestion and advice organised into a continuous consultation and mutual interchange of ideas. At the C.W.S. headquarters at Manchester, for instance, there is, throughout the year, every Tuesday, a carefully organised "Buyers' Mart" or Co-operative Exchange for all that is included in grocery, which forms so large a proportion of the Co-operative turnover. The spectacle, hitherto ignored both by the economists and the magnates of capitalist business, is one of the most remarkable in the world of commerce, because it is a gathering, not of profit-seekers trying to get the better of each other, but of business men who are, and who feel themselves to be, officials engaged in different branches of a common public service, having only the common purpose of the maximum satisfaction of the consumer's wants. The handsome saleroom at Balloon Street is set with broad tables on which are displayed attractive exhibits of the wares likely to be in request, and of the novelties to be brought forward. The expert officers of each branch and section of the department are in attendance. To this weekly exhibition there resort the managers and buyers, and sometimes the committee-men, of the hundreds of Co-operative societies within reach of Manchester. At each recurring "season" there are similar displays by the Drapery and other departments. Here societies can obtain all the information they need with regard to replenishing their stocks. Extraordinary as it may seem to the profit-making world, there is here no chaffering as to prices, no "beating down," no attempt to make a clever bargain. There is, in fact, a genuine community of interest. The buyers can make their criticisms or complaints about past supplies. They find freely brought to their notice all possible alternatives. They are encouraged to offer their own suggestions as to what they understand their members to desire. The substantial meal to which, in company

with the C.W.S. departmental chief officials, they are invited in the excellently organised dining-room on the premises affords a further opportunity of the highest value for mutual consultation on an informal basis. There is a similar, but less elaborate, organisation for continuous mutual consultation between the buyers for the retail societies and the C.W.S. departmental experts at the London, Newcastle, Bristol, Cardiff, and other branches of the English society, and at the Glasgow show-rooms and branch salerooms of the Scottish Wholesale Society.

Another service supplied by the C.W.S. is that of audit. The law requires the accounts of every Co-operative society to be audited once a year by a public auditor appointed for the purpose. Co-operative accounts have characteristic features of their own, and there are obvious advantages in the audit becoming a specialist service, undertaken by an independent authority, and by one having an unrivalled experience of exactly these accounts, and (unlike a merely professional auditor) able and willing to give advice as to how to get out of the difficulties that the audit may have discovered. Hence the C.W.S. conducts a successful Audit Department—the able and experienced secretary of the C.W.S., Mr. Thomas Brodrick, or one of his duly qualified colleagues, being the public auditor required by statute—which offers the services of its forty-three auditors, at the lowest possible fee, to any Co-operative society. In 1920 no fewer than 250 societies were thus employing the C.W.S. Audit Department, including such large and powerful bodies as the Co-operative societies of Liverpool and Birmingham.

Akin to audit, and all the more important in that there is no statutory obligation on which the members can rely, is that of accurate, expert, and scrupulously honest stocktaking. The C.W.S., which is perpetually taking stock for itself, in all its varied departments,

has an expert staff of stocktakers which it places at the service of the retail societies at the bare cost of each day's attendance and out-of-pocket expenses. Thus, if the committee and members of a small local society are wise, they get their stock regularly taken by the best possible independent authority, on whose rigorous honesty and expert knowledge they can rely; and who stands ready, in addition, to advise them gratuitously, by way of supplement to their own less-experienced manager, as to whether they are not carrying unduly large stocks in particular departments —the drapery stock should be " turned over " once a quarter, and the grocery stock once a month—and as to the best ways of disposing of any surpluses. About forty societies are now regularly employing the C.W.S. stocktakers.

For its own practically continuous building work, in extensions and repairs, and new developments in different parts of the country, the C.W.S. had necessarily to organise an Architect's Department; and this has been placed at the service of the retail societies at the lowest possible fees. The peculiar requirements of a Co-operative society, whether what is in question is a village store, a branch of an urban society, or the central emporium and offices of the larger organisations, have been made the subject of special study, so that the smallest society can not only get the gain of extremely cheap professional service, but also the very valuable advantage of an expert specialism. The Architects' Department of the C.W.S. will further, if desired, plan and design all the fittings and furniture; whilst in the Building and Furnishing Departments the smallest society may obtain the services of contractors whom it can trust not to take advantage of its inexperience or its weakness; and in the Banking Department all the financial assistance that can properly be afforded to its enterprise.

We come to a somewhat different service in that of the Supervisor of Co-operative societies in temporary difficulty. The C.W.S., with its sales of two millions sterling every week, has necessarily to trade on the basis of a regular discharge of its weekly accounts; and any society that falls into arrears, even to the extent of a fortnight, is at once made the subject of special inquiry. When a society finds itself in difficulties, whether from excessive stocks or an unexpected slump in sales, or owing to defalcations or other losses, the C.W.S., with the consent of the committee of management, will often take over the whole administration, put in its own experienced manager, supply exactly the right kind and quantity of goods, and generally nurse the business until it is set fairly on its feet, so that the local members can safely resume control. Many a Co-operative society, now large and prosperous, has passed through such a stage of supervision by the C.W.S., by which it has been enabled to tide over the youthful difficulties to which a considerable proportion of new societies used to succumb. In January 1921, no fewer than thirty-one societies of various kinds, including nine agricultural societies, were thus temporarily under C.W.S. supervision, nearly all of them tiny organisations, each with less than £500 share capital (though one of them had £1183 share capital, and was purchasing goods to the extent of over £1000 per week).

An important service which the C.W.S. supplies, not so much to any particular society, but to the whole of its constituent retailers, is that of advertisement and publicity. It is against the tradition of Co-operative societies to indulge, otherwise than exceptionally, in newspaper advertisements, which are not only costly, but are occasionally actually refused to Co-operators by newspapers under the thumb of the profit-making shopkeepers. Nor could any one society

undertake the campaign of advertisement that would be required to make headway against the millionaire owner of soaps and "proprietary articles." The C.W.S. accordingly conducts a discriminating but in the aggregate very extensive scheme of advertising Co-operative products, thus incidentally advertising all the 6500 central and branch stores of the retail Co-operative societies. In addition, it maintains monthly journals of its own, either (like *The Producer*) for the information of the committee-men and managers of the societies or (like *The Wheatsheaf*) for gratuitous circulation, with the addition of from two to twenty pages of "local matter" to the members themselves. In this way *The Wheatsheaf* has a regular circulation of no less than 650,000. But the C.W.S., like the Co-operative Union, is continually securing publicity for the Movement in all sorts of ways, and this service of publicity for the whole Movement might with advantage, under the Joint Committee for Propaganda and Publicity that we have elsewhere suggested, be even more developed than it is at present.

It may be observed that, with the continual development of services that the C.W.S. supplies to its constituent societies, and by the great value of the assistance that its various departments (notably the Banking Department) can furnish to any small society, or indeed, in moments of emergency to any society whatever, there has come a certain change in the relationship between the C.W.S. and the retail societies. In its inception and for many years the C.W.S. was plainly nothing but the servant of the retail societies, by whom, as their committee-men and managers conceived, the policy of what was merely their wholesale agent would be directed. When the Wholesale agent became hugely superior in size and wealth, as well as in business knowledge and range of experience, to any of its constituents, there could not fail to be a shifting of the

balance of power. At the present time the committeemen and managers of the larger societies, themselves controlling turnovers measured in millions, are uneasily conscious of the fact that the great leviathan which they have created in the C.W.S. has a policy and even a will of its own. It has, and can have, no other object and purpose than the continual aggrandisement of the membership and trade of the retail societies themselves. It is, and must always continue to be, under the control of the representatives of the retail societies in delegate meeting assembled. But those who are actively engaged in the direction of these societies have a feeling that it is increasingly the board of directors of the C.W.S., and not the committees of management of the several societies, by which the business policy of the Movement is being steered. It is some such feeling that has, in some quarters, led to a suspicion (for which we do not think there is any foundation) that the C.W.S. prefers, even at some cost of overlapping, a multiplicity of small Co-operative societies, which it can assist and therefore largely control, rather than the gigantic amalgamations now characteristic of London, Leeds, Edinburgh, Liverpool, Plymouth, Birmingham, and other cities, which have occasionally seemed to consider themselves too big to be dealt with, as C.W.S. customers, along with its thousand smaller constituents.

The Constitution of the Wholesale Societies

The constitution of the two Wholesale societies follows closely that of the individual store. The final word rests with the quarterly meetings of delegates representing all the Co-operative societies which are members. There is (unlike the practice of the Trades Union Congress) no "block vote." The number of delegates to which each society is entitled is definitely

fixed, and each delegate casts a single vote. In the English Wholesale, down to 1921, the rule was for one delegate to be sent for every five hundred members; in Scotland the number of delegates is determined by the amount of the purchases made by the society "during the quarter immediately preceding any general meeting."[1] In 1920–21 the principle of the Scottish C.W.S. was adopted by the English C.W.S., the new rule providing that, in addition to one vote as a member, each society should have a second vote for the first £6000 of purchases in the preceding year, and an additional vote for every further £12,000 of purchases. In England these quarterly meetings are held in eight separate divisions at towns decided upon by the delegates at the preceding meeting, each society usually sending delegates to its own divisional meeting in addition to the general meeting held at Manchester a week later, to which all affiliated societies seek to send delegates. In Scotland only one meeting is held, either at Glasgow or at Edinburgh. The Co-operative Movement has, as we have already indicated, supplied a new device to Political Science in these divisional meetings, which were invented by the English C.W.S., and have now been adopted, as we have described, by many of the retail societies, sometimes because of the magnitude of the membership, and sometimes merely because of its wide dispersion. In the case of the

[1] The Scottish rule was as follows: "Each society shall have one vote in virtue of being a member of the society, one additional vote for the first one thousand five hundred pounds worth of goods purchased, and one other vote for every complete three thousand pounds worth of purchases from the society thereafter. The representation of each society to be based on its net purchases for the quarter immediately preceding any general meeting." The movement within the English Wholesale Society to adopt the Scottish principle of votes according to purchases, which carried its way in 1920, was due to some of the more loyal societies objecting to the electoral power of societies with large memberships but with comparatively small purchases. In July 1920 the rule of the Scottish Co-operative Wholesale Society was altered so as to give a maximum of 50 votes to the society having the largest net purchases for the immediately preceding quarter, all other societies to be entitled to appoint delegates in the same proportion.

C.W.S. both reasons existed. The number of delegates grew to be larger than could easily be accommodated in any convenient hall, and societies remote from Manchester complained of the expense and difficulty of attending there. Now the eight divisional meetings and the general meeting itself constitute together a single meeting. Identical resolutions and amendments are put to the vote at all the gatherings, and the decision depends on the aggregate of votes cast. The London, Newcastle, Midland, Yorkshire, Lancashire, Cumberland, Western and South Wales divisional meetings are held on the Saturday preceding the general meeting, which takes place at Manchester. By what seems a very sensible arrangement, societies may, if they like, send some of their delegates to any or all of the meetings, in order that they may be able to express their views; and the society's vote may thus be cast in any or all of the meetings; but not more than its proper number of delegates may be sent, or votes cast in all the meetings taken together. By this device of divisional meetings the English C.W.S. manages habitually to assemble, in the nine gatherings, from three to four thousand delegates, the numbers present at each meeting varying from more than 600 at London to only 40 at Wigton (Cumberland); whilst in 1920 over 1000 attended the general meeting at Manchester.

These representative assemblies do not in the least resemble the shareholders' meetings of a joint-stock undertaking. Instead of, in normal times, the little clique of tame shareholders connected with the directors, and, in times of panic, the unorganised mob of men and women fuming at the passing of the dividend, the visitor to the quarterly delegate meetings of the C.W.S. observes an almost permanent and highly selected representative assembly — the presidents, secretaries, and committee-men of the local societies,

reinforced by delegates chosen by the Women's Guilds or other organised groups of members, and by the most pertinacious and inquisitive of the rank and file of the membership. Each and all feel themselves to be there, not wholly or even mainly in order to express their own personal views, but as representatives to voice the wishes and needs of tens of thousands of consuming members. But it is not only the consumers who are thus represented. One of the most interesting features of the gathering is the presence, among the delegates nominated by the local societies, of leading employees of the C.W.S. itself, and even, it may be, of salaried officials of the employees' Trade Union, both of whom make a point of getting sent as delegates by the retail Co-operative society to which, as purchasing members, they belong. The extent of the information supplied and the character of the business are equally in contrast with the capitalist shareholders' meeting. Each delegate has been provided beforehand with a printed report running to as many as fifty pages, filled with detailed facts and figures portraying the development of all the various departments of the C.W.S.; and with a separate "business paper" of some sixteen pages which forms the agenda. The meeting is opened by an elaborate statement by the director who presides, and this may be supplemented by further explanations from the chairman of the committee, or by the chief official connected with the department which is, for the moment, most in evidence. The formal business of admitting new societies as members, or sanctioning the purchase of additional property, is sometimes enlivened by sceptical questions as to the *bona fides* of some society, or as to the desirability of a particular site at home, or a particular adventure in landowning in India, Canada, or Africa. But it is in expert concrete criticism of the supplies furnished, or of the efficient working of

the various departments, that the delegate meeting most distinguishes itself. It often resolves itself, in fact, for part of the time into a running series of questions and answers, in which directors and officials of the C.W.S. confer in public with committee-men and managers of the retail societies as to the right policy to be pursued as regards quality, price, methods of manufacture and packing, and the alternatives offered by other manufacturers. When this necessary business is terminated by the adoption of the report, the resolutions on the agenda are taken, whether put down by the C.W.S. directors or sent in by constituent societies, for alterations in rules, embarking on new enterprises, or changes in the policy of the board. Such general issues as international Co-operative trading, the line to be taken by C.W.S. representatives on government committees or statutory trade boards, the attitude of the directors in a trade dispute, or the desirability of the C.W.S. being represented on Employers' Federations or in joint action with the Trades Union Congress or the Labour Party may then come under discussion.

The management of each of these two colossal undertakings is vested in a general committee (consisting of thirty-two members in England and twelve in Scotland), all of whom now receive salaries and give their whole time to the work. For the English Wholesale Society this committee is elected by the executive committees of the constituent societies, with votes according to the society's aggregate purchases during the preceding year, each member's term of service being two years, four of them retiring each quarter, with an eligibility for re-election which is almost invariably taken advantage of.[1] For the Scottish

[1] "The society shall be managed by a general committee, consisting of thirty-two members, of whom each shall be elected for two years. Of such members sixteen shall be elected from the Manchester district, two of whom shall retire at the end of each quarter; eight shall be elected

Wholesale Society the committee is elected at the quarterly meetings of delegates, with votes according to each society's purchases and with canvassing strictly forbidden (including, expressly, circulars, advertisements, letters, and speeches on behalf of candidates).

These elections of directors quarter by quarter are, in the case of the English C.W.S., a source of considerable interest to the active Co-operative world, and give rise to keenly contested campaigns, carried on by advertisement in *The Co-operative News*, with not a little canvassing of committee-men of the various societies in the three electoral districts (Manchester, London, and Newcastle) into which they are for this purpose grouped. It is true that the retiring members are almost invariably re-elected, though there have been a few exceptions; but the candidates renew their assault, time after time, and when a place is left vacant, whether by superannuation, voluntary retirement, or death, the struggle among the half a dozen candidates, each nominated and backed by one or more societies, becomes exciting;

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from the Newcastle district, one of whom shall retire at the end of each quarter; and eight shall be elected from the London district, one of whom shall retire at the end of each quarter. A retiring member may be immediately re-elected" (*Co-operative Wholesale Society's Rules*, 1912). The rule disqualifying for election as director any person having any relative employed in any department of the C.W.S. has lately been rescinded.

A rule requiring retirement of directors at the age of seventy, adopted by the English C.W.S. delegate meetings in June 1918, has lately created an increased number of vacancies for which the retiring members did not offer themselves for re-election; but normally these have occurred only at the rate of one every year or two in the Manchester district, and of one every couple of years or so in the London and Newcastle district respectively. Assuming the retiring members to be re-elected so long as they offer themselves, the opportunity for the introduction of "new blood" is accordingly not great. As the Management Committees of the several societies cast block votes, in proportion to the societies' aggregate purchases, the election is substantially in the hands of these committees for the large societies in each district—not without private mutual understandings as to concentrating votes alternately on each other's candidates, who are usually committee-men, managers, or secretaries of these societies, to the exclusion of nominees of the smaller societies and independent candidates.

and election addresses are sometimes circulated, giving the candidate's record and opinions.[1]

[1] We append the "Personal Statement" issued by a successful candidate in December 1920.

"Ladies and Gentlemen—Believing that Societies are entitled to know something of the records and views of men and women who aspire to seats on the C.W.S. Board, I have decided to depart from precedent and make a personal statement.

"*Co-operative Record.*—I joined the Preston Society in 1893, and for over twenty-seven years I have been closely associated with the Co-operative Movement in Lancashire, London, and Yorkshire.

"*Propaganda.*—During the last twenty years I have visited every part of Great Britain as a Co-operative and Labour Propagandist, and it is impossible to compute the number of letters, articles, leaflets, and pamphlets in defence of the Co-operative principle I have had published.

"*Administration.*—I leave my colleagues in the Sheffield and Ecclesall Society to deal with my work as a Co-operative Administrator. My experience as a Town Councillor for several years, and as Elective Auditor for the City of Sheffield for two years, has been of value to me in Co-operative work.

"*Co-operative Capital.*—I regard the building up of Co-operative Capital as one of the pressing needs of the moment, but I want that capital to consist of the legitimate savings of working-people. By promoting General Efficiency, which creates confidence, and by steady Propaganda, I believe that working-people can be got to regard the Stores as their Savings Bank, and to bring their money in. In the next three paragraphs I refer specifically to my efforts in this direction.

"*Co-operative Banking.*—Nearly ten years ago I began to press for the C.W.S. Bank to open Current Accounts for private individuals and for Trade Unions. This policy has been successfully adopted. I now favour the opening of properly equipped branch banks in the large centres as speedily as possible, always bearing in mind the high establishment charges to be faced.

"*Co-operative Insurance.*—Having had experience as a District Manager, Agent, and Administrator of a Friendly Society, I have for many years urged the development of Co-operative Insurance with a two-fold object: (1) To give fair treatment to the insurers and the staff, and (2) to accumulate funds that can be used as Industrial Capital. I rejoice in the progress that is now being made, but I know that improvement is required in C.I.S. methods. I also think that efforts should be made to amalgamate some of the large Collecting Societies with the C.I.S.

"*Stamp System.*—Some eight years ago I urged my Society to adopt the Stamp system for Clubs and Small Savings. After a time it was adopted, and my Society is now realising close upon £40,000 a year by the sale of Stamps. This system should be nationally applied.

"*Political Action.*—I am convinced that the Co-operative Movement must play a part in politics: (*a*) To safeguard the Movement, (*b*) to realise its ideals, (*c*) to give the community the benefit of the experience of Co-operatively trained men and women, but politics will not compensate for inefficiency in business. We must have Efficiency *and* Politics. The political work, however, must be mainly done by the local Societies, or by committees specially appointed for the purpose. It is not for the C.W.S. to organise constituencies and fight elections. Nevertheless, the C.W.S. should display a sympathetic attitude towards the declared policy of the Movement in this direction.

These two committees of management, directing, in unison and sometimes actually in partnership,[1] manufacturing, importing, and distributive enterprises with an aggregate annual turnover in 1920 of a hundred and thirty-six millions sterling, and nearly 43,000 employees, are a standing proof of the capacity of the British workmen for industrial self-government. For not only all the committee-men but, with one or two exceptions, also all the officers of the two Wholesale Societies belong to the manual working class by birth, by training, and by sympathy. That they are trusted by the whole body of Co-operators is shown by the remarkable permanence of tenure enjoyed by the committee-men, no less than by the officials and employees whom they appoint. Once elected to the committee of either of the Wholesale Societies, a man is practically never dropped;[2] whilst the English Wholesale Society had only two chairmen in forty years, and the Scottish

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"*Labour Policy.*—The Co-operative Movement can, and should, lead to a reasonable extent with regard to Labour conditions. Recent experiences have not been happy, and have shaken confidence in a Co-operative Commonwealth. I advocate the promotion of a better understanding and a closer alliance with all the Trade Union forces of the country as the best means of solving the problem.

"*The C.W.S. and the Co-operative Union.*—Unfortunately there has been friction between the two National Committees of the Movement, and overlapping appears to be developing. One fears an aggravation of this now that the Union has decided to have a full-time Executive. Before this decision matures there should be an inquiry as to the advisability of amalgamating the Union and the C.W.S. I have an open mind as to the result of such an inquiry, but would support an exploration of the idea."

[1] The two societies are, as we have indicated, in partnership for their tea plantations and their fire and life insurance business (under joint committees); they join also in the Luton cocoa works and in most of the buying agencies abroad; and there is also an annual gathering of both committees to discuss general policy.

[2] It would, however, be unfair to conclude that the feelings and opinions of the bulk of the members have no influence on the C.W.S. directors. Though they run no appreciable risk of losing their seats when, at four years' intervals, they come up for re-election—the vote for the old member who stands for re-election being habitually four or six times that cast for the highest unsuccessful candidate—yet the very fact of standing for re-election, and naturally keeping a watch on the number of votes cast, is reported to make a difference. If a director's poll drops from its customary 4000 to 3000, he regards it as a warning.

Wholesale Society re-elected one chairman for twenty-seven years in succession.

It has been a subject of criticism that, in the constitution of its federal institutions, the Co-operative Movement has thus resorted to indirect election, the directors of both Wholesale Societies (like the members of the Central Board of the Co-operative Union, to which we shall presently refer) being theoretically responsible not to the members themselves, but to the committees of management whom these members elect. The four million members constituting the rank and file who are served have, it is alleged, no more direct or obvious control over the administration of these gigantic federations than the customers of the great joint-stock companies of "multiple shops," or than the citizens of London have over the Metropolitan Asylums Board or the Port of London Authority. It might suffice to reply that, under the conditions of the Co-operative Movement, no other method of election seems at all practicable. A national appeal to the aggregate of four million members would obviously be futile; and, in view of the confirmed apathy of the great majority, no division of this membership into geographical constituencies appears likely to yield a useful result. But the comparison with such indirectly elected local governing bodies as the Metropolitan Asylums Board and the Port of London Authority is inexact. These bodies themselves exercise complete executive power, and are subject to no control. The boards of directors of the English and Scottish Wholesale Societies are subject to the decisions of a directly elected delegate meeting, to which they have, quarter by quarter, to render an account of their stewardship, and from which they must obtain approval and sanction for their proposals. The analogy is rather with the Cabinet of Ministers and the national legislature.

What is indisputable is that, in comparison with the capitalist enterprise which it supersedes, the Co-operative Wholesale Society is effectively democratic in character. The criticisms of the members of the local societies as to the quality and price of the commodities supplied are focussed in the committees of management, and make themselves heard at the quarterly delegate meetings held in no fewer than eight different towns and cities, which are attended by the directors. The fact that the directors have very largely been selected from among leading administrators of local societies, either committee-men, managers, or secretaries, and that they are not separated by any difference in social class or affluence from the members of the local committees, facilitates a useful intercourse between them. Much more detailed information as to the current administration is laid before these quarterly meetings, and more lucid statistics than any joint-stock trading company ventures to publish to its shareholders. It may, in fact, be urged that the very selection of the delegates makes them, in practice, more effective exponents of the needs and desires of the aggregate membership than the members themselves would be, if they could, in their millions, be gathered together. The delegates are, for the most part, not merely themselves consumers, but what is more valuable, also expert representatives of the consumers, trained in the very business of detecting their fellow-members' complaints and desires, and discovering the means by which they can be met.

We should be inclined to make other criticisms. It would be unfair to make it a matter for blame that the Co-operative Wholesale Society—exposed as it is to the strongest and sometimes the most embittered competition of capitalist enterprise—should think it necessary to keep its own counsel as to new projects,

and to maintain a discreet silence about its business methods, its successful purchases, or its occasional losses. But it is difficult to ignore the allegation that it has some of the weaknesses of an honest but somewhat impervious bureaucracy—secretiveness, a dislike of publicity, an impatience of criticism, and, it is commonly alleged, a certain amount of favouritism in appointments and promotions. With regard to the latter point, there is a consensus of opinion that all the principal appointments are well made, with a genuine desire to find the most efficient men, and after extremely careful selection. But the recruiting at the bottom of the ladder goes, to some extent, by favour—the sons and daughters of Co-operative officials frequently securing a preference, this departure from absolutely open competition on an impartial basis necessarily resulting in a lowering of the average standard. We do not understand why the device of open competitive examination, which has admittedly worked most successfully wherever it has been tried so far as first appointments are concerned, of persons just leaving school or college, has not been adopted for all such vacancies in the C.W.S. staff. The regulation of promotion so as to avoid favouritism, encourage exceptional ability, and secure always the ablest person for every vacancy presents a more difficult problem. The easiest solution is that of promotion by seniority, subject to the exclusion of those who have proved grossly incompetent. We fear that this is a common practice in the passage from grade to grade of the bulk of the C.W.S. staff. Like so many other great establishments, the C.W.S. is reported to be " a good place for a mediocre man who plays for safety." It is no disparagement of the C.W.S. to say that some of the qualities which lead to success in the world of profit-making business are not adequately requited in the C.W.S. service, where they are, possibly, neither

required nor encouraged; and "men of first-rate ability" in these directions would doubtless do better for themselves financially by taking their talents elsewhere. Whether the higher forms of administrative ability—the imagination which devises new utilities and the organising capacity which gets the utmost efficiency out of a given staff—are discouraged in the C.W.S. by a certain slowness of promotion, a frequent inadequacy of subordinate assistance, and a lack of appreciation of other than routine excellence, may be open to question. We regard the shortcomings of the C.W.S. as the more dangerous in that the extremely diverse and complicated administration remains partially in obscurity, without the publication of salary lists, details of costing, or anything beyond a bare minimum of such comparative statistics as would enable the members to watch for themselves the relative expense or efficiency of the various departments. The directors habitually regard themselves as personally directing the administration as well as deciding the policy; and though they cannot quite ignore any definite decision of the delegate meetings to which they present their reports, they claim that the right to decide executive issues, even in matters of policy, is and must be vested in themselves, to the exclusion of the members of the affiliated local societies, who are collectively the owners of the concern. We do not see how, in actual administration, this can be otherwise; but our own conclusion is that the directors need to be supported by a stronger co-ordinating staff. The secretary, with his own very extensive department, has enough to do with the definitely secretarial duties. There seems room for a first-rate responsible officer, whose duty it should be to co-ordinate the huge and varied enterprises of the several departments, notably in regard to finance. The appointment of such a "Financial Controller," responsible directly to the

finance committee of the board, would, we believe, result in increased efficiency of the organisation as a whole, and would enable a clearer conspectus of the operations to be presented to the delegate meetings.

But whatever may be the shortcomings in detail it cannot, we think, be gainsaid that the English Co-operative Wholesale Society, in particular, has evolved in its board of directors a piece of administrative machinery unlike anything existing elsewhere, which has proved to have notable advantages. The thirty-two directors (who, in practice, serve until death or voluntary retirement, at any rate up to seventy years of age) do not resemble, in character and in function, either the boards of large joint-stock companies or the councils of boroughs or counties. In the first place they are all " whole-timers," giving their entire attention to their duties as directors, for which they receive a fixed salary of an amount negligible by a capitalist captain of industry, but sufficient, in the Co-operative Movement, to attract the ablest of its local administrators.[1] In the second place, they are almost invariably trained for their work by long and conspicuous service in the administration of the local Co-operative society (which may have, it must not be forgotten, an annual turnover running into several millions of pounds, and its own large manufacturing departments) either as chairman or active member of the committee of management, and latterly often as manager or secretary. Belonging all to essentially the same social stratum, and nurtured in the same atmosphere of Co-operation, with much the same business experience, the members of the Wholesale Board evidently make a highly efficient committee. The board, as a whole, meets weekly, and there are three standing committees of eight to twelve members each ; but a more intimate

[1] With the great increase in the cost of living it has now been raised (in 1920) to £850 a year.

touch is kept with the administration of the hundred different establishments, not only by sub-committees of six to nine members, which are gradually being appointed for particular purposes, but also, in certain cases, by each establishment being assigned to a particular director, who, where he is zealous and efficient, makes a point of visiting the place once a week not merely to inspect, but principally for a prolonged and intimate consultation with the manager (who, as a technical expert, is sometimes in receipt of a higher salary than the director) about the difficulties met with, the policy to be pursued, and the progress of the enterprise. It is interesting to notice that there was formerly a distinction between the "productive" and the "distributive" sides of the work, all the manufacturing departments being placed under a single committee. This was found to lead to a certain failure of correspondence between demand and supply, and the various manufacturing departments are now attached to the committees dealing with the distribution of their wares (grocery, drapery, etc.). Decisions as to policy naturally rest with the board, but the directors, we gather, habitually refrain from interfering with the business or technical details of any manager who retains their confidence. The personal consultations between directors and managers are supplemented by a large number of written reports, in which managers submit proposals to the committees, to the meetings of which they are frequently summoned for discussion of the new projects and of the changes of policy that are continually being made. We do not suggest that the C.W.S. Board and its committees afford a perfect administrative machine. The criticism is made that some of the directors, notably in their first few years of service, fail to rise to the height of the really great issues that have to be decided, and busy themselves too much about the details of particular

transactions which they think they can understand. Such a criticism can be made of any popularly elected body; and it may well be that some of the C.W.S. directors never, on this point, acquire administrative wisdom. Some of the directors, often by physical or mental infirmity, decline year by year in industry, zeal, and efficiency, and are not weeded out; their shortcomings are, indeed, concealed by their colleagues, and their failures are covered up. The board as a whole, whilst generally humane, considerate, and just in its dealings, is often somewhat autocratic in its decisions, to the detriment both of persons in its service and of other interests. Unless it has the good fortune to choose a strong man for its chairman (and for this there is too great a tendency to let the chairmanship go by seniority), the administration is apt to suffer from a lack of personal responsibility in the highest place. Strong-willed departments sometimes pull in different directions; there is occasionally a shortcoming in discipline among the departmental managers, and even a quarrel between two of them, when none of the directors wishes to assume the responsibility of giving a decision. Here the suggested new officer (Financial Controller) would be useful. But take it all in all, what has been evolved is a remarkably successful administrative organ. There may be on the Wholesale Board no great captain of industry, no Napoleon of commerce, no administrative genius; the members, thrown up by the chances of election, obviously vary not only in administrative ability but also in continuity of zeal and of physical and mental fitness; but taken as a whole, these plain men, almost entirely of working-class extraction, with a formal education limited usually to that of the primary school, have managed to create and to maintain in efficiency an extraordinarily successful business organisation; having behind it a couple of generations of continuous

success, in an enterprise now exceeding in turnover of commodities a hundred million pounds a year; comprising a hundred different productive departments scattered not only over England but actually in a dozen different countries; with a specially constituted Research Department, in which a score of specialists are always at work on testing what is done and elaborating new schemes; and an aggregate staff of nearly 40,000 persons. What the directors contribute, besides judgment, experience, and knowledge of the great community which they have to serve, is, most conspicuously, the cement that keeps all the establishments and departments together, preventing overlapping, securing mutual service, and maintaining continuity of policy.

The Scottish C.W.S.

We have, so far, referred to the Scottish Co-operative Wholesale Society only in conjunction with its English ally and partner, but we must notice also its special characteristics. Established in 1868, five years after the English C.W.S., it did no more in its first year than distribute £81,000 worth of grocery to some three dozen Scottish societies, or scarcely one-fourth of those then in existence. It took thirteen years to reach a turnover of a million; eight years more to attain the second million, and only three more years to exceed in 1892 three millions. This total was doubled in 1902, and quadrupled in 1916; whilst in 1920, with swollen prices, the total sales exceeded twenty-nine millions, amounting, in fact, to more than £5 per head of the entire population of Scotland, as compared with the English C.W.S. sales in the same year, equal to £2 : 15s. per head of the population of England and Wales. The Scottish C.W.S. only started manufacturing in 1881; and, in con-

trast with the policy of the English C.W.S., it aimed for some years after 1887 at concentrating all its productive departments on one site (at Shieldhall, Glasgow). It acquired, however, flour-mills, woollen factories, blanket mills, aerated-water factories, soap-works, fish-curing stations, laundries, jute-works, paper-works, creameries, farms, and what not at other Scottish centres; and, from 1906 onwards, depots and estates overseas, until it now "produces," in its forty-six manufacturing and six service departments, as much as one-third of its annual sales. This huge enterprise is managed by a board of directors, composed of a president, a secretary, and ten other members, who were, down to 1899, paid only small fees for their attendances (half a guinea for a full day), to which had latterly been added an annual retainer of £20 (the secretary getting £30 and the president £40). In 1899, when the year's turnover had risen to five millions sterling, and the staff to more than 5000, the directors were made salaried officers, required to give their whole time; and their remuneration was increased to £200 per annum (the secretary £250 and the president £300). This salary has now, in face of the great increase in the cost of living, been raised to £750 for the president and the secretary and £650 for the other members of the board. A proposal to establish a contributory scheme of superannuation allowances for the directors, they to retire at sixty-five, was decisively negatived by a delegate meeting in 1907. The board is divided into no more than three committees, namely, finance and property (with separate conveners for finance and property respectively), grocery (with allied productive works), and drapery and furnishing (with allied productive works), the latter two having each a "distributive" convener and a "productive" convener.

It may be noted that, in contrast with the English

C.W.S., the Scottish C.W.S. long "shared profits" with its employees, by means of an annual "bonus on wages," proportionate to the dividend of the purchasing societies. This was abandoned by common consent in 1915, the existing employees being compensated by an equivalent fixed addition to their remuneration.

In order to promote Co-operation in backward districts, the Scottish C.W.S. has taken a step from which the English C.W.S. has (except for the abortive experiment of the People's Co-operative Society in London) so far abstained. In 1908 it established at Elgin a retail branch, and, in 1914, others at West Barns and Buckie. In 1915–17 other retail branches were started at Aberfoyle, Forres, Peterhead, Banff, and Gretna, which do not seem to have achieved any remarkable success, and do not show any signs of taking independent root as autonomous societies, even if the Scottish C.W.S. were desirous of withdrawing its controlling hand.[1]

[1] The desire of the employees of the Wholesale Societies to be enabled to purchase their household supplies on advantageous terms has been met in various ways. In the English C.W.S. the employees were, down to 1895, allowed to buy what they wanted at the prices charged to the societies. This was objected to by the committees of the retail societies, who felt that potential members and customers of their own societies were thus diverted. The quarterly delegate meeting of the C.W.S. at last, in 1895, prohibited the practice. Thereupon the Manchester employees of the C.W.S. entered into an arrangement with the Beswick Co-operative Society, in the establishment of which, in 1892, some of them had taken part, under which the society made their purchases from the C.W.S. in its own name. This eventually developed into a special department of the society's business, with an office near the C.W.S. premises, employing several clerks in the book-keeping involved, and having an annual turnover in 1907 of £17,000, and in 1920 of no less than £136,645 (*History of the Beswick Co-operative Society Limited from 1892 to 1907*, by A. E. Worswick, 1907, pp. 34-35, 42-43).

The London employees of the C.W.S. formed a retail society of their own (the Anchor Co-operative Society), which was admitted as a member of the C.W.S. and the Co-operative Union in ordinary course; and which had, in 1919, 2127 members, doing a trade of £66,362, and paying a sixpenny dividend on purchases. The employees of the Scottish Wholesale Society, who were equally deprived of their accustomed privilege by vote of the Scottish delegate meeting in 1895, found yet another way out of the difficulty. They also formed in 1895 a separate retailing society (the Progress Co-operative Society), which was in due course admitted as a member both

The Co-operative Union

The magnitude and continuous development of the federal institutions which the Co-operative Movement has created for trading purposes, and which we have had to describe at some length, might easily lead to the assumption that we had here the real centre of gravity. Such an assumption would be erroneous. Parallel with the Co-operative Wholesale Societies there exists in the Co-operative Movement another agglomeration of federal institutions, entirely distinct from those concerned with the manufacturing, importing, buying, or selling of commodities; wider in scope than any of the trading federations; and designed to discover and stimulate, to focus and execute what may be called the spiritual side of the Movement. This is the function of the Co-operative Union, with its imposing annual "Congress Week," its almost continuous sessions throughout the year of District Conferences and Sectional Boards, its innumerable committees and deputations, culminating in a complicated joint executive of "Central Board" and "United Board," which exercises, from the "Co-operative Headquarters" at Holyoake House, Man-

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of the Scottish C.W.S. and of the Co-operative Union. But they resolved that this society should retail its wares as near to cost price as possible, without paying any dividend on purchases (*Wholesale Co-operation in Scotland the Fruits of Fifty Years' Efforts* (*1868–1918*), by James A. Flanagan, 1920, pp. 298-299). This society had, in 1920, 8021 members and half-a-dozen departments in separate premises, employing 263 men and women, and doing an annual trade approaching half a million sterling per annum. It used to obtain everything from the Scottish C.W.S., and since 1908 has dealt with it to the extent of at least 90 per cent of its purchases. After paying all expenses, including 5 per cent interest on a share capital of £172,475 and liberal "depreciation," the final surplus is used to build up reserves, which now amount to some £16,000. It should be noted that non-members are freely served on the same terms as members, so that the enterprise is now merely an ordinary retail business, owned by a large body of small shareholders who operate without "profit," and who voluntarily content themselves with 5 per cent interest on their capital (*Rules of the Progress Co-operative Society*; Reports and Statements for 1920).

chester, an all-pervading intangible influence on every coil and every eddy of the four million Co-operators of the United Kingdom.

A generation ago it was the Co-operative Union that, in the popular picture of the Movement, attracted nearly all the public attention. The average newspaper reader used to be made aware of Co-operation very largely by the reports that he saw of the Co-operative Congress, held annually in Whit week, and composed of delegates from the Co-operative societies all over the kingdom. This is still to some extent true. But the widely published proceedings of this Congress, the assembly in one city of a thousand or more zealous Co-operators from all parts, their meetings and demonstrations, have more than an advertising value. The Congress is, as we shall see, in no sense a governing legislature of the Movement as a whole. But the great annual gathering of members of all the various societies, and the federal organisation of which the Congress itself is the outward and visible sign, make all the difference between a series of sporadic and isolated local societies, each pursuing only its own ends, and a self-conscious National Movement, aiming at a common goal. Co-operation in other countries, notably in the United States, Canada, and Australia, has suffered from lack of stimulus and been hindered in its growth from the absence of such a national organisation.

The summoning and management of the Co-operative Congress, the preparation for it of an elaborate statistical report, surveying all the activities of the Movement and the carrying into effect of such of its resolutions as could immediately be put in operation, have constituted the main work of what may be deemed the educational, propagandist, and political federation of the Movement, the Co-operative Union. For nearly a hundred years in England there have been

Co-operative Congresses and Co-operative Federations of varying magnitude and importance; but in 1869 the then existing loose federal organisations in different districts merged themselves in a national body, called at first the Central Board and in 1872 the Co-operative Union, and undertook the direction of the moral and intellectual work of the Movement, incidentally aiding the societies in their legal and constitutional difficulties, and representing them in relation to the Government and Parliament. With the growth of the local societies in membership and in the magnitude and variety of their business and other interests, the work of the Co-operative Union has steadily increased, without much development of its constitutional structure and without any corresponding expansion of its powers or financial resources. Meanwhile, as we have seen, the two great Wholesale Societies have developed enormously; and the reorganisation of the federal activities of the Movement—especially the adjustment of the relations between the Co-operative Union and the Wholesales—has become a matter of internal controversy. Among the idealists of the Movement there is an uneasy consciousness that the growing weight of the Wholesales may result in a lowering of the influence and output of the Union, much in the same way as, in the retail societies, the work of the boards of directors has overshadowed that of the educational committees. The critics of the Union, on the other hand, feel that its leadership is confused and that its constitution is unnecessarily complicated, by its continued inclusion of elements hostile to, and incompatible with, the consumers' Co-operative Movement, with the result of divided counsels and exaggerated pretensions, owing to which its admirable educational, propagandist, and parliamentary activities are unfairly discounted.

The Constitution of the Union

The Co-operative Union (and from this fact no small part of the present difficulties have arisen) has a wider and more loosely defined constituency than either the English or the Scottish Co-operative Wholesale Society. The Union, by its rules, is a purely voluntary federation, not of consumers' Co-operative societies only, but "of all industrial and provident societies, joint-stock companies, and other bodies corporate, which shall be admitted" to membership by its own executive organ. At the date of its formation, and for many years afterwards—even now the confusion lingers—there was no clear idea as to what was meant by Co-operation. The door was purposely left open for the inclusion of all sorts of societies deeming themselves "Co-operative," whether constituted of consumers wishing to supply their own needs, or of producers aiming at manufacture for sale to others; whether distributing their inevitable surpluses or profits among the members as a rebate or dividend proportionate to their several purchases, or as a bonus proportionate to their wages for work done, or as interest or dividend proportionate to their invested capital; whether composed of householders combining in order to reduce their own expenditure on the necessaries of life, or of agriculturists seeking by association in part of their operations to increase the profits of their individual enterprises, or by manufacturing craftsmen intending to share among themselves the proceeds of the product of their combined labour. Societies of all these and other kinds, styling themselves Co-operative, were admitted from the outset and continue to be admitted; but the common type of consumers' Co-operative society, returning its surpluses to its members by the well-known "dividend on purchases," has increased out of all proportion to

the others, and now contributes over 99 per cent of the affiliated membership and the annual revenue of the Union.

In the complicated constitution with which the Union has endowed itself we may trace the influence, not only of the sturdy autonomy on which every Co-operative society insists, and the intense localism of the Movement, but also of the ingenuity by which a national organisation has been created out of somewhat refractory materials—an ingenuity which has resulted in a veritable labyrinth of local associations and conferences, of sectional and central boards, of joint committees and joint boards with other organisations, through which the inquirer wanders bewildered. The societies admitted to the Union are divided into eight geographical sections, according to their localities,[1] and the committees of management of all the societies in each section annually elect the members of what is called the Sectional Board. Even the method of electing these Sectional Boards is not uniform, the societies in each of the sections having been virtually allowed to choose their own plan.[2] Additional local autonomy is secured by the allocation of all the societies into smaller districts, each of which forms a "Conference Association," electing its own local committee, which arranges periodical conferences of delegates from the societies in the district and organises the propaganda work. All the funds of the Sectional Boards and most of those of the Conference Associations are provided by the Union itself, the total

[1] The Union extends to the whole United Kingdom; and the Irish societies, which were at one time included in the Scottish section, have now again been organised as an Irish section.

[2] The Irish, Scottish, Midland, Western, Southern, and South-western sections elect their Sectional Boards as wholes. The Northern section is divided into seven electoral divisions, each comprising one or more "Conference Associations," and each electing one member to the Sectional Board. The North-western section is similarly divided into sixteen electoral districts, each choosing one member, but also it elects as a whole four "sectional representatives" to its Sectional Board.

amount to be spent in each case being annually limited by specific resolution.

The responsible executive of the Union is found in the Central Board, which is made up of all the members of the seven British Sectional Boards, together with two representatives chosen by the Irish Sectional Board. This Central Board of seventy-six members has hitherto normally met twice a year, immediately before and after the annual Congress, but in recent years two or three additional meetings have been held.

With so cumbrous an organisation much of the current administration has necessarily to be left to smaller committees. The chief of these is styled the United Board, which consists of fifteen members appointed annually in different proportions by the eight Sectional Boards. Subject to ratification or reversal by the Central Board, and to any resolution of the Congress itself, it is the United Board, meeting about six times a year, which controls the funds; appoints and dismisses the officers, fixes their salaries, and directs their work; determines what are the powers of the several Sectional Boards; authorises publications, and appoints committees and sub-committees. One of these latter, the Office Committee, deals with current business; but even this is composed of representatives from all the eight Sectional Boards, only one or two of whom are resident in or near Manchester; and it has necessarily to rely on a finance and other executive sub-committees. The salaried staff of the Union, which is by this elaborate machinery of committees kept down to a minimum, consists of the General Secretary, the Assistant General Secretary, the Educational Secretary, the Publications Manager, the Adviser of Studies, the various legal consultants, and the recently added Labour Adviser, with a quite exiguous force of office subordinates.

The supreme authority of the Union is the Co-

operative Congress, meeting annually, and composed of (*a*) all the members for the time being of the Sectional Boards ; (*b*) representatives of all the Conference Associations ; and (*c*) delegates of all the societies belonging to the Union and subscribing not less than the sum prescribed.[1] Representatives of various "auxiliary societies," such as the Guilds, are also invited to the Congress, but without the right to vote, or even (except by permission) to speak ; and there are, in addition, "fraternal delegates" invited from the Trades Union Congress and other organisations. The principal business of the Congress is to receive and adopt the annual report laid before it by the Central Board, but any constituent society is entitled to send in resolutions and amendments which are circulated to all the societies.

The Work of the Union

For the first twenty years of its existence the annual Co-operative Congress, lasting for the better part of a week and attended by all the talent of the Co-operative Movement, exercised a preponderating influence on the Co-operative world. The heated controversies on whether production should be organised on the basis of innumerable local "self-governing workshops" or on that of the service of a community of consumers, and whether or not "profit-sharing" should form part of the Co-operative Faith, have passed away from the Congress agenda, a fact which seems, to some critics, to indicate a decline in "idealism." What has happened, however, is the dying out of the philanthropic but theoretical "outsider." The type of man who is now leading the Co-operative Movement is the experienced store director, who is less given to enthusi-

[1] For "distributive" societies of the common type, a contribution of 2d. per member per annum has latterly been prescribed by rule. Other societies have paid a sum fixed by the Central Board.

astic speeches on Co-operative theory than were the talented amateurs who were so potent in the Movement a generation ago. But what the Co-operative Union may have lost by the passing away of these dead issues, it has more than made good, not only by the increased practical services that it renders to the societies, but also—especially during the past decade—by the importance of the larger questions that are now discussed. The places in the agenda of profit-sharing and the self-governing workshop have been taken by such matters of controversy as the position to be assumed by the Movement with regard to national politics; whether and in what way to obtain Co-operative representation in the House of Commons; the relations of the Movement to Trade Unionism in general, and its own employees in particular; the equal payment of men and women for similar work; the incidence on the Movement of national taxation of this or that kind, and the policy of the Government with regard to war and peace and the reconstruction of Europe. The report of the Central Board to the Congress now extends over nearly five hundred closely printed pages, and gives a statistical vision of the growth and internal development of the Movement. The senior department of the Union, dating, indeed, from the establishment of a Central Board in 1869, is the Legal Department, which, under the fostering care of Edward Vansittart Neale, diligently nursed the local societies in their infantile troubles, and has now greatly grown in strength and activity. Consultation with the legal advisers are held almost daily in Manchester, and latterly almost every week in Glasgow and Newcastle, for the convenience of committee-men and officers perplexed by legal problems, and a great amount of expense and loss to the individual societies is thereby saved. "The main work of the Department during the past year," we are told, "has consisted in advising

societies on (*a*) the construction and interpretation of rules ; (*b*) assessments to and claims for Income Tax ; (*c*) cases of accidents to employees ; (*d*) procedure on the death of members on paying out capital ; (*e*) cases of alleged libel or slander ; (*f*) cases arising under the Shops Acts ; (*g*) cases arising out of Food Orders, and a variety of other matters too numerous to mention in detail."[1] There is a Publication Department,[2] with a continuous output of leaflets, pamphlets, and books, and as we shall describe in another chapter, there has recently been established a Labour Department, with a full-time Labour Adviser, to assist the local societies in their negotiations with their employees, and in the proceedings before arbitration tribunals Useful work is done by the committees of the Union. The Central Education Committee, besides carrying on a great deal of general propaganda, organising evening classes and summer schools and conducting examinations, has established a system of examinations for candidates for Co-operative employment. This committee, together with the Sectional Boards, does much to keep alive the tradition that every Co-operative society is morally bound to devote a certain percentage of its profits to educational work. With the progress of municipal and educational provision, there is to-day less need for the libraries and reading-rooms that have been provided by Co-operative societies in the past ; and there is a feeling that not enough is effected by the £150,000 a year which is thus spent

[1] *Report to Congress*, 1920, p. 102.

[2] The Publications Department of the Co-operative Union, with a turnover in 1917 of £2379, which increased to over £6000 in 1920, issues booklets, pamphlets, and leaflets as well as *The Co-operative Official*, established 1919, published in conjunction with the National Co-operative Managers' and the Secretaries' Association and the National Union of Co-operative Officials ; *The Co-operative Union Quarterly Review* (now *The Co-operative Monthly*), *The Co-operative Educator*, and a monthly *Co-operative Union News Service*. The more important journals of the Co-operative Movement, *e.g. The Co-operative News* and *The Wheatsheaf*, are issued independently of the Co-operative Union.

by the several societies, largely on entertainments and tea meetings, which may not unfairly be described as equivalent to business advertisements, aiming quite as much at increases of membership and trade as at the advance of the members in knowledge and culture. Prior to the war the Union had started energetically to enlarge and improve all the educational work. An "Adviser of Studies" was appointed in 1915; a series of central educational courses has been established at Manchester; the classes organised by many of the societies have been improved in quality by criticism and advice; "week-end schools" are now held all over the country, to the number of more than a hundred annually, attended by some thousands of Co-operative students; "summer schools" attract for longer periods about a thousand more. A project for a Co-operative College, to be established at a cost of £50,000, was approved by Congress in 1918, and the necessary funds are being gradually subscribed. With the establishment of this college, equipped with a well-paid and carefully chosen professoriate, it is hoped to raise the level of Co-operative studies, to set on foot statistical and economic research into Co-operative problems, to train lecturers and organisers for the service of the educational committees of the retail societies, and to raise, both in quantity and in quality, the output of Co-operative books. Other committees of the Union, such as the Statistics and General Publications Committee, the Joint Propaganda Committee, the Joint Parliamentary Committee, and the Joint Exhibition Committees of the Union and the Wholesale, get through a large amount of detailed work, including the scrutinising of proposed legislation and much helping of individual societies over critical times. Moreover, the new Co-operative Party, a political organisation to be described in a subsequent chapter, is nominally a committee of the Co-operative

Union. Finally, as we describe elsewhere, there is a Joint Committee of the Trade Unionists and Co-operators for the settlement of labour disputes, and also a United Advisory Council of Trade Unionists and Co-operators for wider questions, elected by their respective annual Congresses, which form connecting links between the two great working-class democracies, each now comprising within its organisations the bulk of the wage-earning population, and representing to a large but unascertained extent actually the same households, which it was hoped would be the beginning of a closer relationship for mutual help. But the most important part of the work of the Union is carried on in its eight Sectional Boards, which exercise a general supervision over the societies in their districts, act as arbitrators in cases of overlapping between one society and another, call conferences on technical questions, and undertake propaganda for the establishment of new societies, set up district hours and wages boards, and manage the convalescent homes and the convalescent funds which afford so much help to Co-operators and their families in cases of illness. Difficult to realise and appreciate are the multifarious functions of this diffused Co-operative democracy, which, in scores of local meetings in every week of the year, ranges from the hours of labour and conditions of employment in the stores of the district to Co-operative criticism of the Chancellor of the Exchequer, from propagandist addresses to the unconverted up to the highly technical discussion among Co-operative committee-men and officials of methods of stocktaking, the prevention of " leakage," and the relative urgency of new branch stores and great emporiums at the central premises.

Although the various boards and committees of the Co-operative Union have found, year by year, more work to do, and notwithstanding the ever-

increasing amount and variety of service that was being thus rendered to the Movement, there has been, during the past decade, a steadily rising tide of dissatisfaction with the constitution and activities of this federal organisation. What has been inarticulately felt seems to have been that, great as was the progress of the Movement, it was neither coping with its new difficulties nor rising to the height of its opportunities. The local societies were doing their part, though perhaps growing more by the expansion of population and working-class income, together with the continuous rise of prices, than by any approach to completeness, either geographically or relatively to the aggregate of working-class purchases. But the Co-operative Union, to which the local societies looked for stimulus and guidance, seemed to be lacking in leadership. Problems of overlapping and rivalry among neighbouring societies were not solved. The stretches of "Co-operative desert"—unoccupied territories outside the areas effectively covered by successful societies—remained unconquered. The evil of "credit"—that is to say, the proportion of the Co-operative membership that habitually ran into debt—was not appreciably diminished. Though a large sum, in the aggregate, was annually spent by the societies on "education," there were critics who said that, for lack of concentration and competent direction, this money was largely wasted, whilst the educational work undertaken by the Union itself fell far below the standard that ought to have been set. Meanwhile the difficulties of the Movement were increasing. The hostility of the capitalist traders was becoming, if possible, more intense and bitter, and its effects were being increasingly felt, not only through the formation of monopolistic combinations, but also through the development of "multiple shops" or "chain stores," which threatened to be more dangerous competitors than the small retail

shopkeeper. Moreover, the effect of the almost complete boycott of the consumers' Co-operative Movement by the capitalist Press, due to the pressure of wealthy advertisers, was being increasingly felt as an obstacle to growth. The labour difficulty was arising in a new and more intractable form, now that the societies had to face, not merely Trade Unions comprising only tiny fractions of Co-operative employees, but practically the entire Co-operative staff, organised in a special society. Political relations were bringing new problems. The advance of the Labour Party, inviting the affiliation of Co-operative societies and enlisting more and more sympathy among the Co-operative membership, was raising in a new form the old problem of the attitude of the Movement to party politics. At the same time the necessity of Co-operative representation in the House of Commons was becoming every day more apparent, and the danger of unfriendly action by the Legislature and the Government Departments was seen to be increasing. Meanwhile the other federations of the Movement, particularly the English Co-operative Wholesale Society, were going ahead by leaps and bounds, and taking a position in the leadership of the Movement which the Co-operative Union seemed to be abandoning.

The General Co-operative Survey

This uneasiness led, in 1914, a few weeks before the outbreak of war, to the appointment by Congress of a "General Survey Committee," with the duty expressed in the following resolution:

"That this Congress, recognising the importance of efficiency and economy in its administrative work, and having a strong conviction that the progress of the Movement might be greatly accelerated, calls for a General Survey of the whole field of Co-operative activities from its three main

features, viz.: education, production, and distribution; and having due regard to their relative value, assign to each one its special sphere of action, and thereby give to the Movement generally that solidarity and flexibility so obviously lacking at present; and therefore instructs the Central Board to consider and report in terms of this resolution."

In moving the resolution, it is reported, the Secretary of the Northern Section "pointed out that many Co-operators were much dissatisfied with the rate of Co-operative progress, and especially so because of the rapid growth of capitalist combinations. It was evident that the Co-operative Movement ought to be more closely organised, and that greater efforts should be made to spread Co-operative ideas and increase Co-operative trade. The facts proved that there was much overlapping between the various types of Co-operative society engaged in production, which ought to be avoided in order that greater progress might be made in production. The whole field of Co-operative activity ought to be surveyed and new plans devised for co-ordinating and unifying the work of the Co-operative Movement."

Unfortunately, as it appears to us, the work of this committee was prejudiced from the outset by the method of its appointment. As its principal function was to be that of co-ordination, and the assignment to its special sphere of each type of Co-operative society, and of Co-operative production and distribution, it was vital to constitute the committee with some relation to the weight and importance of the elements concerned. But the Central Board decided that the committee should consist of eighteen members, of whom ten should be nominated by the Co-operative Union itself and only four by the English and Scottish Wholesale Societies; whilst, as between different types of societies engaged in production, the Co-operative Productive Federation, representing forty-

six little associations of producers with no more than five millions of aggregate output, was actually accorded as great a representation on the committee (namely, two members) as the English Co-operative Wholesale Society itself, which includes within it nearly all the consumers' societies in England and Wales, with their three million members, manufactures annually over thirty million pounds worth of goods, and has trading and banking turnovers of more than one hundred and six hundred millions sterling respectively. Moreover, by the composition of the Survey Committee, this gigantic and highly representative organisation, " the place " of which in the Movement the committee was instructed to determine, might have found its vote neutralised by the two members accorded to the English and Scottish Women's Co-operative Guilds, representing only the social and propagandist activities of fifty thousand women Co-operators. The English and Scottish Wholesale Societies declined to be represented on the committee or to take part in its work, and contented themselves with answering its inquiries as to matters of fact.

The committee necessarily found its work prolonged and seriously interfered with by the war. It produced, however, four substantial reports, the first two being included in the Union's Congress Reports for 1916 and 1917, and the third in that for 1918 ; whilst the fourth (together with a reprint of the third) was issued as a separate document to the 1919 Congress.[1] These reports (especially the first) contain well-arranged and voluminous statistical tables, displaying the extent,

[1] The first report does not seem to have been published separately. *The Second Interim Report* and *The Third Interim Report* are now published by the Co-operative Union. See also the pamphlets, *A Review of the Report on Co-operative Education*, by F. Hall ; *A Review of the Trade Report of the Survey Committee*, by F. Hall ; *The Co-operative Survey Committee and its Work* ; and *The Report and Recommendations of the Survey Committee in regard to the Constitution of the Co-operative Union*, by T. Horrocks (all published by the Union).

geographical distribution, and progress of Co-operative membership, capital, and trade. They afford a useful conspectus (notably the second of them) of the educational and propagandist work. In the third and fourth reports we find the bulk of the recommendations, which often go into minute detail, and are presented for the guidance, not only of the Union itself, but also of the consumers' retail societies and the associations of producers, and even of the Wholesale societies themselves; and not merely with regard to the educational, propagandist, and political work with which the Union is charged, but also with regard to purely business matters and methods of manufacture, importing, wholesale and retail trading, banking and insurance. The suggestions and recommendations thus submitted for the consideration of the Movement as a whole cover a wide field; and they range from finance to education, and from various constitutional amendments in the societies themselves to far-reaching proposals for a redistribution of functions among the federal organisations. But what apparently most impressed the committee was the lack of any authority at the centre which could bring pressure to bear on sleepy or negligent local societies, put an end to injurious overlapping and rivalry among competing stores, and secure the prompter and more universal adoption of the reforms on which the Movement as a whole might be agreed. It was under the influence of this impression that the committee recommended a great strengthening of the organisation of the Co-operative Union; the supersession of the unwieldy United Board by a full-time salaried executive of nine members to be elected by the societies of the nine sections; the formation of a new educational authority for the Union, consisting of a "National Co-operative Auxiliary Council," meeting three times a year, and composed of some forty representatives of all the

various Co-operative organisations concerned, from the Union and the Wholesale Societies down to the sectional "Educational Associations," the Guilds, and even the principal Co-operative newspapers, by which Council an "Educational Executive" of twelve members should be chosen. But the revolutionary suggestion was that the Co-operative Union, by its new salaried executive, its Central Board, and its annual Congress should be empowered "to exclude from membership all bodies which do not carry out Co-operative principles and ideas in accordance with the expressed objects of the Union"; and, in particular, to enforce upon recalcitrant societies, in the matter of overlapping, the decision of the Union "as arbitrators," and "their decision shall be final and binding on all parties."

Although the General Survey Committee's reports received the deliberate endorsement of a specially convened Congress at Blackpool in February 1920, they have, for the most part, still to be carried into effect; and it may be foreseen that the actual adoption of the recommendations, which would require the assent, and often an alteration of the rules, of each separate society concerned, including the Wholesales, the Retail societies, the Guilds, and the Co-operative Union itself, will not be easy of accomplishment.

To the inquirer into the constitution and actual development of the Co-operative Movement, the outcome of the five years' work of the General Survey Committee will be disappointing. The committee, it is fair to say, was given a great, and, under the circumstances, perhaps an impossible task. It was unlucky in the outbreak of war, which necessarily diverted the thought and energy of the elders, and deprived them of the personal co-operation of the young men of the Movement, who were for four years absorbed in military duties.

It was perhaps impossible, for these reasons, to set on foot any effective investigation into the actual conditions of the Movement throughout the country in all its ramifications. It is, however, a loss to the Movement that there should still be no graphic detailed identification of the districts, up and down the country, which remain " Co-operative deserts," and not even any list of towns and villages in which no Co-operative society or branch store exists, towards which a special campaign of propaganda and organisation might be directed. Scarcely less useful would be an examination, district by district and society by society, of the range of Co-operative trading, so that those societies might be stimulated which remain sleepily contented with their achievements in the provision of the commonest articles of grocery and drapery, without attempting to cater for the continuous expansion of their members' household expenditure. The mere growth in membership and magnitude of turnover, too, is presenting to the Movement problems of constitutional structure in which societies, here and there, are experimenting in ways from which, if they had been described and analysed, would have been full of instruction to other societies and to the Movement as a whole. The General Survey Committee, however, had to fall back, in the main, upon the personal knowledge of the Movement which its own members could contribute, together with the accumulation of bare statistical facts at the Union's offices. Unfortunately, even this wide but discursive personal experience did not get brought effectively into focus ; and the point and relevance of the committee's impressions were largely lost, in the end, by being scattered over a whole litter of reports and appendices, published at intervals extending over five years. The deliverance of the committee is, in consequence, not easy to read or to understand ; and we think that its members

themselves would agree that it has failed either to reinvigorate the Union with the stimulus of a new inspiration, or to arrest the attention of the societies in such a way as to secure the remedying of the drawbacks by which further progress is impeded. The most important practical proposal, that for the creation of a full-time salaried executive for the Co-operative Union itself, was withdrawn by the committee, but was nevertheless adopted by the Blackpool Congress on the motion of the Birmingham Co-operative Society. At the subsequent Congress at Bristol it was not voted on, and at the Scarborough Congress of 1921 the question was once more postponed for a year. If the proposal is carried into effect, it will depend on the intellectual vision and the administrative ability of the members who will be elected to what extent such an executive provides the leadership and authority which the Union has latterly failed to exercise.

The Status of the Co-operative Union

If now we venture on a personal opinion, we should attribute the unsatisfactory condition of the Co-operative Union, in spite of all its excellent work for the Movement, in no small degree to the failure of its leaders to get what seems to us the right view of the functions of the Union in relation to those of the other federal institutions of the Movement, notably the Wholesale Societies. The Central Board, like the General Survey Committee, suffers from the conception that the Co-operative Union is, not one among several federal institutions each created for its own particular function, but itself the supreme authority of the Movement for all purposes. Whether or not it is desirable that any such supreme authority for all purposes should control the Co-operative societies, wholesale as well as retail, is an open question. What is certain is that

no such supreme authority has yet been established. The representatives whom the societies send to the gatherings of the Co-operative Union, whether to the United Board, to the Central Board, or to the Congress itself, may, if they like, express their views about any part of the Co-operative Movement; but their decisions are binding only in respect of that part of the organisation which is paid for by their contributions to the Union, namely, the constitution and rules, the premises and publications, the committees and officers of the Union itself. Similarly, the representatives, whom not quite the same group of societies send to the quarterly meetings of the English and Scottish Co-operative Wholesale Societies respectively, may say what they like about other bodies; but their votes are authoritative only with regard to the particular Wholesale Society to which they belong and its activities. Nor can this actually existing duality of authority be done away with by any change short of a legal amalgamation of the Co-operative Union with the Wholesale Societies—a revolution which has actually been advocated by some adherents of the Wholesale Societies, who contemplate with equanimity the present quarterly delegate meetings of the Wholesales becoming the final authority for all purposes,[1] and the present

[1] This view has been forcibly put to us by a Co-operator of wide experience.

"The present constitution of the Co-operative Movement," he writes, "is unworthy of retention and should be scrapped. It is unwieldy, unsure, and dilatory. Divided between two authorities, neither of which is really authoritative, confusion arises which leads to impotence. Consequently, the Movement, although based on principles of a sounder constructive nature than those of the Trade Union Movement, is less effective in national affairs, simply because it has no central authority willing to take the responsibility of announcing opinions, or taking sides promptly, in any crisis which involves the interests of Co-operators and therefore the whole body of consumers.

"There should be only one federation of societies for all purposes—trading, educational, advisory, etc. With suitable adjustments, the Co-operative Wholesale Society (as is now the practice in other countries) could become the central authority, and would be able to produce far better results than the Co-operative Union is able to obtain.

"The Board should be enlarged to forty members, eight of whom would

functions of the Co-operative Union being discharged by one or more committees of an enlarged board of directors. Incidentally, this proposal would involve the exact assimilation, in area and in constituent societies, of the uniting organisations; and thus, either the amalgamation of the English, Scottish, and Irish Co-operative Wholesale Societies into a "United Kingdom Wholesale," or the dissolution of the Co-operative Union into three national fragments to be merged in their respective Wholesales. This, however, is the very opposite of what the adherents of the Co-operative Union desire; and whatever might be its advantages in unity and vigour, we doubt whether the Movement as a whole would be prepared for such a subordination of its educational, propagandist, and political activities to a board of directors elected primarily to manage a business enterprise. On the

be specially elected for 'educational' work—that is, the work now being only half done by the Co-operative Union. They would be a sub-committee of the C.W.S. Board, having the right and duty of attending the full Board meetings to deal with all matters. Their function as a sub-committee would be to sit as an executive for the educational side, and act towards an elected, voluntary Advisory Council in similar relationship to that of the present United Board and the Central Board. They would take the place of the proposed new executive.

"The present interim quarterly meetings of the C.W.S. could be devoted to 'Co-operative Union' matters, which would not interfere with the trading of the C.W.S. Each of the eight executive persons would act as chairman of one of the divisional meetings, and would be supported by the appropriate 'elected' representatives.

"The executive would present a budget each year giving an estimate of probable expenditure. They would provide for a much enlarged propaganda by public meetings and canvassing, by a wider publicity through the publication of daily and weekly newspapers, and an extension of education by all methods now known. There is no doubt that with a live executive the annual budget would shortly exceed £100,000, and would also attract to the work a good deal of the retail societies' educational funds, now totalling more than £100,000 a year.

"This educational side could take over the auditing practice of the C.W.S. trading department, and thus be placed in a position to exercise a much closer supervision and much greater authority over weak societies than is now possible to the Co-operative Union.

"This fusion of forces at headquarters would have considerable effect upon the local societies. The example and the added authority could be used to bring together into 'District Societies' numbers of small concerns which are of little benefit financially, educationally, or ethically to their members, or to the general movement."

other hand, the idea that the English and Scottish Co-operative Wholesale Societies, or their quarterly delegate meetings, would consent to amend their rules so as to merge these meetings in the Co-operative Congress, representing the Co-operators of the United Kingdom, and make their colossal business enterprises subject to the votes of " Congress week," seems to us fantastic.

But a more fundamental criticism may be made. The administrative difficulties and the confusion of thought in the Co-operative Union have arisen, in practice, as the result of the continuance, within a Movement which now realises itself as being essentially one of associations of consumers (based upon the elimination of profit, and aiming at the supersession in business of the profit-making capitalist), of elements having quite other ideals ; and, in particular, of a small and constantly shifting group of " Associations of Producers and Co-partnership Societies," which are actually profit-making businesses, having every variety of constitution, from a genuinely " self-governing workshop " up to capitalist concerns, according little more than nominal participation to any but the shareholders and proprietors. The Co-operative Union itself, in its committees and at its head office, has not yet freed itself from the conception of profit-making in industry ; and it is consequently always failing to express, clearly and decisively, what has to-day become the purpose and object of the Co-operative Movement. This is due to the Union's own history. When it was established in 1872, no one was clear in his mind as to whether the Co-operative Movement meant, essentially, (*a*) any association of working-men as such ; (*b*) any aggregation of the savings of the poorer classes under their own control ; (*c*) any combination of working-men to carry on business and exchange their wares to their own profit ;

(*d*) any capitalist enterprise "sharing profits" with its employees; or (*e*) the union of consumers for the conduct of business without profit, on the basis of production for their own use. All alike were apt to be called Co-operative enterprises, and all alike were admitted to membership of the Co-operative Union under its formula of "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." During the half-century which has elapsed this definition has passed into obsolescence. It has become more and more clear that, whatever the word Co-operative may at different times have been used to cover, the Co-operative Movement to-day is essentially one of associations of consumers, founded on the idea of production for their members' own use instead of for exchange, and consequently not sharing, but altogether eliminating, "the fund commonly known as profit."[1] To-day it is the associations of consumers which furnish literally 99 per cent of the membership, capital, and trade of the whole Movement; and, what is seldom realised, it is they who actually produce nineteen-twentieths of the whole of the Co-operative manufactures. It is these associations of consumers that furnish practically the whole income of £35,000 which the Union derives from its constituent societies, all the other kinds of Co-operative societies contributing less than £250 among them. It may be inexpedient to exclude

[1] Many Co-operators have quite explicitly recognised that the Movement is, and must be, one of consumers' associations; see, for instance, the two works, *The Consumers' Place in Society* (1920) and *Co-operation for All* (1915), by Percy Redfern, both published by the Co-operative Union. So, too, Mr. W. H. Watkins, one of the members of the General Survey Committee, definitely lays it down, in an article in *The Co-operative Monthly* for January 1921, one of the organs of the Co-operative Union, that "the Co-operative Movement came into being (1) to protect the wage-earner *in his capacity of consumer* from the rapacity of profit-making dealers in the necessaries of life; (2) to establish a system of production and exchange based *not on profit* but on equity and *common ownership*."

from the Co-operative Union any societies which are already admitted to membership. But, as we conceive, it is the presence within the Co-operative Union of alien elements which is "the sand in the machine." It was only one instance of an habitual confusion of thought when the Central Board, in settling the composition of the General Survey Committee, accorded to the Co-operative Productive Federation (representing forty-six small associations of producers) the privilege of special representation to the disproportionate extent of one-ninth of the membership of the committee. We find the representatives of this tiny section also accorded seats and votes on various other committees of the Union, and the General Survey Committee suggests that the same exceptional recognition should be continued in the proposed new Educational and Propagandist Authority. This point seems to us fundamental. It was, as we conceive, the according to the associations of producers of special representation on a committee charged to survey a Movement which is now essentially one of associations of consumers, which prevented the General Survey Committee from formulating clear ideas as to the nature and purposes of the Movement that it was considering. The committee did, indeed, recommend the abandonment of the old definition, with its consecration of "the fund commonly known as profit," and the substitution for it, as "the objects of the Union," of "the establishment of a Co-operative Commonwealth" by the propagation of Co-operative principles and ideas.[1] But nowhere can it be discovered

[1] Under the present registered rules of the Co-operative Union, its purpose and constitution are very indefinite, the Union consisting merely of societies established to carry out Co-operative principles and practice. The recommendations of the General Co-operative Survey endorsed by the Blackpool Special Congress, February 1920, state that "The objects of the Union are the establishment of a Co-operative Commonwealth (1) by the propagation of Co-operative principles and ideas; (2) the organisation of Co-operative work in all its branches, whether such

what are the Co-operative principles and ideas which the Union is to promote, and which, as is suggested, it is even to have authority to enforce.

The matter is one on which Co-operators will, sooner or later, have to make up their minds. Our own opinion is that, whatever there may be to be said in favour of associations of producers, they are out of place in an organisation which is so overwhelmingly one of associations of consumers ; and that the Movement has suffered, and is still suffering, from this unnatural conjunction. We think that it would be better if the Co-operative Union were to become, frankly and explicitly, a federation of consumers' societies only. It could then rid itself of a covert hostility—occasionally cropping up, and still more often suspected—to the productive developments of the wholesale societies, which exist as federal institutions, with the special function of organising all the business that the retail societies cannot with equal advantage organise individually or in local federations

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work be in connection with industries, trades, or businesses ; (3) the promotion of education ; (4) the undertaking and executing of any trust, either gratuitously or otherwise, where such should be deemed desirable." With regard to the rules of membership it is recommended that "The question of membership of the Union, and its authority over the societies affiliated to it, has also exercised our minds, and we are of opinion that the rules relating thereto should be amended so as to exclude from membership all bodies which do not carry out Co-operative principles and ideas in accordance with the expressed objects of the Union, and, further, to strengthen the position of the Union and give it more authority over affiliated societies by making provision that no society shall be allowed to remain in membership with the Union which does not abide by its rules, conform to its aims, and accept the decisions of the Central Board confirmed by Congress."

"We also think the time has arrived when societies on joining the Union should undertake to submit for arbitration any differences which may arise with regard to overlapping. We therefore suggest the following should be added to Rule 9, viz. :

"Societies in arranging their field of trading operations shall have regard to the possibilities of extension of neighbouring societies and of closer union on federation or amalgamation lines. Any disagreement that may arise as to overlapping, etc., which cannot be settled between the societies concerned shall be submitted to the Co-operative Union as arbitrators, and their decision shall be final and binding on all parties" (*Third Interim Report of the Co-operative Survey Committee*, pp. 13-14).

for specific purposes; and the Union could then devote itself whole-heartedly to its own function of representing the consumers' societies in their educational, propagandist, and political purposes.

It would be no small advantage of such a change in the constitution and conceptions of the Co-operative Union that it would help Co-operators to free themselves from a certain sectarianism which creates antagonism. At present it is too commonly assumed that the Co-operative Commonwealth, to which we all aspire, will be made by Co-operators alone—that such a Commonwealth will, indeed, arrive by the mere fact of all men and women and children becoming loyal members of ubiquitous Co-operative societies! Such a conception—the common illusion of every sect of reformers—is an infantile disorder of thought, which it is high time for the Co-operators to outgrow. The associations of consumers, whether in their voluntary form of Co-operative societies or in their obligatory form of municipalities, will undoubtedly constitute a large part of the Co-operative Commonwealth of the future. But they will, even in their fullest development, constitute only a part of the organisation of the community. Equally necessary with the associations of consumers are the associations of producers; and it is a sign of wisdom when a Co-operator sincerely realises that the Trade Unions and Professional Associations (and possibly, for that matter, further developments of these bodies in the direction of self-governing guilds) [1] have their own legitimate functions in the State of to-day, and will continue to

[1] It is significant of the growing clarification of thought that the newest variety of associations of producers, the Building Guilds of 1919–21, have been initiated and controlled by Trade Union organisations, in pursuit of Trade Union aims; and although, in their capacity of "consumers" of building material and plant, they have asked for and received the help of the English Co-operative Wholesale Society, and in one or more cases are registered under the Industrial and Provident Societies Acts, they have not sought to enter the Co-operative Union, and have remained attached to the Trade Union Movement.

play their parts in the Co-operative Commonwealth of to-morrow. The discovery of the best relations between consumers' Co-operative societies, on the one hand, and Trade Unions and Professional Associations on the other, and the smoothest possible adjustment of the conditions of employment—a subject with which we deal in the following chapter—will be promoted by such a mutual recognition by the Co-operative and Trade Union Movements of each other's permanent spheres of social influence.[1]

It is part of the irony of the present situation that, in spite of the claim of the Co-operative Union to be " the premier organisation " of the Movement, exercising an undefined authority over every Co-operative organisation, small or great, its executive committees and staff officials receive less substantial consideration from the Movement than do the boards of directors and the heads of departments, not only of the two great Wholesale societies, but even those of the mammoth retail societies now rising up in London and other cities.[2] Alike in the qualification for office and in the conditions of service, Co-operative public opinion seems to hold that, whereas importing, manufacturing, wholesale trading, and banking call for the very best of the available brains, the educational, propagandist, and parliamentary work of the Movement can be left to unremunerated or low-paid service.

[1] An examination of the relative spheres of associations of producers and associations of consumers, in their respective varied developments, will be found in *A Constitution for the Socialist Commonwealth of Great Britain*, 1920, by the present writers.

[2] We may mention two apparently insignificant facts indicative of the relative status in the minds of Co-operators of Balloon Street and Holyoake House. The directors and heads of departments of the C.W.S. are, very wisely, provided with first-class tickets for their innumerable business journeys up and down the country. The members of the Central Board and staff officials of the Co-operative Union are allowed only third-class fares on their equally ubiquitous travelling on Co-operative service. At Balloon Street there is maintained comfortable accommodation, in which the directors and principal officials can meet and take their meals in the privacy permitting easy confidential consultation. At Holyoake House there are no such facilities.

Under these circumstances it speaks well for the idealism of many Co-operators that the Co-operative Union has managed to carry on at its present level of efficiency the extensive and multifarious work that we have described. Not until the delegates to the annual Congress and the management committees of the thirteen hundred retail societies see the wisdom and equity of treating the executive and officials of their supremely important federation for educational, propagandist, and parliamentary purposes, at least as liberally as they treat the executive and officials of their federation for business purposes, will the Co-operative Union be able to rise to the height of its great task.

The Co-operative Publications and Press

In our description of the activities of the local Co-operative society, we noticed that it was relatively weak in intellectual output, having usually no book-selling department and failing to supply its membership with much mental stimulus. The federal institutions of the Movement are, in like manner, much stronger on the business than on the literary side. The Co-operative Union undertakes for the Movement the publication of books and propagandist pamphlets. No small part of its publishing energy is, however, spent on the preparation and issue of the bulky and costly annual volume reporting the proceedings of Congress. Nevertheless, a whole series of little treatises on Co-operation have been issued, and are kept on sale, ranging from popular descriptions, for children and for adults, of the working of the store, up to technical works on Co-operative administration for secretaries, managers, auditors, stocktakers, and committee-men, together with a few useful accounts of Co-operation in other countries. Of pamphlets and leaflets there is

a more adequate supply, largely made up of reports of lectures and speeches delivered at Co-operative conferences. In addition, the English and Scottish Wholesale Societies have published excellent histories of these organisations, and the English C.W.S. has replaced its "Annual" by a quite competent *People's Year-Book*. The (English) Women's Co-operative Guild supplements these issues by one or two remarkable books, and a series of pamphlets, some of which attain a main high level of information and suggestiveness.

Of these publications, taken as a whole, we may say that whilst the literary and scientific quality is not very remarkable, it is in the distribution that there is the greatest weakness. The volumes remain almost unknown, alike to the public libraries and to the publishing and bookselling world, and they obtain scarcely any notice, not merely in the ordinary press, but even in the economic reviews and in the Trade Union and Labour journals. It is, indeed, widely recognised that something is lacking in the organisation of publicity and distribution.[1]

The consumers' Co-operative Movement in Great Britain maintains, for all its magnitude, no daily newspaper; but it has two weeklies,[2] six monthlies,[3]

[1] "In fact," reports the Central Board to Congress in 1920, "the chief difficulty still to be overcome by the Publications Committee is that of distribution. . . . Little has yet been done to organise the demand for Co-operative Union publications" (*Annual Report*, 1920). The total receipts from literature sales (including pamphlets and leaflets as well as books) were, in 1919, only £4014, and in 1920 over £6000, in a Movement counting four million members.

[2] *The Co-operative News* (circulation in 1921, 120,000) and *The Scottish Co-operator* (circulation in 1921, 25,000), both now published by the National Co-operative Newspaper and Publishing Society, Limited, in which two companies (of which the shares were largely held by Co-operative societies) were in 1920 merged.

[3] *The Millgate Monthly* (circulation in 1921, 14,000) and *The Women's Outlook*, for women Co-operators (circulation in 1921, 55,000); *Our Circle* (circulation in 1921, 24,000), for young persons belonging to the above-mentioned company. *The Co-operative Official*, for secretaries and managers (circulation in 1921, 3000), and *The Co-operative Monthly*, giving news of the Union's proceedings (circulation in 1921, 10,000), both published

and a quarterly (now published six times a year),[1] three of them published by the Co-operative Union, two by the English Co-operative Wholesale Society, and four by the National Co-operative Newspaper and Publishing Society.[2] With the exception of *The Wheatsheaf*, which is "localised" by 450 retail societies by the addition of two to twenty pages of local news, and is mainly distributed gratuitously, the circulation of these monthly and quarterly journals is (apart from free copies) relatively small. They suffer badly from their rivalry with each other, and from the lack of joint action between their respective publishers. The great increase in railway and postage charges has made the distribution among the 1300 local societies of the publications of the four separate publishing agencies of the Movement—not to mention that of Scotland—a serious item. The expense is increased by the separate distribution of no fewer than a dozen periodical publications. There might certainly be a combined distribution, in a single weekly parcel to each society, of all that is at present published in Manchester. "It seems strange that, after the existence of local Co-operative educational committees for seventy-six years, we should be so deplorably backward in the construction of machinery for the buying and circulation of literature, Co-operative or general."[3]

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by the Union. *The Wheatsheaf* (for localisation, circulation in 1921 about 650,000), and *The Producer* (circulation in 1921, 25,000), intended for secretaries, managers, and committee-men, both published by the Co-operative Wholesale Society.

[1] *The Co-operative Educator*, the organ of the educational activities of the Union (circulation in 1921, 6000).

[2] We may mention also an Irish Weekly (*The Irish Homestead*), brilliantly edited by Mr. G. W. Russell (A.E.), and the *I.A.W.S. Bulletin*, issued by the Irish Agricultural Wholesale Society; the monthly *International Co-operative Bulletin* of the International Co-operative Alliance; and the *New Dawn* (formerly *The Co-operative Employee*), the monthly of the National Union of Distributive and Allied Workers. There is also *The Scottish C.W.S. Magazine* published by the employees of the Scottish Co-operative Wholesale Society.

[3] *The Producer* for January 1921, pp. 61-62.

The longest-established and, to the public, best-known publication is the weekly *Co-operative News*, which—thanks to its frequent sale at half-price by the local societies—has increased its circulation to nearly 120,000. Much dissatisfaction with the quality and effectiveness of this weekly is expressed, both inside and outside the Movement. But it ought to be recognised that the editor of such a journal has a difficult task. If it is written for the active membership of the Co-operative Movement, it necessarily becomes a technical, not to say a sectarian journal, uninteresting, and even unintelligible to the public. If, on the other hand, it seeks to interest the ordinary reader, and to draw into the Movement the unconverted, it fails in novelty of information and in intellectual stimulus, so far as the officials, committee-men, and other keen Co-operators are concerned. It is frequently asserted that the *Co-operative News* has never succeeded in becoming either a popular or a technical journal.[1] To be the former, the editor would have to possess the qualities of a literary genius like Mr. G. W. Russell (A.E.), who has made *The Irish Homestead*, notwith-

[1] To put it bluntly, the *Co-operative News* appears to be made up, in the main, of articles, letters, items of news and reports of meetings spontaneously shot into the office, instead of being a deliberately organised record of what are editorially considered the most important "happenings" of the Movement; together with their exposition and analysis in the light of a definite policy. If we may give one instance, we would point out that the first election, in February 1921, by a retail Co-operative society, of a salaried executive committee, and the use for this purpose of the Single Transferable Vote, was an event of considerable importance and interest to the Co-operative world. *The Co-operative News* quite rightly accepted, just before the poll, a couple of columns of exposition of Proportional Representation as applicable to the Royal Arsenal Co-operative Society, by the indefatigable propagandist secretary of the Proportional Representation Society. But when the poll took place, *The Co-operative News* gave practically nothing but the names of the successful candidates, without any description of the election, without informing its readers how the voting had gone off, or what proportion of the members had voted, or what had been the effect, on the relative position of the thirty-four candidates, of the transfer of votes. It was even left for a "Guildswoman" to supply the information, by a subsequent letter to the "Women's Page," that the women candidates had all been defeated by the women's vote, without affording any evidence of this fact.

standing the severest limitations, appreciated far beyond the tiny circle of Irish Co-operators. To make *The Co-operative News* efficient as a technical journal would require the combination, in one editorial and journalistic staff, of the whole of the talent now dispersed among the litter of publications poured out by the three or four separate publishing agencies that the Movement maintains. We suggest that it would be a gain if there were a single Co-operative publishing agency, concentrating, so far as concerns periodicals, upon one journal for family reading (like *The Wheatsheaf*), designed for "localisation," and for a largely gratuitous circulation by the retail societies, but with the local matter more highly standardised than it is at present; one technical journal, in which *The Producer*, *The Co-operative Official*, and *The Co-operative Monthly* might be merged, incorporating the best features of each; and a third organ concentrating on the educational activities, alike of the Co-operative Union and of the local societies, illumined by articles on philosophic, historical, and political subjects cognate to the problems of the Co-operative Movement.[1] Such a trio of journals, not to mention a first-rate *Annual* (to be developed from the existing *People's Year-Book*, of which the C.W.S. circulated in 1921 some 24,000 copies), which they would all advertise, might, we suggest, be published weekly at no greater risk of loss than is entailed by the existing manifold periodicals of the Co-operative Union, the Co-operative Wholesale Society, and the Co-operative Newspaper and Publishing Society. But any such concentration of effort by the three federal organisations, which are controlled by practically the same set of societies, would involve a Joint Publishing Committee and the selection of an editorial staff of the highest quality.

[1] If Scotland thought it necessary, there might be separate Scottish editions of the family and educational journals. The technical journal should, certainly, be common to all parts of Great Britain.

The Co-operative Guilds

We have seen that one of the shortcomings of the Co-operative Movement, constituting not the least of its dangers, is the failure of a large proportion of its members to take any personal interest in its concerns, and their habit of treating their Co-operative society as nothing more than a retail shop at which it suits them to make some of their purchases. In our first chapter dealing with the Co-operative store, we have more than once referred to the men's and women's Guilds—more especially the women's Guilds—as organised groups of members, which have become active centres of propaganda and initiative in the inert mass of Co-operative citizens. But the widespread activity of these local groups is a new phenomenon. They took their origin, and have gained their influence from national organisations formed on a federal basis for women and men respectively; and, in the case of women, separately for England and Wales, for Scotland and for Ireland.

The Women's Co-operative Guild

The British Co-operative Movement has long been distinguished, in comparison with the Movement in France, Belgium, and Germany, by the part taken by women in educational and propagandist work, and even, in somewhat rare cases, on the business committees of the stores and in the quarterly meetings of the Wholesale Society. But the number of women who have thus actively participated in the members' meetings and representative committees, at district conferences and national congresses, has always formed only a tiny proportion of the preponderatingly female membership. To increase this proportion, to stimulate

women to come forward and take their share, to educate them in public work, and to organise their influence so as to bring it effectively to bear, has been the task, in particular, of the (English) Women's Co-operative Guild.

The Women's Co-operative Guild, established in 1883, now declares itself to be "a self-governing organisation of women who work through Co-operation for the welfare of the people, seeking freedom for their own progress, and the equal fellowship of men and women in the Home, the Store, the Workshop, and the State."[1] In constitution it is, in 1921, a federation of nearly a thousand branches, with a total membership of about 50,000 women, organised on the plan of the Co-operative Union, into eight geographical divisions or sections, and controlled by a central committee and an Annual General Meeting of over six hundred branch delegates.[2] Owing to the comparative poverty of its members, the Guild depends for more than half the income of its central committee on two subsidies of a few hundreds a year from the Co-operative Wholesale Society and the Co-operative Union respectively. Like the contemporary women's Trade Unions, the Women's Co-operative Guild owed its initiation to, and for a long time largely depended for its leadership on the devoted service of highly educated middle-class women. The Guild is to-day, without doubt, by far the most representative organisation in the Kingdom of working-class housewives interested in public affairs. For the last thirty years, the central

[1] *The A B C of the Women's Co-operative Guild*, 1918.

[2] The branches are financed by members' subscriptions of 1s. to 3s. a year, supplemented by grants from the local societies or education committees; while the finance of the national body is drawn from the annual branch subscriptions at the rate of 9d. per member, supplemented by a grant from the Co-operative Union of £500 and £300 from the Co-operative Wholesale Society. In 1919 the Guild's income was £1749 and its expenditure £1676. Until 1919 the Guild made a practice of granting small honorariums to sectional secretaries, but in 1919 it decided that all the work of the Guild, except that of the office staff, should be voluntary.

committee has been composed of women of the wage-earning class; the presidents of the annual congress have always been women of this class; the sectional, district, and branch machinery has been entirely run by them, and from their ranks are drawn the lecturers at the Guild's schools and the three hundred speakers who habitually address the local meetings. The Guild programme is, alike in Co-operative reconstruction and in municipal and national politics, considerably more "advanced" than that put forward by the larger federations of the Co-operative Wholesale Society and the Co-operative Union, controlled, as these are, by the male leaders of the four million members of co-operative societies. It is this differentiation in policy, taken in conjunction with the financial dependence of the Guild on the larger and less idealistic federal institutions of the Co-operative societies,[1] that accounts for the acute difference of opinion, presently to be described, which has arisen between the Women's Co-operative Guild and the Co-operative Union as to the proper relation of the Guilds and other auxiliary bodies to the Co-operative Congress and its central executive.

The history of the Women's Co-operative Guild illustrates the change in the status of women during the past generation. The Guild was started as a sort of Co-operative "mothers' meeting." To quote the words of one of its founders, "we may bring our work and sit together; one of us reading some Co-operative

[1] Individual societies as well as the Co-operative Union have occasionally objected to the wide aims of the Women's Guild. Thus we are told that "in the Failsworth Industrial Society, in February 1896 the committee of the Women's Guild were summoned to appear before the General and Educational Committees to answer a charge of introducing politics into their meetings. The offence was that a lecture on 'The Enfranchisement of Women' had been given under the Guild auspices. The Guild officials claimed the right to take any subject for the advancement of women except party politics. . . . But Ben Rydings, the president, would have none of this reasoning. 'We cannot allow it,' he said. 'We don't allow the Educational Committee to take up such subjects, and the Guild must toe the line with them, or we shall have to put our foot down.' Since that

work aloud, which may afterwards be discussed." [1] For the first few years the leaders deprecated women "imitating or competing with men, pushing themselves on to management committees, where they would be liable to be laughing-stocks and stumbling-blocks." [2] But this essentially "wives' movement" gradually grew into a virile organisation, still made up almost exclusively of wives, but pushing forward on its own account women's interests, both within and without the Co-operative Movement, and taking its own distinctive line as to the right organisation of the Co-operative Movement and as to industrial and political questions generally. "The fact," states the *Annual Report* of 1920, "that the Guild is composed of Co-operative women indicates the lines on which it works. It has aimed more than ever this year at making its members realise the full meaning and necessity of Co-operation in local, national, and international affairs, and pointing out the practical and Parliamentary action needed from Co-operators in the present state of the world. It aims also, all the time, at being the means by which mothers and housewives may express their point of view in the Movement and in the nation, and make their contribution to the emancipation of the workers." Thus the Guild, whilst pushing Co-operative products, canvassing for subscribers to the official organ of the movement, *The Co-operative News*, denouncing credit trading, advocating larger contributions from Co-operative Societies to emergency need and educational purposes and promoting all forward movements initiated by the Co-operative Union and the Co-operative Wholesale Society, has developed its

interview the draft of the Guild syllabus has always been submitted to the Educational Committee" (*Failsworth Industrial Society Jubilee History*, by J. H. Ogden, 1909, p. 169).

[1] *The Women's Co-operative Guild*, 1883–1904, by Margaret Llewellyn Davies, 1904, p. 10.

[2] *Ibid.* p. 11.

own distinctive policy—sometimes in opposition to the C.W.S. and the Co-operative Union—with regard to the internal organisation of the Co-operative Movement. For instance, the Guild for some years combined with the Amalgamated Union of Co-operative Employees in a joint crusade for the establishment of a national minimum wage-scale for all Co-operative employees, whether employed by the local societies or in any of the departments of the Wholesale Societies, and through its persistency and fervour it eventually succeeded in getting the scale adopted both by the local members' meetings and by the delegate meetings of the Wholesale Society. In 1913–14 the Guild pressed for "equal pay for equal work" for men and women; for compulsory Trade Unionism within the Co-operative Movement; and for the formation of District Wages Boards, composed, not as heretofore, of representatives of management committees and the Co-operative Union, but as Joint Conciliation Boards representing not only the management committees and the members of the societies, but also the A.U.C.E. and other organised bodies of employees.[1]

[1] With regard to the Co-operative Union, the reasons for the special representation of women have been well set out by a Guildswoman in *The Co-operative News* of September 18, 1920, in relation to the scheme for a whole-time salaried executive for the Co-operative Union, put forward by the Survey Committee and accepted in principle by the Co-operative Congress at Blackpool, February 1920: "The Co-operative movement is the consumers' organisation, and the women who manage the economy of the home are the most important class of consumers, and form at least half the membership of Co-operative societies. These women ought therefore to have a place everywhere in deciding the policy of the movement, and especially on such a body as the new executive, which will deal with policies affecting the whole future of the movement. But past custom has placed men in the official positions, and though women can stand as candidates, the fact that men are in possession of the seats heavily weights the scale in their favour. This has been proved repeatedly in the Central Board elections, and is most marked where the number of seats to be filled is very small.

"The problem is found everywhere, outside the Co-operative Movement as well as within it. The solution which has proved most satisfactory and causes least friction is to definitely allocate some seats to women.

"One of the great workers' organisations has just been dealing with the question. Only last week the Trade Union Congress reorganised its

Even more important has been the line taken by the Women's Guild in the long-continued controversy with regard to the entry of the Co-operators, as Co-operators, into national and municipal politics. In direct opposition to the more conservative elements in the Co-operative Movement, the Guild has consistently pressed for the closer alliance between the Co-operative Movement, the Labour Party, and the Trades Union Congress, with a view to the formulation of a common programme for the whole body of workers by hand and by brain, simultaneously organised as consumers, as producers, and as citizens; and for the united support of common candidates at Parliamentary and Municipal elections.

But the Women's Co-operative Guild has not limited its activities to helping forward the Co-operative Movement and agitating for its own policy of Co-operative reconstruction. For the last decade, at any rate, the Guild has taken itself seriously as the exponent of the needs and aspirations of the working-class woman as wife, mother, and citizen, claiming to be, in this respect, a complementary organisation to the Women's Trade Union League and other organisations representing women as wage-earners. The political propaganda of the Guild, though distinctly feminist and Socialist in tendency, has, for the most part, concerned itself, not with abstract theories or utopian projects, but with proposals that could be at

executive. The original proposal was to form a council of thirty, without taking into account the necessity for securing women representatives. The women's trade unions brought forward an amendment to add two women members. This was carried, and the representation of women has been definitely ensured.

"The Labour Party, when it reorganised its executive two years ago, adopted a similar method, and four of its executive must be women.

"In the Co-operative Movement the number of women is far greater than in either the trade unions or the Labour Party. It rests with societies to remedy the omission in the proposals for the new executive, and to so amend them that either one of the five members must be a woman or that a woman should be added as a sixth member. The woman member should be nominated and voted for by all societies."

once embodied in Acts of Parliament and administrative decisions. And it must be admitted that, owing to the persistency and capacity of its officers, the Guild has exercised a quite perceptible influence not merely on public opinion in the world of Labour, but also on Parliament and Government Departments —an influence which is altogether out of proportion to its membership of 50,000, and is certainly an astonishing result from an income of less than £2000 a year. All the recognised channels for political pressure have been diligently made use of: deputations to Ministers reinforced by intimate conversations with friendly permanent officials; lobbying in both Houses of Parliament, backed up by public meetings and what not. At each successive annual congress of the Guild, and in all its local meetings, the members have been urged to seek election to all the public bodies open to them, whilst the formation of the Standing Joint Committee of Industrial Women's Organisations in 1916[1] has enabled the Guild to

[1] The Standing Joint Committee of Industrial Women's Organisations, established in 1916 and reconstituted in 1919, is made up of representatives of the Labour Party, the Women's Co-operative Guild, the Railway Women's Guild, the Women's Trade Union League, the Workers' Union, the National Union of General Workers, the Railway Clerks' Association, the National Union of Distributive and Allied Workers, the Dock, Wharf, Riverside, and General Workers' Union, the Association of Women Clerks and Secretaries, and the Fabian Society (Women's Group). Its objects are: (*a*) to prepare and keep up to date a register of women in all parts of the country suitable for membership of any Local or Central Committee which may be set up by the Government or other authorities, for administrative or other work in which women have a special interest; (*b*) to set forth a joint policy for industrial women on such committees to follow, and to assist them to gain any information they may require; (*c*) to conduct joint campaigns by means of publications in the Press, meetings, deputations, and other methods, on any subject of national importance on which combined action by industrial women may be beneficial" ("Report of the Standing Joint Committee of Industrial Women's Organisations," *Labour Woman Supplement*, December 1919). "It is recognised by the Labour Party as an Advisory Committee on women's questions, and by Government Departments as the body through whom representatives of Industrial Women's Organisations for public committees and as J.P.'s., etc., can be nominated. Its work becomes continually more important, and all questions affecting industrial women come before it" (*Annual Report of Women's Co-operative Guild*, 1919–20, pp. 16-17). During the year the Committee was represented on the Old Age Pensions Depart-

obtain its full share of representation on Royal Commissions and Government Committees, as well as on the various statutory authorities set up since the beginning of the Great War.[1] The Guild has acted not only as an information bureau for all the members engaged in this multifarious public work, but also as a Press department supplying well-informed articles and opportune letters to the Labour Press and to such of the capitalist organs as have been willing to insert them. In all other ways the Guild has contributed appreciably to the successful agitations in favour of women's suffrage, the establishment of a Ministry of Health, the admission of domestic servants to the National Health Insurance scheme, the payment of the Maternity Benefit direct to the mother, the creation of maternity centres, and the training and certification of midwives.[2]

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mental Committee, the Overseas Committee of the Colonial Office, the Housing Council of the Ministry of Health, the Central Committee under the Profiteering Act, Complaints Committee and Investigation of Costs Committee, the Society of Overseas Settlement of British Women, the Consultative Council of the Ministry of Health in England and in Wales, the Child Welfare Inquiry Office, the Consumers' Council, and the National Council for the Unmarried Mother and her Child; and Guild representatives sit on seven of these Committees.

[1] In 1919 the Guild had 19 members on 17 City and Borough Councils, 9 on London Borough Councils, 22 on Urban District Councils in 9 towns, and 220 on Boards of Guardians. It had one member on the Consumers' Council, about 240 on Profiteering Committees, and about 290 on Food Control Committees in 231 towns; three members served on the Ministry of Health, English and Welsh Consultative Councils, and one on its Housing Advisory Committee, while 290 sat on Municipal Maternity Committees, and about 150 on Local Insurance Committees; 38 on Higher Education Committees, and about 220 on 109 Naval and Military Pensions Committees. It also had members on two District Agricultural Wages Boards, Trades Councils and Labour Representation Committees, Venereal Disease Committees, Labour Advisory Committees, Communal Kitchen Committees, and Housing Advisory Committees (see the *37th Annual Report of the Women's Co-operative Guild*, May 1919–20).

[2] There can seldom have been a more potent effort by a voluntary organisation than the publication in 1915 of the volume entitled *Maternity*, consisting of convincing homely descriptions, by members of the Guild, of their sufferings due to the absence of proper help and care in their confinements. It was very largely in consequence of the unstinted work of the Guild that Parliament in 1918 at last found time to pass the Maternity and Infant Welfare Act, enabling Local Authorities to establish public

For good or for evil, the energetic leaders of the Guild have not restricted their efforts to what may be considered " safe " subjects or mildly philanthropic proposals. Among the resolutions passed at the local conferences and national congresses of the Guild, and in the pamphlets and leaflets that it distributes, are to be found not only extremely Radical demands relating to national finance and foreign affairs, but also what are considered " advanced," and certainly very controversial views as to the amendment of the laws relating to divorce.

Now it is characteristic of the organised British working-class that it is on this apparently irrelevant question of the reform of the law of divorce that has arisen the heated controversy between the Co-operative Union and the Women's Co-operative Guild as to the degree of self-determination permissible in an auxiliary organisation of the Movement claiming to be subsidised by the Co-operative Union. As we have already indicated, the British Co-operative Movement, like the British Trade Union Movement, has always been free from those rival organisations based on cleavages in religious belief, which have been such a distracting element in most of the continental working-class Movements of the past half-century. The price paid for this unity of the British Movement has been a discreet abstention from any overt action on questions such as secular education and the laws relating to marriage and divorce, which are found to provoke acute controversy among persons of differing religious beliefs. Within the membership of any large Co-operative society, in district conferences and national Congresses, on Local Committees and Central Boards, are always to be found, not only Anglicans and Non-

midwifery services, maternity homes, and " mothers' helps," and making it obligatory for at least two women to be appointed to each Maternity Committee.

Conformists, but also Secularists and Roman Catholics. Hence on certain questions it has been customary to maintain a certain discretion and reserve, however large a majority might be found for particular proposals. The support given by the Women's Co-operative Guild to proposals to make the divorce laws bear more equally on men and women, and on rich and poor—though expressing an almost unanimous opinion of the Guild members—was felt to be a violation of this customary neutrality. It was strongly complained of by the Roman Catholics in the Co-operative Movement, who protested against any such action by an auxiliary organisation. Hence, in 1914, the Co-operative Congress resolved to renew its annual grant of £400 only on condition that the Guild should abandon its agitation for divorce law reform and that it should in future take up no work disapproved by the United Board.[1] This interference on the part of the Co-operative Union with the independence of the Women's Co-operative Guild—more especially on a question in which women are concerned as such—roused indignation among the members of the Guild. Its own Congress emphatically refused to accept any grant on conditions limiting the freedom and independence of the Guild. In 1918 a compromise was arrived at between the Co-operative Union and the Central Committee of the Guild; but the breach was reopened at the special Co-operative Congress in

[1] The Women's Co-operative Guild objected that this condition was a new departure and was not made in respect of the similar grant from the Co-operative Wholesale Society which was given for work actually done for the Wholesale Society without any interference with the other activities of the Guild. At their annual Congress the Women's Co-operative Guild resolved that "seeing that the position of the Guild has been attained through its power to act independently and to develop on its own lines, this Congress declares that it cannot accept the conditions laid down by the Central Co-operative Board as regards its grant to the Guild, believing that the future progress of the Guild and of the Co-operative Movement depends on the Guild policy being democratically controlled as in the past by the members themselves" (Women's Co-operative Guild, *Annual Report*, 1914–15, p. 7).

February 1920, when the Survey Committee's recommendation that all auxiliary bodies should give "unqualified acceptance at all times . . . to the decisions of the Congress and the authority of the Central Board of the Union" was accepted and endorsed, together with a proposal that the Board should have the right to appoint representatives to their executives. The Guild thereupon issued an elaborate statement of their case from which we give the following extract:

> The Central Committee view with grave concern the acceptance by the Blackpool Congress of the Survey Committee's proposals as regards auxiliary bodies. . . . The Central Committee believe that in any large democracy such as the Co-operative Movement, vitality and progress are best preserved by the initiative and enthusiasm characteristic of rank-and-file organisations free from official control. It is therefore on the general ground of securing this freedom so essential to energetic life, and so essential also to the "law and order" which belong to responsible self-government, that we oppose the Survey proposals.
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> Moreover, the necessity for free development applies with special force to a woman's organisation within the Co-operative Movement, which rests so largely on the support of women. In order that their point of view may gain expression and have its due weight, it is vital that development along their own lines should be unhampered.[1]

The Scottish and Irish Women's Guilds

We can pass rapidly over the history and constitution of the two sister Women's Guilds of Scotland and Ireland respectively, each of which was formed avowedly on the model of the Women's Co-operative Guild. The Scottish Women's Guild, established in 1892, with a membership in 1920 of 29,000 organised in about 200 branches and 7 sections, and with an income of a few hundreds a year mainly derived

[1] Statement by Miss Llewellyn Davies in *The Co-operative News*, March 13, 1920.

from grants from the Co-operative Union, the Scottish Wholesale Society, and other Co-operative bodies, seems to have met, in its first years, with considerable opposition from male committee-men "who did not want the women to join in association; who did not want the women to be a force in co-operation."[1] The Irish Guild (originally the Belfast branch of the Scottish Guild), established in 1906 with a membership in 1920 of 1200, has had, it is needless to say, little chance of growth owing to the state of Ireland. For these diverse reasons the Scottish and Irish Guilds have had far more restricted activities and far less influence in the Co-operative Movement and the world at large than their exemplar, the Women's Co-operative Guild; they have, in fact, mainly limited their work to holding classes in domestic subjects, establishing homes of rest for mothers and children, and generally helping forward the social and educational work of the local Co-operative societies. Nevertheless, the Scottish Women's Guild has succeeded in getting some of its members not only on Co-operative boards of management and educational committees, but also on some Local Authorities.

The National Co-operative Men's Guild

For more than a couple of decades there seems to have been no attempt at any organisation of the male membership of the Co-operative Movement parallel to the Women's Co-operative Guild established in 1883. When a "Men's Guild" was established, it was, from the start, placed in closer relations with the Central Board of the Co-operative Union and its Central Education Committee. "It will probably be found," states Mr. W. H. Watkins, the chairman of the National Co-operative Men's Guild, and a member

[1] "The National Co-operative Men's Guild: its Place and Work in the Movement," paper read at a Guild Conference, August 24, 1912.

of the Central Board of the Co-operative Union, " that the prevailing need of members joining the Guild is for information as to the methods of management, conduct of business and of meetings, the application of the rules, the framing of accounts, and the operations and resources of the Society generally. Following upon this, the desire will arise for a wider view of the co-operative world as a whole."[1] Here again, the new Guild has modelled itself closely on the Women's Co-operative Guild: but it cannot be said that the " Men's Guilds," with an aggregate membership of nearly 6000 enrolled in 158 branches, have, except in a few societies, shown any great activity or developed much local life. At the instance of some of the local bodies the Education Committee of the Co-operative Union called a Conference representing the Women's and Men's Guilds to consider amalgamation and " the establishment of a Co-operator's Guild admitting both men and women to membership."[2] This project was

[1] *37th Annual Report of the Women's Co-operative Guild*, May 1919–20, p. 16.

[2] The Men's Guild was started by a few men members of the Stratford Co-operative Society in 1906 to form an association for educational purposes. In 1910 similar associations were formed in Newcastle, Bradford, Liverpool, and other places, and in 1911 the Co-operative Congress resolved to establish a National Guild, appointing a conference of the United Board of the Union, the Educational Sub-Committee and eleven delegates from the nine then existing Men's Guilds, to draw up the rules and objects of the National body. Its objects were defined as being educational and social, to rouse individual Co-operators to take a wider view of Co-operation, and to draw them into friendly association with other Co-operators. Primarily: to arouse, maintain, and increase interest on the part of men Co-operators of all sections in the workings and development of the Co-operative Movement: generally, to make known the principles of Co-operation and assist towards their universal application to human affairs.

The management of the Guild is vested in a Central Council of 12, elected by the branches for three years, one-third retiring annually; a President (who is the chairman of the Central Education Committee of the Co-operative Union); a Vice-President (who is appointed from and by the Central Council); a Treasurer appointed by the Central Council; and two Joint Secretaries (the one being elected by the branches, and the other being the secretary of the Central Education Committee of the Co-operative Union. The officers are elected annually. Branches meet weekly or fortnightly, and can be formed in any society where there are seven willing members, and elect their own officers and frame their own

discussed at length at an " All Councils " meeting of the Women's Co-operative Guild in January 1920, when it was decided that a mixed Guild would destroy the self-government of the Women's Guild and would be detrimental to the position of the Guild as the principal national organisation representing married working-women's needs and views, and as a body through which appointments are made to national administrative posts. The Annual Conference of the Men's Guild at Easter 1920 followed suit and refused to be merged with the Women's Guilds. There was, in fact, a general opinion that the establishment of " mixed " Guilds would be an unnecessary duplication of the already existing organisation of the Co-operative Movement in general, divisional, and ward members' meetings, in district conferences and associations, and in the representative bodies, within the membership of each society, such as the local committees established at Leeds, all open alike to men and women.

We end this chapter surveying the federal institutions of the Co-operative Movement on the same note as that with which it began. The free association of autonomous democracies in free and autonomous federations is one of the most valuable contributions

rules. The annual meeting of branches is held one month prior to the Easter Meeting of the Central Education Committee and the Central Council holds its annual meetings during the Easter Meetings arranged by the Central Education Committee. In those societies where there is no branch of the Guild, men can become associates at the annual subscription of 1s. a year, and are entitled to voting powers. Branches pay an annual subscription of threepence to the Central Management Fund, the Co-operative Wholesale Society gives an annual grant of £50, and the Co-operative Union meets any deficit there may be in the accounts—the deficit in 1920 being £161. In 1918 six District Councils were formed—in Birmingham, Manchester, London, Mersey, Yorkshire, and Scotland. These councils are formed on the approval of the Central Council, to which they are expected to report periodically on the finance, membership, and activities of the branches in their districts. They carry out the work of the Central Council in the locality, and call meetings, compile lists of speakers for branch meetings, hold week-end schools, provide social entertainments, etc. etc.

of the British Co-operators to the art and science of democratic organisation. For this reason, even leaving Scotland out of account, we cannot imagine the English and Welsh Co-operators adopting the suggestion of replacing all the autonomous local societies by one national amalgamated society, governing, from a centre in Manchester or Liverpool, its thousands of branches, from Cornwall to Northumberland, from Canterbury to Carlisle. Nor do we believe that it is either practicable or desirable to set up one national supreme assembly and executive, which should lay down, by its annual congress, and enforce by its executive committee, an obligatory policy for all the separate societies of which it is composed. It is, of course, not only permissible, but actually necessary that societies entering into federal union for any purpose should prescribe, in the rules and constitution of the federal body, all the essential conditions of their association ; and these will, in fact, exclude some of the societies that may from time to time desire admission. It is needless to point out that this course has been followed in the rules, alike of the English and Scottish Wholesale Societies, the Co-operative Union, and the Women's and Men's Guilds. But so long as the societies within a particular federation continue to comply with these essential conditions, we suggest that it would be a mistake on the part of Co-operators to entrust, either to the federal executive or to the federal representative assembly, powers of continuous legislation that would in practice override their local autonomy. Finally, we can scarcely believe that it would be a gain to have only one Co-operative federal body, whether separately for England and Scotland, or unitedly for Great Britain and Ireland. We think that there are advantages in having parallel federations for distinct functions, which should combine in Joint Committees for specific purposes (such

as propaganda and publishing, on the one hand, and, on the other, the settlement, in concert with the Trade Unions, of the conditions of employment throughout the whole Movement). And we say this, not because we are fanatical adherents either of local autonomy as against national unity, or of federation in contrast with amalgamation. Each is required in its appropriate sphere. What is desirable in the Co-operative Commonwealth of To-morrow is that there should be, not any one rigid structure, but all sorts and kinds of democratic organisation, central and local, compulsory and voluntary. The Consumers' Co-operative Movement is, we think, the custodian of the principle of free federation of autonomous societies, exactly as the Political Democracy has, in order to ensure the preservation of each nation, necessarily to insist on a larger measure of centralisation of authority and of subordination of the parts to the whole.

CHAPTER III

THE CO-OPERATIVE EMPLOYEES

THE Co-operative Movement, constituted though it is by the union of consumers as consumers, has necessarily another side. In the conduct of the gigantic business that they have created, Co-operators are served by an army of men and women, of the most diverse gifts and training, and of very varied kinds and grades, in 1921 approaching in number to 200,000. Of these, about three-fourths are in the service of the several local societies and about one-fourth in that of the two Wholesales. Probably nearly all of them are either themselves Co-operators, by virtue of membership of a local society, or at any rate by belonging to the family and by residence in the household of a member. But their interests as employees, spending their whole lives in the service of their fellow-members in return for wages or salaries, are not identical with those of these fellow-members, whose livelihood is gained outside the Movement. The position occupied by these Co-operative employees, and the relation to them of the Movement itself, have formed the subject of prolonged controversy, and raise issues of great importance to-day. These issues and the difficulties to which they give rise are habitually ignored or slurred over, not only by Co-operators themselves in their accounts of their own Movement, but also

by outside historians and critics. We believe that the first condition of any satisfactory solution of the problem is a detailed examination of the facts; and we shall accordingly deal with them at what will seem, to some, disproportionate length. Such an examination will, incidentally, reveal the change of thought that has taken place on the subject from one end of the Co-operative Movement to the other, and its bearing on many of the problems of democracy. The issue, it is to be noted, does not turn, as used to be supposed, upon any distinction between "production" and "distribution." The problems are common to the seven-eighteenths of the Co-operative employees (68,000 at the end of 1919) who, whether in the service of the local societies or in that of the two Wholesales, are classified as engaged on processes of production, and to the eleven-eighteenths (105,000 at the end of 1919) who are classified as engaged in processes of distribution, between which it is, in fact, increasingly difficult to draw a sharp line.

It is instructive, to begin with, to recall the controversy of the past. For the first thirty years of the Movement—until, in fact, the Co-operative Wholesale Society in 1873 began its productive departments—the question of the position of the employees in the Movement can hardly be said to have arisen. Few difficulties arose between the managing committees of the early stores and their tiny staffs. The man and boy who unpacked, measured out, and wrapped up the groceries in the front parlour-shop, and the additional assistants who were taken on one by one as the beloved "Co-op." spread itself in new premises, adding department after department and branch after branch, never claimed any other status than that of serving their fellow-members at the customary rates given in the town, with the additional amenity of being on terms of social equality and friendship, and fre-

quently of close family relationship, with those who were collectively their employers. Until recent years the employees of the Co-operative Society, though they were nearly always encouraged to become members, were, as we have mentioned, formally excluded from the committee of management, even if their fellow-members would have elected them; and in many cases they were even prevented from voting for committee-men.

The first controversy as to the position of the employees arose, we may say, not about them at all, but from a difference as to the theory of Co-operative organisation. No one had ever thought of the shop assistants themselves managing the store or filling any other position than that of wage-earners. It was the same with the warehousemen and packers whom the Co-operative Wholesale Society engaged at Manchester to serve the whole Movement. But when the Co-operative Wholesale Society started, in 1873, its own "productive" departments, the question was raised as to the position of the operative bootmakers and biscuit-makers who were taken on at Leicester and Crumpsall. To the middle-class idealists, then influential in the movement—to Thomas Hughes, E. Vansittart Neale, George Jacob Holyoake, Edward Owen Greening, and others—who had originated Co-operative Production in the form of the self-governing workshop, and who had joined the Co-operative Movement in order to promote the ideal of "self-employment"—the establishment of manufacturing departments by the Co-operative Wholesale Society was objectionable in itself. What they would have preferred was a multiplication of self-governing workshops, formed on the basis of associations of producers, and selling their products to the associations of consumers, whose control of industry ought, they said, to extend only to "distributive industry."

But organisation by associations of producers was in many industries plainly inapplicable, and had, indeed, manifestly failed where it had been attempted; and it could scarcely be argued that Co-operative societies were to be for ever precluded from manufacturing for their own use instead of purchasing from profit-making capitalists. Hence these undaunted idealists of Co-operation demanded, for the manual working wage-earners who were employed in this "production for use," at least a "share of the profits" of the concern. But this claim was inconsistent with the very basis of the Co-operative society as an association of consumers substituting "production for use" for "production for exchange." The advocates of profit-sharing had not resented the employment at wages of the army of shop assistants, warehousemen, packers, and clerks that the growth of the stores and the establishment of the Wholesale had necessitated. It was admitted that in mere "distribution" there were no "profits" to which the operative staff could put forward any moral claim. But when the Co-operative Wholesale Society passed from "distribution" to "production," it was urged that equity—nay, the very spirit of Co-operation—demanded that the boot and shoe operatives in the Leicester works and the biscuit-makers at Crumpsall should be given, not merely full standard wages and good workshop conditions, but also a share of the "profits" (whether of their own factory or of the Co-operative Wholesale Society as a whole) that they were, it was said, helping to produce. We need not here recapitulate the arguments that were used or the details of the discussions that went on, congress after congress, for a couple of decades. The battle—in which the employees themselves took practically no part—was really the old conflict between two rival conceptions of industrial organisation—between the idea of manufacture organised by groups of pro-

ducers, *for exchange* to the rest of the world (production, therefore, for "profit," in which the manual workers could plausibly claim some share as against the capitalist proprietors), and the idea of manufacture organised by the whole democracy of consumers, for their consumption or service (production, therefore, *for use*, in which there could be no "profit" to share). In the end it became apparent to the mass of Co-operators, apart from any theory, that it was simply impracticable to give to the heterogeneous workers in each manufacturing department of the Wholesale anything really corresponding to a "share in the profits" of their own particular industry, and that, in fact, as the products were not sold on the market, but were merely transferred to other departments at an arbitrary valuation, no such "profits" could be calculated with any precision. To give to all the employees of the Co-operative Wholesale Society, whether "productive" or "distributive," a share in the "profits" of the concern as a whole—dependent as these are, in the main, not merely on chances of the market unconnected with the zeal or efficiency of the operatives, but also on the policy pursued as to the amount of "dividend on purchases" to be aimed at—appeared to the English Co-operators to offer no advantages; and to amount, in fact, only to a varying and uncertain bonus as an addition to wages. The directors of the Scottish Co-operative Wholesale Society decided to give such a bonus as an addition to wages, and a few of the stores have, for longer or shorter periods, done the same for all their employees, without, as far as can be detected, any appreciable results. The directors of the English Co-operative Wholesale Society decided, in accordance with Trade Union opinion, that such a bonus in supplement of wages was not a useful or a desirable form of remuneration; and successive delegate meetings, together with

the main body of Co-operative members, have agreed with them. The same view has been taken almost universally by the Co-operators of other countries, in France and Germany, Belgium and Italy, where there has never been any idea of sharing with the employees a "profit" which it is the very object of the Co-operative society to eliminate. And now after many years, the theoretical economists, as we understand them, take the same view. In 1918 the Scottish Wholesale Society, finding no particular advantage from its profit-sharing, and observing that the practice had almost ceased to exist among its constituent societies, finally abandoned this device, without exciting complaint or reproach. For reasons given elsewhere, we ourselves see no reason for, and, indeed, some disadvantage in "profit-sharing" between employer and employed, even when the employer is a capitalist company; and not more reason or advantage, but actually less, when the employer is a Co-operative association of consumers, the municipality, or the State, of which the persons employed themselves constitute a large part (and it may be eventually the whole) of the membership or citizenship.

This generation-long controversy about "profit-sharing" served to obscure the real issue as to the position of the employees in the Co-operative Movement. For a long time it was argued that there could be no such issue. The representatives of the English Co-operative Wholesale Society attempted to take up the position that the worker in a Co-operative factory, "if he is a member of the ever-open Co-operative community, already is in full partnership, and if he is not a member, then of his own choice he is outside the Co-operative body and has no special claim upon it."[1] Many ardent Co-operators even objected to the

[1] *The Story of the Co-operative Wholesale Society, 1863–1913*, by Percy Redfern, p. 81.

intrusion of a Trade Union, and they were shocked at the threat of a strike. But to the employees of one of the manufacturing establishments of the Co-operative Wholesale Society, or even of one of the departments of a great Co-operative store, mere membership of the Co-operative Movement seemed illusory as a method of protection against sweating or personal oppression. We have already mentioned that, right down to the end of the nineteenth century, it was a common practice absolutely to disfranchise any member who was also an employee of the society; and members' meetings were extremely loth to listen to any complaint of ill-treatment by an employee, even if any were venturesome enough to risk dismissal by "making trouble." Those whom the Co-operative Movement employed were, very largely, young people, and even those of long service were engaged in occupations which remained, right down to the end of the century, almost devoid of Trade Union organisation, and everywhere badly paid.

The plain men who served on the committees of management of the local Co-operative societies were, during the nineteenth century, scarcely conscious that their employment of a few engineers and carpenters, here and there boot and shoe operatives, and a great mass of shop assistants, bakers, dressmakers, and carmen brought them face to face with any Labour problem. They usually allowed their manager to select whatever staff was required by the growing business of the store, at whatever wages he found it necessary to pay, under conditions not differing from those of the neighbouring shopkeepers. They did not realise that these wages were, in many cases, appallingly low, and that the hours of labour, though doubtless not worse than those of assistants in retail shops generally, were such as to leave the unfortunate employees no leisure for recreation or improvement,

or for the duties of parenthood and citizenship.[1] A few improvements were effected by the Co-operators. The weekly half-holiday was adopted by the Bolton Co-operative Society as early as 1861, whilst the Failsworth Co-operative Society conceded it soon afterwards, and the Paisley Provident Co-operative Society in 1862,[2] and it became common (though by no means universal) in Co-operative employment long before it was general in retail shopkeeping. There was often more humane treatment in sickness, and generally greater consideration. But it seems to be true that, right down to the end of the nineteenth century, the humbler grades of Co-operative employees, especially the women and girls, received wages as appallingly low as those prevalent in retail shops. It gradually became plain that the organisation of industry by associations of consumers did not, any more than did State ownership or the Capitalist System itself, enable Trade Unionism to be dispensed with.

The question was first raised by the powerful

[1] In 1893 Mr. (now Sir) William Maxwell, then Chairman of the Scottish Co-operative Wholesale Society, created great consternation in the Movement by reading a paper at the Bristol Co-operative Congress, in which he described what seemed to him the excessive hours of labour exacted from Co-operative employees. Taking only the hours during which the stores were open, which understated the actual day of the assistants by something like 5 or 10 per cent, he showed that 93.5 of the societies were open for business for more than 60 hours per week; 43.4 per cent of them were open for more than 66 hours per week; whilst 163 societies, or 13.5 per cent of those making returns, were open from 70 to no less than 85 hours per week. Slowly and gradually did improvement take place. In 1909, sixteen years later, there were still 40 societies in the last category, 123 in the last but one, whilst 947, or 76.7 of the total, were still open for more than 60 hours per week (*The Working Life of Shop Assistants*, by J. Hallsworth and R. J. Davies, 1913, pp. 78-80).

[2] *History of the Great and Little Bolton Co-operative Society*, by F. W. Peaples, 1909, p. 382; *Failsworth Industrial Society Jubilee History*, by J. H. Ogden, 1909, p. 33; *Jubilee History of the Paisley Provident Co-operative Society Limited, 1860–1910*, by David Rowat, 1910, p. 52. The Bolton society granted, very early, two days' holiday annually with full pay; in 1890 four days, and in 1894 six days. In 1894 the Oldham Equitable Co-operative Society granted a full week's holiday annually, with pay, to all its distributive employees (*History of the Oldham Equitable Co-operative Society*, by C. Walters, 1900, p. 190).

Trade Unions of such craftsmen as the boot and shoe operatives, the engineers and the carpenters and joiners, a small proportion of whose members found themselves in Co-operative employment, either under the local societies or the Wholesales; and who had occasion to complain, now and again, that the wages, hours, or other conditions of employment were not, in all cases, exactly in accordance with the Trade Union standards. There were disputes, and even strikes; not often on any considerable scale, not embittered, and usually quickly adjusted without ill-feeling. The amounts at issue were not great, and the Co-operative committees of management had no thought of paying less wages than were paid by their competitors, and both they and their managers were generally acting in ignorance, rather than in defiance, of what the workmen considered to be their rights. But to prevent the scandal of these small but recurring disputes, between the wage-earners organised as consumers and the wage-earners organised as producers, a joint committee of the Trades Union Congress and the Co-operative Union was established as long ago as 1882 "to promote mutual understanding and to further Co-operative production." With the gradual disappearance of the faith in the self-governing workshop among Trade Unionists as well as among Co-operators, this committee became a board of arbitration in cases of dispute between a Trade Union and a Co-operative society. Consisting of four representatives from the Trades Union Congress Parliamentary Committee and the Co-operative Union respectively, it undertook to make full inquiry "into all disputes arising between Co-operative societies and their employees . . . to offer its services as arbitrators"; and whether or not its arbitration be accepted, to make a full report to the Trades Union and Co-operative Congresses respectively. In 1899,

and again in 1908, this joint committee laid it down (in reports of the two congresses, which were unanimously accepted by the assembled delegates) that "Co-operative factories, workshops, or stores should pay recognised Trade Union rates of wages and work the recognised Trade Union hours prevailing in each particular branch of industry in the district where such factories, workshops, or stores are situated"; and that any "complaints in regard to the conditions of labour" should be "submitted to the arbitration of the joint committee before either a strike or a lock-out takes place."

This solution of the relation between working-men organised as consumers and working-men organised as producers promised to be final. All that the great national Trade Unions asked from the Co-operative Movement was that the conditions of employment obtained through Collective Bargaining with capitalist employers should be accepted in the letter and in the spirit by the committee-men of Co-operative societies and the directors of the great Wholesale Societies, with the additional advantage that the officials of these two great working-class organisations would meet as social equals. And this treaty of peace between the Co-operative and Trade Union Movements coincided with the current philosophy of Trade Unionism. We have elsewhere explained that the Trade Union leaders of the last half of the nineteenth century tacitly accepted the existing organisation of industry and concentrated their efforts on the maintenance and progressive improvement, within each separate occupation or craft, of the terms of the bargain made by the wage-earners collectively with the employers, including alike all the conditions of service and complete freedom from personal oppression. The Trade Union leader of these days discussed the relative advantages of private enterprise by the capitalist profit-maker on

the one hand, and the consumers' Co-operative Movement or state and municipal trading on the other, almost exclusively from the standpoint of whether the profit-making employers or the representatives of the consumers or the citizens offered better conditions of service to the members of his own organisation.[1]

This prospect of stable equilibrium between the Co-operative and Trade Union Movements was upset by three new factors. First, we see the growth, at the beginning of the twentieth century, of a powerful Trade Union of Co-operative employees, made up for the most part of kinds and grades of workers who were, in the analogous capitalist enterprises, unorganised or at best very imperfectly organised, and unable to obtain any recognised standard conditions of employment. Hence there arose the demand for special treatment of Co-operative employees, on the lines of a "Moral Minimum," or at least a "Living Wage," a demand presently transformed into a claim to a standard of life approximating to that enjoyed by the highly-organised skilled craftsmen who sat on Co-operative committees of management. Secondly, the able and energetic leaders of the organised Co-operative employees, inspired by the new doctrine of the control of each industry by the workers concerned, raised in a new and more subtle form the old controversy as to the relative claims to industrial authority of associations of the consumers and associations of the producers. And arising out of these two new factors—the plea for exceptional conditions for Co-operative employees and the claim of the organised Co-operative employees to control Co-operative industry, there emerged a heated controversy within the Trade Union Movement itself as to the basis upon which the multifarious crafts and grades of

[1] *History of Trade Unionism*, by Sidney and Beatrice Webb, 1920 edition, p. 649.

labour at work in the local Co-operative societies and in the enterprises of the Wholesale Societies ought to be organised; a controversy which presently led to the Amalgamated Union of Co-operative Employees, like the Municipal Employees' Union, finding themselves outside the Trades Union Congress.

The National Union of Distributive and Allied Workers

This organisation, still commonly known in the Trade Union world as the A.U.C.E., and to-day one of the best organised and most aggressive Trade Unions in the United Kingdom, began in 1891, in a humble spirit and a small way, as a friendly society under the title of the Manchester and District Co-operative Employees' Association. For the next twenty years it slowly absorbed other local societies of Co-operative employees, in 1895 becoming national in scope and registering itself as the Amalgamated Union of Co-operative Employees; but even in 1906 with a membership not exceeding 15,000, almost wholly men, and until 1911 without any sort of strike fund. During and after the war, the membership, owing partly to the National Insurance Act and the general spread of Trade Unionism, but partly also to the Union's outstanding success in securing higher wages and shorter hours, rose rapidly, especially among women, reaching, in 1920, a total of 100,000, of whom 90,000 were in the Co-operative Movement, including 8000 employees of the C.W.S. organised in a special section. Thus, out of a total in 1921 of possibly over 190,000 employees of the Co-operative Movement, over 90,000 are to-day (1921) in the A.U.C.E. Of the remainder, a certain proportion are under sixteen years of age, whilst many more (notably in Scotland, South Wales, and the south of England) have preferred

to join the National Amalgamated Union of Shop Assistants, and others, again, are members of the National Union of Clerks, or of one or other of the "craft" Unions. The basis of membership and the internal constitution of the A.U.C.E. have been changed more than once during the last ten years and, owing to its amalgamation at the beginning of 1921 with the National Warehouse and General Workers' Union, which brings its total membership up to 200,000, the constitution is still in process of transformation.

In order to understand the adventurous career of this remarkable organisation we must note the depressed environment in which it was born. At the end of the nineteenth and beginning of the twentieth centuries, all commercial employees, and more especially the shop assistants, were among the lowest paid, the hardest worked, and the most arbitrarily treated of the wage-earning class. The women in particular, unprotected by any Factory Act, and frequently "living in," were so shamefully underpaid, overworked, and badly housed, that their condition had been the subject of frequent investigation and report by Committees of both Houses of Parliament. Within the Co-operative Movement, it is true, the shop assistants, clerks, and warehousemen enjoyed somewhat shorter hours than in private trade; they were free from the annoying obligation to "live in"; and they were usually treated by the committee-men and managers, who were frequently relatives or friends, with more personal respect and humane consideration. But the rate of wages was, it was assumed, fixed by "supply and demand," and the very superiority in amenity of the "Co-op." tended to increase the number of applicants for employment. Hence, when the A.U.C.E., in the first years of the twentieth century, felt itself strong enough to begin an agitation for higher wages and

shorter hours it did not attempt to bargain with committees of management, still less to withdraw its members from employment. The Union concentrated its energies on a vigorous agitation among members of local Co-operative societies, and among the delegates to quarterly meetings of the Wholesale Societies and the annual Co-operative Congress, in favour of a " Living Wage " for all the employees of the Movement, based on moral considerations. In this agitation it was joined by the Women's Co-operative Guild, which insisted on the need for a prescribed wage-scale for women employees, and opened a campaign of wide publicity based on accurate statistics. A census made by the Union on the 1907 returns showed that the average minimum rates of all English districts was, even for grocery managers, only 30s. 10d. per week, the average of the maximum rates being only 37s. 8d. per week. Notwithstanding the rise in prices these figures had risen by 1910 only to 31s. 8d. and 38s. 3d. respectively. The corresponding figures for grocery assistants (men) were 23s. 2d. and 28s. for 1907 ; and 24s. 2d. and 28s. 8d. for 1910. Cases of adult men of considerable service receiving less than £1 per week, and of adult women of training and experience being paid only half this amount, were by no means unknown, whilst girl apprentices or " improvers " were often working for a mere pocket-money wage. It came to be felt by the Co-operators themselves that, whilst Co-operative societies might be no worse sinners than other employers, wages such as were revealed by such averages were, to put it mildly, not creditable to the Movement. The efforts of the Union were first directed to the establishment of a National Minimum Scale for all male manual workers in Co-operative employment, based on the right to a living wage, irrespective of what was paid elsewhere. This was at first strenu-

ously resisted by those responsible for the administration. In 1907 the English Co-operative Wholesale Society so far admitted the principle as to adopt a wage of 24s. a week as the minimum for adult male labour in all its own factories, warehouses, and offices, and such a minimum came gradually to be adopted by nearly all local societies of any magnitude. There remained the question—economically a more difficult one—of a minimum for women. The rates paid for women were even more scandalous than those paid to men, " the average of the minimum rates for women over twenty-one (manageresses being included with assistants) being, in 1910, only 15s. 10d. per week, and the average of the maxima was no more than 21s. per week. Female assistants under twenty-one were working at minima averaging only 6s. 6d. per week, and at maxima averaging only 11s. 6d. per week." The Women's Co-operative Guild satisfied itself that nearly all the Co-operative societies in Great Britain were paying very low wages to the girls and women whom they employed, whether behind the counter or in the dressmaking and other departments of the separate societies, or in the extensive factories and packing and preparing rooms of the Co-operative Wholesale Society itself—wages which were, indeed, not lower than those paid by capitalist employers, but which were demonstrably insufficient for decent maintenance. Representations were made to the committees concerned, at first privately, and then publicly, but these proved of no avail; and the Women's Co-operative Guild, in supplement of the efforts of the Union, undertook an extensive campaign of agitation in favour of the adoption of a prescribed Minimum Scale of Wages, for male and female workers separately, from fourteen upwards, graduated according to age and sex.[1] It was interesting to see the democracy of

[1] In 1908 only 500 women among all the tens of thousands in the Co-

Co-operative members stirred in this case into an unwonted activity. The Trade Union succeeded in persuading the Co-operative Congress of 1907 to affirm the principle of a minimum scale of wages for all Co-operative employees, male or female, irrespective of the nature of their work, and to instruct the United Board of the Co-operative Union to undertake the difficult task of embodying this principle in concrete proposals. At the Congress of 1908 a scale of wages drawn up by the United Board, in consultation with the Women's Guild and the Trade Union—asking for no more than 17s. per week as the minimum for adult women, and 5s. for a girl of fourteen—was adopted, and was recommended to all the constituent societies of the Co-operative Union, including the two Wholesale Societies. But the women's leaders realised that the Co-operative Congress, whilst it could pass resolutions with enthusiasm, had no power over the business activities of its members, and that the Congress scale would be a dead letter until it had been adopted by the quarterly meetings of the individual stores, and by the quarterly delegate meetings of the Wholesale Societies. The question was brought up at meeting after meeting by indefatigable members, usually women, and society after society was shamed into directing its committee to adopt the scale. At delegate meeting after delegate meeting the same resolution was pressed on the directors of the Co-operative Wholesale Society, who demonstrated that the adoption of the scale would involve a very large annual increase of expenditure, and declared that such an increase would (in the absence of a Legal Minimum Wage applicable to their capitalist competitors as well as themselves) put them at a

operative service were members of the Amalgamated Union of Co-operative Employees. By 1912, largely owing to the exertions of the Women's Co-operative Guild, 3000 women had joined; and in the following year, owing to the effect of the Insurance Act, the number increased to over 6000.

disadvantage. The women and their representatives would take no denial. The directors of the Co-operative Wholesale Society at first conceded the scale for their " distributive " employees only ; and were then directed, by the quarterly delegate meetings of December 1912, to accept the scale for their female employees in all departments, manufacturing as well as trading, and to put it in force by the year 1914.[1]

Meanwhile the commercial employees engaged in private trade were being rapidly organised by Trade Unions of clerks, shop assistants, and warehousemen respectively, or attracted into the General Unions catering for all unorganised workers. Encouraged by this boom in Trade Unionism, the A.U.C.E. started in 1911 on a more militant policy, threatening and carrying on strikes against local societies or departments of the Wholesale Society which were not paying the national scale of wages, or were acting arbitrarily towards the employees. Wherever it was strong enough, the Union insisted that all employees should be Trade Unionists, and that the conditions of employment should everywhere be determined, not by the fiat of committees of management, still less by the manager, but by Collective Bargaining between the management and the officials of the Union. Further, it put forward the claim that the conditions of employment of shop assistants and other commercial employees should be levelled up to correspond more closely

[1] The Minimum Wage Scales were drawn up by a sub-committee of the United Board in 1907, the Women's Co-operative Guild and the Amalgamated Union of Co-operative Employees being consulted. The male scale adopted was as follows :

Age .	14	15	16	17	18	19	20	21 (and over)
Wages .	6s.	8s.	10s.	12s.	15s.	18s.	21s.	24s.

And the Female Scale :

Age .	14	15	16	17	18	19	20 and (over)
Wages .	5s.	7s.	9s.	11s.	13s.	15s.	17s.

(See *The Co-operative Movement and a Minimum Wage for Co-operative Employees* (Co-operative Union, 1913) ; *The Story of the Co-operative Wholesale Society*, by Percy Redfern, 1913, pp. 358-64.)

with those obtained for engineers, carpenters, cotton-spinners, and miners by their respective Trade Unions.[1] "There seems to exist," stated an official of the Union, "a popular understanding . . . that 'shop-keeping is a public convenience, has none of the rights, and little of the dignity of labour.'"[2] The Co-operative employees, it was suggested, ought no longer to be contented with a mere living wage. "Co-operative employees," the author scornfully remarks, "have been warned repeatedly that, if they pushed their demands for increased wages to the extent of the scales laid down, the stores would be involved in a serious position. This is nonsense. In view of the huge profits they make, Co-operative distributive stores can easily stand the strain of Trade Union wages conditions."[3] "They must realise that they have a right to such remuneration for their labour as will yield something more than what will maintain them in industrial efficiency; something that will enable them to enjoy some of the advantages of travel, of participation in the higher life, and of security for a comfortable and honourable old age."[4] And in supporting this new plea the Co-operators were reminded by the general secretary of the A.U.C.E. of the high ideals in which the Movement had originated—the ideal of changing the status of the worker from that of a hired man to that of a participator in the management of the industry in which he was

[1] "One of the great hindrances to a better feeling in the Co-operative Movement is that it takes £4 per week to keep a member of the committee, and anything from £2 : 12 : 6 to £3 : 7 : 6 to keep an employee. As one who had a good deal to do with the South Yorkshire Federation, I was surprised to hear committee-men who were Trade Union leaders saying £4 per week was too much for a Co-operative employee, when at the same time they were advocating for from £4 to £6 for themselves for nothing like the same work and responsibility. How can an employee have an interest when at every point he is up against the individualist on the committee?" (*Co-operative News*, February 28, 1920.)

[2] *The Working Life of Shop Assistants*, by Joseph Hallsworth and Rhys J. Davies, 1910, p. 77.

[3] *Ibid.* pp. 137-38.

[4] *Ibid.*

engaged. It is interesting to note that in this resurrection of the old ideal, all claim for a share in the profits was dropped,[1] it being recognised that the Co-operative Movement eliminated the very conception of profit on price, and further that profit-sharing had been proved to be detrimental to Trade Unionism. What was demanded was a standard of life equal to that enjoyed by the higher ranks of labour, together with some participation in the function of management.

Whether the A.U.C.E. has succeeded in raising the shop assistants, warehousemen, and other commercial employees of the Co-operative Movement to the level of the miner or the engineer, is open to doubt. But the officials of the Union admit that the Co-operative employees, besides enjoying more personal freedom, a greater sense of social equality, and, above all, less unemployment, now get substantially better rates of pay and shorter hours in the Co-operative Movement than they do in the capitalist shops—an improvement in the conditions of service which has been accelerated and standardised since the Armistice, and has even been extended to managers and assistant managers. In the following extract from a report of the general secretary of the Union on " Wages after the War," the activities of the Union are well described :

With the cessation of hostilities in the war of nations the movement for consolidation of wages and bonuses assumed new strength, and the organisations of distributive workers, foremost amongst which was the A.U.C.E., formulated their demands, and began active preparations for the fight which

[1] " Bonus has often been considered as part of what should be the standard minimum wage, and has, therefore, militated against the successful establishment of a definite and fixed rate of remuneration. As a matter of fact, only about a score of the two hundred distributive Co-operative societies sharing profits with labour are paying Trade Union rates of wages [meaning the rates asked for by the A.U.C.E. !] to all their adult employees " (*The Working Life of Shop Assistants*, pp. 44-45).

many of us had foretold would be necessary before the revaluation of human labour in the workaday world of peace was expressed in concrete form. The programmes were presented in May 1919, separately in Yorkshire and in the rest of the area known as the North-western Section—Lancashire, Cheshire, North Wales, and parts of Derbyshire and Staffordshire. The Co-operative societies' committees of management in most cases considered the demands to be of an extravagant character.

Lack of unity amongst employees in the past, though not so pronounced as in the capitalist section of the distributive and allied trades, had enabled Co-operative directors to carry on their business on a low labour cost. The challenge to the old order of things made possible by the increased solidarity and close comradeship of the workers, now well organised and determined that the Co-operative Movement must render something more than lip service to ideals and principles, came as a shock to those in high places of Co-operative management. Accordingly they took steps to resist the demands made upon them, first by the time-worn methods of " Dilly " and " Dally," and later by active massed formations. They showed neither vision nor business acumen. The competition of capitalist businesses was quoted against the Union leaders. In vain was it pointed out that quite apart from the necessity of the Co-operative Movement squaring practice with oft-repeated moral precept, commercial success could not and would not be achieved through ill-paid and overworked employees. It could be accomplished only by the negotiation of a labour code that would invoke the best brains and workmanship, secure the goodwill and interested service of the employees, both of the managerial and operative grades, and divert their thoughts from economic worry and distress so that they might be centred upon the quality of the service rendered.

What followed is fresh in the public memory. The strike in South Yorkshire in July 1919, was followed in the Airedale and Bolton districts in August, and the serving of lock-out notices to the members of the Union over a large part of the area. Never did the Co-operative Movement stand in such poor case to the public gaze. Trade Unionists throughout the country condemned the directors who seemed so anxious to pose as the Napoleons of industry. Had their policy, embody-

ing anti-Trade Union and reactionary tactics, succeeded, it would have been the means of discrediting the whole working-class movement, by furnishing the capitalist employers with arguments against the democratisation of industry. Fortunately the good sense of the rank and file of Co-operators, and the magnificent solidarity of all grades of workers concerned in the struggle, triumphed over reaction and led to conferences of the negotiating parties under independent chairmanship.[1]

But the leaders of the A.U.C.E. have not been content with obtaining for the various grades of employees within the Co-operative Movement higher wages and shorter hours than similar grades obtain in private enterprise. With the steady growth in membership and power of the organised Co-operative employees, a desire arose among the more militant for a new status. Did not, they asked, the original ideal of the early Co-operators include " self-employment " and " self-determination " ? The new demand, which took the form of a request for some participation in the management of the shop, the warehouse, and the factory, seemed to be justified by the very basis upon which the employees' organisation had been founded. " The organisation of industry on Co-operative lines," states the secretary of the A.U.C.E. in a pamphlet of 1915, " brings with it sentiments and conditions peculiar to the motive force of the movement, and differing widely from the motive, methods, and conditions of capitalist organisation. The two are utterly opposed in sentiment, and conditions of work and pay and status differ. . . . This special organisation of industry, complete in itself, as it were, and capable yet of tremendous expansion, by its very nature imposes a similar uniformity in the organisation of Co-operative employees, especially in view of the fact that Co-opera-

[1] *Memorandum on the Wages of Co-operative Shop Managers*, by J. Hallsworth, December 1919, pp. 16-17.

tive employees have distinct interests in the movement in which they are employed—in citizenship rights and in joint-control of their conditions, which are denied to those working under capitalist employers. Co-operative employees are, or should be, Co-operators as well as Co-operative employees, and in their organisation as workers they need to keep before them not only their conditions of pay, etc., but also the organisation of their ideas and views of collectivist principles, with a view to securing the democratisation of industry without the interests of the inner circle of employees being prejudiced during the period of transition from incomplete to complete Co-operation."[1] The "justification of the separate existence of the A.U.C.E.," repeated the general secretary at the annual conference of the Union in 1916, is "that it was part of their (the Union's) aim to set up a joint-control of the Co-operative Industry. He held that they should set up departmental councils on which the work-people would be represented with the members, which not only dealt with wages and hours, but with discipline, method, technical ability, etc. They wanted to make it possible for the Movement to be not only a Movement for the benefit of the consumers, but a Movement which would give the workers it employed a larger voice in the control of labour conditions than could be approached by private employers under capitalism."[2] "The Co-operative Movement differed from capitalism," stated Mr. Hallsworth in the following year, "in its purposes and ideals: and if Co-operators did not believe that, the A.U.C.E. did. . . . They wanted to secure the unity of Co-operative employees regardless of occupation, and on the basis of the class consciousness and comradeship of the common employment,

[1] *Union by Industry*: Pamphlet written by Joseph Hallsworth, and endorsed by the Executive Committee of the A.U.C.E., 1915, p. 16.

[2] *The Co-operative Employee* (Journal of the A.U.C.E.), November 1916, p. 93.

for the purpose of controlling the service in which all were commonly engaged as wage-earners."[1]

We can now consider the powerful reactions set up in the Co-operative and Trade Union Movements by the successes of the A.U.C.E. in respect of the material conditions of employment, and by its new demand for a sharing of the control of the Co-operative premises, plant, and business between the associations of consumers and the now powerful association of producers.

The reaction within the Co-operative Movement was slow but decisive. The committee-men and managers of local societies and federal bodies had been compelled by the public opinion of their more active members to grant National Minimum rates corresponding to some sort of estimate of a "Living Wage." Under the pressure of "lightning strikes" they found themselves compelled to give to their employees considerably more than a subsistence wage, and, what was of greater moment, far higher wages and far shorter hours than those obtained by similar grades of workers—not only from small shopkeepers, but also from the most formidable rivals of the Co-operative Movement, the multiple shops of specialised and wealthy joint-stock companies. There accordingly ensued a sullen resentment among the active administrators of the Co-operative Movement. "It has been the contention of the management committees of the London societies," writes the secretary of the Royal Arsenal Co-operative Society (Woolwich), in an article in *The Co-operative News*, "that the demands made upon them should, likewise, be made upon multiple shop companies, and upon all competitors of the Co-operative Movement, and that not only should the demands be made, but, if conceded by the societies, enforced on the companies." By a

[1] *The Co-operative Employee*, February 1917, p. 153.

table of statistics,[1] he demonstrated that " the differences are very striking, and have never been satisfactorily explained. . . . The organisations referred to are demanding, in most cases, less from capitalistic shops and stores than they demand from themselves (*i.e.* the working-class Co-operative Movement). This statement may seem paradoxical, but the facts are too strong for any other interpretation. It is as though they had, after all, a very tender regard for the shareholders and proprietors of concerns established and maintained for private gain. Differential demands like these place a most unfair weapon at the disposal of a system. Trade Unionists for the most part desire to abolish the weapon of competition backed by cheap labour. One wonders why this obtains. Why should Trade Unionists demand that any man who manages a shop (no matter how small) for a Co-operative society

[1] *The Co-operative News*, February 28, 1920. The following is the table which indicates the extent of this differential treatment :

Age.	N.A.U.S.A. demand on				A.U.C.E. demand on London Co-operative Societies.	
	Multiple Stores (London).		London Co-operative Societies.			
	Male.	Female.	Male.	Female.	Male.	Female.
Juniors —						
14	..	..	18/-	16/-	18/-	18/-
15	..	..	20/-	18/-	22/-	22/-
16	24/-	20/-	25/-	22/-	28/-	28/-
17	29/-	24/-	30/-	26/-	35/-	35/-
18	35/-	28/-	38/6	32/-	41/-	41/-
19	37/6	30/-	42/6	38/-	45/-	45/-
20	40/-	32/-	48/6	45/-	50/-	50/-
Adults —						
21	50/-	41/-	60/-	50/-	65/-	52/6
22	53/-	43/6	62/6	52/-	.	..
23	56/-	46/-	65/-	54/-	70/-	55/-
24	59/-	48/-	67/6	56/-	..	..
25	62/-	50/6	70/-	58/-	..	..
26	65/-	53/-	72/6	60/-	..	..
27	68/	55/6	..	..	..	..
28	71/-	58/-	..	..	..	..

We may also note that a recent strike of tailors in private enterprise in Bolton (May 1920) resulted in a minimum wage of 90s. for men and 50s. for first-grade women; while in December 1919 the bespoke tailors in the Co-operative Movement were conceded a minimum of £6 : 10s. per week.

shall be paid at least £5 per week, whilst £4 only is the amount asked (also by Trade Unionists) from, say, the Combine Grocery and Provisions Limited? It is something the ordinary man cannot understand; it is beyond understanding. Yet this is the position as it exists to-day. Co-operative societies must pay the highest possible wages to the staff—the interests of the employees and members are mutual in this respect—but it is submitted that they have a right to assert that the wages they themselves pay for the conduct of their own business, shall likewise be demanded from the establishments where private profit is the first consideration, and where the welfare of the consumer is considered no farther than that minimum point, which must be touched if the danger of losing his business is to be obviated. And all the time the societies are confronted with this competition from less-priced labour! . . . It is no use mincing words in a matter of this description. If the workers desire to see their own organisations rapidly expand, they must protect those organisations to the extent of demanding that they shall not be subjected to competition from 'low-paid' shops."

Passing from the claim for better conditions of employment to the larger claim made on behalf of the Co-operative employees to a share in the general management of the Co-operative Movement otherwise than in determining their conditions of employment, we note that the A.U.C.E. did not get far.[1] In our

[1] Mr. Hallsworth, the secretary of the A.U.C.E., has outlined a scheme for the joint control of Co-operative industries by the representatives of the four and a half million members on the one hand, and the representatives of the organised Co-operative employees on the other, the central feature of which is the joint control of the local Co-operative society. "The idea is that the management committee of the local Co-operative society and the local branch of the A.U.C.E. should appoint a joint committee with equal numbers on either side to deal with employment, service, and administration in which the management and the employees have a common interest. This joint committee should discuss such questions as wages and conditions of labour, and the further development of Co-operative

description of the development of the constitution of local Co-operative societies, we noted that there had been a widespread movement in favour of sweeping away the original disqualification of employees to vote as members for the committee of management, and, moreover, that by 1921 about a score of societies had so altered their rules as to encourage the election to the governing body of a small number or a small proportion of members who were employees. In a few instances the employees themselves, irrespective of the members, have been permitted to choose one or two of their own number to sit with the members elected to the committee of management, as an integral part of that governing body, without any limitation of their powers. Alongside of this development there has been an institution of advisory shop committees, chosen by the employees themselves, to consult with the committee of management on questions relating to the amenity of the employees' working life, and even to what is referred to as discipline. In the Warrington Equitable Industrial Co-operative Society, as we have described in our first chapter, there is now a permanent Joint Advisory Committee of equal numbers of committee-men and employees, the latter being elected annually by five separate sections of the staff; and to this committee are relegated practically all the questions in which the employees are interested, but subject always to final decision by the committee of management. It will be needless to point out that, useful and successful as all this may be, it does not amount to any transfer

business in competition with other commercial concerns; it would deal with the interests of the society in respect of improvements in the administration; and the services rendered to the customer members, the staffing of shops, the methods of advertising and pushing Co-operative productions, questions incidental to leakage systems and other such matters, might be discussed and adjusted so as to satisfy both the Co-operative spirit and the commercial factor" (*The Co-operative News*, November 29, 1919, "Interview with Mr. J. Hallsworth").

of the functions of management from the representatives of the whole body of consumer-members, either to the employees of a particular establishment or to the whole body of Co-operative employees organised in their Trade Union. It remains to be added that the proposal of the Manchester and Salford Society at the quarterly meeting of the English Co-operative Wholesale Society (May 1920) to add to the board of directors four additional members elected by the whole of the employees of the C.W.S. from the workers in their productive workshops, was rejected by the delegates by the overwhelming majority of 2083 to 113.[1]

The effect upon the Trade Union Movement itself of the growth in membership and power of the A.U.C.E. has been more significant in its bearing, not only on the relationship between the Co-operators and their employees and between the Co-operative and Trade Union Movements, but also on the efficiency and solidarity of Trade Unionism itself. The Co-operators have, in fact, found themselves, through no fault of their own, involved in one of the most intractable problems of vocational organisation.

Now it would be impracticable in a work on the consumers' Co-operative Movement to diverge into a comprehensive and accurate analysis of the embittered controversy with regard to the proper basis for Trade Union organisation—a controversy which in 1915 led to the withdrawal of the A.U.C.E. from the Trades Union Congress. It must suffice here to say that the Trades Union Congress, in order to prevent a disastrous internecine struggle between various Unions, has laid down, in effect, that Trade Unions must be organised on one of two bases : either that of craft or occupation

[1] In this abortive proposal the limitation of representation to workers in "productive workshops," as distinguished from the employees in the offices, the warehouses, the laboratories, and the transport services of the C.W.S., is a curious echo of a profit-sharing controversy of a past generation.

(*e.g.* carpenters, patternmakers, tailors, bakers, etc.), or that of an industry defined by the product or service which is turned out (*e.g.* the Miners' Federation, the National Union of Railwaymen). It is needless to say that this principle, which does not, of itself, solve all problems, has not been logically or systematically applied. It is invoked, in fact, only when a particular Trade Union becomes, in the opinion of powerful sections of the Trade Union world, a "pirate" or "poacher" Union. Unfortunately the A.U.C.E., in the opinion of the majority of Trade Unionists, had put itself in this position. Organised neither on a "craft" basis, nor on that of a definite "industry," it has been continually extending the range of crafts and industries among which it claims to enrol members. For the first decade of its existence, and even later, it consisted, in the main, of shop assistants and other workers employed by the local Co-operative societies in the distribution of goods, and not in their production. But by 1911 it had succeeded in enrolling members in nearly all the sections of unorganised or partially organised productive workers in the factories of the C.W.S.,[1] as well as in those of the local societies. This brought the Union up against such craft organisations as those of the bakers, the boot and shoe makers, the tailors, the cabinetmakers and upholsterers, and various types of operatives in printing works, these organisations being affiliated to the Trades Union

[1] Matters were not improved by the somewhat insidious policy of the A.U.C.E. It should "be the aim of the A.U.C.E.," stated the secretary, "to endeavour to organise every worker in the Co-operative Movement so as to absolutely unify the interests of all workers controlled by this one bond of capital and management. . . . Already many Co-operative employees are organised in other unions more or less effectively, and it is hardly to be expected that we shall secure all these as members of an industrial union of Co-operative employees. . . . It seems reasonable to conclude, however, that it will be politic to begin in the first place by organising those workers who are at present unorganised, and the more difficult task of securing in the industrial union the workers already organised in other unions could be tackled as the new organisation developed in strength" (*Union by Industry*, by J. Hallsworth, 1915, pp. 19-20).

Congress. Meanwhile the National Amalgamated Union of Shop Assistants, which had been established at the same date as the A.U.C.E. (1891), and the National Union of Clerks (established 1890), both of which had recruited their membership in the larger sphere of private enterprise, had also been growing in magnitude and influence, and were naturally critical of a body which had become a serious rival. Hence there grew up considerable friction between the A.U.C.E., claiming to be an all-inclusive Union for the employees of the Co-operative Movement, and the various craft or occupational organisations, which were catering for the same sections of workers principally, and even predominantly, for those employed by profit-making enterprises. But this was not all. In 1917 the A.U.C.E. decided, as it said, to follow its members when they passed into profit-making enterprise, and began also to recruit new members in multiple shops, among the employees of the retail tradesmen, and in wholesale traders' warehouses, with the result that, already by 1919, it could announce that 10 per cent of its 100,000 members were not employed in the Co-operative Movement. This entry of the A.U.C.E. into the field of the private employer has been enormously extended by its amalgamation, in 1920, with the National Warehouse and General Workers' Union, having a membership of 90,000, almost exclusively in the service of profit-making enterprises, and including such diverse productive concerns as those dealing with tobacco, rubber, paper, bedding, fur, metals, dyes, and chemicals. In short, the A.U.C.E., having changed its name to the National Union of Distributive and Allied Workers, now admits " any person of either sex employed wholly or mainly in any commercial occupation in connection with the retail or wholesale trades," and also " any employee if engaged at work in connection with any commercial

employment ; and, further, " such other allied workers as the members in annual Conference may determine " —an all-embracingness which might extend to pretty nearly the whole wage-earning class.

So far it would seem as if the friction between the A.U.C.E. and the Trade Unions of shop assistants and clerks on the one hand, and those of the various skilled crafts on the other, is very similar to that between any organisation of " general workers " and the craft or industrial Unions. But the situation is aggravated by the fact that the other Unions feel that the A.U.C.E. has a privileged position which enables it to undercut the other Unions in its recruitment of members. Thus the officials of the National Amalgamated Union of Shop Assistants, Warehousemen, and Clerks have pointed out that " Co-operative employees have much greater security of employment than those employed in private trades. Their rates of pay and general conditions of employment are largely regulated by those surrounding them engaged in the same calling, but under a different form of trading. Generally speaking, Co-operative employees in the distributive trades work less hours on the average than those in private trade. The wage for these less hours is nearly the same, though occasionally a little above the average paid by other forms of trading. By organising Co-operative employees by themselves, separate from those employed by private firms in the same occupation, a smaller contribution can secure similar benefits, the risks being less. Whenever, by the organised efforts of those employed in private trade, the conditions of employment are improved, the conditions of Co-operative employees within that area automatically improve with them. Co-operative employees organised separately are, therefore, as a body, in the identical position towards the Trade Union raising those conditions that the individual non-Unionist is.

They contribute nothing to the general improvement of their calling, but automatically secure and take the benefits that result from the efforts and expenditure of money on the part of the trade organisation for the whole calling. This has been realised by the Trade Union movement itself, and the question has already received the attention of the Trades Union Congress." [1] In due course the Congress called upon the Co-operative Movement not to recognise the A.U.C.E. as a legitimate Trade Union, and to require all Co-operative employees to belong to one or other of the Trade Unions admitted to the Trades Union Congress.

National Federation of Trade Unions representing Co-operative Employees

Out of this hostile attitude of the Trade Union world to the very existence of what has been termed an " Employment Union " for all sections of workers within the Co-operative Movement, arose, in 1915, the National Federation of Trade Unions representing Co-operative employees.[2] In its circular to Co-operative societies of January 1916, this body (then styled the National Joint Committee of Trade Unions catering for Co-operative employees) pointed out that " unless the Trade Union catering for the particular class of workers is consulted :

> " (*a*) Rates of wages may be fixed lower than those in operation in the district, in which case

[1] *The Facts about the Failure to secure Amalgamation between the A.U.C.E. and the National Amalgamated Union of Shop Assistants, Warehousemen, and Clerks* (pp. 12-13).

[2] This Federation consists of some sixteen unions competing with the A.U.C.E., among which we note the National Amalgamated Furnishing Trades Association, the National Amalgamated Union of Shop Assistants, Warehousemen, and Clerks, the Electrical Trades Union, the National Amalgamated Union of Bakers and Confectioners, the National Union of Clerks, and the National Union of Vehicle Workers.

the members of the A.U.C.E. would be in the position of blacklegs to the *bona fide* Trade Unionists.

"(*b*) On the other hand, if the district rates are agreed upon, then they would be taking increased wages without having contributed to the funds of the organisation which, by its work and money, had been able to secure the rates agreed upon, and the members of the A.U.C.E. would be in the position of organised non-Unionists.

"(*c*) If a demand should be made for rates higher than the rates fixed by the Trade Unionists for the district, then they would be guilty of taking an unfair advantage of the Co-operative Movement. In any case you will see how necessary it is that the proper Trade Unions should be consulted in this matter."

The federal organisation receives the support of the Trade Unions enrolling the workers in the furnishing trades, the printing and paper-making trades, the tailors and garment workers, the upholsterers, the bakers and confectioners, the carmen and motormen, the vehicle workers, the clerks, the shop assistants, and warehousemen, the wood-cutting machinists, the women workers generally, and various kinds of unskilled or general workers. The policy of this organisation was laid down at its conference, in November 1917, as follows :

That Trade Union wage rates and other conditions should be observed not only by the Co-operative societies, but by all the employers of the district, and that it is the duty of the national Trade Union to seek to apply their programme of conditions to the workpeople both inside and outside the Co-operative Movement. . . . That it is the duty of the committees of management of Co-operative societies to give full recognition of the principle of collective bargaining and

they should also be prepared at all times to meet the accredited representatives of *bona fide* Trade Unions which cater for the various industries or occupations in connection with which the society carried on business.

That Co-operative societies should enter into an arrangement with the Trade Union Movement of the country whereby all employees should become members of the Trade Union catering for their particular occupation both inside and outside the Co-operative Movement, recognised by the Trades Union Congress and admitted as legitimate by the Trade Union Movement generally.

The Federation held annual conferences at Birmingham, 1916; Blackpool, 1917; Derby, 1918; and Glasgow, 1919. Its agitation and propaganda work must be deemed to have played a definite part in obtaining from the Co-operative retail and wholesale societies the full recognition of the right of the separate " craft " Unions to enrol and to represent Co-operative employees.

Organisation among the Brain-working Employees

So far we have only considered the relation of the Co-operative Movement to that great majority of its employees who belong to the wage-earning class. But the Movement also employs a considerable number of administrators and technicians at substantial salaries.

The salaries are not munificent. Indeed, one of the most characteristic features of employment in the Co-operative Movement compared with that of capitalist enterprise is the relatively low payment to managing ability and " brain-work " generally. Down to the war the highest salary in the whole Co-operative Movement, and this quite an exceptional case, was £1200 a year. The directors of the English Co-operative Wholesale Society, who do not merely attend

Board Meetings, but personally supervise the administration all over the country and give their whole time to the arduous and difficult work of this huge concern, with its 40,000 employees and its turnover of a hundred millions sterling, have had their salaries raised, in the present increase of prices, from £400 to £850 a year. The salaries of the heads of the Wholesale departments, who must have trade experience and great technical knowledge, range from £1000 to £2000, and in one case even more ; and it is believed that the lesser of these figures represents the salaries afforded to the general managers of the largest stores selling more than a million pounds' worth of goods annually. The usual salary for a general manager of a medium-sized store is £8 or £12 a week, whilst there are successful small stores run by managers paid only £5 per week. So far as we have been able to ascertain, the salaries given to assistant managers or managers of branch stores, for which the A.U.C.E. scale, accepted by the Co-operative Union, ranges from £4 : 7s. to £8 per week, work out at an average no greater than that paid by the capitalist controllers of multiple shops. There is, in short, a much greater approximation to equality of remuneration in the Co-operative Movement than in capitalist enterprise. In any other two hundred million pounds of annual production and distribution in the United Kingdom the range of earnings would run from the five shillings a day of the office boy up to the twenty or fifty thousand pounds a year of the successful capitalist *entrepreneur*, or at least twenty times as wide an inequality. What keeps the able manager within the Co-operative Movement (for many of them refuse, to the end of their lives, to be tempted by the much higher salaries offered to them in capitalist enterprise) is to some extent a greater security of tenure and freedom from " worry " than in competitive business, but even more the attractiveness of comrade-

ship in a great popular organisation ; the consideration that they enjoy as the public administrators and leaders of a widespread democracy; and the consciousness of social service.

But the general boom in Trade Unionism, and in particular, the rapid rise in the wages of different grades of shop assistants brought about between 1913 and 1920 by the militant policy of the A.U.C.E., had its effect on the minds of the salaried brain-workers of the local societies and the federal institutions of the Movement. The two or three small associations established prior to the war, the National Co-operative Managers' Association (1912), the Co-operative Secretaries' Association (established 1908), the Scottish Secretaries' Association [1]—each of these organisations having one or two hundred members [2]—were started as technical societies working in close association with the Educational Department of the Co-operative Union, arranging courses of lectures, and advising the Central Board with regard to the examinations of shop boys, shop assistants, and assistant and branch managers. The situation was transformed when it was discovered that the A.U.C.E. had not only enrolled assistant and branch managers, but was putting forward claims for better status and increased salaries on their behalf, and had even ventured to hint to general managers and secretaries of local societies and heads of departments of the Co-operative Wholesale Society that they had better throw in their own lot with the whole body of the employees of the Co-operative Movement. As a counter-stroke to this all-inclusive policy there was established, in 1917, a National Union of

[1] The National Co-operative Managers' Association and the Co-operative Secretaries' Association now make it a condition of membership that all their members should be also members of the National Union of Co-operative Officials.

[2] In 1919 yet another society was established, the Co-operative Educational Secretaries' Association, which had, in 1921, a membership of 140.

Co-operative Officials, to include general managers, secretaries, heads of departments, cashiers, and accountants of Co-operative societies. "For some time past," states the circular sent out to these classes of brain-workers, "those of us who are holding responsible positions in our societies, which, amongst other things, include the maintenance of discipline and general control of a large and varied staff, have felt that this position could not be reconciled with membership of any Trade Union which was open to us, and also open to those whom we are expected to control. In the event of disputes or trouble of any sort arising with the staff we have been, and are expected, to carry out the instructions of our committees of management, and to support them, and this cannot be loyally undertaken whilst still retaining membership in any Union with which our society may be at variance. The difficulty of the position has been accentuated by the fact that recently many committees have passed resolutions requiring that all employees and officials must be members of a Trade Union, and in some instances this is embodied in the rules governing the society. The way out of the difficulty has appeared to us to be in the formation of a Union for Co-operative Officials, controlled by them and working solely in their interests. There is no intention whatever to attract members from other craft Unions, and, in fact, our rules provide that where a craft Union exists for any class of employment (such as Bakers, etc.) that any person in membership with us shall also be a member of his own Union."[1] The objects of this Union, which had, in 1919, a membership of 1520, are to make provision for sick, unemployment and superannuation benefits, and legal advice, and to obtain recognition of its scale of salaries and conditions of employment. Owing to the fact that most of the

[1] *A.U.C.E. Journal*, September 1917, p. 46.

general managers and secretaries have been recruited from the ranks of subordinate officials, many of them retain their membership of the A.U.C.E. What the National Union of Co-operative Officials claims is to have the decisive voice in determining the conditions of employment of its own members. But the N.U.C.O. does not admit branch managers not being also buyers. The reason given to us for this exclusion is, we think, significant. "If we were to admit branch managers," we were told by the secretary of a Co-operative society having several scores of separate branches, "we should find ourselves, in the local branch of our Union, habitually outvoted on all professional issues by men who, during the working day, were under our orders; and whose views about discipline might differ from ours." Hence an actual majority of the salaried brain-workers within the Co-operative Movement still find themselves without any Union alternative to the A.U.C.E., the National Amalgamated Union of Shop Assistants, or the National Union of Clerks.[1]

[1] It may be observed that the problem as to the position in Trade Unionism of the managerial grades is not solved by these arrangements. If all employees, including even the general manager, are to be members of one and the same Union, one of two difficulties is found to arise. Where the branch is strong and energetic, members holding managerial positions find themselves, at the branch meeting, subjected to criticism and pressure by their subordinates. Where the branch is weak or apathetic, it is apt to be dominated by the manager. On the other hand, the managerial staff find their business authority undermined by covert threats of being brought before the branch meeting. These difficulties are, of course, not peculiar to the Co-operative Movement. The recent upward extension of Trade Unionism (as to which see the 1920 edition of our *History of Trade Unionism*) has raised a similar problem in the multiple shop companies, in the railway service, in national and municipal departments, and elsewhere. It may be suggested that the function of management is a distinct vocation, entitled to its own autonomous "self-determination," and requiring, therefore, its separate organisation (see *The Works Manager To-day*, by S. Webb, 1917; and chap. vi., "The Reorganisation of the Vocational World," in *A Constitution for the Socialist Commonwealth of Great Britain*, by S. and B. Webb, 1920).

The Existing Machinery for Collective Bargaining within the Co-operative Movement

We are now in a position to describe the existing machinery for determining the conditions of employment within the Co-operative Movement. This machinery consists of two distinct and to some extent conflicting systems of Collective Bargaining between the Co-operative Movement and the Trade Unions, supplemented by a statutory Industrial Arbitration Court without coercive powers, to which intractable disputes can be referred by consent. And quite independent and distinct from the Co-operative Movement we have to-day (1921) a statutory system of Trade Boards imposing a Legal Minimum Wage in certain distributive and domestic industries, which include, for particular occupations, a considerable number of Co-operative employees.

The Machinery for Collective Bargaining recognised by the Trades Union Congress

The Joint Committee[1] set up in 1882 and reconstituted in 1899, consisting of four representatives of the Co-operative Union and four of the Parliamentary Committee of the Trades Union Congress, to which we have already referred, whilst seldom functioning, still nominally exists. For its first couple of decades the activities of this Joint Committee were confined to arbitrating in disputes arising with those few employees of the Co-operative Wholesale Society and

[1] This Joint Committee should not be confused with the United Advisory Council of Trade Unionists and Co-operators, which was established as a result of resolutions passed at the Trades Union Congress of 1916 and the Swansea Co-operative Congress of 1917. This Advisory Council (to be described in another chapter) was established not for settling trade disputes, but for strengthening the bonds between the Trade Union and Co-operative Movements, and facilitating united action in matters of common interest (vide *General Co-operative Survey Report*, 1919, p. 196).

the larger local societies who happened to be included in the membership of one of the old-established Trade Unions. When the great majority of the Co-operative employees were swept into the A.U.C.E., this organisation not unnaturally refused to accept the Trade Unionists on this Joint Committee as in any way representing its members, and the position was worsened when the A.U.C.E. found itself outside the Trades Union Congress. The Joint Committee has lingered on, arbitrating each year on one or two minor disputes. But though it is recognised by the National Federation of Trade Unions catering for Co-operative Employees as a possible arbitrator, the Unions forming that federation usually come to a direct agreement with their Co-operative employers without its intervention. The Joint Committee is, however, recognised in respect of the members of Unions other than the A.U.C.E., by the District Hours and Wages Boards now to be described.

It must not be supposed, however, because the Joint Committee deals only with a few cases and seldom meets, that it is therefore useless. There stands on record a resolution passed by both the Trades Union and the Co-operative Congresses to the effect that any Union or society failing to settle a dispute, and refusing arbitration, is to be " named " to both Congresses. The effect is, in nearly all disputes, to cause a settlement to be eventually agreed to, either on the threat of an application for an arbitration, or in the course of the preliminary proceedings.

The Machinery for Collective Bargaining with the A.U.C.E.

Confronted with the constantly growing demands of the A.U.C.E. and its readiness to use the weapon of the strike, the Co-operative Congress in 1916, on

the urgent recommendation of its own Central Board, began, somewhat feverishly, to organise within the Co-operative Movement an efficient machinery for negotiating with the A.U.C.E. and simultaneously a weapon for resisting its more extravagant demands. The first step actually taken was the establishment of a "War Chest." All societies were asked to contribute to a guarantee defence fund on a *pro rata* scale of a penny in the pound of annual sales, in order to resist the "unreasonable demands" of the organised workers, the response being a minimum guarantee fund of no less than £427,000. With regard to the machinery of negotiation, the Congress and its executive seem to have had no clearly defined plan. The societies in each of the eight geographical sections of the Co-operative Movement were advised to establish District Hours and Wages Boards, consisting of representatives of the management committees of the local societies. First established in the north-west district in 1916, these District Hours and Wages Boards, with slight variations in constitution, spread during 1917–18 to nearly all the sixty-two districts of the eight sections of the Co-operative Union, whether in England or Scotland. The Boards were, in fact, of the nature of employers' associations of given geographical provinces, formed to deal, each on a uniform plan, with any demands made by the employees, not only by the A.U.C.E., but also by the Unions recognised by the Trades Union Congress. But the Boards did not stand alone. During 1916–17 District and National Conciliation Boards were established by the Central Board of the Co-operative Union, the National Board consisting of five representatives appointed by the A.U.C.E. and five from the Co-operative Movement (two from the United Board and three from the societies), with an independent chairman having a casting vote, who was to be agreed on by both parties,

or, in default of agreement, appointed by the Ministry of Labour; whilst the eight District Conciliation Boards were composed of eight representatives, three from the societies of the district and one from the Sectional Board of the Co-operative Union and four from the A.U.C.E., provision being made also for the representation of any other Union or Unions, including 25 per cent of the employees concerned.[1] This curiously duplicated machinery for Collective Bargaining is still on its trial, the tendency being for the District Conciliation Board to disappear, and for all disputes to be referred for negotiation between the District Hours and Wages Boards representing the Co-operative Societies, and the representatives of the A.U.C.E. or other Unions concerned. The other Unions complain that the condition entitling to representation on these Boards, namely, a membership of 25 per cent of the employees concerned, gives an unfair advantage to the A.U.C.E. over the "craft" Unions, none of which may have 25 per cent, though among them all may be a positive majority of the employees. It remains to be added that in some cases, disputes have been referred by the C.W.S. and certain retail societies directly to the Industrial Court set up by the Government, and disposed of by the awards of this Court, which, although without coercive authority, have hitherto been accepted by both parties.

[1] East Durham established, in 1919, a Joint Wages Council, the constitution of which was arranged between the East Durham District Hours and Wages Board and the A.U.C.E. It is composed of seven representatives of the societies appointed from the District Hours and Wages Board and seven representatives of the A.U.C.E., with a Chairman appointed alternatively from each side of the Council. Its functions are those of an Hours and Wages Board, and both sides have a right to apply to their superior bodies for further consideration and guidance, and, on the consent of both parties, it can submit cases to arbitration.

The Labour Department of the Co-operative Union

The creation of so much elaborate machinery for Collective Bargaining revealed the intellectual shortcomings of the Co-operative Movement in its capacity of employer of labour. The active and devoted Co-operators who filled the places of committee-men and managers had grown up to believe that the co-operation of consumers would, of itself, solve all industrial and economic problems; and they had often given even less thought (if, indeed, this were possible !) than the profit-making employer to the complications, and to the effects upon the lives of the wage-earners, of the conditions of their service. It soon became apparent that the expert representatives of the A.U.C.E. were both more skilful and better informed than those of the local Co-operative societies, alike in negotiating with the District Hours and Wages Boards and in conducting cases before the Conciliation Boards and the Industrial Court. Hence the United Board of the Co-operative Union decided, in April 1917, to create a Labour Department, with a salaried officer, whose special business it has since been to obtain exact information as to comparative conditions of employment, to advise societies as to their labour policy, to help in negotiations with the A.U.C.E. and other Trade Unions, and, above all, to take charge of the cases in which any societies are involved before the Industrial Court, special arbitration tribunals, or Trade Boards.

The Position of the Wholesale Societies

It must be understood that all this elaborate machinery for Collective Bargaining and arbitration set in motion by the Co-operative Union has been set

up apart from the Wholesale Societies. The English Co-operative Wholesale Society for a long time resisted the claim of the A.U.C.E. to bargain with regard to the conditions of employment of its members, being those employees who were not included in old-established Unions. This resistance has in recent years been broken down, and the C.W.S. has been compelled to concede to its employees minimum scales of wages and salaries equivalent to those adopted by the local societies. But whilst yielding on questions of wages, the English C.W.S. still refuses to set up any joint machinery with the A.U.C.E., and shelters itself behind the resolution of the Trades Union Congress, insisting that only such Unions as are affiliated to the Congress shall be recognised as representing organised Labour. There is, however, a proposal that there shall be, within the Co-operative Wholesale Society, a separate Labour Department organised for the purpose of collecting information and supplying the various departments of the Wholesale with expert help in their negotiations with their employees.[1]

Statutory Trade Boards

Meanwhile the national movement in favour of Trade Boards, under the Trade Boards Acts of 1909 and 1918, enforcing legal minimum wages within particular occupations, has spread to industries in

[1] "No one who works for the C.W.S. as I do," writes an employee, "can fail to observe that there are many anomalies existing in regard to wages and conditions of the employees. . . . They are the cause of a good deal of discontent which could be avoided if suitable machinery was employed to deal with the matter. I suggest that in so large an organisation as the C.W.S. it is almost a necessity that a special department be created to deal with labour questions only. The directors have their hands full enough in the management of the business, considerations of policy, and plans for future extension, and the repeated complaints which pour in from all sides respecting wages, etc., must be a nuisance and hindrance and take up time which could be more profitably devoted to other questions" (*The Co-operative News*, January 10, 1920).

which the local Co-operative societies and the Co-operative Wholesale Societies are engaged. Here would seem to be the opportunity for the Co-operators to escape from the dilemma in which, as they have complained, the special demands of the A.U.C.E. have placed them. The right answer to a claim for a higher scale of wages for Co-operative employees is to require that the proposed scale should be made universally applicable and that it should be rigidly enforced. But the committee-men and managers of the Co-operative Societies did not at first welcome the plan of a Legal Minimum Wage, applicable to their own societies as well as to other employers, and the representatives of the Co-operative Movement for some time showed hesitation in applying for representation on these Trade Boards, apparently because they could not bring themselves to admit that they must take their seats on the Boards as employers of labour like any other employers in the trades concerned, whilst the profit-making employers resented their presence in this capacity, deeming them to be representatives of the manual working class. No such hesitation has been shown by the A.U.C.E. With its characteristic self-assertiveness, it has claimed to be one of the principal Unions to be represented on the Boards prescribing legal minimum wages for workers in tobacco factories, boot- and shoe-repairing, retail bespoke tailoring, dress-making, laundries, milk distribution, and the manufacture of aerated waters, as well as in the recently formed Boards for the Distributive Trades. The inertness of the managers of Co-operative societies and the directors of the Co-operative Wholesale Society in claiming representation on these Boards has been denounced by the A.U.C.E. Thus Miss Ellen Wilkinson, the woman organiser of the A.U.C.E., writing to *The Co-operative News*, draws attention to the lost opportunities of the representatives of the Co-operative Move-

ment. "The Co-operative Movement," she writes, "has complained very bitterly of late that the A.U.C.E., by insisting on the minimum scales recently secured over wide areas for women shop assistants being applied to dressmakers and milliners, is ruining the Co-operative workrooms owing to the low level of wages existing in the private trade. During the past fortnight an opportunity has occurred for the Co-operative Movement to help the Trade Unions to reduce this competition by means of the Millinery and Dressmaking Trade Boards. A resolution for a decent minimum wage at eighteen years of age was moved by the Trade Union side. Naturally, it was voted down by the employers, but where were the representatives of the Co-operative Movement to insist from the employers' benches that decent wages should be paid? On at least one Trade Board the Co-operative Movement has been able to save certain minimum rates when they were in danger of reduction. The Ministry of Labour is bound to give representation to every interest, and the Co-operative Movement, employing a large number of workers, could have secured seats on these Boards had they troubled to apply. Co-operative committee-men, instead of supplying traders with valuable arguments by threatening to close down their workrooms if they are forced to pay decent wages, might use the obvious means at hand to raise the general level of wages and to reduce the competition of which they so bitterly complain; but it is so much less trouble to sack the girls and blame the A.U.C.E." [1]

We may recognise the difficulty in which the representatives of the Co-operative Movement find themselves when they sit among the other employers on the Trade Boards. They are themselves already paying more than nearly all the other employers, though possibly not so much as is asked by the A.U.C.E.

[1] *The Co-operative News* February 4, 1920.

The A.U.C.E. expects them to vote practically with the employees' representatives, for the highest rates claimed, or, at the very least, to vote for making their own high rate the Legal Minimum Wage. To this the other employers retort, not only that the rate involves too drastic an increase, but also that any such enactment would defeat its own object, because so high a rate could not possibly be effectively enforced on the small retail shops or little workshops, which would, by evading the law, undercut both the Co-operative societies and the capitalist establishments. In face of this argument, the Co-operative representatives have often compromised, as Englishmen will, in order to gain for the whole trade the valuable advantage of an agreed decision. In some cases they seem to have conceded too much ground to the other employers, and they have failed to gain the support of the neutral chairman of the Board. With regard to one such case, their conduct was censured by the quarterly delegate meetings of the C.W.S. in January 1921, on the ground, not of injustice to the employees, but of failure to secure by law the levelling up of the conditions of employment in capitalist trading to those which the pressure of the Unions had forced on the Co-operative societies. Our own opinion is that the Co-operative representatives on the Trade Boards should take a bolder line. They would be economically justified in insisting, in disregard of all objections from the other employers, that the rates and conditions actually prevailing in their own establishments, and in those of the very best capitalist employers, should be enforced by law as a minimum upon all establishments in the trade, whether great or small, whether well or badly equipped, and whether advantageously situated or not.

We see from the foregoing analysis how far the Co-operative Movement has travelled, in the growing complexity of its business, and under the pressure of changing public opinion within the Movement and the increasing organisation of the wage-earners, from the early simplicity of its conceptions as to the relationship with its own employees. Fifty years ago the Co-operative Movement was unaware that any such question could arise. For a whole generation the issue was obscured by the controversy over profit-sharing with the employees in the productive departments, which never succeeded even in getting the problem accurately stated. During the present century the Co-operators have had forced on them the idea that the consumers were not the only people to be considered, and managers and committee-men have been slowly groping their way to a clearer vision of principle and policy in their relations with the various grades and sections of their employees. To-day, whilst the practical problems cannot be said to have been solved, a promising position has been reached as to the principles involved. The old controversy within the Movement as to the proper basis of Co-operative organisation has been definitely closed, and the Co-operative Congress would be almost unanimous in declaring that the ownership, the ultimate decisions as to policy, and the management of the business as a whole must be, and remain vested in, the consumers and their elected representatives. But the Co-operative Movement has been converted to the settlement of the conditions of employment, in the widest sense of that phrase, including everything that concerns the employees' working life, not by autocratic fiat of the managers or the committee-men, but by discussion and, if need be, by Collective Bargaining with the representatives of the employees, and also to some kind of participation by the workers in the

management of the industries with which they are engaged, without, however, having agreed upon any scheme for enabling this participation to come about.

On the other hand the practical solution of the immediate problems connected with Co-operative employment, and the application of the principle of participation in management which the Co-operative Movement is becoming increasingly prepared to concede to its employees, are both obstructed and hampered by the imperfection of the organisation of the associations of producers formed by these employees, and, in particular, by the failure of the Trade Union Movement to arrive at any right and generally accepted basis for this vocational organisation. It must, indeed, be plain that there can be no effective interaction between the two Movements, whether as regards the conditions of employment or as regards participation in management, until the basis of organisation of the associations of producers, whether Trade Unions or Professional Associations, is as definitely settled as is that of consumers' Co-operation. Unfortunately for the good relations between the two Movements, the lack of any agreed basis of vocational organisation is peculiarly fatal in the very occupations which predominate among the Co-operative employees, and is even more pernicious with regard to the aspirations of the employees to some participation in management than it is with regard to wages and the hours of labour. So long as Trade Unionists limited their claims to a joint control of the conditions of employment of particular crafts or sections of workers, the position of the Co-operative society did not raise any peculiar problem. To the Trade Union officials who took part in the work of the Joint Committee of Trade Unionists and Co-operators from 1882 to 1908, it was a matter of indifference whether a carpenter, a boot and shoe operative, a cotton-spinner, or an

engineer worked in a factory owned and managed by a local Co-operative society or by the Co-operative Wholesale Society, or in a factory owned and managed by a private firm or a joint-stock company. All that the Trade Unionist asked in any industry was that the Co-operative Movement should pay the same wages and give the same hours and amenities as the best of the private employers in that industry. But with the enlargement of this claim from sharing in the control of the conditions of employment to participating in the whole management of an enterprise, including its commercial and technical administration, whether relating to the buying of raw material, the adoption of different processes and machines, or the marketing of the goods, the peculiar organisation of the business of the Co-operative Movement presented, to the new school of Trade Unionists, an apparently insoluble problem. The Co-operative Movement plainly does not constitute an industry ; it is not even confined to any one class of business. It ramifies from the mere retailing of an endless variety of commodities over the counter of the six or seven thousand branch and central stores, through the manufacture of innumerable and very varied commodities, from cotton shirtings to lemonade, up to the actual growing of tea in Ceylon and of wheat in Canada, and the searching of the goods it requires through all the markets of the world. In the Co-operative Wholesale Society, and even in the largest of the local societies, all this importing, growing, manufacturing, transporting, preparing for sale and retailing forms part of a single indivisible enterprise. Hence, if the employees of the Co-operative Movement set out to obtain, as Co-operative employees, any control either over their conditions of employment or still more over the financial, commercial, and technical management of the enterprises in which they are engaged, they

would need to be organised on a principle which directly conflicts both with the principle of organisation by craft or vocation, and with that of organisation by industry. For any effective control over managerial policy and any genuine participation in the conduct of industry necessarily involves control and participation in respect of the industry as a whole, and therefore organisation of the workers in that industry on a national basis, apart from those in other industries. Thus, if the workers in agriculture are to obtain any effective control over agricultural policy, and any genuine participation in the management of the industry by which they live, it is plain that such of them as are employed on the 40,000 acres farmed by the C.W.S. and the local Co-operative societies must acquire that control and participation in common with their three-quarters of a million fellow-workers in the agricultural industry, and not separately, in respect of the particular farms on which they are employed, through the A.U.C.E. Similarly, the miners, the transport workers, the boot and shoe operatives, the various grades of printing operatives, and the textile operatives now employed in Co-operative establishments, in order to acquire with their fellows any real share in the management of their several industries, would have to be withdrawn from the A.U.C.E. In short, whether we accept as the purpose of Trade Unionism the fixing of the conditions of employment for each particular vocation or the more ambitious purpose of acquiring an effective share in the management of each separate industry as defined by the character of its product or its service, the claim of the A.U.C.E. to organise all the different grades and sections of employees of the Co-operative Movement in a single Union is untenable. By extending its membership to " commercial and allied workers " outside the Co-operative Movement, and

more recently by amalgamation with the National Union of Warehouse and General Workers, the A.U.C.E., which now styles itself the National Union of Distributive and Allied Workers, has, in effect, abandoned the position of being a Trade Union catering for the Co-operative employees as such. Under its new title the Union is, in fact, once more within the Trades Union Congress. A further amalgamation with the National Amalgamated Union of Shop Assistants, which is (1921) being assiduously promoted by the new General Council of the Trades Union Congress, and the transfer to their proper Trade Unions of the relatively few tailors, bakers, bootmakers, carmen, and others of the sort, would clear the way for as definite, as helpful, and as satisfactory a working agreement between the Co-operative Movement and its organised employees as has existed for a whole decade in Germany.

CHAPTER IV

THE EFFECT UPON THE CO-OPERATIVE MOVEMENT OF THE GREAT WAR

DURING the past seven years the changes in the British Co-operative Movement have been profound and far-reaching. To what extent these changes are to be ascribed to the direct influence of the Great War, or to the manifold activities of the Government in its conduct of the war ; how far they have latterly resulted from the character of the peace and the course taken with regard to reconstruction ; and in what degree they are merely the outcome of the steady development of the Co-operative Movement of the preceding half-century, we find it impossible to estimate. We can only describe some of the features in which the Movement of 1921 has come to be markedly different from that of 1914, with the new and rather alarming problems and difficulties which have emerged, only very inadequately seeking to analyse the specific causes of each of them.

(*a*) STATISTICAL GROWTH

We may conveniently notice first the statistical expansion of the Movement. It has, during the past seven years, grown considerably in numerical membership and value of business turnover, in the variety of its enterprises, and in the extent of its actual production

of the commodities that it distributes. But the careful student of the figures will hesitate before joining in the jubilation with which these results are received in Co-operative demonstrations.

With regard to aggregate membership, the addition of a round million to the roll of Co-operators, between 1914 and 1919, appears a sufficiently substantial gain. The statistics are, indeed, remarkable. The total membership of the retail societies was, in 1881, 547,000; in 1891, 1,044,000; in 1901, 1,793,600; in 1911, 2,640,000; and by the end of 1921, it will probably be in the neighbourhood of 5,000,000. Confining ourselves, however, to the period between the end of 1914 and the end of 1919, the increase was, in round numbers, from three millions to four millions, or actually a greater addition than in any previous five years.

It is when the increase in membership of the Co-operative Movement is compared with that of the Trade Union Movement that our complacency begins to be modified. Between 1914 and 1919 the Trade Union Movement of the United Kingdom, which had already outstripped the Co-operative Movement in membership, added more than three millions to its numbers, or three times as many as the Co-operative Movement. And this increase continued. During the year 1920 the Trade Union Movement, which only in a small proportion of cases enrols both husband and wife, and never has members in more than one Union, continued to grow at a greater rate than the Co-operative Movement, which increasingly takes in both husband and wife, and counts twice over a small proportion of members belonging to more than one society. At the end of 1920 the Trade Union Movement counted not far short of eight million members, whilst the Co-operative Movement probably did not much exceed four and a half millions.[1] What seems

[1] The aggregate membership of the Co-operative and Trade Union

to have happened is that war-time experiences, as a whole, gave a new fillip to Co-operative recruiting, so that the average annual percentage of new members, which had for some years remained about 5 per cent, amounted during these five years to an average of between 6 and 7 per cent. An average annual increase of five or six times as much as the percentage of increase in the total population would, in any other movement, be deemed satisfactory, but British Co-operators have been accustomed to greater achievements. Increases in membership of 8 to 10 per cent in a single year were formerly not unknown. What must be noticed is that, for half a generation prior to 1910, the percentage of increase had been, on the whole, declining; and the war-time experiences seem to have done little more than arrest that decline. Between 1881 and 1891 the aggregate Co-operative membership rose by 90 per cent. Between 1891 and 1901 the increase was 71 per cent. Between 1901 and 1911 it was 47 per cent. In the years immediately preceding the outbreak of war the average annual increase remained in the neighbourhood of 5 per cent. The increase of membership during the five war years was over 33 per cent, or an average of about 6½ per cent. Thus, the total effect of the war period was a stimulation of the rate at which the membership had latterly been growing, but—in contrast with the Trade Union Movement—not to any remarkable extent. So far as the statistics can be compared, the British Co-operative Movement seems

Movements are not exactly parallel. Apart from minor differences, it may be suggested that Trade Union membership begins, in various Unions, at eighteen or even sixteen years of age; whilst the Co-operative Movement, though nominally admitting members of sixteen, makes very little appeal to men or women before they set up independent households on marriage. If we take the Co-operative Movement as now including about one-third of all the families of Great Britain, and the Trade Union Movement about two-thirds of them, the greater part of the difference is probably to be found among those unmarried wage-earners of either sex who are Trade Unionists but not Co-operators.

to have had, during the past seven years, a smaller percentage of increase in membership than the Co-operative Movements of Russia or France, Germany or Belgium, the United States or Australia.

It is, of course, to be remembered that the very magnitude to which the Co-operative Movement has grown in Great Britain makes it increasingly difficult to maintain the same percentage of growth as when the Movement was of smaller size. This, however, has not prevented the Trade Union Movement from greatly increasing its percentage, as well as its amount, of growth ; nor does it seem to have militated against an increased percentage of growth in the Co-operative Movements of other countries, although the fact that these (unlike the British Trade Union Movement) had larger fields to conquer makes the comparison less conclusive.

What has happened is that Co-operative membership in Great Britain has become increasingly aggregated in the societies of considerable size. The total number of distributive societies has, since 1901, slowly fallen, owing to amalgamation steadily proceeding at a slightly greater rate than the successful launching of new societies, and owing to the increasing tendency towards a multiplication of branches instead of the establishment of new organisations. It must be noted that the bulk of Co-operative societies are still small organisations, serving limited neighbourhoods. There are to-day, as there have been each year for a generation past, more than 700 societies having each fewer than 1000 members. But the number of societies having over 10,000 members, which was in 1881 only 3, in 1891 13, and in 1901 30, rose in 1911 to 53, in 1914 to 69, and in 1919 to no fewer than 103. At the present time (1921) it is probable that as many as a million and a half members, or more than one-third of the whole, are aggregated in fifty large societies.

This increasing aggregation of membership is due, to some extent, to the policy of amalgamation, not only of actually competing or rival societies, but also of neighbouring societies desirous of obtaining the economic advantages of combination in a reduction of the percentage of overhead charges and in the greater efficiency of centralised organisation. But whilst the policy of amalgamation has contributed to the increase in the number of large societies, the mere merging of smaller memberships by no means completely accounts for the great growth of these societies. It is difficult to escape the inference that, speaking generally, at any rate in large aggregations of population, the larger the unit of organisation and management, the more rapid and more extensive has been the increase in membership.

The statistics as to the volume of business, though at first sight satisfactory enough, give even more occasion for reflection. It is common to hear the statement that the aggregate sales of all the distributive societies (including the duplication involved in combining the figures of the two Wholesales with those of their constituent societies) increased in value from 152 millions in 1914 to no less than 314 millions in 1919. But the level of prices has so completely changed that it is hard to discover how the aggregate business of these two years compares in volume. If we assume that the average rise in prices between 1914 and 1919 of the commodities consumed in working-class households is 150 per cent, it would seem doubtful whether the volume of Co-operative business showed, in these years, any quantitative increase at all. This, however, would be to take an unnecessarily gloomy view. Owing to the diminution in the aggregate supply of some commodities which have greatly increased in price (notably eggs and milk, sugar and coal); and to the extensive substitution of such lower-priced

articles as margarine (for butter) and cotton mixtures (for woollen and linen goods), it may perhaps be inferred that the average rise in price of the whole aggregate of Co-operative supplies per quantitative unit did not, between 1914 and 1919, amount to so much as 150 per cent. If it was only 100 per cent the volume of business shows a genuine increase in quantity in the course of five years of no more than 3 per cent.[1]

It is, however, when the enormous figures of Co-operative business are considered in conjunction with the nominal membership that they become most disquieting. Prior to the war, in 1913, the 2,878,648 members of retail distributive societies purchased from their organisations commodities to the total value of £83,590,374, or an average of just over £29 per member. In 1914 the 3,054,297 members purchased to the value of £87,964,229, or just under £29 per member. It had stood at much the same figure in 1881–84. In 1919 with a rise in prices of the same articles that

[1] In some societies, it should be noted, the average sales per head have increased by more than 100 per cent, notwithstanding a great rise in membership. We give the following examples :

		Membership.	Sales.	Per Head.
			£	£
Bradford . .	1914	21,893	300,928	13
	1920	22,920	655,984	28
Burslem . .	1914	9,181	181,888	20
	1920	22,764	1,014,600	44
Colchester . .	1914	8,536	131,000	15
	1920	11,232	408,505	35
Folkestone . .	1914	2,887	79,428	27
	1920	4,500	240,000	53
Middlesbrough .	1914	19,323	247,177	12
	1920	33,050	847,097	25
Luton . . .	1914	5,136	91,946	18
	1920	7,900	314,045	39
New Swindon .	1914	4,124	78,129	19
	1920	7,454	300,000	40
York . . .	1914	11,350	279,503	24
	1920	14,100	821,131	58

may be put at an average of 150 per cent—with a rise in actual expenditure allowing for substituted articles of lower price that can hardly be put at less than 100 per cent—the 4,131,477 members of the retail distributive societies purchased no more than £198,930,437, or an average of no more than £48 : 15s. It is difficult to see how this rise from £29 to £48 : 15s. in each member's Co-operative expenditure, when what he bought cost at least 100 per cent more than it did in 1914, does not represent an actual reduction in the quantities purchased, to the extent of something like 16 per cent.

A further reflection must be made. We do not know what was the total of the family incomes represented by the 2,878,648 Co-operators of 1913, or by the 4,131,477 Co-operators of 1919. It is, however, probable—in view of the rise in wages and salaries, the overtime worked at higher rates, the Separation Allowances of the men still serving with the Colours, the supplementary allowances from their employers, the pensions, the additional members of the family earning wages, and the negligible amount of "time lost" through holidays and unemployment—that their aggregate income reckoned in currency was in 1919 at least twice as much as it had been in 1913. There is reason to believe that the money income of the wage-earning families as a whole was perhaps even greater in 1919 than twice what it was in 1913. The inference is inevitable that, not only was the Co-operative Movement, in the aggregate, supplying distinctly a smaller quantity of commodities in 1919 than in 1913, but also that the average Co-operator was spending in 1919 a smaller proportion of his family income at the store than he did in 1913 and (as is to be feared, after allowing for increasing savings) a larger proportion elsewhere. This is certainly true of the aggregate family income of the wage-earning

class as a whole. Far from receiving over the store counter a larger proportion of all the working-class incomes, the Co-operative Movement in 1919 was receiving a smaller proportion than it did in 1913 or 1914. Even if we allow for the effect of the tendency to "open membership" (meaning the admission to membership of two or more persons in each family or household), the indication is either that the million of new members lately added to the army of Co-operators are less perfectly converted to "Co-operative loyalty" than the corresponding accessions of the preceding decade, or that the whole body of four million Co-operators are being persuaded, to a greater extent than before, to go past the "Co-op." for an increasing proportion of their purchases. It is generally believed that both these indications may be accepted as confirmed by the facts as seen by competent observers, though in different proportions in different parts of the country. We do not attribute much of the decline in the proportion that the average purchases of 1919 bear to the members' incomes to the manifold difficulties under which, as will be explained later, Co-operative societies worked during the war, owing to shortage of supplies, the troubles of rationing, or the hampering of the importing organisation of the Wholesales. We think that a partial explanation may be found in the fact that the bulk of Co-operative trade has so far consisted of foodstuffs (of which the retail societies are estimated to handle one-seventh of the whole of what is consumed in the United Kingdom), and only to a smaller extent of clothing, furniture, and other household requisites, of which they do not handle as much as one-tenth. There can be little doubt that the proportion of the income spent on food has diminished with the increase in family incomes, whilst there may have been an increase in the proportion spent on clothing, furniture, and other house-

hold requisites, of which the Co-operative Movement has not yet captured so large a share of the working-class custom. Thus, the argument for a more intensive culture of the Co-operative membership, in order to increase the " loyalty to the store," is greatly strengthened by the statistics. What is more, weight is given to the contention of those experienced Co-operators who deplore the complacent apathy in which many of the management committees of the smaller societies are sunk—an apathy which makes them continue, year after year, their narrow range of Co-operative undertakings, content so long as the gross sales of their petty grocery and drapery counters show an annual increase, without seeking to meet all the other requirements of their members.[1]

Another feature of the past decade—probably not unconnected with that just noted—has been that the retail distributive societies (notwithstanding the constantly increasing enterprise of the larger ones on the productive side) have gone ahead less rapidly than the two Wholesale Societies. The increase in the sales of the retail distributive societies between the total of £87,964,229 in 1914 and that of £198,930,437 in 1919 was 126 per cent. The increase in the valuation of the products sold or transferred by the two Wholesale Societies between the £44,336,196 of 1914 and the £114,138,358 of 1919 was 157 per cent. There seems, in fact, to have been an alteration in the rate of progress. The preceding decade, 1900–1909, had been one of relatively moderate extension for both the English and the Scottish Wholesale Societies, which, whilst increasing in membership and sales by 7 or 8 per cent a year, were not reaching in their sales half the total turnover of the retail societies. In the ensuing decade the

[1] It may be observed the increased proportion of working-class incomes now spent in travelling, and in recreation of various kinds—to say nothing of alcoholic drink and gambling—is out of reach of even the most enterprising Co-operative society.

relative position gradually changed, until in 1919 the total value (at wholesale prices) of the supplies of the two Wholesales amounted to no less than 57 per cent of the total sales (at retail prices) of the retail societies. To some extent this increase in the proportion of commodities obtained from the Wholesale Societies must be ascribed to an increased "Co-operative loyalty" (of local societies to the Wholesales) among the members, managers, and committee-men of the retail societies, fostered by the Co-operative Union and the Women's Co-operative Guild, as well as by the propagandist efforts of the Wholesale Societies themselves. But much more is to be ascribed, we think, to the energetic policy adopted by the English Wholesale Society from about 1908 onward, and pursued with special vigour since 1912, in establishing or absorbing new manufacturing departments, acquiring additional tea and palm-kernel plantations, multiplying its flour mills, elaborating its insurance and banking business, and purchasing estate after estate of farming land in its determination to get right down to the base of all productive activity, and eliminate the profit-maker at every stage of the process. It is to be noted that whilst the total sales of the retail societies between 1914 and 1919 show an increase of 126 per cent, and those of the two Wholesale Societies an increase of 157 per cent, the total value of the transfers of the productive departments of these latter increased by no less than 185 per cent. The specially energetic and, on the whole, continuously successful management of the English and Scottish Wholesale Societies, together with the increasing financial influence which, through their vast transactions and constant readiness to help, they necessarily exercise over all the smaller and weaker retail societies, has led, on the one hand, to a certain amount of overlapping with the functions of the Co-operative Union to which we have already

referred ; and, on the other, to a revival of the suggestion for the amalgamation of the whole Movement into a single National Co-operative Society having local branches—a motion sympathetic to which was actually carried at the 1920 Congress at Bristol.

So great an increase of membership and trade—and latterly, also, the great rise in the cost of stocks and in all business expenses—necessarily involved an increase in capital. The position of the Movement with regard to capital has, in fact, during the present century, completely changed. During the last two or three decades of the nineteenth century, nearly every flourishing retail society found itself with more capital than it could conveniently employ in its business. Millions of pounds of spare capital were put into house building, either as an investment for the society itself, or by way of advances to its members to enable them to buy their own houses. The total capital of the retail societies (share, loan, and reserve) rose from £16,405,042 in 1895 to £47,852,714 in 1914, being from £12.87 to £15.67 per member. During the past decade the increase of capital, continuous as this was, began to fall seriously behind the greatly augmented needs of the societies ; and the last few years have seen a concerted appeal to the members to increase their holdings both of share and loan capital, and also to an expansion of their savings banks and other auxiliary resources. By the end of 1919 the aggregate share, loan, and reserve capital of the retail societies had risen to no less than £79,308,565, or not far short of £20 per member. By the end of 1920, it is estimated, the total will have risen to twice the aggregate of 1914.

The need for a great increase in capital has been felt even more severely by the English and Scottish Wholesale Societies than by the retail societies, and the need has been met by a similar effort. The English

C.W.S., of which the share capital in 1914 was £2,130,959 and the loan capital £4,170,058, got this increased by 1919 to £3,898,134, and £11,874,421 respectively, and raised these totals during 1920 to £4,270,408 and £14,260,188, thus nearly trebling its capital in six years, partly by the issue of bonds and deposit certificates, which were taken up almost entirely by Co-operative societies and individual Co-operators. The Scottish C.W.S., which had, in 1914, share capital of £477,010 and loan capital of £3,653,160, raised these figures by 1919 to £672,305 and £4,845,905 respectively, and by 1920 to £1,189,382 and £4,606,513, thus adding less than 50 per cent. The aggregate capital of the consumers' Co-operative Movement in Great Britain at the end of 1920, allowing for duplications, can hardly have been less than £100,000,000, a truly remarkable aggregation of the savings of the four million Co-operators, and one constituting far and away the largest business enterprise under the administration of the wage-earning class of any nation.

(*b*) The Political Transformation

Perhaps the most momentous effect of the Great War on the British Co-operative Movement has been the quickening of its political self-consciousness. Down to 1914 the Movement had remained, so far as any corporate manifestation was concerned, strictly non-political. Co-operators were, individually, Conservative, Liberal, or Labour in their political sympathies or affiliations, but the Co-operative society, as such, abstained from political partisanship. Now and again, when some action of Parliament or a government department was objected to, or when some alteration in law or administration was desired in the interest of the Movement itself, representations, public or

private, would be made in the name of Co-operation; and in these representations Co-operators of all political sympathies would join. Probably a majority of the active Co-operators were attached to the Liberal Party, to which most of the leading members belonged. There were among them many Conservatives and a growing number of adherents of the Labour Party. Within the Movement itself there was, however, by common consent the very minimum of "party politics." By the end of the war a great change had occurred. The demand for representation of the Movement in the House of Commons had become widespread. What had moved Co-operators from their acquiescence in political neutrality was, in the main, a feeling of resentment, not against Liberalism or Conservatism as such, but against the Government on account of what was believed its persistent unfairness to Co-operators. The fact that the Cabinet whose action was resented was from 1915 onward a Coalition Cabinet and that no difference between Liberal and Conservative Ministers could be detected, so far as departmental administration was concerned, facilitated the task of those who advocated independent political action and the formation of a "Co-operative Party." In the following pages we shall seek to describe, not the action of the government departments as it would be officially represented, making due allowance for the manifold difficulties under which the administrators laboured; but rather the effect of such action on Co-operative opinion, which knew "where the shoe pinched," but naturally could not realise how much other interests were suffering.

Speaking broadly, we may ascribe the clash with the Government less to any deliberate purpose of the Cabinet to press harshly upon the Co-operative Movement than to the amazing ignorance in which ministers and politicians, the corps of army officers which

swelled from ten to three hundred thousand, and generally the whole "governing class," alike among the gentry and in the city, had remained as to the magnitude and social importance of the Co-operative Movement—an ignorance naturally most conspicuous in Whitehall itself.[1] When, at the outset of the war, vast stores of clothing equipment and portable foodstuffs were suddenly required, it did not at first so much as occur to Lord Kitchener or to any member of the then War Office staff that the great manufacturing establishments and world-wide organisation of the Co-operative Movement were at the Government's disposal, in supplement of the army contractors, and free from the danger of being compelled to submit to the contractor's frauds and the contractor's extortions.[2]

It was therefore almost inevitable that when it was decided to enforce compulsory military service by the

[1] This ignorance of the nature and potentialities of the Co-operative Movement was not peculiar to Lord Kitchener, who had spent most of his life out of England. It is understood that from beginning to end of the voluminous *War Book*, secretly prepared at the beginning of the century, in which had been noted down all the steps to be taken on the outbreak of war, including the communications to be addressed to the various municipal, financial, and industrial organisations in the kingdom, in order to bring their activities instantly into co-ordination for national defence, the Co-operative Movement was not so much as mentioned! In spite of the fact that the Labour Department of the Board of Trade (later the Ministry of Labour) collected Co-operative statistics, the very existence of the Co-operative Movement remained officially unknown.

[2] Presently the War Office became aware of the existence of the Co-operative Wholesale Societies and allowed them to help in supplying uniforms, of which, within three weeks from the giving of the order, the English C.W.S. was turning out 10,000 suits per day. By degrees the English and Scottish C.W.S. productive works and factories became very largely occupied with Government orders. A good deal of emergency catering was done for the embodied "Territorials," but the canteens were presently taken over by the War Office itself. In the later years of the war large supplies of uniforms, underclothing, boots, equipment, and furniture were made for the Government departments at prices free from profiteering; more than a quarter of a million parcels for smokers (including 50 million cigarettes, 150,000 cigars, and 60 tons of tobacco) were shipped to the troops abroad; and considerable quantities of various imports were bought for the Government. But from beginning to the end of the war hardly any use was made of the local Co-operative societies in the supply of instructional and internment camps. The officers locally concerned practically never knew of the existence of these societies, and seem not to have been instructed to inquire as to their nature or capacity.

agency of a network of local tribunals, and resort was had to the Local Authorities for the establishment of these tribunals, the special circumstances of the Co-operative Movement should be ignored. By the decision of the Government, the members of the Military Service Tribunals were drawn almost entirely from the Borough and District Councils, to which the appointment was practically left. It is fair to the Government to say that it was simply not realised that these Councils were composed in the main of retail shopkeepers, the smaller manufacturers, auctioneers, and agents of various kinds, and others directly interested in profit-making enterprise; and that the Co-operative Movement, which all these persons regarded as a dangerous and entirely illegitimate competition with their respective businesses, was scarcely ever represented among them. The Movement itself was slow to understand its peril, and had no representative in Parliament able to make the Government realise the mistake that it was making. The result was that the 1300 local societies found themselves, in the vital matter of the withdrawal of their indispensable men, nearly everywhere in the hands of strongly biassed tribunals, whose unfriendly and sometimes grossly partial decisions created the greatest resentment. As it appeared to the Co-operators, the profit-making shopkeeper was everywhere favoured, and allowed to retain not only his son or his manager but also some considerable proportion of his male assistants and usually all those whose services were particularly useful to him, whilst nearly the whole male staff of the Co-operative society was in many districts ruthlessly swept away. The resentment with which the Co-operative administrators witnessed what was universally regarded in the Movement as grossly unfair treatment was deepened and embittered by official pronouncements. The Government

repeatedly declared its intention of doing its utmost to maintain intact the organisation of the wholesale and retail traders, taking special steps to keep alive the "one man business," even the tiny sweet-stuff shops, as valuable and meritorious elements in society, whilst remaining markedly silent as to any corresponding concern for the maintenance of the Co-operative organisation. And readily falling in with the prevailing tone of the tribunals — perhaps even taking their cue from what seemed to be the Government policy—indiscreet military representatives here and there blurted out their opinions that no harm would be done if, by the withdrawal of all its male staff, the Co-operative Store were shut down and its "unfair competition" with honest tradesmen brought to an end.[1] The Co-operative Movement put up a strenuous fight before the tribunals and with the War Office, and in the end the partiality of treatment, as compared with that to which the retail shopkeeper was subjected, may not have amounted to so much as was commonly supposed. What never was corrected, and remained to the end typical of the central as well as of the local administration, was the special weight allowed to the plea that a large profit was being made! In contrast with the exceptionally considerate treatment in this matter of staff that was accorded to city merchants and manufacturers on the one hand, and to the multiple shop and industrial insurance companies on the other, and with the general reluctance to interfere with any business creating large profits, the discourtesy and even harshness meted out to the socially important Co-operative Movement, just because it was "non-

[1] In one Society 99 men out of a total of 102 were required to serve, and only after a desperate struggle was the grocery manager allowed to remain (*Report of the Co-operative National Emergency Committee, October 17 and 18, 1917* (Co-operative Union), p. 68). "The Tribunals . . . have treated us outrageously. We have had our shops closed, and the last man taken, on the ground advanced by the Military Representatives that Co-operation ought not to exist" (*ibid.* p. 125).

profit-making," revealed a latent hostility of which the significance was not lost on the Co-operative leaders.[1]

This hostility was made increasingly manifest as the Government gradually assumed control of all imports, of the mining and distribution of coal, and of nearly all foodstuffs, lasting until it organised its successful system of limiting the consumption of certain articles by what was termed rationing the population. In view of the fact that the Co-operative Movement included nearly a third of all the households of the kingdom, and that it was by far the largest single distributive agency, actually dealing with about one-seventh of the entire food supply, it might have been expected that any government department grappling with the problem of the food distribution would have taken it into council from the first. Yet when, on the outbreak of war, the Government took over the whole trade in sugar, and hastily adopted an elaborate system of arbitrary allocation of a limited ration, it acted exclusively on the advice of the rivals and enemies of the Co-operative Movement, without calling up in consultation any representative of what was the greatest of all the wholesalers and retailers of sugar. The Government seemed to the Co-operators always to take it for granted that the normal and legitimate system for the distribution of commodities was that of the profit-making merchant, wholesale dealer, and shopkeeper, without heeding the actual existence of an alternative organisation of no small magnitude,

[1] The impression of unfairness was deepened, and its significance was emphasised, by the fact that a specially generous and sweeping exemption from conscription was officially accorded, over the heads of the tribunals, to the salaried officials, both local and central, of the Liberal, Conservative, and Labour Parties, and even to the officials, much more numerous, of the Trade Unions and their federal organisations, whilst no corresponding privilege was accorded to the Co-operative Movement, which was not politically organised. This led to the amazing result that a Trade Union could get its salaried officers, provided that they were of certain low grades of physical fitness, exempted privately by order from the centre, whilst the Co-operative societies themselves had to contest every case before a specially biassed and usually hostile local tribunal.

which had at least the right to expect a consideration equal to that accorded to its rivals. It was felt by the Co-operative Movement that this equal consideration it never got. The most conspicuous instance of the inequality of treatment is afforded by the basis at first adopted by the Government for the allotment of supplies. Acting with a naive absence of suspicion on the advice supplied by obviously interested parties, the Government insisted on basing its restricted distribution of sugar on a previous year's " datum," each retailer being required to obtain his supplies exclusively from the wholesaler with whom he had then been dealing, and being limited strictly in proportion to the number of customers that he had then been supplying. This plan suited the profit-making wholesalers, who saw their retailers practically bound to them ; it suited the rapidly growing organisations of " multiple shops," because these huge companies counted each as a single retailer, and had therefore a large supply to manipulate according to local requirements ; it suited the great majority of shopkeepers, whose aggregate trade had diminished owing to the withdrawal of men to the Colours and of women to distant munition centres, and who now not only found their remaining customers virtually bound to them, but also discovered themselves in possession of constant surpluses of commodities of which there was a national shortage. But the adoption of this plan of distribution proportionate to a datum of a previous year was horribly unfair to many Co-operative societies, whose membership had been steadily increasing, particularly as they were to a large extent serving the engineering, mining, and munition areas to which the working population had been migrating. Although such societies could demonstrate by their membership roll that they had become responsible for serving increased numbers of families ; although their membership was actually

being further swollen by the men and women whom the Government had drawn to their neighbourhoods, and for whom, in some cases, the Government had expressly begged them to make provision ; and although the total number of consumers who were being thus injured amounted to as many as ten millions or more, the Government long refused to change. Under the influence of the wholesale and retail traders, the Government long persisted in retaining the " datum " of a former year as the basis of its plans of distribution, without effectively reclaiming the surplus that it continued to send to the shopkeepers, and even to whole localities, where the customers had dwindled, and (in spite of minor concessions extorted now and again in particularly glaring cases of injustice) without adequately meeting the needs of the relatively few shopkeepers and the considerable number of Co-operative societies whose customers had demonstrably increased.[1] It did not allay the resentment that,

[1] " Instances could be given showing that the allotment of one particular class of goods made to the C.W.S. has not been more than sufficient to supply one retail society with a week's requirements, while the C.W.S. caters for over 1200 societies " (Letter by a C.W.S. director in *Co-operative News*, December 20, 1919).

One society, with over 14,000 members, got on the " datum " basis only 78 bags of sugar per week. So discouraged were the members that when registration was introduced only 11,000 at first registered for sugar with their own society. Nevertheless the allotment to the society immediately went up to 125 bags per week. It was therefore not unnatural that Co-operators should have concluded, with the president of the 1919 Congress, that " the Ministry of Food was dominated at the outset by persons who were for the most part anti-co-operative in their ideas and outlook, and hence Co-operative societies met with but little favour at their hands " (*Congress Report*, 1919). Where the Co-operative Movement failed to do justice to the Food Ministry was in not recognising that this was only " at the outset."

What the Co-operative Movement asked for, in place of the " datum " (see Congress Resolution of 1918), was " that the control or rationing of any article of food shall be immediately followed by the registration of customers with retailers, and the registration of [retailers with] wholesalers, in order that available supplies may be equitably distributed " ; in order to make the allotment to each retailer correspond with his present customers, instead of with those of a previous year, and in order, also, to allow to the customers a free choice of retailer, and to the retailer a free choice of wholesaler. This was, in fact, to a great extent the policy that the Food Ministry had adopted by 1918, namely, making the allocation of certain

although the Co-operative Movement was by far the largest consumer of tea and sugar and other commodities, it never occurred to the Government in the early years to appoint any representative of the Co-operative Movement, notwithstanding its distribution of one-seventh of the food-supply, to the trade advisory committees, which were, down to 1916 at any rate, always composed exclusively of profit-makers in the particular trades concerned.[1] Matters were not improved by the appointment as the first Food Controller of Lord Devonport, who had made a fortune as a wholesale grocer, who had always been an outspoken opponent of the Co-operative Movement, and who was, even whilst holding office as Food Controller, actually one of the persons most largely interested in the "multiple shops," to which the policy of the Government was believed to be exceptionally advantageous. What is characteristic of the Government's ignorance is that it never seems to have occurred to the Prime Minister, in view of the extent and influence of the Co-operative Movement, that, however capable and high-minded Lord Devonport might be, these facts made his appointment as Food Controller an un-

commodities among retailers proportionate to their registered customers; but it was even then reluctant to permit the customers to transfer, conceding this eventually only to the extent of allowing customers "to return to their usual retailer."

[1] "No one can deny the spirit of preferential treatment in favour of private traders as against Co-operation. What of the Wheat Commission, and the Sugar Commission, the milk and coal and butchers' meat control, on none of which have the Co-operators obtained any representation whatever; or who will deny the right of so large a body as ours—representing fifteen million consumers and doing a trade of 15 million pounds a year—to reasonable representation according to the magnitude of our trade?" (*Report of the Co-operative National Emergency Conference, October 17 and 18, 1917*, p. 17.) When, in 1916, the Board of Trade appointed its first Interdepartmental Committee on the Food Supply, Mr. J. R. Clynes, M.P., was appointed a member, as a leading representative of the Labour Party. The fact that he, like most other Labour Members of Parliament, was a purchasing shareholder of a Co-operative society, holding no official position in the Movement, was no sufficient answer to the Co-operators' complaint that their function as purveyors was ignored.

fortunate one. And the mistake was repeated. When, two years later, the coal trade had to be controlled, the Co-operative Movement, which does a large business in coal, was again ignored; and the Coal Controller started off by seeking the advice, and placing himself virtually in the hands of, the profit-making coal merchants and dealers—as if theirs had been the only way in which the retailing of coal was actually carried on! The secretary of the local Coal Merchants' Association was usually appointed Local Fuel Controller. Even as late as 1917, when Food Control Committees were appointed for the local administration of the work, the newly established Food Ministry, which (as must in fairness be said) quickly realised the magnitude and importance of the Co-operative Movement, failed to take the action necessary to prevent these committees being unfairly packed against the local societies. It contented itself with merely begging the councils, dominated by the local shopkeepers, to provide for a fair representation on the new committees of the Co-operative societies and Trade Unionists, whom these shopkeepers held in a common detestation and contempt.[1]

What was resented, and what still rankles, in all the Government action relating to the supplies of coal, sugar, and foodstuffs generally, was not any affront

[1] It had been expressly pointed out to Lord Rhondda, then Food Controller, in time to save him from this mistake, that nothing short of making a due proportion of Co-operative representation obligatory would achieve his purpose. After a careful calculation of the strength of the opposition that either course might be expected to provoke, it was decided to leave the composition of the committees, subject merely to an expression of opinion, to the discretion of the Local Authorities. When the foreseen result had occurred, Lord Rhondda and Mr. Clynes, who were then in command, did their utmost to persuade the councils to put an adequate proportion of Co-operators on the Food Control Committees, but in many cases unsuccessfully; though it was insisted that, if any profit-making food retailer was placed on the Committee, a representative of a Co-operative society had also to be appointed. But each Council was left free, if it chose (and some did so choose), to pack the committee with profit-making shopkeepers and other traders not dealing in food, without any representative of a Co-operative society.

to the dignity of the Co-operative Movement that the ignorance of the various departments entailed, but the positive losses that the Government caused to the Movement. By the policy of the various departments the Movement was not only deprived of the advantages of the superior organisation which it had built up for the importation of wheat, bacon, butter, currants, and other commodities; of its superiority in flour-milling; and of its economy in wholesale distribution: finding itself constrained, to the relative gain of those who had been its rivals, to come down to a common level of quality, efficiency, and distributive cost. So much sacrifice may perhaps have been called for in the common interest if no other method of organisation could be contrived. But the Movement suffered a further relative loss, which it is not convinced was either necessary or in the public interest, not only in having its service considerably curtailed by the excessive draft made upon its staff by what every Co-operator regarded as the partiality of the Military Service Tribunals, but also in being prevented from giving to its own membership the characteristic benefits of the Movement—by having to charge more for various commodities than it would otherwise have done, as, for instance, when a minimum price was (for a short time) actually prescribed for sugar, and for a long period for tea, or when a definite price, to be varied neither upward nor downward, was prescribed for coal and various other commodities. Co-operators failed to realise the difficulties which, in particular cases, led the official administrators—contrary to their usual practice—to do more than prescribe a maximum price. And the Co-operative societies naturally gave too little weight to the fact that by the prohibition of competitive undercutting, they gained a very valuable protection against the specially dangerous competition of the multiple shops. Even more

bitterly resented was the unfairness with which the Movement seems almost constantly to have been treated in the allocation of supplies, so that it frequently happened in many towns that it seemed to be the Co-operative household that obtained the least sugar, butter, margarine, coal, potatoes, or whatever was in short supply. Co-operators were accordingly driven, literally (as was subsequently proved by the statistics of sugar and butter registration) by hundreds of thousands, to resort to shopkeepers for the goods that their own societies were prevented by the Government from supplying. Additional members could for long periods not be served at all. In fact, in more ways than one, the rush to Co-operative membership, which has been so marked a feature of the war period in Russia, Germany, Belgium, and France, was in Great Britain greatly checked by the action of the government departments.[1] It is not now denied that what was encouraged and fostered by the policy of other governments was in Great Britain, under the

[1] " During this great war every country in Europe has used Co-operation more freely, and valued it more highly as a national asset, than Great Britain. In France Co-operation has been discovered as a national force. Profiteering made its appearance even at the Front in the distribution of the supplies placed at the disposal of the troops by private enterprise. The French Government promptly checked it by subsidising the Co-operative Movement to take up the work of supplying necessaries on honest lines. When private traders threatened to defeat the endeavours of the French Government to maintain food supplies at reasonable prices to the civil population, as the butchers threatened to do in England, the Government asked the Co-operators to do the work, and the fullest interests of the consumers have been secured In Switzerland, the Co-operative Movement has been used to seriously meet the needs of the population by methods of food economy, such as the municipal supply of meals, which is a mere side-show to our Ministry of Food. In Russia, Co-operation has been the one great force in maintaining the distribution of commodities and giving something like stability to the State in its newest form. Even Germany has a leading Co-operator as its Assistant Food Controller. It is only in democratic enlightened Britain that Co-operation has been relegated to the back seat. Our government departments, ever tardy in co-operation with each other, have been united in their opposition to that Co-operation which is purely co-operative and of the people. The people's elected have failed us—they have given over government to the self-elected. To-day the State in its final analysis is the expression of the will of Capital " (*Report of the Co-operative National Emergency Conference, October 17 and 18, 1917*, p. 11).

rule of the "business men" who were installed at Whitehall, at least for the first two years of the war, deliberately hindered and checked, in the interest of the profit-making traders. When, in 1917, the Food Ministry was established, first under Lord Rhondda, who was presently succeeded by Mr. Clynes, M.P., a considerable change for the better was made. The Sugar Commission, it is true, was only slightly affected; and it remained to the end dominated by the profit-making sugar-traders, and down to 1918 adhering to the pre-war datum. But as the new Food Ministry got into its stride, the Co-operators not only found their representations treated with the consideration they deserved, but also that the unfair systems of administration to which they objected were gradually rectified. An extraordinarily successful system of registration and rationing was presently put in force, by which every person in Great Britain was limited to prescribed quantities of each of the foodstuffs that were in short supply; and the Food Ministry saw to it that the available supplies were allocated, week by week, in exact proportion to the local registration of customers. With the institution of this system, which naturally took some time to work out and put in operation, the Co-operative complaints, like those of others who had been aggrieved by Lord Devonport's administration, fell away to relatively nothing. Even before the application of detailed rationing, the Food Ministry had both recognised the justice of the Co-operators' criticisms, along with others, and shown that it was practicable to remedy the grievances, by drastically changing the distribution of various controlled commodities, notably dairy produce, so as to divert extra supplies to particular districts, and sometimes even to particular stores, where it was proved that the population and the number of customers had markedly increased. And though the Food Ministry

found itself unable effectively to correct the bias of the Sugar Commission, and had very generally to accept the decisions of the Wheat Commission and other official agencies dealing with great problems of international distribution, it needs to be said that, in the later years of the war, so far as their influence extended, Lord Rhondda and Mr. Clynes did their best to secure full justice to the Co-operative Movement. The new spirit brought in by the Food Ministry was notably shown by a much greater consultation of the representatives and leading officials of the Movement, several of whom were appointed to help in the administration. Even more useful to the Co-operators were the special efforts that were presently made to call into regular consultation accredited representatives of the consumers, especially the great mass of manual-working and wage-earning consumers, constituting two-thirds of the whole. The establishment in 1918 of the Consumers' Council, composed, very largely, of members nominated by the Co-operative Movement, by the Trade Unions and the Labour Party, and by the very representative War Emergency Workers' National Committee, gave the Co-operators representation as consumers alongside other consumers, in the general councils of the Food Ministry, rather than as purveyors alongside other purveyors, on the separate bodies dealing with sugar, wheat, and other foodstuffs.[1] It was accordingly no direct reversal of the partiality shown to the profit-

[1] Co-operators thought it characteristic of the mental attitude of the profit-making traders and also significant of the Government policy to which they had for a couple of years been accustomed, that in 1917 they violently objected to the very establishment by the Food Ministry of the Consumers' Council. For many months they made it the subject of bitter attacks on the Government, that it should have even allowed to the consumers as such any opportunity for influencing a Ministry which could have, as its justification, nothing but the protection and service of the consumers. The profit-making traders habitually revealed, in fact, their feeling that, far from the service of the consumer being the end and purpose to be secured by the State, their own existence and continued profit-making constituted an end in itself.

making traders, as compared with those who sought to eliminate profit, of which the Co-operators had complained. But although the Consumers' Council necessarily had no executive authority, the extent to which it was habitually consulted by the Ministry, and the opportunity allowed to it of reviewing, criticising, and recommending the modification of every administrative act, and of every trading operation undertaken by the Ministry, were of great value. It was permitted to nominate its own representatives on some of the internal administrative committees of the Ministry. Its chairman, Mr. (afterwards Sir) Thomas Allen, a director of the English Co-operative Wholesale Society, had constant access to the Food Minister; and acted, indeed, for some time, practically as an additional private secretary to Mr. Clynes. Through the channel of the Consumers' Council, even if not as purveyor, the Co-operative Movement thus eventually got its grievances attended to. In the end, it may be said, so far as the work and influence of the Food Ministry extended, the Co-operative Movement had little or nothing to complain of. And it should be stated, to the credit of the British Civil Service, that it is, in the main, to the civil servants' influence in the administration, which had been temporarily set aside by the "business men" brought in to assist the Government, that is to be ascribed the recognition of the Co-operative Movement in the later years of the war, and the redress of its grievances. Though the statesmen and even the Members of Parliament had, with few exceptions, been unaware of the importance and social significance of the Movement, the permanent civil servants showed themselves neither so ignorant nor so unsympathetic as their political superiors. In contradistinction from the army and navy officers, the permanent civil servants, as soon as they recovered their influence in the administration (an administration

which had proved too difficult for the "business men"), manifested, usually, an appreciation of the social value of the Co-operative Movement as an alternative to Capitalism, and a willingness to allow it at least equal opportunities with those of the profit-making trader. All this is of happy augury for the future. Unfortunately for its effect on the Co-operators' state of mind, neither the change of policy nor the more sympathetic attitude of the Food Ministry during 1917–19, could be given sufficient publicity to remove the bitterness caused by the Government action in 1914–16. The discontent was, in fact, maintained, first by the tardiness of any reformation of the Sugar Commission, and then by what the Co-operators deemed the new unfairness of the Coal Controller and the local Fuel Overseers whom he appointed.

The last straw was added to the pressure on the temper of the Co-operators by the determination of the Government between 1915 and 1920 to subject the Movement to taxation, as if its trading operations were carried on for profit by a joint-stock company. For a whole generation the profit-making traders had been appealing to successive governments to bring their Co-operative rivals, even if they made no profit, within the scope of taxation that would penalise the Movement for "taking away the shopkeeper's livelihood." Successive Chancellors of the Exchequer had personally investigated the question and had been obliged to come to the decision that, as the very aim and object of the Co-operative Movement was to eliminate profit, the surplus resulting from the members' mutual arrangements among themselves was not profit, "in the sense in which any liability to taxation arose." A strong Departmental Committee on the Income Tax in 1905 came to the same conclusion. Suddenly, in 1915, the Government made all Co-operative societies liable to the new "Excess Profits

Duty," exactly as if they had been profit-making firms, although they were admittedly not making profits, either normal or excessive, that could be assessed to Income Tax. The whole Co-operative Movement bitterly resented this imposition, which, as was not concealed, had been adopted by the Government in order to mitigate the resistance of the profit-making traders to the new tax. But the leading Co-operators resented hardly less the manner in which the measure was conceived and adopted. So heedless and so ignorant was the Government of the circumstances of the great Movement which it was proposing to tax that the measure was so worded that the liability of each society to Excess Profits Duty automatically rose in amount, not merely, as with the profit-making shopkeeper, with every widening of the margin between price and cost, but even without any such widening, with every rise in the price of the commodities dealt in; and even without either widening of margin or increase of price, actually with every increase in the membership of each society.[1] The result was that some Co-operative societies, notably that of Plymouth, defiantly refused to pay any Excess Profits Duty, and were never compelled to do so. Others, including the two great Wholesale Societies, were mulcted in large sums, amounting altogether to more than a million sterling, which they paid under protest. The federal

[1] One characteristic inequity in the Excess Profits Duty may be mentioned. It was forcibly argued to the Treasury that if the amount paid by Co-operative societies in dividends on purchases were included in the assessment as profit, the similar dividends on purchases accorded by certain shopkeepers, as a method of competition with the Co-operative societies, ought equally to be assessed. But no; the Treasury decided that dividends on purchases allowed by capitalist shopkeepers were not profits, even where distributed quarterly in arrear, exactly on the Co-operative plan, but merely rebates or discounts; whereas similar dividends on purchases paid by Co-operative societies were, for purposes of the Excess Profits Duty, assessable as being profits. The Treasury could, of course, only follow the terms of the law, which the Chancellor of the Exchequer at that time refused to amend; but what could Co-operators think of a Government which, by express words, had put Co-operative societies under such an exceptional disability?

representatives of the Movement patiently and persistently argued the matter with the Chancellor of the Exchequer. Within a couple of years he was driven to admit that, quite apart from the question of principle, the basis of assessment on Co-operative societies had been, in view of the peculiarities of the Co-operative Movement, which had not been adequately realised when the measure was framed, quite unfair. In the Finance Act of 1918 a section was introduced under which those Co-operative societies which had paid Excess Profits Duty were for the most part able to obtain repayment of all, or nearly all, the amounts charged upon them ; and those which, like Plymouth, had refused to pay, were able to obtain exemption. Under the 1918 Act, although theoretically the liability still remains, practically no Co-operative society finds itself having to pay Excess Profits Duty.

The pressure on the Government of " business interests " was, however, not relaxed, and in 1919 the appointment of a Royal Commission on the Income Tax was made the occasion of a renewed assault.[1] In that Commission the battle was once more fiercely fought, and nearly all the Commissioners unimplicated in profit-making enterprise—including the experts on Income Tax law and practice and the economists—confirmed the view which the Inland Revenue authorities and successive Chancellors of the Exchequer had always held, namely, that any transactions among themselves by the members of an association, which

[1] The Government had originally decided to exclude from the Commission all Co-operators, on the plea that " retail shopkeepers " were to be equally excluded ! It had apparently remained concealed from the Government as late as 1919 that the business of the Co-operative Movement was anything more than retailing ; that it included no small amount of agriculture, importing, manufacturing, wholesale trading, and banking, to say nothing of shipping, exporting, and mining; and that several of these interests, when implicated in profit-making, were represented on the Commission, the chairman of which (Lord Colwyn) was himself personally connected with some of them. After a storm of protest, the Government gave way and appointed one Co-operator (Mr. H. J. May) to the Commission.

that body carried on by direction and for the mutual benefit of its members, could not be considered as resulting in any profit assessable to Income Tax. But those Commissioners who wished to tax the Co-operators, finding themselves in a majority, recommended that, whereas it was true that all the surplus that was handed back to the purchasing members was merely in the nature of rebate or discount, and not taxable as profit, yet whatever part of the surplus was not so distributed, but was either kept in hand for any common purpose (such as depreciation or reserve fund), or else voted away to charities or for educational purposes, should—though it could not be said to form part of any one's income—nevertheless be chargeable to Income Tax, as if it had been retained in hand or distributed as dividend on capital in a joint-stock company.[1] This recommendation of a majority of the Commission was hotly contested. In the end the Government did not adopt it as drafted, as such a course would have compelled the assessment to Income Tax of just that part of the surplus arising from mutual transactions among members which was plainly never anybody's income. With some ingenuity the Government decided to include Co-operative societies and joint-stock companies alike in liability to an altogether new tax on trading profits, called the Corporation Profits Tax, from which individual traders, however extensive their transactions and their profits, were exempted, and under which Co-operative societies are, by an ingenious form of words, brought so far as regards any part of their surplus, as defined by the Income Tax rules, that they do not distribute as dividend on purchases. This, it will be noted, was going even beyond the recommendation of the majority of the Royal Commission on Income Tax, which would have allowed the Co-operative societies to take credit for

[1] *Report of the Royal Commission on the Income Tax*, 1920 (Cmd. 615).

the very substantial amount that, whether or not they make any profit, they now pay in Income Tax under Schedules A and B.[1] Under the Corporation Profits Tax, the Co-operative societies got no credit for this, but were made to pay what is merely the equivalent of an extra Income Tax, not indeed on all their annual

[1] The common impression that Co-operative societies do not pay Income Tax is incorrect. It is true that the Industrial and Provident Societies Acts exempt from assessment to Income Tax those societies registered under them, which do not limit their membership and do not make a practice of selling to non-members. The members of a Co-operative society enjoy no exemption whatever, and they are individually liable to assessment for anything assessable to Income Tax at all, exactly as if they were the partners of a trading firm. Thus, all interest or dividends on shares or loans received from a Co-operative society, like those from a joint-stock company, are taxable. It is merely as a matter of administrative convenience and economy, owing to the frequency with which it is found that the recipient is below the Income Tax level, that the tax is declared by and collected from the recipient (whose name and address is in all cases reported to the Inland Revenue authorities) instead of by deduction at the source.

The practice has thus been for Co-operative societies to be assessed to, and to pay Income Tax under Schedules A and B, upon property in their ownership and occupation irrespective of whether they make profit or not, whereas a trading firm may obtain exemption or repayment in such cases if it makes no profit. If the law and practice as to Income Tax were changed so as to put purely mutual Co-operative societies on the same footing as profit-making joint-stock companies—and if, as even the majority of the Royal Commissioners of 1919–20 admit, the sums actually paid out as dividends on purchases do not form any part of trading profits but are in the nature of rebates or discounts allowed to purchasers—the result would merely be (i.) that Income Tax under Schedule D would be assessed on whatever was not so distributed, but was added to capital, placed to reserve, written off as depreciation, or voted to charities or educational purposes; but (ii.) that the Income Tax now paid under Schedules A and B would be allowed not as expenses, but as a credit against this new charge under Schedule D. The majority of the Royal Commission reported, on the information supplied by the Inland Revenue, that the result would be " very little difference " from the present aggregate payment in Income Tax by the Co-operative Movement.

It may be added that the " trade with non-members," of which much is sometimes made in the argument, and which Co-operators admit not to be covered by the " Principle of Mutuality," is found to be, so far as concerns the ordinary retail consumers' Co-operative society, absolutely insignificant in amount. Exact statistics obtained from 830 societies, having sales of £127,275,919, showed the sales to non-members to be only £266,312, or 0.21 per cent. The surplus available for dividend was £14,000,825, less £1,857,569 paid as interest on share capital, or £12,169,256. Of this surplus, if 0.21 per cent is taken as due to sales to non-members, the amount so derived was £24,330, from which has to be deducted the dividend on purchases (or discount) actually accorded to non-members on such part of the £266,312 of sales as it was paid on (Evidence submitted to the Royal Commission on Income Tax, 1919). The average net profit of each society from non-members' purchases is therefore not so much as £25 per annum.

surplus or on the sums distributed as dividend on purchases, but (in reduction of these dividends) upon all that they write off for depreciation, or place to a reserve fund, or devote to increasing their premises or plant, or to the repayment of mortgage or other debt—all of them objects which it might have been thought desirable for Government to encourage rather than to penalise by exceptional taxation. The action of the Cabinet and the House of Commons—in disregard, it is understood, of the advice of the Inland Revenue Department—becomes the more invidious when it is realised that the increased revenue to be expected by the Chancellor of the Exchequer by taxing the Co-operative societies in this novel and inequitable way is only between one and two hundred thousand pounds a year. The inference can hardly be avoided that the Government, heedless of the injury which the peculiar incidence of the tax, rather than its actual amount, must cause to the Co-operative Movement, came to its decision because it estimated that the political force of the shopkeepers and traders, particularly in the House of Commons and in the probable conditions of excitement under which a General Election would be fought, was greater than that of a non-political movement, including in its membership the representatives of probably one-third of all the families in the kingdom.

Co-operators, it cannot be too clearly explained, make no claim to be exempted from taxation merely as Co-operators. As individuals they are ready to pay whatever taxes may be imposed on other individual citizens, whether the scale adopted is based on income, on capital wealth, on the rental value of the dwelling-house, or on the consumption or use of particular commodities. Nor do Co-operators enjoy, even in their corporate capacity, any effective exemption from Income Tax. The societies that they form for the purpose of supplying their own households already

pay, in the aggregate, as the majority of the Royal Commission on Income Tax were constrained to admit, just about as much Income Tax as individual or joint-stock traders would pay if (as some of them have from time to time done) they gave, in any form, the same rebate or discount to their customers as the Co-operative societies give by the device of dividend on purchase. What Co-operators resent is being made to pay extra or additional taxation merely because they are Co-operators. They ask no favour from the Government, as compared with other citizens, or with other methods of organising production or distribution, although they might fairly expect some credit, and even some encouragement, for what has become recognised as a potent instrument of social improvement.[1] Yet a persistent attempt is made to subject their particular method of organising production and distribution, notwithstanding its admittedly beneficial effects, to exceptional and even penal taxation. When the Government was, in 1920, once more shamed out of subjecting Co-operative societies to a special liability to Income Tax over and above that to which they were already subject, it took refuge in a new name for the exaction, and imposed it, as a new duty (the Corporation Profits Tax), on the Co-operative societies and the profit-making joint-stock companies, leaving the individual shopkeeper, who is the most ubiquitous rival of the Co-operative society, entirely exempt. It must be added that so irresistible proved the Co-operative argument that, in 1921, an amendment to the Finance Bill was carried against the Government by two votes, taking Co-operative societies out of the scope of the new tax.

It will be easy to understand how potent and how

[1] Of this recognition, it may suffice to quote one instance. Under the Development and Roads Improvement Act of 1912, one of the objects for which the Commissioners may make advances or grants of public money is the promotion of Co-operation.

far-reaching has been the effect on the whole Co-operative Movement during the past five years of these successive manifestations of governmental hostility, alike as regards military service, as regards food control, and as regards taxation. Coming one after another, they have removed the greater part of the reluctance entertained by a large proportion of the Co-operative membership to any entrance of the Movement into politics. The necessity for the return to the House of Commons of formally accredited representatives of the Movement is now almost universally acknowledged. It has been found more difficult to secure unanimity as to the manner in which this can be done. When, in 1917, the leading Co-operators were moved to indignation by the persistent ill-treatment of their societies at the hands of the Military Service Tribunals and at those of the Government departments dealing with sugar and other foodstuffs, and by the neglect of the Prime Minister even to hear their complaints, a specially summoned congress of delegates from all Co-operative societies unanimously agreed to seek representation in Parliament, with a general political programme of an advanced character, and determined to raise an Election Fund with which to run independent Co-operative candidates in Parliamentary contests.[1] It soon became apparent that, to achieve success at the polls, it would be necessary to act in concert with the Labour Party, with the official programme of which the newly formed Co-operative programme was in almost exact accord.[2] The Labour Party welcomed the pro-

[1] *Report of the Co-operative National Emergency Conference, October 17 and 18, 1917.*

[2] Such joint action had already been tentatively begun. Immediately the war broke out the Co-operative Union responded to the invitation extended to it by Mr. Arthur Henderson, then leader of the Labour Party in the House of Commons, and nominated two representatives to form, along with those of the Labour Party, the Trades Union Congress and other bodies, the War Emergency Workers' National Committee, which proved to be one of the most useful organisations of the war period. Between

posal, and readily conferred as to what seats might be left for Co-operators to contest. The difficulties that arose on the Co-operative side then became apparent. Any formal union with the Labour Party, which had from its very foundation continuously sought the affiliation of the Co-operative societies, was strongly objected to, even by those who had come to see the necessity for energetic political action.[1] Co-operators who had been Liberals could not bear to see their societies enlisted to oppose Liberal candidates, whilst even where this difficulty was surmounted, the selection from among a crowd of aspirants from different localities of a dozen or a score of Co-operators to be put forward, in conjunction with local Labour Parties of which they had hitherto fought shy, for selected constituencies with which they had often had previously no connection, proved no easy task.

Notwithstanding these difficulties, considerable progress was made. A separate Co-operative Parliamentary Representation Committee[2] was formed, to

1914 and 1917 this body was active in obtaining from the Government Departments the redress of grievances, in suggesting many useful improvements in Government action, and in conducting public agitations to secure reforms, notably as regards food supplies and prices, separation allowances, pensions, housing and rent restriction, profiteering, and what not. A further step was taken in 1917–18, when the Education Committee of the Co-operative Union, followed by several hundred of the local societies, formally affiliated themselves with the Labour Research Department, the organisation in which the Labour Party and other bodies co-operated for research into industrial problems and the dissemination of information thereon.

[1] Only one Co-operative Society—that of Tunbridge Wells—affiliated with the Labour Representation Committee or its successor, the Labour Party, during its first decade or so. In the years 1918–20, several others, together with many branches of the Women's Co-operative Guild, became members of the Local Labour Parties of their neighbourhood.

[2] This new "Co-operative Parliamentary Representation Committee" (now The Co-operative Party) must not be confused with the old-standing "Joint Parliamentary Committee" of the Co-operative Union; formerly composed of four members each from the Union, and the English and Scottish C.W.S., but in 1920 reorganised by Congress, at the instance of the General Survey Committee, as six nominees of the Union, two each of the English and Scottish C.W.S., one of the Co-operative Productive Federation, and one of the Secretaries' and Managers' Associations jointly. It is difficult now to understand the delimitation of work between this Joint Parliamentary Committee and the Co-operative Party.

which the Central Board and the Central Education Committee of the Co-operative Union, the English and Scottish Wholesale Societies, the Men's and Women's Guilds, and the Productive Federation all nominated members, and to which nine representatives of the separately subscribing local societies were added. In the year 1918 no fewer than 563 societies, or more than a third of the whole, became affiliated, subscribing at the rate of a halfpenny per member per year £7139 (including £1000 and £500 respectively from the English and Scottish Wholesale Societies). Local Councils were established in many constituencies. A Parliamentary bye-election at Prestwich in May 1918 was utilised to run a Co-operative candidate (H. J. May), rather with a view to advertise the new Party than with any hope of success. Indeed, before the organisation could be adequately dealt with, the General Election was sprung upon the nation. In ten constituencies a Co-operative candidate was nominated and went to the poll.[1] But the circumstances of the Dissolution were extremely unfavourable to a new political party. In no case was any candidate of the Labour Party run against the Co-operative candidate. In all cases, however, he had to fight a Coalition candidate; in six of these cases both Coalition and Independent Liberals were put up against him; in one case both Coalition and National Party candidates went to the poll against him; whilst in three cases he had to fight the Coalition candidate only. In the whole ten constituencies the Co-operative candidates polled 57,676 votes out of an aggregate poll of 197,902; but only one Co-operative member was returned,

[1] These were, in order of magnitude of the Co-operative Party vote: Kettering (A. E. Waterson), South Bradford (W. Hirst), Paisley (J. M. Biggar), Kilmarnock (P. Malcolm), Clackmannan and East Stirling (H. J. May), Mossley Division of Lancashire (W. H. Brown), King's Norton, Birmingham (T. Hackett), Hillsborough, Sheffield (A. Lockwood), Sparkbrook, Birmingham (F. Spires), and Central Leeds (Joseph Smith).

namely, Mr. A. E. Waterson, for the Kettering Division of Northamptonshire. In all the other constituencies save one the Co-operative candidate took second place. In the spring of 1920 two bye-elections were, amid exceptional political excitement, contested by Co-operative Party candidates, with the cordial co-operation of the Labour Party, at Paisley and Stockport respectively, but without success. In June 1919 the Co-operative Congress at Carlisle definitely instructed the Co-operative Parliamentary Representation Committee, which was then given the title of the Co-operative Party, to enter into negotiations with the Labour Party and the Trades Union Congress Parliamentary Committee with a view to a closer federation for electoral purposes, and the ultimate object of forming a united people's or Democratic Party. "Acting upon this authority, the National Committee of the Co-operative Party entered into negotiations with the two other bodies, and as a result of these negotiations it was jointly agreed to recommend the formation of a 'Labour and Co-operative Political Alliance.' A scheme for such an alliance was prepared, and at the Co-operative Congress held at Bristol in May 1920 the National Committee of the Co-operative Party asked Co-operators to accept this scheme and make it the basis of Co-operative policy in politics. Co-operators were at the same time invited by the Coventry Perseverance Society to adopt a proposal that the Co-operative Party, both nationally and locally, should affiliate to the Labour Party and become a part of that political organisation. Both of these proposals were included in the agenda of business to be transacted at Bristol; but, as there had been no adequate discussion of the terms of the proposed alliance by Co-operators generally, it was decided that both questions should be adjourned for twelve months in order that they might be fully considered

by rank and file Co-operators in all parts of the country."[1] In September 1920, at the quarterly delegate meeting of the Co-operative Wholesale Society, the directors of which had refused to lend motor-cars to the Co-operative and Labour candidates at the Stockport Election, a resolution was carried by a majority directing them to confer with the Co-operative Party in order to consider how best in future to bring the great resources of the C.W.S. to the aid of Co-operators at the poll. At the Scarborough Congress in May 1921 the whole subject was elaborately discussed, after considerable agitation in the local societies. To the resolution in favour of a definite alliance with the Labour Party an amendment was moved on behalf of 47 societies, mainly belonging to the north of England, deprecating any such alliance with any political party organisation. This was rejected by a majority of 1953 to 1199. The substantive resolution in favour of an alliance was then defeated by the narrow majority of four votes (1686 to 1682). The issue accordingly remains for decision at a subsequent Congress.

Not less important than the central organisation of the Co-operative Party has been its influence in the retail Co-operative societies themselves, often starting among the members a new and potent ferment. By the end of 1920, among the 506 Co-operative societies affiliated to the Party, there had been organised 180 Local Co-operative Parties, principally in the larger societies, with separate committees and officers, and funds of their own, very largely derived from grants made by the societies themselves. These Local Co-operative Parties hold meetings, organise discussions and debates, and arrange for lectures, and in many towns they have thrown themselves energetically

[1] *The Co-operative Movement in Politics*, by T. W. Mercer (Co-operative Union, 1920).

into the municipal contests, in nearly all cases in the closest alliance with the Local Labour Parties. On the resumption of the English and Welsh municipal elections, in November 1919, after five years' interval, 224 distinctively Co-operative candidates were run, of whom 151 were returned, and 287 " Labour and Co-operative " candidates, of whom 165 were returned, whilst many other Labour Party candidates received the official support of the Local Co-operative Parties. In the following year, when the municipal elections were less keenly contested, 72 Co-operative candidates were run, of whom 29 were returned, together with 137 Labour and Co-operative candidates, of whom 59 were returned, thus giving the Co-operative Movement, for the first time, a substantial representation on a large number of local governing bodies. Out of this representation has come the demand that the Co-operative societies should be invited to tender for municipal contracts, and a renewal of the suggestion that the societies should undertake certain services, such as milk and coal distribution, on behalf of the Local Authority. And the entry of the Co-operative societies into politics is already influencing their own organisations. Contests for seats on the managing committees are arousing greater interest. The meagre staff for educational and propagandist purposes has been, in some cases, strengthened by the addition of a salaried, full-time, political organiser, working in close connection with the Educational Committee. Those who had hitherto confined themselves to Co-operative administration have found themselves compelled to think out the relation of the consumers' Co-operative Movement to municipal enterprise, and also to the wider issues of national finance and foreign relations.

(*c*) The Increased Revolt against Capitalist Combines and Monopolies

Alongside of the increasing political self-consciousness of the Co-operative Movement must be placed the steadily growing revolt and resentment of the members against the aggression of the Trusts, Combinations, and Amalgamations now dominating the markets of the world. The tendency to capitalist combination, already noticeable during the first decade of the century, was greatly stimulated during the years of war, in many industries directly at the instigation of the British Government, which deliberately encouraged the formations of associations covering the whole supply of particular materials or products. There ensued something like a scramble among great capitalist interests to secure, as far as possible, control of the main sources of the world supply of such commodities as mineral oil; palm kernels and other sources of vegetable oil; copper, zinc, lead, and other metals; india-rubber; and even meat and the refrigerating ships by which it is transported. In Great Britain the production of soap, margarine and candles, linoleum and floorcloth, sewing cotton and matches, mustard and cocoa, wall-paper and bedsteads, and innumerable other articles of common use, appeared to be, by successive amalgamations and interlocking agreements, falling more and more into the hands of an extremely small number of gigantic enterprises or closely knit associations, by which production and price were controlled. The popular impression was strengthened by the appointment by the Government of a committee to inquire into Combinations and Trusts, and by the facts revealed in its report.[1]

We are not concerned here with the extent to

[1] *Report of the Committee appointed by the Minister of Reconstruction to inquire into Combinations and Trusts*, 1918.

which this monopolistic tendency of the Capitalist System has actually gone, nor yet with its general effects. The impression which it is creating has, however, already produced a noticeable reaction in the Co-operative Movement itself. We have already referred to the renewed outburst of activity in the English Co-operative Wholesale Society, with which the Scottish Co-operative Wholesale Society became increasingly associated, in the direction of not merely making up materials for sale, but of getting control over the very sources of supply. The tentative acquisition of 399 acres of tea plantation in Ceylon in 1902 was followed in 1907, 1910, and in each successive year from 1913 onward, by much larger purchases of tea and rubber estates in Ceylon and Southern India until the total area now approaches 20,000 acres ; in 1913 and 1916–19, by extensive purchases of agricultural land in different parts of England and Scotland ; in 1917 by the acquisition of over 10,000 acres of wheat land in Canada ; in 1916–17 by successive purchases of land in West Africa ; and in 1917 by the purchase of the Shilbottle coal-mine and of extensive mining rights in Yorkshire. Under the same impulse the local Co-operative societies have also successively increased their ownership of agricultural land, so that the total acreage in Great Britain now owned by 126 Co-operative societies (including the two Wholesales) is nearly 50,000, together with 7846 acres rented for farming ; making a total of nearly 90 square miles, yielding grain, vegetables, fruit, meat, and dairy produce for the direct supply of the Co-operative households. Increasing realisation of the extent to which the market was being controlled against them stimulated the Movement in 1906, 1915, and 1918 to make itself independent of the millers' combination by milling a greatly increased proportion of its supplies of flour ; the mills of the English and Scottish

Co-operative Wholesale Societies alone turning out nearly twelve million pounds' worth of flour and other products annually; from 1908–9 onward greatly to extend its production of soap until it has become the second largest soap producer in the world; during the last few years greatly to extend its manufacture of cocoa, of margarine, and of dairy products; in 1912, and again in 1917–19, to develop energetically its weaving both of cotton and of woollen cloths, its production of flannel, and its making-up of clothing of all kinds, to the value, in the aggregate, of nearly four million pounds sterling per annum in the factories of the two Wholesale Societies alone. One of the most recent developments has been undertaken in answer to increasing pressure on the Movement of the owners of "proprietary articles," who refuse to supply their wares to retailers except under bond to charge not less than a prescribed price; and who object to Co-operative societies allowing to their members any dividend on such purchases. The English Co-operative Wholesale Society has now become a manufacturer on a large scale of its own "proprietary articles," which, in many instances, it is, at lower prices, making of better quality than those supplied by the makers of the patent medicines and much advertised specialities which they are designed to supersede.

Already before the war the British Co-operative Movement was distinguished from those of other countries by the much greater range and variety of its enterprises, and especially of its manufactures. It has been one of the effects of the Great War, manifesting itself in the increasing concentration and aggressiveness of capitalist organisation, that this range and variety of Co-operative enterprise, especially in its extension to the earlier stages of production and to the very sources of the materials with which it works, have been greatly increased.

(*d*) The Alliance between the Co-operative and the Trade Union Movements

Incidentally, the attitude taken up by the Co-operative Movement, with regard not so much to any particular Trade Union of its own employees as to the Trade Union Movement as a whole, has been completely transformed. The Co-operator of the last century was, unless he happened to belong to the mining or the cotton industry, as often as not, himself a non-Unionist, believing, indeed, that in Co-operation he possessed an instrument of social reform and self-improvement which made Trade Unionism unnecessary. When he rose to be a committee-man or a director, he readily fell in with the employer's instinctive resentment of any combination among those to whom he paid wages. Apart from internal disputes, in which Co-operative committees did not always earn a good reputation among Trade Unionists, the Co-operative Movement, as a whole, held itself aloof from Trade Unionism, in an attitude of avowed neutrality between Labour and Capital—just as strictly neutral as between Protestantism and Catholicism, or as between Liberalism and Conservatism.

It is not easy to trace the causes or the incidents of the change in mentality that has occurred. Ten years ago the persistent propaganda of socialism and the rise of the Labour Party was plainly affecting the members of the Co-operative societies. The great expansion of Trade Unionism was bringing many hundreds of thousands of Co-operators into the Trade Union ranks. The resolutions of sympathy with each other's Movement, and the speeches of the " fraternal delegates " sent to each other's Congresses, increased both in sincerity and in warmth. The change of heart was dramatically marked in 1913, when, in the great strike of poorly paid workers in Dublin, the directors

of the Co-operative Wholesale Society decided, not merely to contribute a donation to the fund that was being raised for the support of the strikers, but actually to prepare and pack (the staff working all through the night for the purpose) many thousands of packets of food, and to ship them direct to Dublin by a C.W.S. steamer, for immediate distribution to the starving families. This dramatic support of Trade Unionism by Co-operation, which received almost universal approval throughout the Movement, may be taken to indicate the official abandonment by the Co-operative Movement of the attitude of neutrality.

The outbreak of war interrupted, for a time, any definite action for a closer union between the two great working-class movements, though we may notice, as the numbers on each side rose, a steadily increasing identity of membership. In 1916 the Birmingham Trades Union Congress unanimously adopted a resolution declaring " that the development of the Co-operative Movement is essential to an active Trade Union Movement " ; and proposed the appointment of a National United Advisory Council " to prepare plans for mutual assistance in developing the productive, distributive, and banking activities of the Co-operative Movement." This was endorsed with equal unanimity at the Swansea Co-operative Congress in 1917. The National United Advisory Council drew up an important " Statement " as to the unity of aims of the two Movements, in which it was insisted that every Trade Unionist, and also the wife of every Trade Unionist, should be a Co-operator, and every Co-operative employee a Trade Unionist. It was further recommended that steps be taken to secure, for the Co-operative Movement, the custody of all the surplus capital of the Trade Unions, together with their banking business ; and to arrange for " the unrestricted distribution of food supplies or the pay-

ment of benefit during important trade disputes by issuing through the various branches of the Co-operative Movement food coupons or loans from the C.W.S. bank on the security of Trade Union assets." This important "Statement" was specifically endorsed during the year by both Trades Union and Co-operative Congresses. In the memorandum issued with it, by the National United Advisory Council, it was urged that Local Advisory Councils representing both Movements should be everywhere established in order to bring them into the closest possible unity.[1]

Such Local Advisory Councils were set up for the eight great provinces into which Great Britain was divided;[2] with the result that many meetings were held; and their efforts may be assumed to have contributed to the great increase in both Co-operative and Trade Union membership by which the years 1918–20 were marked. Something more, however, was aimed at. In a pamphlet entitled "The Union of Forces," published by the National United Advisory Council, it was pointed out that both aggressive and defensive action on a large scale, against the Capitalist system, was imperatively called for. Since the alliance had been formed in 1916 "the activities of organised capital have shown most conclusively that the closest possible union of the two organisations is essential for the protection of the interests of the workers as producers and consumers. By the making of vast profits, the piling up of huge reserves, by amalgamation, combination, and federation, by manipulation of the Press, by securing panic legislation, by direct and indirect influence over Governments, and by the exploitation of patriotic sentiment capitalist and profit-making interests have strengthened, and are daily

[1] *Basis of Joint Action by the Trades Union Congress Parliamentary Committee and the Central Board of the Co-operative Congress*, 1918.
[2] *Basis of Joint Action by Local Advisory Councils*, 1919.

strengthening their resources. . . . This is the danger by which the two Movements of Co-operation and Trade Unionism are equally and alike menaced, and in its removal both vitally concerned. . . . The leaders of all sections of society are now discussing plans for reconstruction . . . based on the assumption that the old system of capitalist control must be continued under conditions made rather more tolerable for the workers as a kind of insurance premium against the dangers of revolt. Our view of reconstruction is that institutions which have become obsolete and, as proved during the war, a menace to the welfare of the people, should not be perpetuated but abolished. We believe in a reconstruction of society on the basis of the Co-operative ownership and control of all things socially necessary. This is the policy which inspires joint action between the leaders of the Trade Union and Co-operative Movements; and it is this policy which we propose to carry out in the creation of a state of society in which mutual aid will replace competition and give to the workers a just and equitable share of the wealth their hands and brains produce." [1]

No protest was made, either in the Trade Union or in the Co-operative Movement against this unequivocal declaration of war against the Capitalist System, as the purpose of both Movements alike; and the pamphlet was circulated by tens of thousands in the joint unity and recruiting campaign that was undertaken by the Local Advisory Councils. An occasion presently came when the union of forces could be manifested in action. When the national strike of railwaymen was, in September 1919, suddenly precipitated by the peremptory action of the Government, the two railway Trade Unions were unprepared for the stoppage. There was no hesitation on the side of the Co-operators in putting their resources

[1] *Trade Unionism and Co-operation: the Union of Forces*, 1919.

at the disposal of the railwaymen. The Local Advisory Councils, particularly that of London, sprang into action; and specially summoned conferences representing the various societies arranged for the most helpful co-operation. Steps were taken to ensure that the Co-operative societies should supply goods without payment on presentation of vouchers issued by the local Strike Committees. Relief was to be afforded in various ways by these societies to those railwaymen who found themselves embarrassed by the unexpected (and entirely unjustifiable) withholding by the railway companies, by express direction of the Government, of the "back money" or wages already earned by the strikers. Authority was given for the working of such schemes on a national basis throughout the country; and detailed plans were made for the means of linking up and keeping open the lines of communication throughout the country for the distribution of food to the strikers' families, which, as it was being freely threatened, the Government might decide to withhold. Meanwhile the Co-operative Wholesale Society was not behindhand. The necessary supply of cheque-books to enable strike pay to be issued to half-a-million men at several thousand centres were printed with almost unexampled celerity, the whole of the extensive organisation of the Longsight Printing Works being made available for this purpose. The necessary funds were provided by the Banking Department, and, in view of the possibility of obstruction by the 10,000 branches of the joint-stock banks, arrangements were made for these cheques to be honoured on presentation by the entire network of Co-operative societies throughout the kingdom. Never before, it is safe to say, had the Trade Union Movement such extensive resources, and so far-reaching an organisation placed at its disposal for a national strike. The result was that the Government abandoned its original

demand; and, after declaring that nothing would induce it even to negotiate with the railwaymen's Unions until the strikers had first resumed duty, within ten days of the stoppage agreed with these Unions to a compromise embodying a substantial part of the men's claim.[1] It is significant that, at the ensuing members' meetings of the Co-operative societies and delegate meetings of the Wholesale societies, not only was no objection made to the whole-hearted support given by the executives to the railway Trade Unions in their hour of trial, but approval of the action taken was frequently volunteered. In spite of the fact that the eight days' stoppage of railway communication was necessarily a cause of considerable loss and inconvenience to the Co-operative societies as to other traders, the old conception of the "neutrality" of the Co-operative Movement as between Capital and Labour had disappeared.

(*e*) The Development of International Commerce

One of the marked features of the Co-operative Movement of associations of consumers—herein contrasting with that of the self-governing workshops—has always been its "internationalism," and its desire to enter into friendly relations with Co-operators all over the world. This feeling, common to associations of consumers in all countries, led, at last, to the formation of a powerful International Co-operative Alliance, which had, before the war, come to include seventeen national unions, representing 10,000 affiliated Co-operative societies of this type, having an aggregate membership of about seven or eight millions.[2] Since

[1] *Railway Dispute, 1919: Report to the Labour Movement by the Committee appointed at the Caxton Hall Conference*, October 1, 1919; *History of Trade Unionism*, by S. and B. Webb, 1920 edition.

[2] For the history, see the *Year-Book of International Co-operation*

the war this Alliance has resumed its work, with a greatly increased aggregate membership, although with opportunities still sadly restricted by the disturbed state of Eastern Europe, and by the difficulties of international travel. What is of special interest is to see this "International Co-operation" of friendly encouragement and mutual help developing into the actual conduct of international commerce on a new basis.

We deal first with the International Co-operative Alliance.

We need not here describe the precursors of this Alliance, or the successive conferences in England, France, Italy, and Germany between 1885 and 1895, at which its formation was discussed. What kept back the establishment of the Alliance was the dispute so persistently maintained by Thomas Hughes, Edward Vansittart Neale, and G. J. Holyoake on the one hand, with the great majority of the associations of consumers on the other, as to what should be regarded as the essential principle of the Movement. We have already noticed how this dispute long obscured the relation between the employees of the Co-operative Movement and the members at large, who are their employers. With no less persistence these champions of the self-governing workshop and profit-sharing claimed that any international alliance should declare them to be the essential feature of Co-operation, and make their adoption a test for union. The little group of advocates of profit-sharing and the self-governing workshop sought, in fact, in the 'eighties, to bring to their aid, against the solid mass of the English Co-operative Wholesale Society and its con-

(Zurich, 1910, 200 pp.); for statistics of Stores and Wholesales in all countries, see the second *Year-Book* (London, 1913, 256 pp.) and the *Report of the Glasgow Conference*, 1913 (163 pp.). A valuable *International Bibliography of Co-operation* was published in 1906. The monthly *Bulletin* has appeared since January 1909, and was not interrupted during the war.

stituents, the moral authority of an international organisation, in which the profit-sharing enthusiasts of France would have a leading place. The arrangements for such an international organisation were largely in their hands. We can, however, now realise that any insistence on such a test of Co-operation would have automatically excluded all but a tiny handful of societies. Day after day, at the conference in London of 1895, this difficulty threatened to wreck the whole scheme. Only by resorting to vague terms, and abandoning all express requirements for membership was it possible at last to place on a permanent basis the International Co-operative Alliance, which had been nominally established in 1892. Only by the most strenuous efforts—largely by the zeal and personal service of Mr. H. W. Wolff, the energetic advocate of Co-operative credit societies—was it actually got under way. Subsequent international congresses at Paris in 1896, at Delft in 1897, at Paris in 1900, and at Manchester in 1901, attended by representatives of a steadily growing number of societies and nations, made it increasingly clear that, in Europe as a whole, the self-governing workshop hardly existed, and that profit-sharing was far from receiving the approval of the mass of Co-operators. By 1901 the Alliance had definitely adopted the association of consumers, for manufacturing as well as for wholesale and retail distribution, as the type form. We need not refer to the subsequent congresses.[1] It is interesting to notice that, parallel with the drawing apart in Germany in 1902, at the Buda-Pesth Congress in 1904 the Allgemeine Verband (General Union of German Co-operative Societies) formally seceded from the Alliance, upon

[1] At Buda-Pesth in 1904, where there were fourteen countries represented; at Cremona, in 1907; at Hamburg, in 1910; and at Glasgow, in 1913, when the office of the Alliance was definitely fixed in London, and when the influence of the British Co-operators became more than ever predominant.

the carrying of a resolution by 125 votes to 2, declaring the Co-operative Movement to be essentially a movement for social reform by the method of eliminating the private capitalist from industry. Within nine years from its formation the International Co-operative Alliance, which began under the presidency of the late Earl Grey, largely with the object of bolstering up the idea of associations of producers as owners and organisers of the instruments of production, had ranged itself definitely on the side of the utmost possible application of the principle of the association of consumers in the organisation for themselves of the supply of their own needs.

Already before the war the friendly relations promoted by the International Co-operative Alliance, with its triennial congresses at different European centres, its annual *Year-Book*, its monthly *Bulletin* of information as to Co-operative progress all over the world, and its incessant international correspondence, had been leading to a development of the foreign commerce undertaken by the Co-operative Movements of the various countries. It was always one of their aspirations to create a Co-operative international commerce, carried on without the aid of the profit-making merchant, factor, broker, banker, or bill-discounter on either side. British Co-operators have long seen their way to conducting their own import trade, without recourse to profit-making intermediaries. As long ago as 1868–9 the English Co-operative Wholesale Society opened its first buying depots in Ireland (Kilmallock and Limerick); in 1876 it broke new ground by establishing a buying depot at New York, in 1879 one at Rouen, in 1881 one at Copenhagen, and in 1884 one at Hamburg. Others followed in 1891–98 at Aarhus (Denmark), Montreal (Canada), Gothenburg (Sweden), Denia (Spain), Sydney (New South Wales), and Odense (Denmark). From these various countries

the directors of the C.W.S. bought through their own salaried agents the commodities they desired; paid for them by cheques on their own C.W.S. bank, and often brought them home in the C.W.S. steamships straight to the C.W.S. warehouses and factories without any intermediary whatsoever. For a long time past the C.W.S. has sent a couple of directors and experienced buyers every year to Greece and Spain to buy at first hand and ship direct to London the currants and raisins required for the puddings of the millions of Co-operative households—a method of procedure which the Government's own Advisory Board, composed of the leaders of the wholesale grocery trade, advised the Ministry of Food in 1919 could not be improved upon. There is clearly no theoretical difficulty in a nation of Co-operators undertaking, by its own Co-operative organisation, without the intervention of any profit-making intermediary, its whole import trade, of which the British Co-operators had proved the advantage; but the Co-operative Movements of other countries, less intimately associated with overseas dependencies and the mercantile marine, had, down to the beginning of the war, done little in this direction.

There seemed more difficulty about the export trade, which was at one time normally carried on by firms of export merchants, who took the risk of what might prove to be in local demand, and made extensive purchases of commodities of all sorts, which they shipped, as a speculation, to other countries, there to be sold by local brokers or agents on the exporter's account. Huge were the profits frequently made on these transactions, but great were the expenses. The charges of the brokers, agents, warehousemen, bankers, bill-discounters, and others who lived on this trade were heavy and continuous, and great losses were now and then incurred. With the improvement in the

means of communication among the countries more advanced in industrial and commercial organisation, this speculative export trade became gradually superseded by what may be called the order system, under which, instead of speculative shipments for the exporter's account, the merchant or manufacturer of the importing country definitely ordered the commodities that he required, through brokers, agents, or factors in the country of export, sometimes sending his own buyer to make the necessary selection.

Progress now began to be made along these lines. The English Co-operative Wholesale Society has, for many years, assisted Co-operative societies in other countries by supplying, to a relatively small extent annually, particular goods to their order, either of its own manufacture or else of its own importing. In the years immediately preceding the war, the C.W.S. was habitually selling goods to Co-operative societies abroad, in as many as a score of different countries in a single year, though only to the amount of about £18,000 per annum.

The incidents of the war, and of the subsequent attempts at European reconstruction have opened up a farther vista. With the gradual growth and development of Co-operative Wholesale Societies in other countries, whose aggregate sales already in 1914 exceeded twenty millions sterling, and, notwithstanding the war, more than doubled during the four years 1914–18, it became plain that it was possible to develop and systematise this Co-operative international trade. Each nation of Co-operators had come to be in a position, through its own Co-operative Wholesale Society, to purchase in the countries of other Co-operative nations, direct from their several Co-operative Wholesale Societies, exactly the commodities of local production that it required. In this way the Co-operators of all the world—and they already number,

in the aggregate, more than thirty million families, or probably over a hundred million persons—could see their way, so far as all their own transactions are concerned, to dispense with any export trade, and therefore with all the profit-making merchants, factors, warehousemen, brokers, agents, bankers, and bill-discounters whom this trade maintains, replacing it simply by a system of reciprocal imports carried out through their own Co-operative organisations, including their own international banking system. This had already begun, before the war, in a small way, the Belgian, French, German, and Danish Co-operative Wholesale Societies in particular supplying themselves with the tea of the plantations of the English and Scottish Wholesale Societies, with the woollen dress materials from the Manchester warehouse, and with the biscuits from the Crumpsall Works of the C.W.S.; and the English and Scottish societies, like the German and the French, using the Swiss Co-operative Wholesale Society for the purchases in Switzerland of cheese and other articles, whilst the Danish societies are supplying the German, the Belgian, the Swiss, and the English Wholesales with sundry products. As these various national "Wholesales" develop their manufacturing departments in the way that the English and Scottish Wholesales have done, we may imagine these Co-operative reciprocal imports increasing without assignable limit.

The Great War, whilst it seriously interfered with all international trade, gave a great impetus to exactly this conception of its transformation into a universal import trade, carried on not by way of speculative shipments at the expense and for the profit of the consignor, but by each nation buying in the country of production exactly what commodities it needed; and, most important of all, to the transactions being carried out, not by the individual persons or firms who desired

the commodities in order to resell them at a profit, but collectively, by some organisation acting for the whole community, very often making the purchase not from the individual producers or merchants, but also collectively from some national organisation. Thus the British Government, latterly often using the premises and sometimes even the officers and organisation of the Co-operative Wholesale Society in various countries, became a most colossal buyer in North and South America, Australia, and New Zealand, India, and the Far East, not only of the mountains of supplies of all kinds needed by its huge armies, but also of the sugar, meat, wheat, rice, butter, cheese, and much else destined for the civilian population; and further, of the wool and various metals required to keep going its manufactures. In India, Australia, New Zealand, and occasionally other countries, the British Government found it convenient to make its purchases in bulk from the Government on the spot, which sometimes assumed a monopoly of the entire output.

After the cessation of hostilities mutual trade between the various Co-operative Wholesale Societies was, during 1919–21, in spite of all difficulties, gradually resumed, with every prospect of this method of international supply being increasingly resorted to. The English C.W.S. despatched a cargo of wearing apparel to Russia as early as September 1919, for issue among Co-operators in South Russia, through the All-Russian Central Union of Consumers' Societies and the Rostov-Don Co-operative Union. Arrangements were made for an exchange trade with South Russia, a C.W.S. office being temporarily established at Novorossick, the C.W.S. supplying British goods to the value of £63,000 to the Russian Co-operative societies, and receiving from them in exchange a certain amount of hides, wheat, and other articles,

the liability for the balance being undertaken by the Russian Co-operative organisation in this country with which the arrangement had been made. The C.W.S. has given credit in large amounts to the Co-operative Societies in other countries—£400,000 to the Federation of Village Co-operative Societies in Rumania, £275,000 to the two Co-operative Wholesale Societies of Poland, £100,000 to the Brussels Federation of Belgian Co-operative Societies, and further sums to other European Co-operators. In all these cases, the commodities most urgently desired by these foreign Co-operators—largely foodstuffs, wearing apparel, and soap—are supplied from the factories and warehouses of the C.W.S. and shipped as opportunity offers. Repayment is being made, very largely if not entirely, in raw materials and other commodities of native production, ordered as required by the C.W.S., or consigned to it for sale in England on agency terms, which will thus take their places among its own imports, to be consigned to its warehouses at Manchester, London, Newcastle, or Bristol, as may be found convenient.[1]

One effect of the war has accordingly been an enlargement of vision of the Co-operative Movement in the direction of international trade, and the solution of one of the logical difficulties which this trade pre-

[1] An international committee of Co-operative Wholesale Societies was formed in August 1919, and information about the imports and exports that could be dealt with by each of them is being collected. At the meeting of this Committee, held at the Hague in October 1920, each C.W.S. was formally invited to study the question from its own point of view; and to transmit proposals to a sub-committee which would meet at Copenhagen. The difficulties to be surmounted are greater than are realised by impatient idealists; and progress, to be sure, will have to be gradual. There is, as yet, very little production by the Wholesale societies of Continental countries, or by the separate local societies, of the commodities required by the Co-operators of other countries; and hence there is, as yet, but little actual Co-operative product outside Great Britain available for international exchange. Co-operative organisation for collecting, packing, and shipping the products of individual peasants or other producers in Central and Eastern Europe who may be Co-operative members for purchasing, is still rudimentary, and it cannot quickly be improvised.

sented to Co-operators and Socialists alike. If, it used to be said, the Co-operative Wholesale Society were to develop an ordinary export trade to customers who were not its own members it would be departing from the principle of production for use, and from that of the democratic control of industry by the consumers. It would be entering on the hazardous shoals of production for exchange, with all the dangers that attend competition for profit. It was, in fact, the export trade upon which, as it seemed, the collectivist theory broke down. There seemed to be no way out of "profit on price," with the consequent liability to competition on the one hand and monopoly on the other. But if the Co-operative Wholesale Society of one nation becomes a member of the Co-operative Wholesale Society of another nation, with representation according to its purchases, we merely extend the Co-operative Movement beyond the limits of our own community, and include within the circle of the open democracy all the races that are within the organisation of purchasers! To put it paradoxically, there ceases to be, within that enlarged circle, any export trade, in the sense of commodities that are sent away to be sold in another country in order to extract profit out of alien purchasers. Thus we may gain a vision of the whole of the international transmission of commodities being managed as imports by interlocked communities of consumers, without any toll of profit to the capitalist trader or banker, and without any opportunity either for loss or profit in the mercantile sense.

Just as the English and Scottish C.W.S. had successfully solved the problem of the import trade, so they now see that the export trade, to which they did not previously aspire, can equally be dealt with on Co-operative principles, eliminating the profit-makers of all kinds, by being simply transformed into an import trade of the other country. Co-operators can

now regard international trade, so far as concerns all the commodities needed for domestic consumption or use, as destined to take the form of " reciprocal imports " among the Co-operative Wholesale Societies of the various nations—equally also as regards all the commodities required for consumption or use by the steadily increasing State and Municipal Departments, by an analogous system of reciprocal imports, among the National Governments and federations of Local Authorities — all united as consumers to eliminate every form of " profit on price."

CHAPTER V

SOME REMEDIABLE DEFECTS AND SHORTCOMINGS OF THE CONSUMERS' CO-OPERATIVE MOVEMENT IN GREAT BRITAIN

WE have incidentally referred, in the preceding chapters, to various shortcomings and defects of the consumers' Co-operative Movement, on which its critics have never failed to concentrate their attention. Before we estimate the success of the Movement as an alternative to profit-making Capitalism and seek to forecast its probable future development, it will be convenient to deal specifically with each of these shortcomings and defects, which seem to us to be not only remediable but, the bulk of them, in process of being corrected by the growth of the Movement itself. These shortcomings and defects fall, broadly speaking, into three classes, namely, those relating to the work of individual societies, those concerning the relations among societies, and those dependent on the organisation of the Co-operative Movement as a whole.

(i.) THE PERSISTENCE OF CREDIT

The first of these temporary and remediable shortcomings is the failure of some societies in Great Britain, and, as we gather, to a smaller degree in other countries, to maintain their rule of cash payments. Recent

inquiries show, in fact, that a large number of societies in Great Britain allow credit in particular cases—sometimes only for convenience, with regard to daily supplies of bread ; sometimes because their members receive their wages at fortnightly or even greater intervals ; sometimes because of some exceptional distress ; sometimes, indeed, merely because of slipshod ways and unthriftiness. Systematically to obtain goods on credit without having the means of paying for them is, except in cases of temporary distress, undoubtedly an evil habit which the Co-operative societies have largely succeeded in eradicating. Many societies are now making their members pay for the daily supplies of bread by tickets purchased in advance. Others agree to redeem dividend checks in advance of the appointed day in case of need. Some societies make advances to members in want. Liberal arrangements, too, are often made for the assistance of members engaged in industrial disputes. When there is a proper organisation for meeting cases of distress, and suitable administrative devices are introduced to obviate the trouble of small cash payments for daily deliveries of bread, milk, and similar supplies, there seems no reason why the rule against credit should not be rigidly enforced.

The aggregate amount of money " owing for goods " has been, since 1895, a matter of concern to the Movement, and statistics on the point have been regularly compiled. The total shows an almost continuous increase, from £399,635 in 1895, to £816,651 in 1905, and £1,321,722 in 1914, and £1,745,213 in 1919—one-third of the whole being in Scotland ; representing an average indebtedness per member which has risen from about 6s. in 1895 to about 8s. 5d. in 1919. This is, however, a steadily diminishing proportion of the total sales, the amount outstanding being now less than 20s. on every £100 worth of goods supplied

during the year. It must represent, moreover, a steadily dwindling proportion of the average member's weekly money income. Probably no other business of like magnitude (apart from railway travelling and the sale of alcoholic drink) shows so minute a proportion of credit sales. The Co-operative societies in the Southern, Midland, South-Western, and North-Western Sections have generally reduced credit to a minimum, and it is only in some of the societies of the Irish, Scottish, Northern, and Western Sections that it is at all a serious item. The disadvantage to the Co-operative societies of giving this amount of credit is not the risk of bad debts. The credit allowed is nearly always limited to a definite proportion of the amount of share and loan capital owned by the member, so that bad debts are almost unknown. The detriment to the societies, which is to-day more severely felt when there is a shortage of working capital than was the case during the last century when many societies had more capital than they knew how to utilise, lies in the fact that, taken as a whole, they are, in effect, continuously lending to a section of their members nearly two million pounds without interest, whilst themselves paying interest on their entire capital. The loss thus incurred is equivalent to a diminution of the dividend on purchases by about an eighth of a penny in the £, a loss increased by the necessary expenses in accountancy and postage.

It has been pointed out that, whereas in the Co-operative Movement members belonging to the wage-earning class have, to a very great extent, been weaned from the habit of buying on credit, in which they were, a century ago, much entangled, those who belong to the "black-coated proletariat," and the lower middle class generally, still often prefer to take credit, or at least to pay monthly or quarterly in arrear. The accession to the Co-operative Movement of members

of this class, which is undoubtedly taking place, may be to some extent responsible for the continued increase in the amount " owing for goods."

When all is said, however, the complaint against the Co-operative Movement under this head is merely that it has not yet completely cured all its members of a bad habit to which a century ago the whole population was addicted, and by which, down to the present day, a large proportion of the people outside the Co-operative membership are still impoverished.

(ii.) " Dividend-hunting "

One of the complaints made against the British Co-operators in particular is what has been called " dividend-hunting." Ardent Co-operators join with outside critics in deploring this evil. It is said that a large proportion of the members of Co-operative societies in England, Wales, and Scotland are induced to join only by the " dividend " ; that they care nothing for anything but " divi." ; and that in thus hunting for high dividends they make the Co-operative Movement as sordidly materialist in its aims as the Capitalist System itself. This outcry, though partly justified, appears to us to have arisen largely from a confusion of terminology. When the shareholders in a joint-stock company clamour for high dividends on their shares it means that they are eager to extract, from the operatives on the one hand or the customers on the other, a larger revenue for themselves. Dividend in a capitalist company means tribute. But when the members of a Co-operative society rejoice in high dividends, these are not dividends on shares at all, but on purchases. The members of the Co-operative society are but distributing among themselves quarterly in arrear, in exact proportion to their purchases, the amount of the loading put upon the prices of goods

which they themselves have paid. Dividend in a Co-operative society is not tribute, but merely a rebate or discount. The wages of the shop assistants are not, as a matter of fact, lower in the Co-operative societies which pay, in Great Britain, 3s. or 4s. in the £ dividend than they are in those which pay only 1s. It may, indeed, be stated as a general rule that the societies paying high dividends are in localities in which the general level of wages is relatively high. We may, if we like, question the wisdom of Co-operative societies in Scotland and the north of England in keeping up such high dividends as 2s. or 3s., and formerly even 4s. or 5s. in the £, with the effect of maintaining prices at a high level instead of deliberately lowering them, as many of the south of England do, so as not to make the dividend higher than 1s.; or, as is customary in Germany, limiting the dividend to 4 or 5 per cent on the sales. But there is not necessarily anything sordid or grasping about one course more than about the other. It may well suit the convenience of members, and promote thrift, and make their savings available in a form which the housewife finds most profitable, to pay, week by week, an extra twopence on every shilling's worth of supplies, and draw out every quarter an extra dividend of 3s. 4d. in the £ on all the purchases of the quarter. The members of a south of England society which by chance or necessity cuts prices finer, and pays only 1s. dividend, are no more thrifty—they may be even less thrifty—than the Co-operators of the north. High dividends are, in fact, a form of saving which may quite well be the one best suited to the circumstances of a majority of the members and, as we have explained, specially advantageous to them collectively.

As a matter of fact, the common criticism of the Co-operative dividend is out of date. The keener

competition to which Co-operative societies are now usually exposed, especially through the development of "multiple shops" or "chain stores"; coupled with the danger of having to pay Excess Profits Duty, or of being subjected to Income Tax on the corporate surplus of each year's transactions—together with a spread of the feeling against high dividends as such—have brought about, during the past decade, an almost ubiquitous reduction. In 1911 the total surplus ("net profit") of the retail societies amounted to 13·9 per cent of the aggregate retail sales; whilst in 1919, in spite of a great development of the importing and manufacturing departments,[1] it was no more than 8·9 per cent. Retail prices and dividends remain, as heretofore, usually higher in Scottish than in English or Welsh societies, though more or less reduction has been common to all parts of the Kingdom. In 1912 the dominant rate of dividend for the United Kingdom was 3s. in the £, a figure which was approximated to by about 30 per cent of the societies, having 30 per cent of the membership and sales. Only two societies paid as high a dividend in that year as 5s. in the £, whilst twenty-four small societies paid no dividend. In 1920 very few societies, even in Scotland, paid as high a dividend as 4s. in the £; and we infer that the dominant rate throughout the Kingdom probably did not exceed 2s. in the £. Many societies, especially in the south of England, content themselves with 1s. in the £, or even less.

We suggest, indeed, that it is not so much the policy of high dividends that is open to criticism as that of high prices. In so far as there is a tendency

[1] The steady extension of Co-operation from mere distribution to manufacturing, importing, and the extraction of raw materials—assuming that any part of the former capitalist profit is thereby saved—tends (whether these operations are undertaken by the Wholesales or by the retail society itself) to a rise in the proportion that the final net surplus bears to the retail price (assuming this to remain unchanged).

in Great Britain to charge high prices deliberately in order to produce high dividends, instead of adopting the policy of low dividends and low prices as in Germany, there is legitimate ground for criticism. This policy, either consciously or unconsciously, tends to exclude the poorest class, and thus prevents that national expansion to which the Rochdale Pioneers looked. Though it may suit the purses and convenience of the present members, by facilitating thrift and making their savings available in a form which the housewife finds profitable, yet this system tends to contract the area of further membership. Moreover, what is open to criticism in the Co-operative societies of Great Britain, whether their dividends be high or low, in comparison with the leading Belgian societies, and with some of those of Germany and elsewhere, is the extremely individualist and even selfish attitude taken up by many of the members in the matter of the disposition of the surplus, out of which the dividend is paid. The majority of British Co-operators habitually take it for granted that the whole of this surplus ought, as a matter of course, to be distributed among the members, and thus *transformed from common property to individual property*. It is true that about two-thirds of the British Co-operative societies devote a small percentage of their " profits " to " Education " (which generally includes entertainments for the members); and we continually find the delegate meetings of the Wholesales and even the members' meetings of the larger societies making donations to hospitals and other charities. But it does not seem to have dawned on the average British Co-operator that there would be advantages in retaining part of the surplus for their own common purposes. It was by no means the smallest advantage of the mediæval gilds that they were, in the fullest sense, fraternities having a certain amount of property in

common. All the members of a Co-operative society, like those of a gild, are exposed to the common contingencies of life—why should there not be much more Co-operative provision made, to be enjoyed by each as the contingency occurred? We have in the British Co-operative Movement as yet little of the spirit which makes the larger Belgian societies systematically provide, as a matter of course, free bread and groceries for their members when sick, or at childbirth, or when the bread-winner is unemployed; the gratuitous services of the Society's own medical and nursing staff; and, in some cases, even old-age pensions. There is much to be said, at any rate so far as the United Kingdom is concerned, against the Co-operative Society abandoning an attitude of strict neutrality as regards religious denominations in order that it may recruit freely among all. But we can imagine nothing but good from the growth of such a feeling of Co-operative fraternity as would lead the members in general meeting cordially and spontaneously to appropriate an appreciable part of the divisible surplus not only to "Education," but also to other common needs. There is much that the Co-operative society might own and maintain for the use and convenience of its members.

(iii.) Arrested Development

The Co-operative Movement suffers, in fact, from what we may call an arrest of development in a large proportion of the 1300 societies. There is, first, the narrow restriction of range which characterises the smaller societies. Many a society of a few hundred or a few thousand members, in town or country, having behind it ten or more years of prosperous experience, rests contented with having established a financially successful grocery store, to which may have been added a meagre provision of the more

common articles of clothing. When its members desire to buy hats or boots, or even a new dress, the management committee quite complacently sees them resorting to the profit-making shopkeeper in the next town. Not all the incitements of the C.W.S. induce such societies to stock even commodities that involve little risk, and can be easily obtained from Co-operative sources. There is no attempt to supply butcher meat or greengrocery. Milk and coal are alike abandoned to the local tradesmen. It is in no small degree to such arrested development in hundreds of the smaller Co-operative societies that is to be attributed the failure of the aggregate total of sales to keep pace either with the membership or with the rise in prices. Yet in not a few localities the small society has even greater opportunities of serving its members than are open to the numerically stronger organisations of populous cities. In many of the mining villages of the north of England, for instance, domestic life is specially harassed by the men working on two, three, and sometimes even four shifts; and the people are so crowded together that the cooking, drying the working clothes and household washing for three or four men coming or going at all hours of the day and night, have often to be undertaken by one overworked woman. It would be an incalculable boon (seeing that it is not money that is lacking) if the Co-operative society would in such places develop, not only a laundry but also a common kitchen, whence cooked food could be fetched whenever required. Moreover, above and beyond the supply of food and clothing, even the smallest rural village needs accommodation for its men, its women, and its young people of either sex to sit and chat with each other, and to play indoor games in wet weather or in the dark evenings. Especially in the colliery or manufacturing villages of the North or the Midlands, where a large population has

been brought together, without any provision for common life other than the workmen's club, might the Co-operative society (which often includes in its membership 90 per cent of all the households) find an opportunity for the best kind of educational work in maintaining a modest social club for its members and their families.

The larger societies, for all their swollen memberships and fine central premises, wide range of trade and extensive sale totals, themselves often show signs of arrested development, alike on the business and on the educational side. In our first chapter on "The Store," we described many new departures successfully made by particular societies, which are only very slowly being imitated by the remainder of the couple of hundred organisations having memberships exceeding 5000. Only a small proportion of them have undertaken the milk supply; some do not supply butcher meat and others not greengrocery; some make no attempt to push the trade in coal; many have no restaurant; there are still a number which take no part in the banking or the insurance business; the majority still neglect the profitable laundry business; whilst hardly any of them has yet begun to supply books. If every one of the couple of hundred large societies supplied its members merely with all the commodities and services that one or other of them has already successfully undertaken, the aggregate of Co-operative sales would, it is plain, be largely increased.

Or we may turn to another side of the work of the larger societies, the provision for the social life of their members, and for the education and recreation of their families. Co-operators are proud of their fine halls; but many a great society, having scores of branches, still contents itself with a single hall in the centre of the city, and neglects to consider the needs

in this respect of its widely scattered membership. Even the central hall is not, in itself, of much social utility to the members if it is used only for the business meetings, and is merely let for hire at other times. Rare is the really live Co-operative society which provides its membership with a conveniently situated series of halls all over the city, where the members can meet for any purpose whenever desired; which has not only a central library, but also a series of local reading-rooms open to members and their families; with rooms for games and social intercourse, and here and there, even billiard tables and a bowling green. Few are the societies which have more than one restaurant in the centre of the city, or which provide cafés and tea-rooms in different districts. It is very largely the lack of Co-operative meeting-places of one or other sort, in connection with the various branches of an extensive society, that hinders the development of organised groups of members, for every sort of educational and recreative purpose, from educational classes to rambling clubs, from the frequent gatherings of women in branches of the Women's Co-operative Guild up to elaborately organised social institutes. It is plain, moreover, that even the most highly organised central institute does not suffice for the widely dispersed membership of a great city society. Yet there are very few, even of the largest societies, that set themselves to provide, in connection with each of their local branches, the necessary series of local educational classes, discussions and debates, and of concerts and entertainments in different districts. Only a small number, even of societies of extensive membership, yet take the trouble to organise excursions among their members, or trips by char-a-banc, or to plan out for different sections of them holiday tours and summer schools. The recent development by a dozen societies in the maintenance of country houses

as "holiday homes," "rest homes," or places for week-end sojourn by the members and their families, is looked askance at by other societies as being outside the range of Co-operative energy. Yet no work would be more useful in most of our great cities than the establishment by the Co-operative societies of a series of hostels, boarding-houses, and hotels, primarily for the accommodation of Co-operators. There is need of this service, in these days of overcrowding, for three distinct classes. The hundreds of thousands of unmarried artisans, clerks, students, and women workers, often from Co-operative families, who now find themselves driven to take employment or to pursue their studies away from home, suffer greatly from the absence of suitable accommodation; and are, for the most part, at least temporarily lost to the Movement. The four million families of Co-operators themselves do no small amount of travelling; and many of them would prefer to stay at the Co-operative societies' hotels and boarding-houses. Finally, there are the committee-men and officials of the Movement, many of whom are almost continuously moving from place to place. There might, at least, be an hotel run by a Co-operative society in London, and another in Manchester; whilst the projected Co-operative College must certainly have its students' hostel.

A further development, confined to a society here and there, is that of the supply to their members of counsel and advice. Hardly any society has yet imitated the daring innovator who has started a Legal Department, to which members resort in their troubles; though other societies have set up temporary offices to advise their members in Food Rationing and Rent Restriction, or in making their returns for Income Tax.

Co-operative societies are slow to explore the new field opened up, to small and large alike, by the prin-

ciple of Collective Insurance, either by each gigantic society separately or under an organisation acting for the Movement as a whole. Yet this involves no diversion of the dividend, and, indeed, no more than an advantageous change in the occasion of its distribution. By the adoption of Collective Life Assurance (as yet carried out by societies representing about only one-half the Co-operative membership) the surplus is distributed among the members almost exactly in the same proportions as with dividend on purchases. But there is a difference in the date of the distribution of this part of the surplus. Instead of being shared as dividend automatically, every quarter or every half-year, whether the members need the money or not, the sum insured is paid at a time when it will normally be of more than usual advantage to the family concerned. The result is, on the whole, not only an added benefit to the particular member, but also, in the security continuously afforded to all, a new and extra benefit to the membership generally, costing nothing to the society. The adoption of Collective Life Assurance, at least up to the full amount of the expenses normally incident on death, is therefore doubly justified. We see no reason why the same principle should not be generally applied to death benefits in respect of members' children (which only one society seems yet to have adopted); and to maternity benefits. In view of the indisposition of the profit-making insurance companies to cater for the fire insurance of the workman's home, owing to the high rate of expense involved in fire policies of small amount, we think that the Co-operative Insurance Society might well consider the possibility, on the same basis of a maximum indemnity proportionate to individual purchases, of Collective Fire Insurance of all the household furniture of the Co-operative membership. There seems no impossibility

in extending the same principle to the insurance of the membership against non-fatal accidents, at least so far as concerns accidents resulting in specified bodily injuries. It might be equally possible to provide collectively, in the same way, for Old Age Pensions payable at sixty, and continuing until the award of the State pension ; and even for the premature disability of Co-operators, in supplement of the meagre disablement benefit of the National Insurance Act.

So far, we have described merely a beneficial change in the dates at which the individual members would receive money payments, almost exactly equivalent to what those same members would otherwise have drawn in other years by way of dividend on purchases. But Co-operators are even more slow in going more frankly in the direction of distribution according to need. Only a few of the societies have established, in one or other form, any Benevolent Fund, whether fed by occasional grants from the surplus, or maintained by a continuous allocation from the profits at the rate of a shilling per member per annum, or a tiny percentage of the total amount. From such a fund the urgent needs of members in temporary distress might be met. More common, but still not universal, is subscription or affiliation to the convalescent homes maintained for Co-operators, either by the English or Scottish C.W.S., or by the Sectional Boards representing the retail societies ; together with the Co-operative Convalescent Funds administered by these Sectional Boards, which provide money grants to cover the railway fares, and sometimes part of the weekly payments charged for admission to the convalescent homes. It has needed all the persuasion of the Women's Co-operative Guild to induce a small proportion of the societies to provide themselves with a stock of the various appliances of the sick-room, for loan to members, either for a few pence per week

or without any charge, though this is an obviously desirable form of Co-operation which might with advantage promptly be everywhere undertaken. We think that Co-operative societies might adventure further in this direction of providing for such of their members as fall into distress. Something in the nature of a national provision for the orphan children of Co-operators — not necessarily a Co-operative Orphanage or other special institution, but the best practicable provision for the nurture and education of a definite number of Co-operators' children left without parents or means—might well be undertaken by the Movement as a whole. And there seems no valid reason why—in addition to the present scanty Collective Life Assurance — Co-operative societies should not undertake without charge to the members, and as a corporate service of the society itself, the interment of every deceased member of so many years' standing, or of the deceased wife of any such member. Indeed, we do not see why, following the example of the mediæval gilds, every Co-operator should not be buried with Co-operative honours, the hearse, the pall, and the mourners' carriages being all lent free by the society. The necessarily uncertain death benefits of Collective Life Assurance do not appeal so forcibly to the average working-class household, concerned to be protected against being "buried by the parish," as would the definite assurance of a funeral with all the usual pomp, provided as a mark of the sympathy and respect of the Co-operative community.

The Apathy of the Co-operative Democracy

Perhaps the gravest remediable shortcoming of the present Co-operative Movement is, however, not the lethargy of the committees but the apathy of the

members themselves. Like all democracies, the Co-operative Movement finds difficulty in making the average citizen take a real interest and exercise an active participation in the government of which he nominally forms an integral part. We have already given some particulars as to this apathy and indifference of the bulk of the membership of the British Co-operative societies. It seems even more characteristic of those of France and Belgium, and to be not wholly absent from those of Switzerland and Germany.

It is in this tendency of the average man to relapse into apathy and indifference, with regard to all forms of social organisation not affording a perpetual daily stimulant to personal activity, that the Co-operative democracy (equally with other democracies) will find its most serious obstacle. The apathy and indifference of the Co-operative membership fosters some of the besetting evils of the movement. It tempts the executive to slackness, and makes it possible for favouritism or corruption to creep in. At best, it fosters the growth of those invidious attributes of bureaucracy, which may or may not impair efficiency, but which seldom have a good effect on the members.

The man or woman who simply accepts, with more or less grumbling, the collective arrangements by which he is surrounded, and does not make these part of his daily thought and personal interests in the same way, though not necessarily to the same extent, as he does his own or his family's concerns, is (whether he is rich or poor, idle or busy) unconsciously a traitor to the community. Unfortunately such persons exist in vast numbers in the Co-operative democracy, though we do not think in larger proportion than they exist in the democracies of the Trade Union, the Municipality, and the State. It is the business of Co-operative statesmen, as it is of Trade Union, municipal, and national statesmen, to devise means

of transmuting this all too common passive citizenship into active citizenship.

It is a melancholy fact that the management committees of some Co-operative societies, together with the less energetic officials, actually prefer an apathetic membership. The investigator comes across committees which have definitely discouraged the formation of women's guilds, lest the women should make troublesome demands, and even aspire to nominate candidates for election to the committee ! The establishment of local committees in connection with the various branches is far from popular. Divisional meetings of members, in order to increase the facilities for attendance and voting, are objected to. Contests for seats on the committee are not welcomed, and no opportunity is given to rival candidates to explain any issues of policy. The objection to canvassing for votes, or to the publication of election addresses, is maintained in the interests of " peace and quietness." All this constitutional conservatism, which is natural to small groups of persons governing an apathetic democracy, is fostered by lack of knowledge of the successful innovations with regard to the grouping of membership, the methods of voting, the establishment of a representative body, and the publication of the society's affairs, which have been adopted elsewhere. We are afraid, however, that none of these constitutional developments has succeeded in establishing an adequately effective educational organisation, or one at all comparable in efficiency to that of the trading departments.

The Mistaken Remedy of a National Society

It was the realisation by the more thoughtful Co-operators of the extent to which the Movement is held back by its manifold arrests of development,

in small societies and large, that led to the startling suggestion, made in 1906 by the late J. C. Gray, the experienced secretary of the Co-operative Union, of the merging of all the separate societies in England and Wales, from the C.W.S. to the smallest village store, in one gigantic National Co-operative Society, having six thousand or more branches from Berwick-on-Tweed to Penzance. Such an amalgamated society, it was suggested, could be governed by a General Council of one hundred and fifty salaried and full-time members, elected by as many separate geographical constituencies of Co-operators residing in England and Wales. With such a constitution, it was argued, the Co-operative " State within the State," could

(1) Secure combined action and end all isolated and competitive activities hindering the progress of Co-operation ;

(2) Solve the problem of overlapping by ending all competition between neighbouring Co-operative societies ;

(3) Establish a uniform rate of dividend throughout the whole Co-operative Movement ;

(4) Prevent the loss of members caused by their removal from one part of the country to another ;

(5) Encourage Co-operative production by concentrating the purchasing power of the Movement at one centre ;

(6) Establish one code of rules and one system of account-keeping throughout the whole Movement ; and,

(7) Give the National Society power to extend its operations until it covered the whole field of human activity and became a complete Co-operative State.[1]

[1] *The Proposed National Society*, by T. W. Mercer (Co-operative Union, 1920).

We regard this idea of a National Co-operative Society, which has since been perpetually cropping up, and was actually favoured in principle by the Co-operative Congress of 1920, as being detrimental to any clear vision of what is desirable and possible, and as diverting intellectual attention from any solution of Co-operative problems. It is, in the first place, hopelessly impracticable. Not a century of propaganda would persuade either the great self-governing Co-operative communities of Leeds or Plymouth, or such intensive little local democracies as are found at Desborough or Leek, to surrender their autonomous self-government, their freedom of initiative, and their pride in their own achievements. We ourselves consider that any such abandonment of independence would be fatal to the Movement as a whole. Nor can we see any prospect of advantage from such a revolution. Whatever vigour and mechanical efficiency in the common trading departments might be brought about by a gigantic national society, the very loss of variety of initiative, and the total destruction of emulation among the local groups of Co-operators, would positively hinder Co-operative progress, and actually delay the extension of consumers' Co-operation to those " new fields of human activity " which J. C. Gray had in view. But the greatest disaster would, in our judgment, be the inevitable intensification of the most serious shortcoming of the present Co-operative democracy, namely, the apathy of the average member. It is, as is well known, difficult enough to arouse him to anything like active citizenship in what he feels to be his own society, dealing day by day with what he recognises as his own concerns. His practical interest in the Co-operative Wholesale Society has been already shown to be of the slightest. To the average member, from Cornwall to Northumberland, the National Co-operative Society would seem

as remote as does at present the C.W.S. The experiment of the People's Co-operative Society, which the English C.W.S. started in the Metropolitan area, and that of the ten or twelve retail stores now being run by the Scottish C.W.S., are both extremely significant of the deadening effect of an absence of local self-government. It is true that the advocates of a national society contemplate the existence of local advisory committees for the six thousand branches; but the whole experience that has been gained of branch committees divorced, as they must necessarily be, from financial responsibility, demonstrates the impossibility of entrusting them with effective powers, not merely in connection with the general trading policy, but even with regard to appointment and control of the local staff or the ordering of supplies, the initiation of new developments, or the local policy as to prices or dividends.

To less ambitious schemes of compulsorily merging into one all the societies existing within each administrative county or county borough, there are different but, in our view, equally cogent objections. As a matter of fact, the larger organisations already extend into more than one county borough or administrative county, whilst there is hardly a big society in the kingdom which does not overflow into several local government areas. Nor is there any reason for assuming that the very disparate areas which happen, for historical reasons, to be administrative counties or county boroughs are at all suited to be trading areas, or constitute in themselves Co-operative communities. It is, in fact, one of the advantages which capitalist enterprise and the Co-operative Movement have in common over municipal enterprise, that these voluntary organisations have no statutory areas, and can therefore extend according to the industrial and residential conditions of the present day.

The remedy for the arrested development of so large a proportion of the Co-operative societies is to be found, not in any alteration in the constitutional independence of the societies themselves (which it would, anyhow, be almost impossible to bring about), but in a further development of the federal institutions of the Movement. It is only a confusion of thought that has led to the suggestion that federation is a step towards a national amalgamation, or that this national amalgamation is the goal of federal developments. The two tendencies are directly contrary to each other. In a national amalgamation all the power and mastership is in the centralised machinery, whereas in a federation it is the constituent members that retain control. And paradoxical as it may seem, the stronger and more individually varied the local societies become, the greater may usefully be the development of their federal institutions, and the more valuable the services that the local societies may, without loss of autonomy, demand and obtain from their federal organs. It is the small, weak, and undeveloped societies that find their own policy guided by the C.W.S., whilst it is by the powerful societies that the C.W.S. is continually being pressed to extend its activities into new fields. And this applies to all the federal institutions of the Movement. The retail societies when accused, collectively, of arrested developments may, indeed, properly retort that the most important arrest of development in the Co-operative Movement of to-day is not at the circumference but in the centre. To this suggestion we shall presently recur.

(iv.) The Persistence of " Co-operative Deserts "

We have more than once referred to the existence, in nearly all parts of Great Britain, of " Co-operative deserts," being districts of greater or smaller extent,

not always sparsely populated, in which no Co-operative society exists, and which are not effectively served by branches, or even by travelling vans, of the nearest adjacent societies. So far as we know, there is no list or description of such places, which could be made the basis of a special appeal to the Sectional Associations and District Conferences for the areas concerned, with a view to the setting on foot of intensified propaganda campaigns. But we infer from such statistics as are available that there is no Co-operative society or branch anywhere within the Welsh county of Radnor, and none in the Scottish counties of Kincardine, Nairn, Ross and Cromarty, Sutherland, Orkney and Shetland; whilst the Co-operative membership in Argyllshire, Banffshire, Berwick, Bute, Elgin, Inverness-shire, Kirkcudbright, and Wigtownshire is extremely small.[1] In England, though there are Co-operative societies, or at least branch stores, in every county without exception, the aggregate Co-operative membership is relatively insignificant in Rutland, Herefordshire, Cornwall, Dorset, Sussex, Hampshire, Hertfordshire, and Huntingdonshire, in spite of the existence of extensive and flourishing societies in some of the towns within those counties. Over a large part of mid-Wales Co-operation seems to be practically unknown. It is plain that in these counties a large number of small towns and substantial villages are still outside the ambit of any Co-operative society.[2] But even in the midland and northern counties, where Co-operative membership is relatively thickest, there are, we gather (along with many cases of overlapping), extensive interstices between large

[1] *Co-operation in Scotland*, by James Lucas, 1920, p. 83.

[2] The C.W.S. now publishes a very useful *Wheatsheaf Holiday Guide*, giving particulars of the Co-operative societies or branches at holiday resorts. There appear, from this publication (which may not be quite exhaustive), to be no Co-operative societies (in 1921) at Criccieth, Littlehampton, Mablethorpe, Mundesley, Seascale, Southwold, and Tenby.

and successful societies into which none of them has yet penetrated.

It must not be supposed that the failure of these numerous towns and villages to organise Co-operative societies, or to secure the opening of branches of adjacent societies, is a loss only to the inhabitants thus remaining in the desert. Their abstention is a loss also to the Movement, and to every one of its constituent societies. The Wholesale societies suffer the loss of the Co-operative trade that would otherwise be done in these towns and villages, and are thereby hampered, both by failing to get down the burden of their standing charges to the lowest possible point, and by inability to develop to the utmost the economies of large-scale production. The retail societies suffer, not merely in their share of the loss of the Wholesales, and by their own failure to expand to their utmost geographical limits, but also by a certain leakage of members who move outside the area served by any of their own societies. The whole Movement, too, is injured by the existence of wide areas in which Co-operation is unknown, and consequently both disliked and feared.

The persistence of so extensive and varied an array of " Co-operative deserts," and the absence of any systematically pursued campaign of propaganda in one of them after another, even unto " seven times seven," seems to indicate a weakness in the organisation of the Movement as a whole, for which it should be the duty of its federal institutions to find a remedy.

So far we have dealt with cases of the absence of Co-operative societies from geographical districts. But there is another form of " Co-operative desert " that is more intractable, and numerically of even greater importance. Even in places effectively served by Co-operative societies there are large streaks of the population, and in fact whole classes, who con-

tinue, year after year, untouched by Co-operative propaganda and outside Co-operative membership. In some places, notably in parts of the vast aggregation described as the Metropolitan area, whole districts are as yet left practically unserved by any conveniently situated branch, and quite inadequately approached by Co-operative propaganda. But there are also in all large towns and populous industrial districts distinct classes as yet hardly reached by the Movement.

It is not that there is any practical exclusion of "the poor" from Co-operative membership. The common impression that Co-operators are recruited wholly or predominantly from among the skilled artisans, the miners, and the railway workers, to the exclusion of the general labourers, farm servants, or dockers, has lost whatever degree of accuracy it ever possessed. The extension of Trade Unionism during the present century, not only to the labourers and to the women workers, but also to practically every corner of the wage-earning field, together with the marked increase during the past decade (notably by the operation of the Trade Boards) both in the amount and in the regularity of the earnings of the humblest grades, have brought effectively within reach of Co-operative membership practically all kinds of persons who are systematically employed for wages, whatever the pay and whatever the occupation. In every extensive Co-operative society there are now large numbers of general labourers, porters, warehousemen, packers, and nondescript workers, male or female, obtaining only the incomes of the unspecialised and the unskilled. The societies in the port towns enrol in the aggregate thousands of the dockers, the wharf labourers, and the miscellaneous workers of the waterside. Many tens of thousands of agricultural labourers are to be found not only in the rural societies but also in those of the market

towns or other rural centres. No small part of the increase in Co-operative membership, from two millions in 1904 to four millions in 1919, must have come from the lower-paid grades of manual labour.[1]

There are, however, certain strata of the population who are still only very slightly represented in the Co-operative ranks, and whom it may be difficult—short of various social changes—for the Co-operators ever to attract.

To begin with, there is the residuum, in every great city, which is below the level of the humblest regular employment, and which has very little to spend either on new clothes or even on whole food. The greater part of the exiguous incomes of the very poorest cannot be spent in the Co-operative store, for the reason that these incomes do not suffice to buy new things at all. A large section of the poor use the cast-off clothes, hats, and boots of wealthier classes, which come to them partly by gift and principally through grade after grade of second-hand dealers. Similarly, there is, in all large cities, a sale of ends and remnants of meat and fish, broken pieces of bread, and waste food of all kinds, to buy which, at infinitesimally small prices, members of the poorest families walk for miles.

Apart from the very poorest people who live on the crumbs that fall from the tables of others, it is still matter for doubt whether the Co-operative Movement can attract the great mass of wage-earners whose employment is not so much ill-paid as chronically "casual." It is the absence of any regular housekeeping money, however restricted in amount, which seems to militate against the Co-operative society. The specially thrifty wife of a casual dock-labourer

[1] We may possibly find in this fact a partial explanation for the virtual decline (taking into account the altered level of prices and wages) in the average purchases per member, to which we called attention in Chapter IV.

may, by exception, manage to wean herself from the easy-going ways of the small chandler's shop at the street corner, where every family is known, and the absolutely necessary food will be supplied on credit when the day has brought no money at all. But, unless the average earnings, though irregular, are substantial (as in the case of the stevedores, coal-trimmers, grain porters, etc.), the majority of the families living by casual labour remain untouched by Co-operative propaganda.

What seems fatal to Co-operative membership, as it usually is to all the civic virtues, is extreme irregularity of employment and the absence of any definite weekly wage, together with life in the slum tenement, and the constant shifting from street to street, to which casual employment almost invariably leads.

The experience of many of the Co-operative societies of Germany and Belgium, where a policy of deliberately catering for the needs of the poorer labourers has been pursued, and masses of very low-paid wage-earners have been brought into membership, affords some hope that the present limitation of Co-operation in regard even to the casual labourers of the ports may not be insurmountable. We do not see why flourishing societies in Great Britain should not deliberately undertake missionary work, and start special branches in the poorest quarters of the great cities,[1] multiplying the number of these small branches rather than enlarging the successful ones among them, supplying the commodities of second-grade quality which are purchased by the casual labourers, selling them by the ounce instead of by the pound, as near to cost price as can safely be managed, cutting off all such luxuries as free delivery—perhaps adding

[1] Such a branch was started by the Sunderland Co-operative Society at the instance of a persistent reformer, and it seems to have achieved a certain amount of success; but the experiment was not continued.

the specially attractive feature already described of collective funeral insurance for members, wives, and children—and never aiming at a dividend of more than sixpence in the pound. Such a differentiation among branches in the grade of commodities and rate of dividend need not, we think, create a special class of membership, nor interfere with the simplicity of democratic control, which forms so valuable a feature of the Co-operative Movement. It is, however, sometimes objected by Co-operative administrators not only that any such missionary enterprise would be onerous and even financially risky, but also that there could be no assurance that its advantages would be confined to the class intended to be benefited. It is suggested that members hitherto dealing at existing branches would be attracted to the new branches by the possibility of buying commodities at lower cash prices, though of lower grades of quality, with less amenity of service, and even carrying with them a lower rate of dividend. Any such diversion of custom, though it might tend to lower the aggregate amount of the society's sales, would, however, only be giving the members what they preferred, and therefore hardly constitutes a valid objection.

A more extensive class than the casual labourers are, however, at present very inadequately represented in the Co-operative ranks, notwithstanding relatively large earnings. Among the manual working wage-earners and office workers, the most difficult to enrol as Co-operative members are the millions of young men and women who are unmarried, and have not yet set up households of their own. Even when these are Trade Unionists, as is now very extensively the case, they are seldom Co-operators, though many of them have come from Co-operative families. In so far as they are lodgers in the families of Co-operators, their expenditure on food is partially included in Co-opera-

tive trade ; but the greater part of their earnings, so far as they do not save, goes, it is to be feared (apart from rent), in meals obtained away from their lodgings and the various articles of clothing, for which they resort to the profit-making tradesman, to say nothing of amusements of different kinds, alcoholic drink, and tobacco. We suggest that it is by establishing well-equipped Co-operative hostels, worked in connection with the already existing Co-operative restaurants and country houses, and supplemented by increased facilities for social intercourse ; by guilds, clubs, and societies of all kinds, organised excursions, sports, games, and educational classes, that the Co-operative Society will best succeed in drawing into Co-operative membership these millions of young people. By putting as much energy into the social as into the trading side, a powerful and energetic Co-operative society might, in fact, do much to create a new generation of Co-operative citizens, reared in a Co-operative atmosphere—not isolated, as were the Owenite communities, from the world at large, but growing up in the very heart of industrial Britain, to act, in their turn, as a powerful ferment in the economic and political life of their fellow-citizens.

The more enthusiastic Co-operators are unwilling to admit that the pecuniary circumstances, and even the conditions of employment, of any section of the wage-earners are such as to preclude their taking advantage of Co-operative societies ; and they find a certain amount of encouragement in the achievements of recent years. But the inhabitants of the various Co-operative deserts are not all destitute, casually employed, or unmarried wage-earners. Just as there is a residuum too necessitous for Co-operation, so there is a class too rich. So long as anything like the present inequalities of income endure, the wealthier part of the population is never likely voluntarily to join

the ranks of the working-class Co-operative Movement. The families enjoying substantial incomes—especially when the income is received at greater intervals than week by week—are not attracted by the quarterly "dividend," which they consider they have unnecessarily paid for in the prices, and they prefer the more obsequious and usually more minutely particular service of the private shopkeeper. In no country is the wealthy class likely to take the trouble to organise the supply of its own needs on the basis of associations of consumers.[1] And when we realise that, alike in the United Kingdom and the United States, in France and Germany, and in all countries of advanced industrialism, something like one-half of the annual income or wealth production is at present taken by the comparatively small upper and middle class—which do not together amount to more than one-tenth or one-eighth of the whole population—we have regretfully to conclude that only a tiny fraction of the industry resulting in this half of the national product is likely, so long as we allow it to be enjoyed by a small part of the community, ever to be brought under Co-operative control. The uneconomical expenditure of the average wealthy household, and especially the wasteful luxurious living of the idle class, may be regarded as the most hopelessly sterile of all the "Co-operative deserts."

Now, there is a remedy, as we believe, for all these "Co-operative deserts," in so far as they are beyond the reach of the voluntary association of consumers. The continued existence in our great cities of an extensive residuum, living virtually in parasitism on other classes, and falling habitually below even the minimum

[1] It will, of course, be understood that the great "stores" in London which profess to be Co-operative societies of civil servants, army officers, etc., are not really controlled by their customers, and are, in effect, mere capitalist enterprises yielding handsome dividends to the shareholders, but none to the purchasers.

standard of civilised life, to the detriment of social health and well-being, ought not to be tolerated by the community. The systematic enforcement of a "National Minimum" so far as concerns sanitation and dwelling, and also, where there were dependents, of the obligations of parenthood, together with the equally rigorous enforcement of the Legal Minimum Wage in all occupations, the regularisation of casual labour, and the prevention of unemployment in ways that are now administratively possible, accompanied by an equally systematic provision, in the best possible way, for those who were found to be sick or infirm or involuntarily unemployed, and for all neglected children and old persons, would at no distant date bring up to the level of Co-operative citizenship all the sections, if not all the individuals within each section, now falling below it. Short of some such nationally organised and energetically pursued campaign for the actual Prevention of Destitution, which we believe to be nowadays quite practicable if only we would decide upon it, the problem cannot be solved. But the existence in the community of a residuum too necessitous for Co-operation is a scandal and danger, not to Co-operators only, but to the whole nation; and we do not ourselves believe that the British Labour Movement will continue to tolerate it. It is, we suggest, for Co-operators *as citizens* to supply the driving force; to make the Prevention of Destitution, on the lines thus marked out, one of the principal planks in national and municipal politics; and, if only for the sake of removing a hindrance to the further progress of their own Movement, throw their energies whole-heartedly into electioneering in such a way as to prevent the return of any candidate, of whatever party, who was not determined to put an end to what is a crying social evil.

Similarly, there is a remedy for the continued exist-

ence of such extreme inequalities in the distribution of the National Income as present us to-day, not only with an idle rich class, but also with a whole class that "lives by owning." Here, too, the evil cannot be dealt with by voluntary associations of consumers, except in their character of citizens and parliamentary electors. It is, we suggest, the duty of the Co-operative party to organise such a campaign for those measures of nationalisation of monopolist services and the special taxation of accumulated wealth and large incomes as will bring gradually to an end what John Stuart Mill accurately designated as "the great social evil" of "a non-labouring class."[1]

(v.) The "Disease of Overlapping"

We have already noticed a serious shortcoming of the Co-operative organisation of industry. The association of consumers, being purely voluntary in its basis, has normally no geographical boundaries. The result is that, where the idea of Co-operation is widely prevalent, separate societies or rival branches are apt to abound, springing up two or three or four in a single town or populous suburban district. They then find themselves competing with each other for members and custom, tempted to attract by high dividends or the granting of credit, spending money in advertisement, duplicating each other's arrangements for delivering goods, and nevertheless working on a membership and trade diminished by division, and failing altogether to provide for their members those common services and opportunities for social intercourse upon which the growth of the Co-operative spirit depends. When, as in France and Belgium, and to a lesser extent in Germany, this competition is embittered by political or sectarian rivalries, the

[1] *Principles of Political Economy*, by J. S. Mill, p. 455 of 1867 edition.

progress of the Co-operative organisation of industry is arrested. We find in this unnecessary multiplication of Co-operative societies, and their internecine warfare, the principal cause for the narrow range of commodities dealt in, the slowness with which the wholesale dealer is superseded, and the difficulty of undertaking manufacturing or even flour-milling, which have hitherto kept back the Co-operative Movement in France and Belgium.

It is interesting to notice that what under a capitalist system of industry is regarded as beneficial to the public, as protecting them from monopolist exactions, and as securing that prices shall be kept down to the cost of production, is under a Co-operative system at once seen to be wasteful and socially injurious. The competition among rival shopkeepers, rival wholesale dealers, and rival manufacturers, upon which we have been taught by the economists to rely for protection against extortion—whilst even more wasteful and costly than the overlapping of Co-operative societies—may now be recognised as being, at best, only a substitute for honesty. If we could be sure that no capitalist trader or manufacturer would ever charge more than the normal standard price, would never supply an inferior article, and would always put his whole energies into the service of the public, we should not tolerate the costly and wasteful system by which we set our capitalists trying to ruin each other's businesses as the only way of saving ourselves from unjustifiable exactions. The Co-operators rely on their own form of organisation of industry, in which no individual concerned has any pecuniary motive for production or price other than as the community of consumers commands.

The remedy, as British and German Co-operators have found, is the union by amalgamation of competing societies. This should lead, as the movement

develops, to a voluntary division of the whole country among the several societies, and the consequent superposing, upon the somewhat fortuitous grouping by the almost accidental or irregular choice by consumers, of a geographical grouping by habitancy. Amalgamation, as we have seen, proceeds in Great Britain somewhat slowly; and there is, as yet, no Co-operative map, either for England and Wales or for Scotland, on which the spheres of the several societies are completely demarcated. What seems desirable is a detailed examination, county by county, of the extent to which the whole area is covered, and the degree to which overlapping and injurious competition between societies prevail. There seems no reason why such a series of county investigations and reports should not be prepared by the various Sectional Boards and District Associations for submission to the Central Board and the Congress. The Co-operative Union has, however, long been actively at work on this matter; and with any strengthening of the influence of the federal institutions of the Movement the forces in favour of a systematic allocation of non-conflicting boundaries may probably achieve their object.

(vi.) The Loss of Membership and Custom by Migration and Travelling

It seems to be a defect in the organisation of the Co-operative Movement that no systematic arrangements are made to prevent the lapsing from the Co-operative ranks of members who migrate from one locality to another. There is not even any general arrangement whereby a Co-operator on holiday, or finding himself temporarily away from home, can enjoy the advantages of membership of any but the particular society to which he happens to belong. In view of the migratory nature of so large a proportion of

the British wage-earning class, the extensive travelling between town and town to which many of them are, by the nature of their occupation, constrained, and the widespread habit of an annual holiday at the seaside, it seems extraordinary that no systematic arrangement should have been made by which the Co-operator should, so far as the resources of all the 1300 societies are concerned, find himself everywhere at home.

For Co-operators spending their holidays away from home, a certain proportion of the societies in the various holiday resorts (but by no means all of them) offer special inducements to visitors to make purchases as non-members, such as allowing them immediately 5 per cent discount in lieu of dividend,[1] or $3\frac{3}{4}$ per cent only,[2] or a "cash discount equal to the ordinary dividend,"[3] or equal to "half-dividend,"[4] or even full member's dividend at the end of the current period, either paid through the visitor's own society, by which it is credited to his share account,[5] or remitted direct by postal order to his home address.[6] There seems to be nothing impracticable in generalising some such arrangement for the benefit of Co-operators temporarily absent from home. If each society affiliated to the Co-operative Union were empowered to issue a card entitling the member to deal, as a member, during a specified period, with any other society on the list, the dividend eventually payable being automatically credited to the visitor through his share account in his own society, it would constitute an additional advantage of membership, and would result in a certain

[1] As is done by the societies at Amble, Arnside and Grange-over-Sands (Carnforth Co-operative Society), Hunstanton (King's Lynn and District Co-operative Society), Marske by the Sea and Penarth.

[2] Lowestoft Co-operative Society.

[3] This is the practice of the Worcester Co-operative Society at Droitwich, Evesham, Malvern, and its other branches.

[4] Saltburn (Skelton Co-operative Society) and Scarborough.

[5] Southport, Bridlington, Hornsea, and Withernsea (Hull Co-operative Society).

[6] Bangor, Bethesda and District Co-operative Society.

increase in the aggregate Co-operative sales. Another great organisation to which a large proportion of Co-operators belong—the Working Men's Club and Institute Union—issues such a ticket entitling the traveller to the advantages of temporary membership of every other club belonging to the Union, and it finds the charge made for this privilege a remunerative source of annual revenue.[1]

A very considerable proportion of the Co-operative membership now lapses through the removal of workmen and their families from one town to another; and though an enthusiastic Co-operator may, after more or less interval, seek out and join the society of the district into which he moves, many others drop out altogether. We gather that there exists the beginning of a system of simple transfer of membership from one society to another. The half-yearly reports of the Bristol Co-operative Society, for instance, now record the reception of new members "by transfer" from a number of societies, and the corresponding loss of yet more "by transfer" to other societies. Many more members, however, are simply "paid out on leaving Bristol," without provision for any kind of communication to the Co-operative societies of the district to which they are migrating. It ought to be possible for any member of any consumers' Co-operative society to get his holding of share and loan capital transferred without delay or expense to any other society affiliated to the Co-operative Union, on a simple application for such transfer (which might be made on a form serving also as an application for shares in the other society), with the explanation that he was removing on such a date.

[1] We do not gather that visiting members of other Co-operative societies are made free of the social and educational opportunities afforded to members. It is recorded, as if it were an exception, that the Weymouth and District Co-operative Society allows members of other Co-operative societies to borrow books from its library at "reasonable charges."

But for fullest efficiency a more complete and systematic arrangement is required to prevent the lapse from the Movement of any of the members migrating from one part of Great Britain to another. What would be desirable would be that, wherever possible, whether or not application for transfer is made, the new address should be obtained of every member known to be leaving the neighbourhood, especially when this is accompanied by a withdrawal of his shares. There should be an instant notification of every such removal to the Co-operative society serving the new address. It should then be a point of honour for that society to arrange for the immigrant to be promptly called upon and pressed to join the society.

(vii.) Corruption and Favouritism

We ought to notice another defect alleged of the Co-operative Movement, as of all administrations—namely, corrupt dealings by its paid agents. There are, it must be admitted, in the Co-operative Movement, as in other forms of government and industry, cases of bribery of officials and committee-men by the agents of capitalist manufacturers seeking orders. The Co-operative store, moreover, is not entirely free from peculation and embezzlement by its employees. But it is difficult to understand how these things can seriously be made part of an indictment of Co-operation. Many of the supposed cases represent little more than the careless calumnies flung out by the Co-operators' rivals—the shopkeepers, wholesale traders, and manufacturers, who see their business encroached upon by an organisation the economic superiority of which they are naturally slow to recognise. No careful student of the facts can hesitate to conclude that the Co-operative Movement is, in Great Britain as in other countries, distinctly more free from

corruption and financial dishonesty than the capitalist enterprise which it replaces. There is everywhere in the Co-operative Movement markedly less bribery and less peculation than in private business; there are more precautions against these evils, and a fiercer condemnation of them. It is, indeed, one of the great advantages of the Co-operative Movement over competitive industry that—partly by the mere fact of there being a public audit of all transactions—it introduces and maintains a far higher standard of commercial honour and business integrity than is usual among the capitalists; it disallows many of the equivocal practices allowed by "the custom of the trade"; and (as in the analogous municipal and State services) much more in the way of publicity, candour in negotiations, and refusal to take advantage of the customer's ignorance is expected than the ordinary man of business ever dreams of. What is alleged against the Co-operators under this head redounds, in fact, to their credit.

More valid is the criticism that the Co-operative society is not free from the vice of "favouritism" in making appointments. It is not unusual in Great Britain avowedly to give preference in appointments to members or the sons of officials or members; and to this extent there may be some loss of efficiency.[1] But most societies now insist, either by rule or by practice, that there shall be no opportunity for favourit-

[1] We have already suggested that the Co-operative Wholesale Society might advantageously adopt the expedient, as regards the entrance of young people just leaving school or college, of open competitive examination for clerkships and similar places. Such an expedient is hardly open to any but the largest retail societies, and merely qualifying examinations do not meet the case. The remedy for favouritism is to be found, alike in profit-making businesses and in the Co-operative Movement, for all cases in which open competitive examination is not applicable, in entrusting first appointments to a special committee (including, in each case, the head of the department concerned), after public notice of the vacancy has been given, the selection being made after comparison of the school and other records of the candidates, supplemented by oral examination to test intelligence, and evidence of special qualifications.

ism of relations as between the committee and the employees, or the leading officials and their subordinates. Generally speaking, no person is allowed to hold a paid office who is closely related either to a member of the committee or to the principal manager.

Here, again, what is sometimes alleged against the Co-operative Movement is really one of its achievements. Whatever "favouritism" of relations of ardent Co-operators there may be in the Co-operative Movement, there is, we need hardly observe, ten times more of such illegitimate preference of particular candidates in the realm of capitalist industry. In every great undertaking a considerable amount of the promotion goes "by favour"; and whilst a director, or general manager may usually select solely on grounds of merit, he never dreams of regarding the occasional favouring of a relation or a friend, a person whom he happens to know or one with whose opinions he sympathises, as being an offence against public or private morality. Such "favouritism" is, of course, still more frequent when the person responsible for making the selection himself, as he would say, "owns" that particular part of the organisation of the nation's industry. A manufacturer or a trader does not hesitate to appoint his own son or nephew to a profitable position in his own business, even if there are other candidates more efficient. Here, again, it is the Co-operative Movement (along with the analogous State and municipal services) which has actually introduced and upheld a standard of honour unknown to capitalist industry, and still hardly even comprehended by the private trader. That there is anything unjust or dishonourable, anything morally wrong or against the public interest, in bringing one's own son into one's business, even if he is incompetent; or in getting a place in one's bank or railway company for a friend's indifferent nephew; or in promoting

to high posts in a joint-stock company those who are related to the directors, or those whose opinions the directors like, practically never occurs to a business man. Yet all these things are, from an ethical standpoint, both unjust to other candidates and, from an economic standpoint, socially injurious. Here, again, it is from the Co-operative society and from the State and municipal services that we are learning what business morality ought to be.

The Lack of an "Efficiency Audit"

Much more dangerous from the standpoint of efficiency in the Co-operative Movement is the tendency for promotion (as distinguished from first appointment) to go by seniority, and the corresponding dislike to dismiss an officer of long service who has proved himself unequal to his responsibilities. We know of one large and old-established Co-operative society in which all promotions of the shop assistants, up to, and including the branch managers, are avowedly made strictly in accordance with seniority—a rule so meticulously observed that even one day's longer service secures the promotion to a branch managership, irrespective of personal competence. The corresponding habit of retaining in office a departmental manager, or even a secretary, who has fallen far behind any proper standard of efficiency, is responsible, in some societies, for a great deal of their arrest of development. This characteristic of democratic organisations is, we may point out, the opposite of "favouritism": it is, indeed, often a naive and almost instinctive attempt of the membership to prevent the personal bias or prejudice of "those in authority" from injuriously affecting the "right" of each individual to his accustomed livelihood and equitable promotion. The more experienced the democracy becomes, the less is its liability to this

mistake. But experience alone will not suffice. There need to be instituted new tests of efficiency and additional checks on inefficiency, by which the incompetence of the inferior officer is automatically revealed and the superior efficiency of the better man made manifest. The most elementary of these tests and checks is that of regular periodical audit by independent experts. So far as the mere financial audit is concerned, this has, we think, been adopted and applied with most gratifying results, with greater universality, meticulous detail, and publicity in the Co-operative Movement than in any other part of the social organisation, private or public, of this or any other country. It would, we suggest, be an advantage if this audit of the cash accounts were supplemented by an equally rigorous "efficiency audit" of particular branches or departments, and even of whole societies, in which could be employed all the new devices of quantitative measurement and "costing," and of comparative statistics of output, and of the ratio of every kind of expense. Here, again, it is the Co-operative Movement that is called upon to lead the way to a development of administrative devices productive of increased efficiency and economy, which State and municipal enterprise, and even profit-making capitalism itself, will eventually be driven to adopt. But for this, the retail Co-operative societies must look to the federal institutions of the Movement. A management committee or an official staff, which has permitted any or all of its departments to fall behind in efficiency—whether this has occurred through ignorance or through lack of competence—will not be likely to institute a new and rigorous testing of its own performances; nor can the members of the society themselves be expected to devise the remedy for the shortcomings that are, as yet, unidentified or undiscovered. Further, even the most energetic com-

mittee of management, and the most competent officials, will be not equally successful in all departments, nor yet fully aware of the newest improvements that have been invented elsewhere. The " efficiency audit " is, therefore, one of those services to the retail societies that can best be rendered by their own federal institutions. Such an " efficiency audit," which would not be compulsory, and need not be annual, would, we think, if organised and proffered, presently be asked for by a well-organised membership. It should be welcomed by committees of management, not only because of the suggestiveness of the report which it would produce, but also because any such expert scrutiny by an entirely disinterested outside authority, unconcerned with the personalities of the society, would put the committee in a position to promote efficient and to dismiss inefficient heads of departments, without giving rise to accusations of favouritism or prejudice.

(viii.) The Dangers of Bureaucracy

The often unfounded suspicion of corruption, the fear of favouritism, and the proneness to promotion by seniority are frequently merged in what is, too often, a mere muddle-headed apprehension of " bureaucracy."

Now, we must first distinguish between two different senses in which—especially in connection with the Co-operative Movement—this objection to bureaucracy is nowadays understood. It is common for the more thoughtful of the workmen of the present day to allege that the entire Co-operative Movement, and, in particular, its whole manufacturing enterprise, is by its very nature essentially bureaucratic in form and character. By this, however, is meant, as the careful investigator of their thought will discover, something

quite different from what the ordinary citizen means when he complains in his wrath that the administration of the Post Office or the Pensions Ministry suffers from all the vices of bureaucracy. What the workman nowadays frequently means by bureaucracy is the subjection of the various kinds and grades of producers who are engaged in a common enterprise to the supervision, direction, or control of other persons who represent, or are responsible to any others than those engaged in the productive enterprise itself. To such an objector it may seem immaterial, if the producers themselves are excluded, whether the supervision, direction, and control are exercised by representatives of the consumers or by the agents of the profit-making capitalist, and whether the government is in the hands of unpaid committee-men who are earning their livelihood elsewhere, or of permanent salaried directors devoting their whole time to the administration. If an enterprise is not directed and governed by the producers themselves, it is, nowadays, sometimes denounced as being, in this sense, bureaucratic. We shall consider, in the next section, this specifically vocational objection, which is not what is usually meant by the term bureaucracy. Here we are concerned with bureaucracy in its accustomed sense of an objectionably acting official staff, inconsiderate of the feelings and wishes of the men and women to whom it is constitutionally responsible, and not effectively under their control.

There was, it is clear, no bureaucracy in the original Toad Lane shop of the Rochdale Pioneers, when the whole work was done by the members themselves—an experience repeated, for a few days or weeks, by hundreds of subsequent societies. But as the business grows, the work transcends the capacity of the members, or of the time that they can spare; and one person after another is appointed and paid to give himself

entirely to the task. By almost unnoticed additions the staff grows unceasingly until, in a contemporary retail society, with its millions of annual turnover, there may be several thousands of paid employees. The elected committee of men and women engaged in other work, and able to give only evening hours, gets more and more exclusively occupied, apart from the occasional filling of vacancies, in passing judgments on the proposals laid before them by the officials, to whom the bulk of the actual administration has to be left. Presently, even this remnant of once varied duties becomes more than can be effectively performed in spare-time meetings, and we come to the appointment of salaried presidents and vice-presidents, or a salaried committee or board of directors, giving their whole time to the work. The climax is reached in the Co-operative Wholesale Society, where the control of a hundred different departments, each with its own expert officials, effecting a trade turnover of more than a hundred millions sterling, has had to be entrusted to a salaried board of directors of thirty-two members, who devote their whole lives to the actual work of administration as well as direction.

It need hardly be said that this tendency is not peculiar to consumers' Co-operation in any one nation. In Germany we see the members of the Vorstand (executive committee) becoming, nearly everywhere, salaried administrators, devoting their whole lives to their duties. We see the same tendency to the growth of the separate Co-operative societies into gigantic enterprises, embracing many different departments, carried on through dozens of branches and attaining financial figures of enormous magnitude. Everywhere the smaller societies find it profitable to amalgamate with their larger neighbours. In all countries, moreover, we see the " Wholesale " centralising more and more of the purchasing, preparing, and manufacturing

business into enterprises of a magnitude that was unknown to a previous generation.

It is clear that the Co-operative Movement, as it increases in size and complexity, must—in common with capitalist industry on the one hand, and with municipal and State services on the other—pass more and more away from the management of the unpaid, citizen amateur, and become more and more the work of specialised, " whole-time " professionals. In this sense there is growing up an extensive Co-operative bureaucracy. But this tendency to a use of the professional and salaried bureaucracy has no special connection with the control of industry by associations of consumers, any more than by any other form of organisation. It is characteristic of all enterprise on a large scale, whether it be industry or any other social function (education, for instance), whether voluntary or governmental, Co-operative or capitalistic. Even the Trade Union, which is assumed to be " Government from Below," as soon as it ceases to be a mere group of comrades in a single village, begins to commit its activities to paid officials ; and presently finds itself developing, as a society of national scope, an extensive official hierarchy, culminating in a salaried council or executive committee—a kind of constitution which is constantly being denounced by a section of the rank and file as " bureaucratic."

We cannot say that, either in Great Britain or in other countries, comparing the Co-operative Movement with other enterprises of similar magnitude, we see emerging many of the evils commonly ascribed to a bureaucracy. The Co-operative official, after all, has no power to compel Co-operators to do anything whatsoever. He cannot make regulations for their conduct. The optional and voluntary character of Co-operative membership prevents, we believe, any feeling among the members that they are tyrannised

over by their officials ; prevents, it may be, the officials from usurping any authority that is objectionable, as it discourages any attempt to put on the " official manner." Nor do we see any way of escaping the multiplication of salaried " full-time " officials as social institutions develop in magnitude and complexity ; nor do we see anything specially democratic in control or management by unpaid volunteers, or inadequately remunerated " part-time " amateurs. On the contrary, all experience shows that the whole body of citizens obtains more effective control, and therefore a more genuine self-government, when it acts through properly paid representatives, who can be recruited from all classes, irrespective of their means, than when, owing to its refusal to provide a full livelihood, its choice of representatives and agents is limited to those able to afford the time and willing to make the sacrifice implied in unpaid service of the community.

But this is not the whole story, nor even the important point in it. Quite apart from the popular objections to bureaucracy, in which, so far as the Co-operative Movement is concerned, we see no validity whatever, there is, we think, in the very expertness and ability of the trained staffs, and in the very excellence with which the complicated administration is carried on, a potential danger to Co-operative democracy, against which the appropriate safeguards have to be provided. Not in the Co-operative Movement only, but in every administration that becomes extensive and complicated, the mere volume of business, and still more the technicality of the daily routine, and the remoteness of the issues of policy from the thought and experience of the other citizens, inevitably create a wide gulf between those whose lives are spent in the specialised administration and the great amorphous public to whom they are constitutionally responsible.

It is not that the specialised administrators of any great enterprise are necessarily individually superior in knowledge and ability to the public at large. Every member of the public has, or might have—we should say, ought to have—his own specialisation, in which he should be superior to the outside world. But this would leave unbridged the gulf between each set of specialists and the mixed multitude—however specialised in its way every section of it might be—whom the administration serves. Whatever may be the progress in general education, however nearly universal becomes a technical expertness in one or other department, the mere growth in magnitude, in complication, and in efficiency of each great branch of enterprise inevitably renders its operations and its issues of policy less understandable by those who are not engaged in it.

How, then, can we hope to make democratic control a reality without reverting to an impossible smallness and simplicity of social life? The answer is clear. What has to be done—seeing that the administration must necessarily become increasingly complicated—is to increase, correspondingly, the citizen's power of controlling what he has created. The early Co-operative constitutions, with their general meetings of members—even when improved by the introduction of ward or divisional meetings, the ballot-box, and the best possible system of voting—have proved, in the largest and most highly developed societies, inadequate to the need. Make what arrangements we may, a constituency of fifty or a hundred thousand heterogeneous citizens, however educated and public-spirited, whether they are Co-operators or municipal electors, is incapable either of actual administration or of effectively supervising and controlling the administrators. The stream of democratic control is too widely diffused, and therefore at every point too shallow to be effective. If it is to have the requisite force, it

needs to be canalised, and even to be concentrated at particular points, as a waterway is concentrated by locks.

At a certain stage in the evolution of the Co-operative society, the replacement of the overworked committee-men, with their evening meetings, enfeebled through the common hankering after rotation of office, by a salaried executive, or salaried president and vice-presidents, is, we think, a step in the right direction. The stream of control over the official staff is thereby concentrated, in such a way as to become an effective force. But, in the largest societies, this is not enough. The salaried directors themselves become—necessarily and properly—as technically expert in their business of general administration as are their several heads of departments in their respective specialities. We suggest that all experience of democracy indicates that a lock nearer the source is required—a representative assembly to control the salaried executive. Here and there, as we have described, the Co-operators are feeling their way to such a representative assembly. In the constitution of the Leeds Co-operative Society, with its regular quarterly conference of all the three hundred ward representatives, who are in confidential relations with the board of directors on the one hand and constantly in touch with their ward electorates on the other, Co-operators have discovered a practical method of adding a House of Commons to their Cabinet.

But the mere introduction of a new piece of constitutional machinery, such as the quarterly "Conference of Locals" in the Leeds society, will not in itself suffice to make the Co-operative democracy effective. No amount of canalisation, no provision of locks at appropriate points, will create power if the stream does not flow. In the Co-operative, as in every other democracy, we come back finally to the

individual. No constitutional devices will enable us to dispense with a constant interest and a perpetual vigilance, an incessant discussion which brings out points and new ideas that do not occur to the official, and a public spirit which makes the common good as dear to us as our own advancement. All these characteristics of an active citizenship may be initiated and stimulated by a spontaneous voluntary grouping of the members according to their tastes and talents. It is one of the achievements of the consumers' Co-operative Movement—in contrast alike with the Trade Union and the municipal democracies—to have thrown up a whole array of groups of this kind. There are not only all the varied clubs, circles, classes, and societies for every kind of recreation and education, in which the largest and most active societies abound. Even more effective for this purpose of creating and maintaining an active Co-operative citizenship are the Women's and, to a lesser degree, the Men's Guilds, which are organised in national federations of their own, and which have been in some of the societies quite suitably accorded a definite position in the constitution, with advisory and nominating powers. To the expansion and development of this spontaneous group-structure in all societies, small as well as large, we look for the increasing virility of the Co-operative democracy.

(ix.) "Government from Above"

We come now to a feature of the organisation of industry by associations of consumers—a feature the universality of which compels us to infer that it is a necessary accompaniment—which Co-operative administrators believe to be essential to efficiency, but which idealist critics regard as a confession of failure. To the employees of an association of consumers,

its administration is, like that of the civil service and the municipalities and that of any capitalist enterprise, " Government from Above." This raises, it will be seen, a fundamental question. The whole work of Co-operative enterprise is carried on by about a couple of hundred thousand men and women, in this and a dozen other countries, whose lives are spent in extracting, growing, carrying, manufacturing, preparing, packing, and otherwise handling the commodities and rendering the services enjoyed by the four million members and their families. Is it more democratic for the decisions as to what shall be produced, and when and where and how, to be come to, and the final directions to be given by the representatives of the four million members, or by the representatives of the two hundred thousand employees ?

It is, perhaps, well to recollect that it was the representatives of the working class as consumers, and not the representatives of the working class as producers, who initiated the Co-operative Movement, and who have directed all the stages of its upward growth. In the next chapter we give our reasons for attributing the success of the Movement to this very fact of consumers' control. From the first operations over the counter of the Toad Lane store up to the latest developments in insurance and banking, in manufacture and foreign trade, the Co-operative Movement has been based on the principle of ownership and control by the whole body of consumers. It follows that the men and women who serve behind the counter of the Co-operative store, or bake or sew in its workshops and bakeries, or those who manufacture in the " productive " departments of the Wholesale society, or work on its farms, do not themselves control the particular industries by which they live, or retain for themselves the product of their particular labours. In this respect, in fact, the Co-operative Society is diametric-

ally opposed to the ideal " self-governing workshop," so long aimed at by the projectors of associations of producers. On the other hand, the Co-operative employees in Great Britain may be, and in Germany they are usually required to be, members of a retail Co-operative society, and are thus automatically citizens of the Co-operative State.

But Co-operative employees are, in respect of the particular Co-operative society in which they are serving, usually not even full citizens in the Co-operative democracy. As we have already mentioned, it has been an almost universal feature of Co-operation in all countries to enact a positive disqualification of employees for election to the governing body which is responsible for engaging, paying, and controlling their services. The employees are not (apart from rare exceptions), in the capacity of members, to-day disqualified from attending the members' meetings, criticising the administration, and voting on all issues, even in the election of the governing body which controls their pay and promotion. In a small but apparently a growing proportion of British societies they are now permitted to be elected to the management committee, at least so far as concerns a limited number of representatives. But there is, in Great Britain at any rate, a sense of decorum which restrains the employees from any conspicuous exercise of these rights of membership, whilst the public opinion of the Co-operative membership as a whole would sharply resent any overt use of the members' meeting by employees to control the management for their own advantage. It is a mark of degradation in any Co-operative society, usually implying laxity or corruption, when it is said to be " run by its employees " —meaning that, owing to the apathy of the general body of members, the employees pack the meetings and influence the elections so as to make their personal

interests the dominant consideration of the management. In Germany this danger has been guarded against by the development of an elaborate organisation of membership committees, which go far to supersede the mass meetings, and from which all employees of the society are excluded. It is significant that this development was initiated in and is peculiarly characteristic of those Co-operative societies which have been from the outset under the control of the wage-earning class predominantly Socialist in opinion.

Whatever may be thought of this exclusion of the employees from membership of the executive body responsible for their employment, we have to note that the Co-operative societies have been in this respect merely adopting a principle characteristic of practically all governments, democratic or otherwise. It is a fundamental rule of municipal councils, for instance, that none of the officers whom they employ—none even of the contractors with whom they do business—shall themselves be members of the council. No man can be trusted to be judge in his own cause. We have come to regard it as a positive advantage of democracy that it requires always "disinterested" government, in which those who have to take the decisions gain no personal advantage from them other than the good government enjoyed by all citizens. But we must recognise that to the employees themselves, however active they may be as citizens, all such democracies, including that of the Co-operative society, are "government from above."

Whether or not it be true, as the experienced Co-operative administrator will assert, that this "government from above" is requisite for any stable organisation, and in any large concern plainly inevitable, it is easy to see that it leaves unsatisfied some of our aspirations. It may not be practicable for all men to have work in which they can

"express their own personality," or even individually control their own production. But there exists a desire in many men, a desire which we may aspire to awake in all, to feel that they are not merely slaves or automata, but are sharing in the decisions by which their working lives are shaped; and that, if individual production has become impossible, they are at any rate consciously co-operating in common tasks that they themselves have jointly set. This, we must admit, is not secured, to the tens of thousands of salesmen, packers, carmen, or factory operatives, by any form of consumers' democracy.

To meet this criticism on the part of the employees, the Co-operators are feeling their way to some sharing of control between the community organised as consumers and those who as producers are serving the community of which they form part. These experiments, which appear to us full of significance for the future, are taking different forms in different countries. There is no sign of any revival of the old idea of "profit-sharing," now recognised to be based on a misunderstanding both of the Co-operative Movement and of the nature of profit. Recognition of the claim of the employees to participation in the management of the enterprise in which they spend their working lives has begun in two directions, namely, in the admission of employees to the committees of management, and in the settlement of conditions by joint agreement with the Trade Unions of the employees.

Latterly, as we have seen, a number of the British Co-operative societies have abrogated the rule preventing the election to their governing committees of members who are at the same time employees, and there has been a little epidemic of electing such representatives, which may, or may not, prove to be lasting.

There are, however, some objections to employees becoming candidates for election to the committee

of management, and being tempted to canvass their fellow-members for votes. Moreover, the committeeman chosen by the votes of the purchasing members will not, even if he is an employee, necessarily either represent the views of the employees or allay their discontent at their exclusion from a share in control. There seems much to be said for the plan now adopted by some societies of adding to the committee of management itself a small number of representatives on the nomination and by the votes of the employees as employees. If it is thought that they would endanger the financial stability of the concern by voting themselves and their colleagues unduly high wages, or unduly favourable conditions of work, they might be expressly debarred from voting on such issues. There might be no small advantage from some such frank and cordial recognition of the validity of the employees' claim to have, equally with the purchasing and shareholding members, their due part in the administration and control of what must be deemed to be a common concern.[1]

Of more practical importance may be the experiment of establishing a "works committee" or staff committee, which should be freely elected by all the employees to consider all grievances, and to make suggestions to the management, not merely about the conditions of employment, but also generally about everything in which any improvement can be proposed. The managing officials of the society should confer with this committee, communicating to it in advance any important changes proposed, and frankly taking counsel with it as to what can be done for the

[1] It may be mentioned that the elected general secretary of the Swiss Railwaymen's Trade Union sits, practically as of right, as one of the five members of the supreme Council of Management of the Swiss Government railway system. On the French Government railways there is an elaborate system by which the railwaymen themselves elect some of themselves to be members of the principal administrative council.

best. These officials, and also the committee of management, should readily meet the works committee or staff committee whenever this is desired.

The second line along which, in the Co-operative Movement, the autocracy of " government from above " is being mitigated is that of an ever-increasing recognition of Trade Unionism, by means of which, not the employees of a particular society with its own committee of management, but the chosen agents of the several sections of the producers negotiate with the representatives of the community of consumers, embodying their conclusions in more or less elaborate treaties expressing the joint wills of the contracting parties.

We have already described the steady growth of Trade Unionism among Co-operative employees ; and the tardy recognition by Co-operators of its necessity, even in the Co-operative State. In Germany, and latterly in Great Britain, Co-operative societies are making it obligatory on all their employees to belong to their several Trade Unions. In Germany even more than in Great Britain, the Co-operators accord to Trade Unionism the fullest possible recognition ; admitting its legitimate function in maintaining and enforcing national Common Rules with regard, not only to wages and hours, but also to all the conditions of employment, engagement, promotion, and dismissal. Permanence of engagement, dismissal only for cause assigned, power of appeal, regular increments of pay and prescribed holidays are also secured. The Joint Committee of the Co-operative and Trade Union Congress of Great Britain is little better than a board of arbitration which may or may not be called in by the parties to a dispute, and which is apparently disqualified from dealing with any case in which Trade Unionists are not involved. But in the corresponding Central Wages Board (Tarifamt) of Germany, we have

a tribunal which succeeds in enforcing minimum standard conditions throughout the Co-operative Movement, and forms a court of appeal in cases of disagreement between the executives of the Co-operative societies and the executives of the Trade Unions with regard to the interpretation of the collective agreement. Moreover, the official bureaucracies of the Co-operative and Trade Union Movements are alike tempered by the elected workshop committees and councils of departmental managers, to which are formally accorded, in Switzerland as well as in Germany, the right to be consulted before any changes affecting the staff are carried out, the right to make representations on any question of management, the right to meet the management in council on all these matters, and the right to be informed of the grounds on which the engagement of any employee is terminated. In the most advanced cases there has come to be, in what may not unfairly be described as a democratic republic of industry, a real sharing of counsel and control in which all grades of employees participate, in which the personal rights of all are protected, and in which nevertheless the prompt executive decisions necessary for efficiency can still be taken.

In Great Britain, as we have seen, progress in this direction is at present impeded by internal differences within the Trade Movement itself, and especially by the rivalry between the Trade Union which has made a speciality of obtaining for Co-operative employees higher wages and more favourable conditions than are exacted for employees of the profit-making shopkeeper and the companies running multiple shops, and the Trade Unions which seek to press upwards a common standard for all employees of like kind and grade, whatever their employers.

So long as the Co-operative society constitutes only one among other forms of production and distribution,

experience shows that there is a real if somewhat intangible limit to the economic concessions which associations of consumers can make to those who are employed in their service. The Co-operative society has to maintain itself in continual rivalry with capitalist enterprise, against which it has perpetually to compete for raw materials, for the services of brain-workers and skilled operatives, for customers and for trade. Except in so far as it can effect a genuine improvement or economy in management, every step by which it departs from the competitive standard set by its capitalist rivals results in lowering the margin between cost and price. Any wide departure, whether in the way of higher wages, shorter hours, more favourable conditions of employment or failure to take advantage of the best terms of obtaining raw materials, or of employing the most efficient processes, means failure to serve the customers on the same terms as the capitalist trader. Thus, the Co-operative society, if it is to continue to exist, and to make headway against capitalist enterprise, cannot go far beyond the currently prevailing conditions of employment, without having to raise prices to its members to such an extent as to render it positively unprofitable for these members to deal at the store.

This limitation on the power of the Co-operative Movement to do much more than the Capitalist System for those whom it employs is intensified by the apathy and indifference of the Co-operative democracy, to which we have alluded. It is in vain that the idealists of a Co-operative society strive to get a higher standard adopted. They may, by eloquence and persistence, carry resolutions at the members' meetings in favour of higher wages or better conditions. If these are much in advance of what is accorded by the capitalist traders with whom the society is competing, they must be covered by higher prices; and whenever

Co-operative prices are higher than those of the neighbouring shopkeepers, a certain proportion of the trade will be lost. Even the members who have voted for the reforms will tend silently to restrict their purchases at the stores. This is why, in the constitution of the Scottish Wholesale Society, the voting power at the delegate meetings is made proportionate, not to the society's holding of shares or numerical membership, but to the actual amount of its purchases from the Wholesale. Such a system of voting according to purchases has now been adopted for the English Wholesale, in the hope that it will introduce a greater sense of responsibility among the delegates. The idealists among these delegates, eager for introducing the very best conditions of employment, are apt to be found representing societies which purchase comparatively little from the Wholesale.

In Germany, even more than in Great Britain, the Co-operators have recognised that it is only by a close alliance between the associations of consumers and the Trade Unions that Co-operative societies can safely advance even to the level of the best capitalist employers, still less actually lead in according better conditions. Where the wage-earners are unorganised, or where their organisation does not extend to the whole industry, there will always be firms taking advantage of the workers' weakness to undercut the Trade Union rate, extend the normal day, and eat away the standard conditions of sanitation and safety. Only by the aid of a universal enforcement of these Common Rules can any one competitor, even the most progressive Co-operative society, safely venture on according improved conditions. It is therefore—though this is still not always perceived by British and French Co-operators—as much to the interest of the Co-operators as it is to that of the Trade Unionists that Trade Unionism should be maintained in its utmost

possible strength and effectiveness and the application of a Legal Minimum enforced. Only by maintaining inviolate, from one end of each industry to the other, the National Minimum Standard conditions of employment, can Co-operative employment be made to approach what the idealists in the Co-operative Movement would desire.

Assuming that the National Minimum is inflexibly maintained by the combined efforts of Trade Unionism and the legislature, and that appropriate standard rates for the whole of each vocation are fixed, we think that the Co-operative Movement may well find it alike practicable and desirable to go a step further. In this connection an interesting proposal has been made by the General Co-operative Survey Committee, which was not excepted from the general approval given to its Report by the Co-operative Congress. "We are strongly of opinion," states the committee, "that the Movement should give a lead in regard to labour conditions, and we deeply deplore the use of the strike weapon in a Movement established to secure for the workers a real control over industry. . . . Our suggestion, briefly, is that the Co-operative Union on behalf of all its members, or such as agree to the proposal, should enter into an agreement on the following lines with all the Trade Unions concerned. The contracting societies should agree to pay the recognised Trade Union district rate for all occupations, *plus an agreed percentage*, which would keep the Co-operative standard higher, but reasonably higher, than the outside standard; and the societies should also agree to a shorter, but a reasonably shorter, working week than prevails in the district (in no case, however, would the wage be below the district Co-operative minimum nor the hours exceed the district Co-operative maximum). The Trade Unions, in return, would be expected, on matters of hours and wages, to agree not

to strike against Co-operative societies which were parties to the agreement. The societies would thus provide their employees with better conditions than prevail outside the Movement, and this would give the workers for outside employers an argument in favour of higher wages for themselves, whilst wages costs to Co-operative societies would bear a reasonable relationship to outside wages, and societies would be saved the wastefulness and discomfort of strikes, *which usually penalise working-class consumers the most.* If the workers by negotiation, or strike, secured an increase of wages or reduction of hours from outside employers, wages would rise or hours be reduced automatically in the Co-operative Movement, which would thus maintain its leadership. By this means, the conflict between capital and labour would be waged in the competitive world and not in the Co-operative Movement, which ought to be the worker's stronghold in his efforts to improve his conditions."[1]

The Need for a Concordat between Producer and Consumer in order to supersede the Capitalist System

We end on a note of warning. The exact relation between the employees of the Co-operative Movement and the committees of management is not a matter on which any outsider can offer a dogmatic opinion. It is one of those issues which, dependent as they are on the feelings of those who are personally concerned, can be effectively decided only by such persons. There are some ugly features in the present situation, indicating that there may be danger in a policy of drifting, and dealing with each emergency as it arises. Such a policy of drifting, to which both the Trade Union and the Co-operative Movements seem at present

[1] *General Co-operative Survey: Third Interim and Fourth (Final) Reports of the Co-operative Survey Committee*, 1919, pp. 192-3.

disposed, will, even if it does not result in actual disaster, effectually prevent any considerable supersession of the Capitalist System by a Co-operative Commonwealth. On the other hand, any genuine concerted policy, loyally carried out by the membership of both Movements, might easily prove to be the best form of " Direct Action." What is usually meant by " Direct Action " is the very indirect action of attempting to secure a change in social organisation by a mere abstention from work. But if the Co-operators would guarantee to the Trade Unionists in their employment distinctly preferential terms, and if the eight million Trade Unionists would, in return, give, not merely all their custom to the Co-operative societies, but also absolute continuity of service, even when striking against profit-making employers, *and an actual superiority in conscientiousness and skill in Co-operative employment*, this " Direct Action " would, in a very few years, multiply four or fivefold the business of the Co-operative Movement; and would thus, in effect, transfer trade after trade to the joint control of the democracy of consumers in alliance with the democracy of producers, without the necessity of paying any compensation to the capitalists.

The first step to such a union of policy—the urgently needed safeguard against the perils of the present position—is the establishment of a strong and authoritative Labour Department (representative of the whole Movement, wholesale as well as retail, productive as well as distributive), as part of the federal institutions of the Movement, empowered to formulate a policy for the Co-operative Movement as a whole, in friendly negotiation with an equally strong and authoritative department acting for the whole Trade Union Movement. But a mere improvement of machinery will not suffice. The responsible leaders of the Co-operative Movement, no less than those of

the Trade Union Movement, will need to undertake the " intolerable toil of thought," in order to discover for themselves, or effectually assimilate from others, a systematic and practicable policy by which the aspirations and demands of all the various kinds and grades of Co-operative employees can be adjusted with the necessary conditions of consumers' Co-operation. To this important subject we shall recur in the next chapter.

(x.) The Political Impotence of the Movement

The action of the Government during the past seven years, alike in taxation and in administration, and the persistent hostility to the Co-operative Movement displayed by the various departments, which we have described in Chapter III., have brought home to Co-operators the danger to which their great Movement is exposed owing to its political impotence. So long as the Co-operative business was relatively small and without assurance either of financial success or extensive development, it aroused no great amount of the opposition that is influential in Parliament. Secure in the innocence of their intentions, Co-operators relied on the traditional justice of British administration, and were content to ask, from time to time, humbly and deferentially, for such minor amendments of the Industrial and Provident Societies Act, or similar legislation, as would accord to their enterprise an elementary freedom. Wishing nothing better than to include in their ranks persons of the most diverse creeds or sects, groups or classes, it was natural that they should take it for granted that the Co-operative Movement stood entirely outside politics, and that they should avoid committing their societies to any partisanship. It was, however, an unforeseen result of this political neutrality that when the growth of

the Movement in financial importance roused the profit-making capitalists to use their own political influence, and when both the Cabinet and the Government departments were led to take the hostile action that we have described, the Co-operative Movement discovered that, in spite of all its millions of members and its hundreds of millions of pounds' worth of trade, it was powerless to secure justice or to avert oppression. The Trade Union Movement, which is now a political force of considerable strength, made, half a century ago, exactly the same discovery. For a whole generation, in the middle of the nineteenth century, the Trade Unions had disclaimed any connection with politics, and many of them specifically prohibited the introduction, in their branch meetings, of any topic of religious or political controversy. The result was that when in 1867–71 the very existence of Trade Unionism stood in jeopardy, the members found themselves almost defenceless. They could rely no more than can the Co-operators of to-day on just treatment at the hands of their adversaries. "Nothing," wrote Mr. Frederic Harrison, "will force the governing classes to recognise [the workmen's] claims and judge them fairly, until they find them wresting into their own hands real political power. [Trade] Unionists who, till now, have been content with their Unions, and have shrunk from political action, may see the pass to which this abstinence from political movements has brought them." The Trade Unionists realised their mistake. "Away with the cry of no politics in our Unions," wrote the Executive Committee of the General Union of House Painters in their annual report for 1871; "this foolish neutrality has left us without power or influence." [1]

Co-operators in 1921, like the Trade Unionists

[1] *Beehive*, January 26, 1867; *History of Trade Unionism*, by S. and B. Webb, edition of 1920, pp 274-75.

of a former generation, have generally come to the conclusion that it is now indispensable to organise themselves as a political force ; but there is, as yet, no common agreement as to the manner in which this can best be done. For the Co-operative society itself overtly and aggressively to take corporate action in matters of religious controversy is, it is plain, to incur the danger of seriously offending this or that minority of the members, leading possibly to a secession, and certainly to the discouragement of future recruiting from that section. This danger has already become apparent, so far as the Roman Catholics are concerned, in connection with such questions as secular education and divorce. It would be, it is felt, a serious misfortune to set going in Great Britain the same sort of sectarian segregation and embittered rivalry that exists in Belgium and Germany between Catholic or Christian Co-operative societies and Trade Unions on the one hand, and on the other those which, in their constitutions, either make no reference to religion, or are impliedly hostile to the Roman Catholic Church.

A like difficulty is felt in committing the Co-operative society overtly and aggressively to any corporate activity that would be resented by such of its members as are convinced adherents of this or that political party, or partisans of this or that candidate for Parliament. The difficulty of organising the Co-operative Movement for political action, even in its own defence, when this involves opposing particular bills or taxes, particular candidates or a particular party, is therefore great. Yet the whole Movement is now convinced that some way of doing it must be discovered.

We have already described how the Movement, in 1917, swung impulsively into politics ; how a Parliamentary Representation Committee was formed to secure the return of Co-operators to the House

of Commons ; how this committee came to be styled the Co-operative Party, to which nearly half of all the societies, comprising more than half the total membership, have become affiliated ; and how, within a very few years, after various unsuccessful candidatures, one Parliamentary seat and several hundred places on borough and district and county councils have been secured by Co-operators, in more or less intimate alliance with the Labour Party. But though a useful beginning has been made, it cannot be said that much has yet been accomplished in the way of remedying the political weakness of the Movement. Co-operators, for all their membership of four million families, are as yet very far from wielding the same influence in Whitehall as the ten or twenty thousand capitalists brigaded in the Federation of British Industries.

The development of the political strength of the Co-operative Movement is at present hindered by a certain divergence of opinion as to methods. There are those who, recognising that success at elections can be won only by close alliance with the Labour Party which is already organised in practically every constituency, and includes within its ranks probably a majority of all the Co-operators, advocate almost an amalgamation for political purposes with the Labour Party, or at least that simple affiliation of the Co-operative societies which the Labour Party has from its very establishment invited. For such a step, however, it is clear that the majority of Co-operative societies are not at present prepared ; and the suggestion is strongly resented by leading Co-operators who still adhere to the Liberal Party. On the other hand, it is rapidly being borne in, even on such Co-operators, that the Liberal leaders refuse, equally with the Conservatives, to contemplate any supersession of the Capitalist system in industry, which it is avowedly the aim of the

Co-operative Movement in its own way to bring about; and, so far as concerns particular proposals and particular grievances of the Co-operative Party, not only do the Liberal leaders avoid any frank adhesion to the Co-operative position, but the Liberal candidate, with the shopkeeping vote in his mind, is habitually as void of enthusiasm and even as evasive, as the Conservative. More than ever does it become plain that, whether individual Co-operators relish it or not, it is only by the power and influence of the Labour Party, and in virtual alliance with it, that the aims of the Co-operative Movement can be achieved and that its future expansion can be safeguarded.

We think that what the situation requires is, in the first place, the establishment of a strong and vigorous central political organisation of the Co-operative Movement, well informed and vigilant, which is what the Co-operative Party is seeking to build up. There would be no advantage in this central political organisation being merged in the headquarters staff of the Labour Party or any other party; but, on the contrary, a distinct loss of individuality and initiative. It should, however, plainly act in constant consultation with the Labour Party, so as to arrange for joint action, wherever practicable, as regards lectures and demonstrations, platforms and candidatures. But it should have, in our view, no programme on other than specifically Co-operative grievances, and make no demand which is not endorsed by the Co-operative Movement as a whole.[1] Without seeking to become itself a political

[1] Thus we do not find ourselves in agreement with the amendment moved at the Scarborough Congress in 1921 on behalf of nearly 50 societies of the Northern counties, which maintained the importance of "political unity" in the Co-operative Movement, and objected to alliance with any political party, and yet demanded "direct Co-operative representation in Parliament and on all local governing bodies," and proposed that "a statement of Co-operative policy should be formulated, to be made the basis of a specifically Co-operative party." Any policy for such a purpose would

party, it should be, in fact, as "one-idea'd" about Co-operation and as impartial in its pushing of specifically Co-operative demands as was, for its own specific purpose, the Anti-Corn Law League itself. With this central political organ of the Movement, which would remain always a distinctively Co-operative organisation, and nothing else, working for the distinctive objects of the Movement and for no other, every Co-operative society might, without danger of division or secession, automatically be associated.

This automatic inclusion of all the consumers' Co-operative societies which are in association with the Co-operative Union is, we conceive, a point of the greatest importance. The present arrangement by which the central political organ of the Movement, styled the Co-operative Party—though nominally a committee of the Union—depends on the optional affiliation of a part only of the societies, appears to us a source of danger to the Movement. An organisation which is dependent on a particular set of societies will gradually set up its own congress or other delegate meeting, which will inevitably differ from that of the Movement as a whole, and will automatically seek to control the policy and activities of its own executive. Such an arrangement was, perhaps, in the then state of Co-operative opinion, a necessary condition of getting established any central political organ of the Movement; and it would doubtless continue to be a necessary condition if the intention is persisted in of building up a separate and distinct political party, covering with its programme the whole field of public affairs and taking its place in the councils of the nation

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necessarily have to cover the whole field of national and municipal politics; and a Co-operative Party, composed of candidates adopting such a policy, must become a rival to all the existing political parties to which so many Co-operators belong—thus simultaneously preventing "political unity" within the Co-operative Movement and making almost impossible the election of its candidates.

on equal terms with the Conservative or Liberal or Labour parties. In our opinion, that way danger lies. What the Movement requires, at its centre, is not a new political party for all public affairs, with an all-embracing political programme ranging from China to Peru, but a powerful political organ concentrating, on specifically Co-operative affairs only, the weight and authority of the whole Movement.

The question then arises as to the political action to be taken by each Co-operative society in its own locality. We suggest that this can seldom or never usefully take the form of the Co-operative society itself becoming overtly and aggressively active as a political force, on behalf of the Labour Party or any other party. It appears preferable that there should be constituted in each Co-operative society a Political Section, to which only those members who were keenly interested in Co-operative politics would adhere or subscribe. If the Political Section then chose to become affiliated to the local Labour Party, there could be no valid objection taken to its decision ; and neither the central political organ of the Movement nor any member of the society need feel implicated in or compromised by its action. The Political Section, in close consultation with the central political organ of the Movement, would in some cases manage to arrange for the Parliamentary seat to be contested by a distinctively Co-operative candidate, whom the Labour Party would assist, but whom it would refrain from compromising by insisting on his standing as a Labour candidate. In that case the whole strength of the Co-operative Movement, irrespective of previous party connections, should be used to secure his return ; and the Co-operative society (assuming that its rules permit) might well make such a donation for the election expenses as the members thought fit. For the rest of its work the Political Section would rely on

what funds it could raise from its own particular membership; but there would be nothing to prevent the quarterly meeting of the society voting an occasional donation towards its expenses, just as it does to the Men's or Women's Guilds, or to various organisations having other objects, with which the members generally sympathise, but for which they do not make themselves responsible either individually or in detail.

Such a remedy for the political weakness of the Co-operative Movement would involve only a slight change in the existing practice, and no great alteration in Co-operative constitutions. But it would imply the frank abandonment of the project of building up a separate party in national politics, with a complete and coherent policy in respect of all public affairs; and, we think, also a relinquishing of the name of the Co-operative Party. And it would involve some readjustment of the existing federal institutions of the Movement, which we have now to examine.

(xi.) The Weakness of the Federal Institutions

Our examination of the shortcomings and defects of the Co-operative societies has revealed, in almost every case, a certain weakness in the federal institutions of the Movement, or at least the desirability of certain readjustments between them. This we found to be the case in connection with the arrested developments of the societies themselves; with the "Co-operative deserts" that they leave uncultivated; with their frequent overlapping of each other's activities; with their continuous loss of membership and trade through the migration or travelling of their members; with the failure to frame an appropriate general policy with regard to the employees of the Movement; with the political impotence of the Movement; and, above all, with the lack of any department of central

stimulus and encouragement by which the laggard societies might be brought up to the mark. In our chapter on the "Federal Institutions" themselves we had already become aware of a certain failure of power in them, taken as a whole; a failure of power exemplified, for instance, in the inadequacy of the Co-operative Press and of the organisation for dissemination of Co-operative literature. We come, therefore, to an examination of the shortcomings and defects of the federal institutions themselves.

With regard to the actual constitution and working of the English and Scottish Wholesale Societies we have nothing to add to the suggestions contained in Chapter II. But there is work to be done, of importance to the Movement as a whole and to each of the Wholesales in particular, which might be more successfully attempted if the functions of the various federal institutions (which at present overlap each other's activities at more than one point) were more systematically organised and divided. It is, we think, recognised in the Movement that the key to the position lies in a reorganisation of the constitution and work of the Co-operative Union, to which the General Survey Committee devoted much of its attention, and which is, in fact, at this moment in the melting-pot.

The Co-operative Union has been of such great assistance to the Movement, and its half a century of work has been of so much value, that there is a natural reluctance to assume a critical attitude even with regard to its constitution, lest the critics should seem to be reflecting on the self-sacrificing labours of those by whom the Union is directed. It is felt, however, that they are struggling with machinery which renders much of their labour vain. "The Co-operative machinery of to-day," said Mr. J. J. Dent, a veteran of wide experience in the Movement, "is much too

slow and cumbrous. That ' ginger meeting ' at Derby, for instance, shows that the Co-operative Union is not considered alert enough, not quick enough. Bringing subjects before the Central Board, then referring them to the sections or committees, then back again to the board—well, people lose all interest in the matter before it gets to Congress ; and should there be any objection, the matter is adjourned by Congress for another year—and there is nothing done. It takes all the heart and the enthusiasm out of people who are out for reform." [1]

We need hardly repeat that the remedy, in our judgment, does not lie in an amalgamation of the Co-operative Union with the Co-operative Wholesale societies, as some have proposed. The work to be done by the federal institutions of the Movement is not one job, but distinctly twofold ; and neither side can properly be subordinated to the other. The board of directors and the delegate meetings of either the English or the Scottish Wholesale Societies, absorbed, as these men must be in the affairs of the market-place, could not conveniently undertake the educational and political work which is vital to the Movement. Far from minimising or subordinating these latter functions of the federal institutions of the Movement, what is required is greatly to expand and develop them.

In contrast with the idea of amalgamating all the federal functions in one gigantic body, combining in itself the existing powers and duties of the Co-operative Union and the Wholesale societies, it seems both simpler and preferable to retain two distinct and parallel federations, one for the business transactions of the Movement and the other for its educational and political work. But the two federal organisations ought to be definitely recognised, in theory and in

[1] *The Co-operative News*, March 19, 1921.

practice, as independent of each other, co-equal in status and importance, and uniting, on equal terms, in joint committees for the management of joint departments. Nothing could be more unfortunate than the present position, in which, whilst the Co-operative Union claims to be the all-inclusive " premier body," summoning an annual Congress which regards itself as being, in some undefined way, the final authority for the Movement as a whole, the English Co-operative Wholesale Society wields, in fact, immeasurably the greater power and influence, and necessarily holds itself to be accountable only to its own quarterly delegate meetings ; whilst the Scottish Co-operative Wholesale Society, having an essentially different constituency, naturally ignores any suggestion of subordination. The first step towards the necessary reorganisation of the federal institutions of the Movement seems to be a full and frank recognition of their necessary parallelism. Incidentally, it is indispensable that the Movement should regard them as equal in status and in the importance of their several functions ; and that it should accord to the directors and officers of the Co-operative Union salaries and amenities in every respect equal to those enjoyed by the directors and officers of the English C.W.S.

The General Survey Committee recommended the establishment of a salaried, full-time board of directors for the Co-operative Union, consisting of nine members, one being elected by each of the existing nine Sections ; a proposal subsequently amended to a board of five members only.[1] This recommendation seems to have met with general approval, though it was referred by the Scarborough Congress of 1921 to the Sections for further consideration, and we assume that it will in due

[1] For the scheme of a full-time salaried executive, presented to the Scarborough Co-operative Congress, see the *Co-operative Union Report* to that Congress, p. 1350.

course be adopted. But though the General Survey Committee suggested entrusting full executive powers to this board of directors, it proposed to retain the present cumbrous Central Board of nearly seventy members, and even to add to it a no less cumbrous educational committee (" National Council of Auxiliary Bodies "). We do not see the reason for such expensive adjuncts to the board of directors, which cannot but tend to enfeeble the executive, create delay, and involve no inconsiderable expense. What would be more appropriate would be to follow the example of the C.W.S., and make the new board of directors responsible to a quarterly meeting of delegates from the constituent societies, elected in proportion to their membership and contributions. This quarterly meeting might conveniently be held, like that of the C.W.S., in a number of separate divisions (there might be one for each Section, presided over by the director elected by the Section), with a general meeting on the following Saturday — identical propositions being put at all the meetings, and the decisions being made by the aggregate of votes.

These quarterly delegate meetings of the Co-operative Union, which might be made in practically all respects parallel with those of the English C.W.S., would naturally exercise the powers at present vested in the annual Congress, so far as concerned the control of the Co-operative Union itself, its directors and officers, its finances, its rules, and its policy. But the Congress should, we suggest, not only continue to be held, but should be made as influential and as imposing as possible, and should be led to concentrate attention on what are, in fact, its most important functions, namely, to make known the strength and progress of the Movement, not only to the outer world but also to its own members; to generate enthusiasm for what must always be a national Move-

ment, with nation-wide and not merely sectional aims; and to serve both as a sounding-board and a discussion forum for the exhortations that are required, as well as for the ideas that emerge from time to time; and the Congress should be made the Congress of the whole of the consumers' Co-operative Movement, having no closer connection with the Co-operative Union than with the English and Scottish Wholesale Societies. Thus, all consumers' societies should send delegates to Congress, the Wholesales as well as the Retails; it should be attended by the directors of the Wholesales and the members of the national executives of the Men's and Women's Guilds, as well as by the directors of the Co-operative Union; and arrangements should be made for securing that the educational committees and the local guilds should share, in one or other way, in the nomination of delegates from the local societies. Such a Congress might appropriately be summoned and managed by the Joint Committee presently to be referred to. The Co-operative Congress will, it is to be hoped, always be as large and, in its own world, as representative a gathering as the annual meeting of the British Association for the Advancement of Science. Like that meeting, it should express any opinion it may choose, for the information and guidance of those concerned; but it should not exercise authority, or give orders to any part of the Movement. Like the British Association, too, the Co-operative Congress might do well to organise part, at least, of its discussions in sectional meetings, according to the subjects dealt with.

The respective duties and functions of the two parallel federations of the Movement would, of course, need to be precisely defined. To the Co-operative Union would belong, so far as federal organisation was concerned, the whole of the educational work (which we distinguish from propaganda among non-members),

and, as we should propose, the whole of the political work for the Movement as a whole. For each of these departments there might be a standing committee, meeting usually only once a quarter, for discussion of policy, consisting of three of the salaried directors, together with a certain number—possibly nine—of members elected either by the delegate meetings or by the several sections. The supervision and control of the Legal and Statistical Departments, like that of the office administration generally, might be entrusted, subject to the control of the quarterly delegate meetings, entirely to the board of directors, who might be left to distribute their own activities among such office sub-committees as are found to be required.

It will be seen that we propose that the present Co-operative Party—which is nominally a committee of the Co-operative Union, but which has its own set of separately affiliating societies, paying their own separate subscriptions, and presently, as we believe, coming to insist on themselves electing and controlling its executive committee—should become simply one of the two main committees of the Union. As we visualise the work of this body, it should (as explained in the preceding section of this chapter) confine itself, as a federal organ, irrespective of any political party, to promoting the representation in Parliament of Co-operators and Co-operative ideals, as expressed and endorsed from time to time in the annual Congress and at the quarterly delegate meetings; leaving to the local political organs formed by the retail societies the decision as to how closely they should, in their several constituencies, ally themselves, or even unite, with any political party. If the federal work in the political field is thus confined to essentially Co-operative representation, combined as it would necessarily be with seeking the redress by Parliament of essentially Co-operative grievances, there would, we imagine, be

no need for any separate affiliation or separate subscription—features which, as leading to division in the Movement, should be deprecated and discouraged.

There is, however, one feature in the reorganisation of the federal institutions of the Movement to which, as we conceive the situation, great importance should be attached. There are certain branches of the work which concern both the business federation and the educational and political federation; and no small part of the weakness that is at present complained of is due to a failure to recognise this duality. There should be certain joint departments belonging both to the Co-operative Union and to the Wholesales, managed by joint committees of their boards of directors. Of such joint departments we see four, namely, Organisation and Propaganda, Conditions of Employment, Literature and Press, and an entirely new one that might be designated the Department of Co-operative Progress.

The duty of the joint committee for Organisation and Propaganda would be to deal with overlapping between societies, together with all the varieties of "Co-operative deserts" and arrested developments, whether in particular societies or in the organisation of the relations among the societies that we have sought to describe. Propaganda (which should, we conceive, be something distinct from the education of the Co-operative membership) would naturally be directed by this joint committee in the quarters in which the needs and opportunities were found to be greatest. The arrangements connected with the annual Congress for the Movement as a whole might properly devolve upon this joint committee.

The need for a joint department to formulate and maintain a common policy for the Movement as a whole with regard to the conditions of Co-operative employment has become very obvious. The conditions

granted by the local societies cannot but affect the position of the Wholesale societies, which may at present find their establishments upset in consequence of proceedings in which they have had no part.

In no branch of the federal work of the Movement is a greater unity of action more plainly necessary than in that of Literature and Press. The present publications of the Wholesale societies and the Union should, it is urged, be placed in the hands of a joint department, directed by a joint committee, which might with great advantage absorb the existing National Co-operative Newspaper and Publishing Company, with all its issues; and arrange for a systematic reorganisation of the whole of the publishing and distribution work of the Movement.

The Present Need—a Central Department of Co-operative Progress

Finally, there is, as we have sought to show, need for a Department of Co-operative Progress, which should have as its special function the constant watching of the progress of all the local societies, in order to apply stimulus and encouragement, to make known to all the societies the various advances that are being made by any of them, and to evoke the utmost possible emulation among them. In this work of stimulation the Wholesales are at least as vitally interested as is the Co-operative Union. The Wholesales can bring to the question their own exceptional sources of information and their comparative knowledge. It would be an advantage if the work of audit of the societies' accounts, so far as it can be done by the federal institutions, could be transferred by the English C.W.S. to this joint department. It would be to this joint committee that would fall the organisation and development of the higher form of

audit, the "efficiency audit," in which not merely the cash balances are measured and checked but all the work of the society, so that the results, the costs, and the expense ratios are compared, not only of the several departments of each society, but also of each department for different years, and even of the analogous departments of different societies.

We wish to emphasise the importance of this suggestion of an Efficiency Audit, not only because it seems to us to remedy so many of the present shortcomings of the Co-operative Movement, but because it affords an opportunity to the Movement to make a further advance on the Capitalist System. We have referred to the apathy of the Co-operative democracy, to the loss of efficiency involved in favouritism in appointments, and to the dangers accompanying the habit of promotion by seniority. To correct these defects nothing would be more useful than an automatic, accurate, and impersonal analysis; made by disinterested experts, having no personal connection with the society reported on, and wielding absolutely no administrative authority; strengthened by comparison with other societies, other periods, and other departments. Even a merely statistical comparison on such points as percentage of working costs, proportion to capital of turnover in different branches, reserves, and rates of depreciation would be of great value. The more rapid the growth and the more successful the enterprise of a society, the more advantageous would be the indications afforded by comparative measurement and publicity. The very magnitude of the "hidden reserves" involved in the continuous "writing down" of fixed assets might permit of the losses consequent on faulty administration in particular departments to go on for years without obviously revealing themselves in aggregate deficits. And looking to the future, we may see both an addi-

tional need and a new value for some such Efficiency Audit as we are here suggesting. When overlapping between societies has been brought to an end, and the process of amalgamation has placed extensive areas within the service of great societies counting their memberships by the hundred thousand—still more when such societies have, by their very excellence, superseded, within their areas, the private traders—the individual customer will have lost his practical remedy of resorting to an alternative source of supply. Complaints at members' meetings might then afford an altogether inadequate protection. Even if, as we visualise, the control of the members becomes strengthened by the establishment of a representative assembly—to which, as we have shown, the Leeds Co-operative Society is leading the way—the members of such an assembly would require the independent reports of an Efficiency Audit, as well as the financial guidance of the existing auditors, if they are to fulfil, intelligently and helpfully, their functions of criticism and control of the operations of what would necessarily be huge and complicated business organisations.

The capitalist system, depending on secrecy for the maintenance of exceptional profits, fights shy of measurement and publicity; and therefore rejects any idea of an impartial Efficiency Audit, which would place in comparison all the separate enterprises in each industry,[1] and reveal exactly how and where the profits are being made. The Co-operative Movement, on the contrary, has everything to gain by "accurate comparisons openly arrived at," so as to keep each Co-operative administration informed of all the improvements introduced by any one of them; and to make them promptly aware of any features in which

[1] It is significant that, as soon as any industry is formed into a capitalist Trust, something in the nature of an Efficiency Audit is immediately instituted, though the information obtained, far from being widely published, is carefully concealed from all outsiders.

any of them are falling behind. The Movement has, too, every interest in publicity, in order to stimulate, not only the several administrations but also the several memberships, to the utmost emulation in what is not an individual and private speculation but a public service in which the whole Co-operative community has a real, if indirect, interest. It is thus within the power of the Co-operative Movement, because of its very nature—because, in short, it substitutes, as the motive for action and as the test of success, the service of the community for the amassing of pecuniary profit—to make, in the twentieth century, by applying the device of an Efficiency Audit, rendered effective by measurement and publicity, as great an advance on the competitive system as the advance made by that system in the seventeenth and eighteenth centuries, on the system of status and customary monopoly from which it emerged.

But there is another reason why the Co-operative Movement needs to make much more use than at present of measurement and publicity, for which an Efficiency Audit would continuously supply the necessary material. Co-operative societies are now often exercised in their minds, and agitated in their meetings, not only by uncertainty as to whether particular departments are not costing too much, but also by "questions of discipline," taking the shape of discussions as to the rightfulness of the dismissal of particular employees. In any genuine democracy the supreme issue of the exercise of authority cannot be satisfactorily settled without the appeal to Justice, which necessitates a correct ascertainment of fact, irrespective of the personal equation on either side. To-day it seems, in the Labour and Socialist world, as if the vital question were who should give orders and who should obey them—whether government should be "from above" or "from below." In our

view, the combination of independent measurement with complete publicity is destined to sweep away the arbitrariness alike of committee-men and of salaried superiors. The deliberate intensification of the search-light of published knowledge we regard as the corner-stone of successful democracy, not less in the Co-operative Movement than in State and municipal government. The need for final decision will remain, not merely in emergencies but also for policy; and it is of high importance to vest the responsibility for each decision, according to the nature of the case, in the right hands. But a great deal of the old graded subjection, once deemed to be indispensable in all administration, is ceasing to be necessary to efficiency; and will accordingly, as democracy becomes more genuinely accepted, gradually be dispensed with. A steadily widening sphere will, except in matters of emergency, be found for consultation among all grades and sections concerned, out of which will emerge judgments and decisions arrived at, very largely, by common consent. This common consent will be reached by the cogency of accurately ascertained and authoritatively reported facts, driven home by the silent persuasiveness of the public opinion of those concerned. The real authority will more and more be exercised by the public opinion, alike of the democracy of consumers and of the democracy of producers—a public opinion which the adoption of an efficiency audit, and the wide and gratuitous publication of disinterested reports will make both well-informed and all-persuasive.

To sum up, the greatest immediate step forward that the Co-operative Movement can now take is the formation of a central department of research, audit, stimulation, and encouragement, to which we have given the name of the Department of Co-operative Progress. At present this work is simply not done.

We can imagine such a Department of Co-operative Progress setting itself, in the first place, to make really effective use of all the methods of measurement and publicity in order to arouse the attention and stimulate the emulation of the laggard societies. It would utilise to the full, not only the statutory returns, but also all the other information in possession of the Union and the C.W.S. in such a way as year by year to bring home graphically to every committee-man and every official the position in which his particular society stood in comparison with others of similar size, locality, and circumstances; incidentally revealing to every society without exception the points in which it was falling behind the best that had been achieved. It is essential that such a central department should have no coercive authority. But every new line struck out by any society, great or small, would be competently reported on, with illustrations from past experience and suggestions from the practice of Co-operators in other countries, for the information of the Movement as a whole. By comparative statistics, by the development of the science and art of "costing," by special reports, by explanatory private interviews, and by public lectures, every discovery that had been successfully made in any part of the Movement, at home or abroad, or in State, municipal, and capitalist enterprise, would be continuously pressed on the notice of local societies and federal establishments, in such a way as to induce them to perfect current administration, and voluntarily to initiate new departures.

The way in which such a Department of Co-operative Progress could best be formed must depend, of course, on the contemporary organisations and opinions of British Co-operators. There are, in our judgment, certain principles to which, if it is to prove successful, its constitution must conform. It must be exclusively a source of light, and not an instrument

of command. It must have vision; and therefore it must combine the knowledge that springs from practical experience of Co-operative business with the inspiration and enthusiasm rooted in Co-operative theory. It must be independent and impartial, with reference alike to large societies and to small, to federal institutions and to their constituent bodies. Our own inference is that the Department of Co-operative Progress — whatever may be its title — should be organised and directed by one of the standing joint committees of the Co-operative Union and the Co-operative Wholesale Societies to which we have already alluded. It should appoint and control its own staff of highly qualified and well-remunerated investigators. Such a staff should, at any rate at first, not be wholly recruited from within the Movement, though the discovery and training of men and women of the necessary high qualifications would naturally be one of the aims of the post-graduate section of the proposed Co-operative College. And in this conception of a highly developed Department of Co-operative Progress, with its perpetual analysis of processes and comparison of results, widely published throughout the Movement, yet carrying no coercive authority, the Co-operative student will see an additional reason against the project of amalgamating all Co-operative enterprise into one all-powerful national society. To have the decisions of the scientific experts enforced on each local community would be intolerable! Yet progress depends on knowledge. Mankind, or, at any rate, the Briton, will not accept and execute the novel and difficult dictates of science unless he feels himself free to remain, if he chooses, in the old ruts of ignorance! But every group of men can be incited to strive voluntarily to excel other groups of men in any undertaking whatsoever, if only there are commonly accepted and widely published tests of success. The findings of

the Department of Co-operative Progress as to the relative achievements of different societies or different departments might well become as thrilling as the results of the Football Cup " Final " or the Test Match at cricket.

Are the Shortcomings of the Co-operative Movement due to Lack of Imagination?

An experienced administrator, himself sympathetic with the Co-operative Movement, once remarked with regret that it had both a " limited and a limiting conception of the universe." An ardent revolutionary of a younger generation has declared that " the main failure of Co-operators is psychological: they are devoid of artistic taste; they lack intellectual distinction; they are keen on a certain rough genuineness of quality, but they are blind to the supreme importance of excellence, alike in the wares they produce, in the ways in which they pack and display these wares, in the recruiting of their staffs, and in the character of the enterprises that they undertake—in fact, where the Co-operative Movement most seriously falls short, is in its lack of imagination."

Let us consider this indictment in further detail. It is easy for the critic of distinguished taste to point contemptuously at the ugliness of Co-operative furniture, at the banal conventionality of Co-operative clothing, at the common ornateness of Co-operative bookbinding, and at the hideous diversity of the founts of type used in setting up Co-operative balance-sheets and " Jubilee histories." The art of " window-dressing " is subject, in practice, to more severe limitations than tasteful critics realise; but the shop windows of many of the smaller Co-operative stores certainly do the Movement no credit. Even the printing on the packets of the C.W.S. productions,

it is complained, is apt to be commonplace and crude, if not actually ugly. And if we may jump from details of execution, to decisions of policy—from sins of commission to sins of omission—the critics think they can fasten on a certain poverty of imagination which has made the Movement slow to carry consumers' control right back to the sources of raw material. Or to take another, and a more topical case, Co-operators themselves manifested, at the Scarborough Conference of 1921, a feeling that the failure of the English and Scottish Wholesale Societies to organise international trade with the distressed countries of Central and Eastern Europe was due either to their lack of sympathy or lack of imagination.

In this indictment we think that there is considerable exaggeration. The critics fall into a threefold fallacy. They overstate the universality of the artistic and intellectual shortcomings of the Co-operative Movement. They are unaware of the many instances in which Co-operators are manifesting, alike in their products and in their administration, an excellence, and even a distinction of quality, which is nothing short of remarkable. The critics are even unfair within the range of their knowledge, in concentrating attention on the most glaring examples, and in treating these as typical of the whole. We do not think that any one who has seen the internal fittings of the Balloon Street offices of the English Co-operative Wholesale Society, or those of some of the larger retail societies ; or who compares the display of goods at the central " emporia " of the Leeds or Birmingham societies with what is shown in the shops in their neighbourhood ; or who has ever made a round of the conveniently planned and simply designed branches of the York society, or has sojourned at the country house which the Royal Arsenal Society maintains for its members, can accuse the Co-operative Move-

ment of being always oblivious to those qualities of dignity, simplicity, genuineness, and appropriateness which are at any rate the basis of excellence of style. In the second place, the critics are not comparative in their judgment, in that they do not have regard to the actual results of other methods of organisation of industry. The small shopkeeper whom the Co-operative Movement displaces, like the little printing establishment or the mammoth clothing contractor, exhibits at least an equal deficiency in artistic taste. The Co-operative Movement can claim to have made a substantial advance in quality, and even we think, in distinction of style, on the very inferior output of the profit-making organisation of industry *catering for customers of like incomes*. In fact, the common criticism of the Co-operative Movement fails to make allowance for the proletarian character of the custom which the Movement has to secure. Even apart from the inability of the mass of the wage-earners to pay for supreme excellence in quality, which can seldom be got without cost, the elevation of taste in consumption among working-class households degraded by generations of industrialism, and very imperfectly educated, must necessarily be slow and gradual. Finally, in many of the criticisms of the idealists, we think that the justifiable caution that comes from administrative experience and the sense of responsibility in the venturing of other people's money has been mistaken for want of sympathy or lack of imagination. The actual progress made by the English and Scottish Co-operative Wholesale Societies, during the past couple of decades, in extending their enterprises to the ends of the earth, ought, we think, to be regarded as no less extraordinary than praiseworthy. It is easy for idealists to grumble that this or that raw material for C.W.S. factories is still purchased in the capitalist market. What the critics forget is that it

is not " hides," or " wheat," " dried fruit," or " oil," that is required, but relatively small quantities of each of different kinds or qualities of hides, wheat, dried fruit, or oil, which are produced in different places, and sometimes even at different seasons, thus rendering the setting up of centres of C.W.S. production a very complicated task. And, if with the present inadequacy of their capital resources even to cope with pressing home requirements, the Wholesale directors, whilst making large advances of urgently needed supplies, have shrunk from themselves undertaking the task of actually organising the production and export of wares in countries of which they know neither the language nor the industrial conditions, nor even what is the security for law and order, he would be a rash man who would feel warranted in condemning them, on this score, for " lack of imagination."

And if we turn from the output of the Co-operative Movement to its influence upon its members, we shall see how unjustified is the complaint that it has not only a " limited " but actually a " limiting " effect. To the many thousands of artisans and labourers who have served on Co-operative management committees, and even to the tens of thousands who have taken an active part in the members' meetings, the experience of administration, the actual acquaintance with business problems, and the sense of service of their fellow-members, far from limiting their minds, have enormously widened their mental horizons, and supplied an education possibly superior to any that they could have gained in another way. Nor has the advantage accrued only to the individuals thus educated. Up and down the country many earnest Co-operators, in members' meetings and on management committees not less than among the employees of various kinds and grades, are working quietly but persistently for higher standards of quality, for greater appreciation of artistic excellence,

and for a wider horizon of Co-operative aspirations. We see much more recognition of the need for the advice and assistance of the trained professional specialist; first in law, engineering, and architecture, but now increasingly in chemistry, electricity, and other physical sciences; in accountancy, economics, and statistics; and, little by little, even in design and artistic taste. We see the Movement, passing beyond the village, and even beyond the nation, gaining through its members a first-hand acquaintance with other countries, and their peculiar economic, political, and social conditions, which the young diplomatic attaché might envy. It is, in fact, through the world-wide international operations of the consumers' Co-operative Movement that hundreds of thousands of manual workers are enlarging their conceptions of the universe, and transcending the narrow bounds of their nation and their race. Whatever may be the quality of the commodities and services supplied by the Co-operative Movement, no instructed observer can doubt that the British manual working-class has, during the past half-century, had both its knowledge of the world and its philosophic outlook enlarged and ennobled by the consumers' Co-operative Movement. What hinders the recognition of this fact is—to put it plainly—a certain poverty of imagination on the part of the critics. By imagination we mean an understanding of the facts which are invisible as well as of those seen; a power of forecasting future developments, and a vision of practicable alternatives. There are too many people in the world, and not least in the Labour and Socialist Movement, who mistake their glowing indignation at the evils of the present order, and their own large but indefinite and inconsistent ideals, for breadth of imagination.

But when all due allowance has been made, we think it must be admitted that the Co-operative Move-

ment is not free from a characteristic psychological defect, closely akin to lack of imagination. The Movement as a whole suffers, we venture to say, from an extreme self-complacency. It is, of course, very natural that this should be the case. The British Co-operators have achieved an extraordinary success, in face of difficulties which led even friendly outsiders to doubt its feasibility. The manual working wage-earners were always told that, just because they were manual workers, they could not organise industry on a large scale. This impossible task they have accomplished. It is only natural that they should be collectively as complacent at their success as the self-made capitalist is individually complacent at having piled up a fortune. It would be salutary for the Movement if Co-operators more frequently remembered that they have effectively impinged only on the outer circle of the capitalist system, the supply of commodities for direct household consumption. Much as they have achieved, their Movement is still at the lower stages of its ascent. And the democracy of consumers, if it is to take its full part in bringing about the Co-operative Commonwealth, will have to learn that there are higher things than business success—higher even than business success for the common benefit. It is not altogether without justification that complaint is made of a certain poverty of imagination in Co-operators. There is, we fancy, a characteristic Co-operative obtuseness, which we attribute, very largely, to the note of corporate self-complacency found in Co-operative education[1] and comradeship.

[1] One of the causes of the imperfection of "Co-operative education" is, we suggest, the extent to which (as already pointed out) it is confused with "Co-operative propaganda." The education of Co-operators ought to be distinguished from propaganda among non-Co-operators and made the subject of separate administration and special teachers. The very essence of propaganda may be the demonstration, and even the glorification, of the success already achieved. The condition of education is intellectual humility, and enlargement upon "the vast undone."

With what is under their own eyes, and within their grasp, Co-operators deal with a freedom from self-deception, and an intellectual integrity, which has even a distinction of its own. This is the best side of the Co-operative character. But in comparison with such statesmen and captains of industry as are intuitively great, Co-operators fail both in vision and in prevision, just because the very existence escapes them of " things unseen," and of " imponderables "—just because they remain actually unaware that there are higher standards and nobler values than those within their ken. There is even a danger in making such a comment upon the Movement, for it is a characteristic of Co-operators to dislike, and even to resent criticism from outside. This may be the result of having had to listen to so much ill-informed and sometimes malicious criticism in the past. But the dislike of outside criticism is a psychological defect if it means, as we fear it does with many Co-operators, that they refuse to " take stock " of their own failures, or that they resent any suggestion that the talent which the growth of the Movement requires may be outside their own circle.

It is a striking fact, and one of great significance, that the lack of imagination arising from an unwarranted self-complacency is not, as has been suggested, in any way distinctive of " consumers' organisation." We see identical defects, certainly in no smaller degree, in other working-class organisations, such as the Friendly Societies, the Working Men's Clubs, the Trade Unions, and the " self-governing " workshops (Productive Associations), entirely irrespective of whether these are associations of producers or associations of consumers. Throughout the Labour Movement, in the Trade Union as well as in the Co-operative world, in the industrial as well as in the political sphere, there is, at the present time, a certain absence, not of

men of good conduct or high character, but of men of distinguished intellect and magnetic personality. And if no small part of the failure to achieve artistic excellence or intellectual distinction, or even far-extended and well co-ordinated administration, is attributed to the fact that so little desire is felt to obtain the services of men of superior talent and education, and that the brain-working employees are selected and governed in ways characteristic of constituencies and committees of manual workers, this, too, is common to Trade Unions and "self-governing workshops," as well as to consumers' Co-operative societies. The characteristic psychological imperfections which the consumers' Co-operative Movement shares with other working-class movements in Great Britain are due, in fact, simply to its being, like them, a working-class movement. In the present hideous environment of the manual workers' life in our industrial centres, and with the scandalously inadequate education provided for the mass of the population, the artistic and intellectual shortcomings that are complained of, and the self-complacency and poverty of imagination from which Co-operators suffer, are but the consequence of the social heritage to which the nation has condemned its wage-earning class.

Substantial improvement is, however, already being made within the Movement. Co-operative education, defective as it must be admitted to be, is steadily improving. The new Department of Co-operative Progress, the establishment of which we have ventured to suggest, would be able greatly to stimulate the intellectual and artistic advance of the Movement; bringing to the aid of those who are now striving in this direction the encouragement and guidance of persistent incitement from the centre. But much as could be done in this way within the sphere of the Co-operative Movement itself, it must, we think, be

recognised that the achievements of Co-operators will remain limited—not to say cramped and fettered—so long as there is no substantial change in the social environment in which the great bulk of their members, and of those who ought to become members, are born, reared, and condemned to exist. So long as the entire wage-earning class of the nation finds its earnings restricted to less than half the aggregate product of the community ; so long as nine-tenths of the accumulated wealth is " owned " by one-tenth of the nation ; so long as one-third or one-half of all working-class families are so badly housed as to make healthy existence and decency—to say nothing of civilised life—practically impossible ; so long as schooling ceases substantially at fourteen, and the life of masses of youths and men is demoralised by a soul-destroying casualness of employment—so long will the Co-operative Movement, equally with every other proletarian organisation, remain " limited " in its work and in its achievements. Even more " limiting " than the narrow penury and continuous uncertainty of livelihood is the practical exclusion of the wage-earners, owing to the capitalist autocracy in politics and industry, from the education gained by actual responsibility for public affairs. Co-operators do not want a " nation of the rich " and a " nation of the poor," a working-class and a leisure class. They look forward to a community of workers by hand and brain, all alike entitled to their meed of leisure and to their share of the moral and material means of self-expression. Thus, not without reason, has the Co-operative Movement, during the past decade, been slowly widening its conscious aims, and including within its declared purposes the transformation not only of business but also of politics. Co-operators have perforce realised that not by expansion of the voluntary associations of consumers alone will the Co-operative Commonwealth be established,

but by the concurrent reorganisation of national and municipal government as essentially consumers' organisations, with a corresponding vocational organisation. From this must spring the reclamation, for the benefit of the community as a whole, of the power and the tribute now retained in the hands of the small minority in whom the ownership of three-fourths of the land and the other instruments of wealth production is vested.

CHAPTER VI

THE FUTURE OF CONSUMERS' CO-OPERATION

THE consumers' Co-operative Movement in Great Britain, which we have sought to describe in the preceding chapters, was, for the first half-century of its development from the Toad Lane Store, ignored by the newspapers, unsuspected by Parliament, barely noticed by the professors of political economy, unmentioned in the contemporary memoirs and diaries of the leaders of society, and not even alluded to in the biographies of such political personages as Cobden and Bright, Gladstone and Disraeli, or in the speeches of Salisbury and Chamberlain. A hundred years hence, we venture to predict, school text-books and learned treatises will give more space to consumers' Co-operation, its constitution and ramifications, than to the rise and fall of political parties or the personalities of successive Prime Ministers. For, unless we completely misinterpret the irresistible ground-swell of British democracy, it is this consumers' Co-operation, in its twofold form of voluntary association of members (in what we now know as the Co-operative society) and obligatory association of citizens (in Local Government) — in organic connection with an equally ubiquitous organisation of the producers by hand or by brain (in Trade Unions and Professional Associations)—which will constitute the greater part of the

new social order that is destined very largely to supersede the present Capitalist System.

To the ordinary financier or captain of industry, gentle *rentier* or advertising shopkeeper, this forecast may seem fantastic. No less fantastic would have seemed a forecast of the dominance of the profit-making capitalist, as manifested in the international finance and mammoth combinations of to-day, to the master craftsman of a mediæval gild, or to the lords of the feudal manors into which all England was once divided. But the seeds of the capitalist future were, already in the seventeenth century, vigorously sprouting. The capitalist "engrosser," the speculating promoter, and the master manufacturer setting up his new machines with pauper apprentices beyond the limits of the corporate towns—all of them in their beginnings disregarded and despised—slowly but steadily undermined the old order, to build in its stead what we to-day call the Capitalist System of world commerce and machine industry. With the same sort of silent and largely unself-conscious transformation, the enfranchised and educated democracy of "hired men" is, in the twentieth century, in one department after another, slowly replacing the industrial government of the capitalist profit-maker by its own invention of consumers' Co-operation in conjunction with Trade Unionism. To complete the historic analogy, we should expect this new world of citizens who find their livelihood in salaries or wages (now including in many countries what is actually a numerical majority of the brain-working producers, as well as nearly all the manual-working) in due course to take hold of the machinery of local and national government, just as the capitalist middle class secured its own political dominance in 1832. What delays this evolution towards the Co-operative Commonwealth is, more than anything else, the

slowness of emergence of a corporate self-consciousness among the "hired men," and of a clear vision of the parts to be played by each of the manifestations of democratic self-government.

Now, it is worth remembering that what gave the Capitalist System its self-confidence, and eventually its victory over the old order of a feudal aristocracy and close corporations of privileged industrialists, was the revelation by Adam Smith of its fundamental philosophy. The universal establishment of freedom of competition among individual profit-makers, who would be, it was naïvely imagined, guided, "as by an invisible hand," towards a superior service of the world of consumers, must, it was demonstrated, infallibly result in the best of all possible worlds. For a whole century this became the unshakable conviction, irrespective of creed or party, of nearly every educated person. And, as against the old order of exclusive aristocracies of birth and status, Capitalism was, in its pristine faith in freedom of enterprise for superior talent, at least temporarily justified. It is true that its apotheosis of the motive of the pecuniary self-interest of the individual was, as the world now dimly realises, essentially immoral. But it took more than a century for the discovery to be generally made that—morality being, like the four rules of arithmetic, part of the nature of things—this immorality was bound to end in social disaster. Adam Smith put his whole faith in the free competition of capitalist profit-makers; and he persuaded the world to believe that an enlightened self-interest would always secure, in the long-run, not only the greatest possible inventiveness, but also the correspondence of price with the necessary cost of production. What he did not realise was that freedom to compete involved freedom to combine; and consequently, when capitalists found their feet, a progressive negation of that very freedom of com-

petition among individual profit-makers on which he had relied for the protection of the consumer. What became inevitable, when unrestrained commercial freedom was, for the first time in the world's history, combined with legalised private ownership of the means of production, was an increasing dominance of the power of the capitalist, to the oppression alike of the wage-earner and of the consumer. It is not our business here to describe how the pursuit of wealth by the profit-maker had to be restrained, in each country, by such expedients as Factory Legislation and Collective Bargaining; nor need we here trace the working of the subtle poison of pecuniary self-interest in converting the capitalist class, in its frenzied search for new sources of raw material and new markets for the finished products, from the commercial pacifism of Cobden and Bright to the buccaneering imperialism of Cecil Rhodes and the sinister alliance of the German Kartel with the German General Staff. To the wage-earning democracies of every European country, the calamitous Great War of 1914–18, and the scarcely less calamitous peace of 1919–20, appear as at once the culmination and the downfall of an industrial system founded on "Every man for himself," or, translated into the terms of a false patriotism, "Every nation for itself," and "Devil take the hindmost."

It is, we imagine, as yet unrealised by the governing class that the conviction is rapidly spreading among the democracies of "hired men," who now constitute the vast majority of the producers by hand or by brain, in Great Britain and some other countries, that they have found, in this conjunction of one or other form of consumers' Co-operation with the equally universal organisation of themselves as producers in Trade Unions and Professional Associations, a means of conducting the industries and services of the world

actually more efficient (when all the results are taken into account) than the Capitalist System, and, what is ultimately of greater importance, one based on a philosophy as much superior, alike in its morality and in its science, to that of the Capitalist System, as this itself was (in its science only) to the one that it superseded.

The Financial Success of Consumers' Co-operation

Our description of the consumers' Co-operative Movement in Great Britain will have failed if it has not revealed both the success of the Movement and the philosophy on which it is based. In the wonderful extension of this Movement during the past three-quarters of a century, not only in Great Britain but also in Germany, Austria, Belgium, France, Holland, Denmark, Sweden, Italy, and, in the present century, even in Russia, it is interesting to see the verification by experience of its theoretic claims to an economic as well as a moral superiority over profit-making industry. For whatever may be the idealistic aspirations or the public-spirited motives of the founders and directors of a Co-operative society, it is idle to pretend that any such society can secure, year in and year out, the adhesion and support of thousands of average citizens, uninspired and apathetic, unless it becomes to them a source of immediate and tangible benefit. What brings in recruits to the Co-operative society, and holds their loyalty to the Movement, is the discovery that, in addition to the pleasure of comradeship on equal terms in a joint enterprise, they each and all, owing to their membership, and without depriving any person of his dues, actually become individually richer. The hundred million pounds of capital of which the four million Co-operators of Great Britain now share the ownership—in amounts

varying from a few shillings to a few hundred pounds each—has nearly all been accumulated by them, either directly out of the dividends on their purchases, or indirectly out of savings made possible largely through those dividends — not to mention the still greater aggregate of savings which many of them have been able, by the same means, to accumulate in house property and other forms of investment. When it is alleged, as is often ignorantly or carelessly done, that the dividends on purchases have been provided in advance by the customers in unnecessarily high prices, it is forgotten that the retail prices charged by the Co-operative societies are very strictly controlled by those charged by the profit-making shopkeepers, with whom they have, so far, always been in the most rigorous competition. No one who knows how closely the housewives of wage-earning families scrutinise the prices that they have to pay for their daily supplies ; no one, indeed, who has ever seen how diligently the managers and committees of Co-operative societies are compelled to watch every move that the shop-keeper makes to attract custom, can have any doubt that a Co-operative society could not last even for a year if—apart from " special lines," now of this article or of that—it sold its wares even slightly above the current retail prices for equal excellence and quality. The twenty million pounds or so of annual surplus (the so-called " profits "), now made by the British Co-operative Movement, represent, it is certain, a genuine saving to the members, in comparison with what they would otherwise have had to pay for similar goods to the profit-making shopkeeper.[1] The alterna-

[1] We may admit the possibility of " what is said in the city " ; that, largely owing to the Co-operators' lack of business experience and technical knowledge, they have not always made the best bargains in the wholesale markets, or coped successfully with all " the tricks of the trade " of the manufacturer, the farmer, the colliery proprietor, or the importer. It may be that, on two hundred million pounds' worth of trade, an able group of capitalists would, without increasing retail prices or paying lower wages, to-day make,

tive explanation, that the four million co-operators are induced to deal at "the Co-op." from purely idealistic motives, would, we feel, be postulating too great a moral superiority, on the part of the manual working-class, over the middle-class customers of private shopkeepers.

This financial success of the consumers' Co-operative Movement, made increasingly manifest in the valuable sites, impressive buildings, and accumulated reserve funds that it now collectively owns, has been gained in the teeth of drawbacks and difficulties that, to the ordinary business man or theoretic economist, might have seemed insuperable. Everywhere the Co-operative society started without capital, without experience, without the service of specialised brains or business knowledge, and without the motive, in its directors and managers, of making profit for themselves. However successful the enterprise grows, however greatly the sites and buildings increase in value, however complete may become the society's trading predominance in the town, the little knot of railwaymen or engineers, weavers or miners, by whom the society was founded and fostered, get no greater advantage than the last newcomer who puts down a shilling as an instalment of his additional share, which he takes up at par. No private fortune has ever been made out of Co-operative administration. It was no exceptional case when J. W. T. Mitchell, who had

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not twenty million pounds of surplus, but, conceivably, thirty millions. In parenthesis we remind the reader of the unmeasured waste of the national resources by foolhardy or dishonest capitalists. But the fact remains that the twenty millions represents a genuine gain to the four million Co-operators, of which at the hands of the capitalists they would have been deprived. The suggestion that, in the absence of the Co-operative Movement, an extra ten millions would have been scrambled for and transferred from one small set of capitalists to another—from the retail shopkeeper to the wholesale dealer, from the wholesale dealer to the manufacturer or grower, or to the importer or foreign merchant—is of no more concern to the community than if this extra gain had wholly accrued in additional rent to the landlord who "lives by owning."

been for over twenty years periodically elected and re-elected as chairman of the Co-operative Wholesale Society, serving what became in his hands a colossal enterprise, for no more than the exiguous fees then allowed to each director for the expenses of attendance at the board meetings, died worth only a few hundred pounds: his very name unknown either to "society" or to the politicians; rich only in the admiration and esteem with which he was regarded by hundreds of thousands of his humble fellow-members.

It is not that these Co-operators have been men of exceptional ability. On the contrary, the little groups of wage-earners who have started stores in factory towns and pit villages have been, for the most part, distinctly less able than the successful shopkeepers and millowners in their neighbourhood. They have, it is true, been men of character, and often even of moral distinction, because they have been attracted not by the vision of "making money" for themselves, but by the satisfaction of rendering a public service. But mere nobility of character would not have sufficed. They achieved for their societies a financial success, because they adopted a system of organising industry which (besides being based on morality) proved to have a solid economic foundation.

The Economic Theory of Consumers' Co-operation

The distinguishing feature of all democracies of consumers, whether they take the voluntary form, as in the consumers' Co-operative Movement, or the obligatory form, as in municipal enterprise, is that their intellectual birthplace is not the factory or the workshop, but the home and the customer's demand. All their activities start, not from a desire or a capacity of the producer to produce, but from the recognition or ascertainment of the need or the wish of the con-

sumers to consume. Their fundamental assumption is the proved advantage, so far as concerns the instruments of production, of community ownership and control — provided that the community is one of consumers as such, governed on democratic principles —over individual ownership and control. It is not that Co-operators, any more than those who style themselves Socialists, have any objection to the institution of private property. They demand, indeed, a universal diffusion and an indefinite increase of the personal possessions that are indispensable to civilised life and individual development. Moreover, because they admit to the full the advantage of division of labour, and recognise the necessity of large-scale production and international exchange, they accept the inevitability of salaried service from one end of the administration to the other. What they deny is alike the necessity and the morality of appealing to the motive of profit-making in the direction of the community's industry. Without any impracticable "having all things in common," they have found a way of making the motive of public service produce, in the direction of industry, whether in the importing, manufacturing, or distributing of commodities, or in banking or insurance, at least as generally efficient an administration as can be claimed for the craving for profit. They therefore regard it as both unnecessary and inexpedient to entrust the instruments of production, whether land or industrial plant and machinery, to the ownership and control either of individual capitalists or of combinations of capitalists. They have learnt from the economists themselves that such capitalist ownership and control inevitably means the abstraction, from the actual producers and consumers, in the form of rent, of the differential advantages of all but the worst of the instruments of production for the time being in economic use. Moreover, they

realise, what the economists seem loath to admit, that there is, at the present day, amid the typical combinations and conspiracies of capitalist industry, no such security as Adam Smith imagined would always exist, for the maintenance of price, on an average, at no more than the necessary cost of production, even of production at the margin of cultivation. The Co-operators have discovered that, when the instruments of production are owned by communities of consumers, and when they are operated to make products for use instead of for exchange, not in order to extract profit from other persons, but merely with the object and purpose of satisfying the wants and desires of the consumers themselves, the conflict of interest between owner and consumer, which in profit-making industry is made manifest in rent and price, simply disappears. To put it summarily, the challenge that Co-operators make to those economists who still believe in the Capitalist System is that the ownership and administration of the instruments of production by communities of consumers obviates any abstraction by individuals of the tribute of rent, of the tribute of monopolistic gains, and (in so far as this is derived from the frequent and, indeed, normal excess of price over necessary cost of production) of the tribute of profit, and that no other form of industrial organisation offers these advantages. Incidentally, it may be observed, the consumers' Co-operative Movement secures, for the whole membership, all the " unearned increment " of value on the sites that it owns, which, in the mere course of increase of population and trade, would otherwise have fallen into the pockets of individual owners. In Great Britain this increased value, for which Co-operative societies never take credit in their balance-sheets, amounts in the aggregate to a huge " hidden reserve " of the Movement. What a difference it

would have made, in this one matter of unearned increment, to the economic position in the United States, Canada, or Australia, if their inhabitants of half a century ago had adopted the consumers' Co-operative Movement!

And consumers' Co-operation achieves even more than this protection of the consumer from unnecessary tribute. When the direction of industry is abandoned to the profit-makers, the very strength of the profit-making motive leads them, in competition with each other, to strive to increase output in those branches and at those periods which offer the prospect of greater profit, irrespective of what their rivals may be doing; and similarly, in times of depression, to restrict output, even to the point of temporarily shutting down their enterprises, when the prospects of profit are less favourable. The result is an evil exaggeration, first in one direction and then in the other, showing itself in the alternate booms and slumps of competitive business, out of all proportion to any variation in the aggregate needs of the consumers, thus producing cyclical waves of unemployment and overtime, sometimes extending over whole nations, accompanied, on the one hand, either by semi-starvation or excessive toil of the workers concerned, and, on the other, by periodical panics, bankruptcies, and waste of wealth, which are not compensated for by equally periodical spells of inflation, over-trading, and the investment of excessive capital in the enterprises momentarily enjoying the favour of speculators. Experience abundantly proves that industry under the direction of communities of consumers is both more regular and less wasteful than industry under the direction of competitive capitalism.

Among the pioneers and directors of consumers' Co-operation there is, it need hardly be said, a social as well as an economic theory. They object, not

merely to the tribute of rent and profit and unearned increment which the Capitalist System involves, and to the cruelty and waste which its alternations of boom and slump necessitate, but also to the power which the mere ownership of the instruments of production gives to a relatively small section of the community over the actions of their fellow-citizens, and over the mental and physical environment of successive generations. Under such a system personal freedom becomes, for large masses of the people, little better than a mockery. The tiny minority of rich men enjoy, not personal freedom only, but also personal power over the lives of other people, whilst the underlying mass of poor men find their personal freedom restricted to the choice between obeying the orders of irresponsible masters intent on their own pleasure or their own gain, or remaining without the means of subsistence for themselves and their families. At the same time this inequality in power between a wealthy class and the mass of the community corrupts also the political organisation of the community and the newspaper press, and makes it impossible for the National Government, and even the municipality or other form of Local Government (with their twin functions of defence against aggression and the promotion of the permanent interests of the community, and especially of the particular type of civilisation that it desires), to be or to become genuine democracies. The consumers' Co-operative Movement, with its new and ingenious constitutions, is, in fact, one of the most effective ways of applying the principles of Democracy to all the processes of the modern industrial community.

The Place of the Brain-worker in Consumers' Co-operation

We find in this economic analysis part of the explanation of the fact that the Co-operative Movement carries on its huge and highly successful business, not merely without profit to its administrators, but also without paying to its managers and directors anything like the remuneration that would be obtained by the managers and directors of the same volume of business under capitalist control. In the association of consumers there has been discovered a system of business which renders unnecessary, and even pernicious, a large amount of skill, energy, and brain-power at present employed in capitalist industry. How much of the genius of the great captains of industry is displayed and employed, not in making any article better or cheaper, but in ruining their business competitors, finding out some insidious method of lowering the quality, or nibbling at the wage of the operatives! Moreover, it is part of the difficulty to be overcome by the capitalist importer, manufacturer, or trader that he must be perpetually on guard against overstocking the market; and no small amount of business ability is at present engaged in "controlling supply," so as to obtain, not maximum production, but a maximum profit. For all the vast amount of brain-power that is engaged in the stock exchanges of the world, in financial manipulations of different kinds, in "cornering" and speculation and "rigging the market," the consumers' Co-operative Movement has no use. The technical processes of manufacture, preparation for sale, transport, and retailing—when carried on exclusively for the common good and not for pecuniary profit—demonstrably require comparatively little of the sharp-wittedness which (merely whenever it can be used to levy a huge

tribute on the public, irrespective of whether or not it serves any useful purpose) at present fetches so high a price in the market. The one capacity that production and distribution demands is the capacity of the trained scientific expert working under democratic control. And as we all know, it is not the scientific workers of Great Britain who, under the Capitalist System, reap the pecuniary gains of competitive industry, but those who find themselves in a position to make the labours of these workers in physics, chemistry, and biology the instruments of obtaining profit on price. In a democratised industrial system, the equally skilled and no less highly qualified professional administrators would take their place alongside the other scientific workers. The characteristic of cunning would be replaced by the quality of knowledge.

The Relative Spheres of Voluntary and Obligatory Associations of Consumers

Democracies of consumers are, as we have already indicated, of two species: (1) voluntary associations of members, initiated and developed for the express and exclusive purpose of supplying the specific commodities and services desired by themselves; and (2) obligatory associations of the inhabitants within a given geographical area, organised in the various forms of Local Government, and developing departments for the supply of commodities and services according to the will of the majority of the inhabitants. Can we discover any general considerations pointing to a definite delimitation of the several spheres of these two forms of associations of consumers?

The first need of democratic self-government is to have a practicable constituency, that is to say, a sufficiently stable and clearly defined body of members

who are able to exercise continuous control over their executive organ; and this, not only with respect to policy in the abstract, but also with respect to the application of the policy from time to time prescribed by the electorate. Experience proves that the consumers of household requisites, within a given neighbourhood—the housekeepers who, day by day, are in and out of the Co-operative society's premises; who, hour by hour, are testing, by personal consumption, the quality of the goods supplied; who are able to attend the members' meetings and become acquainted with the candidates for representation on the governing bodies of the store and of the federal organisations, —actually do form such a practicable constituency. On the other hand, it can hardly be suggested that the millions of persons who send letters and telegrams, or who travel or consign goods and parcels by a nationalised railway system, could be marshalled into an effective democracy for controlling the management of the post-office and transport services. Similarly, the hundreds of thousands of separate individuals who travel on the tramway service of London or any other great city, would constitute an impossible electoral unit for the creation of a democratic tramway authority. Further, many municipal services, like education and medical treatment, are actually used at any one time by only a small minority of the community, but are necessarily paid for by the community as a whole, whilst the interdependence of all the municipal services one with the other—of education with public health, of drainage with the water-supply, of housing with transit and parks, of roads with the building regulations —would make a number of separate *ad hoc* bodies for the management of each service a cumbrous, if not an impossible, form of democracy. Moreover, there are certain services which necessarily involve, not only the compulsory taxation of non-users, but also

compulsory regulation, and the suppression of anti-social conduct, among all the inhabitants. Finally, there is the question of the monopoly value of certain factors, such as land or coal, and that of the common enjoyment of others, such as the air and the supplies of pure water. Each of these entails the consideration of other interests besides those of any group of local consumers of particular products. For all these reasons, it seems that, whilst the appropriate sphere of voluntary associations of consumers may be vast and ever-increasing, it has its limits. We have, in fact, to fall back for the remainder of the administration on obligatory associations of the inhabitants of particular geographical areas.

For the conduct of the supply of commodities and services for the consumption or use of the inhabitants of particular areas, in those branches of production for which the voluntary association of consumers does not afford a practicable constituency, resort has been had, all over the world, increasingly to the municipality or other form of Local Government. This, as we may note, has the advantage over the Co-operative society of being provided with a definitely prescribed and known electorate. It has also a legally determined and stable area of operations, so that no inhabitant can be under any doubt or uncertainty as to which unit he belongs to—a fixity which is economically advantageous in some respects, but disadvantageous in others. It is a drawback to a municipal authority that its area may not have been defined with any consideration of what is the most efficient area of administration for the functions which come to be entrusted to it, and that there is great difficulty in getting old areas changed, whilst the fact that the same area has to be adopted for all the services of each municipality almost necessarily involves the unit of administration being relatively inefficient with

regard to some of its services. The voluntary association of consumers, like the private capitalist, is free to extend in whatever direction it finds customers. On the other hand, a fixed geographical unit is advantageous for the election of representatives and the levying of taxation. Moreover, the suppression of nuisances, the enforcement of universal schooling, and the general provision of free services which have to be paid for by compulsory levies on persons who do not themselves use these services, seem to require an association not of consumers, but of citizens, adhesion to which cannot be left merely optional. Whenever a legal monopoly of any service, or compulsory powers of taxation, or powers of compulsory regulation of personal conduct are involved, it is necessary, alike for protecting against improper aggression the personal liberty of individuals or minorities, and for securing the enforcement of the National Minimum in the interests of the community as a whole, that there should be a legally prescribed, and therefore not easily altered, constitutional framework, with definitely specified powers and functions, exercisable in prescribed areas, which can be interpreted in the law-courts and universally enforced. However inconvenient may be this comparatively rigid framework—in the present paralysis of Parliamentary government, one of the gravest drawbacks to British municipal administration—we do not see how it would be possible to endow obligatory associations of citizens with the freedom and elasticity of Co-operative societies without leading either to injustice and oppression or to endless litigation.

There is, we are aware, an idea among some Co-operators that Co-operation might "get the best of both worlds": might retain all the freedom and elasticity of voluntary association, and at the same time enjoy the advantages of universality of membership and compulsory powers. "If only every man and woman

would belong "to the Co-operative society," it is asked, "why should not the society carry on all the municipal services"—some might say, even all the national services—"the unremunerative and the obligatory, as well as the profitable and the optional, at the dictates and for the benefit of a membership that would be then co-extensive with the adult population?" But this is to beg the question. Without compulsion there would not, as human beings are, ever be universality, especially in an organisation that would necessarily be levying compulsory taxation and enforcing an obligatory regulation of personal conduct on its members. However great might be the other advantages of the organisation, there would always be a certain proportion of individuals desiring, from independence or negligence, or even from political or religious fanaticism, to escape some particular prescription, who would abstain from (or refuse to belong to) what would still purport to be a voluntary organisation. This vagueness of thought, with its mutually inconsistent aspirations, is an intellectual weakness from which Co-operators would do well to free themselves. Neither universality of membership, nor legally compulsory powers, can ever be the attributes of voluntary association.[1]

[1] We emphasise the point that the essential distinction is between purely voluntary associations, with optional membership, which can never continuously secure universality, and therefore cannot properly exercise functions for which universality of membership is indispensable, and organisations of which membership is obligatory and universal, for which statutory prescription of constitution, qualifications for membership, area of operations, and financial conditions are required. But this distinction between what we may term the consumers' voluntary society and any forms of national or local government (which, in our view, is fundamental) must not be supposed to prevent, not only the closest possible relation between these co-existing forms of associations of consumers, the fullest practicable use by each of them of the services rendered by the others, the admission of each other to membership (as when the municipality recognises the Co-operative society as a contractor as well as a ratepayer, and the Co-operative society allows the Town Council to become one of its shareholders), the formation of joint committees and federations for common purposes, and, wherever desirable, the appointment of representatives as members of each other's committees.

Nevertheless, as we shall now proceed to indicate, there are many extensions, not postulating universality of membership or compulsory powers, which are open to voluntary associations of consumers.

The Sphere of Voluntary Associations of Consumers

In the course of our examination of the achievements of the organised Co-operative Movement in Great Britain, we have incidentally suggested various extensions and developments which appear to us to be within the reach of the retail stores and the Wholesale societies. We have, for instance, specifically referred to the present absence of the consumers' Co-operative organisation in certain areas of the United Kingdom, and the limited range of its services in many areas in which it exists. This is plainly only a temporary incompleteness. A more significant shortcoming of the consumers' Co-operative Movement, and one which we do not think can be remedied merely by propaganda of the advantages of the Co-operative store, is its apparent inability to include in its membership certain distinctive strata of the population. It is principally to this practical limitation of the sphere of the Co-operative Movement that is to be ascribed the fact that, in spite of the existence of well-organised and powerful Co-operative societies, whole sections of the Metropolitan area, as also of Edinburgh and Glasgow, Manchester and Liverpool, still remain "Co-operative deserts," with the smallest possible connection with any Co-operative society. At present the Co-operative Movement secures the membership neither of the most indigent nor of the wealthy. The very considerable number of men and women ever on the borders of destitution, living, in no small part, on the broken meals and cast-off clothing of those from

whom they receive alms ; the vast army of the casually employed, especially at the ports ; even the men and women existing on the exiguous incomes of the lowest ranks of urban labour, find themselves for the most part—principally owing to the strain upon character that the irregularity rather than the paucity of their incomes involves—practically unable to take advantage of Co-operative membership. At the other end of the scale are the households of the wealthy, and even those of the professional classes, who, largely under the influence of class-prejudice, do not care to put up with the rough-and-ready service now dominated by the needs of artisan families, and are not tempted by what seem to them its petty economies. We are here face to face with practical limits to the sphere of voluntary associations of consumers which are neither necessary nor eternal. The organised Co-operative Movement, by taking the appropriate political action, may in due course change the present state of things. With the progressive levelling-up and increasing regularity of the lowest incomes—already in course of being effected under the still only half-understood Policy of the National Minimum [1]—and the steady scaling down of the higher incomes by taxation and the gradual elimination of private profit-making, which will characterise our progress towards the Co-operative Commonwealth, the potential membership of the Co-operative societies will tend steadily to become more and more nearly co-extensive with the whole adult population. Nor need any question of quality or refinement stand in the way. The Co-operative Movement can provide whatever kind or quality of commodities and whatever refinement of service its membership for the time being requires ; and with a progressive diffusion among all families of all the

[1] We may refer to *The Prevention of Destitution*, by S. and B. Webb, 1911 (new impression, 1919), for a comprehensive practical programme.

essentials of a civilised life, with an ever greater community of education, and, be it added, with the growth of good manners among the relatively rich, we may expect to see Co-operative membership eventually becoming as universal as the use of the Post Office.

The question arises how far the sphere of the Co-operative societies should extend, not in the distribution of commodities for domestic use, to which there need be no necessary limit, but also in the extraction of raw materials, the conduct of agriculture, the manufacture of the commodities needed by the households of every class, their importation from other countries, and the performance of various personal services—all of which are now being successfully undertaken, here and there, by British Co-operative societies, though in some cases only to a relatively small extent, for the supply of the needs of their own membership.

A practical limitation is at present placed upon Co-operative manufacture, with regard to some commodities, by the need of having the most economical unit of production. There is at present much that the Co-operative Movement sells but does not itself manufacture, merely because its membership consumes too small a proportion of the output to enable it to produce that fraction as cheaply as the manufacturers who supply the whole market. With every approach towards universality of membership and complete loyalty of the members to the Movement, this limitation, as the actual experience of the past quarter of a century abundantly demonstrates, is to a great extent removed. We may say at once that, without pretending to forecast the future, we see no reason for imposing any rigid boundaries on voluntary co-operation of this kind. As has been elsewhere described,[1] there will

[1] *A Constitution for the Socialist Commonwealth of Great Britain*, by S. and B. Webb, 1920.

always remain, in any free Co-operative Commonwealth, a large, and it may possibly be an increasing, sphere for the services, not only of the independent practitioner in the various professions, "calling no man master," and paid by the separate fees of a succession of individual clients, but also of the independent craftsman in all the manual arts, to whom the customer of distinguished taste or peculiar requirements may always resort. But subject to this extensive and possibly increasing exception, there seems no reason in the nature of things why the various forms of consumers' Co-operation should not, in due course, eventually provide, for practically the whole body of inhabitants, all the household requisites and objects of common expenditure not supplied by the national or municipal industries and services. For experience has shown that no effective distinction can be drawn between production and distribution; and it would even be quite practicable, if agriculture, mining, shipping, and the manufacture of this or that commodity came to be organised as national services, to permit any consumers' Co-operative society, or any federation of such societies, to have its own mines and farms, ships or factories, for the supply of its own members, side by side with the same services conducted by municipalities or national departments presently to be described, and even in rivalry with these, if the members of the Co-operative societies thought such a course expedient. There are many advantages, not only in the greatest possible freedom of development in the Co-operative Commonwealth, but also in actual variety of organisation, and, subject to the systematic arrangements for accurate costing, audit, and publicity, for all the emulation that can be evoked.

International Trade

But what about the export trade? The critics of the Co-operative Movement are always pointing out that the very origin and purpose of democracies of consumers is production for the use of their own members and not for sale to outsiders at a profit; and it is to this all-important characteristic that they owe alike their practical success and their theoretical justification. The recent developments described in our chapter on "The Effects of the War," have made students realise that democracies of consumers, far from being limited to trade within their respective countries, may be found to furnish the solution of the problem of how to conduct international trade independently either of the importer or exporter, or of both of them. Already before the war, the Co-operative Wholesale societies of half-a-dozen countries, besides themselves obtaining directly from abroad an increasing part of the supplies that they severally required, had begun to exchange with each other their surplus products, or those for which they possessed exceptional advantages. This development may well transfer from the capitalist the whole international supply of the commodities consumed by the constantly growing Co-operative membership of the world. But during the war those other associations of consumers, the national governments, themselves engaged in international trade on a gigantic scale, sometimes dealing with Co-operative societies and sometimes with other governments, to the exclusion of the importing or exporting merchant, or of both of them. Any such administration of international trade, by and for the organised consumers, whether associated voluntarily in the Co-operative Movement, or obligatorily in the national government, would, however, leave untouched the export trade to races (and to classes within races) which had not

developed either form of democratic associations of consumers. To this possible delimitation of the sphere, alike of the consumers' Co-operative Movement and of collectivist governments, we shall presently recur.

Other Consumers' Associations

Meanwhile we may conveniently recall to the reader the various kinds of voluntary associations of consumers, which have, for historical or other reasons, remained outside the organised Co-operative Movement, as the term is commonly understood in this country, and which afford indications of possible further application of voluntary association. There is, for instance, the extensive network in Great Britain of mutual Building Societies, which are really analogous, as regards the one purpose of purchasing or erecting a dwelling-house, to the Co-operative Credit societies, which have had a much less important development in this country than in Germany and India. Even more extensive are the various kinds of Friendly Societies for the mutual insurance of cash benefits during sickness, or for the expenses of funerals and other emergencies, together with medical attendance, admission to hospitals and convalescent homes, and various further advantages. The Trade Unions themselves are, on one side, mutual benefit societies of this nature, providing also for their members a weekly payment when thrown out of employment from any cause whatsoever, insurance against loss of tools by fire, and sometimes also superannuation allowances. Of like nature are the thousands of social clubs, organised, in the main, by local societies of workmen, which are federated in the Club and Institute Union, having now a million affiliated members ; and providing for them, among other advantages, a series of convalescent homes in different parts of Great Britain.

Of the almost innumerable other societies of like nature in various social grades, we have not space to speak; from book clubs and societies for organising foreign tours, up to groups and associations providing for their members the amenities of a country house or a joint shooting or fishing. We may include in the same general category all the innumerable associations of amateurs of special kinds of music or drama, or of games and hobbies; perhaps also the various religious congregations outside the Established Church; and—though here another element enters—the societies existing for the propaganda of a particular creed or policy by their own members. The aggregate membership in Great Britain of all these various voluntary associations of consumers must approximate to the entire adult population; the capital under their administration amounts to many millions, and their total annual expenditure to possibly as much as a hundred millions sterling.

But there are, if we mistake not, additional openings for the application of a like principle of organisation, in forms at present unconnected either with the Co-operative Store or the Friendly Society, the Building Society or the Working Men's Club.

The Future of the Country House

One of the forms of personal expenditure for which, when rent and profit no longer flow into private hands, individual incomes will seldom suffice, is that of the luxurious maintenance of the country houses of the moneyed class. Those who cannot believe that the existing inequalities of income are not eternal, often ask what would become, in any new social order, of these 20,000 or so mansions of the wealthy. To us the answer seems clear. It is not the costly maintenance of these pleasant amenities of life that need

be objected to, so long as the community can afford their luxury and refinement; but merely the exclusive enjoyment of these amenities by a tiny section—possibly not more than $\frac{1}{5}$ of 1 per cent—of the population. Already, as we have seen, a dozen or so of these rural mansions have passed into the hands of Co-operative societies, not for demolition or diversion to industrial uses, but to be maintained as the holiday homes and places of rest and recreation of successive relays of the members and their families. Others have become specialised under different organisations as convalescent homes for the use of extensive memberships. One, at least, has been generously presented to a university college for enjoyment by its professors and students; whilst another, as the world has been made aware, has been given to the nation for the accommodation of the Prime Minister and his ministerial colleagues.

We look to see a great development of this passage from individual to collective ownership and use of the pleasant rural mansions that will, in the Co-operative Commonwealth of To-morrow, be found too costly for individual upkeep in a community in which salaried service will be the dominant form. Though few individuals will be in a position, so long as health and strength lasts, continuously to reside so far removed from the scene of their daily work, every one, it may be assumed, will find it possible to take periodical holidays, and even occasional week-end sojourns in pleasant surroundings. Thus, we look to see the country houses becoming more and more the holiday homes and recreation places of the millions of urban toilers by hand or by brain. Not only every Co-operative society, but, as we visualise it, also every Trade Union and Professional Association, will need such accommodation for its members. It may be hoped that every university and technical college,

even every group of elementary or secondary day schools, will have the use of such premises for its rural excursions and vacation parties. An almost infinitesimal annual subscription through their voluntary associations, from all the adult workers by hand or by brain, and, it may also be, through the Local Education Authorities in respect of all their scholars, coupled with a small payment for each week's sojourn, would easily suffice for the upkeep of the premises and the maintenance of the necessary domestic staff of all the 20,000 country houses in the Kingdom, as, with the gradual scaling down of private incomes and the progressive elimination both of great fortunes and of an idle class, these mansions, one by one, come into the market, or are taken over by public authorities. Thus all the historic castles, courts, halls, and manor houses, with their old, walled flower and fruit gardens, their beautiful grounds and parks, their model farms and villages, their ancient parish churches and wide-flung woods and pasture lands, will not be swept away in one iconoclastic crash, but will be taken over, one by one, from families no longer able to "live by owning"; and will pass, as the social heritage of the community, to associations of workers by hand and by brain, among whom will be found, as equals among equals, the inheritors of gentle manners and distinguished names.

Adult Education

The nineteenth century witnessed the general organisation, with many imperfections, of elementary schooling. In the present century we are getting very slowly under way an equal generalisation of secondary schooling, with its elaboration into university education and special technical training for all who prove themselves intellectually able to profit by it. What is only just beginning to emerge is the equal

necessity, in the interest of the community as a whole, of the continued education of the adult, in so far as he can be induced to seek it, not limited to any particular age or sex, subject or grade. Here, probably, we shall find the work undertaken, in the main, not by the obligatory form of consumers' Co-operation, in this field exemplified by the Local Education Authorities; but, with their assistance, principally by voluntary associations of the persons seeking education. The successful experiments of the Workers' Educational Association, with its hundreds of tutorial classes under university teachers, but organised by the workmen themselves, and directed by the very groups that are being taught, point the way, as we believe, to a great development of this application of the principle of consumers' Co-operation. Adult education, it is clear, must remain essentially voluntary. It will not be popular, and will not have any great extension, unless the classes and discussions are permeated by the spirit of a conscious democracy. Yet experience shows that the standard of quality in the teaching is best maintained by intimate association with the universities. We can think of no form of organisation so likely to secure the establishment, in every town and village, of efficient tutorial classes of high intellectual value, and so well calculated continuously to attract to them, by the hundred thousand, the young artisans and clerical workers, than the variety of consumers' Co-operation elaborated by the Workers' Educational Association. How far these spontaneous and voluntary groupings of adult students can be helped by the encouragement (notably in the provision of convenient meeting-places) by other local bodies — whether this mutually advantageous assistance will be afforded, in the main, by the various Co-operative societies, by the working-men's clubs, by the congregations of the churches and chapels, by

the Parish and District Councils, by the Local Education Authorities, or simultaneously by all of them in one place or another—will depend, we think, on the quickness with which these different forms of democratic organisation recognise the advantages of the new spirit now manifesting itself in Adult Education.

The Future of the Newspaper Press

In another direction we are inclined to look for a great development of consumers' Co-operation, and that is the ownership and control of the newspaper Press. The community is only slowly coming to realise how great and how dangerous is the power which is to-day secured by a small number of wealthy capitalists in their ownership of the popular daily and weekly newspapers. The position which these newspapers have gained, and the almost insuperable difficulty that the starting of any new daily of national scope now presents, give the millionaire proprietors something very like a personal monopoly of this great popular influence. Their power is, of course, limited by the necessity of not too seriously and too continuously offending their millions of readers. But, subject to this vague and elastic limit, the proprietors of the journals of wide circulation, through the editors and writers whose livelihood they control, have in their hands incalculable opportunities, according to their own personal interests or prejudices, of moulding the thought and the character of the average citizen, of insinuating this or that idea, of depreciating and hindering this or that project or organisation, of endowing this or that person with the momentary notoriety that goes far to ensure victory at the polls, of making practically impossible the accomplishment of this or that reform against which it may suit some whim or pecuniary self-interest to fulminate. And there is

even a graver evil. In the case of so all-pervasive an influence on the public mind and on the common taste, from which not even the non-adult can be screened, the community as a whole may reasonably ask to be protected against the demoralisation and corruption, to which, merely because they are found to bring profits to proprietors, even the innocent readers are subjected.

How to secure a reform of the newspaper Press and the protection, against its proprietors, of the interests of the community, has long been a puzzle. We cannot push very far the securities afforded by the law; still less can we resort to an official censorship, without interfering with an indispensable freedom. An official Press—which might, however, be greatly developed with advantage until every public department and local authority, and every vocational or consumers' organisation issued its own journal of news—is far from being sufficient for democratic needs. Our own suggestion is that the form of consumers' Co-operation affords a means by which, as soon as this drastic measure is commonly deemed advisable in the public interest, the ownership or conduct of any periodical publication for private profit can, without disadvantage, be statutorily prohibited and made a penal offence. It would be quite possible for each of the existing, and of any future newspapers, to be transferred to, and owned and controlled by its own community of "consumers" (being the registered subscribers or other regular customers) as a Co-operative society formed not for profit, and always under the obligation of issuing new shares at par to any additional members and readers who apply for them. The initial share capital, which might form the compensation payable to the present proprietors on their expropriation, could be gradually paid up out of the annual profits. But when this initial share capital was fully

paid up, the society might pay only a prescribed rate of interest on the shares, of which no one person would be permitted to hold more than a rigidly limited amount; but it would be prohibited from distributing any surplus or profit, either to its shareholders or to any individuals whatever, beyond the salaries of the editors, managers, and other members of the staff at the customary rates. Whatever net surplus remained would have to be devoted, as the consumers who were shareholders, or their committee, might decide, either to improving the quality of the journal or to reducing its price. The control of the shareholders would be exercised through a committee of management whom they would periodically elect by postal ballot; and the committee thus chosen would appoint the managers and editors, and formulate for their guidance any directions they deemed advisable. The community in this way would get the Press that each of its sections deliberately determined on, with the fullest possible freedom from official or plutocratic influence; and it would be protected against the accumulation in only a few hands—conceivably, even in a single hand—of the incalculable power for private ends or in pursuance of personal prejudices that may otherwise be used for evil.[1]

[1] We may point out that there is at least one influential and efficient journal in Great Britain owned and managed by the persons who read it, in this case through the medium of their Professional Association. *The British Medical Journal* is owned and administered by the British Medical Association, the membership of which accounts for nearly all its circulation. Other examples are the quarterly or other periodical publications of the various scientific societies. Our suggestion of the ownership of newspapers by open associations of their habitual readers does not preclude the ownership and publication of periodicals by societies having also other objects (such as political, educational, scientific, or vocational societies), which might have a qualification for membership excluding all but a select body of recruits. But it would be necessary to require the publications to be run without profit, and therefore the keeping of separate accounts.

The Case of Agriculture

There is one extensive department of production—in some respects the most fundamental—in which even the eventual dominance of associations of consumers may be questioned. In all the processes of agriculture, from the growing of cereals and the rearing of animals to the cultivation of the olive and the vine, not to mention the production of such materials as timber and palm oil, india-rubber, and the various fibres, it is difficult to feel assured that organisation by associations of consumers is destined to be even the principal form. There are, it is true, in Great Britain as in some other countries, a certain number of farms administered by consumers' Co-operative societies, retail or wholesale, which successfully produce corn and meat, milk and fruit, vegetables and timber for consumption and use by their members. There are also dairies and creameries and cheese factories, and manufactories of jam, preserves, and bottled fruit, in the hands of associations of consumers, just as there are flour-mills and bakeries, butcheries and tanneries. The English and Scottish Wholesale Societies, as we have seen, even own and administer many thousands of acres of wheat lands and tea plantations in America and Asia, and produce cocoa and vegetable oil on their African estates. During the present century, as we have described, there has been a rapid expansion along all these lines, to which there is no limit in sight. Moreover, in the obligatory form of consumers' Co-operation, we see the various Local Government Authorities steadily increasing the aggregate acreage of land acquired primarily for municipal purposes, notably in connection with their water-catchment areas, their lunatic asylums and other residential institutions, and their sewage farms, in connection with which no small amount of agricultural production of different kinds

is already carried on. Governments all over the civilised world are, in their forest departments, extensive producers of timber for public use. To none of these collectivist developments, the total magnitude of which is seldom realised, can we assign any bounds. We may, indeed, fairly expect that government afforestation and municipal landowning—and, as we think, even to a greater extent, farming of all kinds and in many different countries by consumers' Co-operative societies for the supply of their own members—will, in the course of the present century, increase to many times their existing proportions.

It would, however, be idle to ignore that, taking the world as a whole, and even in some parts of the United Kingdom, experience seems simultaneously to point to another line of development, at any rate with regard to many of the processes of agriculture. Just as we foresee the continuance, in the Co-operative Commonwealth of To-morrow—and possibly even the increase—of independent practitioners of the brain-working professions, and of independent craftsmen in the manual working arts, who, working directly for a succession of clients, will "call no man master," so there seems nothing to prevent a large part of agriculture, in many and perhaps in all countries, remaining a "peasant industry," in which the continuous personal attention of the individual proprietor conduces to greater efficiency than production on a large scale. How far what seems to be true of the cultivation of the vine and the olive, is true also of the production of fruit and vegetables, cereals and live-stock in this country or in that, may be left to experience to determine. There seems no reason why peasant agriculture should not (like the individual practitioners in the professions and the arts) coexist with all possible expansion of the associations of consumers, in the agricultural as in the manufacturing sphere.

We need not here discuss either the social or the economic advantages claimed for peasant agriculture over farming on a large scale. But it is interesting to note that the peasant cultivator, in order to overcome some of his characteristic disadvantages, has made successful use of combination, not so much in the form of associations of consumers as in that of associations of producers. This "Agricultural Co-operation," as it is called, whether for purposes of credit, or for the joint operation of subsidiary processes, forms, in our judgment, no rightful part of the consumers' Co-operative Movement; and, like peasant agriculture itself, is really an alternative form of social organisation. The Co-operative credit societies, in which numbers of small producers combine to create a credit which individually they do not possess, and so are able to obtain for one after another of themselves the use on loan of capital which they could not individually procure, have wrought marvels of prosperity for small producers (largely agriculturalists) of Germany, Japan, and India.[1] In Denmark and elsewhere—notably in Ireland, owing to the thirty years' devoted efforts of Sir Horace Plunkett—the enterprises of the small dairy farmers have been made much more efficient and profitable by the Co-operative creameries, which they establish for the joint production of butter.[2] Both these forms of "Agricultural Co-operation"—the credit banks and the creameries—differ essentially from the consumers' Co-operative Movement, to which this book is confined. Their object is not "production for use," and the elimination of profit. On the contrary, their express purpose is to increase

[1] Full particulars will be found in *People's Banks*, by Henry W. Wolff, which has been published in successive editions since 1893 (see, for a convenient summary, *Co-operation at Home and Abroad*, by C. R. Fay, 1908).

[2] The most complete survey of Irish Co-operation, a marvellous growth of the past thirty years, is to be found in the volume published by the Co-operative Union entitled *Co-operation in Ireland* by Lionel Smith-Gordon and Cruise O'Brien, 1921.

the efficiency of " production for exchange," and actually to augment the profit, which it is their members' object to make for themselves as individual producers. On the other hand, both credit banks and creameries differ from the " self-governing workshop," which is at any rate the ideal type of the ordinary democracies of producers, in not belonging to, and in not being governed by the workers in these enterprises ; for neither the clerks and cashiers who carry on the Co-operative credit banks, nor the male and female operatives who make the butter in the Co-operative creameries, are admitted as shareholding members, or entrusted with the control of these concerns. It is true that, in one sense, these concerns are associations of consumers, and it is to this that we attribute their success ; for the members co-operate in order jointly to direct, and to get performed a particular service for their own use at bare cost, instead of paying a price to a capitalist banker or creamery proprietor to perform it for his profit. Nevertheless, as they are established by profit-makers, in order to increase their own individual profit, we cannot regard either the Co-operative credit societies or the Co-operative creameries as anything but a form of the Capitalist System, though a form which enables a group of small profit-makers to obtain for themselves a certain equivalent to the economic advantages of the large capitalist. In this way both Co-operative credit societies and Co-operative creameries may well enable peasant agriculture to overcome some of its difficulties, and thus to survive, in competition with capitalist farming on the one hand and farming by consumers' Co-operative societies on the other.[1] We imagine

[1] It must not be overlooked that both credit banks and creameries (but especially the latter) often develop departments for the supply to their own members either of fertilisers, seeds, and machinery for use in their individual profit-making enterprises, or of household requisites for domestic consumption or use. In the former case, the extension, being merely for the

that where any form of agricultural enterprise can advantageously be undertaken on a large scale, it will (except in so far as it is incidental to municipal enterprise) be increasingly done by the consumers' Co-operative Movement for consumption or use by the co-operating members ; but that this will not preclude a large part, and in some fields possibly the bulk of agricultural production being carried on for exchange or sale, in the market, by individual profit-makers, who, where they continue in a small way, will more and more combine (in order to increase their own profits) in credit banks and creameries.

Where peasant agriculture exists, there is an opportunity, as the experience of the Lincoln Co-operative Society and other British societies has shown—an experience paralleled in Ireland and Russia, and in various parts of Central Europe—for a mutually advantageous relationship between the peasant agriculturalists and the local consumers' Co-operative society. With mutual confidence and reciprocal consideration, which should be fostered by democratic organisation on both sides, practically the whole produce of the peasants may be continuously absorbed by the Co-operative society, at the full wholesale price that it would otherwise pay as a purchaser. The peasant agriculturalists are, in this way, not only ensured, without trouble or risk, a continuous sale for their necessarily fluctuating output, but also relieved from all the manifold charges and perils, whether in the way of railway rates, auction expenses, temporary gluts, or actual fraud and extortion, attendant on consignment to a distant market. The relatively heavy cost of auctioneers, dealers, and other middlemen

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increase of the members' individual profit-making, is strictly analogous to the original enterprise. In the latter case the extended operations do not differ essentially from the ordinary consumers' Co-operative society, which may, indeed, be developed out of any nucleus of combination.

is saved to both parties. The consumers' Co-operative society, as the example of Lincoln has shown, not only gains for its members the advantage of superior freshness and quality in the agricultural products thus obtained at no more than the wholesale market price, but also secures the custom, as purchasing shareholders, of the peasant agriculturalists. The society's vans and motor-lorries, in one and the same round of visits at regular intervals, both collect whatever farm produce is ready, and deliver the bread and groceries which have been ordered, with the least possible delay and at the smallest possible cost of transport.[1] It seems to us that it is by some such direct association of the consumers' Co-operative society with the agricultural producer that the Co-operative Movement can most effectively extend its advantages to the peasant agriculturalist, wherever he exists in Britain. Nor need any such direct association with the "small holder," as the Lincoln and other Co-operative societies have found mutually advantageous, stand in the way of a simultaneous extension of farming on a large scale, either by local Co-operative societies or by the C.W.S.; any more than it should be regarded as precluding the further development of the successful enterprises of the English and Scottish C.W.S. in the production of tea, wheat, cocoa, and oil on large estates beyond the seas. There is ample room for considerable further expansion along all these lines; and Co-operators

[1] We suggest that this relationship between the consumers' Co-operative society and the peasant agriculturalist, where it can be established by mutual consent, is in all respects superior to the rival form, sometimes described as "Agricultural Co-operation," in which the peasant agriculturalists combine for the joint-marketing of their produce in the competitive market; themselves jointly undertaking the expenses and risks of transport and sale in the wholesale market, in the hope of securing for themselves larger individual profits. When (as has been attempted with regard to milk) "Agricultural Co-operation" takes the form of union with capitalist combinations monopolising the distributive trade, this form of "Co-operation" may become a public danger.

may well leave it to experience eventually to decide how the vast and varied domain of agricultural production can best be shared among the different forms of organisation.

In view of the present (1921) serious economic condition of so large a part of the continent of Europe, a further suggestion may not be out of place. The English and Scottish Co-operative Wholesale Societies, which have already done much, stand ready to do all they can further to help Co-operators in the distressed countries, so far as wholesale exchanges of commodities can be arranged. But the vast majority of the peasant agriculturalists of Europe, though they have been, during the past couple of decades, joining the local consumers' Co-operative societies by millions, are not in a position to supply their individual products in wholesale quantities, nor even, usually, to arrange for their co-operative packing and exportation. It might be possible, we suggest, for the English and Scottish Wholesale Societies, which are accustomed to maintain their own buying depots at various foreign ports, to extend a helping hand to the peasant agriculturalists of some of the distressed countries by establishing, in their ports, depots with wider purposes. If, from such a port as Reval for instance, a local transport service analogous to that of the Lincoln Co-operative Society could be maintained, and arrangements made for the simultaneous collection of the peasants' produce and delivery of the soap, groceries, clothing, and utensils manufactured by the C.W.S.—the transactions taking place virtually by way of barter—a real economic service to the world might be rendered by the British Co-operators, without cost to themselves; possibly even, in a widening of markets, to their ultimate gain.

The Land

But, it may be said, what about the ownership of the land of the nation, which constitutes, after all, the necessary basis of every social organisation? To the Radical reformer of the past century, whether or not he styled himself a Socialist, the fundamental question of all social reform was "the land," without which, as it seemed, we could get neither food nor home, nor even any security for personal liberty and freedom of enterprise. It was the appreciation of the power involved in "landlordism," and the apparently inevitable accretion to the owners of land of the economic gains of social and industrial progress, that accounted, in no small measure, for the dismissal, as futile and irrelevant, of all democratic projects which did not include the "nationalisation of the land"; and even for the scarcely veiled contempt, of the orthodox economists no less than of the Socialists, for such forms of voluntary association as the consumers' Co-operative Movement and Trade Unionism. Even to this day there are to be found enthusiasts for one or other form of "land nationalisation," who insist that only by complete nationalisation of ownership and rental value can any genuine progress be effected. It has, however, become much more doubtful whether, even if it were practicable, the mere taking into national ownership of all the land of the nation, or the mere absorption, by taxation, of the entire economic rent, would bring about the social changes desired. And it has been borne in upon even the most enthusiastic revolutionary that it is not by any such sweeping and universal measure that social reorganisation is genuinely effected. The "land" of Britain—agricultural, urban, railways, canals, docks, mines, etc.—cannot practically be dealt with as being all in one category; nor could its "rent" be appropriated by any "single" tax;

and the attempt to put in force any such crude universal measure—which, it may be explained, is very far from being what is contemplated by the Labour Party—would inevitably jeopardise the very subsistence of the nation.

Co-operators have realised from the experience of their societies, not only that each piece of land has to be dealt with separately, according to its character and its location; but also that the essential meaning and object of "land nationalisation" is twofold. It is, in the first place, to obtain for the community the untrammelled use and management of its land, so that this may be applied, free from the interference of "landlordism," to whatever is deemed to be the use most advantageous to the community. In the second place, it is to reclaim, from individual to collective ownership, both the capital "unearned increment" and the annual rental embodied in "site values."

The first object of "land nationalisation"—the securing that land shall be used in the public interest—does not involve (apart from a merely nominal vesting in the Crown as at present) at any time placing the ownership of the entire country in the National Government. All the land now owned by Local Authorities, and all that they may hereafter require for local public purposes, would presumably be vested in such Local Authorities as at present. Similarly, all land now or hereafter acquired for their own purposes by consumers' Co-operative societies, open as these are to new-comers on the same terms as are enjoyed by the existing members, would equally remain unaffected. In all these cases the land has already passed into essentially public ownership. With regard to land still in the private ownership of individuals, there seems to be no justification for expropriation unless and until each particular plot is required for some public purpose, or has to be devoted

to some more publicly advantageous use; and then each plot would have to be specifically transferred to the department or local organisation which was henceforth to be responsible for its administration. Nothing could be more calamitous than for any government to have suddenly dumped upon it, by a single statute, the responsibility for the proper administration of the whole of the nation's "land," including every kind of land, in every parish, necessarily with every sort of building upon it, in which every kind of industry and service was being carried on. Where expropriation has to take place, for the public advantage —a process inevitably piecemeal and gradual—it is now realised that full compensation must be paid to the owner, in order that he may not suffer more than other property owners, the compensation being necessarily derived from the taxation of the aggregate of property owners in proportion to their "ability to pay." And there is no reason to object, in many, and even perhaps the majority of cases, to individuals "owning" land. Wherever a home has been created, there land has been put to a use of the highest social importance; and subject to reasonable limits of value, and to expropriation whenever some other public necessity arises, a wise nation will regard the secure possession, by every family, of its home and homestead, as of supreme national importance. Agricultural land will presumably pass into public hands in the measure in which agricultural administration is assumed by small holders, by consumers' Co-operative societies, by Local Authorities and by State farming or afforestation departments respectively, in proportions which it is not possible to foresee or predict. Presumably the first steps in "land nationalisation" should be the taking out of private ownership of the railways and mines, canals and docks, as well as of the water works, gas works, and electricity works, not yet in

municipal hands. There is accordingly nothing in "land nationalisation," as now understood, with which the consumers' Co-operative Movement has any special concern.

The "land nationalisers" of yesterday have, however, often become the Single Taxers of to-day. This school of reformers disclaims any particular desire for government ownership of land, and confines itself to a demand for the appropriation of practically the entire rental value by a "single tax," or other fiscal expedient. It is, however, clear that where the "unearned increment" and the annual rental value are already in public ownership, as is the case with the land owned by Local Authorities, and (as we hold) with that owned by consumers' Co-operative societies open to all-comers; and where the same is secured for the public by the nationalisation of railways, canals, docks, and mines, any case for the special "taxation of site values" rests only on the desirability of a national "pooling" of exceptional local advantages. In so far as "land" is "owned" by public bodies, whether government departments, Local Authorities, or consumers' Co-operative societies, it should, of course, be subject to the general legislation, whether fiscal or otherwise, necessary to ensure its proper contribution to the national or local exchequer, including all proper special assessment of exceptional site values.[1] Here again, Co-operators are affected only in common with other citizens; and have no particular interest in the question.

[1] It may be pointed out, with reference to State rentals or land taxes aiming at obtaining for the community the "unearned increment" of land values, that experience in India and elsewhere indicates a doubt whether it is either profitable or expedient to attempt to secure, from peasant or other small owners of agricultural land, any part of the "unearned increment" of annual rental value; because it is found that this cannot be done in practice without discouraging improvements worth far more to the community than any increase of land revenue that could normally be obtained from such small holders.

The Sphere of Obligatory Democracies of Consumers

There is, as we have seen, no need to prescribe boundaries to the sphere of voluntary associations of consumers. These associations will inevitably, in one or other of their forms, experiment for themselves as to what they can successfully undertake, and every new achievement is likely both to facilitate further advance and to open up new vistas. Nevertheless, experience has shown that voluntary associations of consumers cannot conveniently be made the basis of the government of industries and services in which use or consumption is essentially compulsory, or which involve risk or inconvenience not merely to the members, but to all the citizens, as with the water-supply or the paving, lighting, and drainage of a city. A like consideration applies to those branches of administration in which it is found advantageous for the service to be supplied gratuitously on a communist basis, such as the public schools, libraries, museums, parks, and many other municipal enterprises. Moreover, there are some services in which the actual users or consumers form, owing to their wide dispersion or casual nature, an unfit unit of democratic government. The effective " consumers " of the service of communication and transport are not restricted to those who actually send the letters and telegrams, or who travel and consign goods and parcels by railway, and there seems to be no possible form of democracy of consumers—as distinct from a democracy of citizens—to which we could entrust the supervision and control of the post office and the nationalised means of conveyance. There are plainly services of national importance in which, if we are to achieve the economy and efficiency of co-ordination, and anything like equality in the distribution of costs and benefits, administration has

not only to be centralised, but also placed under the control of the representatives of the community as a whole. Economic considerations, and the equity of an equal sharing of the superior advantages of particular sites, point to a nationalisation of coal, and, indeed, of all site values. Thus, we cannot seriously anticipate that such industries as those already conducted by the Postmaster-General; or as those of the railway and canal service; or, as we think, that of coal-mining, will ever be wrested from the control of private Capitalism, except for the purpose of being controlled and conducted by or for the whole community.

Now, it has sometimes been suggested by enthusiastic Co-operators that there is nothing in these considerations—the cogency of which is not in dispute—to prevent these national or municipal services and functions from becoming part of the sphere of an enlarged and glorified Co-operative Movement. It has been urged (for instance, in the suggestive book, *Socialism and Co-operation*, by Leonard S. Woolf, 1921) that the " consumers " or users of such services might be universally (and therefore compulsorily) enrolled in local " societies " according to their places of residence, these local " societies " then forming federal organisations of national scope, for the specific purpose of administering the various services for which universality of membership is an indispensable basis. Such an organisation, though no less " obligatory " than that of the existing Parliamentary and municipal electorates, is called by Mr. Woolf " Co-operative " merely because it is distinct from that concerned with other functions of government. In this view, the essential feature of a Co-operative society is not the voluntary and continuously optional nature of its membership, but merely its separateness from " political " functions. We suggest that to use the word " Co-operative " for such an organisation does not

conduce to clearness of thought. It is, in our view, not the exclusion of such functions as those of national defence and justice from the sphere of a consumers' Co-operative society that constitutes its essential feature (for this is common also to the capitalist trust and to an association of craftsmen-producers), but the characteristic voluntariness of its association of consumers. Apart from the use of this or that word, we are here considering the necessary limitations of voluntary associations of consumers, which we believe to form, *as voluntary associations*, a desirable and even necessary part of the community of To-morrow, whether this community is termed the Co-operative Commonwealth or the Socialist State. It is to these voluntary associations of consumers, and to them alone, that we apply the term the Co-operative Movement. We do not dispute the fact—indeed, we have for thirty years continuously asserted it—that the obligatory organisation of citizens, under the designation of municipal or Parliamentary electors, for the purpose of controlling the executives to whom they entrust the execution of national and municipal industries and services is also of the nature of an "association of consumers"; but this we prefer to designate (because it is based on obligatory instead of optional membership) as municipal or national enterprise. The sphere of this essentially obligatory "Co-operation" (as Mr. Woolf would have us call it) we have now to examine.

The Origin of Municipal Enterprise

We do not usually think of the municipality, or other form of Local Government, as being an association of consumers. But when a Town Council provides, without the intervention of the capitalist profit-maker, and without the stimulus to the entrepreneurs of the motive of private gain, the schools and teaching

that the community requires; or the drainage, paving, cleansing, and lighting without which the inhabitants of the city could not live in health; when it supplies the water, gas, electricity, tramways, and sometimes also the omnibuses and the hydraulic power which are elsewhere profitable enterprises of the capitalist; when it provides houses, and sometimes even conducts hotels and restaurants; when it organises (as it does in various cities or for various sections of the people) the distribution of milk and other foodstuffs, coal, drugs, and other commodities; when it provides gardens and playing fields, concerts and dramatic performances, lectures and the cinema; when it maintains hospitals and divers institutions for the sick and infirm—all these enterprises being carried on, not for the profit of any of the organisers and directors, or to the enrichment of any individual proprietor, but exclusively for the accommodation and service of the inhabitants of whom it is but the democratic organ—it is clearly acting as an association of consumers, of which the membership is legally obligatory upon every inhabitant of the area.

Now, it is interesting to recall the fact, which has been unnoticed by the constitutional historians, that this extensive development of municipal services—so far as it has not been a direct supersession of capitalist profit-making—had its origin, for the most part, not in the obligatory, but in the voluntary association of the consumers. Nearly all the present activities of the British Town Councils of to-day have sprung, not from the old municipal corporations, originally connected with the mediæval gilds, and latterly representing privileged groups of privileged producers or property-owners, which were reformed in 1835; but from the associations of "the principal inhabitants" of each area, who, during the eighteenth and early nineteenth centuries, voluntarily combined in order

to organise, for their own comfort and convenience, the services of road-making; paving, lighting, watching, and cleansing the thoroughfares, and effecting the local improvements that they desired. At the very period when, up and down Great Britain, little groups of workmen were striving to form Co-operative corn-mills and victualling societies, the wealthy manufacturers and traders of the growing towns—sometimes even the nobility and gentry of the London squares—were constituting themselves into voluntary associations for watching and cleansing, paving and lighting the streets. The hundreds of associations of this kind that existed collected their members' subscriptions, organised their rudimentary services, and executed their little improvements without any idea of pecuniary profit. But they found one after another, that as purely voluntary associations, they could neither maintain their services nor cope with the inconveniences and nuisances that demanded remedy. We see them, accordingly, from the middle of the eighteenth century onward, applying to Parliament, one after another, for statutes transforming them from voluntary into obligatory associations, endowed with statutory constitutions and statutory powers, to which every resident within the statutory area was required to belong; with the duty of contributing rateably towards the expenses; with the obligation of obeying the necessary regulations with regard to such matters as paving, building, draining, and the whole array of public nuisances; and eventually also with the right of electing the managing committee. It was these hundreds of statutory bodies of Police, Improvement, Paving, Lighting, or Market Commissioners, not to mention the thousands of Turnpike Trusts, each with its own Local Act, and not the moribund close corporations of the old municipalities,[1] that discharged, during the first part of

[1] In a small number of cases, notably in the City of London, with its

the nineteenth century, most of the present functions of our Borough and County Councils. In Manchester, for instance, it was such a body of Commissioners, representing all the £30 householders, and not the old manorial borough, with its Boroughreeve, its Constables, and its Court Leet, that initiated, in the first decade of the nineteenth century, what is now nicknamed as "gas-and-water Socialism." "Your committee," reported these Commissioners in 1809 to the Manchester ratepayers, "are of opinion that the supply of the town of Manchester with water ought to be under the direction of its own inhabitants, and that it would be contrary to sound policy to entrust the furnishing and control of this important article of food and cleanliness, on which the health and comfort of the inhabitants depend, to persons whose sole object will be the promotion of their own private interest, and who are induced to the undertaking from no other motive."[1] For seven years from 1807 onward, these Commissioners carried on gas-works without any Parliamentary powers, using the substantial annual profits to extend the works. "Every inhabitant paying police rates," they declared, "is interested in these works, in proportion to the amount of his rate, and when owning or occupying premises of the yearly value of £30 or upwards, has a direct control in the appointment of a committee of management, in the choice of servants, and in every other matter connected therewith."[2] The Commissioners

comparatively democratic constitution, the old Municipal Corporation took the initiative; and became, or contributed members to, the body of local Commissioners that was constituted for effecting town improvements.

[1] *History of the Origin and Progress of the Water-supply in Manchester* (Manchester, 1851), an excellent volume reprinted from *The Manchester Guardian*.

[2] MS. Minutes, Manchester Police Commissioners, November 5, 1823.

These bodies of Commissioners were not at once merged in the reformed municipal corporations established by the Act of 1835. In the corporate towns the new Town Council and the old Commissioners continued for a few years side by side. But the Municipal Corporations Act

vehemently objected to the intrusion of a joint-stock company, on the ground of the injury to the streets, and the loss and annoyance to the inhabitants, inevitable on the laying down of competitive gas-pipes. But these enterprising Commissioners did not escape the same sort of criticism as is now urged against every extension of municipal enterprise. "It was forgotten," said a vigorous local critic in 1827, "that, whatever right the Commissioners might have to light the streets with gas . . . they had no more right to monopolise the manufacture of gas for the lighting of private establishments than they had to monopolise the spinning of cotton wicks, because cotton wicks are spun and used by the Commissioners of Police in lighting the public streets. . . . It seems as manifestly unjust to excite public feeling and raise an outcry and contend with the public purse against an intended partnership in the sale of gas, as it would be were the same means used to oppose a set of men about to establish a cotton factory. How loud would have been the lamentations poured into the public ear had the Commissioners

had superseded the old franchises by making the membership of the reformed corporation practically co-extensive with the resident occupiers, who were the constituents of the Commissioners. What the Municipal Corporations Act did was, in fact, to transform municipal corporations from being associations of property-owners who had once been producers into associations of consumers. It soon appeared unnecessary and wasteful to maintain two separate authorities; and in the course of a couple of decades the Commissioners everywhere, by a succession of Local Acts, transferred their powers and functions, their undertakings and services to the Town Councils. It was from the innumerable clauses of the Local Acts of the Commissioners that were drawn most of those inserted in the Nuisance and Public Health Acts of 1846–48, which for the first time endowed local authorities generally with statutory health powers. The range and variety of the services of these bodies of statutory Commissioners is seldom realised. Except education, electricity, and tramways, no small part of the work of a modern Town Council was represented in embryo; including the provision of water and (as at Manchester) of gas; the management of markets, docks, and local waterways; the administration of such open spaces as existed; the paving, lighting, and cleansing of the streets; the execution of urban improvements; the "suppression of nuisances," out of which the whole Health Department has arisen, and much else of which our Town Councillors have forgotten the origin (see, for the whole subject, *Municipal Origins*, by F. H. Spencer; *The Manor and the Borough*, by S. and B. Webb, 1908; and *Towards Social Democracy?* by S. Webb, 1916).

resolved to appropriate the Police rate to the erection of a factory to spin lamp wicks, a foundry to cast lamp columns, or even a printing-press to print their own placards and rate-notes. But the exciters of public feeling who manage the affairs of the town . . . did not sell gas. The spinners, the iron merchants, the founders, and the letterpress printers who are their admiring auditors, did not perceive that they were led to make a false step in police and political economy. . . . At great expense we have converted the Commissioners of Police into dealers and chapmen, and have secured to them the exclusive sale of their wares at such price as they shall deem reasonable." [1]

The Present Position of Municipal Enterprise

Neither the extent nor the wide range of municipal Co-operation—itself, like the Co-operative Movement, almost entirely a growth of the past three-quarters of a century—is commonly realised. To-day, in Great Britain alone, the commodities and services thus provided by the Local Authorities considerably exceed in annual cost of production, and, therefore, as we must assume, in value to the inhabitants, the whole of what is provided by the Co-operative Movement; the number of persons employed in this work is apparently at least five times that of all the Co-operative employees; and, owing to the different nature of the enterprises, they involve the administration of capital to a value, probably, not less than fifteen times as great as that of the Co-operators.[2]

[1] *Impartial Remarks on the Necessity or Non-necessity of an Immediate Change in the Constitution of the Police Body* (Manchester, 1827).

[2] The total expenditure upon all the services of Local Government in the United Kingdom in 1920–21 was apparently about £300,000,000; the number of persons whom the Local Authorities employed on salaries or wages (which at the 1911 census was 700,000) must, by 1921, reach a million; and the present value of the land, buildings, and undertakings of various kinds certainly exceeds £1,500,000,000, against which there is an aggregate

The product of this vast and diversified municipal enterprise—a considerable proportion of the whole national income—is enjoyed by the local inhabitants under a variety of conditions. Usually consumption or use is optional, but in some cases, and in certain circumstances (as with elementary schools and isolation hospitals), it is legally compulsory. Sometimes no payment is exacted, and the principle of distribution adopted is frankly that of Communism. Every one for instance, is free to make as much use as he likes, without payment, so long as other regulations are conformed with, of the drainage system ; the paving, lighting, and cleansing of the streets ; the varied amenities of the parks, public libraries, and picture galleries ; the elementary schools ; and usually the infectious disease hospitals, the sanitary service, and the public provision for the indigent. In the case of some services, like the water-supply, a separate charge is usually made, but one based not on the quantity supplied, but on an assumed measure of affluence, the inhabitant then using as much water as he pleases. In other cases (such as the tramway service, the public baths and wash-houses, and the public cemeteries) there is a fixed scale of charges for each occasion of use, but the scale has little reference to the actual cost of each item of service. In yet other cases (such as the supply of gas and electricity) payment has to be made according to consumption ; but the practice varies from town to town, from charging only enough to cover cost up to levying in this way a large proportion of net revenue. What the Local Authority does with its surpluses is, unlike the Co-operative society, not to return them as " dividends on purchases," in proportion to consumption,

local indebtedness (corresponding to the debenture debt of a joint-stock company, or the loan capital of a Co-operative society) of about one-third of that sum.

but to apply them to part-maintenance of the unremunerative services; and then, in order to make up the balance, to levy on the occupiers of land and houses within its area the well-known rate, or local tax, being an equal percentage of the annual assessable or rental value of their premises, which is taken to be an index, though a very imperfect one, of the respective "ability to pay" of the several occupiers. Thus it is not unfair to say that the dominant principle of distribution supposed to be adopted in most cases by the Local Authority for the commodities and services which, as an association of consumers, it supplies, is "to each according to his needs, and from each according to his ability."

The Future of Municipal Enterprise

It is not our business here to forecast the future developments of what we may very properly describe as Municipal Co-operation. We have referred in another book [1] to a series of suggestions for the better organisation of Local Government, many of which are derived straight from the successful experiments in constitution-making by British Co-operators that we have described in the preceding chapters. We have, for instance, recommended, when the Local Government "gets busy," the substitution, for the amateur, unpaid Councillors, of a limited number of elected, full-time, and properly salaried Councillors, who should, like the members of Co-operative boards of directors, not only submit themselves periodically for re-election, but should also issue freely to every citizen elaborate reports of all their proceedings; and, above all, attend at quarterly or even monthly meetings of their constituents to hear complaints, answer

[1] *A Constitution for the Socialist Commonwealth of Great Britain*, by S. and B. Webb, 1920.

questions, and explain their action. There are other ways in which the Local Authorities might advantageously imitate the consumers' Co-operative Movement. One of the most conspicuous successes of that Movement has been its spontaneous establishment of free federations, for the procuring and manufacturing of the supplies required for its own use, as well as for its banking and insurance. British Local Authorities have, since the days of the Cinque Ports and the Hanse Towns, so far been slow to combine in federations for particular purposes. In the twentieth century a considerable number of Italian municipalities have already formed a federation for the mutual exchange of surplus products and the joint disposal of waste substances of various kinds. It is clear that all the various Local Authorities of Britain need not, any more than the separate Co-operative societies, individually manufacture the uniform clothing that they now buy for their staffs, or the books and other requisites needed in their thousands of schools and libraries, or the stores regularly consumed in their various departments, any more than they need each to set up a printing-press for the multifarious printing that they require. There seems no reason why there should not be a federation of Local Authorities, on the model of the Co-operative Wholesale Society, for their own banking and finance, as well as for the manufacture and distribution among themselves of practically all the innumerable articles that are now purchased by them, habitually at full if not excessive prices, from profit-making traders; and even for the direct importation, from federations of foreign municipalities or from foreign Co-operative Wholesale Societies, of what they require from other countries. The Local Authorities have, even to a greater extent than the 1300 Co-operative societies, the advantages of a known, certain, and regular demand; abundance of capital

at the lowest possible rate, and a total absence of bad debts; and there seems no reason why their productive federation should not quickly be as extensive and as successful as the English and Scottish Co-operative Wholesale Societies, which now manufacture to the extent of nearly 50 million pounds a year, and distribute wholesale commodities of all sorts to the extent of 135 million pounds a year. But this is for consideration elsewhere. We must here restrict ourselves to suggesting various directions in which either the voluntary or the obligatory form of associations of consumers can be used, according to the particular circumstances of the locality; and still other cases in which the two kinds of democracies of consumers might co-ordinate or combine their activities.

The Relation of the Co-operative Society to the Municipality

There are, at the present moment, two typical instances in which it seems open to argument whether the communal service had best be undertaken by the Co-operative society or by the municipality. Enthusiastic Co-operators, confronted with the problem of the present chaotic state of the milk-supply, have suggested that the local Co-operative society should take over the distribution of milk to all households within a particular area, as has been actually done successfully by the Basle Co-operative Society. But the distribution of milk, it has been contended by the advocates of the rival plan of municipalisation, is largely a public health question; so much being dependent on its purity and an adequate supply being necessary, irrespective of affluence, to the life of infants, nursing mothers, and invalids. It is even urged that the service ought to be connected with the Local Authority's health clinics. An analogous suggestion

with regard to the Co-operative distribution of coal is also objected to, because household coal for domestic use forms, in Great Britain, only about one-fifth of the whole. The municipality, with its tramways, gas-works, schools, hospitals, and other institutions, is itself one of the largest consumers of coal—the Glasgow Town Council already buys, for the use of the Municipal Departments, about a million tons a year, being as much as all the households in the city put together—whilst it is feared, in some quarters, that the requirements of another important class of consumers, the manufacturers, might be neglected by an association of consumers representing predominantly the interests of housekeeping women. It does not seem objectionable that different localities should pursue different policies in these marginal cases, in accordance with the relative popularity and efficiency of the Co-operative and the municipal bodies. There is positive advantage in experiment in such cases.

In other cases the Co-operative society, following the example of the little groups of enlightened inhabitants in the eighteenth century, might advantageously initiate a communal service on a voluntary basis; and, when the citizens at large are sufficiently educated to realise its value, hand it over to the Local Authority to maintain by the aid of its superior powers of regulation and taxation. For instance, there are some small but thickly populated areas in which the only Local Authorities are, on the one hand, the rural district council with very inadequate powers, or the far-off county council, with still more attenuated local influence. Thus, in the pit villages of Northumberland and Durham, or in many parts of Lancashire and Yorkshire, most of which are practically industrial districts without urban powers, the Co-operative society, which is often the strongest local organisation, might well start not only libraries and reading-rooms,

but also baths and wash-houses, playing fields, housing schemes, hostels for unmarried workers, maternity centres or baby clinics, tutorial classes, and even continuation schools, some of which might afterwards be undertaken by a newly organised urban district council with grants in aid from the National Exchequer.

Further, the local Co-operative society or the Co-operative Wholesale Society might become a virtual partner with the municipal authorities in the production of commodities. Already in a few cases the local Co-operative society has successfully tendered for Poor Law or municipal contracts, thereby breaking up a combination of contractors to levy an unnecessary toll on the ratepayer.[1] There seems, indeed, no reason why local Co-operative societies (and also the Co-operative Wholesale Societies or other Co-operative federations) should not permit Local Authorities to become constituent members, on the same footing as voluntary societies, and thus reap all the benefits of Co-operative membership in the way of production for use and dividend on purchases. This has already happened in isolated cases in Great Britain. We might even look forward to the manufacture of all municipal uniforms being undertaken by the Co-operative Wholesale Society; the supply of all municipal provisions and refreshments being undertaken by the local Co-operative society; the manufacture of tramcars being undertaken either by the waggon-building works of a federation of municipalities or of the Co-operative Wholesale Societies; whilst each Local Authority might join with the local Co-operative society in joint printing-works for the printing not entrusted to the Co-operative Wholesale Society's centralised printing establishments. We see, in fact, no limit to the

[1] Developments in this direction are at present hindered by the uncertain state of the law, which makes ambiguous the position of a Co-operative representative on a Local Authority making a contract with a Co-operative society.

advantageous interlocking of the voluntary and obligatory democracies of consumers.

Industries that must be Nationalised

So far we have considered the industries and services that may well be carried on by local Co-operative societies or Local Authorities, or by alliances or federations of such bodies. But there are some industries and services which seem to require a government centralised for the whole kingdom, and having as its constituents all the inhabitants; either because it is desirable that the service should be uniform for the whole area (as is the case with the Post Office), or because any local distribution entails local pools of rent or surplus which ought to form part of the national resources (mines and other exceptional site values); or because each local section of the service has necessarily to be co-ordinated with the rest of the service over a wide area (railways). Now, though the governing class is to-day denouncing the principle of nationalisation as pernicious, the advantages of production on a scale exactly commensurate with the community for which the work is done, and of production for use instead of production for profit, have been found, in certain departments, so great and so demonstrable that, notwithstanding the bias of capitalist governments, nationalised enterprise in the provision of commodities and services has been, in nearly all civilised countries, for half a century increasing by leaps and bounds. It is, indeed, difficult to give, in any brief summary, an adequate idea of its extent and variety.[1] Confining ourselves to Great Britain, we may point out that the Postmaster-General is the most extensive banker and

[1] The reader may be referred to "State and Municipal Enterprise," by S. and B. Webb (*New Statesman* Supplement of May 8, 1915); *The Collectivist State in the Making*, by A. Emil Davies; new edition republished as *The State in Business*, 1921.

the principal agent for internal remittances, as well as the conductor of the most gigantic monopoly in the conveyance of letters and messages. The Minister of Health provides insurance for a far greater number of families than even the largest of the insurance companies; and is, in effect, the organiser and paymaster of the largest staff of medical practitioners in the world. The largest shipbuilder in the kingdom, though we often forget it, is the First Lord of the Admiralty, whilst the Controller of the Stationery Office is the most extensive of publishers, who is now beginning to be, not only his own bookseller, but also his own printer. There is no tailoring firm making as many suits of clothes, even in peace times, as the Minister of War. We need not pursue the list. How extensive will be the aggregate value of commodities and services annually supplied by the Government when matters have settled down after the war it is hard to compute. It is, we think, safe to predict that whatever political party may be in power, there will be, during the ensuing generation, a steady trend towards the assumption of additional duties and the performance of further functions by one or other form of national government. The absorption, for the national exchequer, of the "unearned increment" represented by site values, together with a concurrent right to take into public management any land required for national purposes, will at once occur to the reader. The nation ought clearly to contemplate an immediate nationalisation of the railways and canals, on the one hand, and of the mining industry (including oil) on the other. Afforestation for the sake of the timber-supply is equally pressing. It may be suggested that insurance is no less ripe for nationalisation, and also the service of keeping current and deposit accounts, which is the basis of British banking. What other industries may, in the near future, be promoted from profit-making

enterprises to public services (such, for instance, as the conduct of the main lines of passenger steamers, the smelting of metals from the ore, the whole range of industries manufacturing the instruments of production themselves or furnishing materials for other industries) may be left to experience to decide. Nor is foreign commerce to be excluded. Apart from the very extensive trade already carried on by the Co-operative Movement itself through the Wholesale Societies of the various countries for the supply of the needs of its own members, it is instructive to observe that during the Great War nearly all governments became themselves direct importers on a gigantic scale—often purchasing directly from other governments—not only of every kind of munitions of war, but also of enormous quantities of metals, wool, cotton, wheat, meat, and other requirements of their own people. To the extent to which this precedent is followed, the export trade of the world, conducted by capitalist merchants for private profit, will (as was pointed out in 1914 in our Report on the Control of Industry to the Fabian Research Department)[1] have been transformed essentially into a reciprocal exchange of imports, conducted by the paid agents of the governments representing the consumers and citizens, to the exclusion of capitalist profit. There seems no reason why this demonstrably practicable "collectivisation of international trade"—in which the Co-operative Movement would play an ever-increasing part—should not become the predominant form between civilised communities. In a world in which all industry was socialised all speculative exporting for private profit would cease: in its stead there would be reciprocal imports, organised by democracies of consumers for use instead of for exchange. And seeing that the

[1] "The Co-operative Movement," by S. and B. Webb (*New Statesman* Supplement of May 30, 1914).

democracies of consumers (whether they take the form of Co-operative Movements or of nationalised or municipalised industries) of one country might become constituent members of consumers' Co-operative societies in all other countries, there would cease to be any production for exchange or any "profit on price." The whole civilised world might thus become one vast complicated network of associations of consumers, starting from different centres, penetrating continents and traversing oceans, without exploiting for private profit either the faculties or the needs of any section of the human race.[1]

[1] Mr. L. S. Woolf (*Socialism and Co-operation*, 1921, pp. 107-9) mistakes, we think, both our former and our present opinions on this matter of foreign trade. In the "Report on the Control of Industry," prepared by us for the Fabian Research Department in 1914 (*New Statesman* Supplement of May 30, 1914), a distinct forecast was given of foreign trade being undertaken, wherever *either* Co-operative Wholesale Societies or organised governments come to exist, on the basis of "reciprocal imports." "Thus," it was said, "we may gain a vision of the whole of the international transmission of commodities being managed as imports by interlocked communities of consumers, there ceasing to be any opportunity either for loss or profit in the mercantile sense" (p. 25). In a much earlier work (*The Co-operative Movement in Great Britain*, by Beatrice Potter, 1891) it was visualised "that a relationship such as exists between the Scotch and English Wholesale Societies might be established in the corresponding central establishments" of those countries in which they were developed.

Probably, our difference from Mr. Woolf lies, wholly or mainly, in the relative probability of this international trade among civilised nations—meaning, for the moment, no more than nations capable of developing democratic "associations of consumers," whether voluntary or obligatory—being undertaken in greater measure by government departments or by Co-operative Wholesale Societies. With regard to trade with races not yet capable either of voluntary co-operation or of democratic government, in which so many evils have occurred, we have suggested that "the only alternative to an extension of the sovereignty of the civilised nations, ultimately covering the whole earth, seems to be the organisation of the commerce with the non-adult races that are not thus annexed, by some responsible corporate body, not acting for private profit. The League of Nations should undertake it, or some civilised democratic community acting as the agent of the League, doing the work entirely by public officers, on lines that would exclude the possibility of profit-making, oppression, or extortion; any surplus of receipts over expenditure being devoted to purposes beneficial to the non-adult races themselves" (*A Constitution for the Socialist Commonwealth of Great Britain*, by S. and B. Webb, 1920, p. 324).

The Obsolete Structure of the Political State Machinery

But although in this economic analysis the National Government appears, in certain growing sections of its functions, as an association of consumers, it is useless to pretend that, in its constitution and political characteristics, it is anything like a democracy of consumers. The individual users or consumers of the services or commodities supplied by the National Government do not feel that, as users or consumers, they can control either the quality or the quantity or the price of what is provided for them; nor can they effectively do so. These users or consumers are scattered far and wide; they are not even aggregated, as is the case with some of the producers of these commodities, in particular geographical constituencies, an aggregation which enables these producers to bring pressure to bear, at least, on one or two Members of Parliament. An occasional question may be asked in the House of Commons, but there is no skilled representative of the consumers' interests present to challenge the evasive reply of the Minister. When a General Election comes, other and more sensational issues are before the electorate, and the shortcomings of the post office or the telephone service, and the defects in guns and battleships, have little chance of being considered or explained by electors or candidates, or of securing their attention. It is to this ill-considered attempt to make shift with the machinery devised for the political democracy for fulfilling the functions of a nation-wide democracy of consumers—employing for the provision of commodities and services the same organisation, the same kind of governmental structure, and the same hierarchical discipline as were devised for the fulfilment of the older State functions of national defence, the maintenance of order, and the execution of justice—that is to be attributed the present dis-

illusionment with government control and administration of industry.

The Relation of the Co-operative Society to the National Government

In the proposals that we have made elsewhere for separating, in any reform of the British Constitution, the essentially political from the predominantly economic functions of government, and their control by distinct Political and Social Parliaments, we have contemplated the relegation of the actual administration of these nationalised industries by the Social Parliament to National Boards, on which all grades of the workers concerned would be represented. But however this may be arranged, we may take it for granted that, on these National Boards, the organised consumers' Co-operative Movement, including, as it now does, four million heads of families, and likely in the near future to include the majority of householders, would also be extensively represented, alike in the central and district committees of management. And here again there might be considerable interlocking of the federal organisations of the Co-operative Movement with the National Boards. The Co-operative Wholesale Societies, for instance, might tender for the supply of articles required in the nationalised industries and services which these societies are already manufacturing for Co-operative consumption. One of the arguments used against the governmental administration of industry has always been that the manufacturing departments concerned are not subject to any competition or emulation with other types of enterprise. But if we imagine a great development not only in the voluntary associations of consumers embodied in the organised Co-operative Movement, but also in federations of municipalities, as well as in the departments

of National Boards, we might even have a vigorous competition between different types of administration, to be tested, not by the gamble of the market-place, but by scientific costing and an "efficiency audit" of processes and products. In this way, as we visualise the future, the very existence of the consumers' Co-operative Movement, as an alternative to manufacture by the municipalities and government departments themselves, will become an important safeguard for efficiency and economy in the Co-operative Commonwealth. It is in the freedom and variety of the various types of socialised industry, constantly checked and stimulated by Measurement and Publicity, that we must seek a substitute, actually superior in efficiency, for the discredited commercial competition of profit-making enterprise.

For the rest, there is no reason why the consumers' Co-operative Movement should occupy any other position towards the National Government than the Local Authorities and individual producers, or even than the remnants of capitalist enterprise, so far as concerns, for instance, the maintenance of the Policy of the National Minimum in factory legislation, and otherwise; and such equitable taxation as may be imposed by Parliament.

The Relation between the Democracies of Consumers and the Democracies of Producers

We come now to the most controversial issue—at any rate so far as concerns the Labour and Socialist world—of our forecast of the future development of consumers' Co-operation, namely, the relation, in the Commonwealth of To-morrow, between the democracies of consumers and the democracies of producers. In our opinion, the whole future of the Co-operative Movement in this country depends on the wage-

earning class—all of whom are, or should be, simultaneously members both of their Co-operative society and of their Trade Union—coming to clearness of thought on this issue. Only by such clearness of thought and union of purpose can the workers, organised both as consumers and as producers, succeed in their avowed desire of superseding the Capitalist System by the Co-operative Commonwealth.

The Self-governing Workshop

We have first to notice the existence of a rival view of social organisation, which leaves, we may fairly say, no room for the consumers' Co-operative Movement as we know it. For nearly a century, the very basis of the constitution of the consumers' Co-operative Movement has been periodically challenged as essentially inconsistent with the interests and ideals of the "proletariat." In successive waves of doctrine, emanating, it must be said, almost entirely from middle-class "intellectuals," the organisation, and usually the ownership of the instruments of production by democracies of consumers has been criticised and denounced as violating what has been deemed to be a fundamental principle of social reorganisation, now summed up in the phrase, "workers' control." For many years this view inspired the formation of autonomous "self-governing workshops," first suggested in Paris in 1831 by a philanthropic doctor named Buchez, in which it was assumed that the workers concerned, dispensing with the capitalist entrepreneur, would themselves own the enterprise in which they worked, and receive for themselves the whole product of their labour. This form of organisation would, it was assumed, by its inherent equity, spread to all industry. The idea is not yet extinct. Every generation, indeed, sees its crop of such little associations of producers,

notably in France. But ninety years of experience, of literally thousands of attempts, in half-a-dozen different countries, in almost every industry, has demonstrated pretty conclusively that, whatever may be the reason, the " self-governing workshop " is not a practicable form of industrial organisation.[1] We need not follow the modifications of the conception of the " self-governing workshop," along the lines of profit-sharing and " industrial copartnership," which made it, in Great Britain, the protégé of political Conservatism and profit-making Capitalism, and gained for it the hostility of the Trade Union world.

Syndicalism

The next doctrine, inspired by the revolutionary elements in the Trade Unionism of the United States and France, and becoming known in Britain as Syndicalism, simply ignored the consumers' Co-operative Movement, and proposed to vest the entire organisation and administration of each industry or service in the aggregate of workers in that industry or service, enrolled in a federation of branches of a glorified Trade Union. Under this conception, not only did all organisation and representation of the consumers disappear, but also the municipality and the National Government, which would be replaced, the one by local Trades Councils formed of delegates of the local Trade Union branches, and the other by a national Trades Union Congress receiving the reports of a " Statistical Committee," by which, it was assumed,

[1] The student who cares to pursue the subject may be referred to *Co-operative Production*, by Benjamin Jones, 2 vols., 1894; *The Co-operative Movement in Great Britain*, by Beatrice Potter, 1890; " Co-operative Production and Profit-sharing " (*New Statement* Supplement of February 14, 1914), by S. and B. Webb; the articles by Joseph Cernesson in *L'Association Ouvrière*, March 15 and 25, and April 15, 1913.

all needful co-ordination of production and demand could be effected.[1]

Guild Socialism

The grandiose conception of Syndicalism had only a slight and transient echo in Great Britain, but it gave rise to the better-informed schemes of "Guild Socialism." The "National Guildsmen" admit the necessity for the continuance of the National Government and the municipalities, and, in an ambiguous way, even of the consumers' Co-operative Movement; but they allow to all these forms of democracies of consumers only a position of parallelism to the associations of producers. In each industry, the aggregate of workers by hand or by brain, enrolled in the "guild" into which the Trade Union is to develop, is, by an ever-advancing "encroaching control," to usurp the authority now vested in the capitalist entrepreneurs, and to become responsible for the entire direction, management, and performance of the function of the industry. The National Government and the municipalities, which will represent the interests of the community of citizens; and the consumers' Co-operative Movement, which will represent the citizens as consumers, are to exercise no authority over administration; but provision is made, by parallel hierarchies of federations, for mutual conference and discussion between the representatives of the two bodies. From first to last, the "producer," in a complicated series of federations emanating from below, remains (to use Mr. Cole's words) "in command of the productive process; the consumer will" (ultimately represented, as we understand, at the top

[1] *Comme nous ferons la révolution*, by E. Pataud and E. Pouget; translated as *Syndicalism and the Co-operative Commonwealth*, 1913; *L'Avenir social des syndicats*, by Sorel; *Histoire des bourses du travail*, by F. Pelloutier; *The Labour Movement in France*, by L. Levine, 1912.

of the two hierarchies, in "a joint congress equally representative of the State, or the consumers and the Guild Congress, or the producers") "share with him the control of the price charged for the product."[1] The necessarily complicated exposition of Guild Socialism may not penetrate beyond a small circle; but it must be recognised that its fundamental conception of the organisation, direction, and management of each industry by the workers actually concerned in it—the twentieth-century form of the idea of the "self-governing workshop"—has found, as an ultimate ideal, a ready acceptance in the British Trade Union world, just as did, from 1848 to 1900, that of the "self-governing workshop" itself. And, if we mistake not, it is to this revival of an ancient aspiration of the wage-earning class that is to be attributed, not only much of the general industrial unrest, but also the persistence of a certain disillusionment and uncertainty of aim within the Co-operative Movement itself.

We see at once that all these waves of doctrine, from the series of articles which Philippe J. B. Buchez contributed to the *Journal des Sciences Sociales* in 1831 down to Mr. G. D. H. Cole's *Guild Socialism re-stated* in 1920, cut at the root of the consumers' Co-operative

[1] Co-operators will be interested in asking how, when each industry is entirely directed and managed by the workers by hand or by brain engaged in its processes, price (or exchange value) will be fixed. We can discover no other provision for this all-important matter than arrangements for *discussion* of prices between the National Guilds (or their Guild Congress) and the committees representing the consumers. We may observe that there can be no way out of prices (or exchange values) being determined—at any rate principally—by some relation to cost of production; and cost of production must necessarily depend very largely, first, on the processes employed (including machinery *versus* hand labour); and, secondly, upon the intensity of effort, speed of working, and length of working time. But the National Guildsmen are emphatic in demanding that all these conditions of production shall, in practice, be determined by the Guilds, if not, indeed, separately by the workers in each workshop. In this case, it is hard to avoid the inference that each set of producers will, in effect, determine the price to be put on its own product (see *Self-Government in Industry*, p. 286; also chap. viii., "Freedom in the Guild," especially pp. 274-6).

Movement; and not least of them the carefully elaborated projects of the "National Guildsmen." "If Guild Socialist arguments are sound at all," states Mr. Cole in his *Chaos and Order in Industry*, "then the Co-operative Movement as an organisation of consumers is no more fitted to *manage* industry than the State or a local authority. The arguments in favour of control by the workers actually engaged in the service hold good just as much of the distributive and other services in which the Co-operative Movement is engaged as of other industries and services, and the position is, *in this respect*, in no way affected by the fact that Co-operation is a working-class movement producing for use and not for profit. This last fact, however, while it does not affect the need for producers' control, does profoundly affect the methods to be adopted in securing it." [1]

Let us now consider the detailed proposals of the National Guildsmen, as elaborated by Mr. G. D. H. Cole in his three most recent books. In one respect the Co-operators may be grateful to the National Guildsmen. However radically the constitution of the Co-operative Movement may be transformed, however completely the administration of Co-operative enterprise may be transferred from the representatives of the four million consumers to the representatives of the two hundred thousand workers, the scope of the Movement is to be largely extended. "As far as the 'capitalist' private traders and the big multiple stores are concerned," what Mr. Cole suggests is, "nothing less than their expropriation by the State and their transference to the control of the Co-operative Movement. I should like to see the whole working-class movement placing this proposal in the forefront of its programme." [2] And this transfer from private

[1] *Chaos and Order in Industry*, by G. D. H. Cole, 1920, pp. 205-6.
[2] *Ibid.* p. 195.

enterprise to the Co-operative Movement is not to be restricted to retail or wholesale distribution. "So far as the great productive industries are concerned," continues Mr. Cole, "I do not see that Co-operative ownership can be maintained. If the mines are nationalised, the one Co-operative mine will have to be nationalised also. But the mass of the productive operations carried on by the Co-operative Movement is not located in industries to which the policy of nationalisation is likely to be applied soon, and a great many of its operations belong to industries whose nationalisation at any stage seems to me to be extremely doubtful. If the policy advocated in the first part of this chapter were carried out and the big multiple stores were transferred by law to the Co-operative Movement, the large productive enterprises of a similar type which they maintain should, I think, be transferred also. I would go further, and say that the right policy to pursue in relation to the whole of such industries as flour-milling, baking, biscuit-making, soap-making, and even such great industries as boot-making and tailoring, is that these should pass by a similar transference under the ownership, not of the State or the Local Authority, but of the Co-operative Movement."[1] So far so good. The curiously diversified amalgam of enterprises included in the Co-operative Movement is not to be broken up, and Co-operators may still continue "to own" their colossal flour mills and boot factories, their soap works and jam factories, though not, we gather, their banks, their ships, or their farms.[2]

But apart from this "ownership" how are all the enterprises now included or to be included within the consumers' Co-operative Movement to be administered, and by whom? On this essential point

[1] *Chaos and Order in Industry*, by G. D. H. Cole, 1920, pp. 201-2.
[2] For banking, *ibid.* pp. 231-2.

Mr. Cole has given a fairly clear picture of what the National Guildsmen desire to bring about. "The shop or store is to distribution what the workshop is to industry, and has the advantage of being at least as favourable a field as the workshop for the assumption by the workers of a substantial measure of control. The shop steward and the shop committee have as important a part to play in the distributive industries as their namesakes have in engineering. The first step towards any real control movement is the general formation of shop committees and store committees based on an effective shop stewards' movement throughout the distributive industry — for this first step, unlike some of the subsequent steps, is just as well suited to the capitalist multiple shop businesses as to the Co-operative stores.

"These shop and store committees, like the shop and works committees in productive industries, should aim at a steady transference into their hands of as much of the control of the shop and store as they can conveniently assimilate. They should adopt the measures described in a previous chapter under the name of 'Collective Contract,' insist on control over engagements and dismissals, over methods of payment, over the appointment of departmental and branch managers, over the detailed organisation of work in the shop or department, substituting, wherever possible, for the individual relation of each employee to the 'management,' a collective relation of all the workers. These steps, again, apply equally to Co-operative and to capitalist distributive enterprise.

"But whereas in a capitalist concern not one of these steps is likely to be successfully taken without a struggle, in Co-operative employment, if the situation is rightly handled, it may be possible not only to take these steps, but to go considerably further, with the assent and goodwill, if not always of the bureaucrats

of Co-operation, at any rate of the mass of the members of the Co-operative societies. Thus, I believe that Co-operative employees, when they have set up their departmental and store committees of shop stewards, can safely and usefully take at once a further step, and demand in each department, and for the store as a whole, joint committees equally representing the employees and the elected committee of the Co-operative Society. This joint body would be, not a substitute for the assumption of shop control by the workers themselves, but a body which would, rightly used, greatly facilitate the transference, and provide for a close contact, at every stage of the process, with the elected representatives of the consumers. This double process of encroaching control and joint control might result in the gradual transformation, without a sharp break at any point, of the Trade Union of Co-operative employees into a Guild, and of the Co-operative Movement into a consumers' organisation no longer directly controlling industry, but representing as owner the standpoint of the consumers in relation to the Guild." [1]

Thus we have to visualise, first that the present business of the consumers' Co-operative Movement will be expanded until it includes the manufacture as well as the wholesale and retail distribution of all the domestic requisites of the entire population—involving an even more diversified amalgam of enterprises than at present; and secondly that the ultimate organisation will be such that the whole of the direct administration and control will have been transferred from the boards of directors and committees of management to the extremely heterogeneous mass of persons employed in the various processes, regimented into one or several Guilds under a complicated hierarchy of committees.[2]

[1] *Chaos and Order in Industry*, by G. D. H. Cole, 1920, pp. 207-9.

[2] Mr. Cole in his book on *Self-Government in Industry* (1917) has given

The reader who carefully follows Mr. Cole's complicated description will see that what he means is that the local Co-operative societies, whilst apparently having vested in them a bare legal "ownership," are not to administer, direct or manage either the stores or their productive departments, but are to exercise the functions of consultative and critical committees, meeting periodically the various committees of the different Guilds to express to them the consumers' desires. These local committees (which Mr. Cole calls Co-operative societies) will elect delegates to local, regional, or national bodies of like nature, not to direct or manage either the Wholesale warehouses or the factories, but merely to criticise and discuss with

in detail the method of electing the various committees, national and local, by which the Guild will be governed. We quote his headings only:

"(*a*) Shop Committees will be elected by ballot of all the workers in the shop concerned. . . .

(*b*) The Works Committee will be elected sectionally by ballot of the members of each shop. . . .

(*c*) The District Committee will consist (1) of works representatives, elected by the Works Committee in each separate works, and (2) of craft representatives, elected by ballot of all members of each craft working within the district. . . .

(*d*) The National Guild Executive will consist (1) of district representatives, elected by general ballot of each district, and (2) of craft representatives, elected by general national ballot of each craft. . . .

(*e*) The National Delegate Meeting will be elected by general ballot of the members of each craft in each district. . . .

"Foremen will be elected by ballot of all the workers in the shop concerned. The heads of the clerical departments will be elected by ballot of all the members of their departments. . . . The Works Manager will be elected by ballot of all the workers on the manipulative side of the works. The Manager of the Clerical Departments will be elected by ballot of all clerical workers. . . . The General Manager of the Works will be elected by the Works Committee. . . . The District Secretary will be elected by the District Committee. . . . The General Secretary of the Guild will be nominated by the Executive Committee, but this nomination will have to be ratified by the Delegate Meeting. . . . The Assistant Secretaries, who will be the heads of the various departments in the Central Guild offices, will be chosen by ballot of the workers employed in those offices, subject to ratification by the Executive Committee. . . . Works Experts will be chosen by the Works Committee. . . . District Experts will be elected by the District Committee. . . . The Travelling Inspectors in the service of the National Executive Committee will be chosen by that Committee. . . . National Experts in the Central Guild Offices will be chosen by the Executive Committee" (pp. 257-67).

like federal representatives of the Guilds. The nature of these committees of consumers, into which the present Co-operative Movement is to develop, is revealed, as in a flash of light, by Mr. Cole's analogy. They are to be on the same plane as the " Railway Season Ticket Holders' Associations, . . . Telephone Users' Associations, and other similar bodies "; that is to say, merely advisory and critical adjuncts of the Guilds, with whose decisions and operations they will have no power to interfere. In fact, as Mr. Cole would, we think, admit, what he means, so far as administration is concerned, is a complete exchange of the positions now occupied in the Co-operative Movement by the committees of management or boards of directors, and the committees representing the Co-operative employees. In his scheme, the employees and their committees are to direct and to give orders, whilst the committees representing the consumers are to have only the function of advising, criticising, and suggesting. Where the local consumers' committee fails to convince the local Guild committee, there is to be an appeal to a higher committee, which Mr. Cole calls the Commune, which would be made up of representatives of the various Industrial Guilds, united in a Guild Council; of a Collective Utilities Council; of a number of Guilds organising and managing various civic services (Civic Guilds); of a Cultural Council; of a Health Council, and last, but we assume not quite least, a Co-operative Council, representing, as we understand, the committees of consumers into which the present management committees will have been transformed.[1] But this curiously composed body, to which the present committees of management may appeal whenever they fail to convince the employees' Guild that a process has become antiquated, or that the goods are

[1] *Guild Socialism Restated*, by G. D. H. Cole, 1920, pp. 125-38.

not what is desired, or that the "labour time" expended is making them very costly, will itself be subject to higher authorities. There is to be a "regional" Commune, as well as one for each locality, and a National Commune, as well as one for each "region"; all of them being indirectly elected by analogous regional and national bodies.[1] If we enquire where the final decision is to be vested, we find it in the National Commune, composed of representatives of the National Guilds, agricultural, industrial, and civic; of the National Councils, economic and civic, and of the Regional Communes. What assurance there would be that any representatives of the consumers' Co-operative committees would, after all the indirect elections, be chosen to sit on this National Commune, we are unable to discover. The local consumer of boots or tea, could not, we fear, rely on much sympathy from such a national body. In practice, of course, no appeal would be possible in the thousand and one administrative issues at present decided by the committee of management representing the consumers. The administrative day-by-day decisions of the employees' committee, managing each store or productive department, would, in practice, be final.

We have taken this exposition of Guild Socialism in its application to the consumers' Co-operative Movement, from the works of Mr. G. D. H. Cole, almost in his own words, not only because Mr. Cole is the ablest exponent of this theory, but also because he alone among the National Guildsmen has seriously faced the difficulties of its application to the existing Co-operative Movement. From a merely propagandist standpoint it must have been tempting to Mr. Cole to have contented himself—as most of those do who feel a general sympathy with Guild Socialism—with the vague aspiration that the Co-operative

[1] *The Future of Local Government*, by G. D. H. Cole, 1921, p. 181.

employees' Trade Union might one day develop into a Distributive Guild, into which (although it would be diametrically the opposite thing from the existing societies of shareholding consumers) the entire Co-operative Movement would, "somehow or other," resolve itself! It is to Mr. Cole's credit that he has been too clear-sighted, too candid and too sincere to be contented with any such amiable muddle-headedness. Nor is it fair to dismiss Mr. Cole's project merely because of the intricate elaboration of the machinery that he has been led to propose. Anything beyond the most superficial description of social organisation, even of the existing social organisation amidst which we live, becomes bewilderingly elaborate; and the very novelty of any variation of existing machinery makes it seem intolerably complicated. But trying to look with all due sympathy upon Mr. Cole's exposition of how Guild Socialism could be made applicable to the consumers' Co-operative Movement, we are struck at once with his treatment of the important question of ownership. Mr. Cole repeatedly declares that the ownership of the departmental stores and branch shops is not to be transferred to the Distributive Guild; nor is the ownership of the textile and boot and shoe factories, the engineering and carpenters' workshops, the farms and flour-mills to be handed over to the several National Guilds which are to administer these industries. The ownership of all these lands, buildings, machinery, and plant is apparently to remain with the consumers' societies; presumably in the holdings of shares and loans by the shareholders as at present. But what does Mr. Cole mean by ownership? The owners are to have no power of deciding or directing what shall be done with what will still be nominally their "property"; and if any of them withdraw their loans and their withdrawable shares it is not clear what attraction or

inducement there will be for others to replace them as investors, having no power over their property, in an organisation in which purchasing membership will apparently be universal. This ambiguity in the use of the term ownership runs right through the discussion of Guild Socialism, and to our mind, vitiates the whole argument.

We do not think that Co-operators need take too seriously the formal and elaborate proposals of the National Guildsmen, which we have endeavoured to summarise. For it must be noticed that the National Guildsmen have no desire to begin their transformation of industrial society by breaking up Co-operative enterprise. They do not suggest (as did their forerunners, the advocates of the self-governing workshop) that the productive departments of the C.W.S. should be transferred to the workers in them; nor even that they should be handed over to the Trade Unions, which might be supposed to be the nuclei of the future National Guilds. It is an essential feature of Guild Socialism that the organisation of each main industry is to be national, and inclusive of all the establishments and of all the grades and kinds of workers engaged in the industry. A necessary preliminary appears to be to get the eight million Trade Unionists united with the half a million professional brain-workers, and this body redistributed in the Guilds or other organisations co-extensive with the several industries. The present developments of Trade Unions among the general workers, on the one hand, and on the other hand of the Professional Associations among technicians, appear to us not to point to any such comprehensive reorganisation by industries of the great majority of workers by hand and by brain. The next step would be the transfer of direction and management of all the business enterprises of the country from the existing owners to the nascent Industrial Unions, which, it is assumed,

will be developing into Guilds. Here, again, we see no signs of such a movement of opinion. Finally, even if all this were at hand, the Co-operative Movement would present, to the National Guildsmen, difficulties peculiar to itself. Unlike capitalist enterprise, which in its units of administration does, to a large extent, follow the division into separate industries, producing specific products, and using definite kinds of workers (though this coincidence is, we think, more apparent than real), the Co-operative Movement combines, in each of its larger units of administration, whether we consider the Wholesale Societies or the hundred greatest retail societies, not merely production and distribution, banking and insurance, but also many different manufacturing and extractive processes, not to mention the rendering of brain-working services of the most varied kinds. Hence the employment within the consumers' Co-operative Movement of workers of innumerable separate and distinct trades and professions. Neither the English nor the Scottish C.W.S., nor the hundreds of extensive retail societies, could possibly be fitted into an organisation by industries without breaking up each of these units. On the other hand, the Co-operative Movement does not, in its entirety, constitute an industry by itself in any sense in which the term has hitherto been used. In his latest exposition Mr. Cole omits to mention what is apparent in his general description of the organisation of National Guilds, that the Co-operative Committees will be dealing, not with one Guild, but with many separate and distinct Guilds. We are thus given to understand that the administration of all the shops and warehouses, factories and foundries, farms, mills, restaurants, bakeries and laundries now under the unified management of the Board of Directors of the Leeds Co-operative Society will be handed over to separate and distinct Guild authorities with separate

and distinct local, regional, and national committees. The representatives of the Leeds consumers would find themselves advising and criticising not one administration, but many. But this is not all. The Co-operative committees would soon discover that (with the possible exception of the Distributive Guild) they would not be the only committees representing the citizen consumers interested in the management of the land, the buildings, the machinery and plant administered by each of the National Guilds. For instance, it is clear that the National Guilds representing the textile, engineering, boot and shoe, and agricultural workers respectively will not be producing solely for domestic consumption: they will also be using land, buildings, machinery, and plant for turning out commodities to be bought, not by individual consumers at all, but by the National and Local Communes and, in some cases, by other Guilds, including the Guild which is to have for its function the exporting of goods to foreign markets. We are not told how the diverse and perhaps conflicting demands and criticisms of these different sets of advisory committees, representing different bodies of consumers and citizens, are to be co-ordinated by the Guilds concerned. What is clear is that, with so many advisory committees, each administering Guild will remain master of the situation. The only alternative to this dispersion of Co-operative administration into innumerable industrial units, each administered by a separate Guild authority, local, regional, and national (an alternative which we understand to be rejected by the National Guildsmen), would be to include within the Distributive Guild, not merely the managers and cashiers, the warehousemen, the packers, and the carmen, along with the shop assistants, but also the employees in the flour-mills; the bakers; all the various workers in the biscuit factories and

soapworks, and even all the tailors and boot-makers throughout the country. Such an enormously swollen National Distributive Guild could not possibly be made consistent with "workers' control" in the several stores, warehouses, factories, and other establishments, or with the local management of such an extensive and varied set of enterprises as those now conducted by the Leeds or the Plymouth Co-operative Society, let alone the Wholesale societies. Not even the most ardent National Guildsman, nor the most extreme Trades Union Congress, would for a moment contemplate handing over the whole of the varied enterprises now directed by the representatives of the four million Co-operators to the Amalgamated Union of Co-operative Employees,[1] even if this came to include all the persons engaged in supplying goods for domestic consumption.

But although Guild Socialism is, in our judgment, neither advancing in public estimation, nor capable of making good its claim to provide a practicable alternative to the consumers' Co-operative Movement, its fundamental assumption—that of "workers' control"—has "caught on" among the wage-earners, exactly because (as we think) it expresses a real need. The National Guildsmen, though they do not carry conviction for their schemes and proposals, have reinvigorated a century-old ferment among the British wage-earning class, and it is to this ferment that we ascribe what is called "Labour Unrest." This same unrest is, as we have shown in a preceding chapter, prevalent also among the employees of the Co-operative Movement. In our judgment it corresponds with a genuine need, which cannot be ignored without peril for the future of Co-operation itself. With a view to promoting the discussion that may lead to clearness of

[1] This has now become the National Union of Distributive and Allied Workers, see Chapter IV., "The Co-operative Employees."

thought on this issue—a clearness which we think essential to the future prosperity of the Movement—we venture to submit, in a summary and therefore, necessarily, a dogmatic form, our own view of the proper relation between the democracies of consumers and the democracies of producers, together with our own forecast of the relations which may come to exist between Trade Unionism and the consumers' Co-operative Movement.

Why Democracies of Producers fail in Organising Production

Let us consider first the teaching of history as to the practicability of the organisation, direction, and management of industry by democracies of consumers and democracies of producers respectively. The last hundred years have, we think, demonstrated beyond dispute that, taking all the results into account, democracies of consumers (whether voluntary, as in the consumers' Co-operative Movement, or obligatory, as in State and municipal enterprise) have been notably (although, of course, not invariably) successful in the ownership and operation of the instruments of production, alike in manufacture and distribution. This success has been shown, to the evident satisfaction of the communities concerned, by the fact that these collectively administered enterprises have survived and grown, and greatly increased in number and variety, in competition with the Capitalist System. There is also the significant outcome that this form of organisation of industries and services, in so far as it includes the corporate ownership of the land and plant, does what private ownership never does, and never can do, namely, ensures the distribution of the inevitable surpluses that we know as rent and profit equitably among all the consumers. We

need not further labour this point, the fundamental philosophy of which we have already abundantly analysed.

Democracies of producers, on the other hand, whether in the form of the " self-governing workshop " or in the wider organisations of Trade Unions or Professional Associations, have hitherto failed, with almost complete uniformity, whenever they have themselves sought, either to own the instruments of production or to organise and direct the industries and services in which their members work. And this, as we have mentioned, has not been for want of trying. The experiment has been made in literally thousands of instances, extending over nearly a century, in almost every occupation, in various countries, often under apparently most promising conditions. The most enthusiastic believer in this form of democracy would be hard put to it to find, in all the range of industry and commerce, a single lasting success.[1] In

[1] The whole experience was surveyed in the *New Statesman* Supplement of February 14, 1914, entitled " Co-operative Production and Profit-sharing," in which extensive references were given. See also the footnote at p. 447. To avoid misunderstanding, we may remind the reader that the mediæval gilds, the value of which need not be contested, were not corporate owners of the instruments of production ; but oligarchically governed associations of master-craftsmen individually owning these instruments, producing for individual gain, and making profit out of the labour of subordinate workers not admitted to gild membership (excluded either transiently, as in the case of the apprentices and journeymen; or permanently, as in the case of the much more numerous unapprenticed male labourers and, in some occupations, women assistants). It is, we suggest, quite erroneous for Mr. Cole to imagine that " in the great days of the guilds, the ordinary man did achieve a position which he has never occupied in modern industry—a self-government and a control of his own working life which are of the essence of human freedom " (*Chaos and Order in Industry*, pp. 41-2). Seeing that the vast majority of the population were either unapprenticed labourers or other excluded assistants, or else apprentices or journeymen, or else altogether outside the crafts, the " ordinary man " enjoyed no such freedom under the mediæval gild. The only person who then controlled " his own working life " (and incidentally the working lives of his employees) was the profit-making master-craftsman, who developed subsequently into the capitalist employer.

We should be sorry, too, to be thought to depreciate the value of Co-operation in agriculture, which does not fall within the scope of this book. The very successful Co-operative creameries, which have done so much for the Danish farmers, and, largely owing to the thirty years' devoted effort

the relatively few cases in which such enterprises have not eventually succumbed as business concerns, they have ceased to be democracies of producers, themselves managing their own work; and have become, in effect, associations of capitalists on a small scale—some of them continuing also to work at their trade—making profit for themselves by the employment at wages of workers outside their association. And this practically invariable failure of democracies of producers in the actual ownership, organisation, and direction of the instruments of production is, as all history demonstrates, not a matter of social class, education, mental ability, or command of capital. The twenty-eight Lancashire flannel weavers who in 1844 started the Co-operative store of the Rochdale Pioneers, and their countless imitators, in a score of different countries, who have built up, on the basis of the association of consumers, the gigantic business of the Co-operative Movement of to-day, had no more brains or education, and commanded originally even less capital, than many of the self-governing workshops established by groups of enthusiastic Co-operators, or by the Trade Unions themselves.

The explanation of this failure of associations of

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of Sir Horace Plunkett, also for the Irish farmers, do not fall within our definition of democracies of producers, because the actual workers in the processes of the creameries are not, and by the very nature of the association cannot ever be admitted to membership. As we have explained on page 417, the Co-operative creameries are, in fact, joint ventures in a profit-making enterprise, entered into by a group of individual profit-making farmers, themselves owning the instruments of production partly individually and partly corporatively, and both individually and corporatively employing at wages workers excluded from membership and management.

Nor do we underestimate the importance of the Co-operative Credit societies, which have proved of so much value in enabling the small master or individual producer in handicraft or agriculture, in Germany, India, and some other countries to increase his individually owned profit-making business. What is essential to a democracy of producers, in our definition, is the corporate ownership of the instruments of production by all the workers concerned in the work, who themselves direct and control the management, and divide amongst their own number the net profits of the enterprise.

producers of every type, whenever they seek to own or otherwise exercise control over the instruments of production with which they work, or to direct the industry or service which it is their function to render to the community, is to be found in the homely adage that no man can be trusted to be judge in his own case. Each little group of producers, even each vocation taken as a whole, however numerous and important it may be, is but a fragment of the community. Even the function that the vocation renders is not an end in itself, but merely one among many functions, having for their purpose the service of the community. The commodities and services which the vocation produces are, almost entirely, not for consumption or use by its own members, but for consumption or use by the rest of the community. The self-governing workshop, or the self-governing industry or vocation, is inevitably led to regard its own product or its particular function as of more than average importance to the community. Necessarily producing not for its members' own use, but for exchange with the rest of the community, it is perpetually tempted to exact, like the capitalist employer, a profit on cost; that is to say, to secure for its own members whatever surplus value is embodied in the price for which it can dispose of its product or service; or, to put it in another way, to retain for its own members the equivalent of the advantage of all differential factors in production (such as superiority of soil or site, of machinery or administrative skill) that it controls—this equivalent being exactly what, in the Capitalist System, appears as rent or profit. More simply, the conflict of interest between each self-governing industry or vocation and the community as a whole may appear in the exaction of pay above the average, or hours and conditions of work less onerous than those of others. But there is a further outcome of this inherent divergence of

interest between the whole community of consumers and each productive section of it. In the practical administration of its own industry, every democracy of producers exercising power over the conditions of its own work, is, by the very nature of its membership, whether this be of manual workers or of brain workers, perpetually tempted to seek to maintain existing processes unchanged, to discourage innovations that would introduce new kinds of labour, and to develop vested interests against other sections of workers. The very concentration of the members' attention, not on the market-place, where the demands of the consumers are seen to be paramount, but on their own particular workshop, or on their own particular speciality in productive capacity, where their own inclinations seem all-important, is inimical to the most successful service. Throughout all history, disputes among different vocations and sections of vocations (whether brain workers or manual workers) as to which of them were "entitled" to particular jobs, have been specially characteristic of every form of association of producers. This tendency to exclusiveness is inherent in any association based on vocation in production, and is absent from every association based on community in consumption, for the simple reason that exclusiveness is normally of material advantage to the members of the one, and of no such advantage to the members of the other. The members of any association constituted by the producers of a given commodity or service, just because they are necessarily producing almost entirely not for their own use but for exchange, can normally increase their own incomes, apart from any increased efficiency in production, by restricting their membership and limiting their output in relation to the demand in such a way as to enable them to raise the aggregate exchange-value of their product. On the other hand, any

democracy of consumers, based on community in the consumption of commodities or services, can hardly fail to become aware, just because it is producing not for exchange but for its members' own use, that the greater the number of consumers whom it supplies, the lower is the actual cost of each item; and that the more open the industry or service is to novel devices, improved processes, and new kinds of producers, the greater will be both the economic efficiency and the advantage to the members. Finally, there is the whole group of questions included under the invidious term "discipline." In every extensive enterprise there has to be a hierarchy of managers, from the foreman up to the principal executive officer, and—to put it moderately—a very large part of the success or failure of the enterprise depends on the choice of these managers, on their capacity in their own particular function of management, on the end which they set themselves to achieve, and on whether they are responsible to the consumers whom the enterprise exists in order to serve, or to those who are working under the management in question. Now, upon the essential point of whether the hierarchy of managers shall promote primarily the objects of the consumers or those of the producers; whether they shall be responsible to the customers for whom the enterprise works, or to those whom they have to direct; and whether the power of appointing, dismissing, and directing these managers shall be vested in the community or in the vocation, we venture to think that the lesson of experience is clear. No self-governing workshop, no Trade Union, no Professional Association, no Co-operative Society, and no Local Authority—and no office or industrial enterprise belonging to any of these—has yet made its administration successful on the lines of letting the subordinate employees elect or dismiss the executive officers or managers whose directions these particular

groups of employees have, in their work, to obey. This, again, has not been for lack of trial. Innumerable self-governing workshops in different industries and in different countries have experimented in electing their own foremen and managers and their own executive committees, with an invariable result. It is, we suggest, a matter of psychology. The relationship set up between a foreman or manager, who has, throughout the working day, to be giving orders to his staff, and the members of that staff who, assembled in the evening as a general meeting or a committee, criticise his action or give him directions, with the power of dismissing him if he fails to conform to their desires, has always been found to be an impossible one.

What is Democracy?

To this conclusion, which (as will scarcely be denied) is the verdict of history, the objection is sometimes made that any organisation in which the workers in an enterprise are subjected to any other direction or control than that emanating from themselves, is undemocratic. We suggest that the objection is based upon a misconception of what Democracy means.[1] We understand by Democracy the principle

[1] This misconception of the nature of Democracy may be connected with the eighteenth-century declaration of the Americans in revolt against King George the Third, that "Governments derive their only just power from the consent of the governed." From this it has been inferred in some quarters that those whose function it is to give orders ought always to be elected and dismissed by the particular groups of persons to whom they have to give orders. But whether or not we accept this American Declaration of Independence as having anything to do with Democracy, it is to be noted that it dates back to the time when what was in question was an "organ of revolt," not an "organ of government." What Jefferson and Franklin meant was that the citizens of each nation, instead of submitting to the King of Great Britain and Ireland, should elect and control their own government, as being nothing but their own agent. If it had been suggested to them that Democracy meant that the persons employed in the American nation's post office should themselves direct and manage the post office, or that the army of General Washington should itself determine what military operations it would engage in, they would probably have

of the rule of a community according to the will of the majority of the members of the community. To take, for example, the existing Co-operative Movement of Great Britain, which is ruled by majorities of the four million members, in whose service about 200,000 men and women are employed. Would it be more democratic for the government of the stores and Wholesales, the factories and farms, the ships and banking offices now belonging to these four million members to be handed over to the 200,000 Co-operative employees? Even if we visualise such a complete (and, as we think, inherently impracticable) transformation of all the industries and services of the community as would permit of the separate organisation of all those workers, by hand or by brain, who are working in each industry or service, would there be anything specially democratic in the assumption, by each of these organisations of producers, of the direction and management of its own industry or service? According to our view of Democracy, the very reverse would be the result. Pushed to its logical extreme, the assumption of the direction and management of each industry or service by the organisation of all the producers employed in it—the election and dismissal of the foremen, managers, and executive committee by the persons immediately concerned in carrying out their directions—would lead to all the several specialised parts of the mental and physical environment of the community being determined by the desires and wills of relatively small fractions of the community (namely, the workers engaged in each department), instead of by the community itself. It would not be "government of the people by the people," but government of the people, in each separate aspect of its life, by

vehemently repudiated the idea that this was Democracy. It is, in fact, plainly inconsistent with Lincoln's later definition of Democracy as "government of the people, *by the people*, for the people."

a specialised and peculiarly "interested" oligarchy. The rule would not be that of the majority, but that of a number of relatively small specialised and exceptionally prejudiced minorities. To us it seems that this would not be Democracy, but the negation of Democracy.

There is another, and a more practical, objection, from the standpoint of personal freedom, to the organisation, direction, and management of any industry or service by even the most democratically organised aggregate of the workers immediately engaged in it. The advocates of this form of society appear always to proceed from an assumption that the aggregate of such workers constitutes, just because they are all co-operating in a single national industry or service, a homogeneous mass, with identical tastes and desires, identical training and habits, identical needs and identical aspirations. Now this is not, in fact, the case, even in a small self-governing workshop; and it is very far from being the case in a whole industry or service, whether this be railway transportation or coal-mining, the supply of clothing or machinery, the health or the educational service. In every industry or service there are, and must be, many different grades and types of producers, by hand and by brain, with different traditions and training, with tasks differing in their technique and with different needs with regard to times and intensity of work, food and clothing, and physical and mental environment. The assumed right of self-determination for each vocation cannot include any right to determine the conditions under which any other vocation shall exercise its function, even within a single industry or service. As a matter of fact, any such encroachment in self-determination by one vocation on another is exactly what is felt most galling by the persons concerned. Whilst each vocation would choose preferably to direct

itself, there is, we venture to say, no vocation, either of workers by hand or of workers by brain, which would not prefer to be directed by the far-off and relatively disinterested community of consumers than by some other vocation in the same industry or service, whose desires and interests conflicted with its own. We see this indisposition of each section of workers to submit their own conditions of work to the decision of other sections of workers in their own industry or service, even when the different sections possess the strong bond of union that is produced by their common alliance in resistance to the capitalist employer. The very principle of majority rule is felt to be here inapplicable. In the cotton industry, for instance, the tiny section of the tape-sizers will not, for a moment, consent to permit its conditions of employment to be determined by the aggregate of workers in the spinning-mill, because this would mean subjection to the vastly grea er number of mule-spinners ; whilst the mule-spinnters themselves, numerous as they are, refuse absolutely to submit to the aggregate of cotton workers, because this would involve being swamped by the much greater multitude of weavers, whose needs and desires are felt to be different from those of other sections.[1] It is through the intensification of this tie of a special vocation, that man as a producer gains the maximum freedom to express his personality, and it is for his vocation that every worker intuitively aspires to all the self-determination that can be attained. To merge in a single democracy of producers, defined otherwise than by vocation, whether or not there is co-operation in a common product or a common service, men and women who belong to different vocations, having different needs and desires, and different faculties and

[1] *Industrial Democracy*, by S. and B. Webb, edition of 1920, pp. 105, 123-4.

aspirations, cannot do otherwise than lessen alike the quantity and the quality of the control that all the several sections of them can exercise over their own particular conditions of work. To put it paradoxically, the organisation, direction, and management of each industry or service by a national guild, or other single democracy of all the workers concerned, would be (because it would prevent each vocation from exercising its own right of self-determination for the vocation as a whole) actually incompatible with " workers' control " in its most legitimate and, as we think, highest sense.

The Sphere of Democracies of Producers

But the fact, as we think it, that the organisation, direction, and management of the nation's industries and services cannot properly be assumed by democracies of the producers engaged in them, and are never likely to be entrusted by the nation to such democracies, does not mean that there is no function for such democracies of producers, or that they should not exist. On the contrary, the whole experience of the past indicates that democracies based on production or, as we now say, on vocation, whether Trade Unions or Professional Associations of brain-workers, are absolutely necessary to the most efficient administration of industries and services, and indispensable to any satisfactory organisation of society. Such democracies of producers have, in all highly developed countries and in nearly all occupations—not merely against the capitalist employer, but also in resistance to associations of consumers, whether voluntary or obligatory—achieved far-reaching and lasting results, not only in maintaining and improving the conditions of employment, but also in protecting the personal freedom of the worker in and outside the working

hours. They stand for full livelihood, personal dignity, and individual initiative in each vocation. The liberty they assure and develop is an intensive liberty, applying to the more continuous and more specialised factors in each member's life, as against the extensive and diffused liberty typical of the democracies of consumers, applying to fragmentary and changing parts of the life common to all men. Further, this form of Democracy does what the Capitalist System and democracies of consumers fail to do, namely, supply machinery by which the consciousness of consent and active co-operation in the productive process may be evoked among the workers. In the case of "Subject Associations" or scientific societies—hitherto confined to Professional Associations of brain-workers, but equally open, with increasing general education, to Trade Unions of manual workers—these democracies of producers have, even under the capitalist system, enormously assisted in the continued improvement of technique and the progressive advancement of knowledge required by the existing members of the vocation. No less important has been, in some vocations, the development of professional honour and the imposition of a code of professional morals by which the standard of conduct has been raised. There can, we think, be no doubt that vocational organisation (whilst having, it need hardly be said, its own limitations and its own characteristic defects) in all these ways promotes not only the development of personal character, but also the efficiency of production, alike of commodities and of services.

It is, however, indispensable, in our view, that any such organisation should be vocational; that is to say, those workers should join together who feel themselves united by the bond of a common technique, involving a common training, requiring common conditions of employment for the most efficient per-

formance of a common task or a common service. The spirit of corporate freedom that struggled for expression in the mediæval gilds of craftsmen, and that is seen at work in the courts and companies, ancient and modern, of the learned professions, as in the colleges and university faculties of all countries, has always assumed the form of a continuous and an insistent demand, on the part of groups of persons who feel that they possess a common craft or mystery, a common art or science, that they should be allowed, unhampered by other sections of the community, to determine the conditions under which they shall render their peculiar social service. These specialised groups feel that they have an inherent right to define, not only the material circumstances of their work, but also how best they can perfect their art or extend their knowledge. Moreover, they feel themselves to be, as a corporate entity, peculiarly fitted to participate in the determination of the nation's policy, so far as their special subjects are concerned. The final cause of vocational organisation, as distinguished from the organisation of citizens, and even that of members of the consumers' Co-operative Movement, is not the promotion of objects which all men, or most men, have in common, but, on the contrary, the promotion of exactly those characteristics and purposes which differentiate a particular group of workers from the general body. It is through the intensification of this tie of a specialised vocation, transcending all geographical limits and fettered by no administrative units, that man as a producer gains the maximum freedom to express himself in production. On the other hand, any attempt to merge, in a single democracy of producers defined otherwise than by vocation, men and women who belong to different callings, having different needs and desires and different faculties and training, will lessen the quantity and lower the quality of their

control over their several vocations. For example, the professional self-determination of the trained nurse is not developed by the inclusion of nurses in a medical association dominated by doctors and dentists; nor would the professional self-government of medical practitioners be increased by their inclusion in a single democracy of all the workers in a national or local health service, in which the nurses and hospital attendants, the sanitary inspectors, and the sewer-men would form a majority. In like manner, the self-expression of the carpenters and joiners, or of the skilled engineering craftsmen, or of the boilermakers and blacksmiths, would not be promoted by their being indiscriminately included in a single organisation of all persons engaged in the shipbuilding industry, in which the conditions of their service would be partly determined by shipyard labourers and warehousemen, clerks and typists, naval architects and draughtsmen, or any combination of these. Any control that the teachers may win over the curriculum of the schools, the size of the classes that they instruct, or the methods of their teaching, would be nullified by requiring them to gain the consent, in every step of this professional self-determination, of the school caretakers and attendance officers, of the school nurses and doctors, or of the clerks in the offices of the Local Education Authority, all of whom are equally workers in the school service. Hence, whatever arguments may be found in favour of a large and inclusive organisation on the lines of industries or services for the purposes of the class-struggle, or in resistance to the capitalist, it does not seem that the essential purpose of vocational organisation will be promoted by any form of organisation that includes, in one and the same body, masses of men and women of different callings, even within a single industry or service, whose functions in social service are almost as varied and multifarious as those

of the whole body of citizens. Each vocation or calling must stand on its own feet and retain its own autonomy. That is to say, vocational organisation should be, in the most literal meaning of the term, functional.

The Room for Experiment

But although the very nature of vocational organisation, and its object and purpose—coupled, as must be remembered, with all the teaching of experience—seem to us to preclude the vesting of the ownership of the nation's instruments of production, or the organisation, direction, or management of the nation's industries and services in democracies of producers, this is not to say that there is no room for experiment in the matter; or that the functions of democracies of producers must for ever be confined to such important, and even indispensable activities as maintaining and progressively raising the Standard of Life of their members, or developing the art and science of their particular vocation. Within the consumers' Co-operative Movement there may well come to be increasing opportunities, even in ways that no one can at present foresee, for experiments in delegating particular functions of management, or the administration of particular establishments or particular services, to groups or associations of those engaged in particular vocations, or even all the persons engaged in the establishment or service, so long as there is effective freedom to the Co-operative society, on the one hand, and to the persons employed on the other, to terminate the arrangement if they thought that the community would be better served in another way. The liberty to experiment is one on which Co-operators have always insisted. We could imagine, in particular cases, the payment for the services of the whole group or association of the persons employed being handed

over in a lump sum, for division among the associates as they thought fit; or the adoption of any form of Collective Piecework; or even the handing over to the group of the instruments of production on lease at a fixed rent for a specified period. There might be any number of experiments in the Collective Labour Contract, of which great use has been made in Italy, for the execution of work according to specification at an agreed price; or the British or German form of the contemporary Builders' Guilds might be adopted for a wider range of work.[1] A group of employees might

[1] We do not find that either the possibilities or the experiences of the Collective Labour Contract in which a group of workmen undertake to execute a prescribed task upon an exact specification but themselves provide neither plant nor materials (as distinguished from the production of commodities for sale by the "self-governing workshop" or any other form of associations of producers) have been made the subject of sufficient study in this country. The Collective Labour Contract has been tried in many forms, in different industries, in nearly all countries, from navvying and mining to building and printing; and it is always cropping up under fresh names as a new social discovery. The essential resemblances and distinctions between the various forms of the Russian "artel"; the French and British experiments in "working in pocket" or *en commandite* among the compositors; the Italian "bracchianti" (navvies) and "muratori" (masons and bricklayers); and the "Co-operative work" of the Cornish miners—to name only some of the examples—ought to be scientifically explored. Useful indications of the nature and extent of the problem will be found—to name only a few sources—in *Methods of Industrial Remuneration*, by D. E. Schloss, second edition, 1894; *West Barbary*, by L. L. Price, 1890; *Manuale per le Società co-operative di produzione e lavoro*, by A. Maffi, 1906; "La Previdenza all' exposizione di Milano," by A. Schiavi (in *La Riforma Sociale*, August 1907); *Co-operation at Home and Abroad*, by C. R. Fay, 1908.

With regard to the Building Guilds of Great Britain, in 1920–21 (apart from such projects and proposals as *Prospectus of the Guild of Builders (London), Limited*, 72 Oxford Street, W.1; *The Builders' Guild: its Principles, Objects, and Structure*, Co-operative Press Agency, 1 Balloon Street, Manchester, and *Future Forms of Guild Contracts*, by the Building Guild, Limited, June 27, 1921) we have found most information as to achievements in "An Inquiry into the Working of the Building Guilds," by Ernest Selley (in *Garden Cities and Town Planning* for June 1921). To the end of June 1921 the Building Guild, Limited, claims to have done work amounting to a quarter of a million sterling on its various jobs. Their constitutions and results should be compared with those of the many "Co-operative Builders" which existed for short periods during the whole second half of the nineteenth century. The analogous Building Guilds of Germany in 1919–21, beginning with the idea of the "socialisation" of the industry on a national scale, appear to have achieved some success as isolated groups of workmen, entering into Collective Labour Contracts with the municipal authorities in various cities usually at the instance of the municipal architect

be entrusted, experimentally, with the administration of a particular branch, or even of a particular factory. We do not ourselves look with much hope to any of these experiments, in view of the difficulties and dangers to which they seem to us exposed.[1] But there is every advantage in their being tried by those who believe in them, and no one can foresee what entirely unexpected discoveries may be made. What is, we suggest, essential is that the consumers' society should in all cases retain the ownership of the enterprise, with the right to terminate the experiment and resume the full control of administration, either at a specified date, or whenever this resumption seems to be required in the public interest.

The Co-operative Commonwealth

As will have been made abundantly manifest in this book, we stand frankly—whilst recognising the large and important part to be played in the Co-operative Commonwealth by the independent and autonomous associations of producers—for the supremacy, in the ownership, direction, and management of the industries and services by which the nation lives, of the community organised as consumers and citizens. And we do so, not merely because, in our

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and under his direction (see "The Socialisation of the German Building Industry," by A. Ellinger, in *International Labour Review*, March 1921).

[1] We may briefly indicate the nature of the difficulties and dangers to be guarded against. In all administration by associations of producers there may be tendencies to (*a*) undue conservatism in processes, materials, and kinds of product, due to reluctance to change; (*b*) unfair exploitation, and even oppression, of the lowlier and weaker grades or kinds of workers (notably women or young persons, or the general labourers) by the more skilled or abler; (*c*) improper hampering of the higher grades (notably the managers and foremen, and also designers and inventors) by the numerical majority; (*d*) grasping after pay and conditions of work out of proportion to those of workers outside the group; and, not less socially injurious, (*e*) the acceptance, knowingly or by inadvertence, in order to prevent shortage of work or to increase the business, of pay or conditions below the prescribed national rates, thereby undercutting the common Standard of Life.

judgment, the teaching of experience is that only by placing the ownership of the instruments of production, the decision as to what shall be produced, and the functions of direction and management in the hands of democracies of consumers and citizens can general efficiency be secured or the interests of the community safeguarded, but also because this form of social organisation appears to us to correspond, not merely with the economic exigencies of the present time, but also with certain fundamental features of a Co-operative Commonwealth.

We all realise to-day that it is a profound mistake to regard the making of pecuniary profit, or even the amassing of wealth, as the object of life. It is merely another form of the same error, itself due to the perversions of the Capitalist System of the last two or three centuries, to make the processes of production of useful commodities and services the fundamental basis of our social organisation. Man does not live in order that he may work. He works merely in order that he may be able to live. The work that every healthy adult is called upon to perform in the production of useful commodities and services is not, and ought never to become—any more than the making of pecuniary profit or the amassing of wealth—the principal object and purpose of his existence. This work is merely the price which (so that the burden may not fall more heavily upon his fellow-men) he is called upon to pay for the privilege of living. Equity demands that every healthy adult without exception should put into the common stock of commodities and services at least the equivalent of what he consumes, in order that the world may not be the poorer for his presence. In any rationally organised community, this price should progressively diminish. With every increase in our knowledge, and therefore in our command over natural forces, the amount of

time and effort that needs to be spent in the production of the commodities and services by which the community lives must become steadily less. Even to-day, when social inequality imposes such an unnecessarily heavy burden upon the mass of the manual working wage-earners, the proportion of life which is spent in production is already much smaller than that spent —throughout whole years of childhood and old age, during the seasons of holidays and sickness, and in the half or two-thirds of every day of working life passed outside the factory or the farm—as a consumer and a citizen. Of the life-time, regarded as a whole, of the average coal-miner reaching the age of sixty-five, not more than one quarter is spent in the mine. With every lengthening of the educational period and every reduction of the age for superannuation, as well as with every shortening of the working day and every increase in the periodical holidays, the aggregate working time in each person's life will be lessened. It is, in our view, the principal end and purpose of Democracy, in its application to the production of commodities and services, to ensure that (in contrast with the results of the Capitalist System) the progressive lightening of the burden of participating in that production, so far as concerns every individual in the community, shall keep pace with our increasing command over the forces of nature. The time and energy thus set free, in every member of the community, for the life and affections of the family, for social intercourse, for the arts and sciences, and generally for the spiritual development of the individual must necessarily be left at his own disposal. Here we find the sphere for individual decision; for, although the beneficial outcome of this development of individual personality is very far from being of value only to the person concerned—is, indeed, ultimately of enormous value to the community as a

whole—yet it is, by its very nature, not a service that the community can command or enforce; and for the most part one which it cannot directly pay for in cash or commodities, or even credit as part of the "payment of the price." Personal beauty and personal charm; the joy of intellectual comradeship; the consolation of self-sacrificing friendship; the play of wit and humour; the highest reaches of art, science, and religion cannot be organised, controlled, or produced, either by democracies of producers or by democracies of consumers. They are the priceless gifts of individual genius, above and beyond any social organisation. They are part of the perpetual act of creation, not rendering services which can be paid for by livelihood, but adding new values to humanity's life.

Thus, in our view, in the Co-operative Commonwealth of the future, the production of all the needful commodities and services, far from affording the fundamental basis of social organisation, will assume a continuously decreasing importance in social life. Nor is this only a matter for the future. In the last analysis every civilised community, at every stage of its development, must be judged by the degree to which it does, in fact, enable its people, as an aggregate, by the lightness of the common burden and the amount of effective freedom for personal expansion, thus to lead the highest life. The final end to be served by social organisation can be nothing but the largest possible amount of the highest possible development of individual personality.

Let us now return to that part of life which is spent in paying the price—that is to say, man's work in the production of the commodities and services needed in order that the community may live. Who is to decide what these commodities and services are to be? It seems to us clear that, in passing from the individual (and extremely scanty) production of the isolated

savage, who worked only for his own consumption, to the associated (and greatly increased) production of social life, which is necessarily almost entirely for other people's consumption, the individual parts with his untrammelled freedom to decide what he will produce. The price that he is called upon to pay for the privilege of living in society—the work which, merely in order not to increase the burden of his fellow-men, he has to do for the community in the production of commodities and services—must be determined, not by what the producer chooses, but by what the consumers desire. It is accordingly for the community of consumers and citizens, not for any producer, or association of producers, to decide (though not to the exclusion of conference and discussion with the producers) what shall be produced, and where and when; in what kinds, what quantities, and what qualities; and also, seeing that process determines cost, by what process and at what price. Nor is this to take a low and what is often criticised as a materialist view of social organisation. There is no limitation to material goods. All the commodities and services that need to be produced for the maintenance of social life, the highest and most refined, as well as the grossest and most material, have, if only to secure universality in their enjoyment, to fall within the sphere of democracies of consumers. We are, in fact, habitually misled by our too narrow view of the social function of consumption. It is necessarily the consumer who, according to his tastes and desires, determines the demand and "sets the fashion," and thereby decides the kinds and qualities of the commodities and services, high or low, material or spiritual, that shall be produced. "Consuming goods . . . is the creation of a type of life." [1] In the social organisation

[1] "What obscures the meaning is a false psychological and economic view of the function called consumption. Consuming is too passive a

of the world, the act of consumption " is directive : it is constructive." The function, in this sphere, of the community of consumers and citizens—and it is one of prime importance, not to be neglected with impunity—is to see to it that the environment of the individual (which must, in the main, be beyond his own control) is such as in no case to prevent the exercise of his personality or to interfere with his spiritual development, and, so far as may be found practicable, actually to promote it. This control of the environment involves a momentous choice by the community of consumers and citizens, a choice which every advance in our command over the forces of nature will render more easy. And hence we may expect, in the distant future, whilst the supply of food, clothing, and other material things will represent a steadily diminishing proportion of the community's production, there will be a continuous increase in the proportion represented by such common services as education, music, and the theatre, and social intercourse between the peoples of different regions of the earth. The beauty of the landscape may even come to be deemed as important as the wheatfield ; the purity of the atmosphere and uninterrupted sunshine as valuable as a multiplication

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term. . . . The economic community is in the main the maker of the standard of economic life. . . . [Consumers] must be considered as artists, not as voracious impersonal appetites, nor even as scientific calculators. Consuming goods is a fine art ; it is the creation of a type of life ; its social function is not mere absorption for further production, but creative imagination. It is directive : it is constructive. . . . In a rational economic organisation of society . . . the consumer would be felt to have something to contribute. . . . The whole economic community would be organised, not mainly to produce goods, but to enjoy them " (*Government and Industry*, by C. Delisle Burns, 1921, pp. 296-7). " We can reach the point of perceiving that what matters most deeply is not the relation of employer and employed in an industry, but the service of each industry to the community. Life is the master ; and the relation of life to industry is to be expressed in consumers' terms. Industry is the agent of man ; and the human demand upon it is that it should feed the world and clothe the world, and spread the materials of knowledge and beauty and love throughout the world better than ever before " (*The Consumers' Place in Society*, by Percy Redfern, Co-operative Union, 1920, p. 85).

of factories. More and more of the life of the "community will be organised, not mainly to produce goods, but to enjoy them,"[1] and with this object, necessarily organised, not by associations of those who produce the commodities and services for enjoyment, but by the associations of consumers and citizens who will enjoy them. And although each individual may be allowed, in paying the price, the utmost freedom of choice, according to his inclinations and capacities, within the range of all those industries and services that the community of consumers desires, it will be essential, in order that the common burden may not be unnecessarily heavy, that the community of consumers and citizens, which, largely for this reason, we would make a democracy of consumers and citizens, should see to it that the price is universally paid. It is in this necessary direction of human effort by and through the act of consumption itself, with this common obligation to pay the price—and not merely in its proved success in practice under existing circumstances—that we find the ultimate justification for vesting the ownership of the instruments of production (and thereby the power to decide what shall be done with them), together with the decision of policy and the function of management of the nation's industries and services—in all cases subject to consultation with the democracies of producers immediately affected thereby—in one or other form of democracies of consumers and citizens.

Nor must it be imagined that this larger vision of the sphere of democracies of consumers is in any way inconsistent with an ennobling expansion of the function of democracies of producers. In fact, it is in their utility in the promotion of the exercise and development of individual personality—and not merely in their efficacy in maintaining and advancing the

[1] *Government and Industry*, by C. Delisle Burns, 1921, p. 297.

Standard of Life—that we find the ultimate justification and principal function of the correlative organisation of the community in democracies of producers. This organisation of the producers, which, in its very imperfect form, we now know as Trade Unions and Professional Associations, is necessary, as all experience demonstrates, in order to protect each individual, and even each section of producers by hand or by brain, against tyranny and oppression, and against an insidious though often unconscious degradation of the Standard of Life, at the hands of even the most democratic associations of consumers. It is necessary, too, and, as we think, must always be required, as affording to those engaged in each branch of production, the means of taking their due part in the administration of that production, and of expressing, so far as may be possible, their personality in their work. But with the progressively diminishing proportion of life that will need to be spent in the production of the commodities and services needed by the community; and with the increasing understanding by the democracies of consumers of the importance of a universal maintenance and progressive advancement of that standard, the merely defensive functions of Trade Unions and Professional Associations, or other organisations of producers, will dwindle in importance. Their function, in every form of associated industry, of enabling the producers to participate in the administration of production will remain, and their utility in working out the desirable professional ethic, and in permitting the producers to express their personality in their work. What will, in our view, steadily grow in importance will be their function of increasing the capacity of their members, developing their technique, and advancing their knowledge. Thus, it is rather on the side of what are now known as Subject Associations (in which amateurs of the subject may be admitted, along with those

professionally engaged in the work) than on that of Trade Unionism that we see the eventual development of associations of producers. More and more of their activities will be devoted, not to organising their work in its aspect of constituting the price that they pay for the privilege of living, but to developing that side of it which is beyond money and price—for which they can, indeed, never be paid—when it is an expression of their own creative activity, their own inventive faculty, their own exuberant energy. On this side of the association it will not be a question of government, even of self-government, but of free comradeship. These associations will then take their place, with innumerable other forms of spontaneous association among persons of kindred tastes or capacities, for the cultivation in common of the free life of the spirit.

Finally, in our vision of the future, it follows from what we have said, both of democracies of consumers and citizens, and of democracies of producers, that, not only every form of governmental coercion, but also even voluntary collective organisation itself, is very far from being co-extensive with social life. Indispensable as is this collective organisation in its various forms, its sphere has assignable limits. The essential condition of all coercive government, local as well as central—the very object and intention of even the spontaneous and free associations of consumers or producers—must be so to define and delimit their own activities, that the individual may, beyond these limits, freely and more amply live his individual life. For democratic machinery is not an end in itself but only a means to an end. Exactly as we elaborate and enforce a rule of the road, not for the sake of extending the sphere of government, but expressly in order to secure to all the users, whether pedestrians or cyclists, horse-drivers or motorists, the most untrammelled freedom of transit from place to

place, so we multiply, vary, and correlate democracies of consumers and democracies of producers with ever-increasing precision, not for the sake of elaborating social machinery, but expressly in order to lessen the toil and the friction, the danger and the disorder by which we are at present fettered; and thus to secure to each citizen the largest measure of liberty to live his own life according to his conscience, his talents, and his aspirations. It is in the fact that, in contrast with the dictatorship either of the capitalist or of any oligarchy, however selected, Democracy alone offers the prospect of securing, not merely to favoured persons or classes, but to every citizen, the maximum for the time being possible of this individual freedom of personal development, that we find the justification for the application of Democracy to productive industry as well as to political government. It is in that sense that we see, in the consumers' Co-operative Movement, an indispensable part of the structure of the Co-operative Commonwealth.[1]

[1] In *A Constitution for the Socialist Commonwealth of Great Britain* (1920), and especially in the chapter entitled "The Reorganisation of the Vocational World," we have sought to give in greater detail our view as to the basis and relationships of Trade Union organisation to that of the consumers and citizens. Co-operators may refer back to pp. 338-51 of the present book for some practical suggestions for remedying the existing troubles of the Co-operative Movement in relation to its own employees.

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