

CO-OPERATIVE STORE-KEEPING

EIGHTY YEARS OF CONSTRUCTIVE REVOLUTION

BY SYDNEY R. ELLIOTT

Introduction by

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PREFACE

GREAT BRITAIN has played no small part in the creation of the world-wide Co-operative system of industry controlled by the people for the people, and it is most valuable that a fresh record and restatement of the achievements of British Co-operation, its difficulties and its lines of development, should be brought before the public in so interesting a manner by Mr Elliott.

No doubt some of the views expressed will arouse differences of opinion, but there can be no question that Industrial Co-operation is now showing itself to be what its originators intended it should be—one of the greatest pacific revolutions that the world has seen. Through Co-operation the peoples of the world have found a way by which they are gradually breaking down monopolies and vested interests, and removing inequalities of income and class distinctions. Without bloodshed or chaos, the area of capitalist operations has been invaded, and inroads have been made into the capitalist citadel of finance.

For at the same time that Co-operators were selling their groceries over the counter, they invented their own scheme of finance which has enabled them to find the millions needed for their great manufacturing and commercial undertakings, without becoming enmeshed in the capitalist web. The women's marketing basket carries the magical dividend on purchase, which automatically creates the funds for common use. These have led up to the Co-operative Wholesale Bank, which enables both the individual workers and their movements to invest their money in such a way that it may be used for their own emancipation and not for the benefit of the system they are fighting.

It would be of immediate advantage to the Labour Movement to accelerate the progress of Co-operation in every way. Co-operation can advance regardless of political reverses. It provides an industrial and trading structure for the whole Labour Movement. It checks the power of Trusts to raise prices. It gives a permanent economic backing to Labour, and in times of industrial warfare, its valuable commissariat work could be greatly increased if all the workers were within its ranks. Its completely democratic constitution enables its members to make what modifications and developments they desire; and nowhere can the door be opened more effectively to the joint partnership of workers and consumers.

There are signs that a great forward movement may be at hand. Even in this time of political reaction, Co-operation is working steadily towards the socialisation of industry. Under a Labour Government which made the fullest use of the experience and machinery of the Co-operative Movement and provided it with credits for extending its national and international trade, no more solid, effective and peaceful method of reaching their common goal could be found. To give Government support to the Co-operative Movement would not mean the undue favouring of a special interest. For Co-operation is based on the one universal interest, that of the consumer, and the needs of consumers can only be satisfied if the resources of the world and the discoveries of science are used for the benefit of all.

MARGARET LLEWELYN DAVIES.

September 1925.

AUTHOR'S NOTE

IN a little book dealing with so large a subject, a writer cannot hope to do more than sketch briefly the history of the Co-operative Movement, describe its chief problems, and indicate its most needed developments.

I have not aimed at doing more in this book. In writing it I have been aided considerably by the expert advice and criticism of Miss Lillian Harris and Mr William Gallacher (Director, Scottish Co-operative Wholesale Society), and in many other ways by Miss Jenny R. Johnston (Glasgow), Mr George A. Finlow (Rochdale), and my Father and Mother. To all of them—thank you!

S. R. E.

GOVAN, GLASGOW,
September 1925

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CO-OPERATIVE STORE-KEEPING

CHAPTER I

A GREAT MOVEMENT

THE three great sections of the working-class movement we know in Great Britain are political, industrial and economic. The economic section, represented by the Co-operative Movement, compares favourably in size and activity with the Trade Union and Political Labour Movements.

At the end of 1923 it boasted 1314 societies with $4\frac{1}{2}$ million members and £130 millions of capital. It employed 170,000 workers; did a total wholesale and retail trade of £250 millions, one-eleventh of which was in commodities produced by the societies in federation; and it had a turnover of £495 millions in its banking department.

Internationally, it embraced 30 states and comprised 85,000 societies, with approximately 40 million shareholding members, "naturally pledged to practise the Rochdale principles of Co-operation."

If one may dare to call the Labour Party and the Trade Union Movement two ugly sisters, the Co-operative Movement may be called the Cinderella of the British working classes, for Co-operation, affecting almost constantly the lives of 14 or 15 million people in this country, is the most neglected of our democratic institutions.

Probably one in every three working women spends part of her weekly income at the Store, and the great domestic problem of "making ends meet" in

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many households involves a discussion of Co-operation and Co-operative methods.

Yet the story of Co-operation is unknown to millions of its more or less loyal adherents, its ramifications are appreciated by only a few, and its promise is not realised even by the student of social development.

Many reasons account for our apathy towards and ignorance of the Co-operative Movement.

The housewife is concerned mainly with prices, service and dividend. There, under modern conditions of stress, her interest ends. The Movement has never forced the consumer to face a crisis so vital that he has been spurred to action in the way that a lock-out or a strike stimulates the thought and quickens the pulse of the Trade Unionist.

The pages of Co-operative history are not stained red with blood.

Nevertheless, the Co-operative Movement, revolutionary in its aim and method, is indeed a master-builder.

Quietly, steadily, unobtrusively it has harnessed the economic resources and administrative capacity of thousands of poor, humble men and women to the task of erecting an enormous organisation, world-wide in its operations, unique in its practice, varied in its activity and richer a thousand-fold in its potentiality than in its achievement.

More, with its justification in fact of the principles and ideals that animate the noblest minds to-day and that are inspiring national and international efforts towards the inauguration of a new social order, the Co-operative Movement has helped and is helping to give the reformer that profoundest of philosophies—a philosophy he can apply in the field, the factory and the workshop.

CHAPTER II

CO-OPERATION BEFORE 1844

THE story of Co-operation is part of the story of Labour's struggles during the last century. As to-day, the workers a hundred years ago swayed in their allegiance between political and industrial organisation in their fight against the growing evils of capitalism.

Now they swore loyalty to Trade Unionism, now they rallied round political leaders and, occasionally, when special problems arose, their discontent found expression in bulk buying or Co-operative Store-keeping.

In 1769, to relieve the strain imposed on them by poverty and trade depression, the weavers of Fenwick, Ayrshire, started a Store.

Two years later, under similar circumstances, the Govan Victualling Society was born.

In 1794 the Bishop of Durham (Dr Shute Barrington) founded the first "village store" at Mongewell, Oxfordshire.

In 1795, in revolt against the adulteration of bread which the fierce competitive system was aggravating into a fine art, the poor people of Hull petitioned the Mayor and Corporation to co-operate in establishing a flour mill.

We cannot attribute to these isolated experiments, however, the beginnings of a great movement.

Had not Robert Owen, with his advocacy of "price without profit," about 1816 turned men's thoughts in the direction of Co-operative Store-keeping, the coming of Co-operation might have been delayed indefinitely. By popularising that idea Owen justified his

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claim to be regarded as the "Father of Co-operation," even although Store-keeping itself had no place in his grand plan, the application of which was certain to translate us from a system wherein "production and consumption are unnaturally restrained to the new moral world."

Community on land was the aim and ideal of the Owenite Co-operators. Indeed, the London Economist Co-operators of 1821 undertook Store-keeping merely as a means of accumulating capital to finance their essay in a self-governing colony "upon the plan of social arrangements projected by that great benefactor of mankind, Mr Owen of New Lanark."

The Labour Exchanges in Gray's Inn Road, London, and in the east end of Glasgow in 1831, where workers exchanged their specialised produce for the commodities of their comrades according to the labour-time expended in production, represented more definitely than the Co-operative Store the Owenite notion of "price without profit."

Happily, the idea of Store-keeping did not die with the failure of the Economist Co-operators, the Labour Exchanges or the communities at Orbiston, Ralahine and Queenwood.

Advocated and developed by Dr William King, the radical thinker of Brighton, it was to emerge shortly in the Union Shops which flourished between 1828 and 1832.

Dr King is one of the most important figures in the annals of labour. A pioneer of the Mechanics' Institute and an enthusiast for prison reform, he was distinguished both for the clarity of his thought and the pungency of his expression of it.

Nearly a century ago, in the pages of *The Co-operator*, a little propaganda paper edited by him, he smashed the reasoning of the Classical Economists by pointing out that over-population was caused by over-production. He saw quite clearly that if the workers wished to produce for themselves, they must have

capital. Although they are poor, he argued, they have their purchasing power. Instead of carrying it back to the shops of their masters, let the workers organise it for their own use. Let them buy in association and capitalise the savings of their business.

The Union Shops had a great vogue for four or five years. In 1830 there were 300 societies, and a series of congresses were held to co-ordinate policy and action.

But their success spelt ruin. When they were about to enter into production the spirit of adventure flagged. A desire to conserve what small gains they had made induced members to desert the enterprises, and workers lacking individually in education and vision, and being collectively without legal protection, were the prey of the unscrupulous and greedy.

Moreover the glamour of Chartism was now seizing upon the minds of the people. Having fought for the right of industrial combination and having gained but little thereby, they were being whipped into frantic enthusiasm for full political emancipation.

Compared with the hard, slow, plodding effort of Co-operation, the display and fireworks of Chartism were as sunshine in drab lives. Thus the Store was left to perish while the politicians waxed fat.

Long before 1848 the drama of Chartism had resolved itself into a tragedy; and the effect of tragedy is to numb the perception and chill the enthusiasm of the workers. Their revolutionary fervour gone, they sank into apathy from which they were to arise but slowly, and after which they were to adopt the method of the roadmaker instead of that of the knight upon a charger.

CHAPTER III

SEVENTY YEARS OF GROWTH

THE approach of the Rochdale Pioneers to the task of revolutionising society through Co-operative Store-keeping was slow and tremulous. But they were revolutionaries without a doubt. Most of them were active Chartists or Owenites. All of them had played a part in the three Rochdale adventures into Co-operation that preceded their own, and Communism, or a form of it, was their objective.

Their constitution foretold progress from Store-keeping to house building, manufacture, and the establishment of a labour colony, and it ended with a matter-of-fact declaration of idealism :

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

The Pioneers were strong because they learned the lessons of history. Experience taught them the need for cash trading, for obtaining such protection as the Friendly Societies Act of 1834 gave, and for maintaining unity among the members by eschewing political and religious discussion.

The real secret of their success, however, was dividend on purchases. No longer were workers to labour and wait for the coming of a better day. Dividend offered immediate benefit, and a few shillings or even a few coppers per £ of sales was tangible evidence of the good that flowed from collective effort. Thus the pioneer Store was bound to flourish,

despite the difficulties it encountered from the first moment when the shutters were taken off the windows of the little Toad Lane shop on 21st December 1844.

The Pioneers applied business principles which have guided Co-operators ever since. They declared that capital should be provided by themselves and should bear a fixed rate of interest; that only the purest provisions should be supplied to their members, and in full weight and measure; that market prices should be charged and credit neither asked nor given; that there should be sex equality; that the principle of one member one vote should obtain in government; that the management should be vested in the hands of democratically elected officers who should present frequent balance-sheets to the members; and that grants should be made from profits for educational purposes.

The last of these rules, especially, caused trouble with the Registrar, and it was not until 1852, when the Industrial and Provident Societies Act was passed, that the educational grant was permitted and Co-operative societies received recognition from the law.

The first Industrial and Provident Societies Act was largely the work of the Christian Socialists who, holding that the failure of Chartism and Owenism was due to their fundamental materialism, and seeking to impose their own French imported ideas upon the British workers, regarded the growing Store Movement with appreciation and hope.

In 1850 the Rochdale pioneers stretched out towards the realisation of their ambitions when they founded the Rochdale Corn Mill. Their enterprise, too, indicated that Co-operation had survived its birth-pangs. Now, indeed, its strength was accumulating and the number of its children was exciting wonder in Lancashire and Yorkshire.

This multiplication of Co-operative Stores was making inevitable the coming of a wholesale agency,

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through which societies would end irritating boycotts, the supply by private traders of adulterated goods, and competition between Co-operators in the same market. The question of a central agency for Co-operative societies had been discussed seriously as early as 1852. In 1855 a conference was held and it was agreed that "it is the duty of the various Co-operative Stores to deal with some Co-operative centre," Rochdale being recommended as the centre for the surrounding neighbourhood. Thus encouraged, the Pioneers opened a wholesale department. It lived three years and showed a loss of £1500, failure being attributed to lack of loyalty and the manifestation, even among pioneers, of the weakness of self-seeking from which many of the Movement's later problems were to spring.

Luckily, Abraham Greenwood, who guided the early venture, was not to be dismayed by opposition and failure. Aided by the recently established *Co-operator*, under the editorship of Henry Pitman, he continued to propagate the idea of a Wholesale Society, and, after a tea-table talk at Jumbo Farm, near Manchester, on 12th August 1860, a committee was formed to prepare the way for a trading federation. Conference followed conference, and at each the outlines of the new scheme became more definite. In 1861 a "Co-operators' Charter" was introduced into the House of Commons. The work of the Wholesale enthusiasts and the Christian Socialists, it sought to amend the law in many directions, the chief of which were two: the restriction of the power of a corporate body to hold more than one acre of land was to be abolished, and societies registered under the Industrial and Provident Societies Act were to enjoy the privilege of limited liability.

In 1862 these clauses were embodied in the new Industrial and Provident Societies Act and the establishment of the long-desired Wholesale depot became a practical proposition.

The policy of the North of England Co-operative Wholesale Industrial and Provident Society was a simple one. It traded for cash only, supplying goods at cost price with the addition of one penny per £ as commission. Yet its early years were not successful. According to the first report and balance-sheet, there were only fifty-four societies, representing 18,000 individuals, in membership, and net sales amounted to £51,857 for thirty weeks.

In 1864 the method of the Rochdale Store was applied to wholesale trading, and the Society began to sell goods at current prices, returning to its members a dividend on their purchases. Two years later a butter-buying depot was opened at Tipperary, and with the annulment in 1867 of the clauses in the Industrial and Provident Societies Act limiting the investments of societies in each other, the membership rights of individuals ceased and the Wholesale was built safely into the fabric of the new democracy.

Perhaps as a result of this, the number of members belonging to shareholding societies rose in 1868 to 59,349 shares, loans and deposits, and trade and bank reserve fund amounted to £26,313, and sales over a period of sixty-five weeks were £331,744.

Again with the aid of the Christian Socialists, the idea of a Co-operative Insurance Society was popularised, and that Society came into being in 1867. Meanwhile, Scottish Co-operators were discussing the formation of a Wholesale Federation to speed the growth of the sturdy Movement arising beyond the Tweed. These years, too, witnessed the beginning of the Co-operative Union which was to become, with the C.W.S., a dominating force in Store Co-operation.

The Co-operative Union is a lasting monument to the endeavour of the Christian Socialists. The need for maintaining Co-operative idealism, the possibilities of utilising the Movement as a vehicle for the expression of their own social philosophy, the alarm with which they must have viewed the growing power of a

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Consumers' Movement thirled to the theory that the general interests of consumers should predominate over the special interests of producers, and the existence of a number of district conference associations all seem to have decided their course of action.

On 31st May 1869 a meeting was called in London under the presidency of Thomas Hughes, and here, on the proposal of George Jacob Holyoake, a Central Board was established to disseminate knowledge of Co-operative principles and practice. The Conference did not forget business. An exhibition of Co-operative productions was held, and the Central Co-operative Agency to act as a Wholesale for the productions of the self-governing workshops, and to stimulate Co-operative activity in London, which had failed in 1852 after two years of adventurous life, was resurrected.

The delegates debated such subjects as Co-operation and Trade Unionism, banking and international action. Clearly the Co-operative Movement had already jumped the barriers of parochialism and, as if to give point to the suggestion, the Wholesale Society opened a branch in Newcastle in 1871, and the Co-operative Newspaper Society was formed to take over Henry Pitman's declining *Co-operator* and launch *The Co-operative News*.

With the power of the bank exercising the minds of the leaders of the people, a resolution at the C.W.S. quarterly meeting of 18th May 1872, to receive loans withdrawable at call and subject to 1 per cent. below the minimum Bank of England rate of interest, received unanimous support. In October the Deposit and Loan Department was established. A month later the committee was instructed to further extend the Co-operative principle by entering into production. Then the words "North of England" were deleted from the name of the Wholesale, and, on the urging of the bantling Co-operative Union, now boasting a provincial as well as a London section, the C.W.S.

adopted the principle of profit-sharing which the Scottish C.W.S. had adopted two years before.

Early in 1873 the Committee carried out its mandate to enter into production by purchasing the Crumpsall biscuit works. A year of rapid expansion followed and when, in May 1874, John Thomas Whitehead Mitchell became Chairman of the C.W.S., the Society had taken over the London Central Agency, and made an approach towards joint action with the S.C.W.S.

The Movement may be said to have entered now upon a period of expansion and consolidation, aided by the economic forces of the times. A stable Trade Unionism had arisen. Conditions of labour were improving, an enthusiasm for education was being manifested, the privilege of the franchise was being extended, the consumption of alcohol was declining, while industrial expansion, Free Trade and the increasing importation of corn and meat from the rich virgin fields of America and Australasia were lowering steadily the cost of living and raising the real wages of labour. No wonder that, except for slight fluctuations in sympathy with the ebb and flow of unemployment, Co-operative sales and capital multiplied themselves many times over before the close of the nineteenth century.

The years 1875 and 1878 were made difficult for the S.C.W.S. by the failure of the Scottish Co-operative Ironworks Company Ltd., in which the Federation had invested £10,000, and by the collapse of the City of Glasgow Bank, with which was lodged the savings of many retail stores. But in 1876 the C.W.S. opened a depot at New York and, in order to cut shipping rates between Goole and the Continent, entered business as shipowners. In this same year an amended Industrial and Provident Societies Act made banking legal. In 1880 the C.W.S. considered its activities of sufficient importance to justify the publication of the *C.W.S. Annual*, which survives as the comprehensive *People's Year Book* of to-day.

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The next twelve months saw the opening of a depot at Copenhagen and the entry of the S.C.W.S. into production with the avowed object of smashing the sweater manufacturers of shirts.

The years from 1879 to 1884 saw also what might be called a rebirth of idealism. In the rush of commercial development, the educational organisation of the Movement was being neglected. At the Gloucester Congress, 1879, Professor Stuart made a plea for Co-operative education, and at Oxford, 1882, Arnold Toynbee defined its scope and purpose. Co-operative women, too, were stirring, and in 1883 the Women's Co-operative Guild was formed. The growing demand for education was met by the addition to the Co-operative Union of a Central Educational Committee, which has since set up records of statistics that few other working-class educational bodies can hope to reach.

Coincident with this growth there was precipitated an issue the result of which broke up the influence of the Christian Socialists, and gave Co-operation an international significance. The story of the attempt of the Christian Socialists to confine the International Co-operative Movement to profit-sharing organisations is told elsewhere, but it is curious that William Maxwell, who precipitated their defeat in 1902, was in 1887 realising his Fourieristic dream and laying the foundations of the wonderful S.C.W.S. factories and workshops at Shieldhall, Glasgow.

In 1889, while the S.C.W.S. was fighting another boycott, the C.W.S. had entered into the work of encouraging Co-operative agriculture in Ireland, employees' benefit societies were being formed all over the country and the Co-operative Union, with constitution broadened, was registered under the Industrial and Provident Societies Act.

The searchlight of publicity was brought to bear on the conditions of Co-operative employment in

1891, when the C.W.S. finally abandoned the principle of profit-sharing.

In 1893 Maxwell read a paper at the Bristol Congress which pricked the conscience of Co-operators. He showed that scores of Co-operative societies were literally sweating their employees. The immediate result was the reconstitution of the Joint Committee of Trade Unionists and Co-operators founded in 1882, and although conditions improved slightly, the agitation that arose culminated two years later in the formation of the Amalgamated Union of Co-operative Employees.

Meantime rejoicings at the opening of depots at Montreal and Gothenburg were tempered with sorrow by the death of Mitchell.

In 1896 the C.W.S. entered into agriculture by purchasing the Roden Estate, Salop, extending to 742 acres, for £30,000. A further addition to publicity work was made in this year, the *Wheatsheaf* being published, to attain at once a circulation of nearly 80,000 copies per month.

With 1897 came another Co-operative depot at Sydney, and the raising of the issue of Co-operation and politics at the Perth Congress. Maxwell, again, was the man who tried to broaden the Co-operators' outlook, pleading that Co-operation was a movement for the reconstruction of human society and that, although he did not desire the disintegrating force of politics in Co-operation, he wanted more Co-operation in politics.

The next four years brought more trading success and another prick to the Co-operative conscience. The Women's Guild undertook a task which should have been accomplished long before when it investigated the problem of Co-operation and the poor, conducting between 1902 and 1904 an invaluable experiment under the auspices of the Sunderland Society.

In 1901 the C.W.S. converted the house in the Roden Estate into a convalescent home, following the graceful lead given by Scottish Co-operators in 1893.

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In 1902 the Co-operators of both countries purchased great tea estates in Ceylon which now provide them with cocoa, chocolate and coffee as well. Then came that stroke of genius from the Co-operative Insurance Society in 1904, the institution of its scheme of collective life insurance, followed by other indications of Wholesale growth in 1905 and 1906, the creating of a new depot at Esbjerg and the taking over of flour mills owned by retail Stores at Rochdale and Oldham.

Happily, these years saw also an increase of Co-operative idealism, and as a result of a Congress resolution, the adoption by the C.W.S. of the principle of a minimum wage of twenty-four shillings per week for all adult male employees. Better still, the Women's Guild joined with the A.U.C.E. in a campaign for the application of the minimum wage to all female employees, and these two bodies, in conjunction with the United Board of the Co-operative Union, drew up the famous "Congress Scale," which provided for youths of fourteen years six shillings weekly, rising in seven years to twenty-four shillings, and for girls five shillings weekly rising by yearly increments to seventeen shillings at twenty years of age.

The fact that in 1908 the number of societies devoting profits to education had risen to 810, and the sum of their expenditure to £91,041, may have induced the minimum-wage pioneers to advance their plans for the expression of an opinion by Congress. They did. Newcastle Congress, 1909, passed the scale with acclamation, 486 societies voting in its favour. But the following Congress at Plymouth brought disillusionment. The Co-operative Union had sent out 1500 questionnaires to its constituents. Only 195 replied. Of these 79 had adopted the "Congress Scale," and 116 had refused to adopt it.

Meantime the C.W.S. Bank had been given legal sanction to accept individual deposits and a great extension in its turnover was made possible; the

question of linking up the C.I.S. with the Wholesale was being debated ; Congress, faced with the ever-increasing menace of the food trust, appointed a committee to correlate the activities of the Agricultural Producers Co-operative Societies, and the Consumers' Movement ; and the A.U.C.E., before inaugurating its militant policy and building up a strike fund, suggested the formation of Sectional Conciliation Boards, and was chagrined to find its proposal cold-shouldered by the Co-operative Union on the recommendation of the Parliamentary Committee of the Trades Union Congress.

In June 1911 the C.W.S. was urged to apply the "Congress Scale of wages in all departments where no trade union for women exists." The resolution was defeated, but the enthusiasts continued to agitate. To the Portsmouth Congress of 1912 the Women's Guild reported that one hundred retail societies had adopted the scale, and in the following December the C.W.S. was instructed at its quarterly meetings to have the scale in force by the year 1914.

The controversy of the C.I.S. had ended then, that Society having become the joint possession of the two Wholesales, although not of the E. and S.C.W.S., a company formed to organise only the tea business of Co-operators.

Congress in 1912 had its attention focussed on the relation of the Co-operative to other movements by William Maxwell. He proposed that the armies of Labour should unite, that Trade Unionists and Co-operators were members of the same army facing a common foe, but fighting foolishly at different points of the same battle line. As a result the United Board of the Co-operative Union met representatives of the Labour Party and the Trades Union Congress in February 1913 to discuss how best they might co-operate to raise the economic status of the people. The meeting passed a resolution advocating joint propaganda, the investment of Trade Union capital

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in the Co-operative Movement, and the use of Co-operative resources to aid Trade Unionists in industrial disputes.

In September 1913 the Movement, by a gallant action, earned the gratitude of all Trade Unionists and fired the imagination of those who sought to unite the armies of progress with possibilities of what working-class solidarity might achieve.

The great Dublin strike of 1913-1914 was about to collapse through the starvation of the workers when the Parliamentary Committee of the Trades Union Congress pledged itself to find supplies. On the afternoon of Wednesday, 24th September, the C.W.S. received and accepted their order. On Friday afternoon the first of the famous Co-operative "food ships" left Manchester Docks, loaded with 25,000 parcels of groceries and 25,000 bags of potatoes.

When Congress met in 1914, 1390 retail Stores were affiliated to the Co-operative Union. They had a membership of 3,054,297, held £46,317,939 of share and loan capital, were doing a trade of £87,964,229, had made a surplus of £13,501,825, and were employing 103,074 workers in their service.

The Wholesales, together, boasted 1459 members, had a share and loan capital of £10,431,187 and a trade of £44,336,196, on which they saved £1,338,051, and for the administration of which they employed 32,067 workers.

The number of current accounts with the C.W.S. Bank had increased from 62 in 1873 to 1514, the total turnover reaching £186,458,817. The total life and fire and general premium income of the Insurance Department for the year amounted to £266,265, the assets being £595,414, and the total claims paid standing at £796,182.

Now the United Co-operative and Labour Board was established, the A.U.C.E., pressing for the 48-hour week and compulsory Trade Unionism, was suggesting again the setting up of Conciliation Boards, and the

Joint Parliamentary Committee was demanding the raising of the membership capital limit from £200 to £300. But Congress wanted progress and still more progress. At Dublin it instructed the Co-operative Union to undertake a Co-operative survey designed to make Co-operative education more effective and to tackle the grave problems of inefficiency, overlapping, lack of trade in poor districts, prices, dividend, and labour relations, which the growth of commercial resources had made inevitable and lack of Co-operative consciousness had hedged round with thorns of difficulty.

CHAPTER IV

THESE LAST TEN YEARS

THE war years and after proved once again the power and the possibilities of the Co-operative Movement.

Although the Wholesale Societies and their retail members invested millions of pounds in war loans and fought strenuously against the panic of high prices in the early days of the war, and although private enterprise failed in Britain as completely as it did elsewhere, the Movement was not called upon to shoulder such responsibilities as its sister movements on the Continent discharged. Instead, Co-operation followed the economic tendencies of the times, growing enormously between 1914 and 1920, wilting during the next two years, then making a slow but steady recovery.

The demonstration of the strength of the Co-operative Movement, and the temporary concentration of power in the hands of people hostile to Co-operation, led to strong opposition from the enemies of the Movement. Food Control, for example, put the power of supply into the hands of people who were far from being kindly disposed towards Co-operation.

The Movement was treated harshly. Its representations were ignored. While private traders were in many instances obtaining more than their fair quota of controlled commodities, notably sugar and tea, Co-operators were losing trade because their societies were put on short rations. When Conscription was applied, Co-operative employees were treated unfairly.

The artificial restriction of the Co-operative market and the crippling of Co-operative efficiency by the authorities prevented the Movement from increasing its membership as it might have done, and Co-operators learnt their need for organised political power through bitter experience.

But if Food Control hampered Co-operators in

securing supplies, the profiteering in uncontrolled goods made clear to the public the benefits which were obtainable from membership of the Store. Later, the re-organisation of the Ministry of Food and the representation of Co-operators on the Consumers' Council brought recognition of the Movement's capacity to keep down prices, and the years from 1914 were years of extension and enterprise.

During 1915 societies showed only their normal advance in membership and trade, the one distinctive increase being that in the sales of the C.W.S.

By 1916 the trade increase had become more clearly marked and by 1917 every society in the country was contemplating extension. Both the C.W.S. and the S.C.W.S. were buying lands for developing existing works or new works outright, and, jointly, they acquired tea plantations in Southern India and additional tea plantations in Ceylon.

In 1920 the distributive trade of the Wholesale Societies reached £135 millions, an increase over 1914 of 207 per cent., and over 1919 of 18 per cent. Of that enormous trade 32 per cent. was in the productions of the Societies. During the year the Societies took over nine factories of various kinds, and made extensive purchases of lands and buildings. The distributive Stores, too, recorded great advances, their trade rising to £254 millions, an increase over 1914 of 188 per cent. and over 1919 of 28 per cent. The significance of these increases is clear when we note that the cost of living during 1920 appreciated from 140 per cent. to 173 per cent. over 1914.

The Movement as a whole, however, was thought to be suffering from a lack of capital. Thus in July a Joint Capital Propaganda Committee was formed to make known the needs and possibilities of the Co-operative Movement as a field for the small investor. The rate of interest paid by the C.W.S. was raised and, altogether, capital was increased by £5 millions. These developments made known two needs of the trading movement which later events were to

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emphasise. If the Movement is to expand rapidly, and if it is to enter large-scale industries with success, it will require to build up a great fund of collective capital. The engineering industries, for example, cannot be engaged in without heavy initial expenditure and a capacity to bear risks of loss, at least during the first few years. International trading offers another instance of vital but difficult business which must be undertaken by Co-operators.

The C.W.S. cannot embark lightly upon these businesses. It is founded on a solid financial basis of working-class savings which Co-operators must seek to strengthen and which they should hesitate to threaten. Clearly, if Co-operative entry into essential services is to be quickened, the insurance and banking departments of the Movement must join with the members of the trading federations to create a fund of socialised wealth to be used for the speedier realisation of the ideal of democracy in business.

During these years of extension the Movement for amalgamation among retail societies made considerable progress, particularly in the London area. There a number of societies were grouped into three large ones, Co-operators north of the Thames being organised in the London Co-operative Society, those south of the Thames in the Woolwich Royal Arsenal Co-operative Society, and those farther south in the South Suburban Co-operative Society.

As already indicated, their war-time experiences forced Co-operators to recognise what they had ignored before—that political action was necessary for the protection of their own economic interests, which are also the interests of the whole community. The neglect of the Movement by the Government was followed by constant attacks from the political organs of private enterprise, which were to culminate in an attempted boycott of Co-operators by the Proprietary Articles Traders' Association and an unfair proposal to bring the surpluses of Co-operative trading within the incidence of the Co-operation Profits Tax.

Thus the Swansea Congress of 1917 was in fighting mood. It passed a resolution demanding Co-operative representation on Government committees. A few months later Co-operators felt acutely the unfair treatment they were receiving from the rationing authorities, and an enthusiastic Emergency Congress decided upon the formation of a Co-operative Parliamentary Representation Committee, which at once became active in the constituencies.

When the battle of the polls took place in 1918 the new Party entered the field with six candidates. They polled less than 60,000 votes and gained one victory. In May 1919 Congress approved of the constitution of a Co-operative Party under the control of the Co-operative Union, but with representatives of societies subscribing to the political fund and other bodies on the Party Executive.

Continual attacks on the Movement kept the political watchdogs of Co-operation active.

In February 1920 the Co-operative Party challenged the supremacy of Mr Asquith at the Paisley By-Election, their candidate making a brave show with Labour help. A few weeks later the joint forces of Co-operation and Labour fought the first real Tory-Liberal Coalition in Britain at Stockport By-Election.

Although the first results of the Survey Committee were disappointing—the Wholesale Societies deprived its investigations of much of their value by refusing to take part in them—a considerable impetus was given to Co-operative educational development during the years of booming trade.

In 1915 the Central Education Committee appointed an Adviser of Studies to direct its energy more effectively, and in 1916, anticipating that funds would be gathered easily, and realising the need for more and more education, Congress endorsed proposals to extend the work of the Central Education Committee. This Committee was given power to add a woman to its staff, and to establish a statistical department, while it was invited also to submit a scheme of work

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for full-time teachers. Thus did the idea of a Co-operative College begin to loom large in the minds of Co-operators.

During the next few years the idea of a Co-operative College made substantial progress, and this progressive spirit was made evident again when the proposal of a National Co-operative Society, projected first in 1906 by the late Mr J. C. Gray, was raised, and remitted to the societies in 1920.

The possibility of expanding the work of the Union, in accord with some of the recommendations of the Survey Committee, was made immediate by raising the affiliation fee from 1½d. to 2d. per member, and in June came the amalgamation of the Co-operative Newspaper Society with the "Scottish Co-operator" Newspaper Board and, with it, hopes of a more enterprising Co-operative press policy.

If the problems of the relations between Co-operators and their employees came no nearer to solution during the war, they were at least shelved temporarily.

The A.U.C.E. had been developing a fighting policy, but the C.W.S. had now applied the Minimum Wage and in 1915 Congress adopted the A.U.C.E. proposal for the erection of conciliation machinery. This machinery did not come into existence then, however, and as demands for higher wages increased under the pressure of the rising cost of living, societies formed Hours and Wages Boards for their own protection, and there was even a Congress (1916) resolution that societies should contribute to a defence fund to fight the employees' union when any one of their number was attacked. Actually, the differences not settled by negotiations through the Joint Committee of Trade Unionists and Co-operators were decided by Government Arbitration Courts. In 1918 the Co-operative Union was given permission to add a Labour Adviser to its staff, and the Conciliation Boards were definitely established and, after a short trial, were found unsatisfactory.

A distinctive feature of Co-operative development at this time was the growing fellowship between the Co-operative and Trade Union Movements. In the first week of the war a National Workers' Emergency Committee was formed to watch over the joint interests of Trade Unionism, Co-operation and Labour. When the cessation of war activities precipitated the break-up of this Committee there emerged the United Advisory Council of Trade Unionists and Co-operators, claiming Trade Union aid for Co-operation and Co-operative aid for Trade Unionism.

Soon this Council developed sectional and local organisations, which, with the Women's Guild, did valuable propaganda work among Trade Unionists, and induced many Trade Unions to bank with the C.W.S.

Co-operators strengthened the growing bond between the Trade Union Movement and themselves during the great struggles of the railwaymen in 1919 and of the miners in 1921, when Co-operative Societies provided loans and relief amounting to thousands of pounds. The experience of these times effectively drove home the lesson that the power of the Co-operative Movement to act as the commissariat of Trade Unions during times of industrial war can be enormous only if Trade Unionists are loyal, purchasing Co-operators in times of industrial peace.

Joint action between Co-operators and Trade Unionists and the formation of a Co-operative political party raised, as it was bound to raise, the issue of a Co-operative-Labour Alliance. In 1920 the subject was debated at Congress on a Co-operative Party motion, and the resolution was defeated by four votes.

Then came the tragedy of 1921. Before its first quarter had sped by the glorious after-the-war boom had collapsed. The Government was no longer a buyer of weapons of destruction to the fullest of the country's capacity for production, the fluctuations of the international exchange were now reacting vigorously against brisk trade, a million-strong army of unemployed was walking the streets of our cities and,

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by September, the purchasing power of the workers had been reduced by £4 millions per week, and 1,698,000 workpeople had lost 84,192,000 days' work through industrial disputes. Prices fell rapidly and the value of stocks depreciated with disconcerting speed. Co-operative retail trade dropped £35 millions and profits £8 millions. While the C.W.S., encouraged by the records of expansion set up in 1920, had committed itself to the purchase of more lands and buildings to the extent of £700,000, its trade dropped by £24 millions and showed a loss of £4,569,590. Moreover, the Movement was mulcted in a further loss of £1 million through unfortunate speculations in rubber shares.

Lack of business success destroyed the confidence of Co-operators and stifled their idealism, and the cause of progress, in the Co-operative as in other movements, had a chequered career.

In 1922 the question of co-ordinating the forces of Labour and Co-operation was raised again at Congress by a Co-operative Party resolution demanding joint action to stabilise *The Daily Herald*, which was defeated. It was announced that the response to a Co-operative Union questionnaire on a National Society—mooted in 1920—had been very poor, and the proposal was dropped. The United Advisory Council of Trade Unionists and Co-operators was dying from sleepy sickness, and a proposed grant of £10,000 from the C.W.S. to the Co-operative College was lost by a vote of the societies.

In June 1923 came the strike of Co-operative workers at Pelaw and Silvertown, which was to expose the futility of the now overworked Joint Committee of Trade Unionists and Co-operators.

Nevertheless, Co-operators weathered the storm of bad times well and made a magnificent recovery. Although they had not foreseen the inevitable after-the-war slump, they met the new conditions with such success that membership hardly decreased, despite a general lowering of dividends.

Co-operative trade returns began to improve.

There was a healthy desire to develop a pure milk supply and a remarkably rapid growth of Co-operative turnover in this business took place, while the Linlithgow Committee and the Food Prices Committee showed the power of Co-operation in fighting food trusts. Moreover, the C.W.S. was now developing trade with Russia. It had become a member of the Anglo-Russian Grain Exporting Company, which includes also Centrosoyus, Arcos, a British shipping firm and a firm of English wheat-brokers. The work of this Company is being seen now (October 1925) in the arrival of the first shiploads of this year's splendid Russian harvest. The total imports, on which the C.W.S. has the first claim, will probably amount to 1,000,000 tons of wheat.

The Co-operative Party was also progressing in its work. In 1922 a General Election saw the return of four Co-operative M.P.'s, and a year later the Co-operative group in Parliament numbered six, one of its representatives becoming Parliamentary Secretary to the Board of Trade in the first Labour Government.

At the next Election, in 1924, the Co-operative Party stock slumped in sympathy with Labour, two seats being lost and one gained.

In the eightieth year of the Movement's existence, and the Diamond Jubilee year of the C.W.S., Co-operators recovered some of their faith. Congress showed that the Central Board of the Co-operative Union were engaged with the problem of workers' control. Negotiations were begun to erect better conciliation machinery between the Movement, the N.U.D.A.W. and other Unions to replace the Joint Committee of Trade Unionists and Co-operators. The Co-operative College had extended so far as to open a hostel, and increases in Co-operative membership reached record figures that had not been surpassed since 1920, while Wholesale and retail trade returns were nearly £15 millions over 1923 figures.

CHAPTER V

WORLD-WIDE CO-OPERATION

UNTIL the extent of Co-operation in other countries and the possibilities of International Co-operation are realised, the Co-operative Movement's contribution to a solution of our social problems will never be appreciated.

Not only is there need for fostering friendly relations between national movements and for co-ordinated action to assist the development of Co-operation in countries where it is weak, but until Co-operators considered seriously the socialisation of international trade, the central stronghold of world capitalism remained immune from attack.

For thirty years the International Co-operative Alliance has been undertaking both these tasks with a gratifying and increasing amount of success.

Around the rise of the Alliance there was fought in Great Britain the battle of the consumers' theory of Co-operation as against the theory held by the productive Societies and the Christian Socialists.

In 1892 the issue was crystallised by the formation of a Committee of the Friends of Co-operative Production, operating without recognition by or support from the Co-operative Union. Profit-sharing associations and companies alone were admitted to membership of the Committee, but when Neale died Mr Henry Wolff accepted its Presidency only on condition that its basis was broadened.

In 1895 the Co-operative Union assisted this Committee to organise the first International Conference of Co-operators in London, and four years later the Wholesale Societies joined the reconstituted I.C.A.

At Manchester Congress, in 1902, individual member-

ship was abolished and the Christian Socialists lost whatever power they then possessed.

Internationally, Co-operators had not long to wait before another crisis was upon them. At the Cremona Congress of 1907 the question was raised whether Co-operators should work within and without opposition to capitalist society, or whether their aim should be definitely anti-capitalist.

The immediate cause of the division of opinion was the application by the Central Union of German Distributive Stores for membership of the Alliance. These Stores were Socialistic in outlook.

Mr Wolff, still President of the Alliance, sympathised with the efforts of Liberalistic Co-operators to close the Alliance against the vigorous and young Central Union and, the latter winning decisively, he resigned his position. Under William Maxwell, the Scottish advocate of "Socialistic Co-operation," Congress set up a Union of Wholesale Societies to foster international trade. Maxwell and his colleagues drew stimulus from the success of the Hamburg Congress of 1910, and in 1913, when the Congress of Glasgow eloquently pledged itself to work for international peace, the membership of the Alliance comprised 30,871 Co-operative societies, which subscribed to meet an expenditure of £3000.

In almost every European country the war brought honour to the Co-operative Movement and justification to Co-operative principles.

While its children raged with war fever, the Alliance did not pass into oblivion. It maintained contact with them all throughout old Europe's illness, and when the four years' fighting was finished, rushed to succour the fallen and unite them with their brothers.

The Basle Congress met in 1921 and made the Alliance truly international. Prior to 1921 the Executive Committee had been composed entirely of British representatives. Now its number was raised from five to ten, three being British, one French, one Belgian, one

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German, one Swiss, one Czech, one Scandinavian and one Dutch. In 1923 a Russian representative was added.

At the Basle Congress, too, the international propaganda and educational forces of Co-operation were increased by the formation of an International Co-operative Women's Committee. But the Basle Congress indicated that the I.C.A. had done more than encourage friendly international relationships. It had stimulated Co-operators in every country to discuss the promotion of international trade to such effect that the machinery of international trade was already in course of construction. The most important part of this machinery was the International Trading Committee, consisting of Wholesale representatives. The first steps to its formation were taken in 1918, and by 1922 it had twenty-one adherents.

In 1924 inter-Co-operative trade in Europe amounted to £40,700,186, over £12 millions of which were in goods drawn from Co-operative sources. Food represented 96 per cent. of the total purchases.

Encouraged by these figures the Committee, meeting at Prague on 24th March 1924, drew up a constitution for the International Co-operative Wholesale Society, declaring its object to be the collection and distribution of information and the promotion of trading relations and interests between Co-operative societies in all parts of the world, adding, "the Society itself shall not undertake any actual trading."

In 1922 Committees of Inquiry into international banking and insurance were set up. These Committees have achieved remarkable results. To the Ghent Congress of 1924 the Banking Committee reported that a bureau of statistics had been formed in Paris under the care of the French National Bank, and that twenty banks were in correspondence with the French Bank.

The Insurance Committee had attracted twelve countries to its aid, but neither to it nor to the Banking Committee had the British Movement given any promise of financial support.

Future progress is being facilitated by the ever-growing willingness of the national movements to undertake joint enterprises. The Scandinavian societies have a joint buying organisation. The C.W.S. and the Danish Movement have a banking agreement to facilitate trade between the countries. The C.W.S., too, has been acting as a buyer of herrings and British Colonial produce for the Russian Centrosoyus (which controls 40 per cent. of Russia's internal trade), and has also received Russian orders for its textile mills.

Solid foundations are being laid during a time when progress cannot be rapid, for the difficulties that must be overcome before the Co-operators of the world have their International Bank and Wholesale and Insurance Societies were, and still are, almost insurmountable.

Currencies remain unstable and unemployment is rampant except where the standard of living is low.

There are also special Co-operative barriers to an international advance. There is, for example, the widespread belief that international Co-operative trade exists only when Co-operative productions are being exchanged. But international Co-operative trade does not start here. It begins when Co-operators seek to gain knowledge of the needs of international Co-operative markets and organise their supplies through Co-operative channels, whether these supplies come from Co-operative or capitalist sources.

When the market is organised a great increase of Co-operative productions should take place in the various countries to replace the present capitalist supplies, so that the important question here is how to accelerate the progress already being made.

The whole Movement, internationally, must give attention to the suggestion that a great fund of collective capital be raised to enable Co-operators to face risks in financing dark and dangerous adventures.

Until this is done national organisations which, like the C.W.S., are vastly superior to other Co-operative

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Movements in their wealth and their turnover of foreign trade, will entertain a justifiable fear of having excessive risks thrust upon them.

This fund of collective capital would, for example, enable our trade with Russia to be enormously increased. Russia can supply the food and raw material required by Britain, and, in return, can buy the manufactured goods Britain has to sell. The serious lack of capital in Russia, however, hampers her in exporting and importing.

Another obstacle to progress is the lack of contact between Co-operative agricultural producers and industrial consumers. The linking up of the scores of agricultural organisations would direct many millions of pounds of trade into Co-operative channels at once and hasten the creation of those two conditions of international peace—Co-operative and democratic control of raw materials and the abolition, internationally, of profit upon price.

The I.C.A., too, must endeavour to establish friendly relations with international Trade Unionism with increasing vigour and must persist in its attempts to obtain representation in the International Labour Office of the League of Nations.

Lastly, there must be concentrated effort to create among the Co-operators of every country an international mind and a consciousness of the need for securing international unity.

The building up of a strong International Co-operative Women's Guild will reinforce the international spirit in that section of the Movement, whose "basket power" is the foundation of Co-operative prosperity.

Every individual Co-operator must be made to feel responsibility for the work of the I.C.A. and to take pride in its achievements. Only thus can we ensure that Co-operators will make their greatest contribution to the world-power of the workers.

CHAPTER VI

CO-OPERATION AT WORK

HOW does this wonderful Movement operate? What motive animates it and by what kind of machinery and form of government does it strive to attain its objective? The aim of a Co-operative society, always and everywhere, is to eliminate profit on price. This it seeks to do by organising the market, discharging the duties of the entrepreneur and saving his profit, eliminating also, so far as a small force of consumers' policemen in a community of commercial burglars can eliminate, the element of speculation in trade. The society provides the capital of business, paying upon it a fixed rate of interest. Since the profits are distributed on sales, capital cannot appreciate and the amount of unearned income is limited. As Co-operators penetrate to the sources of raw materials and win ownership of the land, they abolish the landlord and save his rent. Thus the Co-operative Movement is revolutionary in theory and in practice.

If this analysis is correct, the Movement, whatever variations it may have introduced for administrative purposes, is based upon the individual member who, in association with his fellows, composes the local society which, in association with other societies, forms the national federations, the whole making a complete and effective democracy. That sentence gives a fairly accurate outline of the organisation of the Consumers' Co-operative Movement to-day.

Any member of the community may apply for membership of a local Co-operative society and, on paying his nominal entrance fee, is bound to be accepted

unless it be proven against him that his entry would militate against the society's business. Having become a member, and taken up the minimum number of shares—varying from £1 to £5, which may accumulate from dividend—he enters into possession of all the rights of membership and can, by virtue of his shareholding alone, be elected to any official position in the society.

As a member of a Co-operative society, our Co-operator elects a committee to conduct the society's business according to the objects defined in its rules, the committee rendering to him an account of its stewardship at monthly, quarterly or half-yearly meetings, and it issues a half-yearly balance-sheet so clear and informative that the ordinary man or woman can comprehend how well or badly the business is being conducted.

Should our Co-operator himself be elected to the committee he will find that its first duty is to see that the transactions are in accordance with the law of the Industrial and Provident Societies Act under which the society is registered. The next duty of the committee is to supervise the business, for which purpose it is divided into sub-committees dealing with finance, drapery, grocery, property and, sometimes, education. These sub-committees, by personal investigation and report from their executive officers, maintain contact with trade developments, determine business policy and see that their officers give effect to that policy. In many societies the work of the educational committee is carried out, not by a sub-committee of the board of management, but by a committee elected directly by the members, to which is allocated a small proportion of the trading profits.

Having organised the local needs of its members, and discovered market for bread and meat and boots, the Co-operative society now sets about satisfying those needs. With its fellow-societies in the neighbourhood it may combine to meet a local demand

for bread or for laundrying. With its fellows all over the country it is federated in the Co-operative Wholesale Society or the Scottish Co-operative Wholesale Society to buy in bulk and, wherever and whenever possible, to carry the economy of Co-operation into the production of commodities.

The Wholesale Society has power within its objects and with the sanction of its constituent members to enter almost any trade or business. Co-operative societies registered under the Industrial and Provident Societies Act must subscribe to the C.W.S. one £5 share for every two of their own members, and they have one vote in virtue of membership, one vote for the first £10,000 of annual trade and an additional vote for each £20,000 of trade above the first £10,000.

For purposes of organisation the area of the C.W.S. is divided into three districts, Newcastle, Manchester and London, for each of which a number of directors are appointed—sixteen for Manchester, eight for Newcastle and eight for London. These directors devote their full time to the Society's service, receiving remuneration at the rate of £722, 10s. per annum. They are appointed for two years and must be nominated by some society in their own districts although the nominations are voted upon nationally. The directors divide themselves into sub-committees for the administration of grocery, drapery and finance, these sub-committees being further subdivided for special duties.

In January, April, July and October of each year the directors meet the shareholders, issuing in January and July a half-yearly balance-sheet. Eight divisional meetings are held on the same Saturday, the same agenda being submitted and the votes cast at all the meetings being totalled. The following Saturday a final meeting is held in Manchester, at which the final decisions are made known.

The constitution of the S.C.W.S. varies only slightly from that of its English neighbour, but the variations are important. In addition to admitting

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employees to membership, the S.C.W.S. confines membership to societies registered under the Industrial and Provident Societies Act. It demands of each employee member that he should take up not less than five £2 shares, permitting him to contribute 100 such shares, and of societies that they should take up one £2 share for each of their own members. Again, the President of the S.C.W.S., unlike his English brother, is appointed directly by the shareholding societies, the Secretary is elected and has a vote and the twelve Scottish directors are not appointed on a district basis, although the election results would indicate a tacit understanding among societies that all districts should have representation on the directorate.

Besides this elaborate trading organisation, the societies are federated in the Co-operative Union for legal and educational purposes. The Union is the national representative of British Co-operation. Affiliated to it is every truly Co-operative society in the land, including the two Wholesales, and its work is of vital importance.

Every member must hold one five-shilling non-interest-bearing share in the Union, and must pay an annual affiliation fee of 2d. per member, the sum subscribed by bodies like the Wholesales being a matter of arrangement. The ruling body of the Union is Congress, which meets annually. At Congress societies may exercise one vote for every 1000 members or part thereof upon which they have paid subscriptions, although no society may be represented by more than six delegates.

The country is divided by the Union into nine sections—Irish, Midland, Northern, North Eastern, North Western, Scottish, South Western, Western and Southern—and in all but the last two there is an office directed by a skilled full-time official.

The affairs of each section are administered by a Sectional Board whose members are elected democratically and who, together, form the Central

Board of the Union. The Central Board, meeting three or four times a year, delegates its executive duties to the United Board composed of fifteen members chosen according to Section.

Before describing the work of the Union in detail, we have to note that the Sectional Boards do the sectional work of the Union, and that the Sections, in turn, are divided into District Conference Associations, some of these employing full-time secretaries. Thus the individual Co-operative society finances the Union, the Union finances the Sectional Boards, and also the District Associations.

The United Board is the governing body of the Union. From it there is appointed an Office Committee and a Sub-Office Committee responsible for the work of the whole organisation. Undoubtedly the most important committee controlled entirely by the Union is the Central Education Committee, composed of representatives of the Sectional Boards, Sectional Educational Associations (federations of individual educational committees in each Section) and the Women's Guilds. It employs an Adviser of Studies, who is responsible for its educational programme, two full-time secretaries, five full-time and several part-time teachers, who man the machinery of the Co-operative College which has a few day students and thousands of correspondence students in technical and academic subjects, a publications manager and a staff of statisticians in its Publications and Statistical Departments.

Besides conducting summer schools, the Central Education Committee, by the holding of conferences and the publication of books and pamphlets, instructs the educational committees of societies in the organisation of week-end schools, propaganda meetings and classes, offering them facilities for gaining expert advice and guidance.

The Statistics and General Publications Committee is controlled partly by United Board and Co-operative

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Party representatives. Under the United Board is the Labour Department with its Labour Adviser, helping societies in disputes and maintaining connection with Trade Boards and any joint machinery between Co-operators and Trade Unionists for labour purposes. Besides the Co-operative Defence Committee and the United Advisory Committee of Trade Unionists and Co-operators, there are various joint committees of the Union, the Wholesales and other federations. These include the Joint Exhibitions Committee (its name describes its work), the Joint Parliamentary Committee and the National Committee of the Co-operative Party.

The Co-operative Union is a great organ for the expression of the Co-operative theory and social outlook, for propaganda and education, for the linking up of Co-operation with other workers' movements and for the political organisation of working-class consumers. But it does not merely batten on Co-operative trade and commerce. It makes a signal and important contribution to their expansion and consolidation. It watches over and preserves the legal position of Co-operators. It provides them with trade and financial information. It inquires into methods of increasing Co-operative efficiency and makes public the results of its inquiries. It arbitrates between societies in dispute, defining their boundaries and using such influence as it can to maintain peace and progress between society and society and between societies and their employees. Always it ought to take the long view, to urge Co-operators to prepare for the future, to build solidly and sensibly to-day for the commonwealth of to-morrow.

CHAPTER VII

HOW CO-OPERATION AFFECTS THE STANDARD OF LIVING

WHAT social and economic benefits has this Movement conferred upon the workers of Great Britain? The social value of Co-operation has been indicated already, yet to define it is difficult. Co-operation has been but one of many movements manned by the worker, and all of them have contributed their quota towards developing his capacity for self-government and his genius for organisation.

There can be no doubt, however, that the Co-operative Movement above all others has trained humble folks in the administration of business and has helped to make possible that democratisation of industry and trade at which all progressive people aim.

The Store, too, has been a pioneer in education. During the first thirty years of its existence it was providing for working people the facilities for primary education that the State was neglecting. In the spread of culture as well as technical education it was the forerunner of the Workers' Educational Association, and it still combines with that body in training democracy to appreciate the rights and duties of citizenship.

Co-operation has played a magnificent part in organising the general social life of Great Britain during the last eighty years. In hundreds of villages and small towns the Store is the centre of local activity, and to serve on its committees is the honourable aspiration of thousands of our fellow-countrymen.

Particularly useful has been the work of Co-operation among the working women of these Isles.

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To thousands of them Co-operation has become as important an institution as Trade Unionism is to their husbands, and through the branches of the Women's Co-operative Guild they have entered into a sphere of citizenship in which their work has been beneficent to themselves as well as to the whole community. The women's suffrage movement was middle-class in outlook and in expression of its ideals. The women in the Co-operative guilds gave these ideals a working-class expression and made the political enfranchisement of women a vital issue at thousands of fireplaces. The effects of the combination of the Co-operative fundamental principle of sex equality and the work of the guilds is reflected in the fact that in 1924 there were about 650 guildswomen acting on public bodies as magistrates, guardians, parish councillors and Education Authority representatives.

When we make the legitimate claim that the Co-operative Movement has rendered signal service to the community in fighting the food adulterators we border on the realm of economics where, although the difficulty of defining Co-operation's contribution to welfare is still great, many facts and figures can be advanced as evidence. Being a consumers' organisation, the Co-operative Movement has set its face against all the "tricks of the trade" by excelling in which many private traders make inefficient businesses pay.

Perhaps one of the best, as it is the most recent, examples of this was the passing by Parliament in 1922 of a Sale of Tea by Net Weight Act, on the urging of Co-operative M.P.'s, which prevents the weight of the packet being included in the weight of tea sold in packets, and by the passing of which British consumers are saving a sum amounting to £4 millions per year. Before the war the Wholesale Societies were incurring a regular "loss" of £90,000 per annum in order to give consumers a square deal in tea.

At a first glance the comparative figures of trade and capital induce the conclusion that Co-operation

can have little or no influence upon the workers' standard of life. In 1920 the total share and loan capital of the Wholesale Societies and the distributive Stores was £108 millions, while the authorised capital of Lever Brothers Ltd. was £130 millions, and, while the Leverhulme Soap Trust claimed 72 per cent. of the total soap trade, the C.W.S. was fighting for a part of the 20 per cent. of the trade outside the control of the United Kingdom Soap Manufacturers' Association. The Co-operative retail trade accounts for only 8 per cent. of the domestic consumption of coal in this country and, although Co-operators are providing one-seventh of our total tea supplies and are the largest millers in the country, the fact that they must obtain supplies through capitalist intermediaries in the main prevents them from influencing the prices of commodities to any considerable extent.

Nevertheless, a Movement which returned to consumers nearly £16 millions last year and which, since and including 1914, has given back to the people in various ways a sum of nearly £200 millions must be exercising a profound influence upon the workers' standard of living.

In many towns and villages the Co-operative society fixes retail prices, and much recent evidence has accumulated to show how Co-operation keeps down prices. Before the recent Royal Commission on Food, proof was offered that Co-operative societies are approached frequently by local master bakers with suggestions that the price of bread should be raised, and the Commission reported that it did not consider "that the loss to the public from price-fixing arrangements in the baking trade is likely to be serious in those districts where the Co-operative societies pursue an independent policy directed towards keeping bread prices as low as possible."

In Derby, where the efficiency of the Co-operative bakery secures a clear reduction in productive costs of £85 per week over private trade bakeries in the

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country, and where the local society supplies 70 per cent. of the bread of the inhabitants, the 4 lb. loaf at the end of January this year was costing consumers 9½d. while prices ranged from 10d. to 11d. elsewhere.

Evidence submitted to the Food Commission by the Royal Arsenal Co-operative Society showed that from 1920 until 1924, while *Labour Gazette* bread figures varied from 1s. 4d. to 8½d. per quartern loaf, the Co-operative prices to Woolwich consumers varied from 1s. 3d. to 8d. During 1924, when the *Labour Gazette* figures stood at 8½d. (July), the actual cost of the Co-operative loaf to Woolwich members (when surpluses had been returned) was less than 7½d.

The Food Commissioners also accepted the statement that "as a rule there cannot be an advance in bread without the consent of the Co-operative society." When we remember that a rise of 1d. in the price of the 4 lb. loaf affects the cost of living index number to the extent of over 1½ points, and increases the nation's bread bill by nearly £10 millions per year, the claim that Co-operators confer benefits on consumers both inside and outside the Store Movement may be said to have been substantiated.

A ripe cause of industrial unrest and irritation to the workers is the constant lag of wages behind prices when values are appreciating and of prices behind wages when values are depreciating. An important element in this tendency of capitalist trade is the "legitimate" custom of basing prices upon replacement costs when prices are rising, despite the general practice in every well-organised trade of making heavy forward purchases of raw materials when prices are low and buying the minimum when prices are high or are falling.

This custom accounted for the increase of 2½d. in the 4 lb. loaf recorded on 1st March 1925, and according to the report on the Soap Industry of a Subcommittee appointed by the Standing Committee on Trusts (1921), "although a reduction in the cost of

raw materials between February and April, 1920, by about £15 per ton was followed by a reduction in the price of soap by 1d. per lb., a further reduction in the price of raw material since April, by over £32 per ton, has not been followed by any reduction in the price of soap." This paragraph (page 11) continues: "We have shown that although the raw material market was followed upwards, the great fall in that market since April 1920 has been ignored," and soap which should not have been costing more than 8½d. or 9d. per lb. was then (December 1920) costing consumers 11d. per lb. This same report (page 7) notes the practice in the Co-operative Movement: "The Co-operative Wholesale Society's prices have, on a rising market, been based (broadly) on actual costs and on a falling market on replacement costs. The Co-operative Wholesale Society have generally taken the lower of the two costs, which . . . is the exact reverse of what other soap makers have done." Over the period investigated by the Committee, Co-operative best household soap was sold at prices lower than those charged by members of the United Kingdom Soap Manufacturers' Association by sums ranging from £2, 10s. to £26 per ton.

While the Food Commission was in session there was a "tea scare," the facts of which illustrate again the essential difference between Co-operative and private enterprise methods. Having become alarmed at the growth of the Co-operative tea sales, now 11,000,000 lbs. per week, five private traders combined early in 1924 to negotiate the purchase of tea crops still unharvested, their object being to keep the tea off the market and force Co-operators to buy from them. In order to do this, they had to persuade tea growers that the market was breaking, and they reduced prices by glutting the market with home stocks. As a result they obtained their forward contracts amounting to millions of pounds. But the C.W.S. bought its supplies in the falling market.

Then came the Snowden Budget and, with the reduction of the tea duty, a drop of 4d. per lb. in price. The demand for tea was increased. The firms concerned in the attempted corner, being short of supplies, came on to the market and, faced with a growing demand as well as a rising market, they increased the price until the concession of the Snowden Budget was lost to the consumer.

During the four or five months of these operations, the Co-operative Movement bought, on the average, only one-fourth of its requirements, refrained from raising its prices or varying its qualities, and effected a saving to consumers of Co-operative tea of over £400,000.

References to Governmental reports show quite clearly that the Co-operative Movement compares more than favourably with private enterprise in production and distribution. Co-operators realise higher profits than private traders on the distribution of coal and meat. Co-operative bakeries show higher returns per sack of flour than the average of private trade. Co-operative milling is demonstrably more efficient than milling by the gigantic industrial trusts. At least one section of the Co-operative insurance business—collective life assurance in which, by law, the costs of administration are limited to 3 per cent. compared with the 40 to 60 per cent. charged by private companies—offers an object lesson in how the fullest benefits of insurance may be extended to the workers.

Is the Co-operative Movement, then, a barrier between consumers and the trust? In his Minority Report of the Food Commission Mr Walter R. Smith, J.P., declared that "the chief protection which the consumer now enjoys is afforded by the Co-operative Movement." The Sub-Committee on the Soap Industry came very near to the truth in its conclusion "that the competition of the Co-operative Wholesale Society is not likely to become an effective check on the

prices fixed by the United Kingdom Soap Manufacturers' Association unless those prices become very extravagant," and the late Lord Leverhulme, by his constant and vigorous but unavailing attacks on the Co-operative soap trade, from 1910 onwards, admitted his fear of organised consumers.

Before proceeding to discuss the temporary and surmountable obstacles that prevent Co-operation from becoming an immediate and powerful menace to rings and combines we have to note that the Co-operative Movement, by direct and reflex action, has assisted Trade Unionists in their endeavours to raise the wages and shorten the hours of labour. As we have seen, three years before the first Trade Board Act was passed, Co-operators recognised the principle of a legal minimum wage, and the principle is given effect in almost all sections of Co-operative business. To-day Co-operators insist that their servants be Trade Unionists and, with the few inevitable exceptions, Trade Union conditions obtain in all societies. To balance the few exceptions, there are but few Co-operative shops or factories where employees have not won higher standards than those set by Trade Unionists for private traders.

Before the war, "labour turnover" in private enterprise firms—calculated on the number of work-people who left their situations for no other reason than general discontent—was nearly 10 per cent. for men and 50 per cent. for women, while in the Co-operative Movement it was almost *nil*. In a recent book Mr J. Hallsworth, Political Secretary of the N.U.D.A.W., has shown that the Co-operative Movement is a powerful lever for the improvement of labour conditions. He writes: "Public convenience often has been and again may be pleaded as the excuse for late hours of closing shops and excessive labour of shop assistants. . . . In this connection emphasis may be laid on the fact that the Co-operative Stores throughout the country cater for classes of

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customers in respect of which the question of convenience has always required special consideration. It is a striking manifestation of the change of habits on the part of the shopping public that in these Stores . . . the hours between which shops are open have been contracted sufficiently to allow within them for a working week of 48 hours down to 44 hours as the maximum. It is true that the minority of shop assistants are engaged in Co-operative Stores, but it is also true that the geographical distribution of such Stores and the classes of customers for which they cater are sufficiently representative of the general conditions as to support fully the contention that *what has been achieved by agreement . . . shall be extended to all classes of shops by legislation.*"

CHAPTER VIII

PROBLEMS OF FINANCE

THE principle of dividend on purchases is an integral although not an essential part of the Co-operative system. A device for the abolition of profit upon price, it achieves also the end of equity so far as equity can be achieved in the world to-day. To him who, by bringing his purchasing power to the Store, contributes most to the welfare of his society, most is returned ; and because the progress of the Co-operative system means the decline of the competitive system, there emerges as a feature of Co-operation the fact that people, apathetic in heart and antagonistic in mind to social change, are yet attracted to the Store for economic reasons and harness their economic resources to the task of reforming the world.

Perhaps the most striking feature of dividend is its variation from county to county, from town to town and from society to society. Inquiry into such statistics as the Co-operative Union has gathered indicates the general tendency that where dividend is high there also trade and average shareholdings are high and Co-operators are numerous.

It is not in the differences in districts, however, that the vices of dividend become clear, but in towns where two or more societies work side by side and in adjacent villages where the boundaries of societies overlap. There, competition by dividend is often precipitated. In some towns—in Rochdale itself—there is nothing unusual in one society declaring dividend according to the dividend paid by its neighbours, maintaining payment at the level they have established if it desires to retain members, and

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declaring a higher dividend than they if it desires to increase its own trade and membership at their expense. The folly of merely fixing a standard dividend to end this unholy competition is obvious. A weak society, struggling to reach the standard, might be tempted to ignore the canons of sound Co-operative business, while the powerful society, reaching the standard with ease, might decline into comparative inefficiency.

The influence of dividend on price is far-reaching. A common complaint against Co-operative societies is that their prices are high, and as common a justification for high prices is that the dividend on purchases is good.

The Food Commission reported that some Co-operative societies which might exercise a controlling influence over prices, to the benefit of the consumer, lose this power because they prefer to pay large dividends.

Wherever a dividend of 3s. 6d. per £ is given and the woman with the basket pays 22s. 6d. for goods which, having regard to quality and conditions of production, can be bought for 20s. elsewhere, there we have the apotheosis of individual gain and the degradation of Co-operative principle. High prices to obtain high dividends cut right at the roots of Co-operative principle and render it valueless.

Co-operation returns to consumers the saving of collective effort. In the Co-operative society, therefore, there can be no exploitation, even in high prices, for the members themselves are the subject of exploitation and they themselves are rewarded ultimately by the greater surpluses that follow greater exploitation.

But one thing must be remembered. Even although profits in the ordinary sense do not accrue from this exploitation of consumers by consumers, not all consumers can withstand exploitation to-day in order to receive rewards to-morrow. High dividend obtained by high prices reduces the number of potential Co-operators to those members of the community who

are well-to-do, and makes the society affected a close corporation and not a free association.

We must observe, too, that the argument that prices are high because dividends are high, leading, as it does, to the further argument that what the consumer pays in inflated prices he gets in increased dividend, is a dangerous one.

It justifies high prices by postulating, against the most conclusive evidence, that there is no economy in Co-operation, so that high prices may hide bad management and inefficient service.

The problems of prices are among the most urgent of all Co-operative problems. One direct result of the Co-operative Movement's lack of a price policy is the practice in many branch shops of charging "what the traffic will bear," a practice which maintains dividends but means also dissatisfaction among the customers.

A first step towards a solution of these problems is the adoption of the fixed price. Fixed prices would prevent those variations which alienate the sympathies of the alert consumer and would tend to equalise dividends. Under a system of fixed prices, other things being equal, differences in dividends would represent differences in local conditions, such as distances from markets, and methods of depreciation. With the election of a committee representative of wholesale and retail interests to fix prices a desire might be expressed for a pooling of dividend, and this committee, having power to investigate, might give effect to a policy of equalising dividend, secure in the knowledge that it would not be subsidising inefficiency and raising problems as difficult as those it would solve. We need only recall the enormous economies the fixed price realises for the wholesaler, the advertiser, the customer and even the clerk and the shop assistant, to establish the argument for its adoption as irrefutable.

The action and reaction of fixed prices decided by a committee of experts would tend towards a general lowering of dividend, and so realise the ideal of every

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Co-operative statesman, since, as sales increase, liability to pay dividend increases until, unless there be regulation, the maintenance of a high dividend must involve a society in risk through the operation of the economic law of decreasing returns.

The Survey Committee recommended the stabilising of dividend at about 2s. per £. Because societies pay as much as 2s. 6d. to 4s. 6d., this might appear a desirable figure. Yet an even lower scale could be adopted with safety, for the trading habits of consumers are changing rapidly. The rise of the gigantic food trusts and the power of the predatory middleman are concentrating attention on prices rather than on dividends nowadays. The quality of Co-operative goods—a factor which has retained the loyalty of the consumer to the Store in troublous times—coupled with competitive prices, would give the Co-operative Movement a wonderful impetus and make a valuable contribution towards the solution of the problem of Co-operation and the poor.

To the poorest of the poor—the casual labourer, living from hand to mouth on the credit provided by the vender of the cheap and nasty ; ignorant, lacking in vision and thriftless—to him also Co-operation has something to offer.

But its operations must be made suitable to the poor man's financial difficulties, not by giving credit, but by adopting methods to abolish entrance fees, to provide facilities for saving and withdrawing money, and, above all, to prevent inflation of prices for the sake of high dividends. This was proved by the Women's Guild experiment in the poorest part of Sunderland—described by Miss Margaret Llewelyn Davies in her pamphlet on *Women as Organised Consumers*—where these methods were combined with special propaganda to popularise Co-operation as a social force.

Why not abolish dividend altogether and sell goods at cost price plus the cost of distribution and interest ?

This revolutionary method is appealing in its simplicity but dangerous in its consequences. Chief of these are the corollaries that societies would be faced constantly with the likelihood of loss, that the business men who regard the social spending of Co-operative surpluses as "frills and superfluities" would be given opportunity to apply the economy axe to them, and that a fruitful source of Co-operative capital would be cut off.

How much of Co-operative capital is accumulated dividend is not known, but the amount, estimated at 60 per cent., must be considerable. The problem of increasing Co-operative capital is the problem of growth, and one that is not likely to become really acute in the near future.

The share and loan capital of the Co-operative distributive stores is about £88 millions, only £48 millions of which is used in Co-operative retail business. Of the other £40 millions, £33 millions is invested with the Wholesale Societies, and of that sum about £15 millions is re-invested in other concerns.

Although the need for capital is not clamant the Movement can accept and does accept as much of the savings of the workers as they care to invest, since the judicious use of the C.W.S. Bank can help to avoid the old and still existing anomaly of societies paying more for capital than they are receiving in interest on those Government and other securities in which it is invested, and the Bank, at the same time, can become a great reservoir of Co-operative power to be used as Co-operative intelligence improves and Co-operative enterprise extends.

Our last financial problem is that of distributing the surplus of Co-operative trade. After meeting the costs of interest upon capital, it is distributed annually in five directions—as dividend on purchases, as allocations to reserves, as contributions to charity, as grants to education and as collective life assurance.

With dividend and capital we have dealt already, and Co-operative reserve funds, steadily amassing

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socialised wealth of which no individual can take toll by virtue of private ownership, and in their growth solving the problem of withdrawable capital, are slowly building a golden roadway to the commonwealth.

Social expenditure is the neglected child of Co-operative surplus. Only 1 per cent. is contributed for educational purposes, yet this expenditure is not only essential to the ultimate realisation of the Co-operative ideal, but can by itself show returns in loyalty to the Store.

What is needed is such an extension of social spending through the Co-operative Store that the Movement will touch the lives of its members at many points of their social as well as of their economic activities. The Belgian Consumers' Movement has taught Co-operators a lesson in this. Not only must every penny of surplus returned to the members of "Vooruit" be used in Co-operative enterprise, but almost 25 per cent. of the total surplus is expended in non-economic ways. Apart from financing the workers' political and industrial organisations, Belgian Co-operators provide for many of the contingencies, like sickness and unemployment, which face them in their everyday lives, and they have erected cultural institutions which make the Store the heart and Store surpluses the life-blood of the workers' social existence. They have proved that collective effort can secure increasing returns in consumption as well as in production. In this country the adoption by nearly 1000 societies of the principle of collective life assurance demonstrates what might be done. Over 75 per cent. of British Co-operators are assured against death for amounts up to £50, which vary according to their Co-operative loyalty as represented in purchases. Why not assure for them a fuller, happier life by the development of Co-operative social expenditure?

CHAPTER IX

DEMOCRACY IN BUSINESS

THE Co-operative democracy is distributed unevenly over the land. Co-operative benefits are so simple to understand that only the keen inquirer would observe that the large society in the industrial towns is neither frequent nor typical. Apart from districts like Clackmannanshire, where special circumstances, including geographical conditions, have combined to drive 33 per cent. of the total population into the Store, Co-operation is strong, as a rule, where methods of industry have smashed the individualism of the toiler and where Trade Unionism has helped to develop his genius for collective effort. The reaction of Trade Unionism upon the Co-operative Movement was shown clearly during the war, when the growth of Store Co-operation among agricultural workers followed in the wake of the successful Trade Union organiser.

Co-operative consumers are not yet organised in a few great distributive societies. Concentration is a latter-day phenomenon so accelerated by the war that 36 per cent. of Co-operators are now found in 44 societies with over 20,000 members each. Yet 650 societies, with less than 1000 members each, account for only 6½ per cent. of membership. These facts are important when we are considering the two related difficulties of democracy in business—the difficulties of maintaining the living interest of the individual in the affairs of his association and of keeping him so well informed, and making use of his intelligence so effectively, that the management will be both efficient and progressive.

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Any Co-operative members' meeting is a revelation of the capacity of the ordinary man to tackle business problems. In a detailed and simple record of its transactions during the month or quarter since the previous meeting, the board of management makes public the position of the society. The milkman next door brings expert criticism to bear upon the society's creamery business, the bricklayer round the corner shows an enlightening interest in the new sausage factory that is being built, the printer in the next street gives advice on the display of the society's advertisements and the ubiquitous housewife has much to commend and much to condemn in service, prices and quality. In the large society as in the small, the interest is keen and the criticism constructive in the main, yet only a very small proportion of the society's members are present at these meetings unless the anti-Co-operative press has created a scare or there is fear that signs of financial instability may become apparent.

The dangers arising from a lack of interest diffused among at least the greater part of the membership are very real. Uninformed members are liable to become victims of panic at any time. Apathetic members are not usually good purchasers and are not often loyal to Co-operative enterprise.

Societies themselves have contributed largely to this state of affairs by accepting it as inevitable. The largest society in Glasgow has 25,000 members. Some of its meetings are held in a hall accommodating about 1000 persons, and the majority of its meetings are held in a hall with a seating capacity for 400 persons. A "live" membership cannot be created under these circumstances.

In English towns, where people are less concentrated than in towns like Glasgow, the problems of geography are added to those of apathy, and very few societies have made any attempt to meet them. An honourable exception is Leeds Society, boasting a membership

of 80,000. Here over sixty divisional meetings are held, and at each three members are elected to form a local branch Store or ward committee which meets once a fortnight. The duties of the local committee are to bring complaints about the quality and price of goods before the directors, to make suggestions for improving the business and to consult with the local branch manager on ways and means of increasing sales and improving service. The committees are federated in four district committees which organise all members' meetings in their districts and from which are elected the numerous members' delegates sent by all societies to the meetings of other associations. The directors are constantly in touch with the local committees, and so have access to information that is of vital importance to sound policy and that cannot be obtained in any other way. The local committees have also a central organisation of their own and through them Leeds Co-operators have been induced to take numerous progressive steps, such as affiliation to the C.W.S. and the adoption of the system of collective life assurance.

If the Co-operative Movement is to play a real part in the everyday life of the people the Leeds method must be applied generally. More, every branch Store must become the headquarters of an army of local, voluntary propagandists, who will visit Co-operators in their own homes, discuss the Store and all its works with them, stimulate their loyalty and make them principled as well as practising Co-operators. No method of fining members for not attending meetings, no machinery which does not derive its driving force from the spontaneous desire of the worker to help the Store, can be expected to operate with success. In the Co-operative Men's and Women's Guilds there is the nucleus of this influential army of propagandists, and the task of marshalling and equipping them for an assault on apathy should be undertaken easily and gladly.

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In inquiring into the practical operation of the Movement (Chapter VI) we have seen that the committee decides upon policy and ensures that the instructions given it by the members are carried out. Many societies, however, do not take the view that this is the duty of the committee. They insist upon the committee doing all the detailed administrative work and, where this idea has persisted in large societies, it has led to a cry for the election of full-time boards of management. What these societies do not realise from the commercial point of view is that while the ordinary man may be a business statesman only the carefully trained mind can preside over business details ; and what they fail to appreciate from the viewpoint of social theory is that neither the spirit nor the purpose of democracy is outraged when democracy delegates certain work to the trained administrator who, in the Co-operative Store, is the secretary or the general manager.

If democracy is to survive, it must be efficient. So long as democracy maintains its control and can demand of its executive officers that certain standards of labour conditions be observed, that their purchases be from Co-operative sources, that their prices must not exceed this level or that, and that they must do its bidding in all things, these officers can be given liberty to fight their capitalist competitors by any legitimate means without violating democratic principles.

If we bear this in mind we can understand easily why the full-time executive has not been an unqualified success wherever it has been tried. Working men, skilled in examining and repairing machinery, have been asked to face the very different problems offered by business organisation, and unless they have been endowed with exceptional ability and that plasticity of mind which has departed from most of us long before we reach the years of discretion signified by election to a Co-operative board, they have failed dismally. Moreover, democracy is still very much a

thing of the heart and, having elected a man to an official position, it hesitates to dismiss him however inefficient he may prove to be.

Since Co-operators must appoint highly skilled men to key positions is there not a danger that the committee will become the mere catspaw of its permanent officials? There is: but not if Co-operators remember that the flower of democracy never fails to blossom in the sunshine of publicity. If the business policy of a Co-operative committee is to be a sound one, the committee must have available to it any information it desires. The Co-operative Movement as a whole has never shown any regard for statistics, yet statistics, full and simple, are essential to efficient democracy. By whatever means, the committee must have direct contact with the staff. This can be achieved without weakening the power of the manager and is of mutual benefit to master and partner.

When we add to these aids to good management direct contact with the district associations of members, any Co-operative committee unable to uphold the rights of democracy and to develop a technique of efficiency and enterprise would be composed of dullards indeed.

Every organisation within the orbit of the Co-operative Store's movements is a further safeguard of the rights of democracy. The Women's Guild, the Men's Guild, the Comrades' Circle, the District Conference Association, the Distributive Workers' Trade Union branch, the Associations of Secretaries and Managers and the Co-operative Union itself—all these air grievances and exercise the rights of criticism.

Within and between them all there is room for a co-ordination for democracy's sake that does not exist at present. What is meant here becomes obvious when we note that the Co-operative manager and his association, and the Co-operative employee and his Trade Union, are, in most societies, regarded as quite distinct from the other organisations within the Movement.

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Managers and employees, as a rule, play very little part in the social and educational life of Co-operation. That must cease. Apart from the Movement's need for service animated by Co-operative idealism, the Co-operative manager and employee can be—and should be—the business educators of the new democracy.

When that co-ordination is achieved Co-operators will have captured the spirit of democracy as completely as they have learned how to build up its body.

CHAPTER X

CO-OPERATORS AT WAR

EXCEPT to the student of human nature, the suggestion that there should be conflict between Co-operators, often more bitter than the conflict between Co-operators and private traders, will appear preposterous. Yet it is so ; and the war is as old as the Movement itself. We need not discuss the cause of this war. Indirectly, it may have been provoked by jealousy, for that spirit is excited easily among reformers as among other folk, when the thing fought for is economic gain, and is being won even in a small way. Directly, it has been produced by lack of foresight. Unaware of the possibilities of the Movement they had started, the pioneers of Co-operation did not map out the lines of progress. Instead, they allowed societies to spring up willy-nilly until many of them, in their natural growth, began to touch and then to encroach upon the boundaries of their Co-operative neighbours and, showing them as little consideration as an army shows its enemies, continued the struggle for dividend to the destruction, vital if not complete, of all concerned.

Here we have the grave problem of overlapping. It is a commonplace in every centre of Co-operative activity from Alloa to London and it demonstrates its presence in many ways. It shows itself in dividend competition between societies, in price-cutting contests, in societies opening shops and starting transport services with a heartless disregard for the proximity of other Co-operative shops and services.

The problem persists in spite of years of pacifist propaganda. The number of Co-operative societies is

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decreasing but slowly, and the percentage of that small decrease due to amalgamation proves the futility of the solutions proposed up till now. Of these, the chief are arbitration to fix boundaries and amalgamation. Arbitration has achieved little or nothing. When groups of societies agree to respect certain boundaries their respect arises from individual doubt of their own capacity to exploit adjacent areas; and here we may note that the fixation of boundaries is open to the serious objection that it secures an inefficient society from competition more dangerous than that of the private trader.

Wherever adopted, amalgamation has proved successful. Yet its progress has been slow—and the individual societies have not been entirely responsible for slow progress. Apart from the pressure of economic circumstances that lead to the rise of the Trust—cut-throat competition followed by a serious slump—there have been no beckoning conditions urging Co-operators towards a concentration of their forces. No attempt on a big scale has been made to fix prices or to equalise dividends. No vigorous campaign has been entered upon to establish that close contact between the Wholesales and their constituent members necessary to enable retail societies to meet modern competitors. Most important of all, the question of amalgamation raises with it the question of what is the most economical size of society, and no section of the Movement has thought it worth while to try to find an answer to that question. While the average Co-operative society boasts a membership of 3000 members, most societies have only 1000 members.

An immediate necessity is a great regional survey to investigate the possibilities of amalgamating or federating all the existing societies in areas like Clackmannanshire, Lanarkshire, Kettering, parts of Durham, Lancashire and Yorkshire, and to forecast the economies the regional society would effect. There can be no potency in propaganda against

overlapping unless it makes plain the progress that peace between Co-operators can ensure.

Unfortunately, we have not treated of the whole problem of overlapping nor described the whole area of the war carried on by Co-operators against themselves.

In many districts throughout the country there are local federations of societies to meet needs that are definitely local. Bakeries and laundries are examples of this type of federation. Some of them, because they have combined the efficiency of the large trading unit with the elasticity of the small, have become very powerful. The United Co-operative Baking Society—a federation of Scottish societies—has headquarters in Glasgow and branches at Clydebank, Rothesay and Belfast, and is one of the largest and most progressive bakeries in the world. Inconceivable as it may seem, the U.C.B.S. has to face competition from some of its own societies in the Clyde Valley. Within recent years some West of Scotland societies, keen to swell their profits whatever the cost to their fellow-societies, have started bakeries of their own. Two of these bakeries succumbed to the post-war trade depression and the U.C.B.S. got rid of competition in the same way as the rising trust stifles rivals—by paying a high price for their businesses.

Only the discipline that close contact between federations and their members can achieve, and the punishment of transgressors by complete banishment from all sections of the Co-operative family, can end this dangerous folly. Open war has not yet broken out between trading federation and trading federation within the Co-operative Movement, but war will continue imminent unless schemes of co-ordination are worked out and given practical application.

The last of the wars within Co-operation with which we will deal here is perhaps the most deadly and devastating of them all. It is the lack of co-operation between the C.W.S. and the Co-operative Union.

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Proof of the existence of this conflict need not be stated now. It is to be found in almost every chapter of this book and it revolves round the fact that the C.W.S. refuses to accept any decision of Congress as binding upon itself—and this although the C.W.S. is a member of the Union and takes part in Congress. The net result is that the quarterly meeting of the C.W.S. and not the annual Congress of the Co-operative Union is the real parliament of the Co-operative democracy. Even when we admit that Congress to-day is not the best place to decide Co-operative policy, that it is too big, too emotional, and that the delegates gathered there are guided by their hearts rather than by their heads; even when we admit that the Co-operative Union is lacking in men of capacity largely because it is not guided by the full-time Central Board which the amount and importance of its work has made necessary, we must conclude that this power of the C.W.S. to ignore Congress is inimical to real democracy and weakens the national status of the Union. More unfortunate still is the fact that societies which have reached one decision at Congress are rarely loyal enough to the Union to insist upon the C.W.S. endorsing that decision if the Directors be opposed to it. This weakness has its roots in the strong belief that a sound trading policy is of first importance to Co-operators. Nevertheless it is a sad reflection that the desire to conserve economic resources should often swamp Co-operative idealism.

The C.W.S. dominates the official mind of the Co-operative Movement. One source of the weakness of the Co-operative Union is that its democratically elected boards are used as stepping-stones by candidates for the Wholesale Directorate. If the Union is to be given its true place in the Movement this conflict must end. When the C.W.S. raises the bogey of cost as a barrier against adopting a living wage it must be told plainly that the minimum wage, to which it objected, did not ruin its business, that

political action, which it disliked, has not resulted in serious withdrawals of capital, and that compulsory Trade Unionism, which it shirked, is not threatening its stability.

On the other hand, the Union must draw its officers from enthusiastic and well-trained Co-operators anxious to devote their energies to that side of the Movement only, and willing to spend their lives specialising in its service ; and it must fight to justify its position as the heart of the Co-operative body. Having done that it can claim partnership with the C.W.S. on the lines of the Fourth (Final) Report of the Survey Committee to the Carlisle Congress (1919).

This report recommended that the Wholesale Societies should have representation upon the Central Board of the Union and, through that representation, should accept responsibility for, as they would take part in determining, Union policy.

The consummation of the suggestion is long since overdue. Until it takes place ideals and business must continue to be estranged within the Co-operative Movement, and all the Movement's resources of faith and intelligence will be at the disposal of neither the Wholesale Societies nor the Co-operative Union.

CHAPTER XI

EDUCATION, PROPAGANDA AND THE PRESS

THE problem of Co-operative growth is to so develop the Movement that it will touch the lives of the people at every point. If the task of the Co-operative trader is to provide consumers with everything to eat and wear, the task of the propagandist is to impress the trader's success upon the consumers' mind, while that of the educationist is to train men and women in the art of Co-operation.

Co-operators have never believed in advertising. They regard advertising as part of that colossal hypertrophy of selling, characteristic of commercial anarchy, by which prices are kept at a high level ; and recent " combines " of retailers to restrict their outlay on advertising justify the Co-operators' view. Nevertheless, Co-operators themselves are competitors, and advertising is a weapon of competition which, if wielded to attract more trade to the Store, can be made a weapon of economy. Modern civilisation, too, has made our desires so complex that even in a well-organised society the advertisement is sure to play its part.

That the need for up-to-date advertising and propaganda in the Co-operative Movement is great is proved by the figures of average purchases per member over a period of years. These show that while membership increases, loyalty to the Store remains stationary or tends to fall.

In 1901 the retail trade in the countries of the United Kingdom was £29, 8s. per member. In 1911 it was £28, 6s. In 1924, with inflated values, it was £37, 4s.

Both the Wholesale Societies have publicity departments but retail societies rarely use their expert aid.

Thus the main propaganda of Co-operation is carried on by the education committee of the local society and the agencies of the Co-operative Union.

Nowhere is Co-operative propaganda vigorous and inspired. The Co-operative advocate is not to be found at the street corner but only, as a rule, at a tea meeting, and his stock-in-trade is not Co-operative knowledge, but a capacity to entertain. This grave defect may be attributed to two causes. The first is that the Movement has never made any attempt to train an army of speakers or to equip such speakers as it does possess with first-rate propaganda ammunition.

Apart from the Co-operative press, only the Publications' Department of the Co-operative Union issues printed information for use as propaganda, and, despite a distinct improvement in its service during recent years, it reaches no high standard. Its publications appeal only to Co-operators, and not even to any large body of them. Recent developments in the retail trade, with its progressive amalgamations, offer excellent materials for the Co-operative speaker, yet no Co-operative propaganda body has made it public and I have never heard its lesson preached from any Co-operative platform.

The second reason for the weakness of Co-operative propaganda gathers importance from the fact that to it may be traced also a fundamental weakness of Co-operative education—the policy of financing the work of education by a percentage upon profits.

Profits are a fluctuating quantity and, ignorant of what their resources will be, Co-operative educationists cannot make plans for the future. The folly of the present method is shown during a period of bad trade, for then, when the need for propaganda is most urgent, the provisions for propaganda are most meagre. This very circumstance has held up an

advance in Co-operative education during the last four years. While the demand for an extension of the present Co-operative educational agencies—women's guilds, men's guilds, junior guilds, choirs and the like—has been growing more clamant, many societies have been reducing the number of these agencies.

A little reflection will show how the Movement lost a grip upon adolescents. Immediately after the war youth in this country sought organisation for the purpose of self-expression and self-government. Within the Co-operative Movement there existed the Co-operative Comrades' Circle. Now, in spite of the refusal of recognition by Co-operators, it grew enormously. It spread all over Great Britain and, in numerous ways, rendered excellent service to Co-operation. Tardy recognition came from the Central Education Committee of the Co-operative Union and no attempt was made to give these adolescents the national organisation they craved. The curve of youthful enthusiasm began to sweep downwards.

Another "advanced" movement held out the desired and easily provided bait, and hundreds of young men and women, with capacities developed in the Co-operative Movement, flocked to the Independent Labour Party Guild of Youth to give them expression. Co-operation's failure here was a failure of faith and vision as well as of finance.

The progress of the Co-operative College is painfully slow. Up till now its biggest achievement has been its programme. Moreover, having trained young men and women in the practice and principle of Co-operation it cannot offer more than a remote hope that their talents will be used within the Movement, for its certificates command no esteem and a Co-operative Diploma, even when added to other sound qualifications, is no guarantee that the applicant for any post will obtain it.

Right throughout the Movement there is a need for a tightening-up of educational machinery and

the raising of canons of criticism for educational administration.

The local education committee must depart from the belief that a monthly tea meeting is either education or propaganda and that their chief end in life is to present cheques to charity.

In Glasgow in 1924, 22 Co-operative societies spent £13,060 (2.8 per cent. of profits) on education. Of that sum £5207 went to charities, £2744 to various federations, £1707 to reading-rooms and newspapers, £1510 to concerts and lectures, £1094 to Women's Guilds and £796 to classes *including prizes*.

The Glasgow and District Co-operative Conference Association, primarily an educational body, but justifying its existence by expenditure on political organisation, devoted as much of its cash and energy to outside educational and propaganda bodies as it did to the work of making more and better Co-operators in Glasgow. And this deplorable state of affairs is recurrent elsewhere in the country.

If the Glasgow and District Conference Association were granted £10,000 per year and told to undertake all Co-operative educational and propaganda work in the city, and if it were conducted efficiently, it could revitalise and enrich the whole Glasgow movement. It could publish a vigorous local weekly newspaper, even without advertisement revenue, hold sixty propaganda meetings per week, conduct between 200 and 250 social and cultural agencies for old and young, and still be able to finance its election fights and issue special pamphlets and leaflets. Co-ordination would achieve similar results elsewhere. The educational units of the Co-operative Union could do real work at last by assisting the local movements to become a challenge to apathy and by helping to develop social and cultural schemes which would make the Co-operative consumer and those who serve him conscious of the beneficence of Co-operation and be a powerful magnet to workers everywhere to organise

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their purchasing power for their own economic and ethical salvation.

Beside the mighty organs of capitalism, with their hundreds of thousands of readers, their speedy news service, their variety of interests and many-sided appeals and their beautiful make-up and printing, the organs of Co-operative opinion are weak and futile indeed.

As a trade paper *The Producer* can compare with any rival, and deserves many more than its 21,000 readers. *The Wheatsheaf*, too, a propaganda monthly striking a very human note, can be counted a success with its 678,000 readers and numerous local editions. Both these journals are the property of the C.W.S. The Co-operative Union's publications, *The Co-operative Educator* and *The Co-operative Official*, issued quarterly and monthly, have not reached a big clientele although the latter has long been regarded as a commercial proposition.

The representative Co-operative press, however, is the group of journals owned and controlled by the National Co-operative Publishing Society and includes the *Co-operative News* and the *Scottish Co-operator*, weeklies with 85,000 and 18,000 readers respectively, *Woman's Outlook*, a women's fortnightly journal with 52,000 readers, the *Millgate Monthly*, a distinctive and well-produced cultural magazine, with 10,000 readers, and *Our Circle*, a journal for children and adolescents with nearly 14,000 readers. Of these journals the *Co-operative News* is foremost. When we realise that its 85,000 readers would be reduced considerably if only those who pay the registered price for the paper were accounted "effective circulation," we cannot call it an unqualified success. Lack of economic resources, unfortunately, is not the *News'* only weakness. Its fundamental weakness is that it is lacking in interest, and this may be traced to two facts: even with its sectionalised editions, the *News* is failing in its endeavour to give parochial

news a national import and, being impartial but not independent, it has no point of view.

Explanation of failure makes clear the road to success. If the N.C.P.S. desire to make the *News* a financial success and the pioneer of a powerful Co-operative Press, they must put it into the marketplace with its capitalistic competitors and demand that it win by its own merits. They must make it an organ of national opinion stating the belief that Co-operation is a philosophy of life and living, and expressing the Co-operative point of view on all aspects of our national being.

From the N.C.P.S., too, or from other federations, there must emanate an efficient local press, reflecting the Co-operative activity of every locality, propagating the application of Co-operative principles to the conduct of local affairs and educating democracy for the securing of its heritage.

Only when Co-operators solve these problems of mass and student education will the Movement cease to subordinate its heritage of ideals to the exigencies of the moment; and only when it ceases to subordinate principle to expediency will its future be assured.

CHAPTER XII

PARTNER OR HIRELING ?

NO discussion of the problems of the Co-operative employee can be fruitful unless it is agreed at the outset that the Co-operative Movement to-day offers him, on the whole, better conditions, higher wages, lower hours and more security than is offered by the average private firm.

If one were to judge the condition of Co-operative employees from press reports during strike periods—when capitalist organs seek to discredit Co-operation without condoning extreme Trade Union action and Labour organs aim at fostering militant Trade Unionism without condemning Co-operation—one's conclusion would be either that Co-operative employees are badly treated or else they are a strong, class-conscious body of workers. Neither conclusion would be correct.

If the difficulties of Co-operators as employers differ greatly from those of private traders as employers, they have their springs of action in psychological differences between the Co-operative employee and the private trade employee. On the one hand, the Co-operative employee is in a privileged position as a Trade Unionist. His industrial organisation has been fostered by his employers and, until recent years, has placed him apart from his fellows in general industry, and probably stunted the growth of his class-consciousness. This, coupled with the fact that the N.U.D.A.W. is directed by very efficient officers who are more concerned about maintaining the special standards of their own members than about improving the general standard of the workers, seems to have

made the Co-operative employee more commercially alive than his fellows.

On the other hand, toiling in a consumers' movement and as ignorant of his rights and duties in relation to consumers as the average consumer is of his rights and duties in relation to those who serve him, the Co-operative employee works in an atmosphere of suspicion.

These fundamental problems of the Co-operative employee are aggravated by others, many of which flow from the quite different problems we have considered in previous chapters. For example, in a society where the committee has not delegated complete powers to its manager, he might be scorned by employees, with bad effects on discipline; and where the manager has complete power, he might exercise it tyrannically unless the committee be courageous, and has close contact with the employees. Clearly this problem is one of management.

The Co-operative society might not favour the expenditure of money on advertising and display so characteristic of business to-day and, in consequence, the employee may not possess the materials which would make his shop attractive. This is the problem of propaganda.

Again, the policy of the society may be to raise prices and maintain dividend and the employee, besides having his initiative killed, may endure also the irritation of meeting the grumbles of customers about factors over which he has no control. Here is the dividend problem writ large. The commercialism of many Co-operative societies, stimulating the acquisitiveness of administrator as well as consumer, often makes the individual society as difficult to approach on the subject of wages and conditions as any capitalist, although Co-operators in the mass are sympathetic to the claims of the worker.

This is proved by the fact that during the early stages of the war, when wages were tending to rise

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and when the effect of wage machinery was to prevent them from rising too sharply, societies linked up in the District Hours and Wages Boards with alacrity ; but when, in 1921 and 1922, wages began to slump and the effect of wage machinery was to restrain a too sudden fall, numerous societies abandoned the Wages Boards and sought to impose individual agreements upon their servants. We need only emphasise the view that well-informed, happy Co-operative employees could be Co-operation's best propagandists and the democracy of to-morrow's best teachers, to realise that the sum total of the contribution of the employees' problem to those things that obstruct Co-operative progress must be considerable.

The first step towards a solution is the overhauling of the present conciliation machinery within the Movement. If a body of employees desire to increase wages or to resist a threatened reduction, they submit their case to the District Hours and Wages Board composed entirely of the representatives of Co-operative societies. The claim may be refused or passed on to the Sectional Hours and Wages Board and, from there, reach the Joint Committee of Trade Unionists and Co-operators. I write while the obsequies are being performed over the corpse of the Joint Committee. It sickened of heart strain in 1921. Then the chill winds of neglect, blown upon it by the employees' Trade Union and the societies, precipitated its death.

While alive and enthused by idealism the Joint Committee was not an effective instrument of industrial conciliation. It was composed of representatives of the Co-operative Union and the General Council of the Trades Union Congress. Thus, while employers were represented on its councils by fairly special interests, employed were represented by only very general interests.

The Joint Committee was a voluntary organisation living precariously upon the strength of Co-operative

and Trade Union opinion in its favour, and having no power whatever to enforce any of its decisions.

In the eightieth year of the Movement's existence Co-operative officials, harassed by falling sales and increasing working expenses, tried to induce the Joint Committee to accept Trade Board rates as standard rates for certain classes of Co-operative workers. This the Trades Union Congress refused to do, maintaining with unquestioned justice that Trade Board rates are not to be regarded as definite and fixed, but are to be considered in the light of special circumstances.

Thus the Joint Committee has come to an end and the way is clear for the formation of a new and more effective committee.

The essential feature of any new committee should be its representative character. Along with the general interests of Trade Unionists and Co-operators there must be represented the special interests of the Trade Unions in which Co-operative employees are organised and the Co-operative bodies actually employing these workers. The national committee might be composed of representatives of the G.C.T.U.C. and individual Trade Unions, on the one hand, and of the Co-operative Union, the C.W.S. and the retail societies on the other.

Locally, the district branches of these bodies (or their nominees) could form joint committees to deal with disputes on the spot.

Such committees would require to be constituted in a new spirit and on a new basis. With the aid of trade and other information at its disposal, the national committee could decide what wages Co-operators could pay without incurring any risk of crippling the Movement as a competitive force, these wages being fixed at a given percentage above Trade Union and Trade Board averages.

A fundamental law would be that neither lock-outs nor strikes could take place without the question in

dispute being submitted to the arbitrament of the Committee.

To make its decisions final and binding—and this must be the essence of the scheme, since its guiding principle is that Co-operation and Labour should stop fighting each other and get on with the job of fighting capitalism—the committee would require to be invested with large powers. A decision against a Trade Union would have to be backed up, if necessary, by other Trade Unions. A decision against a Co-operative society would have to be backed up, if necessary, by a C.W.S. boycott, and against the C.W.S., by a retail societies' boycott.

The possibility of all the unions represented on the committee combining to flout it or of the C.W.S. and the retail representatives combining for the same purpose—and this is the chief weakness of the plan—can be kept remote only by the continuous and vigorous participation of the G.C.T.U.C. and the Co-operative Union in its work. By maintaining definitely higher labour standards than the private trade, the Co-operative Movement could be a real lever for winning better labour standards from capitalists, while a driving condition towards more leisure, treasure and pleasure for the workers would be the fact that the strongest case the Co-operative employees' Trade Unions could advance for better wages would be that wages had risen in the general trade.

Joint action between Trade Unionists and Co-operators alone will not solve the employees' problem. Every society in the country must set about giving the employee his proper place in the Co-operative scheme of things and making his organisation a vital part of Co-operative life and living.

The employee should have full membership rights within the society and should be able to occupy any of its official positions. Following out the declaration of the Co-operative Union in favour of an approach to workers' control, joint committees of employees

and management should be established in every Store and workshop. Such joint committees could, individually, formulate schemes for the promotion of efficiency and the adequate recognition of merit and, nationally, meet to exchange ideas, formulate a scheme of superannuation, and found a bureau of Co-operative employment to which all vacancies could be notified and by means of which scope for advancement could be offered the individual employee; and the well-worn complaint that Co-operative service reduces a man to mediocrity and that favouritism decides preferment could be removed. The joint committee, aided sympathetically by all its constituents, could prevent friction in staff adjustments, initiate welfare schemes and bring the mass of workers into contact with the mass of consumers as comrades having the same social outlook and striving to realise the same social ideals.

Experiments in joint control have been so few that grave danger lurks in generalisation about their effect. It has yet to be proved that joint control can remove the ill-feeling provoked by the existence of the cash nexus. Despite the limitations imposed on the Co-operative Movement by outside factors, is it not possible that Co-operators, by a bold stroke, might break down the psychological barrier between consumers as employers and producers as employed, and at once give Co-operation a fresh significance in the world of Labour?

Why not conduct an experiment in workers' control? Why not take a small society in a Co-operative centre where the Movement is virile and need have little fear of its competitors even if the experiment resulted in failure, and invite the organised employees to conduct the business for a period of six months? They could do whatever they pleased so long as they did not incur losses for the consumers whose interests could be safeguarded by a monthly inspection of the society's finances and in whose hands, since they own and control the society, the

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power of closure would be vested. A fruitful ground for experiment might be those Wholesale factories—such as printing—where Co-operators are almost free from outside competition of any kind since they have a virtual monopoly of Co-operative trade.

Certainly a real attempt of this kind to give workers self-government in industry, even if it involves risk of failure, is preferable to tinkering with the mongrel ideal of moralising the capitalist workshop.

Failure can result only if consumers are unwilling to offer the privilege and employees tremble to accept it, and it may be prevented on two conditions. The first condition is that all the propaganda and educational resources of Co-operation be directed towards giving Co-operators a true appreciation of the aims of the Movement, the employees' place in it and the meaning of workers' control.

The second condition is that the employees' Trade Unions enter into the campaign and train their members to understand and to discharge their responsibilities towards the democracy of consumers. Then consumers will regard employees as partners and not as hirelings and each will unite with the other as comrades in a great cause.

CHAPTER XIII

THE FUNDAMENTAL WEAKNESS OF CO-OPERATION

MANY critics of the Co-operative Movement ignore the fact that the Movement is working inside a capitalist system of society and that many of its defects flow from its inability to practise its principles as yet.

Still, many of the defects of the Movement have arisen because its leaders have not appreciated the tremendous changes that have taken place in every sphere of civilised life during the last fifty years. Science has revolutionised industrial and business methods. Everywhere the thoughts of men and women are turning towards the idea of a Commonwealth of the peoples of the world built upon the sure foundation of Co-operative principles.

Unfortunately, Co-operators have not been quick to seize the opportunities for growth offered by the new conditions, and, even when they have adapted themselves to modern methods, the idealists of the Movement have lagged behind. Co-operators have been lacking in vision. They have failed to understand the power and place of Co-operation in the new social order, and they have failed to formulate a plan of campaign in the transition stage of the march of society from capitalism to socialism. And their failure here has had its roots in their most dangerous weakness—unwillingness to initiate and finance large schemes of Co-operative education. Co-operative education is not organised on the scale necessary to produce men and women capable of working out the

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internal problems of the Movement and its relations to other movements.

What is needed now is the establishment of a well-equipped Labour University, to which all the existing working-class educational associations might affiliate, and which would apply itself to the task of giving the leaders of all the working-class movements an understanding of the possibilities and place of each.

Another source of Co-operative weakness is the apathy of the rank-and-file Co-operator. This apathy arises from a lack of a popular Co-operative education and is a problem which the best brains in the Movement must consider. The great mass of members of Co-operative Stores are not, and cannot be, students. They must have provided for them easily assimilated information which would enable them to understand the Co-operative point of view on current affairs.

By this means alone can Co-operators command the enthusiasm of the people in the application of a bold, progressive policy.

A famous Continental economist, writing upon the Co-operative productive societies, has declared that it is impossible that a society which has grown up on a capitalistic soil should have sufficient strength in itself to dissolve the basis which supports it. The statement would be equally true of the Consumers' Movement but for the fact—and in this lies all our hope—that the Co-operative Store has retained its democratic basis, is revolutionary in its practice, and is impeded by difficulties not inherent in itself.

When the woman with the basket links her arm in the arm of the idealist she will carry, indeed, the materials of a new commonwealth.

CHAPTER XIV

TOWARDS A PEOPLE'S PARTY

EVERY year that passes makes an ultimate coalition of the forces of organised Labour and Co-operation more certain. Desire and necessity are driving the two movements into each other's arms. Co-operators, giving good conditions to their employees and seeking to equalise competition by getting these conditions enforced generally, have always supported Trade Unionism, and Trade Unionists, grateful for the Co-operative lead, appreciating the tremendous aid the Co-operative Movement can be in times of industrial unrest, and realising that to protect the worker from exploitation as a producer alone is not now sufficient, have extended to Co-operators an increasing comradeship.

The two movements are manned by the same people ; both arose to combat the same evils ; and trustified capitalism, with its ever-growing concentration of power threatening such standards as the workers have won, is making inevitable the use by the workers of their united economic, industrial and political power.

Historically, numerous attempts have been made to give definite expression to Co-operators' and the Trade Unionists' identity of interests. From time to time joint machinery has been built ; but, having built it, Co-operators and Trade Unionists have found nothing for it to do, and it has fallen gradually into desuetude.

The failure of the two movements to cement their friendship cannot be blamed upon Co-operators. Trade Unionists, it is true, have been extending the

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hand of friendship for years. But their joy has been the joy of receiving and not the joy of giving. When Co-operators and Trade Unionists have decided on joint propaganda campaigns, Co-operators have conducted these campaigns. When Trade Union leaders have become campaigners their field of effort has not been the Trade Union branch meeting or demonstration, but the Co-operative propaganda meeting. Locally and nationally Co-operators have given freely of their financial resources to Trade Unionists faced with industrial disputes. In return a small percentage of Trade Unions do their banking business with the C.W.S. on better terms than they can obtain elsewhere! Co-operators, generally, have laid down the principle that their servants shall be Trade Unionists. Trade Unionists have yet to initiate a campaign to make all Trade Unionists Co-operative purchasers.

Perhaps unconsciously, the Co-operative housewife has seen and understood the futility of boycotting the sweater and adulterator with her purchasing power while her husband produces on the sweater's terms; but the Trade Union husband, alas, has not yet perceived the folly of refusing to produce for the sweater while still giving him the custom of wages earned under Trade Union conditions. Here is the crux of the problem. There is no reciprocity between Trade Unionists and Co-operators. The Co-operator is a conscious Trade Unionist, but the Trade Unionist is not a conscious Co-operator. How to make him so is a question to which the educationist alone can give an answer. An extension of banking arrangements and of Co-operative aid to Trade Unionists on strike; the development of joint recreational activities; the offer to Trade Unionists on special terms of the use of such Co-operative institutions, like convalescent homes, as exist—all these will help, but the problem will await solution until the Co-operator arises from the conduct of his Co-operative business and enters his Trade Union branch meeting, so inspired and so well informed

that his preaching of Co-operative doctrine will be irresistibly convincing.

In some parts of the country the Co-operative Movement maintains contact with the Labour Party through the affiliation of the local Co-operative Party to the local Trades and Labour Council. The Co-operative Party is the political mouthpiece of the Co-operative Movement. Why there should be a Co-operative Party is easy to understand. No Co-operative society could exist without legal protection and every society would be embarrassed by any curtailment of its legal powers. The Co-operative Movement cannot expand so enormously as to threaten capitalism unless it is backed up by political force. Co-operation, being a philosophy of life, demands political expression. But the existence of the present Co-operative Party is rather more difficult to justify. Born of revolt, it is dying of inertia. It is nothing more nor less than a right wing of the Parliamentary Labour Party fighting, until now, seats upon which the Labour party cannot afford to spend money. Its policy is the Labour Party's policy. Its M.P.'s accept the Labour Party Whip. It has done nothing that a Co-operative group within the Labour Party could not have done.

The one reason why the Co-operative Party should exist is that it can win Co-operators to politics without arousing the antagonisms that direct affiliation to the Labour Party would arouse. But the Co-operative Party, lacking in gifts of propaganda and personality, is not doing this. The number of societies affiliated to it becomes fewer instead of more. In 1918, they numbered 563 ; in 1924, 393. Again, the Co-operative Party is a party of leaders behind whom there is no enthusiastic army. The party executives, being responsible to the societies and not to the local party branches, impose upon them a programme which the branches do not shape and in the propagation of which they have no interest. Where these local parties are

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affiliated to the Trades and Labour Council they have a political but not an industrial vote. In the reason for this lies the barrier in the way of a great united people's party, co-ordinating the efforts of consumers and producers and achieving power through the achievement of unity. The Labour Party takes but little cognisance of the consumer's point of view. Its constitution gives no adequate place to the Co-operative Movement in its organisation and its councils. It has failed to appreciate the possibility that the Co-operative Movement, striving to attain the ideals Socialists cherish, has nevertheless a viewpoint upon Municipal trading, State marketing, Free Trade and Imperial Preference that might differ vitally from the orthodox Labour view. The adjustment of these differences and the full recognition by Labour of the consumer's place in society are the first steps towards real unity and fellowship.

CHAPTER XV

TO-MORROW

THE future of Co-operation depends on its power to meet changed conditions. The "safety first" philosophy of some pioneers, the building up of great reserves, the conservation of resources, and the unwillingness to risk them in new enterprises, have all given the Movement a power of survival against capitalism. But the conquest of capitalism demands new vision and energy from the coming generation.

Co-operators must beware of resting on their oars. Nor, while capitalism rushes on to greater power, must they be content with simply holding their own.

Faced by keener, more cunning competition without, and harassed by antagonisms within, Co-operators should never forget that the Movement which does not advance must inevitably go backward. To carry out Co-operative ideals in practice requires constant effort, and, above all, that open mind which welcomes and acts on new ideas.

Our hope for Co-operation lies in Co-operation. Co-operators must learn to think of the Movement in national as well as in local terms. They must be willing, as they never have been in the past, to encourage research into methods of business organisation, and to give the results of research practical application without fear or hesitancy. The life force of a progressive Co-operative Movement must be a new idealism and a new spirit. Given these, we may look forward to a regrouping of the present un-Co-operative Stores into big regional societies, or societies having boundaries conterminous with district communal boundaries and combining all the economies of the large-scale business with the

elasticity of the local unit. Through fixed prices and uniform dividends, cut-throat competition between these regional societies would be substituted by friendly emulation. All the societies would be linked up closely with their trading federations and, indeed, their business policy would be formulated in collaboration with the federations.

The Co-operative Union, with its place and purpose in the Co-operative scheme of things given full recognition, would be a powerful instrument for spiritual as well as material advance. Under its direction there might be developed a virile local press supplementing the work of national organs of Co-operative opinion on life and letters written, not by good Co-operators who are bad journalists, but by good journalists who are also good Co-operators. The Co-operative Union, too, by precept and example, could develop the social and quicken the intellectual life of the Movement.

In every Co-operative society there should be and could be social and cultural organisations for old and young.

Finally, the Co-operative Movement, through joint action with Trade Unionism and the adoption by itself of a revolutionary policy, could make, of all its members and all its employees, happy, knowledgeable propagandists with a capacity for killing apathy and converting enemies that would cause Co-operative trade returns to soar and make Co-operation at last a menace to the workers' oppressors.

The possibilities of Co-operative development are not only domestic. When the proper recognition by organised Labour of the consumer's place in society makes the linking-up of Co-operative and Labour forces easy and inevitable, the path of progress will broaden for both movements. To the one there will be an accession of intellectual capacity and idealism and to the other an accession of economic power pregnant with possibilities.

The next Labour Government, faced with ignominy or the necessity of making far-reaching social changes speedily, might find the Co-operative Movement an essential and worthy ally.

To bring down the price of food will certainly be a problem for the Labour Government. Socialists will cry out for State marketing, forgetting that new and expensive machinery would have to be set up and that its success, even then, would be problematical. Why not use the existing organisation of the Co-operative Movement? Not only are the English and Scottish C.W.S. together the largest millers in the country, but Co-operators (in the Agricultural Department of the Co-operative Union) are thrashing out a practical policy for connecting producer and consumer. Through this department, we can hope, the British farmer will find a reliable distributor of his produce, paying him a just price for his labour while protecting consumers against rapacity and monopoly. And the need of the home producer is the need of the overseas producer. The great grain combine, owning elevators, mills and steamships and preparing to acquire its own farms, is as grave a danger to the Canadian farmers' Co-operative societies as it is to British consumers. To link up the Canadian Co-operative producer and the British Co-operative consumer for their mutual advantage is a natural step, and the work of a Labour Government might be confined to protecting the growing organisation from a boycott of the shipowners.

A Labour Government called upon to nationalise the distributing business might undertake to compensate private owners at great risk of crippling the State enterprise, or else it might confiscate and face the possibility of violent revolt. The existence of the Co-operative Movement raises the question: Could not the Government assist to expand the Co-operative Store to such a degree that it would speedily crush private trade from the competitive field?

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A Labour Government, seeking to end the importation from British colonies of goods produced under sweated labour conditions, might encourage native Co-operative enterprise development of British concession areas instead of adopting the method called Imperial Preference of bolstering up capitalism.

A Labour Government might delegate to Co-operators the task of organising national insurance.

And so one might go on indicating how the Co-operative contribution to progress might be made to increase indefinitely.

That contribution is not only national, it is international. As the Co-operative system, abolishing profit upon price, making capital the servant of man and conciliating the interests of producers and consumers, brings harmony into national life, so the equitable distribution of the surpluses of international trade would end the international economic struggle. Then the bonds binding international democracies in business would be more than bonds of self-interest: they would be bonds of international comradeship and peace.

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