

THE URBAN CO-OPERATIVE MOVEMENT IN THE UNITED KINGDOM.

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The recent remarkable development of the Co-operative Movement has been rendered doubly remarkable by the comparative obscurity in which it has taken place. Most people nowadays who consider themselves to have a fair amount of general education, and who read their daily papers, and even some more formidable organs with conscientious regularity, are able to talk more or less glibly of a number of different economic and sociological policies which occupy prominent positions in modern literature. Thus we hear every day discussions on the relative merits of various forms of socialism, syndicalism, trades-unionism, and other methods by which labour seeks to better its cause by collective action. Co-partnership and profit-sharing are frequently mentioned, and usually confused, and even the more difficult theory of the Guild is not unknown as a subject of conversation among people who lay no claim to be experts in these matters. The development of the Joint Stock Company, with the protection of limited liability, and its adaptation to every form of business, has been so universally accepted that nobody thinks of discussing it. Even the growing tendency of the State to assume control of certain industries or services in the public interest has become so familiar, that the mass of people have not shown any reluctance to accept its greatly increased application under the stress of the present war.

In spite of this widely spread knowledge of and interest in various forms of organisation, the average man of the professional and educated classes in the United Kingdom still looks quite blank if he is approached as to his views on the subject of co-operation. He has probably some knowledge of the fact that a doctrine of agricultural co-operation is practised by some well-meaning enthusiasts for purposes which he does not clearly understand; and as the average professional man knows little or nothing of agriculture, he dismisses this movement as being merely an eccentric method derived from foreign countries of growing cabbages which he is not called upon to understand. If pressed further and reminded that co-operation extends also to industrial life, he will probably begin to

speak vaguely of the advantages or disadvantages derived by one of his cousins from belonging to the Army and Navy or Civil Service Stores or some similar body. It is almost certain that he has never consciously heard of the great English industrial co-operative movement, and the initials C. W. S. will mean nothing to him. These initials are the common name by which co-operators know the Co-operative Wholesale Society of Manchester. The number of people outside the ranks of the artisans who created it who have heard of this society is extraordinarily small, and would lead an inquirer from Mars to believe that it must be a very insignificant body.

The facts, however, do not by any means support this conclusion. The nett sales of the C. W. S. in 1914 amounted to £35,000,000, and its total trade in the fifty years since its foundation in October, 1864, have aggregated close on £535,000,000. In 1914 the share capital of the Society was over £2,000,000, and its total capital, including loans, deposits, and reserve funds, amounted to £9,500,000, while the number of members in the affiliated societies was 2,336,000. These figures, without any further description, are sufficient to show that the Co-operative Wholesale Society must be reckoned among the biggest businesses in the United Kingdom. It had, in fact, in the year 1915, 27,500 employees, 48 productive factories, 3 steamships, and purchasing depots in New York, Montreal, Copenhagen, Aarhus, Gothenburg, Odense, Denia, Herning, Esbjerg, and West Africa, besides a number of centres for agricultural produce in Ireland. This vast business serves as a wholesale agency for the English Co-operative Societies alone. Scotland has its own Co-operative Wholesale Society at Glasgow, which, although on a considerably smaller scale, is itself entitled to rank among the great commercial establishments of the kingdom. The Scottish Society had sales to the value of £9,500,000 in 1914, and a capital of nearly £500,000. The two Wholesales also have a joint purchasing department, which owns tea plantations in Ceylon, and enables them to act as one of the largest, if not the largest, firms of tea buyers in the world.

The whole of this machinery has been built up to meet the needs of the local distributive societies formed by artisans in the industrial centres of the United Kingdom. The number of such societies in 1914 was 1,511, with rather over 3,000,000 members. Their collective liabilities consisted of £43,500,000 share capital, £14,250,000 loans, and £6,500,000 reserve fund. Their assets were on a corresponding scale. They employed 85,000 persons in distribution, and over 63,000 in production, the total wage bill

being £9,250,000, on which amount bonuses were paid to the extent of £94,500. The collective sales of these societies in the year reached the colossal figures of £138,473,025, with a nett profit of £15,204,098. The year 1915 showed an increase of nearly £27,000,000 in sales. Subscriptions for educational and charitable purposes came to nearly a quarter of a million pounds.

It would be wearisome and unprofitable to continue to quote these tremendous figures, which convey very little to those who are not in a position to estimate their human significance by seeing the amount of goods, labour, and services which they represent. Enough, however, has already been said to suggest that this experiment in the re-organisation of industry—for that is what the co-operative movement actually is—has reached a stage at which it merits a more careful consideration from economists and social reformers than it has ever received hitherto.

Before going further, it is desirable to explain this statement by pointing out the essential features which constitute the difference between a co-operative society and an ordinary trading concern. The appearance of one of these large societies in a city such as Birmingham or Leeds is not noticeably dissimilar from that of many of its competitors organised on the ordinary system, nor is the type of trade done in any way original. If we take as an indication of the business dealings of the societies the functions of the C. W. S., as stated in its prospectus, we get the following list:—

Wholesale General Dealers, Manufacturers, Bankers, Insurers, Millers, Printers, Book-binders, Boxmakers, Lithographers, Architects, Engineers, Builders, Shipowners, Butter Factors, Lard-refiners, Bacon-curers, Fruit-growers, Dry-salters, Spice-grinders, Saddlers, Curriers, Cutlers, Iron-founders, and Tin-plate Workers; Tea-growers, Blenders, Packers, Farmers and Importers, Fell-mongers, Dealers in Grocery and Provisions, Drapery, Woollens, Ready-made Clothing, Boots and Shoes, Brushes, Crockery, Carpets, Furniture, Coal, Hides, Skins, Bones, etc., etc.

Manufacturers of Flour, Butter, Margarine, Biscuits, Sweets, Preserves, Pickles, Vinegar, Candied Peel, Cocoa, Chocolate, Tobacco, Cigars, Cigarettes, Snuff, Soap, Candles, Glycerine, Starch, Blue, Paints, Varnish and Colours, Boots and Shoes, Saddlery, Woollens, Clothing, Flannels, Shirts, Mantles, Underclothing, Overalls, Umbrellas, Leather Bags, Corsets, Millinery, Hosiery, Silesias, Shirtings, Colored Cotton goods, Pants, Ladies' Underwear, Cardigans, Furniture, Brushes, General Hardware, Bedsteads, Wire Mattresses, Mats, Fats, etc.

Each and all of these departments have sprung up in response to a demand on the part of the federated societies. It follows, therefore, that Co-operative Societies indulge freely in all these forms of trade. As a matter of fact, they almost invariably begin with groceries, and gradually develop through hardware and haberdashery into general stores on the lines of the Army and Navy or the great American department stores. It is not, therefore, the nature of their trade which makes them worthy of study, but the form of organisation and the objects underlying this trade. For the sake of simplicity let us consider only the grocery business.

Ordinary grocers' shops are of two kinds. The simplest form is the shop which is owned by one man, or by two or three partners. It acts as intermediary between importers and wholesalers, and any customers who may be attracted to it by the price and quality of its goods, the attractiveness of its appearance, the good reputation of its proprietor and staff, or the convenience of its situation. The avowed object of the proprietor in performing this service is to make a living for himself out of the margin between the profits which he is able to obtain from his customers and his out-of-pocket expenses. The amount of this profit is limited by the patience of the customer and the keenness of the competition. In proportion as the competition is sluggish the patience of the customer must be increased, but in any case his interest in the shop is purely that of a man trying to make the best bargain he can with the means at his disposal. Generally speaking, proprietor and customer have nothing in common, unless one can say that their mutual desire to do business on the terms most advantageous to themselves constitutes a bond of sympathy. In the second form, where the shop is owned by a large company, such as Lipton's, or the Home and Colonial, the manager is conducting the business in the interests of shareholders rather than his own private pocket, although, no doubt, his pocket will benefit in proportion to his success. In this case all surplus profits after the payment of expenses, salaries, and fixed charges go to the shareholders, that is to say, they constitute a reward to the capital invested. The interests of the shareholders are even further removed from those of the customers than are those of the proprietor in the smaller concern, since there is no personal contact between them at all.

The service performed by these intermediaries is undoubtedly a necessary one, as in any but the most primitive communities it is obviously impossible for the individual consumer to go direct to the sources of supply or to deal

with a wholesale agency. Furthermore, so long as the service is required, at least a living wage must be paid to those who render it, and this wage must be increased in proportion to the capital invested and the risks taken. Nevertheless, when prices are high and incomes low, and consumers are searching for a means of economizing, it will at once occur to the more thoughtful among them that they are paying a heavy tax to support a class of persons whose industry, since it does not contribute to the increase of the national wealth, may fairly be called parasitic, for services which, with a little more energy, they might perform for themselves.

The co-operative movement is the concrete expression of this theory. A Co-operative Society is an association of consumers combining to substitute their collective effort for that of the paid middle-man. In a large Co-operative Society all the same machinery must be created as is required in an ordinary shop, and the expenses need not be less. But the shareholders, who provide the capital, are the consumers themselves, and all the surplus profits return to those who have created the trade. It is recognised also that the reward due to capital has its limits, and 5 per cent. is the maximum interest payable on shares. The remaining distribution is made in proportion to the amount of goods which each customer has purchased from his society. The dividend, which plays so large a part in the economy of the co-operative movement, is, in fact, a bonus or rebate on purchases. Looking at the matter from another point of view, we may say that the Co-operative Society makes no profits. It simply sells goods to its members at cost price plus necessary expenses. But since a reserve must be accumulated to provide for unseen contingencies, and since to sell at cost would provoke a bitter war with competitors, it is usual to sell at the current price and accumulate the surplus till the end of the quarter or half-year, when it is returned to those to whom it really belongs in the form described.

As the share capital of a Co-operative Society is made up of £1 shares, which, as a rule, may be paid in quite small instalments, it is possible for the dividends or bonuses to be allowed to accumulate in the member's name as share capital until he has sufficient paid up. Shares being as a rule withdrawable, this device promotes thrift, by enabling the members to use their share account with the societies as a form of savings bank. By this means their small savings draw interest at 5 per cent., and at the same time provide the capital which enables them to buy economically.

The democratic organisation of Co-operative Societies, the fact that they do not make profits but simply effect an economy in distribution and their claim to promote thrift among the artisan class, have received a certain recognition from the Government, in so far as societies registered under the Industrial and Provident Societies Act have enjoyed immunity from certain stamp duties and also from Income Tax, which applies to Joint Stock Companies. Under the theory described above, co-operators should not be called upon to include the dividends received by them from Co-operative Societies in their statement of income, as these dividends are not an addition to their income but merely an economy in the method of spending it. It was further recognised, when the exemption was originally granted, that most of the individuals composing one of these societies had not incomes large enough to come within the scope of the Income Tax Act as it then stood, and that it would be manifestly unjust to penalise them for joining together to effect an improvement in the method of disposing of the small incomes they received. It is easy to understand, however, that this exemption has been a source of great grievance to competing traders, and during the last two years a most determined effort has been in progress to get the law altered. A step in this direction has, in fact, already been taken by the decision of Mr. McKenna—that Co-operative Societies should be subject to the provisions of the Act governing excess profits duty. This is surely a remarkable ruling from a Minister representing a Government which has long admitted that Co-operative Societies do not make profits, whether excess or otherwise. Most of the large Societies have answered it by the obvious expedient of distributing practically all their surplus in quarterly dividends, or else by lowering their prices and consequently lowering the surplus. Wherever this latter method has been adopted it has naturally caused serious inconvenience to the local traders, who must have found the concession made to them by the Government a rather embarrassing one. But the campaign for subjecting societies to income tax gathers strength daily, and as the leaders of the co-operative movement are fully alive to the danger and are organising their forces to meet it, the probabilities are that we shall see a pitched battle on this subject immediately after the war, which will bring the co-operative movement into more prominence than it has hitherto achieved.

Before going further into the history of the movement, it may be well to state as clearly as possible the fundamental features by which we distinguish a true Co-operative Society from any other form of organisation. The word

“ Co-operative ” has been very loosely used to signify any association of effort, or, perhaps, it would be more exact to say that it has been given a strictly technical sense by the followers of a certain doctrine, while it remained a general word in our vocabulary. The confusion is unfortunate, for as there is no provision in the law to prevent the use of the word, many organisations describe themselves as co-operative when they are not so in any sense, and the movement as a whole suffers in consequence.

The following points may be taken as essential to a society which claims to be genuinely co-operative. First, the number of members and the amount of capital shall be unlimited. Second, every member shall have one vote and no more than one, without respect to the amount of his share-holdings, and there shall be no voting by proxy. Third, the interest on share capital shall be limited to 5 per cent., and no member shall hold shares to the value of more than £200. Fourth, all further division of profits shall be in proportion either to trade or labour and not in proportion to share-holdings.

These four principles constitute the basis of what is known throughout the world as the Rochdale system. On this system practically the whole fabric of the modern movement has been built up. It will be seen that what is aimed at is an absolute equality in control and a thoroughly equitable division of the savings effected on the assumption that these savings have been rendered possible by trade and labour alone.

Hundreds of attempts have been made in many countries to create societies on a co-operative basis while ignoring one or other of these points. A striking example may be found in the first Civil Service Supply Association and the Army and Navy Co-operative Society in London. Both of these institutions were based on the example of Rochdale, but they contented themselves with selling their goods at a somewhat lower price than that obtaining for the same quality elsewhere. The profits which arose after the first few years were distributed in the ordinary way in interest on share-capital, and as a result these institutions are now managed entirely by a small group of shareholders, earning enormous returns on their capital. Although they are most satisfactory establishments from many points of view, they are no more to be classed as co-operative than Harrod's or Selfridge's.

For these reasons the advocate of Co-operation, even at the risk of being thought to be very doctrinaire, must insist upon the carrying out in the rules of his society of the cardinal points of the Rochdale System. Most of these

have, in fact, passed into Law through the Industrial and Provident Societies Acts of 1862 and 1893, which, imperfect and clumsy though they are, have given a definite standing to co-operative societies.

To sum up the essentials of such a society in a short definition has so far baffled everyone. Perhaps the best definition which has been achieved, although it is by no means complete, is the statement that a Co-operative Society represents a union of persons, while a Joint Stock Company is a union of capitals. From the point of view of any person trained in financial or commercial matters, the most striking fact about the system, which goes to bear out this definition, is that the capital and membership is unlimited. As a corollary to this, the shares can never go above par, and will never be traded in on the market, for the obvious reason that any person desiring to join the Society can obtain a share from the Committee at its par value. This fact, taken together with the limitation of interest and of aggregate share-holdings, provides a sufficient guarantee that no person will be induced to join a co-operative society from capitalistic motives. It may be supposed that, as a result of these facts and also of the class of persons who form the bulk of membership, societies would have difficulty in obtaining sufficient capital to conduct their business. In practice, the contrary has proved to be the case. Payment by instalments, the protection of limited liability which is enjoyed by all societies under the Industrial and Provident Societies Act, and the convenience of withdrawable shares bearing a certain 5 per cent. interest, have resulted in the members making use of the share register of their society as a means of depositing all their surplus funds. The balance-sheets of large English Societies show that hundreds of pounds are invested in shares every month and almost equal quantities withdrawn. In this way, the societies practically do a banking business without submitting to the increased restrictions laid upon those which declare banking to be one of their functions. So great has been the influx of capital obtained in this way that many societies have introduced regulations intended to discourage members from investing any more, a fact which points to some defect in the general organisation of the movement.

No attempt will be made in this paper to trace the history of the business development of the Industrial Co-operative Movement. Several excellent books dealing with this subject are already in existence, and although the history contains many exciting and instructive chapters, any effort to condense it would result in a tedious recitation

of dates and figures. The inner history which, perhaps, not even the Minutes reveal, of an individual society, is usually eventful, for it must be admitted that administration by democratically elected committees is apt to provide plenty of incident; but the records of progress which the same society issues to the world year by year are edifying only to the statistical enquirer or the enthusiast. I shall therefore confine myself to sketching briefly the origins both ideal and practical of the movement and outlining some of the problems which have confronted it in its development.

The Co-operative Movement in all its aspects, industrial and agricultural, sprang originally from the efforts of Englishmen alone, a statement which may surprise many who, owing to the great prominence which has lately been given to the system in its agricultural aspects, have learnt to trace its parentage to Germany or Denmark.* The first societies of which we have any record were flour mills established in the north of England at the beginning of the nineteenth century to counteract the extortionate price of bread. One of the societies at York was unsuccessfully indicted before a Grand Jury in 1811 when the local millers sought to prove that it was a public nuisance, which, as the historian says, it undoubtedly was—for them. But the real foundations of the modern movement were laid in the same troubled times which gave birth to the Chartists, the Trades Unions, and various Socialistic schemes for re-modelling the control of industry. That is to say in the times of misery and agitation which followed the Napoleonic wars and the Industrial Revolution. The broad facts of the change which took place in industrial conditions at that time are familiar to all. The introduction of machinery and the transformation from home industry to large scale manufacture plunged the labouring classes into a state of depression which not only roused them almost to the point of armed revolution but compelled the pity of those prosperous men who were not utterly selfish.

Among the latter class was a small band of reformers, whose leader, Robert Owen, has attained sufficient fame to make his name vaguely known to most people. But it is not generally realised that practically every modern form of labour organisation sprang directly, or indirectly, from his teaching. Robert Owen was a remarkable example of the

*In many countries rudimentary forms of association for productive purposes, such as the *fruitières*, or cheesemakers' societies of France, have existed from the earliest times, but the statement in the text is true for what is now technically called co-operation,

combination of practical business sense and success with extreme and almost fanatical idealism. I cannot do better than quote the description of him given by Mrs. Sidney Webb in her short history of the co-operative movement in Great Britain:—"Apprenticed early to a retail shop-keeper, at 19 years of age he had saved sufficient to start as a small master in the Manchester machine-making and cotton-spinning trade. Quickly realising that the new industry required large masses of capital, he abandoned the nominal independence of a small master to become the manager of a large factory. From the position of manager in one firm he became managing partner in another, until he succeeded to the absolute control of the large spinning mill at New Lanark. It was here he tried his first experiments in practical economics. He raised the wages of his workers, reduced the hours of labour from 17 to 10 a day, prohibited the employment of children under 10 years of age. He provided free education, free amusements, cheap provisions, good cottages for his work people and their families. At first his fellow manufacturers watched with contemptuous amazement the deeds of this Don Quixote of the cotton trade; his partners sought separation from this cracked-brained philanthropist intent on personal ruin. He answered these theoretical objections to the Socialist programme—good wages, short hours, free instruction and free amusement—by showing in the course of four years a profit of £160,000 besides paying 5 per cent. on capital employed, and raising the selling value of the factory 50 per cent."

Having done these remarkable things in the business line, Owen devoted his time to an attempt to spread his ideals. He tried first to convert his fellow-manufacturers and afterwards to influence the government. As far as direct results were concerned he was unsuccessful as might be expected, but, as I have said before, the influence of his teaching is to be seen throughout all modern relations between capital and labour. What concerns us to-night is merely the way in which co-operative stores arose from his inspiration. The basis of all Owen's theories was that profit on cost was a morbid excrescence which had grown upon society as a result of failure to regulate supply exactly in proportion to demand. In other words, he looked forward to a community which should be self-supporting and produce exactly its own requirements, rewarding the labourer according to his labour without any profit in the handling of goods. He did not himself conceive the co-operative store as a step to this policy, for curiously enough he never realised the strength of democracy. Some of his disciples, however, saw the possibility of putting the ideas

into practice in a practical way. So arose the movement for what at the time were called "Union Shops." The first of these was founded in 1828 at Brighton. In their prospectus the founders announce their intention of collecting a small capital by weekly deposits and investing it in goods for re-sale. This process was intended to increase the capital with the following objects:—"The Society will be able now to find work for some of its own members, the whole produce of whose labours will be common property. As the capital accumulates still farther it will employ all the members and then the advantages will be considerable indeed. When the capital has accumulated sufficiently the society may purchase land, live upon it, cultivate it themselves, and produce any manufactures they please and so provide for all their wants of food, clothing, and houses. The society will then be called a community."

This adventure constitutes the link between Owen's Communism and the more prosaic movement of to-day. The Brighton co-operators, though they started with a capital of £5, kept shop for a few years with remarkable success, but when they felt able to attempt the Community a schism arose and one party went away and bought a fishing-boat with their share of the profits. Meanwhile their example had been widely imitated and Owen himself, who at first showed little enthusiasm for these shops, finally entered keenly into the movement and supplemented it by the so-called Labour Exchanges where goods were bought and sold on the basis of the labour they had caused. By 1832 there were four or five hundred co-operative societies in existence, but in the following two years the whole movement collapsed.

The reasons for this collapse are variously given as the lack of legal protection, the disloyalty of the members, and the unbusinesslike methods pursued. But all these factors were present in the Rochdale Store. The difference lay in the invention of the method of selling at current prices and dividing the profits in relation to trade. This device swept away at once the conflict between shareholders and customers and also the perilous necessity of selling at cost price. Exactly who invented it we do not know, but it was put into operation by a group of twenty-eight weavers in Rochdale who, with a capital of £28, opened a shop in Toad Lane in December, 1844, under the official style of the Rochdale Equitable Pioneers—and the local nickname of the "Auld Weyvurs' Shop." These twenty-eight men, some of them Owenites, some Chartists, and some Social Reformers, incorporated in their original rules and practice all the essentials of the modern co-opera-

tive movement. The history of their struggles and success has been well written by Mr. Holyoake. The store is still in existence with a trade running into six figures and the twenty-eight weavers are honoured throughout the world as true pioneers in deed as well as in name.

At this point we will leave the history of the movement. It is one of practically continuous success illustrated by the growth year by year of membership and trade and the foundation of the great federations to which allusion has been made. It may be noted in passing that the C.W.S. owes its foundation, which was not achieved without misgiving and conflict, to the same Rochdale men, one of whom, Abraham Greenwood, worked out the project and finally put it into operation in the year 1865.

The remainder of this paper may be devoted to a consideration of the great questions of principle and policy which have agitated the movement during its seventy years of life. One great controversy overshadows all others, and gives the clue to most of the minor dissensions which have arisen. I refer to the difference of opinion and principle between what are known as the Individualists and the Federalists. This difference may be briefly summarised by stating that the Individualists are interested in man as a producer and the Federalists look upon him as primarily a consumer. The association of workers in a self-governing workshop is an idea which has attracted men in every stage of civilisation. Rudimentary forms of co-operative productive associations have existed from the earliest times. In the years immediately following the famine, a small group of reformers, of whom the names of Kingsley, Ludlow, Maurice, Vansittart Neale and Hughes are preserved, bound themselves together under the style of Christian Socialists to discuss social reform. Their attention was directed to the movement towards self-governing workshops (*Associations Ouvrières*) in France, and they set themselves to promote similar experiments in England. For this purpose they joined hands with existing distributive co-operators and Neale was secretary of the Co-operative Union, the advisory and propagandist federation of the whole movement. From this most well-intentioned combination sprang a division of opinion which might have wrecked everything if the leaders on both sides had not shown extraordinary toleration and honesty of purpose. The greater part of attempts at co-operative production were doomed to failure by lack of capital, custom, and discipline. Nevertheless the Christian Socialists and their descendants continued to claim that no system of co-operation which was not based on labour could be ethical.

Hence there has always been a party within the movement—and this party has included most of the co-operators who were drawn from the class of reformers rather than of strugglers—which has fought against the development of the present system of consumers' associations owning their own land and their own factories and employing labour much like any other capitalists. The struggle has manifested itself in attempts to introduce co-partnership and profit-sharing into the movement and to sustain independent productive associations against the competition of the factories created by the C.W.S. In practice the Federalists have won an overwhelming victory. The co-partnership principle has been abandoned by both the Federations (the Scottish Wholesale took this step only last year) and by most of the Societies; the C.W.S. is steadily monopolising the production of the movement and federations and societies alike are increasingly acquiring their own farms instead of purchasing the produce of agricultural societies, as the Individualists would like them to do.

The principles of the Individualist School are still represented in the Labour Co-partnership Association and the Co-operative Productive Federation. These bodies, whose names are self-explanatory, remain an integral part of the movement and are affiliated to the Co-operative Union. They appear to be more or less prosperous, and there is little friction except occasionally between the C.W.S. and one of the larger independent factories. But the power of these bodies is insignificant compared with that of the Federalists. Meanwhile the employees of the movement have recognised the position by forming a Trades Union of their own and occasionally horrifying co-operators of the Christian Socialist School by bringing about a strike in a Co-operative Society on just the same lines as might obtain in the case of any capitalist concern.

In theory the principles of the Individualistic School cannot fail to be attractive, and anyone who has grown up with the agricultural co-operative movement is almost instinctively driven to regard the C.W.S. and its federated societies as a soul-less octopus bent upon acquiring the farmer's produce by absolutely unco-operative means. But we must face the fact that if we are ever to reach the ideal of a co-operative commonwealth it must be a form of society in which there is only one interest, and a very brief analysis will convince us that this interest must be that of the consumer. Set the co-operatively organised producer and the co-operatively organised consumer to do business with one another and you will find that quite as much friction arises between them as between the individual farmer

and artisan. This difficulty can only be got over by an organisation which includes them all, and such an organisation must evidently be one of consumers. The difficulty in practice is, of course, that complete justice will not be obtained until such an organisation includes the whole nation. This ideal may be as far off as the millennium, but it is at least a definite ideal for which the leaders of co-operation are striving, and it is something for a movement whose main strength lies in the retailing of groceries to have an ideal of this kind in view. Probably the conflict between the two schools of thought has been on the whole good for the movement. The two worst results that it can be accused of producing are a lack of sympathy between agricultural and industrial co-operators, and a confused impression in the minds of the public that co-operators have in some way abandoned their principles because they do not treat their employees as partners. On this last point it may be remarked that practically all societies admit their employees to membership, that the minimum wages endorsed by the Co-operative Union are on a generous scale, and that the rules of all the societies provide that a bonus may be paid to employees at the same rate in the pound calculated on their wages as is paid to members on their purchases, so that co-operators even of the Federalist type cannot be accused of indifference to the claims of labour.

One of the most remarkable achievements of the co-operative movement has been to avoid any entanglement with either religious sects or political parties. From the earliest times the leaders made it clear that the movement was not to be identified with any creed or politics, and the rules of all modern societies contain a clause prohibiting religious or political discussion. Although the example is not strictly relevant it is worth while to note that this principle as applied in agricultural societies has resulted in Ireland in enabling Committees equally composed of Orangemen and Sinn Feiners to conduct their business amicably even during periods of the most bitter feeling. In this respect co-operation has succeeded where every other force has failed, a fact which should have great weight in persuading Irishmen to support its development. But this aloofness from current controversies has not been attained without a struggle, and during the last two or three years the annual congresses held by the Co-operative Union have been agitated by two dangerous topics. The first of these, the agitation by the Women's Guild for a reform in the divorce laws is important only because it has excited violent opposition on the part of Catholic co-operators and thus raised the spectre of religious dissension. The

second, far more important one, has been the demand for amalgamation with the Trade Unions or as it is generally known the programme of "fusion of forces." This question has not yet been finally disposed of; so far the great majority of delegates have consistently voted it down, but the minority are determined and energetic, and we may expect to see the question brought up for discussion again and again.

It is impossible to enter into a discussion of the arguments for and against the programme; it is noteworthy as showing that a considerable body of co-operators are willing to abandon the principle of non-intervention in politics in order to join forces with their fellows in the common cause of labour.

Smaller matters have given rise to difficulties, and continue to do so. Among these may be mentioned the difficulty of enforcing the rule of cash trade, which should be fundamental in the movement. The position of non-members has also been controversial; the almost invariable rule now is to allow them dividends at half the rate paid to members, and to try and induce them to leave these dividends with the society until they have paid for a share. The question of the loyalty of members to their store and of stores to their federation is constantly under discussion, for as is only natural, the competitors of the stores spare no effort to undermine this loyalty, and in spite of the vast increase in the trade of the societies, it is noticeable that the average trade of each member with his society is very little higher now than it was twenty years ago. The fact that societies find themselves embarrassed by too much capital and endeavour to restrict their members' investments, shows that the problems of expansion have not yet been thoroughly faced.

But the most serious menace arises, as is too often the case, out of the very successes of the movement. There has, undoubtedly, been a tendency to look upon the dividend as an end in itself, to consider it as the sole purpose of the movement. Societies pride themselves upon paying 2/6, 3/-, and even 4/- in the pound, and to achieve this result they occasionally sell at inflated prices, and resort to inferior quality and tricks of salesmanship, such as co-operation was primarily intended to abolish. This attitude has a serious practical result, by making the stores useless to the poorer classes who cannot afford to wait for the dividend. It has also a serious moral effect by encouraging a dividend-hunting miniature capitalistic spirit in the members, which is often displayed in their absolute apathy towards the management and general meetings of the

society, except when there is a rumour of a change in the rate of dividend.

We have seen that the co-operative movement originated in the period of transition and hardship following the Napoleonic Wars; such times of stress have, in fact, stimulated co-operation in all countries. It is reasonable, therefore, to expect that co-operation will stand its great test during the lean and troubled years which must follow this war. If it meets this test with the spirit of mingled idealism and common sense which have animated its great leaders, it may go near to gaining the control of industry, but if it clings to the spirit of the dividend-hunter it may continue to afford satisfactory service to a few hundred thousand people, but nothing more. The choice will depend mainly upon education, and it is encouraging to see that the Co-operative Union is tackling the educational problem boldly and generously. An adviser of studies has been appointed to supervise the classes held at Manchester, and to give lectures throughout the country. Summer Schools are held in various parts of the country each year, at which fortnightly courses are given in economics, sociology, citizenship, and co-operation. Next summer one of these schools will probably be held in Ireland for the first time. The system of education proposed is thoroughly sound and thoroughly democratic. It aims at levelling the standards, not by pulling down but by raising up, and if the democracy of England show the right spirit in responding to this opportunity we may have high hopes both for co-operation and for the peaceful settlement of many pressing social problems.

It may seem that Ireland has been deliberately ignored in this paper. We have in this country an agricultural co-operative movement, of which we have every reason to be proud. But we have only recently shown signs of a vigorous imitation of the English industrial movement, for which obviously the character of this country is not so well suited. There are at present not more than fifteen or twenty flourishing industrial societies in Ireland, of which, as might be expected, the majority are to be found in the North-Eastern counties. Belfast, with its 15,000 members and turnover of half a million a year, may challenge comparison with anything in the kingdom, and equally flourishing societies on a smaller scale are to be found at Lisburn, Armagh, Enniskillen and similar places. Dublin has been a city of experiments mostly ill-omened; under the stimulus of war conditions a new one is now in progress which, if successful, will establish the co-operative movement among the upper middle classes who have hitherto held somewhat

aloof. War conditions are also responsible for a great movement towards the formation of new stores all over the country. In one respect Irish co-operators have a unique advantage. They possess in the Irish Agricultural Wholesale Society a federation which serves both agricultural and industrial interests. If the Stores which are now being formed support this federation as the existing agricultural societies are doing, we may be able to bring about a harmony between the two sides of the movement which will bring inquirers here to study this principle of reconciling producer and consumer in the same way as they now come from all parts of the world to study the principles underlying Irish Agricultural Co-operation

SOURCES.

The following are a few sources of information which may be consulted by readers who wish to go further into the subject. The list is in no way intended to be exhaustive.

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Holyoake, G. J. *The Co-operative Movement To-day.* Methuen, 1912.

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Annuals of the Co-operative Wholesale Societies. Manchester: C.W.S.

Reports of Annual Co-operative Conferences. Manchester: Co-operative Union.

A large number of pamphlets and some of the books mentioned may be obtained from the Co-operative Union, Ltd., Holyoake House, Manchester, and all the literature of the movement may be consulted at the Co-operative Reference Library, The Plunkett House, Dublin. Students are advised to apply to either of these bodies for further information.