TOWARDS THE CO-OPERATIVE COMMONWEALTH

(32)

T. W. MERCER

TOWARDS THE CO-OPERATIVE COMMONWEALTH

Issued in commemoration of the opening of "Pioneer House," Gray's Inn Road, London, W.C., the London centre of the Co-operative Press Limited, of 22, Long Millgate, Manchester, 3.

EXTRACTS FROM HISTORY

OF THE

Rochdale Pioneers' Society

(Published 1892).

(*From chapter on "The Origin of the Newsroom and Library," in* 1848.)

Some of these early members of the store could not read, but listened with inquisitive attention while another rehearsed "the manna of the day" from the newspapers, and thus they gleaned a lot of information that they would not otherwise have obtained. But as it was only occasionally that a newspaper was forthcoming—for it must be remembered that in those days many newspapers sold at fourpence or sixpence each—it was decided that they should each contribute twopence per month, to be devoted to the purchase of newspapers, and a fair number joined this small club. The *Northern Star*, and *New Moral World*, and *Reynolds's Newspaper* were amongst those supplied. . . .

. . .

A committee was appointed in August, 1848, namely, James Nuttall (whitesmith), Abraham Greenwood, George Adcroft, James Hill, Robert Taylor, and Henry Green. This committee was instructed to open a stall in the store for the sale of books, periodicals, and newspapers, the profits arising from the sales to be expended in forming a library.

"Pioneer House," Gray's Inn Road, London, the frontage of the new "Reynolds' News" premises, which it is hoped will become a great co-operative newspaper and publishing centre.

To face title

TOWARDS THE CO-OPERATIVE COMMONWEALTH

Why Poverty in the Midst of Plenty?

T. W. MERCER

THE CO-OPERATIVE PRESS LIMITED, 22, LONG MILLGATE, MANCHESTER, 3.
1936.

Author's Acknowledgments

This work commemorates the official opening of the new London headquarters of the Co-operative Press Limited, in Gray's Inn Road, where "Reynolds' Illustrated News" will henceforth be produced and published. It also aims to supply the need for a comprehensive and readable account of the origin, development, expansion, and present activities of the Co-operative Movement of this country.

The work itself has been produced by the Co-operative Press Limited, and for its actual preparation a small committee appointed by the directors of that society has been responsible. Its author desires to express his indebtedness to Mr. Alfred Barnes (chairman, Co-operative Press Limited), Mr. J. A. Flanagan (editor-in-chief), and Mr. S. R. Elliott (editor, "Reynolds' Illustrated News"), for helpful guidance, fertile suggestions, and searching criticism which has at once prevented the book from being the opinionated utterance of a single individual, and will make it, the writer hopes, a useful addition to the literature of democracy, one that foreshadows the further development of the Co-operative Movement and particularly the growth of the Co-operative Press.

Acknowledgments are also due to the Co-operative Union, the C.W.S., the S.C.W.S., and other co-operative organisations for the use of illustrations and material incorporated in the text.

The writer further desires to acknowledge his personal indebtedness to the directors of the Co-operative Press Limited, who gave him the opportunity to undertake the writing of this book, and also liberated him from other duties in order that he might have leisure in which to write it.

January, 1936.

Introduction

A cynic whose wit had a cutting edge once declared that the planet on which we live is the madhouse of the Universe. That jest is not so fantastic as it appears. Man is the only creature living on the Earth who has the capacity to reason, to learn from mistakes, to gain wisdom from experience. Yet even with the accumulated knowledge and experience of uncounted ages at their command, men have not hitherto discovered how to make the best use of the Earth's resources or how to win for themselves and their families secure possession of the means of living.

We are now living in the middle of the twentieth century, a great age of Science and Invention. Men are no more dependent for a livelihood upon the employment of simple tools and compelled to obtain their food, clothing, and shelter by their own exertions as isolated individuals. Invention has made machinery the servant of industry and multiplied the productive capacity of every worker. Science has facilitated communication and rapid transport, and placed immense powers within the grasp of all mankind. To-day, as never before, the human race has power to ensure to all its members the means of a full and happy life and to remove for ever the paralysing fear of poverty and want. No longer ought civilised men to dread drought and famine or the starvation and pestilence which once inevitably followed these unpredictable disasters.

Yet it is in this present age of opportunity that the grim paradox appears. Whereas in past ages nations endured privation only in times of famine, millions of people live to-day in poverty in the very midst of abundance. Throughout the world millions are in fact denied the right to live well because they are denied an opportunity to work, and in their misery all alike are mocked by unused wealth and wasted goods which human skill and labour have created. This is the startling paradox which now divides human society into warring classes and to-day endangers the whole fabric of Western Civilisation.

RICHARD ARKWRIGHT

Born 1732, died 1792

What is wrong with the world? What has nullified the gains of civilisation and stultified the efforts of the working millions to gain security on a higher plane of living? The answers to these questions are clear as daylight. The new economic and productive powers and opportunities created by Science and Invention have been monopolised by a small minority of capitalists and financiers whose main objective in industry and commerce is a money profit. Almost all the industry, business, and traffic of the civilised world is carried on for profit, by men engaged in private enterprises; and if no money profit can be anticipated the goods needed by mankind are neither produced, exchanged, nor delivered to the millions who cannot live without them.

The curse of the poor is still their poverty; and that poverty, which is the measure of their common need, also strictly limits the measure of their effective demand for foodstuffs, clothing, furniture, fuel, and decent homes in which each family can live. What the millions cannot pay for with money they cannot possibly obtain. All alike are imprisoned within a vicious circle. Because the poor lack power to purchase and consume, industry is depressed, trade stagnates, capitalists are unenterprising, the labour market contracts, and idle workers are unable to find employment, not even in producing the very goods they themselves urgently require!

Simultaneously, the world is confronted by a glut of food supplies and goods of nearly every kind and type, goods which cannot be sold at a money profit in any civilised market. Confronted by this amazing phenomenon, farmers and producers, exchangers and capitalists, often aided and abetted by governments, destroy standing crops, burn millions of bushels of wheat and tons of coffee, uproot rubber plantations, return fish to the sea, pour milk into rivers, and deliberately restrict production for the sole purpose of raising money prices and increasing profits by the expedient of creating scarcity where Nature has made abundance.

Governments approve and further this insane and anti-social

JOHN KAY
From 1733-64

WILLIAM BLAKE
Born 1757, died 1827

policy by passing legislation intended to prevent new supplies from coming on the market, or by fixing prices at levels which ensure money profits to growers, farmers and producers who obediently restrict supplies! The higher prices so established further increase the inability of the impoverished millions to purchase and consume, and the logical end of the muddle-headed process is world-wide stagnation and universal bankruptcy.

These things are happening, these policies are being operated now, although in fact there is no over-production or super-abundance of goods. How can there be a superabundance as long as multitudes of families are unsatisfied, in want, needing goods of every kind? The real problem demanding solution is one of arrested consumption, of restricted purchasing power, of discovering a method by which consumption and use can keep pace with improved and more economic methods of production, transport, and supply.

In Great Britain alone two million wage-earners are now unemployed (1935). *They and their dependents constitute a vast unsatisfied market, a tremendous consuming power, and it is obvious that if these workers and their families possessed effective purchasing power, the power to purchase and consume, the so-called problem of over-production would disappear as trade was stimulated and industry again revived and gained stability.*

Hitherto, however, neither Capitalists nor Governments have attempted to smash the vicious circle which Capitalism has itself created. Almost all have instead endeavoured to make that circle smaller, either by legislation or by unifying and consolidating capitalist concerns; and more and more the State itself tends in many countries to become the citadel of capitalist monopolies.

This fact is the explanation of the rise and triumph of Fascism in more than one European country, and of the universal attack on democratic institutions and systems of government. Democracy is in jeopardy to-day because Capitalism, itself in danger of collapse, is attempting to save itself by gaining absolute control of the machinery of government. Besides digging its own grave,

Capitalism is everywhere endeavouring to be the gravedigger of democracy. Having failed to satisfy the needs of humanity, it now is striving to prevent the people from creating and developing a new and more efficient system of production, distribution, and exchange that will eliminate the profit motive from industry, link consumption to production, so obviating waste, and loss and risk, and end the economic and social crisis which is a direct product of the capitalist system based on private enterprise and private profit.

Yet the vast problem which to-day seems intractable is not insoluble. There is a way of escape from the vicious circle created by Capitalism. That way is the road of co-operation, mutual aid and mutual service. Even in the midst of the economic chaos and political confusion of this present age a new industrial and social order is developing steadily alongside the discredited and bankrupt system of private enterprise. The century which now threatens to bring the destruction of democratic institutions and the collapse of Western Civilisation is also an Age of Opportunity that can be made historic by the triumph of the principle of Co-operation and the inauguration of a world-wide Co-operative Commonwealth.

Unheralded and almost unnoticed by leaders of thought and public opinion a new system of democratic commerce and industry has been growing, spreading and expanding ever since the first quarter of the last century. That system is the Co-operative Movement, which has more than seven million members in this country, and scores of millions of adherents widespread throughout the world. So powerful has the Movement already become, so impregnable are the well-tried principles upon which it is founded, so immense are its resources, and so unlimited are its possibilities for further expansion and development, that Co-operation now offers to mankind the only true and complete solution of the social problem of the twentieth century. Indeed, Co-operation solves that problem as it grows, and at the same time eliminates every risk of its ever recurring in the civilised world.

SAMUEL CROMPTON
Born 1758, died 1827

ROBERT OWEN
Born 1771, died 1858

The outstanding characteristic of Co-operation is its simplicity. The Movement begins by uniting the people along the line of their common needs as consumers and users of goods, and then proceeds to organise supply as a communal service. Each separate consumers' co-operative society is a mutual supply association, a big family of men and women who combine to help each other. Their combined needs constitute a consumers' market, which other co-operative organisations are charged to supply with goods. Instead of producing goods as a speculative venture, for sale at a money profit in an unsecured market, these co-operative organisations produce and supply the goods the individual members need. Risk, loss and waste are therefore minimised or obviated from the start because supply is adjusted to the known demand, with the result that employment is stabilised, while inasmuch as the capital required is provided by the members themselves, neither financier, capitalist, nor monopolist can obtain a foothold within the Co-operative Movement, and the members share equally in the benefits of their collective and democratically-governed enterprise.

This new and equitable system of industry and commerce, by which the whole complicated business of organising production, distribution, and exchange is conducted by the people for the people, is not a mere theory of economic organisation and social regeneration. Co-operation is a working system of society within which no substantial flaw has revealed itself during a century of practical experience. The Co-operative Movement, obeying its own inherent law of continuous and uninterrupted growth, has expanded from petty retail-storekeeping to nation-wide wholesale trading; from distribution to production and large-scale manufacture; from banking to insurance; and from direct importation to overseas exchange. At no point has any one of its basic principles been discovered to be unsound.

In this country alone more than one-third of the entire population is now associated with the Movement, which to-day provides regular employment under good conditions for more than a quarter-of-a-million workers; and if no untoward event occurs

to check its orderly progress it may not unreasonably be assumed that the time is not distant when a great majority of the people will be co-operators and the Co-operative Movement will be recognised and accepted as a main agency of national supply. Nothing succeeds like success, and the bigger the Co-operative Movement becomes the faster it will grow. Already Co-operation presents itself to the British nation as an alternative to predatory capitalism and self-seeking enterprise—as a working alternative to the outworn system it is attempting to replace.

All that is needed to make that desirable and inevitable replacement possible in our time is full appreciation by the working people of the achievements, possibilities, and communal value of the Co-operative Movement. When all working men and women understand why the Co-operative Movement originated, how it arose amid the poverty of the people and triumphed over difficulties, what it has already accomplished, and what it is capable of achieving for the whole nation, they will cease to despair of democracy. All will be inspired to action by the knowledge of what they can achieve by their own united exertions. They will realise that instruments of emancipation are already within their grasp. They will resolve that the twentieth century shall be the age in which Co-operative Democracy is firmly established and comes fully into its own.

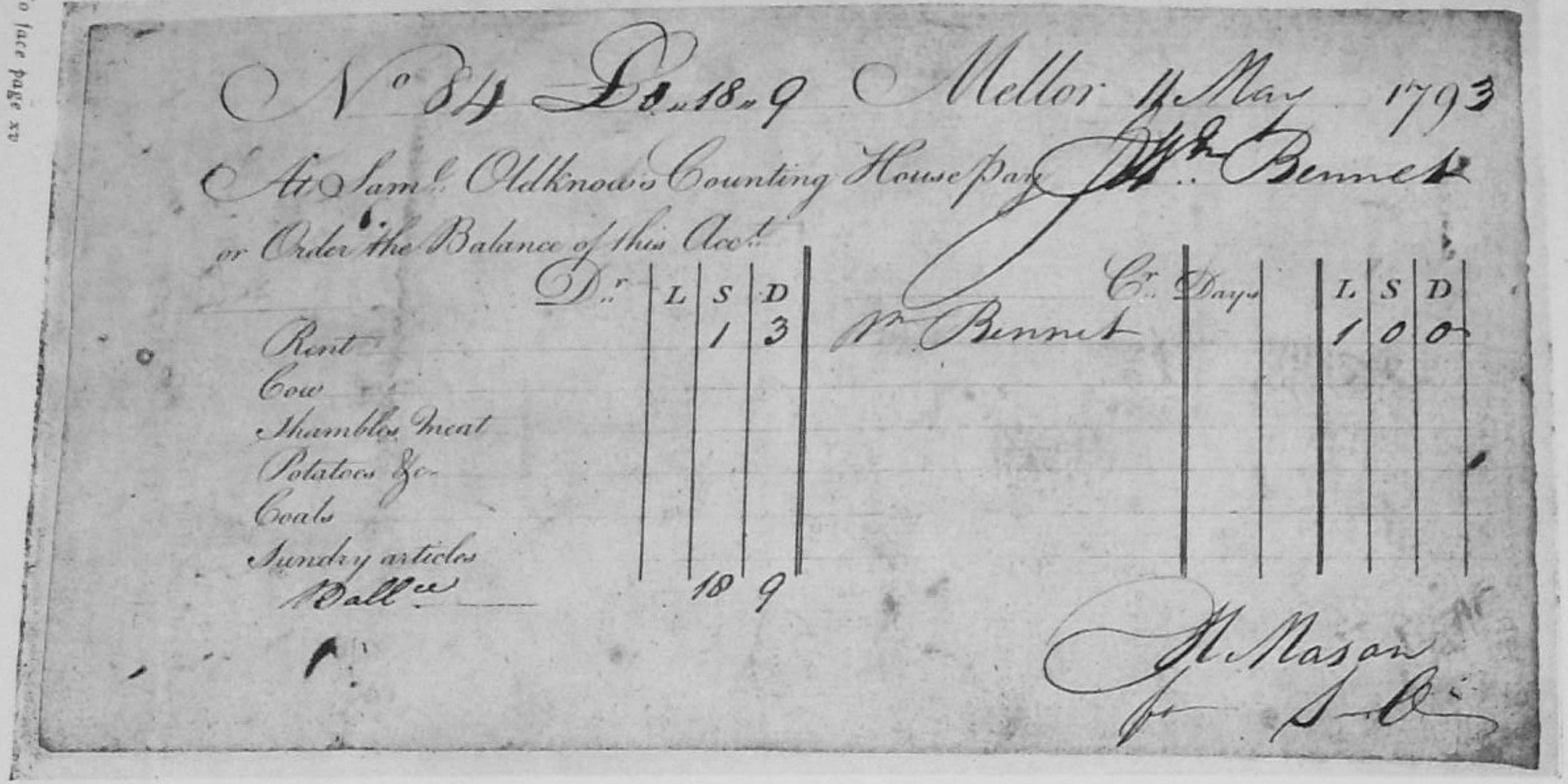
Even in this time of confusion, bewilderment and disillusionment, great affirmations are possible. Poverty can be abolished. Unemployment can be obviated. The inequalities of wealth and want can be removed. Insecurity and fear can be replaced by security and hope. Peace and goodwill can be established among the nations upon the secure foundations of International Co-operation; Science and Invention can be enlisted in the service of a higher civilisation; and even if "Man is not Man as yet," in co-operation mankind can achieve everything it is capable of being, becoming, and achieving.

WILLIAM LOVETT
Born 1800, died 1877

Masters of Stone and Wood giving evidence of skill in these crafts before the Consul of the Guild at Florence. A typical scene in the Middle Ages

To face page xiv

To face page xx


No 84 Do 18 9 Mellor 11 May 1793

At Sam.l Oldknows Counting House pay Wm. Bennet

or Order the Balance of this Acct

Dr.	L	S	D
Rent		1	3
Cow			
Shambles Meat			
Potatoes &c.			
Coals			
Sundry articles			
Ballce		18	9

Cr. Days	L	S	D
Wm. Bennet	1	0	0

J. Mason
for S. Oldknow

A "Shop Note," paper money used in Samuel Oldknow's spinning mill at Mellor, near Stockport, in 1793. Oldknow was one of Robert Owen's business rivals. Workers were frequently defrauded by masters who supplied them with goods as part payment of wages in advance.

Contents

PAGE

INTRODUCTION - - - - - - - - - ix.

SECTION ONE.

THE PRE-ROCHDALE MOVEMENT, 1750-1840

CHAPTER I. THE REVOLUTION IN INDUSTRY - - 3
CHAPTER II. PROPHETS AND PROPAGANDISTS - - 7
CHAPTER III. CO-OPERATIVE STOREKEEPING - - - 15
CHAPTER IV. CASTLES IN THE AIR - - - - - 21

SECTION TWO.

THE PERIOD OF EXPANSION, 1840-60.

CHAPTER V. THE ROCHDALE PIONEERS - - - 29
CHAPTER VI. THE ROCHDALE PRACTICE - - - 36
CHAPTER VII. A TIMELY REINFORCEMENT - - - 42

SECTION THREE.

THE PERIOD OF CONSOLIDATION, 1860-80.

CHAPTER VIII. FIRST VENTURES IN PRODUCTION - - 51
CHAPTER IX. CO-OPERATIVE WHOLESALE SOCIETIES - 57
CHAPTER X. THE MOVEMENT UNITES - - - - 64
CHAPTER XI. PROBLEMS OF PRODUCTION - - - 71

SECTION FOUR.

THE GROWING MOVEMENT, 1880-1900.

CHAPTER XII. CO-OPERATION VERSUS COMPETITION - 81
CHAPTER XIII. THE MOVEMENT SPREADS - - - 86
CHAPTER XIV. PRODUCTION FOR USE - - - - 93
CHAPTER XV. EDUCATION FOR CO-OPERATION - - 100

PAGE

SECTION FIVE.

CO-OPERATION IN THE TWENTIETH CENTURY, 1901-14.

CHAPTER XVI. CO-OPERATION VERSUS MONOPOLY - 109
CHAPTER XVII. AN EPOCH OF GROWTH- - - - 116
CHAPTER XVIII. CO-OPERATORS AS EMPLOYERS - - 123
CHAPTER XIX. CO-OPERATION BECOMES INTERNATIONAL- 130

SECTION SIX.

CO-OPERATION IN WAR-TIME, 1914-1918.

CHAPTER XX. SAFEGUARDING THE NATION - - - 139
CHAPTER XXI. THE CAPITALIST OFFENSIVE - - - 146
CHAPTER XXII. A NEW FORCE IN POLITICS - - - 153

SECTION SEVEN.

CO-OPERATION IN THE NEW WORLD, 1919-1935.

CHAPTER XXIII. THE CHANGING SOCIAL ORDER - - 163
CHAPTER XXIV. THE ECONOMIC STRUGGLE - - - 170
CHAPTER XXV. THE POLITICAL STRUGGLE - - - 178
CHAPTER XXVI. CO-OPERATION COLLECTS ITS FORCES - 185

SECTION EIGHT.

AN ALTERNATIVE TO CAPITALISM.

CHAPTER XXVII. THE LIVING MOVEMENT - - - 195
CHAPTER XXVIII. TOWARDS THE COMMONWEALTH - 201
GLOSSARY - - - - - - - - - - 208
BIBLIOGRAPHY - - - - - - - - - 209
INDEX - - - - - - - - - - 211

List of Plates

	Facing page
Pioneer House - - - - - - Frontispiece	
Master Crafts - - - - - - - -	xii
One of Owen's Shop Notes - - - - - -	xiii
An Ideal Community - - - - - - -	4
Robert Owen - - - - - - - - -	5
Title Page of Report to Lanark County Council -	8
Title Page of "The Crisis" - - - - - -	11
New Lanark Mills - - - - - - - -	12
Owen's Institution at New Lanark - - - -	13
Questions for Co-operative Applicants - - -	18
Hull Mill - - - - - - - - -	18
Labour Exchange Note - - - - - - -	18
Dr. William King - - - - - - - -	20
Harmony Hall - - - - - - - -	21
Owen's Cheque for One Hour - - - - -	28
Owen's Cheque for Two Hours - - - - -	29
Reformer's Memorial at Kensal Green - - -	36
Original Pioneers' Store, Rochdale - - - -	37
Rochdale Pioneers' Group - - - - - -	44
Toad Lane Store Restored - - - - - -	45
Co-operators Line Up for Dividend - - - -	52
Bronterre O'Brien - - - - - - -	53
Chartists' Annual Convention - - - - -	60
Samuel Bamford - - - - - - - -	61
J. M. Ludlow, C.B. - - - - - - -	68
Edward Vansittart Neale - - - - - -	69
Woolwich Flour Mill of 1760 - - - - -	76
Collection Night at Sun Mill, Oldham - - -	77
A Productive Society's Workroom - - - -	84
George Jacob Holyoake - - - - - - -	85
Jumbo Farm, near Oldham - - - - - -	92
Abraham Greenwood - - - - - - -	93

LIST OF PLATES—*continued*

	Facing page
Original Premises of C.W.S., Manchester	100
Thomas Hughes	101
A Typical British Congress	108
Holyoake House, Manchester	109
Vestibule of C.W.S. Bank, Manchester	116
Headquarters of C.I.S., Manchester	117
John T. W. Mitchell	124
J. F. Denison Maurice	125
Ye Olde Poet's Corner, Manchester	132
"Long Millgate," Headquarters of Co-operative Press	133
James Deans	140
Sir Horace Plunkett, K.C.V.O.	141
Sir William Maxwell, K.B.E.	148
Edward Owen Greening	149
Co-operative Students at a Summer School	156
J. C. Gray	157
"Balloon Street," Manchester	164
Workers on Co-operative Tea Plantations	165
English Guildswomen in Congress	172
Miss Margaret Llewelyn Davies	173
An English Food Queue in War-time	180
S.C.W.S. Headquarters	181
A Vista of Morrison Street, Glasgow	188
Sir Thomas Allen	189
C.W.S. Bank and Administrative Offices, London	196
W. M. Bamford	197
A Co-operative Political Summer School	204
Children's Parade at an International Congress	205
The National Co-operative Authority in Session	212
Birmingham's Great Co-operative Shopping Centre	213
A Typical Store in the Extreme South-West of England	220
One of London's Numerous Co-operative Junior Choirs	221

SECTION ONE

THE PRE-ROCHDALE MOVEMENT

1750—1840

CHAPTER I.

The Revolution in Industry

FROM UNCONSCIOUS TO PURPOSEFUL CO-OPERATION. FOUNDATIONS OF FEUDALISM. CHANGES IN INDUSTRY AND AGRICULTURE. EPOCH-MAKING INVENTIONS. THE WORKERS UNDER CAPITALISM AND LANDLORDISM. AN AGE OF DESPAIR.

MAN was made for co-operation, as wise Carlyle long ago observed; and the history of mankind is an account of Man's slow and often painful progress from unconscious to purposeful co-operation. His advance from tribalism and primitive communism to modern civilisation has been continuous, and all sorts of records indicate that only in helpful association with their fellows have men succeeded in rising to higher standards of life and culture.

True, the world has passed through many dark ages, long periods in which great conquerors reverted to the types of the tiger and the ape, leaving only slaughter, fire and famine behind them as their legacy. But civilisation has advanced despite the rise and fall of empires, and in every successive age of peace has always risen to a new and higher level.

The history of our own country well exemplifies this energising truth. Throughout the centuries which divided the Roman Conquest from the Parliamentary Wars the condition of the English people steadily improved. In England the Middle Ages were characterised by the growth of law, the establishment of a settled order, and a general sense of security and permanence.

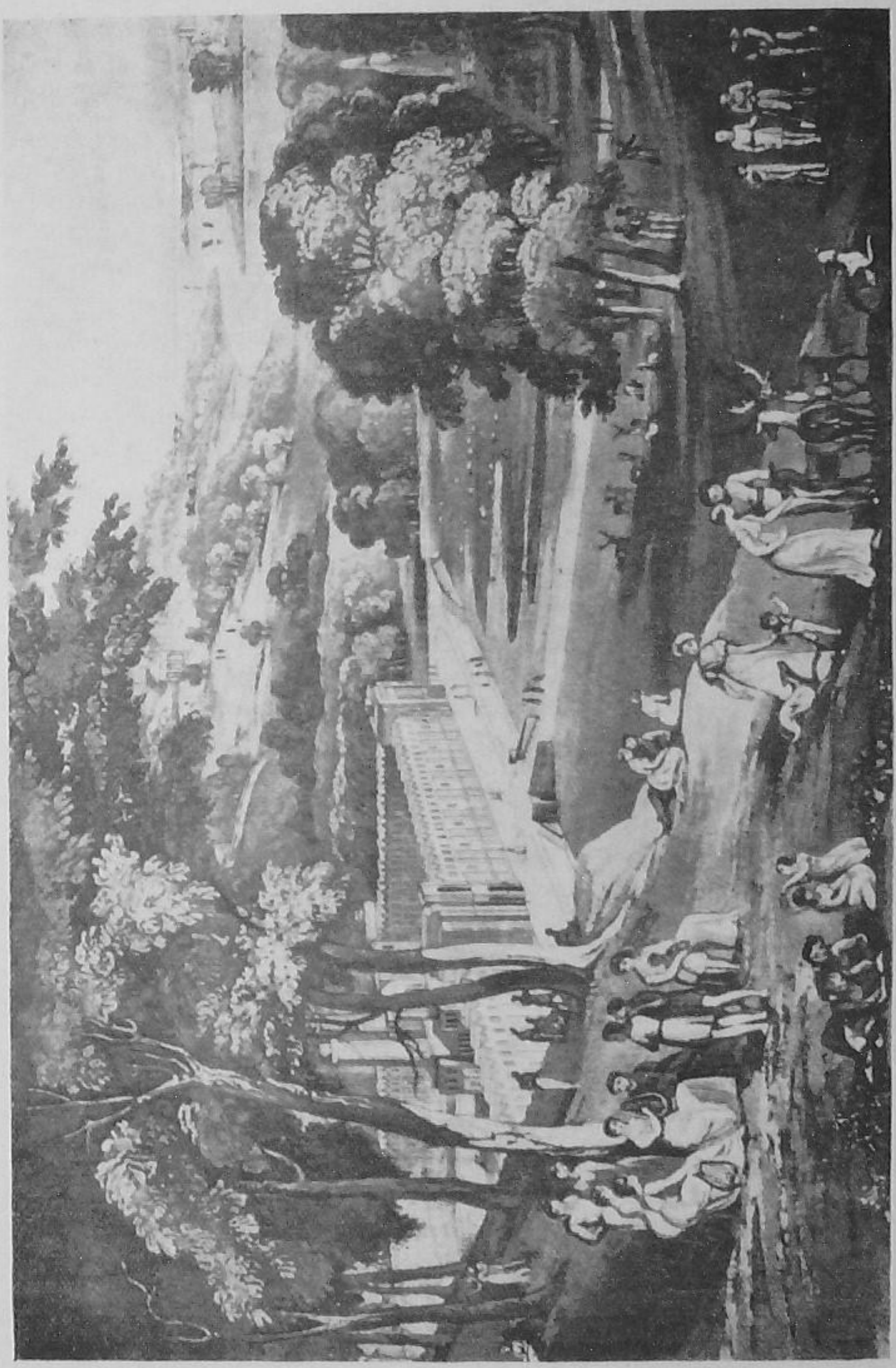
In those Ages the life of the common people was reasonably secure because mediæval society was organised upon a moral basis. Although democracy as we know it was still an undiscovered and unacknowledged principle, the feudal system provided a place for every man and every woman in its industrial and social order. Everyone, from king and baron to the humblest labourer, had a definite status, a recognised function, real importance in the national economy; and the communal life was generally secure because it was not divorced from contact with

the soil. Conditions then existing favoured the growth and practice of elementary forms of co-operation, and in all the cities and little towns every trade from grocery to banking, and every industry from shoemaking to building, was carried on by guilds and companies of workers or traders which were in reality co-operative associations recognised by the public authorities and held in honour by the community.

The inherent strength of the feudal system, due in part to the self-governing guilds it fostered, gave it permanence for centuries, and feudalism did not finally collapse until science and invention, reinforced by printing and gunpowder, had destroyed its economic foundations by completely transforming every trade and every type of industry. This epoch-making revolution in industry, which altered the whole economic and political structure of English society, took long to run and complete its course. The first nation-wide industrial revolution began early in the seventeenth century, and did not reach its zenith until after the young Queen Victoria had ascended the throne; but its cumulative effects determined the whole course of this country throughout the nineteenth century and in the twentieth century prior to the war.

We here may date the real beginning of the Industrial Revolution from the first introduction of new methods of agriculture and cultivation, the general employment of coal as fuel, and the pregnant inventions of James Watt (1736-1819), the inventor of the steam engine; of James Hargreaves (d. 1778), Richard Arkwright (1732-92), John Kay (1733-64), Samuel Crompton (1753-1827), and Edmund Cartwright (1743-1823), whose combined skill revolutionised the spinning and weaving industries; and of George Stephenson (1781-1848), who created the locomotive engine. After these great inventors had made their several contributions to mechanical progress the whole pace of industrial development was very much accelerated. Invention led to invention, machine bred machine, until in time almost all the domestic industries carried on locally by groups of craftsmen who followed old traditions were totally destroyed by the ever-growing power of their giant rivals and competitors.

Machine-production, made possible by the long series of new inventions, inevitably led to large-scale manufacture in im-



An Artist's Conception of an Ideal Community

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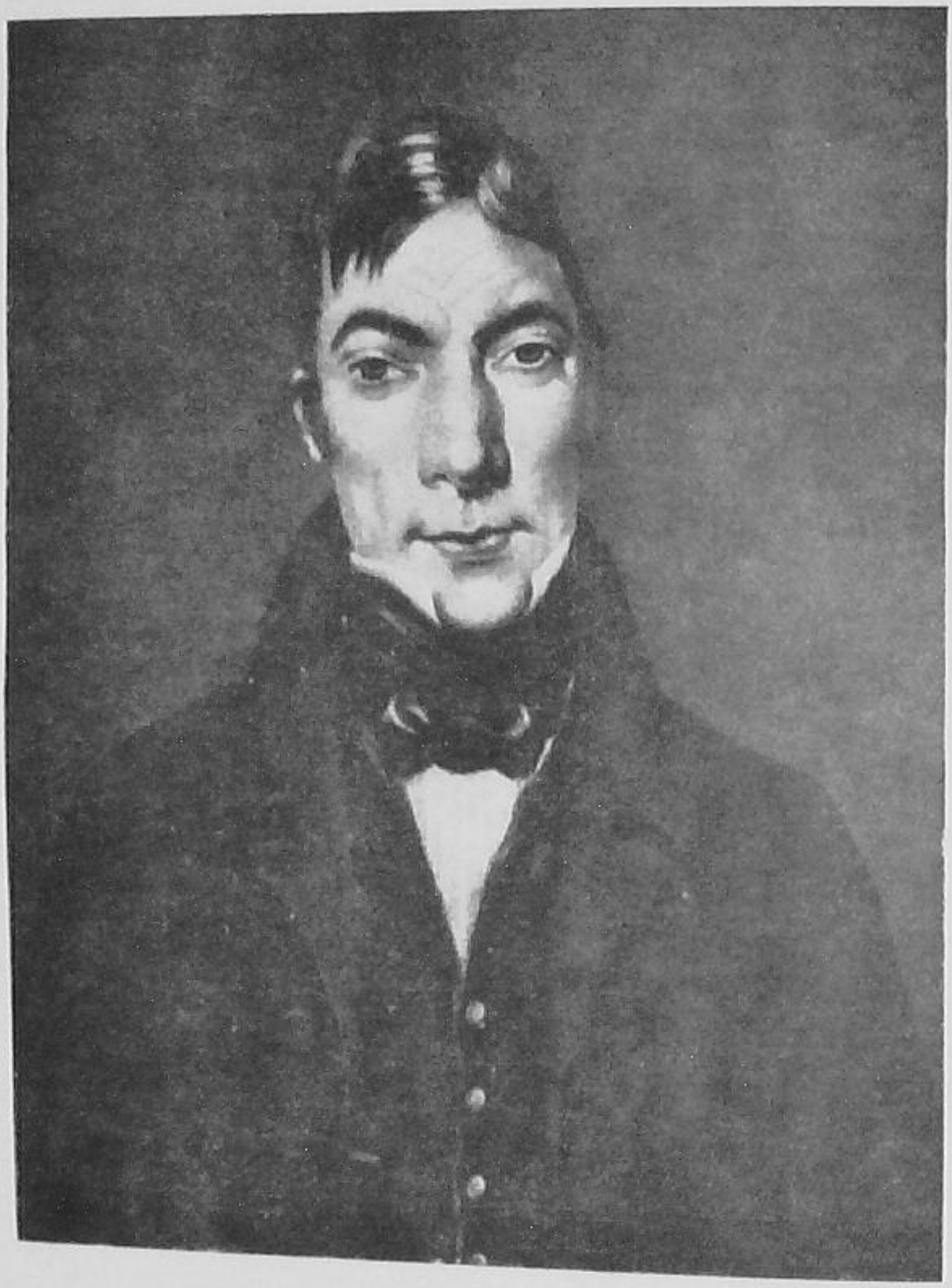

Robert Owen

To face page 5

mense factories where machines could be massed together and hundreds of workers could be employed simultaneously beneath one roof. These factories, often financed by newly-formed partnerships, were erected where both coal and water were plentiful, and where labour could be purchased at a trifling cost.

Cheap labour was what the embryo capitalists most urgently required, and inasmuch as the new machines could be served as well by women as by men, and by young children as well as women, in an incredibly short time the manufacturers of Lancashire and Yorkshire were employing tens of thousands of children in their unhealthy and overcrowded mills. There children—many mere babies under five years of age!—worked by day and night under conditions which almost baffle description, making profit for callous capitalists until they died or had to be removed; and when supplies of new child-workers ran short, as they often did, infant paupers were imported into the forbidding factories of the North from the Poor Law institutions of the South of England.

No protective legislation then safeguarded either child or adult workers employed in factories, mills, or mines, and workers ready to rebel were unable to organise for self-defence because trade union membership had been made a crime punishable by imprisonment, death, or transportation to Botany Bay. The plight of the working classes, the millions newly condemned to be wage-earners all their lives, was indeed desperate. No more were they free to eke out a living on the land, for while industry was being revolutionised in the towns a parallel revolution was altering the face of the English countryside.

The new methods of cultivation and stock-raising necessitated the abolition of the erstwhile common fields, and the enclosure of the land; and in less than half-a-century the larger part of the country was enclosed and converted to private property by a series of Acts of Parliament. By this class legislation, the nobles, squires, and country gentlemen of England quietly made themselves possessors of the whole nation's real estate by the simple process of dispossessing the unenfranchised commoners, who, thus deprived of their homes and livelihood and made "beggars in their native land," had perforce to flock to the fast-growing

industrial centres and there seek employment at whatever wage capitalist employers chose to pay.

Historians often name the first quarter of the nineteenth century "the period of despair." Men did then decay as wealth accumulated, and the new capitalists, growing richer daily as they exploited expanding markets at home and overseas, resembled King Herod in that they authorised a massacre of innocents. On every side a traveller through the industrial areas could see evidence of increasing wealth and accumulating riches. Population doubled itself as all the big towns and cities grew apace; great factories and smoking chimneys testified to the buoyancy of industry and commerce; the new roads, canals, railways, bridges and harbours all bore witness to the new spirit of business enterprise. Abundant crops and a countryside full of sheep and cattle were signs that agriculture was enjoying prosperity unknown before. But the bright picture had a black and ugly side. Its dark side was the condition of the working people. They were overworked and underpaid, half-starved and poorly clothed, housed worse than animals, taxed at every turn, robbed on both their earnings and their spendings; and while the older workers still looked backward with regret to happy days that had gone, few of the younger ones looked forward with hope of better times to come.

In less than fifty years the capitalist system had entrenched itself firmly in this country. Everywhere the landowner and the capitalist had become masters of the still unenfranchised English people. And although in 1815 the whole nation rejoiced in the victorious conclusion of its war with France, even as the cheers which followed Napoleon's downfall at Waterloo were reverberating in their ears the common people lived as men and women bereft of hope. William Blake, the inspired poet who vowed he would not "cease from mental strife" until Jerusalem was built in "England's green and pleasant land," predicted—

> The winners' shout, the losers' curse,
> Shall dance before dead England's hearse. . . .

Capitalism was growing fat and waxing richer every day. There appeared no harbinger of the Co-operative Commonwealth; of hope the despairing people could then discern no rainbow sign.

CHAPTER II.

Prophets and Propagandists

A GREAT WELSHMAN. ROBERT OWEN'S PLAN. COMMUNITIES AND LABOUR EXCHANGES. WILLIAM THOMPSON AND WILLIAM KING. "THE CO-OPERATOR." CO-OPERATIVE TRADING ASSOCIATIONS.

NEW hope invariably comes to British working people when they most despair. Democracy also has its prophets, its heralds, its forerunners of a nobler order; and never in modern history have the people been long without the inspiration of a new and animating vision.

Early in the nineteenth century, the working people of Great Britain were energised into action by the utterances of a new and previously unknown prophet, one who originally came from Wales, and whose message did not lack a tinge of mysticism. He was a prophet whom the common people heard with gladness, and few men have left a deeper or more enduring mark upon the collective mind of our British democracy.

Robert Owen (1771-1858) was the son of a small retail tradesman, and was born at Newtown, a backward town in Central Wales, at the very time when great inventors were beginning to make the wheels of industry revolve more rapidly. Leaving home as a lad to better his fortune, young Owen secured employment in the drapery trade, first at Stamford, and afterwards at London. After a few years he removed to Manchester, already the centre of the British trade in cotton goods. There he was quickly attracted to the new textile industry, then fast growing in importance.

Owen was a man certain to take full advantage of the new opportunities created by the still extending Industrial Revolution. He was quick to see and seize a chance of rising, and before he had reached the age of thirty his ability and knowledge of the cotton industry were so conspicuous that he was given full

charge of the big cotton mills established at New Lanark, on the River Clyde, not far from Glasgow.

These mills were already recognised as being second to none in Great Britain, not only for the excellence of their products, but also for the good conditions under which the workers were employed by their Quaker-owner. Before long Owen was placed in supreme control of the mills (1800), and very soon he was making a fortune for his partners and himself. Among the cotton-spinners of that day he stood pre-eminent as a captain of industry, an enlightened business man who could turn cotton into gold; and his career prior to 1820 still forms a romantic story of the rapid rise and resounding triumph of one of the first kings of modern British commerce.

Owen, however, was much more than an enterprising man of business. He was also a philosopher of sorts, a born social reformer, a humanitarian who had compassion for people less fortunate and successful than himself. Moreover, he was an enlightened employer who perceived that good conditions pay; that ill-treated and discontented workers are not an asset to a business, but rather a big handicap and a heavy liability.

Under Owen's far-seeing management, the already good conditions at New Lanark were much improved. He envisaged the mills and the working community as an industrial village, and as he believed that Man is a creature of his environment, he improved the housing of the workpeople, opened stores at which all could purchase honest provisions at fair prices, and established a school where the children received instruction. Owen ever set a high value on education, especially for young people. He was a pioneer of educational progress, and the school he founded at New Lanark (1816) was one of the first infant schools established in this country.

The many reforms he introduced at New Lanark gained for Owen a world-wide reputation as a philanthropist and social innovator. New Lanark became the "show" industrial village of the country, if not of all Europe, and Owen was so much praised by titled visitors that he not unreasonably expected other employers would imitate the good example he had set, especially as he had demonstrated that good conditions ensured good business and satisfactory profits.

REPORT

TO THE

COUNTY OF LANARK,

OF

A PLAN

FOR

Relieving Public Distress,

AND

REMOVING DISCONTENT,

BY GIVING

PERMANENT, PRODUCTIVE EMPLOYMENT,

TO THE

POOR AND WORKING CLASSES;

UNDER ARRANGEMENTS

WHICH WILL ESSENTIALLY IMPROVE THEIR CHARACTER,

AND AMELIORATE THEIR CONDITION:

DIMINISH THE EXPENSES OF PRODUCTION AND CONSUMPTION,

AND CREATE MARKETS CO-EXTENSIVE WITH PRODUCTION.

By ROBERT OWEN.

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HATCHARD & SON, LONDON.

1821.

THE CRISIS.

[Institution of the Industrious Classes, Gray's-Inn Road.]

THE CRISIS; OR THE CHANGE FROM ERROR AND MISERY, TO TRUTH AND HAPPINESS.

"IF WE CANNOT YET RECONCILE ALL OPINIONS, LET US NOW ENDEAVOUR TO UNITE ALL HEARTS."

VOL. I.—No. 1.] EDITED BY ROBERT OWEN.——SATURDAY, APRIL 14, 1832. [ONE PENNY.

PROSPECTUS.

"THE CRISIS" will therefore be no party paper: it will be occupied in developing, in plain simple language, the great principles

The heading of the first number of "The Crisis," Robert Owen's most important periodical. Special interest attaches to the drawing, which is a sketch of the National Labour Exchange, in Gray's Inn Road, London.

Unfortunately, despite his fame, other employers refused to adopt Owen's plans although they envied his success, and soon his eager mind was concerned with the big problems of unemployment and poverty which had followed the victory of Waterloo. He saw no reason why unemployment should persist when men and women needed to be fed and clothed, and his reflections on the social problem prompted him to submit his now famous "plan" to the County of Lanark (1821).

In essence that "plan" was a scheme for settling unemployed workers on the land in semi-agricultural, semi-industrial villages, where they could maintain themselves in comfort by their united exertions. Owen's "plan" was neither accepted by the county authority nor adopted by the Government, to whom he also submitted it; but his proposal that "home colonies" should be established was welcomed by many working people as a gospel of hope and liberation from poverty and enforced idleness.

Between 1824 and 1832, Owen was busily engaged in promoting legislation for ending the abuses in the factories, in fostering the growth of the nascent trade union movement, and in advocating the establishment of equitable "Labour Exchanges" that could serve worker-producers as markets where goods could be exchanged for goods on the basis of their value as expressed in terms of labour. The exchanges he promoted soon collapsed, although they excited much enthusiasm at the little Co-operative Congresses organised by Owen's more active adherents. One, rather grandiloquently entitled the National Equitable Labour Exchange, was established in Gray's Inn Road, London, now the home of the London headquarters of the Co-operative Press, which will continue the co-operative tradition in one of the city's important thoroughfares.

These early congresses of enthusiasts also attached great importance to the establishment of small "communities on land," self-supporting villages of "unity and co-operative industry," and it was to raise capital to finance such ill-considered ventures that the first Co-operative Trading Fund Associations were formed between 1827 and 1830.

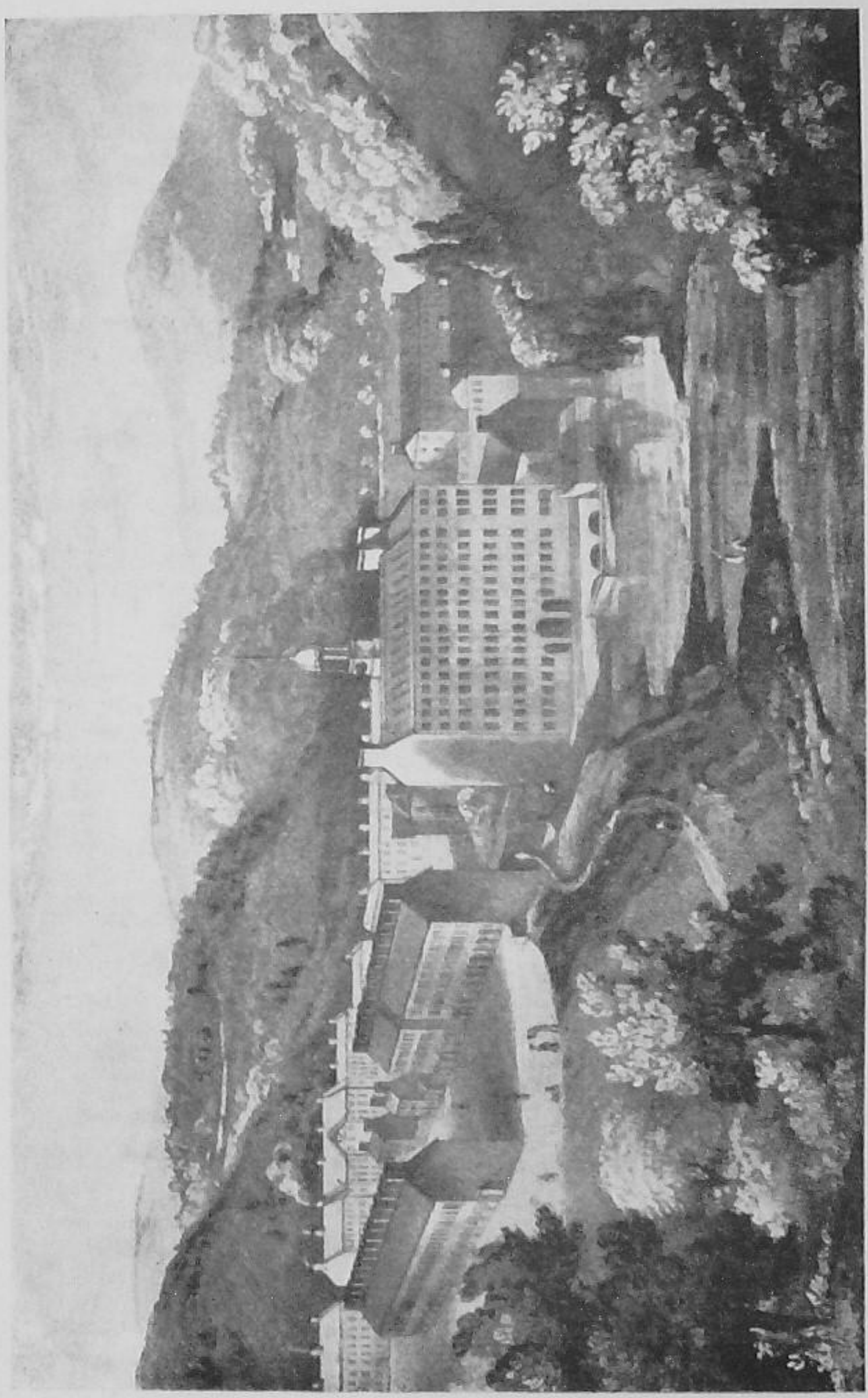
Owen attached no real importance to these early co-operative societies. He declared that trading associations formed no part of his grand plan for establishing a "new moral world," and

after 1835 his energies were deflected into other channels as he became more and more deeply engaged in political and religious controversies. What Owen had already done, however, was of immense importance to the infant Co-operative Movement. His teaching had, as Holyoake asserts, "put men's minds on the track of Co-operation," and by co-operators everywhere he ever will be honoured as its first outstanding prophet. What Owen himself had said in 1821 was immediately accepted by working people as an inspiring truth: "The secret is out—Co-operation for all the purposes of social life," and by that truth the first generation of co-operators was undoubtedly inspired.

Much of Owen's social teaching was vague, idealistic and impracticable, and co-operators who studied his published works with care found in them but little helpful guidance. That was given to them by William Thompson, an Irish landowner, one of Owen's most ardent disciples. Thompson had early embraced the whole gospel of Owenism, and ardently desired to witness the successful establishment of the first co-operative community based on the principles of "Mutual Co-operation, United Possessions, and Equality of Exertions, and of the Means of Enjoyment."

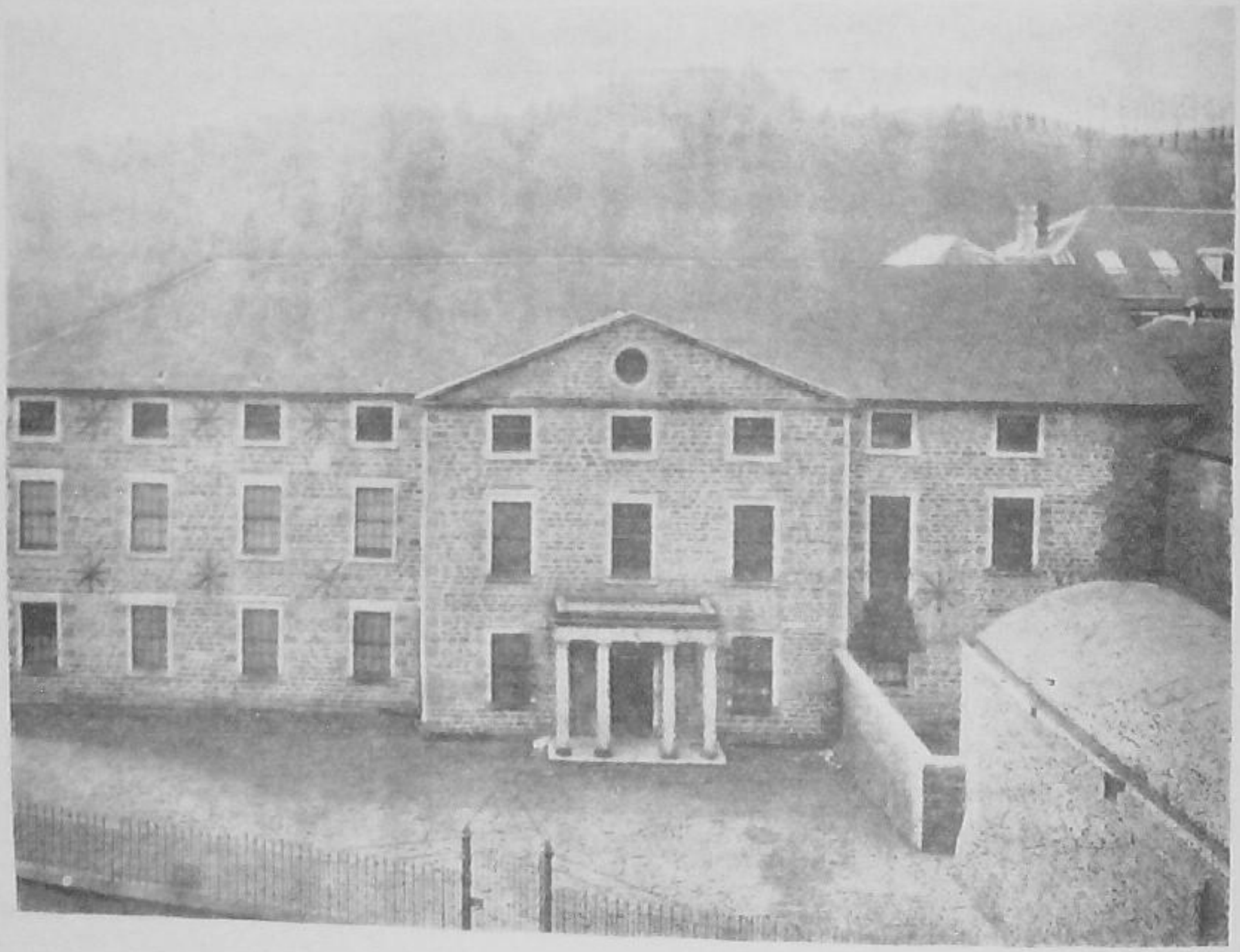
So anxious was Thompson for immediate action that in 1830 he published a work embodying *Practical Directions for the Speedy and Economical Establishment of Communities*, but his most important contribution to co-operative philosophy was his much bigger work, *An Inquiry into the Principles of the Distribution of Wealth Most Conducive to Human Happiness* (1822) —a thorough-going exposition of the economics of voluntary Co-operation, from which Karl Marx later imbibed ideas, and which was the only large text-book upon which the first co-operators were able to feed their inquiring minds. Thompson, who died in 1833, was, like Owen, somewhat of "a crank," although history bears witness that both were "cranks" of the kind who make great revolutions possible.

A third early prophet of Co-operation was William King (1786-1865), a physician who practised at Brighton, where he settled in 1821. King was an ardent social reformer, an enthusiastic advocate of education for young and old, and a genuine friend of working people. He became familiar with Owen's



A View of the Mills at New Lanark

To face page 12



Robert Owen's "Institution for the Formation of Character," at New Lanark.

To face page 13

"plan" and social teaching while he was a student attending St. Bartholomew's Hospital in London; and when, in 1827, a number of Owen's disciples formed a "Co-operative Trading Fund Association" and opened a tiny general store in West Street, Brighton, he promptly constituted himself their teacher, friend, and champion.

King did not become a member of the little co-operative society, but he made himself its sponsor and its spokesman, gave its members much excellent advice, and on May Day, 1828, issued the first number of *The Co-operator*, a small monthly periodical, in which he disentangled the principles of Co-operation from the secular propaganda of Robert Owen, clarified the aims of the working men co-operators, demonstrated the social and political value of the incipient Movement, and defined the moral conditions and business methods essential to its continuing success.

The *Co-operator* was unquestionably the best and most influential propaganda journal ever placed at the service of the early Co-operative Movement. Wherever copies of the little paper travelled, good co-operative seed was sown, and co-operative societies sprang into existence everywhere as the advice of Dr. King was acted upon by intelligent working people.

It can be said with truth that King's simple teaching, characterised as it was by practicability and robust common-sense, constituted the first intellectual foundation of the now world-wide Co-operative Movement. He caused the early co-operators to concentrate their attention on the importance of the co-operative retail store as an economic lever; and although he, like Thompson, hardly saw beyond Owen's plan of self-supporting communities—the scheme for creating small co-operative oases in the deserts of competition and capitalism—King's teaching divorced Co-operation from utopian visions and established it firmly upon the rock of impregnable principles.

When King commenced his self-appointed task as a co-operative propagandist, only half-a-dozen co-operative societies had been formed. When he laid down his pen, in August, 1830, more than three hundred societies were actively at work, and he was fully justified in saying, as he then did: "The principles of Co-operation have been disseminated among the working

classes, and made intelligible to them. The certainty of success, if those principles be acted upon, has been . . . demonstrated; and . . . these societies constitute a new and grand experiment." . . .

King's valedictory statement was not a vainglorious boast. Writing in *The Co-operative Magazine* early in 1830, a then well-known co-operator declared: "Next in importance to the great work of planting the first societies, we may rank the intellectual labour to promulgate the *true principles*, with a knowledge of the practice of co-operation. . . . The immense majority of the Co-operative Trading Associations formed since 1828 . . . have been nourished on the sound doctrine of *The Co-operator*. The gospel of Co-operation had been spread widely by means of the printed word, and to-day co-operators in all parts of the world honour Dr. William King as an original economist and a true Father of the Co-operative Movement.

CHAPTER III.

Co-operative Storekeeping

PHILANTHROPIC EFFORTS. COMBINED PURCHASING AND VILLAGE SHOPS. EXPERIMENTS IN SCOTLAND. PIONEER CO-OPERATIVE NEWSPAPERS. MINIATURE CONGRESSES. AN OPEN SECRET.

THE small general stores opened between 1827 and 1830 by enthusiastic adherents of Robert Owen, who thus translated Dr. William King's helpful advice into immediate action, were not the first adventures in co-operative storekeeping. Intelligent men were not slow to perceive the economic and financial advantages of purchasing food and other supplies in bulk. Two centuries before the inception of the modern Co-operative Movement shrewd friends of the poor advocated the adoption of rudimentary forms of Co-operation as infallible methods of cheapening the retail price of goods and reducing the cost of living.

Shortly after the Great Plague, in the reign of Charles II., Thomas Firmin (1632-1697), a London linendraper, who was also a true philanthropist, "erected (about 1670) a building by the river for the storage of corn and coals, to be retailed to the poor, in hard times, at cost price"; and twenty-five years later a well-to-do Quaker, John Bellers (1654-1725), in a pamphlet entitled "Proposals for Raising a Colledge of Industry of all Useful Trades and Husbandry with Profit for the Rich, and Plentiful Living for the Poor, and a Good Education for Youth, which will be an Advantage to the Government by the Increase of the People and their Riches," stressed the economic gains securable by communal housekeeping and associated industry.

Robert Owen reprinted that pamphlet more than once, and in his most important book, "A New View of Society" (1818), frankly acknowledged his indebtedness to Bellers, who had, he said, combined and published his own principles and "most

ably recommended them to be adopted in the year 1696 . . . thus evincing that his mind had the power to contemplate a point extended 120 years beyond his contemporaries."

Firmin and Bellers, like others who must here remain unmentioned, are significant links in the long chain of co-operative evolution, although their schemes were not early ventures in Co-operation properly so-called, but efforts towards social betterment prompted by the spirit of philanthropy. All were akin to the "village shops" established in many parts of England at the beginning of the nineteenth century by charitably-disposed people associated with the Society for Bettering the Condition and Increasing the Comforts of the Poor. Some of these "village shops" supplied poor people with coals "at prime cost"; others provided "flour of the best quality and at a reasonable rate," or bread, milk, beef, rice, or inexpensive fish. Managed though they were by persons who were well-to-do, the "village shops" undoubtedly caused working people who drew supplies therefrom to reckon up the profits of exacting shopkeepers and meditate on the possibilities of inaugurating systems of combined purchasing entirely controlled and managed by themselves; and it is certain that these "village shops" helped to turn workingmen's thoughts towards Co-operation as much as the communal flour mills established at Hull, Devonport, Woolwich, and other towns did at a somewhat later period.

Elsewhere, during the same bleak age of poverty and widespread hardship, workingmen themselves began to unite, prompted by the same desire to lessen the cost of living. Scottish workers, not unnaturally, were foremost among the pioneers who first experimented in co-operative storekeeping on a democratic basis. The researches of the late William Maxwell and of J. A. Flanagan have brought to light much knowledge of the bold effort made at Fenwick by members of the Weavers' Society who, in 1769, "decided to take what money they had in their box and buy victuals to sell to the society." Those victuals "consisted chiefly of oatmeal, which the society bought at the wholesale price and distributed to the members who wanted it."

Eight years after the Fenwick weavers had commenced their not unsuccessful venture "a victualling society" was established at Govan, near Glasgow; and in 1812 a similar society—which

still exists—was formed at Lennoxtown. This truly remarkable society, which justifiably claims pre-eminence as "the world's oldest co-operative society," sought to supply its members "with the different necessaries of life at the cheapest and easiest terms we can" ; and appears to have engaged in trade from the time of its formation.

Long before Robert Owen had developed from a successful master cotton-spinner into a social missionary and would-be world-transformer, embryo co-operative societies were dotted over the whole country, and were particularly numerous in the new manufacturing districts. Little knowledge of these societies now survives, albeit some of them were very curious bodies. The Sheerness Economical and Industrial Society, for example, was formed in 1816 by workmen employed in Sheerness dock-yard, who "owing to the high prices demanded by local bakers," at first combined to supply themselves with bread and flour, but afterwards provided all the townspeople with supplies of water ! Many of these brave ventures now have historical importance, and all alike were precursors and prototypes of present-day co-operative societies.

The workers' stores and the philanthropists' soup kitchens and village shops all prepared the way for higher forms of Co-operation ; but these did not leap into being until after Owen had popularised his "New View of Society," and Thompson had published his *Practical Directions for the Speedy and Economical Establishment of Communities,* and King had instructed working people in the elementary economies of successful storekeeping and the foundation principles of voluntary Co-operation.

The outstanding merit of William King's co-operative teaching was its simplicity and clarity. In the pages of *The Co-operator* he addressed his arguments to intelligent working people in the conditions and state in which they actually were in 1828, and straightway explained the manner in which all could help themselves to rise together to a higher plane of living.

What all then needed most was a commencing capital ; and King demonstrated how easily a sum sufficient to stock a little co-operative store could be amassed. He said : "We must form ourselves into a society for this special purpose ; we must form

a fund by weekly deposits; as soon as it is large enough, we must lay it out in various commodities, which we must place in a common store, from which all members must purchase their common necessaries, and the profit will form a common capital to be again laid out in the commodities most wanted. Thus we shall have two sources of accumulation—the *weekly subscription*, and the profit on articles sold."

And he continued: "Suppose 200 people thus unite, and subscribe each a shilling a week, and by purchasing at their own store, produce a profit of £20 a week, they will accumulate at the rate of £30 a week, or £1,560 a year. . . ." Another great secret was out. A Co-operative Alchemedes had discovered a simple lever by which the united workers could lift the world.

In clear and understandable language King explained the necessity for businesslike management, the wise employment of capital, and the provision of facilities for education. In a memorable passage he described the steady evolution of the society started at West Street, Brighton, and he vigorously defended all the early societies against slanderers and jealous opponents by asserting: "When a man enters a co-operative society he enters upon a new relation with his fellow-men; and that relation immediately becomes a subject of every sanction, both moral and religious."

The pioneer co-operators badly needed outspoken champions and stout defenders, for they were soon attacked from many sides. Shopkeepers and traders naturally eyed them as potential rivals; Tory statesmen saw in their societies new strongholds of sedition; and fanatical religionists did not scruple to denounce them as impious conspirators against the injunction that the poor must be contented with their economic lot and lowly status.

At first these loud-voiced libellers had much the worst of the argument, for after 1828 co-operative propagandists were busy with their pens, which they used with telling effect in many tiny periodicals, of which the most widely circulated were *The Co-operative Magazine* (1827-30), *The Birmingham Co-operative Herald* (1829-30), and *The Lancashire and Yorkshire Co-operator* (1831-32). It was not the hostility of private traders or the denunciations of unjust clerics that brought to an inglorious end almost all the societies originally "nourished on the

SYSTEM

OF

EXAMINATION

OF

CANDIDATES FOR MEMBERSHIP,

ADOPTED BY THE

COMMITTEE OF EXAMINERS

OF

BRANCH A 1.

23, JOHN-STREET, TOTTENHAM-COURT-ROAD,

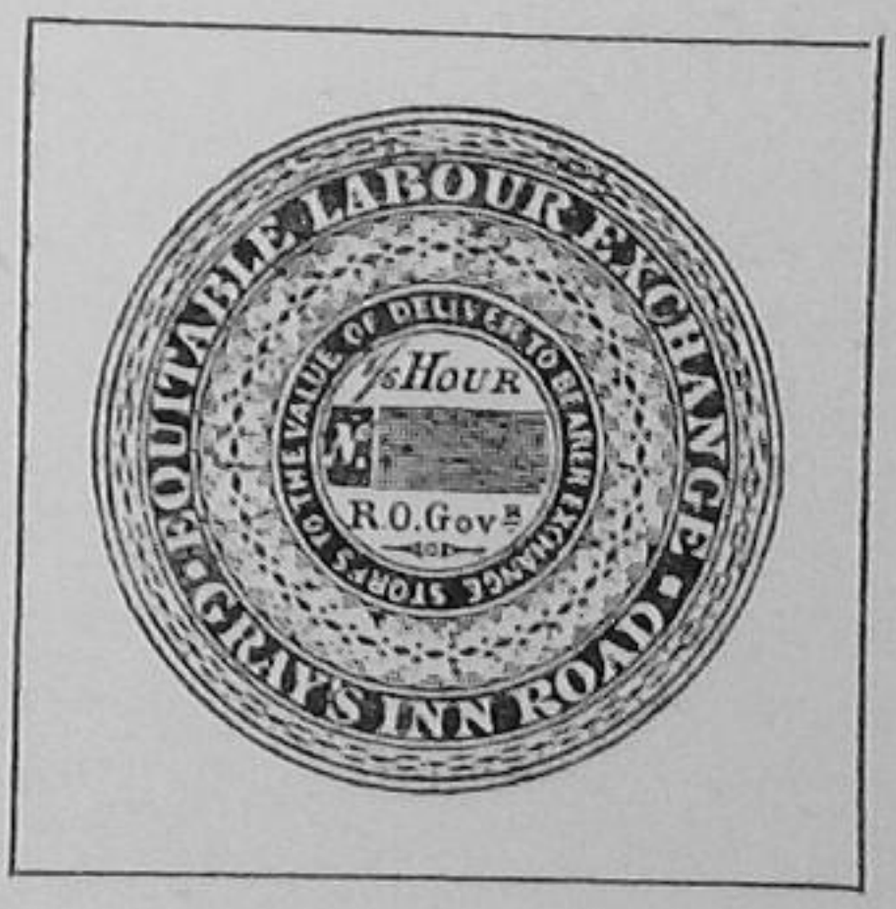
LONDON.

1840.

To be had at the Institution.

A Reproduction of the Cover of the Booklet of Questions used in 1840, when persons who desired to join a co-operative society were "catechised."

The Mill established at Hull in 1795 to reduce "an exorbitant price of flour."



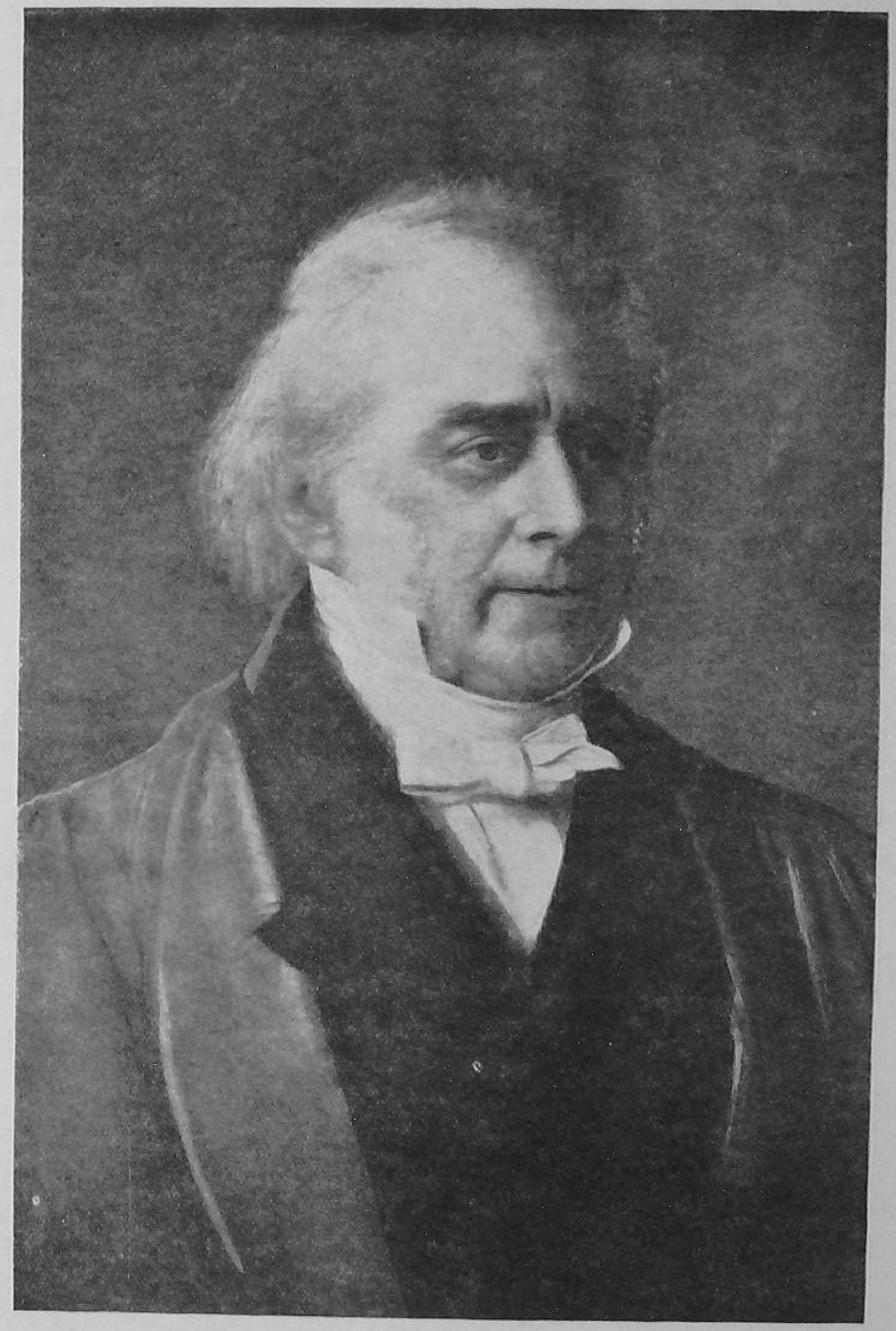
A Labour Note for ½ hour, i.e., ten minutes, intended for use at the Labour Exchange in Gray's Inn Road, London, but not put into circulation.

sound doctrine of *The Co-operator*." They collapsed rapidly between 1834 and 1840 because their leaders and storekeepers lacked education, experience and business training; because they were not encouraged and supported by any national organisation; because they were entirely unprotected by the law, and because the Government, headed by Lord Melbourne, declared open war upon Robert Owen, his social gospel, and all his followers who were then attempting to combine in trade unions or co-operative societies.

At the four or five miniature Co-operative Congresses held between 1830 and 1834, far-seeing co-operative leaders like William Pare debated plans for establishing central co-operative wholesaling and propagandist agencies through which the infant societies could pool their nascent strength and give to each other mutual protection and support; but in the circumstances then existing the impoverished and still unenfranchised workers were almost powerless to combine their forces nationally. Moreover, the energies of many ardent co-operators were at that time suddenly diverted to the great struggle for Parliamentary Reform and a democratic franchise. Working-class leaders were agitating to secure The People's Charter, and Robert Owen was ceasing to be active on the democratic field.

Not yet had co-operative societies learned how to secure the loyalty of their own members. They had not found a magnet powerful enough to attract each member's custom to the stores; and although it would not be untrue to say that after 1830 the struggling co-operative societies were conscious members of a national movement, it is certain that the Movement lacked leadership, direction, financial resources and political power, and was still almost unconscious of its own existence.

The secret was out; the principles of Co-operation were already widely known; the economic lever had been discovered; but prior to 1840 the time was not completely ripe for Co-operation. Not yet were the workingmen co-operators entirely emancipated from the bonds of well-intentioned patronage. As Dr. King himself admitted, when speaking of early co-operative efforts not long before he died, "All this was premature." In the years immediately prior to "the hungry forties" the world was still unready for the Co-operative Movement.



William King, M.D., Cantab.

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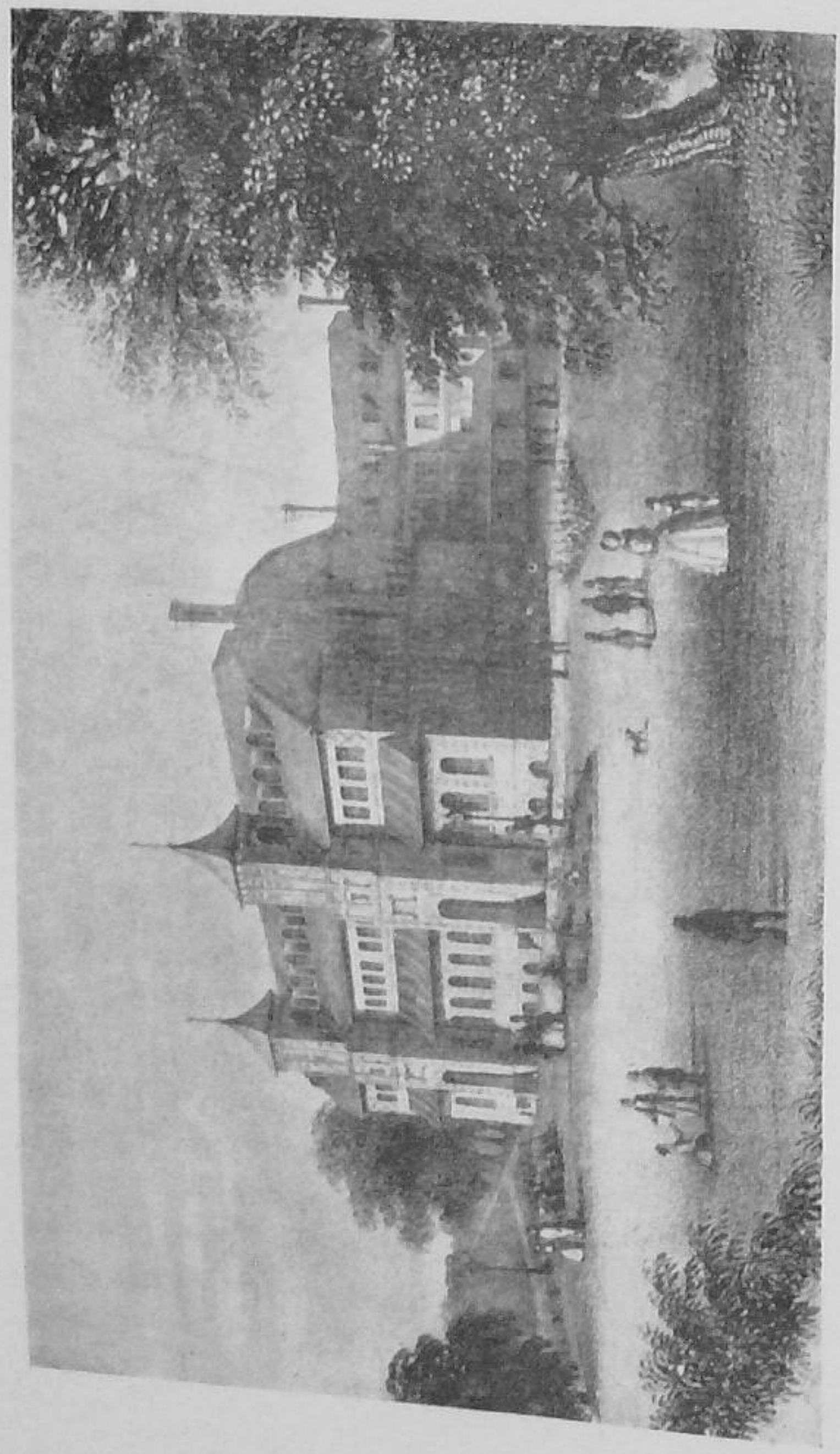


Harmony Hall, the Home of the Co-operative Community established at East Tyatherly, in Hampshire

To face page 21

CHAPTER IV.

Castles in the Air

INSPIRING STORIES. A FAMOUS PROPAGANDIST.
AMBITIOUS PLANS AND UNSUCCESSFUL VENTURES.
COMMUNITIES ON LAND. STORES IN CUPBOARDS.
CO-OPERATORS WHO BLAZED A TRAIL.

It now is almost impossible to visualise or recapture the unrestrained enthusiasm which characterised the first generation of co-operators, in whom hope was still untempered by mortifying experience. Nowhere in the history of British Democracy can a searcher find social reformers more zealous, more completely animated by faith in the cause and the principles they had espoused, than the men of all sorts and conditions who first laboured to propagate Co-operation throughout this country.

Early co-operative periodicals are full of inspiring stories which illustrate the eagerness with which enthusiastic co-operators laboured to remove great mountains of poverty and ignorance. Their hope was as unbounded as their faith, and if many who between 1828 and 1840 dreamed of castles in the air were unreasonably optimistic, that was not in them a fault. When material resources are inadequate optimism is a first condition of success.

William Pare (1805-1873), the son of a Birmingham cabinet-maker, may be cited because his innumerable activities as a co-operative propagandist during this period reveal how enthusiastically ardent spirits then embraced the new gospel proclaimed by Owen and expounded by Thompson and King. After having devoted his early youth to the cause of Radicalism in Birmingham, Pare at the age of twenty-four was attracted to Co-operation by the writings of King and Thompson, and he relates how, after reading the latter's book, *An Inquiry into the Distribution of Wealth most Conducive to Human Happiness*, he "felt an ardour in the cause which it is utterly impossible for language to express, from my perfect conviction of its entire consonance

with truth." Pare read and pondered King's "sound doctrine" as set forth in the pages of *The Co-operator*, and the immediate result of his study was the formation in 1828 of the first Birmingham Co-operative Society, which very soon became foremost in undertaking propaganda work.

Pare was at that time a railway statist, and wherever he travelled about the country in connection with his employment, when new railroads were being constructed between 1828 and 1833, he endeavoured to establish co-operative societies in every place he visited. He succeeded in planting many little societies in Warwickshire, Lancashire, Cheshire, and the West Riding of Yorkshire; and it was because he was one of the best known co-operators, and withal a man of energy, that he was mainly responsible for organising the first series of Co-operative Congresses, those held in 1831 and 1832.

The first Congress, held at Manchester in May, 1831, at which William Pare was appointed secretary, was "convened by circular from the Manchester Association for the Spread of Co-operative Knowledge," and was "composed of delegates from co-operative societies in all parts of the United Kingdom." Notes in the minutes of this Congress, which was attended by Owen and Thompson, suggest that the delegates did not number many more than a score, and that only a few of them belonged to the working classes.

Resolutions adopted by this now half-forgotten Congress show in what directions hopes were leaping as the scattered co-operative societies grew conscious of their weakness and their needs. After debating "the propriety of establishing a Union of Co-operative Societies," the delegates "considered it expedient to establish, as soon as possible, various Wholesale Trading Companies, formed by Unions of Co-operative Societies, and conveniently situated at the various seaports of the United Kingdom, in order to purchase and sell every article of general consumption, at the lowest possible price, for the benefit of the several societies forming such companies; and also to promote the sale and exchange of co-operative manufactures, and other produce."

As early as 1831, therefore, sharp-witted co-operators realised how suicidal it would be for co-operative societies to depend on

private wholesalers and manufacturers for bulk supplies, and how imperative it was that co-operative production and exchange should be developed simultaneously with co-operative distribution, so that all existing stores might be stocked with co-operative products. Even if they occasionally attacked economic problems from the wrong end, these pioneers fully comprehended the importance of big problems they must somehow or other solve.

They did succeed in establishing at Liverpool, in December, 1831, a "North-West of England United Co-operative Company." Twenty-one of the societies promptly became members of this wholesaling agency, and at the Third Congress, held in April, 1832, at the Institution of the Industrious Classes, in Gray's Inn Road, London, the committee of the incipient Co-operative Wholesale Society reported that goods valued at £1,830 had been supplied to thirty-one societies, although its trading operations unfortunately showed "a minus of £26 15s. 2d." A brave beginning had been made; but the ambitious venture was ill-starred, and quietly faded out of existence a year or two after its formation when a general blight fell upon its supporting societies.

At the second Congress, held at Birmingham in October, 1831, the tides of optimism were, however, rising even higher than before. No fewer than forty societies were directly represented at the Congress—to which two enthusiastic Scots travelled afoot all the way from Glasgow, nearly 300 miles—and supporting letters were received from thirty more.

One main topic fully considered by the Congress was "the expediency of appointing Co-operative Missionaries." One delegate said, "the want of knowledge was the reason why many societies did not flourish"; and William Pare observed: "We must be guided in our Missionary exertions by the rest of the world" and appoint "an active, zealous and intelligent Committee in London" to manage "the practical part of the business," a suggestion foreshadowing the formation of that Central Co-operative Board which Pare himself helped to bring into existence nearly forty years later.

The delegates wholeheartedly approved the appointment of Missionaries, and with equal unanimity, urged all co-operative

societies and "individuals favourable to the Co-operative System" to support two Radical newspapers in sympathy with co-operative aspirations. They also decided to petition both Houses of Parliament "to direct their attention to the subject of the Co-operative System." That the Lords, both spiritual and temporal, did with disastrous results to the Co-operative Movement in 1840, when, at the instance of the Bishop of Exeter, William Pare was deprived of the office he then held as Public Registrar of Birmingham—a typical example of the persecution from which prominent co-operators often suffered.

But the project which most deeply engrossed the interest of all these early Congresses was the "speedy formation" of "a community, on the principles of Mutual Co-operation, United Possessions, and Equality of Exertions, and of the Means of Enjoyment," upon the plan laid down by William Thompson, "in order to show the practicality of the co-operative scheme" for reconstructing the entire economic and social order.

Throughout the country active co-operators were obsessed by this "community" idea, which both co-operative storekeeping and co-operative production were made to serve. Even Dr. King, far-sighted as he was, taught that the grand purpose and end of co-operative storekeeping was the establishment of little "communities on land," and he, too, asserted that the trading surpluses of the societies must on no account be shared among their members, but be left to accumulate untouched in a common fund, although that practice proved to be the rock upon which a majority of the first co-operative ventures ultimately split.

Unquestionably, if the experiment of establishing a self-supporting community was to be made on the grand scale recommended by Robert Owen, a large amount of capital would be required, and early co-operative literature is full of suggestions advanced by enthusiasts who imagined they knew a way of multiplying the powers of money. At each of the early Congresses much time was occupied by debates on the stubborn problem of ways and means. Owen refused to participate in any attempt to establish a community that was not financed to the extent of £240,000 at the outset. William Thompson, however, was prepared to venture with an initial capital of £6,000, and the youthful William Pare rejoiced publicly when a "whip round" among

a few delegates present at the London Congress produced twelve pounds!

In the spring of 1832 their growing eagerness to try-out the great experiment prompted the delegates assembled at the London Congress to appoint a deputation "to wait upon Mr. Morgan, of the Stock Exchange, and endeavour to effect a loan of £250,000"—upon the security of a projected community that was still only a castle in the air! The same passion for immediate action caused William Thompson, who died in 1832, to bequeath his freehold estates in County Cork to the first community established on Irish soil; an abortive bequest which made William Pare extend his propaganda tours into Ireland, where he succeeded in forming several more societies.

And when, just before the early Co-operative Movement fell to pieces, an unsuccessful community was actually started by the "National Community Friendly Society"—one of Robert Owen's many organisations—on impoverished land at East Tytherly, in Hampshire, that last expiring effort was partly sustained for a time by still undaunted optimists, who sent wagons from town to town to collect tools, seeds, furniture, and foodstuffs badly needed by members of the community housed in a building then known to all by its not well chosen name of "Harmony Hall."

Undoubtedly leaders of the struggling storekeeping societies were long inspired by "the distant view," by visions of the Millennium prophesied by Robert Owen; but rank-and-file members of the isolated co-operative societies obtained no immediate benefits by shopping at their ill-provisioned stores. Only seldom were they part-proprietors of a well-furnished retail shop. Often the "store" was a room in a member's house, and not infrequently a big chest or a large cupboard had to serve as stockroom, store, and warehouse. The range of commodities which these makeshift stores supplied was never wide, and the turnover of some of the societies was often so microscopic that Richard Carlile, the free-thinking Republican, had some justification for sneeringly describing them as "pepper and salt chandlers' shops."

The cash takings of the original Brighton Society, which he so belittled, during its first week's trading only amounted to

half-a-crown, although that total rose to £40 per week after the society had acquired a proper store. Elsewhere turnovers were very small indeed, as was the remuneration of whole-time storekeepers where such were afterwards appointed.

At Huddersfield in 1833, one William Hodgson, "for labour performed by him to the society, was remunerated with a suit of clothes, taking in both hat and shoes and shirt"; and William Lovett, who later became famous as a Chartist leader, says that by consenting to become storekeeper of the First London Co-operative Trading Fund Association in 1828, he "made some little sacrifice; as the salary offered was less than he could earn at his own trade as a cabinet-maker."

Viewed now in retrospect, many of the aspirations and activities of the first generation of co-operators appear both pathetic and amusing. They conferred and debated, planned and schemed, retailed petty groceries, manufactured tinware, bed-quilts, shoes, and clothes, and made blue-prints of Utopia as men—

> Who, rowing hard against the stream,
> Saw distant gates of Eden gleam,
> And did not dream it was a dream. . . .

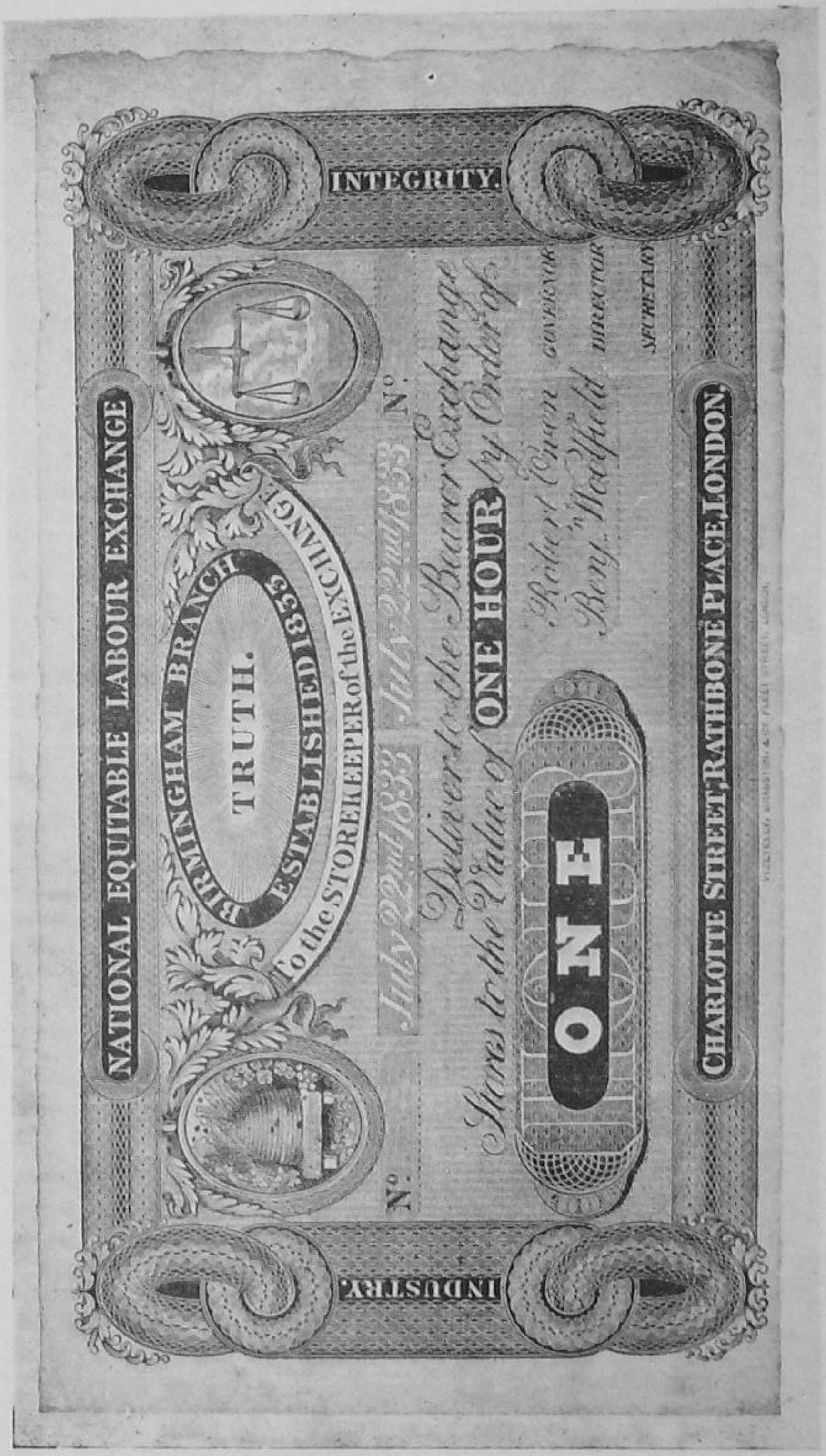
Some may say those enthusiastic pioneers accomplished very little, that without a magnet for attracting trade, their impoverished general stores might equally well have never been opened, their Congresses never convened. This would be a superficial view, a misrepresentation of well-established facts.

The early co-operative propagandists, missionaries and storekeepers blazed a trail. They established a tradition, and prepared the ground for the following generation of co-operators. After 1827 there is unbroken continuity in the progress of Co-operation. The Movement that was created in 1828 did not perish in the economic and political blizzards of the "eighteen-forties." And although the names of innumerable pioneer co-operators are nowhere engraved on brass or carved in marble, all are imperishably commemorated in the enduring Movement which after 1844 replaced their alluring "castles in the air."

SECTION TWO

THE PERIOD OF EXPANSION

1840—1860



Robert Owen's Note, or Cheque, for "One Hour." Such cheques were exchangeable for goods deposited at the Labour Exchange named upon the Note

To face page 28

To face page 29

Robert Owen's Labour Note, or Cheque, for Two Hours. This particular Note was exchangeable at the Labour Exchange in Gray's Inn Road, London

CHAPTER V.

The Rochdale Pioneers

THE EVOLUTION OF CO-OPERATION. NEW IDEAS IN ROCHDALE. THE CO-OPERATORS' BIG PROGRAMME. THE PIONEERS OPEN SHOP. DIVIDEND ON PURCHASES. MEN OF FAITH AND VALOUR. A SHRINE AT ROCHDALE.

FORMERLY it was commonly believed that the early Co-operative Movement had no organic connection with the living Movement of to-day. It is, however, certain that the chain of co-operative evolution has never once been snapped. The co-operators who achieved success in the second generation built their societies and stores on foundations laid by the earlier pioneers, and succeeded all the more because they profited by lessons taught them by other men's experience.

A considerable number of societies had an unbroken existence from the early eighteen-thirties until the end of Queen Victoria's reign; and innumerable facts attest that George Jacob Holyoake was more picturesque than accurate when he described those societies which faded out of life about 1840 as the wreckage of "a dead Movement." Nevertheless, it is quite certain that the entire Co-operative Movement gained vitality, energy, confidence, and an enormous impetus from the successful society established at Rochdale in the autumn of 1844 by the now famous Pioneers.

Rochdale, like a big majority of Lancashire's manufacturing centres, was at that time passing through a bitter crisis. Unemployment and poverty were prevalent among operatives in the woollen-weaving industry. Continued hardship and distress had reduced a large part of the industrial population to starvation level; and the workers' standard of living was further depressed by unsuccessful trade disputes. If ever workers at the bottom of society resolved to make a gallant attempt to rise together to a much higher level of security and comfort the weavers who

pioneered a new co-operative venture in Rochdale were the men.

The story of their adventure is already legendary, and research made in recent years has revealed inaccuracies in the "history" which Holyoake contributed to the *Daily News* in 1857, when the young society was advancing steadily along the highway of success. But his story embodies the animating elements of authentic truth, and is so full of living incidents and colour that we cannot do better than summarise it here.

Intelligent working people in Rochdale had long been familiar with the principles of Co-operation and the main outlines of Robert Owen's "plan." Often a hot-bed of radical controversies, the town had been visited by several co-operative missionaries and propagandists, and co-operative periodicals had frequently been circulated from hand to hand. During the latter "eighteen-thirties," one or two little societies were formed at Rochdale, and although these ventures were unsuccessful, they must have familiarised hundreds of workers with the purpose and practice of co-operative storekeeping. Rochdale was, in fact, ready to hear and embrace the whole gospel of Co-operation when in the "hungry forties" a call to action came.

An unsuccessful strike increased the number of idle flannel-weavers, and in 1844 unemployed workers met—as the unemployed still do—to discuss and re-discuss their state and problems and consider ways of escaping from their common servitude to masters, insecurity, and ever-deepening poverty. Those who debated much in Rochdale held divers views. Some pinned their hopes to the People's Charter. Others urged total abstinence as a panacea for economic ills. A few proposed the immediate formation of a new co-operative society, one so well constructed that it could not founder on the rocks as so many previous hopeful ventures had already done.

The arguments advanced by these wise advocates were convincing and compelling, and in the autumn of 1844 a group of weavers decided to form a society, which they afterwards named "The Rochdale Society of Equitable Pioneers." The society was registered under the Friendly Societies Acts on October 24th, 1844—a date which will ever be historic in the annals of British democracy as the day on which the Rochdale weavers became pioneers both in name and act.

Following the example of almost all their predecessors in Co-operation, the Rochdale Pioneers set forth their aims and objects in a document which must always be one of the foundation documents of the Movement. In clarity and comprehensiveness the "Rochdale Programme" cannot ever be excelled. The Pioneers declared, in the first of the "laws" included in their society's book of rules:—

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

(2) The establishment of a store for the sale of provisions and clothing, &c.

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

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

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

(6) 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.

(7) That for the promotion of sobriety, a Temperance Hotel be opened in one of the society's houses, as soon as convenient.

Several articles of this comprehensive programme had long served as the current coin of conversation among Robert Owen's most enthusiastic followers. The one which has in recent years provoked widespread discussion—the intention of the society to "proceed to arrange the powers of production, distribution, education, and government"—was copied by the Rochdale Pioneers verbatim from the pages of one of Owen's periodicals.

The original source of that article was William Thompson's "Inquiry." King's *Co-operator*, which served the weavers as both guide and text-book, undoubtedly inspired their decision to establish "a store for the sale of provisions and clothing," and to "commence the manufacture of such articles as the society

may determine upon, for the employment of such members as may be without employment" ; and it is not unreasonable to see in their declaration, "That for the promotion of sobriety, a temperance hotel be opened in one of the society's houses," a concession to those among their number who believed that total abstinence from intoxicating liquors was a first essential of economic salvation and social regeneration. Not all the weavers were of this opinion, and it is recorded that the society itself was formed at a meeting held at the Weavers' Arms!

Despite the bigness of their aims, however, the Rochdale Pioneers were at the onset of their great adventure immediately confronted by the initial difficulty which all the first workingmen co-operators had somehow or other to surmount—the all-important problem of raising a common capital sufficient to procure a little shop and provisions enough to stock it. They overcame the difficulty by requiring all members of their society to subscribe a few coppers every week, and in three or four months the sum of £28 was so collected.

With this amount as their commencing capital, the Pioneers secured possession of a tiny shop in Toad Lane, and laid in a small stock of oatmeal, flour, butter, sugar, and tallow candles—evidently the simple commodities deemed most essential, and possibly the only ones many working people in Rochdale could then afford to buy.

Tradition says that the members of the society numbered twenty-eight when the store was first opened for business on the evening of December 21st, 1844. There could be no formal opening ceremony, but a small crowd assembled in the hilly street to see the co-operators "open shop," and the plucky pioneer who took down the shutters on that night did so to the accompaniment of not ill-natured jeers from lookers-on, and the openly-expressed hostility of petty traders who feared their own hopes of future gains had gone.

The Pioneers had started trading, but they did not find storekeeping all plain sailing. Like almost every society, that established at Rochdale had to contend with opposition from without and dissension within. Nevertheless, its promoters had already discovered a secret of success. By deciding to divide any trading surpluses among the members of the society in proportion to

the purchases of each, the Pioneers had found the missing magnet.

In Rochdale, from the day on which the society commenced to trade, all its members had an incentive to purchase goods at their own shop, which at first was open only on two evenings in each week. Co-operation brought them financial benefits immediately, and although those benefits were small, membership, capital, and sales grew steadily and continuously until in a few years the Rochdale Society of Equitable Pioneers became one of the largest businesses in Rochdale and the most famous co-operative society in the whole world.

After the Pioneers had launched their venture, and news of its success had spread, very little was heard of failures within the Co-operative Movement. Success in Rochdale inspired and bred success elsewhere. Holyoake popularised the story of the Rochdale effort and achievement. John Stuart Mill (1806-73), the Liberal economist, hailed the Rochdale Society as the beginning of a new industrial order. He found in Co-operation new justification for his faith in the unceasing progress of the working classes, and rejoiced wholeheartedly as the revitalised Movement spread rapidly throughout the country.

The success which rewarded the efforts of the Rochdale Pioneers has made the date on which the Toad Lane store was opened a landmark in the evolution of Co-operation, a day ever memorable in the history of our democracy. Yet the men of Rochdale equally merit honour. They were workingmen who helped themselves, not "bespeaking the goodwill and countenance of some *Patron* in the infancy of Co-operation," as all early co-operators were advised to do by John Rickman (1771-1840), the man who planned the first Census taken in Great Britain.

All were steadfast and self-reliant men characterised by native shrewdness and robust common-sense, sturdy democrats resolved to stand upon their own feet and to rise by their own combined exertions. Miles Ashforth, James Daly, James Smithies, Charles Howarth, William Cooper, Samuel Ashworth, and the others who took a leading part in Rochdale, were ill-educated and untutored workers, but all alike were men of character whose names inspired confidence in others, and whose determination and loyalty, coupled with their deep sagacity,

enabled them to surmount Hill Difficulty in an incredibly short time. A majority of these Pioneers were working weavers, and perhaps there was then a magic in the weaving industry which prompted so many weavers to be pioneers of Co-operation in this and other countries. Certainly the names of weavers stand high upon the World Co-operative Movement's Roll of Honour.

Charles Howarth, William Cooper, and Samuel Ashworth were all democratic statesmen in the making. They were not content to make Co-operation successful in Rochdale only, but instead propagated the Movement throughout the cotton towns of Lancashire, where they were the outstanding leaders of the Movement after 1844.

Neither ridicule nor hostility could daunt their pioneering zeal as they pursued their purpose of spreading knowledge of Co-operation both wide and far. Evidence of their moral courage, and of the firm determination of all the early Rochdale co-operators to defend their hard-won rights, is supplied by an incident which occurred in 1856, when their society was well-established and growing fast.

In that year, a local Income Tax Collector made an unfair demand upon the society for payment of Income Tax. By way of answer to that demand the society's Committee first resolved: "That we do not pay the Income Tax"; and afterwards decided: "That the Income Tax Collector take his own course." According to Holyoake's account of it, this preliminary skirmish over liability to Income Tax ended in a complete victory for the determined Pioneers. Writing in 1857, he observed: "(the Collector) has not taken his course to this day, nor have the Commissioners made any sign of having a course to take."

In this affair, as in all their many difficulties, the Rochdale Pioneers were "men of present valour"; and it is obvious that Co-operation triumphed in Rochdale not only because it was established there on sound business principles, but because it was built on character. The society overcame difficulties only because the men were strong. Holyoake, Mill, and other writers very soon gave nation-wide publicity to the Rochdale Pioneers, but it was the weavers themselves who ensured their own success.

In the history of British Democracy those Pioneers are as important as the Tolpuddle Martyrs who suffered in the cause

of Trade Unionism, the working-class politicians whose heroic agitation secured the main "Points" of the People's Charter, and the imprisoned vendors of unstamped newspapers who helped to win the freedom of the Press. In the world-wide Co-operative Movement the Pioneers now have their true memorial, but in 1931 the derelict old store in Toad Lane was purchased for the Movement by the Co-operative Union, restored to its former appearance, and converted into a Co-operative Museum. To-day the old store is a shrine visited annually by thousands of British co-operators and by co-operators from other countries, who all acknowledge their common indebtedness to the far-sighted weavers and claim a share in the inheritance bequeathed to the whole world by the Rochdale Pioneers.

CHAPTER VI.

The Rochdale Practice

AN HISTORICAL DOCUMENT. THE OPEN DOOR. A MASTER-STROKE OF STATESMANSHIP. SOUND BUSINESS PRINCIPLES. HONEST GOODS AT HONEST PRICES. EDUCATION AND POLITICS.

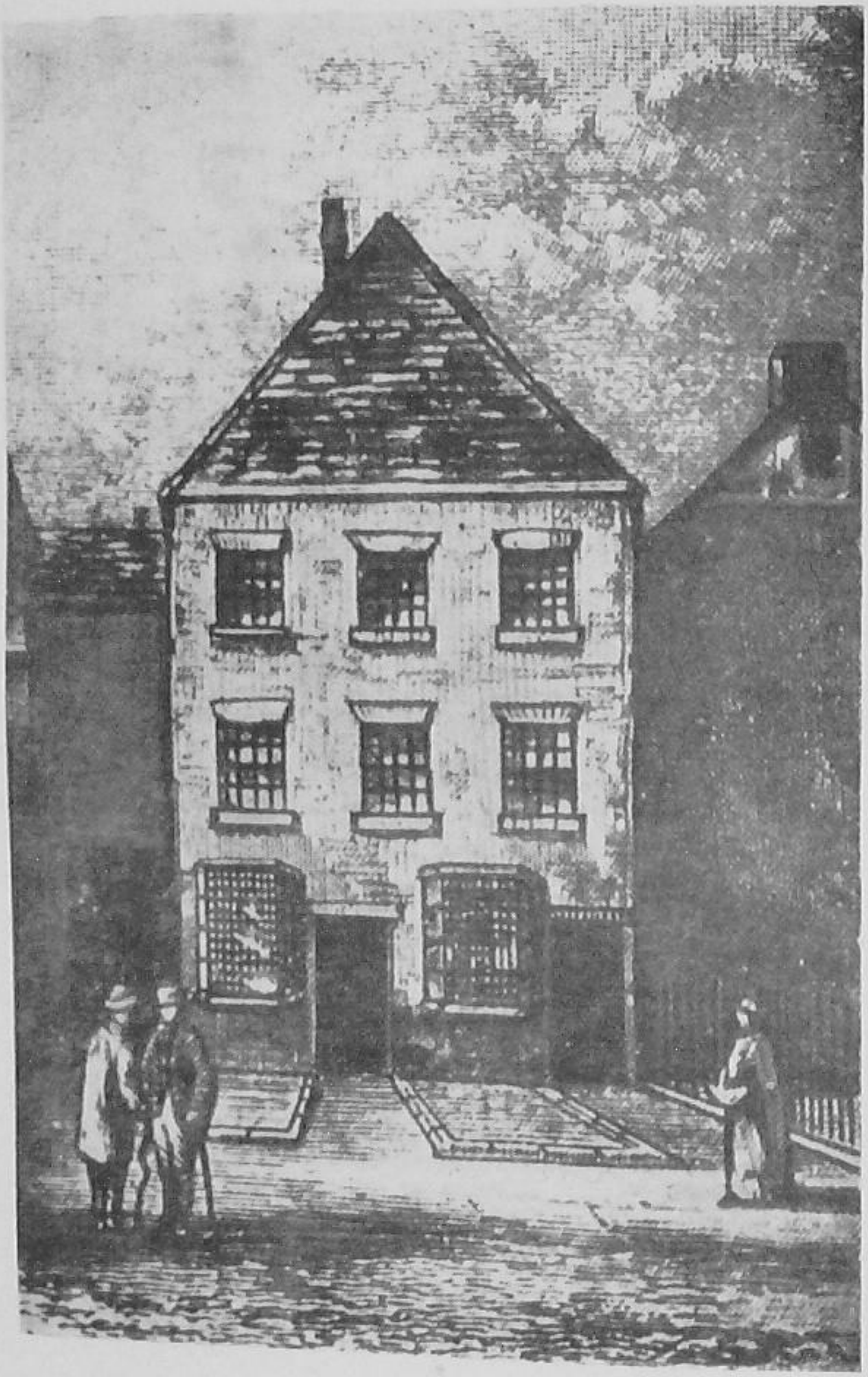
The Rochdale Programme, as set forth in the famous "First Law" of the Pioneers' Society, is still an inspiring document. Men and nations are inspired by hope and are saved by faith; and the Rochdale Programme is a systematic and orderly scheme for social re-building almost impervious to hostile criticism. Its authors postulate an ever-expanding Co-operative Movement, and envisage voluntary associations enlarging into a Co-operative Commonwealth; and the fact that the Pioneers thought in terms of communities, not of the entire nation, does not invalidate the revolutionary implications of the Rochdale Plan.

In essentials, however, the "objects" of the Rochdale Pioneers did not differ fundamentally from those "castles in the air" which so fascinated the co-operative enthusiasts of an earlier day. The Rochdale Programme, important as it now is as an historical document, one which clarified principles and aims and gave purpose and direction to the whole Co-operative Movement, had much less practical value than the Rochdale Practice. Not what the Pioneers desired to do in some distant future but what they really did in the society actually at work in Rochdale, is the rock upon which the Co-operative Movement of to-day is securely built. As befitted men whose minds were bent on action, the Pioneers spoke in deeds as well as words. On the long vista of co-operative history it is only by their deeds that we can know them well to-day.

The most far-reaching act of the Rochdale Pioneers was accomplished when they adopted the principle of "the open door" and made membership and the advantages of membership in their society accessible to all men and women on equal terms.

The Reformers' Memorial at Kensal Green, London. Inscribed on this pillar are the names of many pioneer co-operators. The obelisk on the left is a memorial to Robert Owen

To face page 36



The Rochdale Pioneers' Original Store in Toad Lane.

To face page 37

That decision, which based Co-operation securely on the principle of unlimited extensibility, gave to the Co-operative Movement an enormous expanding power, and by lifting it high above all the barriers of sect and class and race, assured to it a universality wide as humanity itself, and made Co-operation acceptable to all sorts and conditions of people, and all the many different races of mankind.

Almost all the co-operative societies formed prior to 1844 were "closed" bodies. Their membership was jealously restricted and none but "picked" men and women were admitted as members. William Thompson advised that an "incipient" community could be successfully established with two hundred members and a capital of £6,000, and Dr. King strongly urged societies to enrol only "good and skilful workmen" in "the most useful trades, persons of good character . . . industrious, sober, steady, and quiet . . . of good health, not subject to constitutional disorders . . . and of a certain age, perhaps between eighteen and thirty-five," and on no account to admit "persons of too large families."

He also recommended that as societies grew in size redundant members should be required to "hive off" and form new societies, while to the list of qualifications he and Thompson both suggested local enthusiasts added *vivâ voce* examinations to ensure the moral and doctrinal fitness of persons proposed as members!

These tests and conditions resulted in a multiplicity of tiny societies. Before 1830 there were three societies at work in Brighton, and in that year William Pare reported the existence of four in Birmingham, four at Liverpool, many in Manchester, and no fewer than twenty-six in Blackburn "and its immediate vicinity." Only nine of the sixty-five societies which forwarded reports to the London Congress in 1832 had more than one hundred members apiece, and the decisions of the first Huddersfield Society to limit its membership to 250, and to refuse admission to all persons over fifty, were typical of the policy generally pursued throughout the pre-Rochdale period.

Whatever may have been the motive which prompted the Rochdale Pioneers to dispense with all tests and qualifications, and to welcome all and sundry into membership on the same

terms, their decision to make their society open to all was more than an isolated happening. That momentous decision was a master-stroke of co-operative statesmanship, a great political achievement entirely in harmony with their desire to "control all the powers of production, distribution, education, and government." After the decision had been made co-operators ceased to be "a peculiar people," a tribe apart, and became the leading files of an advancing democracy.

Nor was that epoch-making decision all. After having thus raised Co-operation from the parochialism of Owenism into the universality of potential internationalism, the Rochdale Pioneers made the principle of democracy a corner-stone of their society, and built it into the fabric of their constitution. They decided that each member of the society should have one vote and one vote only, and that men and women members should have equal voting rights. Possibly that decision reflected the influence of an aspiring local Chartism; but in the Rochdale Society of Equitable Pioneers women were enfranchised nearly eighty years before Parliament, under pressure from the embattled Suffragettes, gave British women the right to vote as citizens.

The Pioneers, fully aware of the dangers that lurk in secrecy, and realising that publicity is an indispensable safeguard of democracy, resolved that members' meetings should be held regularly to receive reports and supply the helpful stimulus of interested criticism, and also that audited accounts and balance-sheets showing the results of the society's operations should be presented to the members at frequent intervals. These were sound business rules, as was another decreeing that all members should pay ready money for goods purchased from the society and that none should be supplied with goods on credit.

Countless wage-earners were at that time enslaved by long-contracted debts, old arrears which ever grew larger instead of less; and the Pioneers displayed rare business wisdom in insisting that goods members could not pay for immediately they must contrive to do without. Cash payments are a first condition of self-respect and independence. They are also a very real economy; and the Pioneers from the first decided to break away from a costly and demoralising system which made thousands

of their fellow-workers in Rochdale tied-customers of petty traders.

The society itself conformed to established custom so far as to retail its goods at whatever prices were current in Rochdale shops and markets. Probably its leaders profited by the unhappy experience of co-operative societies elsewhere, or by the sage remarks of the *Quarterly Review* (1828), which, after observing that "a few of the societies have met with a determined opposition in some places from the tradesmen and others," pointed out that "the co-operators are too sensible of the evil effects of competition to *undersell* the *fair trader*, and why should their shops therefore excite more jealousy and envy than those conducted for the benefit of a single individual?"

More important, however, because socially more beneficial, was the decision of the Pioneers to stock and sell only pure and honest goods. This characteristic policy, adopted and enforced by their society in days when every commodity that could be adulterated was adulterated, and dishonest practices of all sorts were everywhere prevalent among private traders who desired augmented profits more than a clear conscience, shows how completely the Rochdale Pioneers appreciated the needs of poor buyers and consumers, who were then almost entirely unprotected by the law.

They similarly safeguarded the interests of consumers by deciding that all capital invested in the society should be remunerated at a fixed and moderate rate of interest, which the members assembled in general meeting had power to vary or revise. By that decision owners of capital were bereft of all power to exploit the business of the society for their own enrichment, and capital itself was reduced to its proper status as a useful tool. This revolutionary change in the status of capital was the Co-operative Roland for the Capitalist Oliver, for whereas in the world of profit-making commerce the consumer is at best only an oyster to be devoured, the capitalist is there a master by whom the living worker is often less considered than the lifeless tool.

But all these parts of the Rochdale Practice, important as they were and are, pale beside the decision of the Pioneers which made "the dividend" a hallmark of the Rochdale system. Their

society was not one of the first group of societies which divided their net trading surpluses among the members whose purchases had helped to produce and swell the pool. As long before as 1822 certain Scottish societies had "shared out" their trading profits at regular intervals, and a society established at Meltham Mills in 1827 from the first divided its profits among its members in proportion to their purchases from its stores.

A dozen societies, including Lennoxtown, could be cited to prove that "dividend on purchases" was not an original device in 1844, although a majority of the pre-Rochdale societies which divided profits acted as did the First Huddersfield Trading Co-operative Company. This society in 1832 resolved that "the whole amount of the profits that has arisen in this society since the commencement . . . be divided among all members according to the time they have become eligible to receive their share of profit."

All systems of dividing profits were anathema to leaders of the pre-Rochdale Movement. They all emphatically affirmed that the "common stock" must never be divided. King taught that the "common capital" was sacrosanct; and William Pare, who insisted that it was "indivisible," capped his arguments by asserting that if co-operators wrongfully "divided their capital, they would quickly be in a much worse state than ever; for in all probability they would immediately begin to compete with each other."

At Rochdale, however, the Pioneers very soon demonstrated that "the dividend system" was not only equitable in itself, but also the sheet-anchor of their society's prosperity. Dividends receivable on their purchases induced thrifty housewives to canalise their buying at the stores; and the experience of ninety years has proved that instead of weakening the capital resources of co-operative societies "the dividend system" has in practice augmented their funds enormously and so made possible innumerable large developments.

In including in their Programme the famous declaration that their society would "as soon as practicable proceed to arrange the powers of production, distribution, education, and government," the Rochdale Pioneers merely imitated their predecessors; but that they purposed more than lip-service to education became

apparent, first, when a library was established under the auspices of the society, which simultaneously provided a room where all members could peruse the current newspapers; and more convincingly, in 1852, when a decision to earmark 2½ per cent. of its trading surpluses for educational purposes was embodied in their rules.

That notable decision made Rochdale pre-eminent among what Holyoake often termed the "daylight" societies, in contradistinction to those "dark" societies which made no effort to enlighten their members and had no educational fund. "Rochdale," he said, "entered their educational expenses with the expenses of management, and an indispensable and honest place they held there."

The Rochdale Pioneers were not so eager to "arrange" the "powers of government," despite the presence among their leaders of several ardent Chartists whose zeal for political action was secondary only to their enthusiasm for Co-operation. Instead of being foremost in citizenship as in education, they adopted the attitude of neutrality, or rather non-participation, made explicit in a resolution which the London Congress of 1832 approved on the motion of Robert Owen.

That resolution declared that: "Whereas the co-operative world contains persons of every religious sect, and of every political party, it is resolved that co-operators, *as such*, jointly and severally, are not pledged to any political, religious, *or* irreligious tenets whatsoever." The immediate purpose of this resolution was to dissociate the earlier co-operative societies from divers public utterances of Robert Owen; but at Rochdale in 1844 the Pioneers were not in a position to engage effectively in political discussions.

Working men did not then possess the Parliamentary franchise. They had no political power outside their own society, and as long as the society was in its infancy any participation by it in political controversy would have caused party politicians to unite with private shopkeepers to crush Co-operation out of its existence in the town. Prudence was sometimes the foster-mother of co-operative policy, and the Pioneers wisely refrained from participating in public controversies for which their day was so obviously unripe and their society so unprepared.

CHAPTER VII.

A Timely Reinforcement.

"THE HUNGRY FORTIES." THE CHARTIST MENACE. MAURICE AND HIS FRIENDS. "POLITICS FOR THE PEOPLE." DEMOCRACY IN INDUSTRY. SELF-GOVERNING WORKSHOPS. A CHARTER OF CO-OPERATIVE DEMOCRACY.

DURING the years immediately following its successful establishment in Rochdale, the Co-operative Movement extended steadily and fairly rapidly over large parts of Lancashire, Yorkshire, Clydeside, and the "black country" of the Midlands. Good seed broadcast by William Cooper (1822-68), Lloyd Jones (1811-86), George Jacob Holyoake (1817-1906), Alexander Campbell (d. 1873), and other equally zealous propagandists produced an abundant harvest as new societies grew apace in many industrial towns and villages. All these new societies were founded on the Rochdale plan, and the rules of almost all were adaptations of the "laws" of the society of Equitable Pioneers, which soon acquired the prestige and authority of a model code.

The Movement spread, although throughout the "hungry forties" the condition of the working classes was worsening rapidly, with the result that in some districts co-operative advocacy of associated industry and peaceable reconstruction suited popular liking less than the minatory phraseology of Chartist leaders. Yet it was the violence commonly attributed to Chartism, and the increasing tumult of the times, that brought to the unbefriended Co-operative Movement a powerful reinforcement from an unexpected quarter, a reinforcement so adequate and timely that its arrival can only be considered providential.

From 1840 onwards the plight of millions of Great Britain's manual workers was so desperate that many shrewd observers feared their very desperation would provoke violent upheavals, if not actual insurrection. Dour Thomas Carlyle (1795-1881), who declared that the master-problem of the age was "the

organisation of labour," then said: "Revolt, sullen revengeful humour of revolt against the upper classes, decreasing respect for what their temporal superiors command, decreasing faith for what their spiritual superiors teach, is more and more the universal spirit of the lower classes."

Carlyle knew, as did all other true friends of working people, that neither Government nor nation dare any longer ignore the "Condition-of-England-Question" without inviting disorder and revolt. The self-regarding doctrine of *laissez-faire* was inadequate. Competitive capitalism had revealed its cloven-hoof. Unemployment and distress were all but universal. The old Poor Law had completely broken down.

There were "half-a-million handloom weavers, working fifteen hours a day, in perpetual inability to procure thereby enough of the coarsest food; English farm-labourers at nine shillings and at seven shillings a week; Scotch farm workers who 'in districts the half of whose husbandry is that of cows, can procure no milk.'" Feargus O'Connor (1794-1855), Ernest Jones (1819-69), and other "Left Wing" Chartists had plenty of inflammable material ready to their hand—and the Government just cause to weaken at its knees!

In the Spring of 1848 public anxiety and excitement increased to fever-heat. Throughout Europe the spirit of revolution was on the march. The tramp of the millions was reverberating as thunder in the hearts of men. In several capitals dynasties vanished in a night as crowns toppled into gutters. The phraseology of the famous "Manifesto of the Communist Party" (1847) correctly mirrored truth. A spectre *was* haunting Europe; and on this island leaders who openly flirted with physical force seemed likely to gain ascendency among the Chartists.

The Chartist Convention projected a mass march to London, to present its National Petition to the Queen; and the authorities, who feared bloodshed, were so alarmed that the Duke of Wellington converted the city into a military camp, barricaded the bridges, and posted troops at strategic points, while the Government enrolled 150,000 special constables to safeguard property most exposed to danger. In the event, the Iron Duke only employed his great sledge-hammer to crush a harmless nut. The much advertised demonstration was in no sense alarming;

and after its failure on April 10th, 1848, Chartism slowly petered to its end, although all the main "points" of the Charter were in time secured, partly by the advocacy of democratic journalists, one of whom was James Bronterre O'Brien (1805-1864), who for a period was editor of *Reynolds's*. . . .

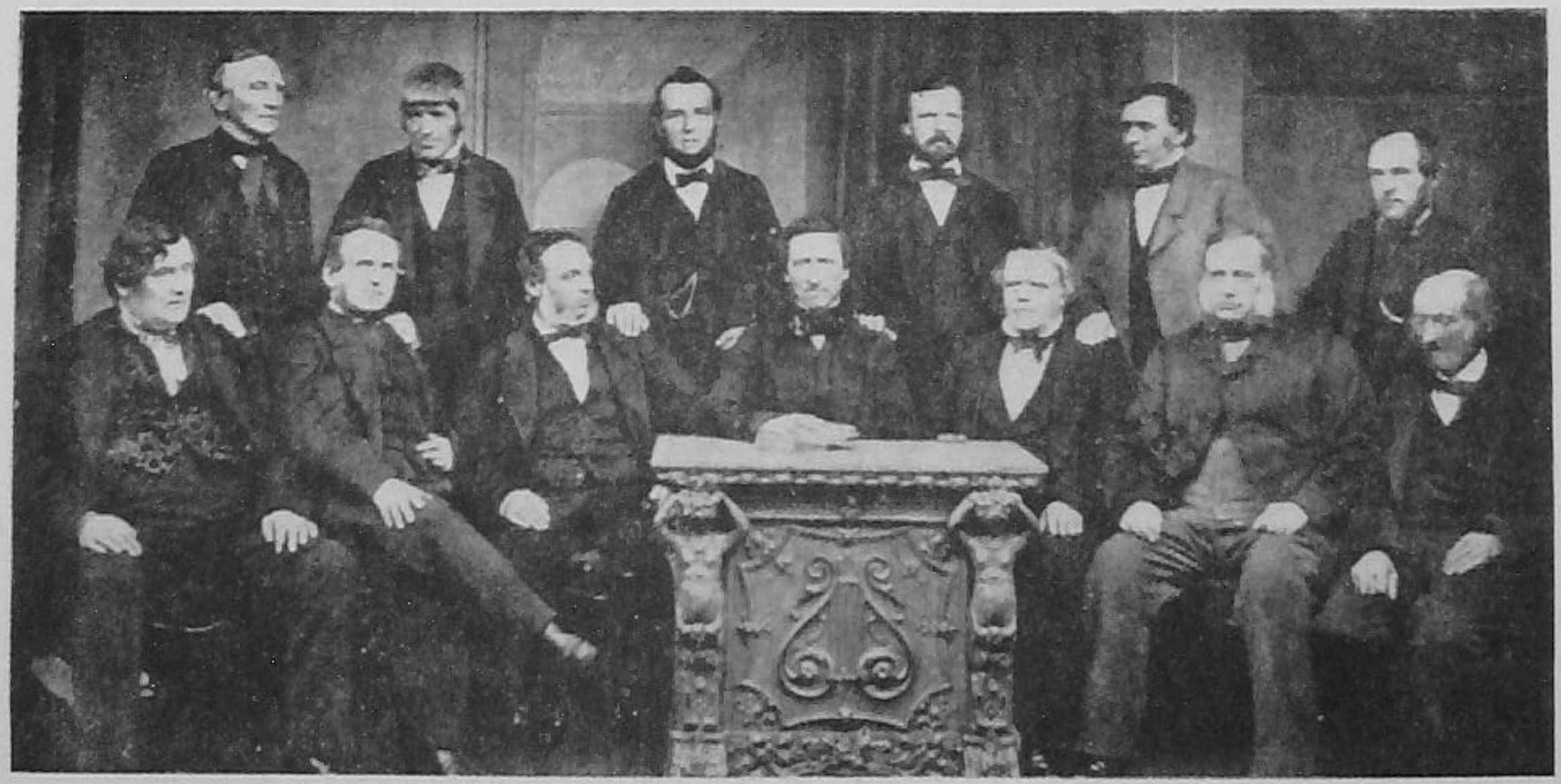
This brief excursion into Chartist history is not irrelevant, for it was the decision of the Tory Government to enrol special constables to maintain the peace of London that brought into the arena of public controversy the band of able thinkers and writers who named themselves "Christian Socialists."

Frederick Denison Maurice (1805-72), the famed Chaplain of Lincoln's Inn (1846), round whom the group collected, was a free-thinking philosopher, "the greatest mind since Plato," whose preaching attracted to him many young men of marked ability. Conspicuous among them were John Malcolm Ludlow (1821-1911), a barrister; Charles Kingsley (1819-1875), the Rector of Eversley, who gained fame as novelist and poet; Thomas Hughes (1822-1896), another rising barrister, who was also a Liberal politician, author of "Tom Brown's School Days," and the outstanding exponent of "Muscular Christianity"; and Edward Vansittart Neale, another philosophically-minded lawyer, who in 1872 succeeded William Pare as secretary of the Central Co-operative Board (now the Co-operative Union), and whose personal sacrifices and self-denying labour caused him to be designated "a hero and a saint."

The exciting events of April, 1848, brought these and other educated men together in London on the eve of the threatened Chartist rising. Maurice, who had been refused enrolment as a special constable, could not possibly remain an inactive looker-on. Under his leadership and prompting the group immediately placarded London with a manifesto, "To the Workmen of England," drafted by Charles Kingsley. This stirring manifesto, placed alongside Chartist placards on the walls, told workmen: "Many of you are wronged; and many besides yourselves know it," and proclaimed that the People's Charter was "not bad." But the gist of the Christian Socialists' appeal was in a sentence which told all British workmen: "Friends, you want more than Acts of Parliament can give."

That hastily-drafted placard was only the first word of

To face page 44



Rochdale Pioneers

Thirteen of the twenty-eight original members of the famous Society which formulated the "Rochdale" Scheme

James Manock, John Collier, Samuel Ashworth, William Cooper, James Tweedale, Joseph Smith.

James Standring, John Bent, James Smithies, Charles Howarth, David Brooks, Benjamin Rudman, Joe Scowcroft.

The Old Store in Toad Lane, Rochdale, restored to its original style, is now converted into a Co-operative Museum.

To face page 45

Christian Socialism. The group at once produced a monthly paper, significantly called "Politics for the People." In part, perhaps, the paper was a counterblast to "The Communist Manifesto," and a courageous attempt to Christianise democracy. In 1848 the Christian Socialists had not got so far as Co-operation.

Kingsley, writing under his famous pseudonym, "Parson Lot," lost no time before explaining exactly what meaning the Christian Socialists gave to politics. "The rights of a man in the eyes of the law, and his functions, if any, in the business of government, are not the only questions of politics," he said. "The rate of his wages, and the interest of his money, and the state of his dwelling, and the cut of his coat . . . are all political matters. Political, not in the case of one individual, but of all. . . ."

That penetrating definition of the substance of politics, which went far beyond the six "Points" of the "People's Charter," now reads like a justification of the Co-operative Movement's latter-day entry into politics, and as an outline of one not unimportant part of the Co-operative Party's national policy.

It was Ludlow, however, who first interested the Christian Socialists in Co-operation and induced them to form a "Society for Promoting Working Men's Associations" (1851). He had been an eye-witness of the fierce conflict in Paris, and after the Third Revolution, in 1848, his interest was riveted on Louis Blanc's famous attempt to solve the social problem by setting the unemployed to work in national workshops.

Ludlow saw in those Paris workshops the germ of a new system of co-operative production, a system which would unite workmen in productive industry instead of unproductive strikes; and without any delay he started to interest all his fellow Christian Socialists in his new ideas. Maurice had already denounced the philosophy of *laissez-faire* as a brazen falsehood. He had said, in a letter to Charles Kingsley (1849), "Competition is put forth as the law of the universe. That is a lie. I see no way but associating for work instead of strikes. . . ."

The Christian Socialists—none of whom belonged to the labouring classes—were not easily converted; but early in 1850, after a public meeting of journeyman tailors at London had

resolved that "the remedy for the evils of competition lies in the brotherly and Christian principles of Co-operation," and had formed a Working Tailors' Association at Castle Street (1850), the Christian Socialists as a body constituted themselves the guides, philosophers, friends, and helpers of all co-operating workers.

By that time their first journal, "Politics for the People," had been succeeded by "The Christian Socialist: A Journal of Association" (1850-1852), a larger and more useful periodical which advocated and supported all forms of co-operative production and distribution, and served the whole Co-operative Movement as a systematic chronicler of new co-operative ventures and other important happenings.

Contacts had already been established between the Christian Socialists and leaders of the storekeeping societies. Lloyd Jones joined their company and made them familiar with the aims and activities of the earlier societies. Out of the riches of his own experience, he was able to instruct them in the economics of co-operative distribution, of which they had possessed no previous knowledge. In London, by the joint efforts of Neale and Jones, a co-operative stores was opened in Charlotte Street, in October, 1850, and the prospectus of this venture shows how much the Christian Socialists had already learned from Rochdale.

It stated that the purpose of the stores was "to enable members of the associations and other persons . . . to obtain articles of daily use free from adulteration, of the best quality and at the lowest charge," and that, subject to necessary charges for expenses, "all the subscribers of not less than five shillings should receive back the profits upon all their purchases."

The London and the Northern Movements were taking lessons from each other! The "Promoters of Working Men's Associations" for production had approved "the dividend system," and the convergence of the two Movements was an event pregnant with great results. Not long after Lloyd Jones had attended a representative conference of co-operative delegates held at Bury, in Lancashire, Neale formulated proposals for forming a Central Co-operative Agency that would serve both the producing and distributing societies as a co-operative wholesaling agency. The Christian Socialists also thought the time opportune to form a

national union of co-operative societies. Already, in 1852, with the assistance of John Stuart Mill and others, they had secured from Parliament an original law—The First Industrial and Provident Societies Act—which assured to all societies registered under it a legal status, a defined liability, and a secure position within the protection of the law.

That Act of Parliament was urgently needed by all the co-operative societies widely scattered throughout the land. But it could not have been passed through Parliament in 1852 by the unaided efforts of the working-men co-operators. Only the strong reinforcement they had received from London enabled co-operators to secure the manifold benefits and blessings of the Act. At the very time when the unschooled and uninfluential co-operators most needed help it came to them from the Christian Socialists, who possessed exactly the right type of legal knowledge needed, the requisite amount of political and social influence, and a burning desire to be of use. Perhaps the wholly unexpected emergence of the Christian Socialists in 1848 was no more than a fortunate coincidence in time. But Matthew Arnold's unseen Power that makes for righteousness may have been on the side of the weak battalions of co-operators.

SECTION THREE

THE PERIOD OF CONSOLIDATION

1860—1880

CHAPTER VIII.

First Ventures in Production

THE IMPORTANCE OF PRODUCTION. CORN MILLS AND MANUFACTURING SOCIETIES. WORKING MEN'S ASSOCIATIONS. TRADE UNIONS AND CO-OPERATIVE PRODUCTION.

NEED is the common measure of civilised humanity, which must perish if its multitudinous wants remain unsatisfied. Civilisation ever rises as Man's wants increase and multiply; but always the foundation of social life is labour. So much is obvious, as is the often disregarded truth that Consumers' Co-operation unrelated to productive industry cannot possibly achieve much more than a reduction in the cost of living by eliminating the expenses and profits of private exchangers, capitalists, and middlemen. A Co-operative Movement based on retail stores alone never could gain power to supersede capitalism or emancipate labour from its thraldom to a myriad of masters.

This elementary truth was not neglected by the first co-operators. Those who in the "eighteen-thirties" had visions of self-supporting villages founded securely upon the land, were not unwise when they refused to admit as members of their societies any who were physically or mentally incapable, but welcomed skilled workmen, artificers, tradesmen, craftsmen, and others whose productive labour could help to make a small community independent of the outside world.

All who then accepted the moral responsibilities of leadership taught that co-operative storekeeping never could be more than the first essential step towards a perfected Co-operation. The next step had perforce to be production—the cultivation of the soil and the preparation or manufacture of the common necessaries of daily life. A society that stopped at the store never really started on the economic highway leading to the Co-operative Commonwealth.

When the Third Co-operative Congress assembled in London,

in 1832, twenty-nine societies were already engaged in manufacture, and the commodities which these societies produced ranged from shoes to cutlery, and from bombazines to tinware and beaver hats. Limited as their resources were, co-operators of the first generation were determined to control first sources of supply and make steady headway towards self-employment in production.

In 1850, six years after its own formation, the Society of Equitable Pioneers initiated the establishment of a Rochdale District Corn Mill, from which thirty societies obtained supplies of flour. The Pioneers provided much of the capital needed to finance this venture, and very soon resolved that their own society should stock and sell no flour except what the mill produced. This wise decision offended many irate housewives, who bitterly complained that flour milled at Rochdale by private millers was much superior to their own!

A more famous corn mill had been established at Leeds a few years earlier, and as the Co-operative Movement spread during the "eighteen-fifties" co-operative mills became numerous. The one at Rochdale prospered for half-a-century, and then passed into the possession of the Co-operative Wholesale Society, as did similar mills established locally by groups of co-operative societies.

In production, as in distribution, Co-operation has almost everywhere developed along the line determined by human need. Mankind's first need is food; and co-operative flour mills ensured pure and wholesome bread. Proof of this is furnished by a statement made by the Leeds Co-operative Flour and Provision Society. The society declared in 1861: "Before the operations of this society in Leeds, flour was both very dear in relation to the price of corn, and was most vilely adulterated. Since its operations, the price of flour has keen kept steadily lower, its quality improved, and adulteration never once practised by it, and almost abolished by others. If it was not for the People's Mill, a few millers and dealers would monopolise the markets, and the people would be 'done again' as they were before." . . .

Man's second need is clothing, and at Rochdale the second venture in production was a cotton factory. In 1854 members of the Society of Equitable Pioneers were primarily responsible for

To face page 52

Co-operators line up to draw their dividends. A typical scene in a present-day co-operative society.

Bronterre O'Brien
(1805—1864).
A famous Chartist leader, who was for a time Editor of "Reynolds's Illustrated News."

To face page 53

the formation of a Co-operative Manufacturing Society, the capital of which was at first so limited that it could only hire one room, in which ninety-six looms and a weaving frame were at once installed. After a few years the society was able to erect a large and well-equipped mill, and to install two engines, appropriately named "Co-operator" and "Perseverance."

This successful society still has a shining reputation because throughout the dark period of the cotton famine (1861-65)—during which, as Holyoake records, "shopkeepers on relief committees oft behaved with incredible shabbiness to the co-operators"—the society not only refused to use raw cotton produced by slave labour, but maintained the full rate of wages. It was the last mill in Rochdale "to resort to half-time and the first to return to full-time."

Other cotton and woollen factories established by co-operators in Lancashire and Yorkshire about the same time as this Rochdale Society, also achieved a fair measure of success, as did certain "Redemption" societies, which as their name implies, aimed to "redeem" workers from a state of wagery. These and other societies for production, whose activities ranged from coal mining to engineering, were but offshoots of the Co-operative Movement, to which they were never closely attached.

The real impetus towards production came from the Christian Socialists, and after 1850 London was for some years the chief centre of co-operative industry. Their socialism was at first more ethical than economic; but when in 1850 the Christian Socialists began to attack capitalism directly, by promoting and supporting working-men's associations, Ludlow became the driving force within the group. Undoubtedly his knowledge of Louis Blanc's "national workshops" and of societies for production formed by working men in France coloured his thought and gave shape to his ideas; but in one important respect the Christian Socialists resembled all other types of Socialists.

They habitually thought of the workers in relation to industry, as hirelings employed in workshops. They envisaged working people only as wage-earners, not as wage-spenders and consumers, and Maurice and others apparently imagined the whole social problem would be solved if workers who engaged in

"fellow-work" shared equally as producers in the wealth created by their common effort.

Consumers' co-operation, as they viewed it from a single angle, at first seemed to them no more than a higher form of selfishness; and because their view was in this one respect distorted, controversy arose within the Co-operative Movement between disputants who were always friends. Neale alone from the first perceived that just as the stores depend upon the workshops the productive workshops are dependent upon the retail stores. He recognised that the worker must be safeguarded in his spending as effectively as in his earning, and always insisted that co-operative production is not an end in itself but the beginning of something much more important. The Co-operative Movement does not aim only to reconcile the now often conflicting interests of workers and consumers. Its grand purpose is to harmonise all interests in a Commonwealth embracing everybody.

Nevertheless, Maurice and his followers displayed rare common-sense and wisdom when they decided to attack the social problem from the nearest angle, the corner then infested with sweated trades. Through the Society for Promoting Working Men's Associations they courageously endeavoured "to diffuse the principles of Co-operation as the practical application of Christianity to the purposes of trade and industry," and to ensure that workers willing to join in "fellow-work" should receive "a fair day's remuneration for a fair day's work," and also participate in whatever net surplus resulted from the sale of their combined production.

The Christian Socialists recognised that the early ventures were experimental; but it was by no accident that the first Working Men's Associations they helped to form were established in sweated trades. The Association of Working Tailors in Castle Street started operations when public indignation was aroused by Tom Hood's "Song of the Shirt," and Kingsley's challenging pamphlet "Cheap Clothes and Nasty," and similar revelations of the ugly side of insensate competition; and the bakers, shoemakers, builders, printers, smiths, and needlewomen from whom the memberships of their respective associations were recruited were in little better plight than the exploited tailors.

Altogether, eight or nine Associations were working and pro-

ducing in 1851, and for a time several seemed likely to achieve success. But sanguine hopes were again deceivers. Not one of these pioneer societies had a prosperous career. The financial results of their operations were worse than disappointing, partly because existing trade conditions were unpropitious, but mainly because a big majority of the associated workers proved incapable of self-discipline, steadfastness in continued effort, or loyalty to one another. Bickering over non-essentials often led directly to disaster; the workers were sometimes helped overmuch by patrons anxious to be their friends; the management of the Associations was frequently inexpert and faulty, and the market for their products was only very seldom sure. Before 1855 the Christian Socialists—who on vital issues disagreed among themselves—were forced to admit their failure and confess defeat, notwithstanding the soundness of their principles and the essential rightness of their plans.

Neale, who chanced to be a wealthy man, sacrificed nearly £60,000 in all, and in the end his was the biggest disappointment. After 1851 he, like Ludlow, had pinned his hopes to the skilled workers organised in strong trade unions. These hopes were not entirely groundless. Several prominent trade union leaders shared the opinion of William Allan, the general secretary of the Amalgamated Society of Engineers, who said "We must organise for production," and also approved Ludlow's doctrine that "the aristocracy of the trades" should "use their funds in order to develop self-governing factories, and so show the masters that a great trade union can produce the fruits of its own craft without their aid and as free fellow-workers together."

The A.S.E. did in 1850 earmark £10,000 of its accumulated funds for the purpose of "self-employment," and from this sum afterwards partly financed the Southwark Working Engineers' Asssociation at the Atlas Iron Works near Southwark Bridge. But the executive of that great trade union soon changed its mind; and although the Association struggled bravely on for several years after the Union's strong support had been withdrawn, ultimately it too followed its fellow-societies into the limbo of extinguished hopes and vanquished ventures. Yet it would be entirely wrong to list these failures in production as

dead and forgotten causes. Although the Christian Socialists were in the event defeated, they had made large contributions to the ideology and practice of Co-operation, and in making them had established a tradition of idealism and devotion which still has strong vitalising power.

CHAPTER IX.

Co-operative Wholesale Societies

THE CENTRAL CO-OPERATIVE AGENCY. ANOTHER LEAD FROM ROCHDALE. THE MANCHESTER "CO-OPERATOR." FORMATION OF THE CO-OPERATIVE WHOLESALE SOCIETY. WHOLESALE CO-OPERATION IN SCOTLAND.

ISOLATED co-operative ventures were bound to fail sooner or later, and co-operative production on a large scale was quite impracticable so long as the combined demands of the individual members of the storekeeping societies were not organically related to some central wholesaling agency.

Indeed, the existence of those societies also was in jeopardy while they remained dependent on unfriendly middlemen and private manufacturers for new supplies of goods. Once it had fairly started on its way the Movement was forced to go forward if it was not to be destroyed at will by hostile suppliers, who had ample power to close the struggling stores at any moment by withholding fresh consignments.

Consequently, the instinct of self-preservation, plus the Movement's own innate logic, compelled co-operators to establish direct lines of communication between the wholesale markets and their own retail stores, which could not possibly survive as isolated units. As early as 1830 a number of neighbouring societies attempted to form a rudimentary buying agency in Sussex, and in a previous chapter we have described the establishment, at Liverpool in 1831, of the short-lived "North-West of England United Co-operative Company." Every far-sighted co-operator perceived that the economic gains of Co-operation would be negligible as long as its activities were confined to retail trading. All knew the next step forward must be the elimination of every middleman who stood midway between consumer and producer and profited at the expense of both.

Even the Christian Socialists, who always considered the needs of sweated workers first, recognised that Working Men's

Associations were foredoomed to fail without the aid of a central agency for marketing their products and ensuring their supplies; and when Neale and others began to promote the formation of co-operative stores in London they immediately realised the need of an agency "for buying and selling" on behalf of the associated producers and consumers.

In 1851, therefore, the Christian Socialists, with the financial help of Neale, created the Central Co-operative Agency "for the purpose of counteracting the system of adulteration and fraud prevailing in trade, and for supplying to co-operative stores a quality of goods that could be relied upon and in the highest state of purity." The agency, which was established in Charlotte Street, with Lloyd Jones as its travelling representative, for a while operated successfully as a non-profit-making "middle-man," but it did not outlive the last of the Working Men's Associations and ceased to exist in 1857.

Before that year, however, the storekeeping societies in Lancashire and Yorkshire were fully conscious of a similar need. As societies of the Rochdale type became numerous in and around Manchester their buyers frequently bid in opposition to each other on that city's provision markets. Often their own competition as buyers raised prices against them, to the marked advantage of private importers and provision dealers, none of whom welcomed the growth of the spreading Movement. These obvious weaknesses were intensified because a majority of the co-operative buyers were amateur shopkeepers, men who possessed little or no knowledge of large-scale business, and had in consequence often to rely upon their native common-sense and proceed by rule of thumb.

Representative co-operators who met in conference at Bury in 1851 had learned enough to make them agree that the formation of "a central trading depot" would be advantageous to all the societies within easy reach of Manchester. Many of these societies were already good customers of the Rochdale Society of Equitable Pioneers, which had in the previous year arranged to act as a wholesale agent for its smaller neighbours.

Two members of the Pioneers' committee, William Cooper and John Healey, were then deputed "to attend on wholesale customers"; and for several years the society systematically

engaged itself to supply groceries wholesale to other societies in return for a small commission. Ultimately, as Percy Redfern states, "a series of losses, amounting in all to £1,500, obliterated the profits" of this business and caused the Rochdale Society to close its always helpful wholesale department.

Meanwhile fresh impulse to united action was given by a new *Co-operator*, a "journal of co-operative progress" launched at Manchester in June, 1860. Beginning as a monthly periodical, *The Co-operator* quickly became the first real newspaper devoted to the service of the Co-operative Movement. Originally started by the Manchester and Salford Equitable Co-operative Society, which then had 600 members, *The Co-operator* soon passed into the hands of Henry Pitman (1826-1909)—a brother of the famous inventor of "Pitman's Shorthand"—and under his energetic editorship the paper quickly became a powerful influence within the growing Movement.

Pitman was an editor eager to quicken thought and formulate co-operative policy. He vigorously advocated the establishment of "a strong and indissoluble union of co-operators," and urged that a conference should be convened to consider "the subject of wholesale agents and stores in central districts, from which stores at a distance might be supplied with commodities of every description." And he added: "Sooner or later, we shall be compelled to import articles for consumption, as well as manufacture, and a union of the various societies in existence will best enable it to be done."

A conference was held at Manchester on December 25th, 1860. Those present then resolved that "as a step towards the formation of a Central Wholesale Depot . . . buyers for co-operative societies attending the Manchester market . . . should meet at the Salford Branch of the Manchester and Salford Equitable Co-operative Society," presumably for the purpose of bulking their purchases and obviating all possibility of harmful competition. Not many of the buyers evinced willingness to pool their knowledge before visiting the markets, but the project of creating a central wholesale depot was not abandoned. Pitman unceasingly kept it before the minds of readers of *The Co-operator*, and at new conferences held on the two next succeeding Christmas Days it was enthusiastically pressed forward by active members

of the Rochdale Pioneers' Society, whose advocacy was that of respected leaders.

The indefatigable William Cooper was foremost amongst the advocates of immediate action; but the prime mover was Abraham Greenwood (1824-1911), an erstwhile Chartist, who had joined the Pioneers' Society in 1848 at the age of twenty-four, and who afterwards became first president of the Rochdale District Corn Mill. Greenwood was an exceptionally able man animated by the pioneering spirit. He was, as Holyoake declares, "the chief founder of the Wholesale," of which he became first chairman, and in subsequent years he in turn helped to establish the Co-operative Insurance Society (1867), the *Co-operative News* (1871), and the Co-operative Newspaper Society (1873)—now the Co-operative Press Ltd.—of which he was chairman for a quarter-of-a-century.

In the "eighteen-sixties," however, Greenwood's immediate aim was the successful formation of a Co-operative Wholesale Society on a federal basis, which he outlined in the famous paper he read at the third conference, held at Oldham on Christmas Day, 1862. Greenwood informed the assembled delegates that the 120 storekeeping societies already at work in Lancashire, Yorkshire, and Cheshire had a combined membership of forty thousand. If the purchases of those 40,000 members averaged only ten shillings weekly, they together represented an expenditure of more than one million pounds annually. That big expenditure constituted a vast market waiting to be supplied from a central depot, one which ought ere long to become the Movement's main supplier.

A central organisation was urgently required, and he advised that none but co-operative stores should be permitted to join the agency; that each society member should "pledge itself to deal exclusively with the agency" in those articles which it supplied; and that the necessary amount of capital for carrying on the business should be raised *pro rata* on the number of members belonging to the stores joining the agency. On the basis of the existing number of co-operators in the three counties, a contribution at the rate of 2s. 6d. per member would at once provide the agency with an initial working capital of £5,000, a sum

The National Convention as it met on Monday, the 4th of February, 1839, at the British Coffee House.

To face page 60

Samuel Bamford, Editor, "Co-operative News."
1875—1898.

To face page 61

which Greenwood considered would be ample at the beginning of the venture.

Before concluding his forcible and businesslike argument, Greenwood summarised the advantages certain to accrue from the establishment of an embryo co-operative wholesale society. All store-keeping societies would be able to purchase more economically by bulking their orders and so enabled "to sell as cheap as any first-class shopkeeper"; all would be able to carry on their business with less capital; the dividends paid by the stores would be augmented and made more equal; and all societies alike would be able "to command the services of a good buyer," with the heartening result that "the great amount of blundering in purchasing at the commencement of a co-operative store would be obviated."

These cogent arguments for the immediate formation of a wholesale agency were unanswerable and irresistible, although whereas some delegates only envisaged the agency as a large-scale provision buyer, others imagined it as a vast warehouse crammed with great quantities of wholesome goods. Fortunately, the formation of a federal society had just previously been facilitated by a new Industrial and Provident Societies Act (1862), although co-operators had to wait another five years for an Amending Act, which by empowering co-operative societies to hold shares in other co-operative societies, made it easy for them to furnish any federal undertaking with sufficient capital.

Sagacious and level-headed co-operators could not do other than approve the essential parts of Abraham Greenwood's far-reaching plan, and on the Good Friday following (April 3rd, 1863), a "special conference" held at Manchester first unanimously decided "that a Central Agency be formed," and next established "The North of England Co-operative Agency and Depot Society Limited"—a cumbersome title shortened later on to "The Co-operative Wholesale Society Limited."

Membership of the society was restricted to registered co-operative societies and similar bodies; but while the new Federation was "a society of societies," it too was founded upon the "Rochdale Plan." Its rules required it to conform to Rochdale Practice; and although those rules have been amended

many times since 1863, the Co-operative Wholesale Society still adheres closely to the democratic Rochdale system.

What was essential was made inevitable in 1863 by the arguments of Cooper, Howarth, Smithies, and other original members of the Pioneers' Society. They knew that methods discovered to be good in Rochdale could not be otherwise than good elsewhere. And as Abraham Greenwood was elected first chairman of the Wholesale, with Smithies as its first treasurer, the C.W.S. also must be regarded as a creation of the steadfast Pioneers.

The society published its first prospectus in *The Co-operator* (December, 1863), eight months after its formation. Its newly-appointed committee then declared: "The object of the society is to bring the producer and the consumer of commodities nearer to each other, and thus secure for the working classes those profits which have hitherto enriched only the individual."

Very soon the Wholesale opened an office in Cooper Street, Manchester, and engaged a buyer. But the society did not begin business until May 14th, 1864, when forty-five societies had been enrolled as members. Before the society issued its first report that number had risen to fifty-four; but the committee pointed out that whereas those fifty-four societies were "doing an aggregate weekly business of £9,500," their transactions with the Wholesale had only amounted to £5,900 in seven weeks!

"How is this?" the directors asked. They might have commented that it is not only individual co-operators who are sometimes guilty of disloyalty; the truth was that many shareholding societies were only lukewarm supporters of the federation, and that the Wholesale itself was not yet completely master of its job. Many business difficulties had not been well surmounted, and the Wholesale had still to find expert and honest provision buyers. It obtained one in 1866 when Samuel Ashworth (1825-71) left the Pioneers' Society to become one of the Wholesale's two principal buyers, and steadily, if a little slowly, the society began to win more trade upon its business merits.

At the end of 1867 its society members numbered about 250, and it was supplying societies as far removed from Manchester and each other as Edinburgh and Plymouth, as it pursued the now familiar line of development that begins with the supply of

essential foodstuffs. Already the Wholesale too was built securely on a rock and certain not to be a failure.

In Scotland also co-operators energised by necessity had not been behindhand in taking similar action. In 1863 societies already established at Edinburgh united to form a Wholesale Agency, one that was transacting business two months before the English C.W.S. was registered. John M'Innes (d. 1880), first editor of the *Scottish Co-operator* (1863), soon afterwards incited Scottish co-operators to form a Wholesale Agency to serve co-operative stores throughout the whole of Scotland, where storekeeping societies were already numerous and strong; and in 1864 a conference was held at Glasgow to consider the formation of a Wholesale Depot or Agency to supply those societies with "pure groceries and provisions from the best markets." After several meetings and much debating in Edinburgh and Glasgow, a Scottish Co-operative Wholesale Society was established in 1868, with headquarters at Glasgow, an initial membership of twenty-eight societies, and a steadily growing trade ably directed by John Borrowman, the expert man of business who served the Movement in Scotland for many years as the society's first general manager.

Before 1870 the two Wholesale Societies were courageously advancing. On both sides of the border the all-important next step forward had been firmly taken. Economically, the whole structure of the British Co-operative Movement was already made secure. The first great act of co-operative consolidation had been accomplished less than thirty years after the brave opening of the tiny Toad Lane Store. The people's most helpful Movement was already well started on its triumphant course.

CHAPTER X.

The Movement Unites

THE NEED FOR NATIONAL UNITY. THE LONDON CONGRESS OF 1869. A CENTRAL BOARD ESTABLISHED. THE CO-OPERATIVE UNION. HONESTY IN TRADE.

THE successful formation of national Co-operative Wholesale Societies was a great achievement. After they were well established in England and Scotland no storekeeping society was obliged to struggle alone and depend upon its own inadequate resources. Their attachment to a Wholesale linked the societies together and made all aware of their common interests and potential importance in the busy world of trade. Mutual trading knit the whole Movement together in bonds more durable than steel. Co-operation began to have a corporate life, which daily became more purposeful and pregnant of large results.

But in the "eighteen-sixties" the Movement lacked a directing head. It had no national council authorised to formulate and guide its social policy. No central executive was empowered to be its mouthpiece. There was no body acting as custodian of the Movement's distinctive principles, as a zealous propagandist, teacher, helper, and adviser continually engaged in propagating Co-operation in every part and province of the land.

Even before the Wholesales were formed responsible co-operators knew it was imperative that *bona fide* co-operative societies of every type and size should be associated nationally for common purposes in one united body. Holyoake, Lloyd Jones, and other surviving pioneers, who knew the value of the original Co-operative Congresses and had acted as Owenite missionaries, remembered how insistent bygone leaders were in their advocacy of a Central Board, and some of them were undoubtedly familiar with the work of that British Association for Promoting Co-operative Knowledge which was active nearly forty years before. And the need for a strong Co-operative Union became more apparent every year.

In London and the South of England that need had already been supplied in part by the Society for Promoting Working Men's Associations, and by the Co-operative League formed in 1852, although neither of those useful bodies was democratically governed or fully representative. In the North, too, where neighbouring societies early realised the value of district conferences, the committee which brought the Co-operative Wholesale Society into existence remained in being for several years, fostering the advancement of the Movement and watching legislation. That committee also had little real authority; and again it was *The Co-operator* that spurred the Movement into action.

William Pare, the enthusiast who in his youth had acted as secretary to more than one Congress, was among the first who realised the Movement's urgent need of national leadership and a constructive policy. In 1865 he re-entered the lists as a resolute advocate of "a thorough organisation of all the societies in Great Britain and Ireland for common purposes." He urged that as in the earlier period, "A Co-operative Congress" should assemble annually to give and receive information on practical subjects. Such a Congress would be able to establish a central executive with a paid secretary, direct and initiate propaganda work, and help in the formation of new societies; and Pare himself was then bold enough to suggest that the Congress might also "supervise" the wholesale agencies although it would not itself engage in trade.

Pare's articles in *The Co-operator* had the force of his later "trumpet calls," and Pitman steadily reinforced the powerful arguments he time and time again advanced. Other influential allies were Neale, Ludlow, Hughes, and the youthful Edward Owen Greening (1836-1927), and as Pitman gave prominence to Pare's bold proposals in *The Co-operator*, co-operators throughout the country detected the note of urgency in the veteran's inspiring call.

After preliminary meetings of supporters had been held, Pare cheerfully consented to organise a national Congress and an exhibition of co-operative productions in London. It was no easy task which he then agreed to undertake; but Pare refused to be daunted by difficulties. Early in 1869 the Arrangements Committee issued an address explaining the purpose of the Congress,

and inviting the support of co-operative societies, trade unions, and known friends of the workers' movements.

In the course of this address the committee said: "The rapid growth of Co-operation is one of the most remarkable facts in modern history." And they continued: "Originating with the working classes, a system of business has been introduced which, if rightly carried out, promises to change completely the social and industrial aspects of the country by altering in its very essence the relationship between buyer and seller, employer and employed"—a bold statement which to-day appears prophetic.

One main purpose of the Congress, the committee stated, would be to consider:—

The best means of making co-operative societies mutually helpful, *e.g.*:—

(*a*) By bringing the productions of co-operative societies into the co-operative and general markets.

(*b*) By instituting a system of guarantee, banking, and labour exchange.

(*c*) By applying Co-operation to agriculture and horticulture.

(*d*) By combining manufactures with agriculture and horticulture.

(*e*) By educational establishments, which may be rendered self-supporting by industrial co-operative enterprise.

(*f*) By forming an organisation of all co-operative societies and co-operators at home and abroad.

(*g*) By seeking an amendment of the law when it is found to hamper co-operative exertions.

The best practical means of promoting a knowledge of Co-operation among the people, and of diffusing the most approved plans for conducting stores and other co-operative business.

When the Congress opened at the Theatre of the Society of Arts on May 31st, 1869, the chair was occupied by Tom Hughes, the Christian Socialist, who had in 1865 entered the House of Commons as a Liberal Member of Parliament. The Congress itself was a very mixed assembly of more than one hundred persons, only about half of whom were accredited delegates of co-operative societies or trades associations.

Almost all the foremost leaders of the Co-operative Movement were present. Pare, Holyoake, Lloyd Jones, and Campbell represented the survivors of the earlier period; Neale, Ludlow, and Hughes voiced the idealism of the Christian Socialists, and the growing Movement of the North was represented by Greenwood,

Pitman, M'Innes, Borrowman, and stalwart delegates from Rochdale, who were accompanied by John Mitchell (1828-95), a young man who was soon to become president of the Co-operative Wholesale Society and a master-builder of the Movement.

Among the trade union representatives were Robert Applegarth (1833-1924) and William Allan (1813-74), the great leaders of the carpenters and engineers, while among the "sympathisers" who attended one or more sessions of the Congress were John Stuart Mill, Louis Blanc (1811-82), and John Ruskin (1819-1900), the noble apostle of social morality whose declaration that "Government and Co-operation are in all things the Laws of Life: Anarchy and Competition the Laws of Death," has so long been a familiar and inspiring challenge.

When issuing the invitations Pare did not forget the large humanism of Robert Owen or the aims of his "Association of All Classes of All Nations." Pare and his coadjutors realised that Co-operation was bound to be an international Movement, and knew it had already travelled far. Long before 1869 the writings of Owen, King, and Holyoake had carried knowledge of the Movement's principles and aims into many different countries, in each of which co-operative societies were soon established on the Rochdale plan.

At Pare's request pioneers of the Movement in Denmark, France, Germany, and Italy all forwarded reports of its progress in their respective countries to the London Congress, and among the visitors were several co-operators who came from overseas. Pare himself represented a society in Norway, one he had helped to form some time before, hence in spirit and in fact the Congress of 1869 was a harbinger of the International Co-operative Alliance that was successfully established in 1895.

The Congress itself was a rather curious gathering of dreamers and speculative thinkers, at which trade unionists and Socialists mingled with peers, economists, and Radical politicians, and the theories of idealists often collided with the established practice of experienced co-operators. In his presidential address Hughes kept closely to the main business before the Congress. He pointed out that the Movement, which comprised 557 societies having 171,807 members, and a turnover of £6,000,000 in 1867, represented a "great revolution in the industrial world of Eng-

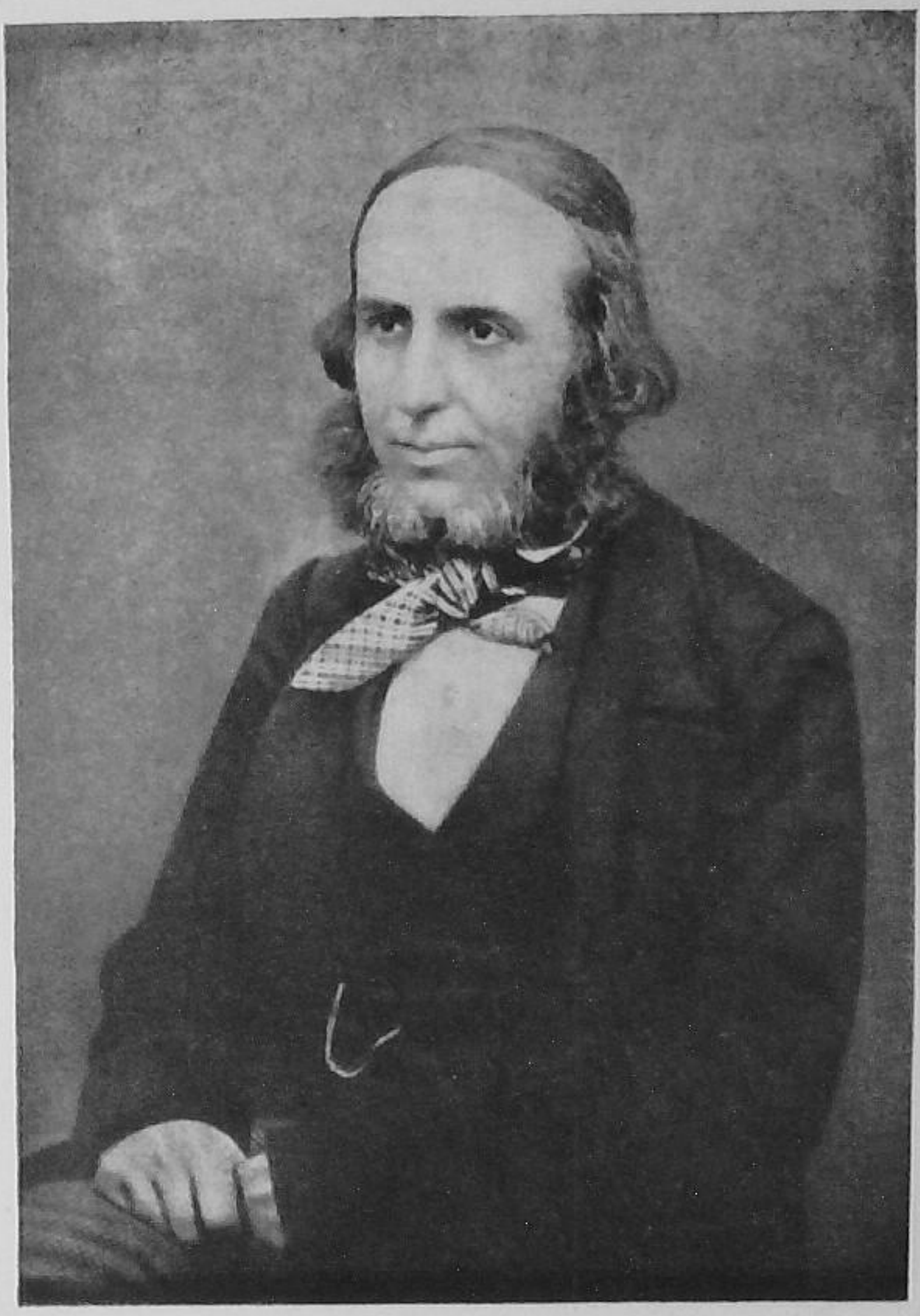
land," and that the immediate task of the Congress was that of establishing a union of co-operative societies.

Much of the time of the Congress, which continued for four days, was nevertheless monopolised by essayists and orators who still hankered after Owenite communities and "self-supporting villages," and desired to air impracticable ideas. Pare and Holyoake, however, eventually brought the Congress into the atmosphere of reality and common-sense.

Pare, in a paper on "Organisation and Propaganda," detailed the many kinds of help which "a Co-operative League" would be able to render to the Movement. Such a body would, he said, be able to "frame a set of model rules for societies"; to disseminate "a knowledge of the best methods of commencing and conducting stores and producing establishments, together with the best methods of keeping and auditing accounts"; to "advise and counsel in cases of difficulty and risk"; to endeavour to bring about amalgamations of societies where desirable for common purposes; and to convene and arrange the business of an Annual Congress, to which it would be required to make a full report each year. Holyoake, in another paper, proposed the immediate formation of a "London Co-operative Board," which would be "a sort of executive, permanently meeting," and serving co-operators throughout the world as "a Central Board of Co-operative Direction."

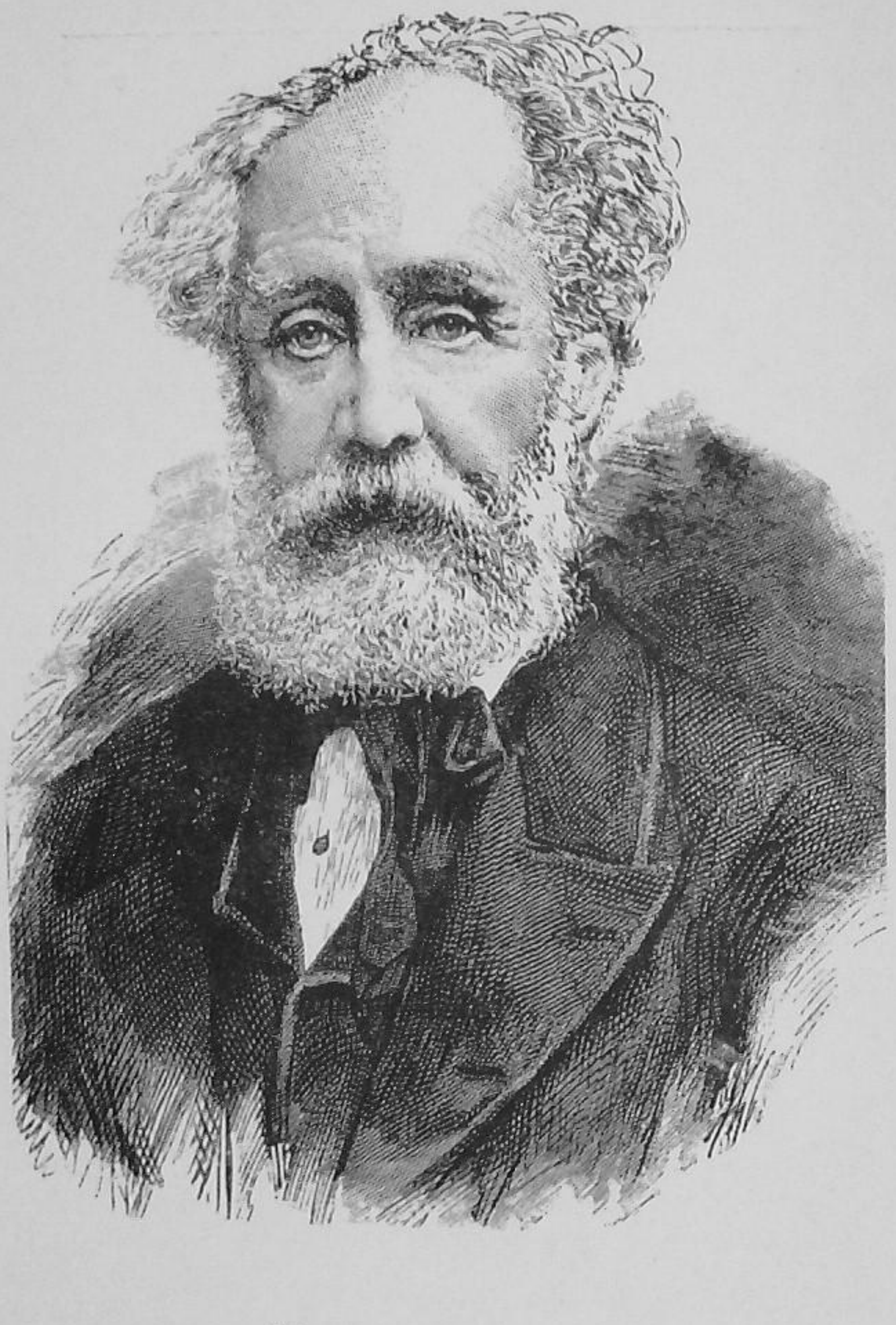
The principle underlying both these projects was strongly supported by Ludlow, Greenwood, and others, who all stressed the Movement's need of "a consultative committee in London for legal and legislative action and general counsel," and the desirability of close association between that committee and the Lancashire and Yorkshire Conference Committee. Convinced by their weighty arguments and well-attested facts, the Congress resolved that such a consultative committee should be formed, and straightway created it by electing sixteen members of the Congress Arrangements Committee as first members of a London Board.

Four years later, when it met at Newcastle, the Congress adopted a proposal made by Neale that the then existing London and Provincial Committees should be unified, and decided to establish a Central Co-operative Board, representing co-operators



J. M. Ludlow, C.B.,
last survivor of the Christian Socialists
(*died* 1911).

To face page 68



Edward Vansittart Neale,
Former General Secretary of the Co-operative Union.

To face page 69

throughout the whole country, and also a smaller body, named The United Board, to act as its executive. Sixteen years afterwards the Central Board was re-named The Co-operative Union Limited, and reconstituted as a registered co-operative society, a federal body which like the two Co-operative Wholesale Societies, has no individual members and limits its membership to *bonâ fide* co-operative organisations.

Neale, who in 1873 surrendered his practice as a barrister at the age of sixty-five to shoulder heavy responsibilities as general secretary of the Central Board, in succession to William Pare, continued to serve the Co-operative Union with unfaltering devotion until he retired in 1891.

"Unsparing in his efforts to secure the application of co-operative principles," he dedicated his life to the work of unifying and consolidating the Co-operative Movement, and the spirit in which he attacked that giant task is well expressed in the statement embodied in the rules of the Co-operative Union:

> "The Union is founded to promote the practice of truthfulness, justice, and economy in production and exchange.
>
> "By the abolition of all false dealings, either (a) *direct*, by representing any article produced or sold to be other than what it is known to the producer or vendor to be; or (b) *indirect*, by concealing from the purchaser any fact known to the vendor material to be known by the purchaser, to enable him to judge of the value of the article purchased.
>
> "By conciliating the conflicting interests of the capitalist, the worker, and the purchaser, through the equitable division among them of the fund commonly known as *Profit* (and)
>
> "By preventing the waste of labour now caused by unregulated competition."

That comprehensive statement is a bold proclamation of the grand purpose of the whole Co-operative Movement and a public declaration of standards from which it has never deviated; and a social historian may here emphasise the fact that the Co-operative Movement declared its intention "to promote the practice" of honesty in business sixty years before private traders formed a Retail Trading Standards Association to popularise "straightforward shopkeeping."

In the realm of business morality, the Co-operative Movement has ever been a leader; and after the Co-operative Union had been established a recognised authority had power to certify the legitimacy of every co-operative organisation. The Movement was unified on the basis of its own accepted principles, and after 1869 trade unions inevitably pursued a different course as the fighting battalions of British wage-earners. Co-operation had to make its own road, one now clearly defined in the rules of the Co-operative Union, and leading towards "the ultimate establishment of a Co-operative Commonwealth."

Neale never used that phrase, but he did not share the opinion of Lord Rosebery, the Liberal statesman, who in the year prior to Neale's retirement, described the Co-operative Movement as "a State within a State." Neale envisaged the Union as serving the purposes of both Church and State within an ever-expanding movement of the people, and the breadth of his own horizon is best revealed by a statement he made in 1888: "The time may come, and . . . I believe it will come, when the law-makers of this country will represent co-operative societies." Tory though he was in politics, Neale knew in what direction the whole Co-operative Movement would have to move when once it was united. The law-abiding "revolution" which began in "the industrial world of England" was bound to continue and complete its course.

CHAPTER XI.

Problems of Production

CO-OPERATIVE INSURANCE AND BANKING. PRODUCTION FOR USE. LARGE-SCALE PRODUCTION. A NEW "CO-OPERATOR." THE "CO-OPERATIVE NEWS" ESTABLISHED.

AFTER the Co-operative Union had been established the whole Co-operative Movement was well united. Co-operation was at length fully aware of its own importance, and equally conscious of its purpose as a democratic organisation seeking to rebuild society on the basis of humanity. But the Movement still needed other organs to complete its economic and financial structure; and it was to the task of creating these that men who in the "eighteen-seventies" were driving forces within the Movement had next to set their hands.

One significant step forward had been taken at Rochdale in 1867 when the Pioneers' and other societies combined to form a Co-operative Insurance Company, which numbered the C.W.S. among its members. This society also was pioneered by Cooper, Greenwood, Neale, and similar stalwarts, and never once was its success in doubt. Ultimately, the society became a mammoth undertaking, a rival of the great capitalist insurance companies, one which grew in size and importance until 1913, when the English and Scottish Wholesales together formed a still greater Co-operative Insurance Society in which the pre-existing society was immediately absorbed.

Even more urgently needed in the early "seventies," however, was a Co-operative Bank. In this country the whole Co-operative Movement grew upwards from the first petty provision stores, but in several other countries the Movement originated in the realm of banking, for there the first need of little farmers and their rudimentary societies was credit on easy terms. Here the need for a central banking institution did not arise until after the two Co-operative Wholesale Societies were actively at work

and large-scale buying on behalf of the retail stores had been commenced.

The need had become apparent before the London Congress of 1869, and at that gathering ways and means of establishing a Co-operative Bank were earnestly discussed. Hughes, Ludlow, Greening, Mitchell, and William Nuttall (1835-1905) all supported a motion that it was "expedient to establish a Banking and Credit Association with a central office and branches . . . on the model of the C.W.S."; and that motion was approved, although the Industrial and Provident Societies Act of 1862 had expressly prohibited co-operative societies from carrying on "the business of banking."

That was a significant prohibition, one obviously intended to safeguard the monopoly powers of private bankers. Banking itself is not a mystery. It is a trade commonly carried on by private bankers whose aim is to buy money cheap and sell it dear, and so make a money profit; but in 1869 the existing law made it impossible for co-operators to mobilise the Movement's financial strength in support of its own large undertakings.

Besides, the leaders who agreed that the establishment of a "Co-operative Banking and Credit Association" was expedient did not agree about the ends a Co-operative Bank should serve. Neale and others thought the Bank ought to be an independent body, a federal society partly responsible to the Co-operative Union; but unhelpful discussion was ended by the action of the Wholesale, which in 1872 established a banking department, through which its society members, trade unions, friendly societies and other approved bodies could do their banking at rates lower than those generally prevailing.

Thereafter it was useless for Neale, Greening, and other champions of "Producers' Co-operation" and "Working Men's Associations" to urge that the Bank ought to be separated from the Wholesale, and that its ever-accumulating funds should be used to capitalise all types of co-operative undertakings.

Facts also have a logic of their own. Inasmuch as the C.W.S. was destined to be the chief supplier of the Movement, the main channel through which co-operative business had of necessity to pass, it was inevitable that the surplus funds of the whole Movement should flow towards the Wholesale. The future develop-

ment of the Movement was determined on the day the Banking Department of the Wholesale was established. From that day onward it was certain that in this country Co-operation would be predominately a movement of consumers.

Undoubtedly the C.W.S. directors acted wisely when they thus seized Time by the forelock. Controversy over the relation of the Wholesales to the retail societies and the larger problems of co-operative production was already beginning in the Movement. The C.W.S. was originally established to serve the Movement as a wholesale purchasing and distributing agency; and the Christian Socialists were not alone in thinking that the sole function of the Wholesale was to be an intermediary between co-operative stores and co-operative workshops, one that would organise a market for associations of producers as it supplied the consumers' stores with their day-by-day requirements.

Despite the collapse of the original Working Men's Associations promoted by the Christian Socialists, co-operative societies for production became numerous in the "eighteen-sixties." Storekeeping societies began to produce goods on their own account or federated to produce various commodities, and new societies for production were continually being registered. These ranged from true co-operative ventures like the Co-operative Printing Society (1869) and the Paisley Co-operative Manufacturing Society (1862) to tiny societies of skilled craftsmen and "industrial partnerships," whose affinity to capitalism was closer than their kinship to Co-operation.

In such a welter of societies, even the Co-operative Union often found it difficult to decide which new ventures ought properly to be accepted as units of the fast expanding Movement. Co-operators tutored in the school of Christian Socialism, and who later formed the Co-operative Productive Federation (1882) and the Labour Copartnership Association (1884), held that inasmuch as Co-operation aims to emancipate labour from servitude to masters, the workers themselves should be their own employers in every co-operative factory and workshop.

Only so, they argued, could labour regain dignity and the workers develop their higher qualities and powers. It was imperative, therefore, that the actual workers and producers should participate in the control and management of the business

through committees of their own electing, and also share in whatever profits resulted from their work. Such participation could nowhere conflict with the teaching of Robert Owen or William King, while it harmonised completely with the "Principles of Rochdale," since the Rochdale Pioneers aimed to become their own employers.

Opponents of these ideas argued that independent productive ventures must always be precarious, as their markets are unsure, and that commercial profit is not eliminated entirely in the process of being shared, even if "surplus value" in the Marxian sense does not arise. Besides, they said, the production is for sale, not for use, and the interests of special groups of workers ought not to override the interests of the great democracy of consumers whose wants clamour to be supplied. The controversy so begun and so continued for sixty years is not completely ended yet, although a great majority of co-operators now agree that in so large a world as the Co-operative Movement the practice of Co-operation is much more important than uniformity of doctrine.

Sixty years ago, however, the great controversy was at times embittered because "workers' republics" handicapped by lack of capital were often unable to obtain continuing support. The big Wholesales, on the other hand, were soon equipped with ample funds, which flowed to them continually from the store-keeping societies in the common way of trade. Not long after the C.W.S. had started to serve its own members as their banker, co-operators began to ask why the society which supplied the stores should not also produce the goods. All knew the Wholesales had to buy largely from private manufacturers and producers, in addition to drawing supplies from sources within the Movement, and that as long as they were so dependent, only middlemen's costs could be eliminated with resultant benefit to the organised consumers.

It was clear that production by the Wholesales alone could eliminate private profit altogether and make the Movement entirely self-supporting. The logic of the facts could not be easily withstood, especially as John Mitchell had been elected chairman of the English Wholesale in 1874.

Mitchell was a determined co-operator who knew his own

mind, a man who had the courage of his own opinions and understood the implications of his own proposals. In 1872 he first proposed that the Wholesale should begin to manufacture boots and shoes, and during the early years of his presidency the Wholesale went forward boldly in production, adding factory to factory, and workshop to workshop, until it was able to supply co-operators with biscuits, soap, footwear, and other goods in response to the demand storekeeping societies were organising in their stores and at their counters. The Wholesales were producing the goods actually required and steadily perfecting the new co-operative system of supply; and since large-scale production by the Wholesales thus became both practicable and economical, the Movement's capacity to produce goods its individual members need has never been exhausted.

Yet the epoch-making progress just reviewed might have been impossible if the men who successfully tackled the stubborn problems of banking and production had failed to provide the Movement with an influential newspaper able to serve it as a forum and an organ of opinion. Pitman's *Co-operator* had served the Movement well for several years, but its usefulness ended soon after it had ensured the assembly of the London Congress and encouraged the formation of the Co-operative Union.

If Co-operation was Pitman's first love it was not the only cause for which he cared. He also laboured to promote the nation's health, and his opposition to compulsory vaccination was almost fanatical. In 1870 *The Co-operator* also became the *Herald of Health*, and twelve months later it appeared as *The Co-operator and Anti-Vaccinator*, with the unfortunate result that co-operative news and views were made subordinate to discussions on "the dangers of vaccination" and fierce attacks upon "Old Jenner's Cow"! *The Co-operator* ceased to be of value to the Movement, and the Congress held at Manchester in 1870 declared its opinion "that a newspaper devoted to co-operative interests should be established with as little delay as possible," and also instructed the newly-created Central Board to carry out its resolution.

The Central Board acted without overmuch delay, and in 1871 the North of England Newspaper Company was formed to place "the co-operators of England in possession of a paper of their

own." In its first prospectus the society's promoters said: "It is now in the power of the co-operators of England to create for themselves a special newspaper of commanding interest and influence," one that "will be able to exercise political as well as social influence."

The first number of the new paper, the *Co-operative News*, appeared on September 2nd, 1871, and all who saw it realised at once that the Co-operative Movement had at last acquired an influential voice, although the Co-operative Newspaper Society —which succeeded the original society—was not formed until two years later.

The *Co-operative News* was at once a weekly mirror of all major happenings within the Movement, and a guide, philosopher, and friend to co-operators who then were struggling hard to find solutions for problems of immense practical importance. The paper appeared at exactly the right time, when co-operative policy was being formed and the national organs of the Movement were being shaped; and it can with truth be said that on each new issue as it arose the *Co-operative News* did much to decide the policy by clarifying the Movement's thinking.

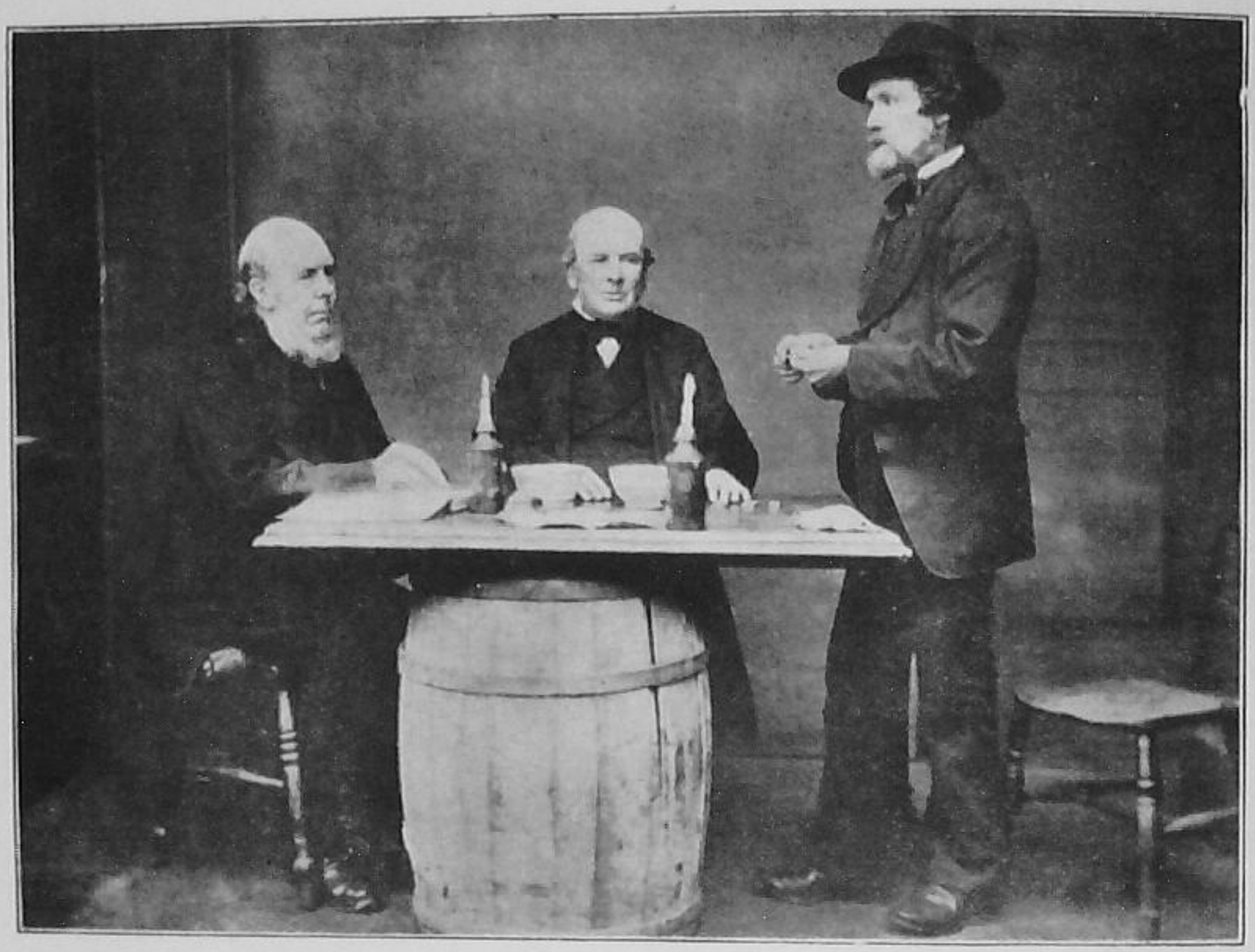
Week after week, leaders of the Movement expressed their opinions in its columns as the basic principles of Co-operation were debated publicly in print, and the *Co-operative News* itself always had helpful words to say. Neale, Hughes, Holyoake, Pare, and Greening all contributed freely to its columns, so spreading knowledge and moulding opinion throughout the Movement; but Samuel Bamford (1848-1898) was the first big force behind the paper.

He too was a son of Rochdale, and he was also a fine journalist and a true co-operative statesman. When he was appointed Editor in 1875, Bamford determined to make the *Co-operative News* a national paper having national influence. His faith in Co-operation never faltered; and innumerable articles he wrote each added something of value to the Movement's general store of wisdom.

Bamford's brilliant editorship won him a place among the architects and builders of the Co-operative Movement, and the paper he served as manager, secretary, and editor for twenty-three years still "has the proud distinction of being the only

The Co-operative Flour Mill established at Woolwich before 1760 by a number of shipwrights employed in H.M. Dockyard.

To face page 76



The Sun Mill Company had its office in the attic of the Oldham Industrial Co-operative Society. The picture shows (left to right) James Lord, James Lees, and William Marcroft on a contribution paying night in January, 1858.

To face page 77

working-class and democratically-owned newspaper that has weathered the storms'' of more than sixty years. Always, as another writer says: ''It has been the endeavour of the *Co-operative News* to prepare the masses for the Co-operative State, to break down the barriers between countries, and to hasten, by the written word, the coming of the Co-operative Commonwealth.'' And the *Co-operative News* has been able thus to strive, because it also was established on a federal basis as a co-operative society which has no individual shareholders, but in the ownership of which every co-operator in Great Britain nevertheless can and should possess a share.

SECTION FOUR

THE GROWING MOVEMENT

1880—1900

CHAPTER XII.

Co-operation versus Competition

AN ERA OF REFORM. PRIVATE TRADERS ATTACK THE MOVEMENT. THE TRADERS' DEFENCE ASSOCIATION. INEFFECTUAL BOYCOTTS. THE SWIFT TRANSITION TO POLITICAL DEMOCRACY.

THE history of Co-operation prior to 1880 can be described as a continuing struggle of British workers against almost overwhelming odds, a fight in which unsupported co-operators often had to battle hard against principalities and powers and spiritual darkness in high places of both State and Church. That history took another turn during the last quarter of the nineteenth century.

Even before those years arrived the unholy doctrine of *laissez-faire* had been abandoned by the two opposing political parties, whose responsible leaders early realised the wisdom of tempering self-interest with political benevolence. Working men no longer had to fight for social betterment under conditions Frederick Engels describes so vividly in his account of England in 1844, and no more were their efforts to combine for mutual benefit crippled by penal legislation and savage punishments.

Trade unions were legalised by the historic Acts of 1871 and 1875; free and compulsory education followed Forster's epoch-making Act of 1870; and the conditions under which millions of workers earned their bread were much improved by a long series of Factory Acts and kindred measures.

One by one the main "Points" of the People's Charter were peacefully secured, and the democratic franchise, coupled with ballot voting, placed political power well within the grasp of British workers, several of whose best-known representatives were soon aspiring to seats in the House of Commons. Furthermore, there was a fairly steady improvement in the condition of the people throughout the second half of the century.

After the long agony of the Crimean War (1853-56) England

was not engaged in any great international conflict; Free Trade ensured plentiful supplies of inexpensive foodstuffs, even if it did tend to reduce the price of labour, which all trade unions endeavoured to maintain; and frequent periods of general trade expansion minimised the craftsman's fear of want and poverty, although millions of working people were still compelled to eke out a bare existence on or below the Plimsoll line of poverty.

Taxation was light if not always fairly spread, and the once famous cry of "Peace and Prosperity" had more substance behind it than a politician's electioneering slogan. The great majority of co-operators were not liable to direct taxation, and Co-operation benefited as much from the Penny Post as it did from the great extension of the railway system.

It is true that agriculture—ever Great Britain's basic and most important industry—was almost ruined by neglectful landlordism, while the great manufacturing and exporting industries grew greater and richer year by year; but throughout this "golden age" of the "aristocrats of labour" the Co-operative Movement had no real difficulty in defeating competition and becoming nation-wide and strong.

Paradoxical though the statement may appear to many, it is certain that the competitive system itself created new opportunities for enterprising co-operators. They, too, were free to open stores and engage in trade; and the opposition co-operative societies had to meet after 1870 was only seldom serious and never really formidable.

Nowadays it is difficult to imagine or envisage the conditions under which all the retail trades were carried on in the years immediately following the opening of the Pioneers' famous store at Rochdale. Private shopkeepers were then only petty traders, inefficient retailers who possessed little capital and less knowledge, and whose one desire was to maintain themselves and their families upon the profits of a single unattractive shop. And even after business partnerships had become quite common, the "family grocers" and "general drapers" were economically negligible and politically impotent.

Possibly self-realisation of their own ineffectiveness and inefficiency caused many "one shop" traders to be more than a little spiteful. Even as they protested that "competition is the

soul of trade" they bitterly resented the action of workingmen who opened co-operative stores and "kept shop" on their joint account. Sometimes such outclassed traders endeavoured to force private wholesalers not to supply co-operative societies. Frequently they discharged unoffending employees whose parents were good co-operators. Occasionally they engineered a boycott of local leaders of the Movement and so robbed active co-operators of employment and drove them from their homes. And it was owing to the activities of such embittered private traders that Tom Hughes and Walter Morrison were, in 1874, both deprived of their seats in Parliament, for the sole offence of those distinguished Liberals was their active championship of Co-operation.

Notable among the many ineffectual boycotts was one started at Glasgow in 1896 by an aggressive "Traders' Defence Association." This short-sighted body advised its members to announce that "all employees who are directly or indirectly connected with any co-operative society must cease to have such connection . . . if they wish to retain their employment, or accept this intimation in lieu of the usual notice to leave"—a plain intimation that all employees of the private traders must either surrender their liberty to think and act or be prepared to lose their jobs!

It was at Glasgow, too, and in the same year, that certain master-butchers attempted to organise another and bigger boycott. They tried to prevent co-operative societies from obtaining supplies of meat by declaring that no society would in future be supplied from the city's Dead Meat Market, although that market was a public institution. The master-butchers openly declared that they intended "to close the fleshing department of the co-operative societies," and to prevent the societies from buying imported cattle on the Glasgow Cattle Wharf. That impudent challenge roused Co-operation throughout the whole of Scotland, and a protracted struggle resulted in a complete defeat of the unwise butchers and a great increase of the societies' membership and trade.

Indeed, all attempts to victimise individuals and to boycott co-operative societies only spurred co-operators to greater and more determined efforts. In addition to defending its threatened

members the Co-operative Union turned each new attack to propaganda uses.

"Why should this peculiar doctrine"—that a contract between a co-operator and his employer must involve "abandonment of liberty and conscience"—be applied only to those workers who are connected with Co-operation and not to adherents of any other movement," was a pertinent question asked by J. C. Gray (1854-1912), who in 1891 became general secretary of the Co-operative Union when the aged Neale retired. And in answer to his question Gray himself bluntly told the truth: "The fact is that a new system of economy has largely taken possession of commerce and industry, and traders 'who add no particle of value to any article they touch' cannot realise the fact!"

Generally, however, the Movement was not seriously molested. Indeed, at times it seemed to flourish in an atmosphere of good-will much stronger than lukewarm. Apart from the furious attacks made on Robert Owen and his followers in the heyday of his social propaganda, Co-operation was commonly exempt from the violent hostility which trade unionism almost everywhere encountered for nearly fifty years.

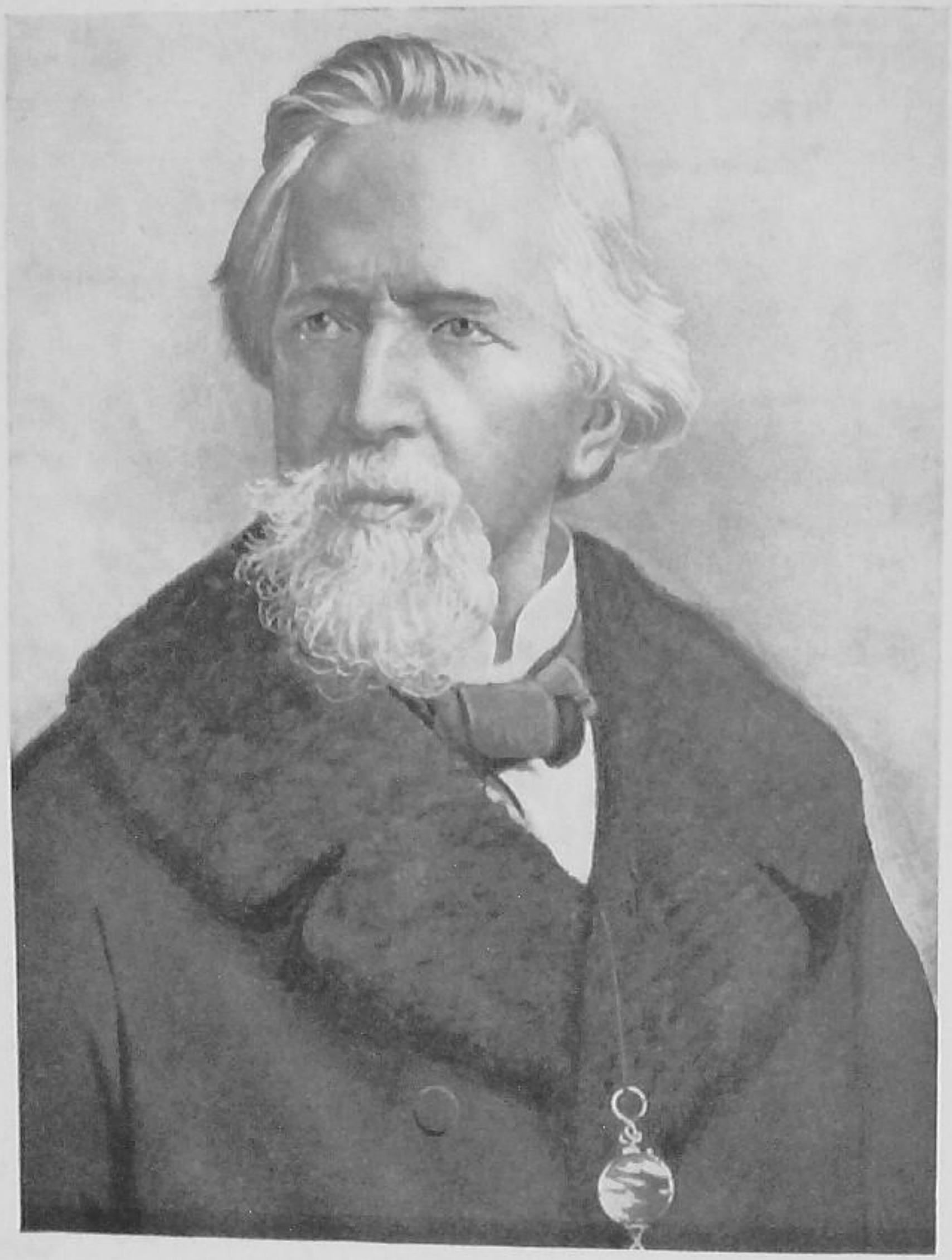
Probably Co-operation provoked less hostility because it made no violent assaults upon the privileged and possessing classes and could not possibly declare a strike. Trade unions formed the spearhead of democracy in an ever-widening struggle. Co-operation strove to build a new social order inside the economic structure of the old one, and its progress was so orderly that the Movement never caused the heavy guns of Capitalism to open fire. Certainly the petty traders and small manufacturers received no real support from responsible statesmen before Queen Victoria died.

They had no reason to attack a Movement of the people that injured none and benefited millions, and whose immediate objective was communal betterment. And it was difficult for Liberal and Tory politicians to vilify a Movement which received praise from John Stuart Mill and other leading economists; eulogies from Gladstone, Bright, and Balfour; and public blessings from several members of the Bench of Bishops!

When angry private traders untruly declared that co-operative societies were exempt from taxation, and that co-operators did

To face page 84

Copartners at work in a Workroom of the Kettering Clothing Manufacturing Society.



George Jacob Holyoake, a life-long advocate of Co-operation and Co-operative Copartnership.

To face page 85

not carry their fair share of the nation's burdens, responsible statesmen paid no heed to their entreaties. Even when they demanded that co-operative dividends on purchases should be made chargeable to Income Tax, Prime Ministers were silent and Chancellors of the Exchequer turned deaf ears to the clamour of the traders. Governing men knew that the Movement in its growth was adding stability to the social fabric and lessening the burdens of the State as it trained working men and women for the higher duties of democratic citizenship.

Prudent statesmen had no wish to make trouble for themselves at the behest of petty traders so long as the economic basis of Capitalism was not menaced by the advancing Movement. Not until the little shopkeepers were being superseded by multiple-shop companies and the field of retail distribution was invaded by huge trusts and international combines, and the Co-operative Movement had passed beyond simple distribution to large-scale manufacture, banking, insurance, and importation, were big capitalists impelled to use political power against "the co-operative menace." Their immediate care in the last quarter of the nineteenth century was to safeguard the capitalist system during Great Britain's swift transition to full political democracy, and to make certain that the transformation of privately-owned monopolies into municipal undertakings should not deprive the monied classes of their power.

Liberal and Tory Governments were not eager to cause co-operators to follow trade unionists into the arena of national politics, and were too busily engaged in "stealing the clothes" of the Fabian Society and other Socialist organisations to make "Co-operation versus Competition" a general election cry. They bided their time and waited on events, while Co-operation collected its forces, extended its frontiers, and grappled with the problems of each on-coming day. Co-operative leaders were well aware of the direction in which the economic world was moving. They knew that the Movement's previous struggles had been mere skirmishes with the outposts of the existing social order. When the nineteenth century ended its big effort against capitalism was only just beginning. Co-operation's greatest struggles were yet to come.

CHAPTER XIII.

The Movement Spreads

CO-OPERATIVE SOCIETIES AS UNIVERSAL PROVIDERS. A CO-OPERATIVE DESERT. THE PEOPLE'S SOCIETY. MORE ABORTIVE BOYCOTTS. CO-OPERATION IN IRELAND.

THE long reign of Queen Victoria was nearing its end when the Co-operative Movement achieved its initial aim by covering the whole country. From the first it was obvious that Co-operation would grow most rapidly in great centres of productive industry. There, in the manufacturing towns of Lancashire, Yorkshire, the Midlands, and Scotland; the mining areas of Durham, Northumberland, Yorkshire, and Staffordshire, as in all the busy ports that line the coast from Sunderland to Plymouth, Co-operation grew alongside trade unionism and prospered most where their common employment in factories, mills, or mines made wage-earners fully conscious of their common needs as members of a subject class.

In such centres co-operative societies soon became democratic institutions having real public importance. As their membership and trade outgrew the capacity of the original stores, enterprising committees erected larger and more imposing premises. Long before the end of the nineteenth century the co-operative society's headquarters were in scores of thriving boroughs rivalled only by the municipal buildings. And although those fine stores were frequently "hidden away" in unprepossessing streets behind the main thoroughfares, their size and solidity revealed the strength of Co-operation locally and the greatness of the part it had already begun to play in the world of retail distribution.

In innumerable towns co-operative societies were the largest shopkeepers, the biggest retail markets. Co-operative stores no longer dealt only in homely foodstuffs and simple household goods. The larger societies all added department to department, multiplied their services, and eventually evolved from general

provision stores into "universal providers" of a type unknown before. Even if they could not boast ability to supply "everything from a pin to an elephant," all were able to provide whatever goods working people were most likely to require.

On the field of retail distribution Co-operation so excelled private traders by the superior power of its closer organisation that its first great victory was already won. Long before the traders had risen out of the narrow ruts of craft and custom, co-operators were rejoicing in the possession of well-stocked departmental stores that were in fact forerunners of the "big emporiums" so familiar to-day.

Elsewhere, however, the Movement developed much more slowly. In the thinly-populated agricultural areas, as in backward towns and isolated villages, Co-operation long seemed incapable of securing a firm foothold, notwithstanding the steady improvement of the roads and railways. In the South-Western peninsula, Wales and the Western Counties, and particularly in Ireland, the Movement made very little headway until the Co-operative Union multiplied its missionary activities by covering the country with a network of Sectional Boards and District Committees, each composed of representatives of the societies grouped in its particular area. Together, these bodies constituted a propaganda force having enormous value, a nation-wide system of oversight and inter-communication which later gained for Co-operation its present high reputation as the best-organised democratic movement in Great Britain.

London also long remained "a co-operative desert," and confronted the Movement's national leaders with a stubborn problem none knew how to solve. Between 1850 and 1890 hundreds of tiny co-operative societies were formed in different parts of London by enthusiasts, whose efforts after 1878 were frequently reinforced by the Guild of Co-operators. That once famous body linked the early work of the Christian Socialists to the propaganda of the later period by its heroic endeavours to propagate Co-operation in London and all parts of the South of England. Hughes, Greening, and Benjamin Jones, who then was secretary to the Southern Section of the Co-operative Union, were among the animating spirits of the Guild, which in a single year

established no fewer than twenty-eight new societies in the Metropolitan area.

Most of these societies, like others started independently by groups of workers, failed to attract continuing support. Never deeply rooted, the big majority quickly faded out of life, leaving no impression upon the sands of Time. So common were such failures that many responsible leaders of the Movement too hastily concluded that Co-operation offered no attractions to London workers.

This pessimistic opinion was widely shared, although all informed co-operators knew the societies founded at Stratford in 1861 by men employed at the local railway works, and at Woolwich in 1868 by workmen employed in the Royal Arsenal, had grown as steadily and fast as other strong societies firmly established in towns so diverse as Derby, Leicester, Reading, Banbury, and Ipswich. But even when the Co-operative Union and the Co-operative Wholesale Society in 1895 jointly promoted "The People's Society," which opened attractive stores in "suitable neighbourhoods," London's working millions were unready to respond.

Probably the Movement then failed to "set the Thames on fire" because London wage-earners who are associated closely in their work are usually widely separated in their homes, and perhaps competition in the city was then so keen that retail prices were not known to be excessive. Nevertheless, at Fulham and other places on the outskirts of London where railwaymen and engineers are numerous, societies which did succeed in making a good start soon gained sufficient strength to grow.

Undoubtedly the big effort which London private traders made in 1880 to force Mr. Gladstone's Government to prohibit "Civil Servants of the Crown" from joining co-operative societies deterred many able men in secure positions from becoming ardent co-operators. Lloyd Jones asserted that the object of the traders' agitation was "to break down the store movement in London, and naturally, to harass the Co-operative Movement throughout the length and breadth of the land." And although Joseph Chamberlain, who then held office as President of the Board of Trade, gave the traders a firm rebuff, prudent members of the Civil Service could not be blamed for noting that the

traders' spokesman had publicly demanded that any Civil Servant "found trading with a co-operative store should be immediately discharged."

"How the Government as a *Liberal* Government will face the the working men of Great Britain as the allies of the shopkeepers in this crusade against Co-operation is rather a curious question," Lloyd Jones quite pertinently remarked. And he added: "Commercialism, not in its highest nor noblest aspects, found its way into the late Government in the person of Mr. W. H. Smith," while "Commercialism of the same sort has found its way into the present Government in the person of Mr. Joseph Chamberlain." His own conclusion was that "the co-operators of the kingdom must prepare themselves for what may come out of this spirit. There must be no hesitation, no parleying, no party consideration."

Undoubtedly these pregnant sentences produced sympathetic echoes from the lips of James Deans (1845-1935) and other leaders of the Co-operative Vigilance Committee which a few months earlier had successfully combated boycotts and other sinister activities of the Traders' Defence Committee in Scotland. Responsible co-operators were beginning to realise how badly Co-operation needed pledged defenders in the House of Commons.

Even those who never wavered in their personal allegiance to Radicalism recognised how imperative it was that "the powers of Government" should not be mobilised against the Movement. John Mitchell startled many delegates at the Congress held at Lincoln in 1891 by declaring it was "absolutely necessary for co-operators as such to be represented in Parliament" and to "strive to get the government of the towns they represented more under their own control"; and William Maxwell (1841-1929), who succeeded to the chairmanship of the Scottish C.W.S. in 1881, was equally outspoken twelve months later when he told a Royal Commission that he was not afraid of making use of political institutions to advance the principles of Co-operation.

The schoolboy who innocently described the tiger as "a vicious beast" because "it defends itself when attacked" was less foolish than the shortsighted private traders who first caused co-opera-

tors to realise that political action is not the least effective of a free democracy's defences. Holyoake's prediction that "when politicians attack Co-operation, co-operators must become politicians" was certain to be fulfilled. Ben Jones, who was thoroughly familiar with all the events here summarised, says "injustice and persecution compelled co-operators to take political action against their inclinations . . . they could not avoid it; circumstances compelled them to take action. . . ."

The problem which confronted co-operative leadership in Ireland was entirely different. Consumers' Co-operation is a child of industrialism, and the form the Movement of necessity took in Great Britain is not well suited to the needs of agriculturists who obtain a living directly from the soil. Wherever manufacturing industry is subordinate to agriculture men eager and ready to co-operate do not think in terms of retail shops and wholesale warehouses. It is only those who are habituated to conditions created by capitalism and factory production who instinctively make a co-operative store the starting-place of their combined advance; and it was in some respects unfortunate that prominent leaders of the Co-operative Movement in England long disregarded the Pioneers' proposal to embark on agriculture, although that part of the "laws" of the Rochdale Society was no whit less important that the rest.

It is true a number of co-operative societies formed in England and Scotland early acquired estates which they commenced to cultivate, but apart from the small farms long managed successfully by the Lincoln, Banbury, and a few other societies, these ill-considered ventures were unfortunate and only continued at a heavy money loss.

Ireland, however, is primarily a country of small farmers, and it is significant that the "missionary tours" of Robert Owen and William Pare there produced no permanent results. The few original societies established by their followers were short-lived, and those formed in later years had no stability. Only in Belfast —a great hive of modern industry—did the Consumers' Movement gather strength and grow apace.

Co-operative leaders who met at London in 1888 to consider how the Movement could be best advanced in Ireland, agreed with Ben Jones that new forms of co-operative production might

be developed on the Irish countryside. The Co-operative Wholesale Society had already established collecting depots and creameries in Tipperary and other districts from which it drew supplies of butter, but that sound business policy did not satisfy the needs of Irish peasant farmers any more than it pleased Irish Nationalists whose political objective was complete "Home Rule."

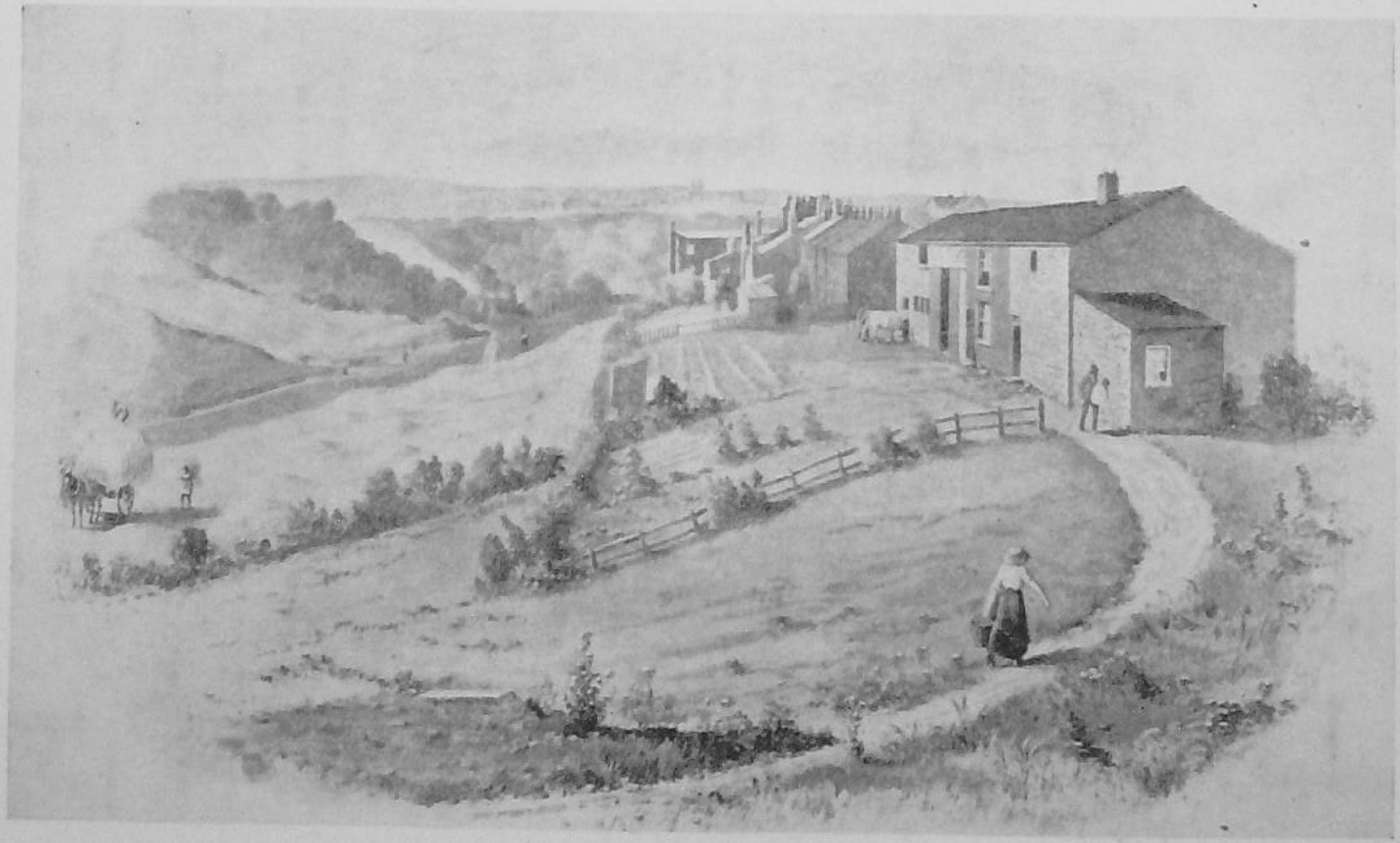
Sir Horace Plunkett (1854-1932) and other advocates of Co-operation realised that in Ireland the Movement must grow upwards from the soil, and there begin its work by uniting the farmers along the line of their common needs and requirements as poor small producers. Plunkett, equally with Ben Jones, argued that "co-operative effort in Ireland should begin with production," and after the Irish Agricultural Organisation Society was established in 1893, "to improve the conditions of the agricultural population . . . by teaching the principles and methods of Co-operation as applicable to farming and the allied industries," the Movement made more rapid progress.

At the end of the first twelve months' work more than sixty co-operative creameries had been established, and the value of their combined output of butter alone during the year amounted to £185,000. In the years that followed large numbers of new societies of various types were formed in response to the impoverished farmers' clamant needs, and in 1897 an Irish Agricultural Wholesale Society was established at Dublin to serve the societies as their own wholesale agent and supplier. Several years later the C.W.S. withdrew from a number of places in Ireland, having first transferred its many undertakings to the farmers' organisations, which were very soon compelled to grapple with immense economic and political difficulties which co-operators had no hand in making.

In Ireland, as in London, the Movement was compelled to halt at a time when its progress throughout Great Britain was extremely rapid. Between 1880 and 1900 the number of retail distributive societies increased from 971 to 1,459, while their combined individual membership rose from 547,000 to more than 1,700,000, and their annual sales from less than £15,000,000 to more than £50,000,000. These immense increases revealed the enormous hold which Co-operation already had on the loyalty

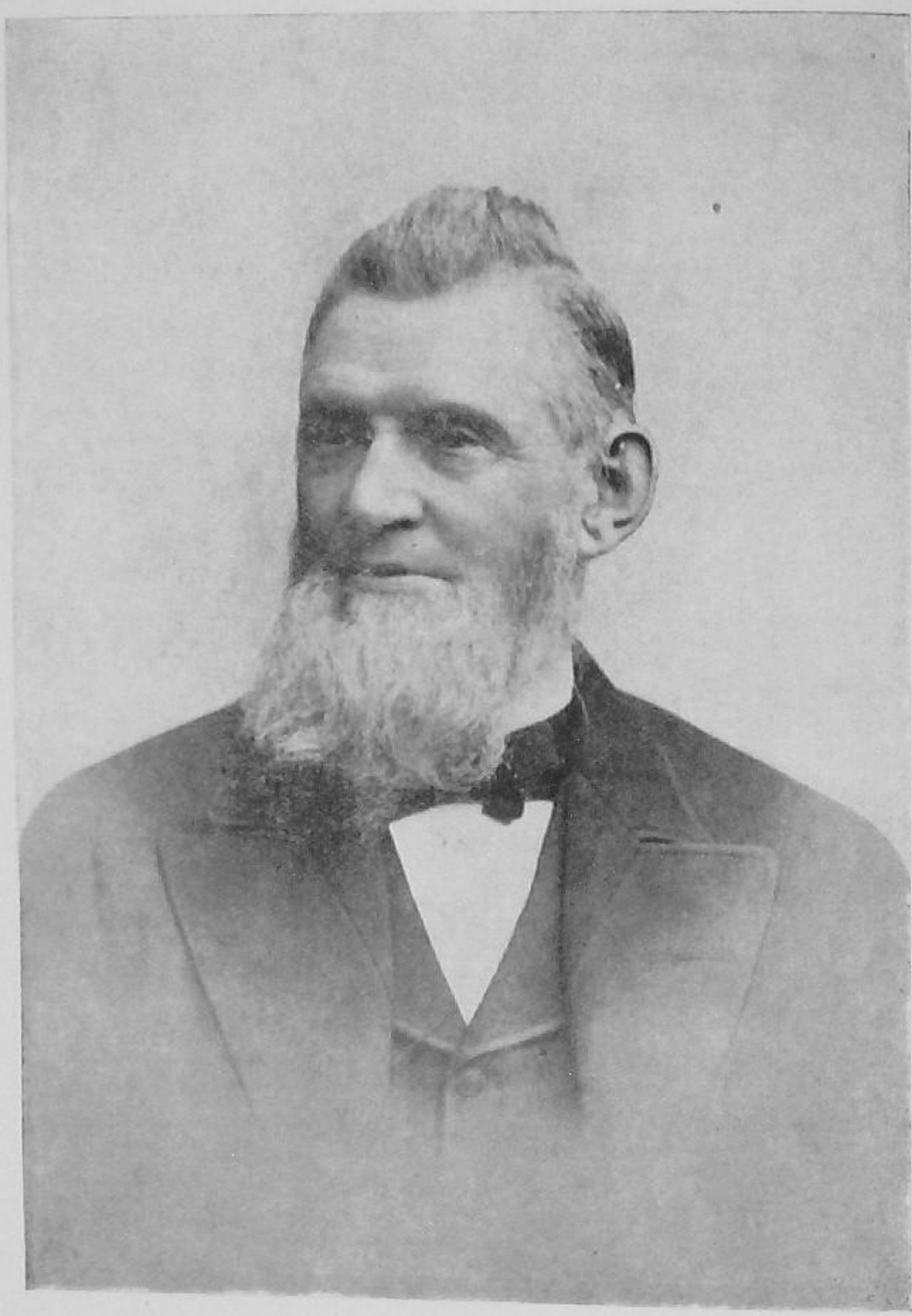
of working people and the extent of the service it was already able to render to the nation.

The weakness of the Movement was that it often appeared to grow haphazard. In many areas societies clustered too thickly on the ground. Six or seven could be found jostling against each other in a single town, and when the nineteenth century ended it was obvious that large numbers of co-operators still attached too little value to the Movement's own great guiding principles of Economy and Unity.



The Lowlands Farm at Jumbo, near Oldham and Rochdale, as it was in 1860, when pioneer co-operators met there to discuss plans for establishing a Co-operative Wholesale Agency.

To face page 97



Abraham Greenwood, First President of the C.W.S.
1863—1874.

To face page 93

CHAPTER XIV.

Production for Use

TWO GREAT LEADERS. CO-OPERATIVE IMPORTATION. THE CONTROL OF RAW MATERIALS. A VILLAGE OF INDUSTRY. PROGRESS OF CO-OPERATIVE COPARTNERSHIP.

If Co-operation's twin principles of Unity and Economy were often disregarded by promoters of new societies, general recognition of their importance made possible a vast expansion of co-operative production after 1880. Inevitably the two national co-operative wholesale societies became the central power-houses of the whole Movement; and it was fortunate that their respective chairs were occupied for twenty years by men so courageous and zealous for progress as John Mitchell and William Maxwell.

Both were giants of Co-operation, men who rose from the lower ranks to the highest positions in the Movement by virtue of their natural ability and strong character, which was a rock upon which all their colleagues could build in perfect confidence. Mitchell was a son of Rochdale, a man cradled in Co-operation, who passed from the Pioneers' Committee to the English Wholesale's boardroom in 1869. Five years later he was elected chairman of the C.W.S., a position he filled until his death in 1895. If ever a man incarnated the spirit of an institution, John Mitchell did. He moulded the character of the Wholesale, shaped its policy, defended it against all comers, and never once forgot that the C.W.S. does not exist for itself alone, but to improve the condition of the millions who own it and whom it serves.

A strong timber rough-hewn from the Rochdale oak, Mitchell never feared to speak his mind or to encounter opposition. Mr. Percy Redfern relates how in one excited meeting, Mitchell "rose like a lion and would not be put down"; and in the years of his chairmanship, when the tides of stormy controversy not infrequently ran high, Mitchell's tenacity of purpose was not less helpful to the Movement than his remarkable sagacity.

Maxwell, albeit a man of different type—he was cultured and polished, whereas Mitchell had learned all his lessons in Life's hardest schools—viewed the Movement from the same large angle, and was equally accustomed to thinking in terms of big ideas. Together, the English and Scottish chairmen were central pillars of the growing Commonwealth, and on every side it still is easy to read their characteristic signatures.

Soon after Mitchell became its chairman, the C.W.S. passed through a period of difficulty so burdensome that he himself confessed the society was "in very great straits." Ill-timed ventures and injudicious investments ate up money and bred suspicions, and in the hot controversy with champions of "producers' co-operation," spokesmen of the Wholesale frequently had the worst of the argument, although it always remained in secure possession of the field.

Mitchell himself was all in favour of the Wholesale pressing forward in production. He held that those who pay the profits ought to get them back; and his grand argument that "the profits of all trade, all industry, all commerce, all importation, all banking and money dealing should fall back again into the hands of the whole people," was incontrovertible and irresistible. Under his inspiring leadership the sales of the C.W.S. leapt from £1,636,950 in 1874 to £10,141,919 in 1895, while its productive activities increased and multiplied with bewildering rapidity. And the whole of this gigantic and ever-growing business was long controlled and directed by spare-time directors whose remuneration was fixed at 7s. 6d. per meeting!

In 1872 the C.W.S. established a branch at Newcastle. Two years later another branch was opened at London, near the docks, to satisfy the growing demands of co-operators in the South of England; and in subsequent years additional depots and warehouses were established at Bristol, Cardiff, Northampton, and other convenient centres. Simultaneously, the Wholesale pressed forward in production, entering one industry after another, until it owned a large number of well-placed mills and factories, in each of which new principles of mass-production could be applied.

The directors were meanwhile developing and extending the new system of co-operative rationalisation of industry, a policy

prophetically described by the *Co-operative News* as intended "to bring the producer and consumer together, to so organise labour as to produce for known wants, and to serve the consumer as nearly as possible at cost price on condition that he finds the necessary capital in the first instead of the last instance." When saying that, the *Co-operative News* put the whole economic case for production by the Wholesales in a nutshell. Nevertheless, as befitted the official organ of the entire Movement, the *News* was ever careful to avoid falling between the then opposing schools of producers and consumers.

Rationalisation via Co-operation of course involves co-operative control of all the processes of industry from the consumers' demand at the store counter to the first sources of production, wherever they may be; hence the C.W.S. board very soon commenced to import foodstuffs and raw materials direct from several countries oversea. By so doing they were able to eliminate the charges and commissions of private agents, brokers, and other costly middlemen, and also to ensure the purity of all goods the Wholesale thus imported.

After 1875 the Society established buying branches in America, France, Germany, Denmark, Australia, and other countries, where business connections were formed by directors who made official visits. When the C.W.S. celebrated its own "coming-of-age" in 1884, Maxwell, who first stated that the relationship of the English and Scottish Wholesales had become "closer and closer every year," was able to declare: "In Ireland, in collecting and distributing the dairy produce of that country, we have joined hands; our custom now is quoted; our name is respected in Copenhagen and in Hamburg; our interests are mutually and profitably cared for at New York; and all over the vast American continent, while we were on deputation, we were pleased to see that our representatives were highly respected, and our names as English and Scottish co-operators were a ready password to admit us into the innermost courts of every institution of that noble country."

The two Wholesales early perceived the manifold advantages of combining to ensure maximum economies in purchasing and importing. In 1880 the C.W.S. entered the British tea market in Mincing Lane, and a few months afterwards, co-operators

welcomed the first ship from China "which discharged at the Port of London a large cargo of tea shipped to the order" of the Tea Department controlled by a joint committee of the two Wholesales.

As partners, they not long afterwards decided that the Tea Department should also become a tea-planter, and in 1902 British co-operators became joint-proprietors of tea-growing plantations in Ceylon. When that historic purchase was completed, the economic cycle of Co-operation was made perfect in respect of tea supplies, apart from the fact that the Movement still lacked power to ship its own teas in its own bottoms.

Much earlier the C.W.S. had, however, acquired one or two small coasting steamers, and when the Manchester Ship Canal was projected in 1887, the C.W.S. did the next best thing to becoming shipowners by investing £20,000 in the Ship Canal Company. That investment was fully justified nine years later when, on the official opening day, the Wholesale's s.s. "Pioneer" made history by bringing up the Canal the first sea-borne cargo unloaded at the new Port of Manchester, so gaining the honour of being the first vessel "registered as belonging to that port." John Mitchell had a personal share in that day's glory, for as chairman of the Wholesale, he "wheeled off" the first case of sugar the co-operative boat had just brought direct from France.

Incidentally, the Movement's entry into the tea trade benefited the entire nation as tea-drinkers. Co-operation's insistence on honest trading, the sale of honest goods at fair prices, caused a marked diminution in the fraudulent distribution of so-called "bonus" and "pension" tea, and was the direct inspiration of legislation which in 1922 enforced the sale of all packeted teas at net weight. Prior to the War, the Tea Department of the Wholesales was the only organisation that adhered strictly to the principle of selling tea at net weight minus the wrapping paper.

Every one of the multiple-shop companies "then weighed the paper with the tea." Sir Henry Wilkins, speaking in 1930, when a big extension was made to the Tea Department, said: "If we had adopted that policy, we should have made in one year £132,000 more surplus than we did make because we preferred

to sell tea for tea and not paper for tea." Two years afterwards a British Prime Minister publicly declared that this "very excellent movement of full weight . . . has meant that £300,000 has been put into working-class cupboards in the shape of tea, instead of into working-class wastepaper baskets in the shape of brown paper!"

Generally, the Scottish Co-operative Wholesale followed the same line of development as its English prototype. It, too, opened depots and established branches, and after 1881 ventured boldly into production on its own account in addition to joining with the C.W.S. in larger buying and importing ventures. Prompted by the far-sighted vision of William Maxwell, however, the S.C.W.S. did not at first copy the C.W.S. by distributing its workshops and productive factories over different parts of Scotland.

Possibly under the influence of Ebenezer Howard, of "Garden City" fame, Maxwell urged that the Scottish Wholesale's workshops should all be concentrated on one big estate, which could thus be developed as an "industrial village." Such an estate was acquired at Shieldhall, in Govan, near Glasgow and the River Clyde; and after a good beginning had been made in 1887, Shieldhall steadily gained economic importance as a centre of co-operative industry, a congeries of well-built modern factories.

Not all of the society's productive ventures were established there, however, for in Scotland, as in England, enthusiastic co-operators soon clamoured for factories in their own respective districts so that they, too, might have opportunities of securing permanent employment at good wages and under good conditions.

Fortunately or otherwise, figures sometimes speak, and those which indicate the growth of the two Wholesales between 1880 and 1900 are convincing in their eloquence. The sales of the C.W.S., which amounted to £3,574,000 in 1881, rose to £16,040,000 in 1900, while those of the S.C.W.S. similarly increased from £986,000 to £5,700,000 during the same period. These figures, of course, represent wholesale values, as do those which show that the annual money value of the combined productions of the two societies rose from £1,571,000 in 1895 to £3,827,000 in 1900—a very notable achievement!

Mention must also here be made of the United Co-operative Baking Society, another federal society, founded at Glasgow in 1869 for the purpose of providing all the retail societies in that wide area with supplies of bread—a fine example of large-scale enterprise mutually beneficial to all the societies concerned and their own individual members.

At first the U.C.B.S. had many stiff hurdles to surmount; but the excellence of its products was soon a by-word in Glasgow, and before the end of the century the society was the proud possessor of the biggest and best-equipped bakery then existing in any quarter of the world. In 1902, when hostile private bakers in Northern Ireland displayed unwillingness to supply bread to co-operators through their societies, leaders of the Movement in Belfast urged the U.C.B.S. to establish a branch bakery in that city. That the society did as speedily as possible, with the result that very soon "their bread was becoming so famous . . . that grocers in the outlying villages were anxious to become agents for it!" . . .

Hardly less remarkable than the expansion of the Wholesales, although on a very much smaller scale, was the progress made during this period by the "producers' societies," overshadowed as they often were by the Movement's powerful giants. Following upon the formation of the Co-operative Productive Federation and the Labour Association, all "working partnerships" were vigorously championed by Hughes, Neale, Ludlow, Holyoake, Greening, and Joseph Greenwood (1833-1924). For several years their success was unmistakable, especially in certain Midland towns, and in the clothing, footwear, and printing industries.

Unfortunately, as it presently appeared, "producers' societies" of various types for a time multiplied too rapidly. Failures were numerous, especially where the chances of success were not accurately measured or minimised by competition, and where workers involved in industrial disputes imagined they could gain economic salvation without difficulty by uniting for "fellow-work." Elsewhere, better founded and better administered copartnerships overcame the inadequacy of their financial resources by the perfection of their craftsmanship and the power of their enthusiasm.

These fine societies gained inspiration and stability from the

impassioned advocacy of Thomas Blandford (1861-99). Appointed secretary of the Co-operative Productive Federation in 1894, Blandford—who has been called the "hero and martyr of Copartnership"—cheerfully sacrificed both his health and his life in not unsuccessful endeavours to win for the copartnerships a large place within the catholicity of the Co-operative Union. Under his guidance and propulsion, the Federation began to serve its society-members as an advisory and marketing agency; and as a fostering body which at once endeavoured to capitalise the societies more adequately and to enlarge the market for their products.

The position of many of these societies at the end of the century witnessed to their virility, while the enthusiasm generated anew each year by the big Co-operative Festivals held annually at the Crystal Palace from 1888 to 1905, justified the faith of all who still adhered to principles first popularised by the Christian Socialists. Many living co-operators still recall with joy the fine exhibitions of co-operative productions staged there in the Central Transept, and the gaiety of the annual festivals of "Music and Flowers," which unknowingly formed a link between the Manifesto of Robert Owen to his "Congress of Advanced Minds" in 1857 and the great exhibition of co-operative productions held at the Palace in connection with the successful International Co-operative Congress of 1934.

CHAPTER XV.

Education for Co-operation

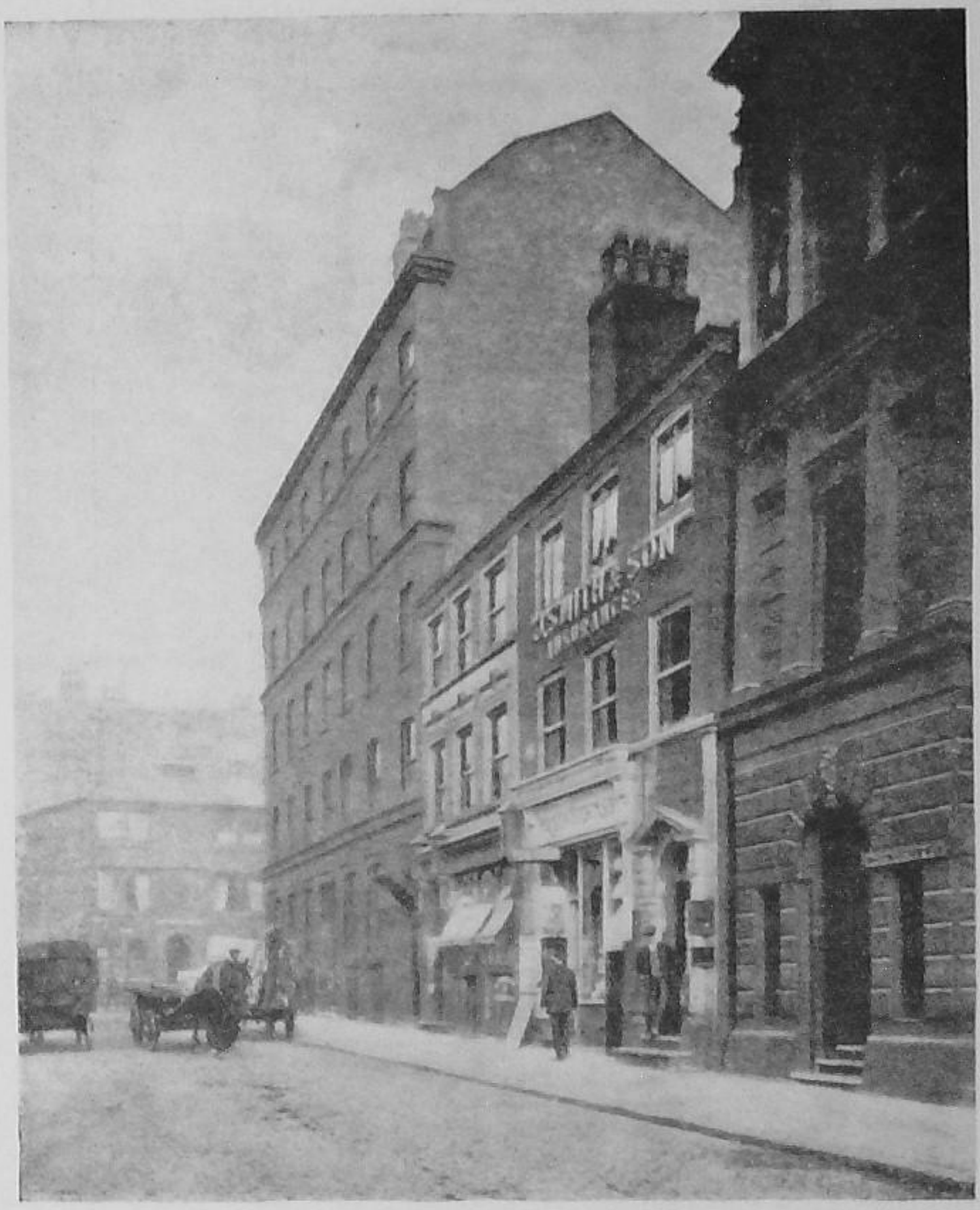
THE SCIENCE OF CO-OPERATION. THE "CO-OPERATIVE NEWS" AS TEACHER. EDUCATION FOR CITIZENSHIP. THE CENTRAL EDUCATION COMMITTEE. THE WOMEN'S CO-OPERATIVE GUILDS.

WHAT exactly the Rochdale Pioneers intended in 1844, when they included in their famous "Plan" a proposal "to arrange the powers of education," it now would be useless to inquire. Probably they meant to undertake an important duty which the State had persistently and shamefully neglected, by providing facilities for members of their society to pass beyond mastery of the three R's into the vast fields of general knowledge, and there make nodding acquaintance with Science and the Arts.

It is significant that the first act of their society's educational committee was to form a general library, which before long included more than ten thousand volumes. And when the society courageously affiliated to the Science and Art Department of South Kensington, London, in 1873, the most popular subjects of study in classes held locally were geometrical drawing, machine drawing, building construction, and applied mechanics.

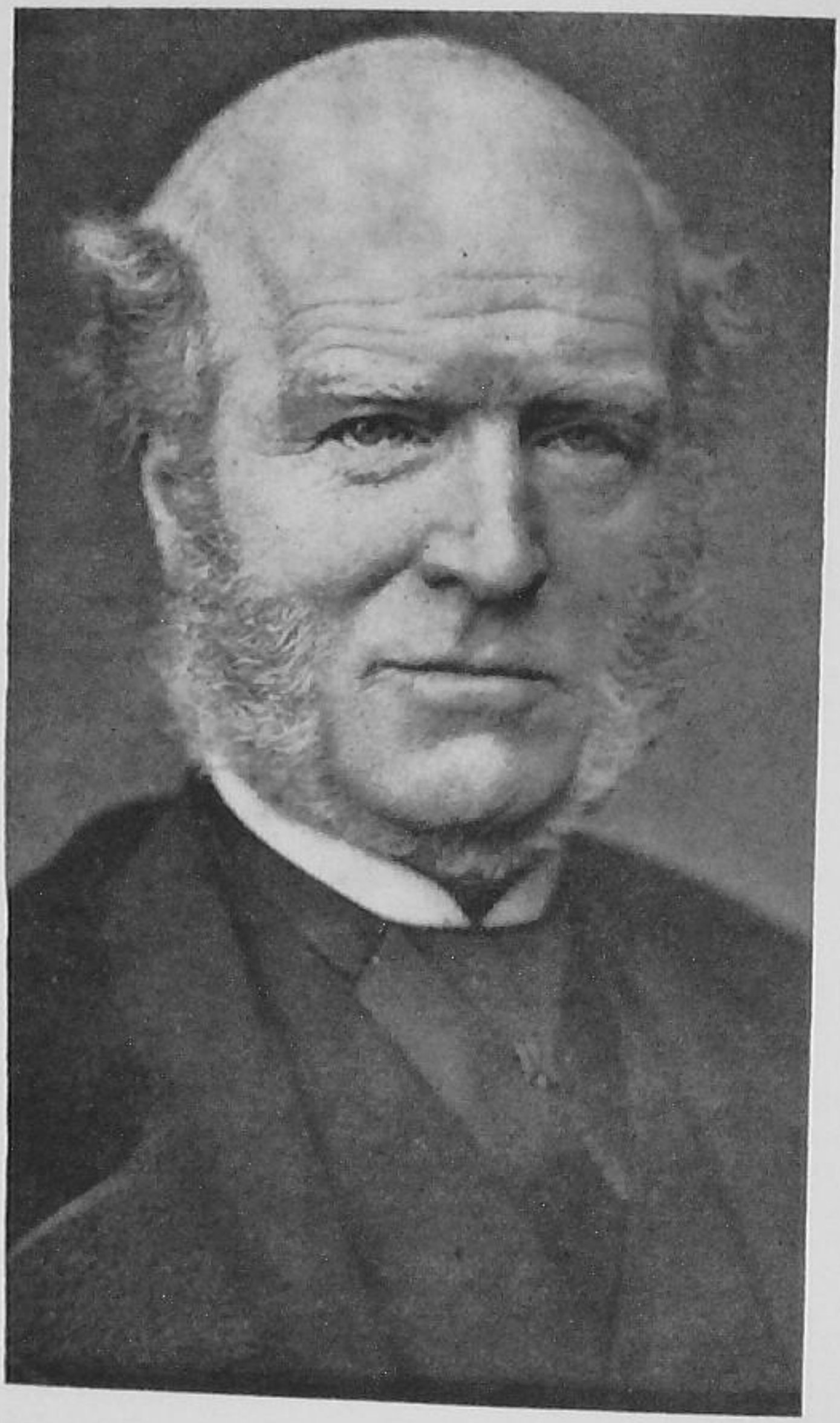
Such studies were undoubtedly of immense benefit to the aspiring youths and men of Rochdale; but none had any obvious relation to the inculcation of definitely co-operative culture based on a clearly apprehended philosophy of the type postulated by Dr. King when he said, "Co-operation gives to education a new character, for it demands it as a necessary qualification."

The author of the original *Co-operator* never failed to insist that education of a new type is indispensable to co-operators, inasmuch as "co-operation is a voluntary act; and all the power in the world cannot make it compulsory." And from the very beginning of the Movement it was obvious that a Co-operative Commonwealth must have intellectual and ethical foundations peculiarly its own. What eccentric Dr. Henry Travis (1807-84),



Original Premises of the C.W.S. in Cooper Street, Manchester.

To face page 100



Thomas Hughes, the Christian Socialist,
who presided at the Co-operative
Congress in London in 1869.

To face page 101

Owen's literary executor, habitually designated the "Science of Co-operation" has necessarily to be mastered and clearly understood by co-operators before the Movement can add to the union that is strength the knowledge that is power.

So much was always clear to Neale, who in 1882 reminded co-operators that "the capacity for voluntary association is the distinguishing characteristic and glory of humanity," and proceeded to assert that "the true education from which great things are to be hoped for the people," is "the education of self-help which shall not be selfish help, but mutual help of men united by the consciousness that they are working for a noble future, and by the firm faith that in promoting the general good they are doing what will most effectively promote their own well-being."

Education of this type differs as fundamentally from whatever knowledge co-operators of earlier generations acquired by the aid of microscopes and stereoscopes, magnetic batteries, and field-glasses, which co-operative educational committees used formerly to loan to members, as it does from the practical instruction in the technique of business management made imperative by the growth of co-operative storekeeping. Its only distinctively co-operative value, as Holyoake observes, is that it "conduces to genial companionship," which is "the strength of Co-operation."

At the London Congress of 1869, Dr. Travis emphasised the Movement's need "to open the eyes of the public to the necessity for a far higher development of Co-operation, by which the working classes, and all others, will be enabled to emancipate themselves from the competitive system, with all its injustice, fraud, and oppression, and consequent widespread poverty, and almost universal fear of poverty." But for many years the Co-operative Press was in fact the only national University of Co-operation, the main centre of co-operative teaching properly so-called.

Like all its forerunners, the *Co-operative News* consistently filled the rôle of teacher, philosopher, and guide within the Movement, for apart from the information and instruction it broadcast week by week, district conferences, occasional lectures, and tracts and pamphlets circulated by the Co-operative Union

alone served Co-operation as its elementary and higher schools.

At its formation, the Union was not expressly charged with the duty of organising educational work, as distinct from propaganda, throughout the Movement, although it inevitably added that responsibility to the others it had to shoulder. But its Central Board did not appoint a special education committee until 1883.

Through the columns of the *Co-operative News* Professor James Stuart—a pioneer of University Extension—urged the Movement "to engage a group of teachers of the highest class, and to utilise these as peripatetic professors of a Co-operative University"; and when he presided over the Congress held at Gloucester in 1879, he told co-operators: "Your Movement . . . cannot repose on the good sense of a few; its success will depend on the good sense of the masses of your people. . . . First you must educate your members in your own principles, and in those of economic science, and in the history of endeavours like your own; and in the second place, you must educate them generally. Education is desirable for all mankind: it is life's necessity for co-operators."

Three years later, Arnold Toynbee (1852-83), in a paper he read before the Congress held at Oxford, reinforced Professor Stuart's suggestion by saying, in response to his own question, "What part of education then is left for co-operators to appropriate?"; "The answer I would give is, the education of the citizen. By this I mean the education of each member of the community as regards the relation in which he stands to other citizens and to the community as a whole." And this historic statement had double value because it directly linked the Pioneers' intention to "arrange" the "powers of education" to their expressed desire also to "arrange" the "powers of government."

The wise advice given to co-operators by these two staunch friends of Co-operation was timely, and it fell on receptive ears. Already legislation which empowered the appropriate authorities to provide public libraries, evening schools, and technical instruction at the public cost had freed co-operative societies from obligations many besides the Rochdale Pioneers had undertaken voluntarily, and before 1880 the necessity of providing co-opera-

tive education for co-operators was being recognised, particularly by members of the Guild of Co-operators, several of whom were closely associated with the Educational Council of the Southern Section of the Co-operative Union.

Early in 1889, the Council arranged for a course of ten lectures on Co-operation to be given at the Working Men's College, London. This course the Council described as "an attempt to provide a complete view of the theory and practice of Co-operation"; and Hughes, who gave the concluding lecture, called it "the first effort of the kind" made in England. "Hitherto," he said, "no attempt has been made in any recognised institution for higher education to present the Movement as a subject for careful and scientific study, having a direct bearing on national life, and on the problems which are exercising statesmen and politicians in this strange new time in which we are living."

These first lectures form a definite landmark in the evolution of co-operative education. Holyoake once pointed out that "education is not co-operative, because it is given by co-operators to co-operators, unless it is conducive to the formation of the co-operative mind"; and the new development in the South was evidence that the Movement was at last awakening to its responsibilities. Nevertheless, as Professor Alfred Marshall remarked in his presidential address to the Congress held at Ipswich in 1889, Co-operation is at once "a business and a faith," and must win its way in the world of economic action by its manifest superiority over private enterprise.

The education committee of the Central Board was therefore well inspired when it published authoritative manuals of instruction on Co-operation, Co-operative Bookkeeping, and Co-operative Auditing, and afterwards offered tuition in each of those important subjects. And when, in 1898, the committee was reconstituted as a Central Education Committee, made responsible for organising and extending educational work throughout the Movement, a big impetus was given to the systematic study of Co-operation and the social sciences, and to the provision of facilities whereby co-operative officials and employees could obtain instruction in the technique of their respective callings.

As then and afterwards officially defined, the objects of Co-operative Education are "primarily, the formation of co-

operative character and opinions by teaching the history, theory, and principles of the Movement, with Economics and Industrial and Constitutional History in so far as they have bearing on Co-operation; and, secondarily, though not necessarily of less import, the training of men and women to take part in industrial and social reforms and civic life generally."

That comprehensive aim justified the Central Education Committee's own close association with kindred bodies formed to enlarge the educational opportunities of working people. It also rekindled enthusiasm for education among co-operators. More societies formed special education committees and regularly allocated a fixed percentage of their net surpluses for educational purposes, while the number of students enrolled in classes conducted under the direct supervision of the C.E.C. increased steadily if not rapidly in each succeeding year.

In 1900 more than 3,200 students were so enrolled, and the subjects taught and studied ranged from Co-operation to Co-operative Bookkeeping, and from Industrial History to the rights and duties of modern Citizenship. Most significant, however, was the inclusion among that total number of nearly two thousand junior students—a sign that the Central Education Committee had begun to lead the younger generation of co-operators along the way all its members were meant to go. Altogether, eighty-eight classes were in being in that year, and the total sum expended by the Movement on different forms of educational and social work in 1900 was approximately £70,000.

Possibly systematic instruction in the rights and duties of citizens would not then have been included in the official curriculum of Co-operative Education if the then President of the Board of Education had been a man of tougher moral fibre. In 1889 Co-operation was introduced into the public schoolrooms of this country when a "Citizen Reader," prepared by Mr. Arnold Foster, was adopted as a class book. Included in that book was a chapter giving a simple and impartial explanation of the aims and benefits of Co-operation, and when they heard of its existence all private shopkeepers were once more up in arms.

On this occasion the pressure they put on the Board of Education was effective. What Holyoake rightly terms "a conspiracy of grocers against public education," caused the little book to

be withdrawn; and it was not reissued to the schools until the inoffensive references to the Co-operative Movement had been completely expurgated from its pages.

This event only intensified the zeal of co-operative educationalists, who had not long before welcomed what in time became a powerful reinforcement. Early in 1883 Mrs. (later Lady) Arthur Dyke Acland (d. 1935), who was first editor of the special "Woman's Corner" of the *Co-operative News*, announced the formation of "The Women's League for the Spread of Co-operation," a new organisation of women co-operators, for the initiation of which she and Mrs. M. Lawrenson, of Woolwich, appear to have been jointly responsible.

An organisation of women was a new phenomena in the Co-operative Movement. From its inception Co-operation had never differentiated between men and women; and except in a few Northern towns, membership of co-operative societies had always been open to all members of both sexes on the same terms.

It was, of course, inevitable that in a great majority of the societies women should long form a silent majority. Women were denied the rights of citizenship, and had few opportunities for participating in public life during the Victorian Age. Besides, their own timidity not infrequently kept them in the background of the Co-operative Movement. The formation of the Women's League was evidence that women co-operators also were determined to be pioneers; and when in 1884 the new body was renamed the Women's Co-operative Guild, all co-operators knew a new Estate was rising within the comity of Co-operation.

Neale, writing as General Secretary of the Co-operative Union, welcomed the advent of the Guild. He recognised it was bound to be a teaching body, one certain to render service of enormous value to the Movement; an expectation fully realised after 1889, when Miss Llewelyn Davies became General Secretary of the Guild in succession to Mrs. Lawrenson, and it developed into a nation-wide democracy of working women all pledged adherents of Co-operation. In 1893, a similar guild, sponsored by Mrs. M'Lean (d. 1935), was formed in Scotland, where the *Scottish Co-operator* was revived a year later with Dr. Henry Dyer (d. 1920) as its editor.

Before the end of the nineteenth century Co-operation had become a great educator of British democracy. Thousands of responsible members of co-operative management committees were already made familiar with sound principles of business and finance, and had gained experience invaluable in the work of municipal administration. Large numbers of adult and junior co-operators were being educated in and for Co-operation. The work of the Central Education Committee of the Co-operative Union was being supplemented by other associations especially formed to quicken interest in the aims and practice of the Movement. Throughout Great Britain women were being schooled in Co-operation and trained for public service in all the many local branches of the Women's Guilds. Imperfect as much of the education given and received was bound to be, the Movement had accepted its responsibility as a Teacher and Leader of Co-operative Democracy; and each month as it passed by saw a definite increase in the number of working people who understood the larger purpose of the Movement and responded gladly to the impulse to devote their best energies to its fruitful service.

SECTION FIVE

CO-OPERATION IN THE 20th CENTURY

1901—1914

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1901—1914

A typical Co-operative Congress Platform.

To face page 108

To face page 169

Holyoake House: The Headquarters of the Co-operative Union, completed 1933, also serve as a permanent memorial of George Jacob Holyoake.

CHAPTER XVI.

Co-operation versus Monopoly

THE ATTACK ON FREE EXCHANGE. RISE OF THE LABOUR PARTY. TRUSTS INVADE GREAT BRITAIN. CO-OPERATORS FIGHT THE SOAP TRUST. A PROPOSED NATIONAL CO-OPERATIVE SOCIETY.

WITH the turn of the century the psychology of the Co-operative Movement began to alter. Consciousness of its growing power made co-operators bolder and more aggressive, and much less willing to accept advice offered by well-intentioned people whose admiration for Co-operation only seldom prompted them to enter a co-operative retail store, and whose friendship often betrayed a displeasing taint of patronage.

Since 1890 the Presidential Chair of the Co-operative Congress had not once been occupied by a distinguished "outsider"; and when the twentieth century began it seemed ironical that the last person so honoured by the democratic Movement was that unstable Liberal Peer whose flirtation with Imperialism later prepared the way for world-wide disasters.

A Tory Government was still attempting to "Avenge Majuba" by incorporating the two South African republics into Great Britain's already unwieldy Empire. Their complete subjugation was a long and costly task, and as always, it was the working classes who were compelled to foot the nation's bills. Widespread and prolonged unemployment followed in the wake of war, and the Government again increased the burden of indirect taxation by imposing new levies on the foodstuffs of the people. Once again the Tory Party reverted to its traditional policy of Protection; and Joseph Chamberlain had complete freedom to prosecute his "raging, tearing campaign" in support of "Tariff Reform" as alleged sole saviour of Britain's then supposedly "dying" trades and industries.

Throughout the Victorian Age co-operative policy was strongly influenced by the philosophy of Liberalism, and un-

doubtedly a big majority of co-operative leaders were firm adherents of the Liberal Party. Co-operative voters ensured the shattering defeat of Balfour's Government at the General Election of 1906, although the follies of the Tories were then arguments more compelling than Fabian propaganda.

The menace to "Free Trade" and the prospect of more "taxes on food" united the whole Co-operative Movement in defence of consumers' interests. Prominent co-operators who afterwards resisted proposals that the Movement should enter politics as an organised body were foremost among those who insisted it must act politically in defence of free exchange and in support of the programme of "Peace, Freedom, and Reform" crystallised in measures introduced by the Liberal Government which came to power in 1906.

Co-operative opinion was not uninfluenced by the formation of the Labour Representation Committee and its subsequent enlargement into the National Labour Party. When the L.R.C. was formed in 1899, co-operative societies were invited to become members of it; and a few years later all were strongly urged to affiliate to the newly-created Labour Party. Only one or two of the societies did so; and as late as 1910, that Party could only count 760 co-operators among its large affiliated membership. But several members of the Labour Group which in 1906 made the House of Commons aware that Labour was no longer "knocking at the gate," were known to be co-operators; and it would have been surprising if other co-operators who also were staunch trade unionists had not begun to urge that the Co-operative Movement should take the same direct road to Westminster.

Co-operation's firm attachment to the policy of free exchange was not entirely due to the certainty that taxes on imports would prove detrimental to all consumers. Co-operators knew that commercial trusts and combines always develop in "protected" markets secured to them by prohibitions and tariff walls.

In Germany and the United States, both highly protected countries, trusts and cartels were already a serious menace to communal welfare. In this country also commercial combinations were beginning to arise out of amalgamations of firms previously in competition with each other. Liberal economists

who had formerly maintained that Trusts could not arise and become powerful monopolies within a Free Trade system, were contradicted by iron facts, and compelled to modify their theories, particularly after the American Tobacco Trust and similar international combinations of capitalised interests invaded the British market.

It was abundantly clear that the twentieth century would be an Age of Combination. The Co-operative Movement recognised that its struggle was no longer a frontier skirmish with petty traders whose resources were strictly limited. The struggle for economic supremacy had turned into a general action, in which all the bigger battalions of finance and capital were aligned against the Movement. For the time being, at all events, Co-operation seemed likely to be outflanked by its powerful opponents, for whereas many of the Trusts were already international monopolies, the Movement had still to create its own international co-operative system of distribution and supply.

Co-operative leaders could not do other than regard all commercial combinations as a serious menace to the Movement. In this country they early took the form of multiple shop companies operating chain stores which directly challenged co-operative societies in innumerable towns and cities. Their new branches were attractive and inviting, and as they commonly traded in a single line or class of goods, their operating costs were so low that the combines could "cut prices to the bone," frequently at the expense of equally low paid labour!

The queer thing was that individual shopkeepers and private traders generally did not regard these combines as intruders. They reserved their animosity for working men co-operators, and continued to attack co-operative societies which did not undersell them, when they ought to have been battling against the soulless and devouring trusts.

The Traders' Defence Association redoubled its efforts to discredit Co-operation, and placarded hundreds of towns with untruthful but alarming bills. In 1903, emissaries of that association engineered big boycotts of co-operators at Wigan and St. Helens, and in South Wales; but their repeated petitions to the Government only drew from Mr. C. T. Ritchie the plain statement that "There is no exemption from income tax granted,

as is popularly supposed, to co-operative societies or their members."

When in 1906 Plymouth Co-operative Society, which had been persistently slandered and libelled by official spokesmen of the traders, took action in the Courts, their official organ, *The Tradesman and Shopkeeper,* and its publishers were ordered to pay the society £5,000 as "damages," a judgment so severe that *The Tradesman and Shopkeeper* immediately expired! Thereafter, the "tradesmen on the warpath" deemed it prudent to moderate their language even while they persisted in their unprovoked assaults.

Those attacks were never more than irritating pin-pricks; but co-operative leaders regarded the upgrowth of trusts and combines in the food distributing trades as a serious challenge that must be faced and met. They discussed the subject at conferences and at the annual Congress of the Movement, and eventually agreed that Co-operation's reply must be: first, the exclusion from co-operative stores of goods supplied by private manufacturers who as members of the Proprietary Articles Trade Association insisted that co-operative societies should be legally debarred from paying "dividend" to members who bought and consumed such goods; second, the replacement of private makers' products by the Movement's own productions; and thirdly, a rapid acceleration and expansion of co-operative production in every appropriate field of enterprise.

This forward-looking policy quickly produced results, two of which must here be mentioned. When in 1906 twenty great soap manufacturers, who together controlled a capital of £20,000,000, entered into "a working agreement" which was in fact a "Soap Trust," co-operators united with the general public in demanding that the big Trust should be "smashed." Co-operative societies which had previously retailed popular brands of soap, refused to stock those private brands and transferred all their orders to the C.W.S., with the result that the Wholesale's output of soap increased so greatly and so fast that two additional co-operative soap works had to be erected.

And after the death, in 1915, of John Shillito (b. 1832), who was President of the C.W.S. in succession to John Mitchell, the *Co-operative News* inspired the formation of "The Shillito

League," which aimed to arouse the Movement to the necessity of ensuring "Co-operative Ownership of Raw Materials" by securing direct access to all original sources of supply. The League was not long-lived; but its main object was achieved when public opinion in the Movement emboldened both the Wholesales to embark on new and greater enterprises, all intended to enhance its power to break monopolies.

Professor Alfred Marshall did not think the Co-operative Movement had any real cause to be alarmed by the advent of the trusts. He held that: "The retail societies, if properly supported by the private individual, and the Wholesale, if properly supported by them, have within them greater economies than have ever been claimed by the plausible promoters of those trusts."

Unfortunately his arguments presupposed circumstances that were not actual facts. The co-operative societies did not constitute a closely united organisation subject to one central governing body. Subject only to its own rules and the moral obligations of membership of the Co-operative Union, each society had full liberty to formulate and pursue its own individual policy, even when that policy was harmful to neighbouring societies and the whole Co-operative Movement.

In several parts of the country societies gathered much too closely on the ground. As they extended their activities into wider areas, they inevitably tended to overrun each other. In many industrial districts, societies which so overlapped on adjoining territories were guilty of competing for membership and trade, with the result that economic waste and friction inseparable from commercial competition was reproduced within the borders of the Movement, greatly to the detriment of purchasing members who thus were denied the maximum benefits of consumers' co-operation.

Twenty years earlier all forms of overlapping and competition had been strongly condemned by co-operative leaders. But they had no power to discipline recalcitrant societies; and even the new menace presented by the trusts did not cause obdurate management committees to act in the spirit of Co-operation and end what was already known to be a great and spreading weakness.

It was not until Gray was appointed President of the Congress

held at Birmingham in 1906 that a complete solution of this thorny problem was offered to the Movement. Speaking then with full responsibility as General Secretary of the Co-operative Union, an officer thoroughly familiar with all the facts and difficulties, Gray urged that the 1,614 societies known to be existing in this country should no longer continue as separate organisations, but instead immediately unite to form one gigantic National Co-operative Society.

He proposed a complete fusion of co-operative organisations of every type and size, a nation-wide amalgamation of all the autonomous bodies which together formed the Movement. In his plan the Co-operative Wholesale Societies were to be the nucleus of the National Society, to which all the shops, warehouses, factories, machinery, farms, capital, and other assets of the entire Movement would be transferred. All the business of the Movement, from retail distribution to wholesale buying and selling, manufacture and agriculture, production and exchange, importation and exportation, banking and insurance, would then be undertaken by the National Society, which would also control co-operative stores in all parts of the country, and direct all the propaganda, educational, legal, parliamentary, advisory, and other activities of the Movement.

Gray suggested that all the business of the vast National Society he so envisaged should be administered by a General Council having 150 whole-time members, who would be grouped in committees, each made responsible for one particular department of its work. Each branch of the society would be supervised by a local committee of oversight, having advisory powers only, while the financial resources of the society would be automatically augmented by the systematic addition to its accumulated funds of one-half of the surpluses arising from its trading operations in each succeeding year.

In reality, Gray then proposed that the Co-operative Movement, by unifying all its forces under one centralised control, should make itself "A Commonwealth within the Commonwealth." The magnitude of his bold proposal compelled the movement to face innumerable displeasing facts. But in 1906 British co-operators were not ready for so great a merger.

Gray's plan was debated up and down the country, and the

more it was discussed the more evident it was that a vast majority of the societies valued local autonomy more than national unity. Nevertheless, the annual Congress fourteen years later resolved that "the time is now ripe for the Co-operative Movement to bring itself into closer unity by organisation of its forces, both wholesale and retail, into one National Society."

This resolution did no more than reinforce the growing volume of opinion in support of the amalgamation of co-operative societies operating in adjacent areas; an event much too long delayed. Probably Gray's great scheme was over-bold, but his big idea was a child of statesmanship and wisdom, a conception wholly co-operative in purpose and design.

If a National Co-operative Society had been created before 1910 the history of the Movement throughout the War and post-War periods would have been entirely different. The power behind it would have made Co-operation so influential in many spheres of business that its interests would have been respected by the State. Gray also was a prophet who appeared too soon in Time. Nevertheless, the broad outlines of his projected National Co-operative Society have already been of service, and may one day form a part of the blue-prints for the Co-operative Commonwealth of Britain.

CHAPTER XVII.

An Epoch of Growth

CO-OPERATION AND THE VERY POOR. COLLECTIVE LIFE ASSURANCE. A CO-OPERATIVE MILK SUPPLY. THE AGRICULTURAL ORGANISATION SOCIETY. CO-OPERATIVE PRODUCTION OVERSEAS.

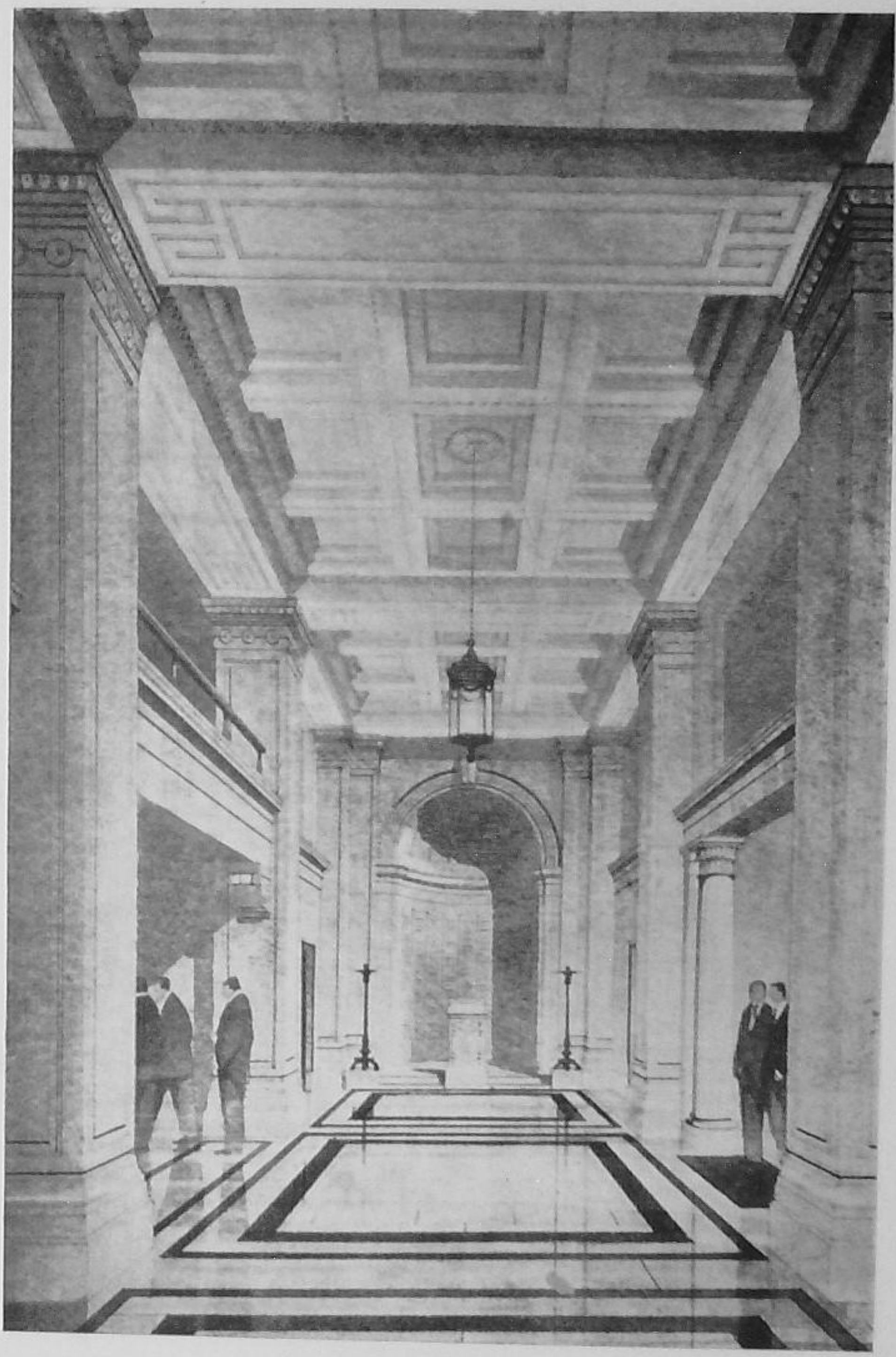
How energetically the Co-operative Movement responded to the challenge of the Trusts, official statistics that summarise its progress during the period immediately prior to the Great War shall here be allowed to tell.

Between the years 1901 and 1914 the number of the Movement's adherents jumped from 1,793,167 to 3,053,770; the share capital owned by those members mounted from £21,965,994 to £39,575,189; and the combined annual turnover of the retail distributive societies, as expressed in terms of money values, soared from £52,761,171 to £87,979,898.

These are amazing figures. They reveal a Movement marching much faster than the nation; a democratic organisation ever growing in influence and power; a new system of consumption, distribution, and production already in process of becoming a real alternative to the anti-democratic economic and social system against which the original promoters of Co-operation first rose in peaceable revolt.

These defiant figures almost shout their tale of Co-operation's continuous expansion. Experience had given co-operators confidence, and year by year their societies attacked new and stiffer tasks. After 1900 all the larger societies—many of which already had more than 20,000 members apiece—enlarged their operations and extended the services they offered to their members.

Some remodelled or centralised their dry goods departments; others began to retail milk; while others opened cafes, established laundries, added hair-dressing to their list of trades, or used much of their surplus capital to build houses which their own members were assisted to purchase by instalments.



Vestibule of C.W.S. Bank, Manchester, with War Memorial and Roll of Honour at the far end.

To face page 116

Headquarters of the Co-operative Insurance Society.

To face page 117

The only large section of working people for whom the Co-operative Movement could not and did not cater were the very poor, those reduced to destitution level by capitalist exploitation, unemployment, and the competitive system. These unfortunates, condemned to exist from hand-to-mouth, perpetually in debt, and frequently without a single sixpence in their pockets, were much too poor to become co-operators. Like a drowning man who lacks strength to grasp an outstretched hand, these hapless victims of society were quite unable to secure benefits only obtainable by membership of a co-operative society.

Neale once said the purpose of Co-operation is not benevolence, for it aims first to help those who desire to help themselves and others. Nevertheless, responsible leaders of the Movement were ever eager to bring the very poor within the ambit of the Movement. The problem the poor presented was constantly discussed, and at the Congress of 1899 the thoughts of all co-operators were voiced by its President when he said: "There is a vast population which practically we have not touched—they are, as yet, outside the pale of the Movement. They ought to be in, and there is every reason why we should strive to bring them within the fold."

His challenging declaration prompted the Women's Co-operative Guild to study anew the complex problem of propagating Co-operation in "poor neighbourhoods." In 1902, with the full support of the Co-operative Union and the local society, Miss Llewelyn Davies and other well-known guildswomen became personally responsible for the management of a co-operative branch store in Coronation Street, Sunderland. Conducted as a "People's Store," to supply "wholesome food and other articles at cheap prices, and in small quantities," the little store, which was in fact half a retail shop and half a social club, proved a helpful and enlightening experiment, although it was not long before the "co-operative relief column" had to be withdrawn.

Yet even the Women's Guild eventually had to admit that the Sunderland experiment did not disclose a real solution of the problem. The very poor cannot be elevated permanently without assistance from the State. Miss Catherine Webb, the historian of the Guild, has stated the truth exactly: "The Co-operative Commonwealth, of which we dream, cannot come into being

until those on the lowest platform of the economic life of the people are raised to a plane of self-supporting, self-reliant comfort."

Tens of thousands were so raised by social legislation passed after the nation's slumbering conscience had been once more aroused by new revelations of the economic causes and widespread costs of poverty and sweated labour. Trades Boards; Unemployment and Health Insurance; Old-Age Pensions; Employment Exchanges; the fixation of minimum rates of pay in certain industries, and the decasualisation of much unskilled labour, all helped in turn to decrease the total sum of human misery, although none of these devices attacked the main cause of poverty directly in its economic roots; and enterprising societies which planted appetising food stores in impoverished neighbourhoods often discovered that ill-paid and underfed workers also can be very good co-operators.

In 1904 another large benefit was added to those which co-operators who are loyal purchasers from their own stores are always certain to receive. The Co-operative Insurance Society, which had undertaken Life Assurance since 1886, then introduced a new system of Collective Life Assurance which enables members of co-operative societies, without payment of individual premiums, to be insured for sums proportionate to the amount of their purchases from their own society.

This original application of the familiar co-operative system of mutuality constituted a notable addition to the Rochdale "Plan," and its value was so patent that before the end of 1920 it had been localised by 890 societies, which together represented 2,675,000 individual insured members. And when the National Health Insurance Scheme was inaugurated in 1912, the C.I.S., by means of a special Health Insurance Section, formed an Approved Society through which all co-operators within the Scheme were enabled to insure within the Movement if they so desired.

These important developments were, however, dwarfed by much larger happenings in the sphere of co-operative production. After 1900, the Co-operative Wholesale Society, whose directors had been made whole-time officers in the previous year, often appeared to be going forward at a run.

In swift succession the C.W.S. absorbed several large flour mills and other productive undertakings originally established as federal or copartnership societies. This process of absorption was disapproved by many much respected leaders who still adhered to the programme of the Christian Socialists; but the transfer of these important ventures to the Wholesale considerably lessened the area of overlapping and competition within the Movement. It also made possible a still greater concentration of co-operative effort in production. The transfer of the flour mills, in particular, was affected none too soon, for in this country the flour-milling industry was already in grave danger of being monopolised by combines of private millers, against whom the Co-operative Wholesale Societies alone were able to compete on not unequal terms.

The C.W.S., which had much earlier become the owner of large areas of agricultural land, in 1912 made its first entry into dairy farming, another ambitious venture intended to enable the Wholesale to supply in part the new requirements of those societies which had begun to trade in milk. Two years afterwards the Wholesale established an Agricultural Department that to some extent replaced the Agricultural Organisation Society, which had just some to an untimely end.

When it was formed in 1900, the A.O.S. appeared assured of a prosperous career, especially as its association with the Co-operative Union secured to it the goodwill of the entire Movement. English farmers, too, then seemed to be turning towards Co-operation, and on all sides co-operators hoped there would be much mutually beneficial intertrading between farmers and the consumers' societies.

The Agricultural Organisation Society in 1913 recorded a turnover of about two millions; but hopes were all deceivers, and when the A.O.S. collapsed in 1914, the responsibility for carrying on much of its work devolved on the agricultural department of the Co-operative Wholesale Society, which then had again to teach British farmers lessons a big majority of them have always been exceedingly slow to learn.

Concurrently with its successful entry into the milk-producing industry the C.W.S., as one authority declares, "was multiplying its factories right and left, never for speculative produc-

tion, but always to meet an ascertained and organised demand." Numbered among these new productive undertakings were weaving sheds, a brush works, a cycle depot, a hosiery factory, a paint factory, and other equally bold ventures into wider fields of action which were all inspired by the strong determination of co-operators to lessen the Movement's dependence on private manufacturers and suppliers.

In Scotland also the early years of the twentieth century were characterised by rapid progress. The Scottish Wholesale Society was not less enterprising than its English ally. Its annual sales increased from £5,014,189 in 1899 to £9,425,385 in 1914; and whereas the value of its own productions in 1900 was £1,400,279, that total rose to £3,000,113 in the year that witnessed the commencement of the Great War.

Between 1900 and 1914 the Society doubled the number of its factories and thereby multiplied its productive enterprises. Just prior to the War advantageous purchases of land much enlarged its Shieldhall estate, where fourteen different factories are now grouped together, and at several more distant centres, including Edinburgh and Aberdeen, the Society was already milling flour and oatmeal, curing fish, manufacturing mineral waters, or producing other types of goods much demanded by members of co-operative societies established throughout the length and breadth of Scotland.

In 1904 the Society, greatly daring, purchased the large estate of Calderwood, about eight miles from Glasgow. This estate comprised eight different farms, on which the S.C.W.S. commenced to produce fruits and vegetables; and it is easy to imagine how the sight of so great a co-operative market garden would have rejoiced the heart of Robert Owen, who must have been familiar with the whole country near the River Clyde, and who may have often weighed the possibilities of establishing a successful "community on land" near the village of Maxwellton, which also passed into the possession of the S.C.W.S. when it purchased the Calderwood Estate.

Much more expressive of the Movement's ever-increasing purpose, however, were events which followed the formation, in 1902, of the Tea Department jointly controlled by the two powerful Wholesale Societies. At the end of 1901, the C.W.S. Board

were authorised to purchase tea plantations, and not long afterwards the Society's first small estates in Ceylon were purchased. Experiments there made in growing tea under co-operative auspices were quite successful, and in 1907 new estates were purchased. In 1915 similar estates were acquired in India, and other large purchases made subsequently have now made British co-operators the owners of 5,000 acres of tea-growing land in Ceylon and of 25,000 acres more in India.

As a consequence, more than one-fifth of the whole nation's tea supply is now produced, imported, or purchased to the order of the great co-operative tea warehouse at London. In 1913 the Tea Department distributed 27,250,000 lbs. of tea, a total which increased steadily year by year until 1934 when, three years after another big tea warehouse had been established at Manchester, it amounted to the gigantic total of 127,000,000 lbs., and so more than justified the Movement's claim that it had already become the largest tea-blender and tea-dealer in Great Britain.

Tea, of course, is not the only beverage consumed by British working people; and quite early in its career the Co-operative Tea Department was also made responsible for organising the Movement's supply of coffee and cocoa. In 1902, the C.W.S. commenced to prepare cocoa and chocolate at its own works at Luton, and this development necessarily led to other developments, notably the establishment of purchasing depots in West Africa and large-scale importation of nuts, kernels, oils, and other African produce.

These outstanding enterprises must not be regarded as steps in International Co-operation, for they form no part of the still embryo system of international co-operative production, exchange, and distribution. Their importance is that, like the establishment by the C.W.S. of a tallow factory at Sydney, in Australia, and the purchase by the S.C.W.S. of wheat farms and wheat elevators in Canada, they demonstrate how the Co-operative Movement was projecting its activities further and further afield in response to the propulsion of working people's needs and in harmony with the declared aims of "The Shillito League" and other pioneering bodies.

The real significance of these pre-war happenings is that for the first time in its history the Co-operative Movement was

undertaking production overseas on behalf of its own consuming members. Co-operation was energetically endeavouring to complete its own economic system by uniting the co-operative stores of this country to the tea plantations of India and Ceylon, the cocoa-producing plantations of Africa, and the wheat-fields of Canada. In so doing Co-operation was satisfying its own logic, pursuing its own course, responding to the urge of its own multitudinous membership. Always it had perforce to advance from small to greater enterprises in the world of industry and commerce. No limits could be set to the process of expansion, and before the end of 1914 all informed observers knew this first great epoch of rapid growth within the Movement was certain not to be the last.

CHAPTER XVIII.

Co-operators as Employers

WORKERS EMPLOYED BY WORKERS. TRADE UNIONISM WITHIN THE MOVEMENT. THE A.U.C.E. CO-OPERATIVE STANDARDS OF REMUNERATION. CO-OPERATORS REINFORCE TRADE UNIONISTS.

PROBABLY none among the early advocates and pioneers of Co-operation ever dreamed that the Movement would in time become one of the biggest employers in Great Britain. The first co-operators aimed at self-employment, and purposed "working for themselves" with like associates in a self-supporting community of equals, an ideal shared by the Rochdale Pioneers and other sturdy workers who formed co-operative societies and opened stores during the "eighteen forties."

The Pioneers' ambition to make provision "for the employment of such members as may be without employment, or may be suffering in consequence of repeated reductions in their wages," was reflected in the original "laws" of innumerable societies, which often proudly incorporated in their name and legal title the significant word "industrial," or engraved upon their official seal a picture of a hive of working bees.

Indeed, it is quite certain that those who then revolted against the subjection of labour to capital aspired to end what they designated "the degrading system of money payments." They desired to establish an entirely new relation between labour and commodities, to raise the workers from their condition of inferiority to the democratic status of enfranchised partnership. Fellow-work for mutual benefit was to them the only true relation that could transform labour into joy; and a host of witnesses attest that working-people who knew nothing of primitive communism were in fact eager to establish somewhat similar groupings in society on the infinitely higher plane of modern civilisation.

Like the Essenes and other early Christians, concerning whom

the Apostle says: "all that believed were together, and had all things common," the first co-operators adopted as their own the famous motto "All For Each and Each For All." They based their societies upon William Thompson's ideal principles of "Mutual Co-operation, United Possessions, and Equality of Exertions, and of the Means of Enjoyment," and even when the business of store-keeping societies became too extensive to be conducted by unskilled committee members in their spare time, co-operators often seemed to drift into the position of employers against their will, and frequently without realising how many new responsibilities they thereby were undertaking.

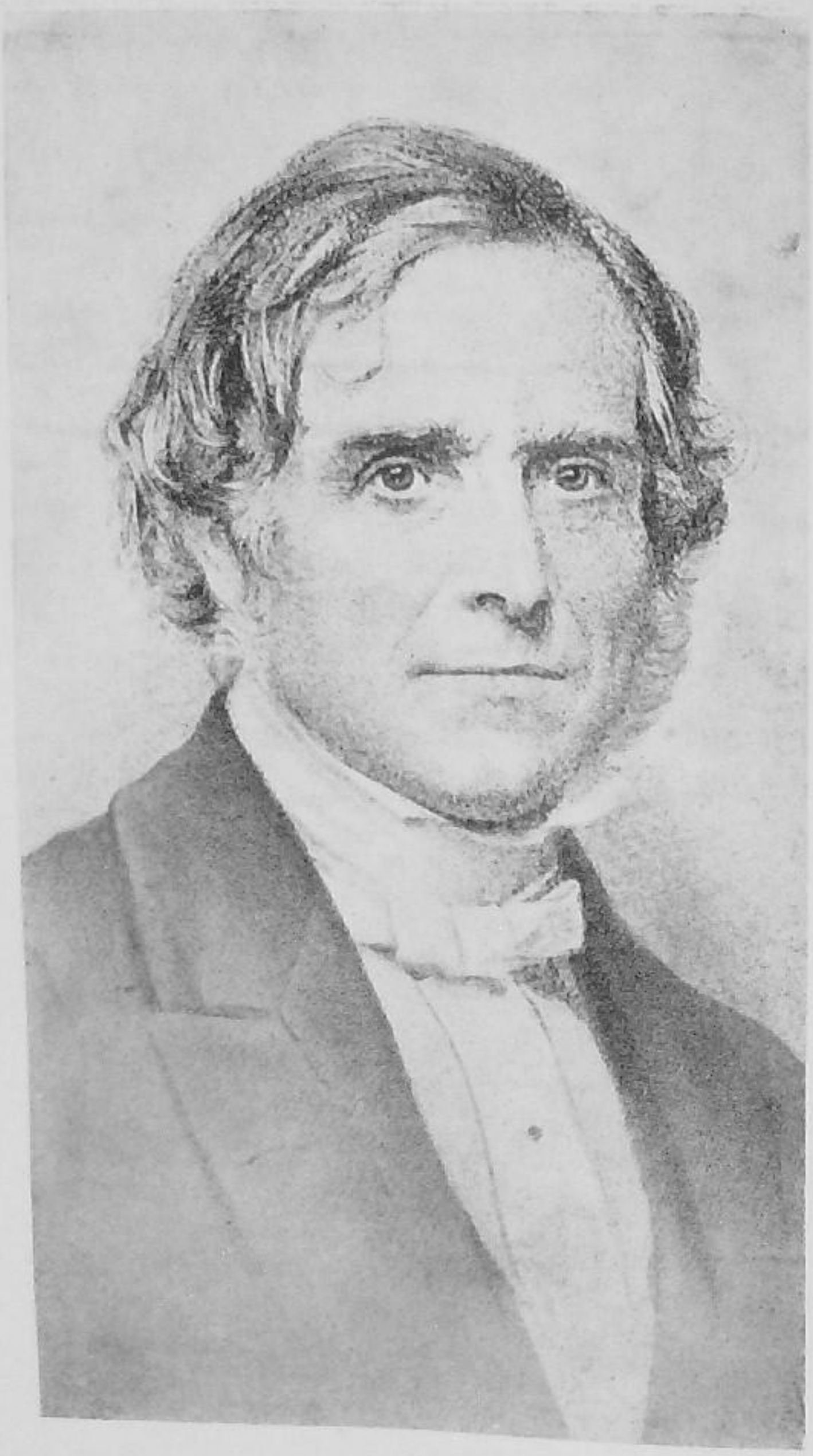
Commonly the first whole-time storekeepers were zealous co-operators; and as societies grew in size the sons and daughters of equally loyal members also were glad to obtain regular employment in the service of "the stores." Later on, and especially after the establishment of the two national Wholesale Societies and their entry into production, the number of co-operative employees increased to many thousands; and although sincere co-operators held that trade unionism inside the Co-operative Movement would be an anomaly, a time arrived when the formation of organisations of co-operative employees became both desirable and inevitable.

Undoubtedly co-operative societies generally were usually good employers. Fellow-feeling makes men considerate and kind; and workers on committees were not unmindful of their kinship to the workers they employed. Long before shop and other commercial workers were safeguarded by legislation, the Movement instituted a weekly half-holiday for its shop assistants, and also demonstrated that the principle of a forty-eight hours working week could be established with success in several important industries. And co-operative wage-standards were everywhere higher than those generally prevailing in the distributive trades, where trade unionism long made little or no real progress, and had always to battle all along its way.

Moreover, co-operators frequently endeavoured to translate the Co-operative Union's desire to conciliate "the conflicting interests of the capitalist, the worker, and the purchaser, through the equitable division among them of the fund commonly known as profit," into business practice, by paying to labour a

John T. W. Mitchell, President of the C.W.S.
1874—1895.

To face page 124



John Frederick Denison Maurice
(Christian Socialist).

To face page 125

"dividend" equivalent to the dividend received by members upon their purchases.

For many years all employees of a large number of the retail societies were given a substantial money bonus in addition to their contracted rate of pay, and at different periods the C.W.S. and the S.C.W.S. both regularly included a similar bonus in their own employees' pay packets. This method of giving "a bonus to labour" represented a partial acceptance of the principle of "profit-sharing" by the consumers' societies, and in the copartnership societies the workers, of course, always participated in whatever surplus resulted from the business carried on.

Nowhere were employees of retail societies ever debarred from becoming members of the society for which they worked. All were encouraged to become partners in the business which employed them, and all could share equally in the financial and social advantages of loyal membership. Fundamentally, therefore, the position and status of co-operative employees was altogether different from that of those ill-rewarded "hirelings" whom private traders could engage and discharge at will, hence it is not surprising that many early realised the uniqueness of their position as workers employed by other working-people.

Thrift and social clubs which they established made them more fully aware of their common interests as employees of a democratic movement, and co-operative management committees simultaneously recognised the desirability of collective wage agreements and the establishment of accepted standards of remuneration and working conditions for different classes of workers employed by their societies. Consequently, employees were but rarely discouraged from becoming active members of craft or general unions; and it is noteworthy that in certain unions of "black-coated" workers co-operative employees not infrequently gained prominence as national leaders.

Inside the Movement, however, the widespread desire for a special organisation of co-operative workers ultimately prompted the formation of the Amalgamated Union of Co-operative Employees. In 1890 the Trades Union Congress held at Liverpool declared that co-operative societies ought to "pay the trade union rate of wages to all their workpeople, whatever kind of work they may carry on," but in the distributing trades trade

unionism was then only conspicuous by its absence, and standard rates of wages could not be established generally throughout the Movement while multitudes of distributive and clerical workers remained unorganised.

In the formation of the A.U.C.E. the prime movers were Augustus Hewitt (1853-1925), an employee of the Co-operative Newspaper Society, and James Dyson (d. 1902), an official of the Manchester and Salford Society, whose earlier association with the formation of the C.W.S., the C.I.S., and other co-operative institutions entitles him to fill a very different niche in the Movement's history. These two ardent co-operators propagated trade union principles among co-operative employees, and after the A.U.C.E. was formed in 1891, Dyson became its first President, while Hewitt accepted office as its first General Secretary.

It is significant that the new Union included among its "objects" not only "the advancement of the interests of employees," but also the advancement of "the co-operative cause generally"; and equally significant that the A.U.C.E. was at first as much interested in the technical instruction of its members as in the regulation of their wages and hours of labour. For many years "strike pay" did not figure largely among the Union's covenanted benefits; and while it would be untrue to say that the formation of the A.U.C.E. was welcomed by all co-operative management committees, it is true that many societies encouraged their employees to become trade unionists while others made membership of a union a condition of employment.

Conflicts between the Union and the Movement developed later, as did disputes between the A.U.C.E. and rival unions; but when demanding new wage agreements and improved conditions of service, representatives of the Union were often pushing at an open door. Frequently their most convincing argument was an appeal to co-operators to be true to their own ideals. And it was not the spokesmen of the organised employees but Neale and Hughes, who in answer to the penetrating question: "How shall labour be treated by co-operative capitalists?" first gave the not less searching answer: "We hope and pray they will reaffirm in practice the principles to which they have assented in theory."

Not all co-operative societies were careful to maintain their practice on the high level of their principles when dealing with their staffs. Even as they reduced the number of working hours and paid wages bigger than those paid by private traders, in their capacity of employers a disquieting number were neither just nor generous; and it was upon these backward societies that William Maxwell turned a revealing searchlight when at the Congress held at Bristol in 1893 he exposed conditions then obtaining in the Movement that were black spots on the bright escutcheon of Co-operation.

Maxwell urged all co operators to treat their employees with fairness and generosity; to be more liberal than the bond; and to compensate ambitious employees for deprivation of the hope of becoming traders on their own account, by training all to fill higher positions within the Movement.

His well-timed advocacy aroused in many management committees the sleeping sense of duty, and gave a new impetus to the A.U.C.E. as it strengthened the desire of the Co-operative Union to provide educational opportunities for all employees. Facts and figures Maxwell had quoted clamoured for excision; and no responsible co-operative leader could gainsay the wisdom of his statement that: "It will be unfortunate if the carelessness of some committees . . . compels a deserving body of workmen and workwomen to unite for combative purposes, to assert what they consider are their rights, when we have it in our power to make them co-operative missionaries and more sympathetic helpers; their manifold opportunities being used to broaden and deepen co-operative thought and life around them."

The Women's Co-operative Guild, accepting its responsibility as a body of "progressive women organised to advance the cause of women," promptly made inquiry into the conditions under which female workers were employed within the Movement; and in 1903, in association with the A.U.C.E., the Guild inaugurated a campaign to establish for those girl and women workers a minimum wage that would represent "a co-operative standard" of remuneration.

Three years later, the Co-operative Congress, on the initiative of the Southern Sectional Board and the Royal Arsenal Society, "approved the principle" of "a minimum wage for various

classes of workers, below which societies should pledge themselves not to fall"; and in 1909 the Congress assembled at Newcastle adopted a scale recommended by a special committee, on which the A.U.C.E. was represented, "as the basis for the minimum wage to be paid to co-operative employees," and recommended all societies "to adopt the said scale as their minimum in fixing the wages of their employees." And in 1912, after that scale had been endorsed by three preceding Congresses, the Congress requested the Co-operative Union to "carry on an active campaign . . . until the minimum wage has been adopted for distributive, wholesale, and productive male and female employees throughout the Movement."

As the present writer then observed, in a statement issued by the special committee appointed to direct that active campaign, that approved scale was "primarily a public declaration that wages within the Co-operative Movement shall be determined, not by the competitive method of labour competing against itself, but by equity and justice. . . . This scale was not framed to supersede or vitiate trade unionism. It is a co-operative standard, conceived by co-operators, and accepted and welcomed by representative co-operators as an honest endeavour to fulfil one of their responsibilities as employers."

The campaign to establish that "co-operative standard" throughout the Movement was still proceeding when the outbreak of the Great War upset all existing values. But until then the A.U.C.E. had behind it the moral force of the whole Co-operative Movement, in addition to the collected strength of its own 45,000 members.

Much of the success the A.U.C.E. had so far achieved was made possible by assistance the Movement gave to its recruiting sergeants; and undoubtedly the regularity of employment secured to the Movement's 148,000 employees minimised the charges made upon the Union's central funds.

While Co-operation thus facilitated the growth of trade unionism within its own borders, it was reinforcing other organised wage-earners on the national battlefields of labour. In the great railway stoppage which followed the decision of workers on the railways to ascend from the lowly status of "Company's Servants" to the dignity of "Railwaymen," co-operative socie-

ties in every railway centre gave practical assistance to members of the N.U.R.; and throughout the protracted dispute in the coal-mining industry in 1912, the Movement not only cared for its own affected members, but made large contributions to the support of miners and their families.

The S.C.W.S. then donated £5,000 for the relief of distress in Scotland's mining areas, and throughout Great Britain retail societies in mining areas sold bread at prices below its cost, distributed free parcels of groceries, gave the Miners' Unions long-extended credit, or made substantial contributions to relief funds established locally.

But the classic example of the Movement's instinctive "solidarity" with organised labour is its action in the winter of 1913, when thirty thousand Irish labourers were heroically resisting the attempt of Dublin masters to destroy the Transport Workers' Union, captained by Jim Larkin. Co-operative societies responded wholeheartedly to the appeal the Parliamentary Committee of the Trades Union Congress then made for effective help; and the Co-operative Wholesale Society—rising nobly to a great emergency—ended the starvation that must have spelt surrender by packing sixty thousand large parcels of foodstuffs in a few hours and shipping that great cargo of munitions direct from Manchester to Dublin without a day's delay.

Week after week the foodships of the Wholesale bore up the River Liffey 250 tons of potatoes, 150,000 loaves of bread, and 50 tons of groceries, together with large consignments of coal and countless bundles of clothing forwarded by co-operative societies in all parts of the country.

The T.U.C. knew the Wholesale alone possessed the power and will to provision Dublin's locked-out and striking workers; and the cheers that welcomed the arrival of each new foodship proved, as Percy Redfern says, that the succoured thousands "realised that it was not Co-operation alone, or Trade Unionism alone, but for once a great common effort of the people . . . a story to be told and retold, amongst trade unionists and co-operators . . . for many a year to come."

CHAPTER XIX.

Co-operation Becomes International

A MULTITUDE OF MOVEMENTS. CO-OPERATION IN OTHER COUNTRIES. THE INTERNATIONAL CO-OPERATIVE ALLIANCE. WORLD-WIDE CO-OPERATION. CO-OPERATORS PROCLAIM THEIR WILL TO PEACE.

IDEAS travel far, for they cannot be imprisoned behind national frontiers. This is a truth all Governments are compelled to learn in time. A single letter or a newspaper can have more explosive power than a ton of dynamite. Big ideas once liberated are bound to traverse the circuit of the sun, for—

> "Mankind are one in spirit, and an
> instinct bears along,
> Round the earth's electric circle, the
> swift flash of right or wrong."

"In the gain or loss of one race all the rest have equal claim"; and the principles of Co-operation, when discovered and applied, inevitably spread outwards, ever striving to cover and encircle the whole world. While the Co-operative Movement was growing and expanding in this country, similar Movements were arising and spreading in other countries; for although Great Britain has the glory of being the Motherland of Co-operation, in addition to being the birthplace of Parliaments, the British people have never had a monopoly of revolutionary conceptions.

Throughout the second half of the nineteenth century co-operative societies of different types were arising and multiplying in many European countries, where national leaders of the Movement who gained new knowledge from co-operative books and periodicals, naturally regarded the Rochdale Pioneers as their "Fathers in Co-operation." In France and Germany, Holland and Belgium, Austria and Hungary, Italy and Switzerland, Denmark and Norway, as in Sweden and in Russia, the Movement had established itself securely long before 1900.

Co-operation had, as Dr. Hans Müller once declared, already

become "a multitude of movements," each coloured by its own peculiar national psychological and political environment, and supplying the physical, economic or social needs of people organised as co-operators in one particular country.

Wherever industrialism had revolutionised the economic life of working people they united as wage-spenders to establish consumers' stores and wholesales on "The Rochdale Plan," or formed independent producers' societies not unlike those promoted in England by the Christian Socialists. Elsewhere, and especially in countries where ancient institutions had not been uprooted by modern civilisation, petty agriculturists combined in societies formed to market their produce, supply their requirements or satisfy their common need of credit and insurance.

After 1880 the Movement grew rapidly in several of the different countries. Between 1897 and 1906 no less than 3,162 societies were registered in Sweden; in Holland the number of societies increased from 595 in 1897 to 1,679 in 1906; at the end of 1906, 25,174 societies of various types existed in Germany; and whereas there was but one co-operative society in Finland in 1901, more than one thousand others were established during the next half-dozen years. These few examples are enough to indicate the magnitude of the Movement on the Continent; but a detailed description of all the several types of co-operative organisations established and serving consumers' and producers' interests there could only be given in a row of bulky volumes.

Co-operation everywhere possesses the infinite flexibility of perfect freedom. The form co-operative societies take and the business they carry on are necessarily determined by legislation and their own individual members' needs; but the Movement is everywhere animated by the same spirit and established on the same principles. In each of the several countries, as in Great Britain, co-operators soon united their societies in national unions and federations, and it was at the annual Congresses of these representative bodies that the first advances were made toward the realisation of the whole Movement's ultimate ideal of International Co-operation.

Neale, Holyoake, and other leaders of the British Movement attended Congresses held in other countries, and we have already mentioned that the Co-operative Congress held at London in

1869 was attended by equally well-known leaders of the Movement in other countries. Such fraternal delegations later became part of the Movement's normal routine; but in 1884 French co-operators suggested that the British Co-operative Union should "enter into regular relations" with their own organisations. In response to this well-timed proposal, the Central Board appointed a "Foreign Inquiry Committee," charged with the duty of maintaining communications with co-operative organisations in other countries and collecting accurate information concerning whatever Movements were known to be existing in the world.

Two years later the French co-operators made a new suggestion. Edouard de Boyve, who represented them at the Plymouth Congress, then proposed that the French and British Movements should establish an "International Federation" to collate and disseminate information relating to the progress of the Movement and undertake whatever propaganda activities could be conducted by correspondence with societies and inquirers in other countries.

In the following year, when he again visited England, De Boyve told the Carlisle Congress he had "full powers," and "a definite mission, to prepare an International Co-operative Alliance"; and after Neale, Greening, Holyoake, Greenwood, Henry Wolff (d. 1931), and others, jointly with representatives of the French Movement, had done much preparatory work, the Co-operative Union helped to organise the first International Congress of Co-operators.

That Congress was held at London in 1895, and before it ended an International Co-operative Alliance had been definitely established, with headquarters in that city. As then constituted, the I.C.A. did not resemble an International Co-operative Union, for it was in reality an association of well-known co-operators, whose chief desire as individuals was to foster the development of producers' societies and all forms of copartnership in industry.

At that time British champions of "producers' co-operation" were being greatly heartened by the rapid growth of workers' societies on the mainland of Europe. In his presidential address to the Congress of 1888, Neale said "The air is filled with the

"Ye Olde Poets' Corner," formerly adjoining the "Co-operative News" Office, Long Millgate.

To face page 132

Head Offices of the Co-operative Press Ltd., Manchester, erected 1894.

To face page 133

sound of the Partnership of Industry. From Belgium, from France, from Germany, from Switzerland, from Italy, from North America, the echoes multiply upon us"; and in 1895 British leaders who enthusiastically responded to the call that came from France hoped the newer organisations on the Continent would equilibrate the influence of consumers and producers throughout the entire World Movement.

In 1902, however, the I.C.A. was reconstituted on a firmer and wholly democratic basis as an international confederation of co-operative organisations, and straightway it became an embryo League of Peoples, a body aspiring towards a Co-operative Commonwealth and the reconciliation of all conflicting human interests in a "Parliament of Man" and "the Federation of the World."

The immediate work of the Alliance, of course, is to unite all the various National Co-operative Unions and Wholesales in one international organisation, and to propagate Co-operation in every part of the world. It aims to spread knowledge of co-operative ideas, developments, and practice; to maintain friendly relations with and among all its members; to encourage the systematic study of Co-operation; and to promote the growth of trading and other business relations between co-operative organisations of the various countries; and part of its work, a part which each year becomes increasingly important, is to be the authoritative representative and spokesman of the entire Co-operative Movement in the International Councils of the World.

At first, however, the Alliance had to expend much of its energy and income in enlarging and unifying its own heterogeneous membership. That was no easy task, for the I.C.A. had —as it still has—to grapple with difficulties not unlike those which now confront the League of Nations. The complex problems inseparable from differing languages and racial characteristics are not easily soluble; distance is a barrier to personal intercourse; and the difficulty of overcoming national prejudices and suspicions is not less stubborn than the difficulty of adjusting financial responsibilities without causing disaffection. Rapid progress internationally is bound to be impossible until co-operators in all the different countries have learned to march in step.

Henry Wolff, the President of the I.C.A.; Gray and Müller, its first secretaries; and all their colleagues who together pioneered the International Co-operative Movement, were confronted by new difficulties at almost every turn; but the British Movement loyally assisted the Alliance in every way it could, as did each of the other national movements represented on its central and executive committees. Before the end of 1908—when Co-operative Wholesale Societies were at work in fifteen European countries—the Movements of twenty-five different countries were united in the I.C.A., which each year became more fully representative and much more influential.

Publications the Alliance issued in its own three official languages, and especially its monthly bulletin, had great educational value. Co-operators in other countries were able to enlarge their knowledge of the activities of the Movement in this country, while British co-operators often discovered with surprise how backward their own societies were in more than one direction. The I.C.A. thus fulfilled its primary aim by serving the World Movement as an international information bureau, and helpful statistics it collected or compiled were of immense value to those Co-operative Wholesale Societies which had already begun to think in terms of international sale, purchase, and exchange.

Projects for international co-operative trading, banking, and insurance were naturally considered, if only tentatively, at the International Congresses held triennially in different countries under the auspices of the Alliance, for many of its members were anxious to secure new markets for their products. In 1907, the Congress at Cremona, in Italy, decided to appoint an International Committee to consider "the practicability of the exchange of produce between the various Co-operative Wholesale Societies of Europe." The only immediate net result of the work of that committee was a proposal that a Central Information Bureau should be established; but its report mapped out the road along which International Co-operation will one day have to progress.

Inevitably each successive International Congress was principally engaged in reviewing the progress of the Movement in all the different countries; in discussing legal, economic, and financial problems common to all co-operative societies; in clarifying

the basic principles of Co-operation, and in defining the main lines of co-operative policy.

As the personnel of its own committees changed, and world conditions altered for the worse, however, the Alliance and its Congresses had also to consider new problems of present urgency. Co-operative leaders had to decide how Co-operation could best combat powerful international trusts and combines. They had to consider what the World Movement could do to maintain international freedom of commerce and exchange. And after 1900 they had also to inquire whether a world war could be averted.

International Co-operation is impossible when nations are fighting against each other. Co-operation thrives only in the atmosphere of peace and friendship; and from its inception the International Co-operative Alliance had enormous importance, both actual and potential, as an agency for promoting goodwill among the nations and converting "foreigners" into comrades.

No resolutions of its Congresses had greater significance than those which affirmed the adherence of the entire Co-operative Movement to the cause of Peace; and the Alliance itself was never behindhand in proclaiming its willingness to co-operate in efforts to make war impossible.

In 1904 the International Congress held at Budapest declared that it noted "with satisfaction the resolutions passed by the Peace Congress recommending the International Peace Bureau to act in concert with co-operative societies," and affirmed the readiness of the Alliance "to enter into relations, as desired, with the Peace Bureau, and to co-operate with it for the establishment of universal peace." That resolution voiced the will of co-operators in every country, and a much more striking demonstration of the World Movement's solidarity followed nine years later.

In 1907 William Maxwell became President of the I.C.A. in succession to Henry Wolff, whose resignation signalised the end of its first period of propaganda work; and when Dr. Müller resigned the secretaryship in 1913, his successor in that office was Mr. Henry J. May, who had for several years acted as secretary to the Joint Parliamentary Committee of the Co-operative Congress, in addition to serving the Co-operative Union as secretary of its Southern Section.

Mr. May's first task was to organise the ninth International Co-operative Congress, which was held at Glasgow almost exactly a year before the outbreak of the Great War. Already the atmosphere was agitated by rumours and fears of a coming international struggle; and the Congress, which brought together a record number of representatives of Movements in other countries, was made historic by the enthusiastic manner in which all alike proclaimed that the solidarity of the World Co-operative Movement could not and would not be destroyed by war.

The six hundred delegates unanimously reaffirmed their unshakable attachment to the cause of peace, and with equal unanimity called on the "Co-operators of all Countries" to uphold that sacred cause. That challenging proclamation was supported by Albert Thomas, who spoke for France, and by E. von Elm, who expressed the determination of German co-operators in one of the most impressive orations ever made from a co-operative platform. The spectacle when all the delegates joined hands and mutually pledged themselves to maintain the integrity of International Co-operation will be for ever memorable.

Maxwell's own comment was just. "You never did a better morning's work, and you never will," he told the Congress. . . . Within a year half Europe was already engaged in a bloody struggle, and many nations represented at the Glasgow Congress were fighting more desperately than any nation had ever fought before. . . .

The International Co-operative Movement was forced to halt. Its large maps ceased to be of service. But throughout the long period of unending struggle the International Co-operative Alliance continued its activities and maintained its lines of communication. Alone among the international organisations of working people, the Alliance was not disrupted during the years of war. Its organisation remained unbroken, and all its machinery was ready to be set in motion again immediately peace had been restored.

SECTION SIX

CO-OPERATION IN WAR-TIME

1914—1918

CHAPTER XX.

Safeguarding the Nation

CO-OPERATION ON THE EVE OF THE WAR. A GENERAL CO-OPERATIVE SURVEY. THE MOVEMENT KEEPS DOWN PRICES. PROFITEERING IN WAR-TIME. A MILLION MORE CO-OPERATORS. CONSCRIPTION CREATES NEW LABOUR PROBLEMS.

THE Co-operative Congress held at Dublin in June, 1914, was the first ever held in Ireland. It was also the last meeting of the "Co-operative Parliament" prior to the outbreak of the Great War. But nothing said or done in Dublin indicated that even one among the 1,367 delegates who there assembled had an inkling that the civilised world would soon be in convulsion and that within a few weeks German armies would be invading Belgium.

When Mr. Robert Fleming, in his Presidential Address, told the Congress: "We are passing through stirring and strenuous times of political and industrial unrest," he was not referring to the unsettled condition of Central Europe. What was uppermost in his mind on that Whit-Monday was the imminent danger of Civil War in Ireland. Bodies of armed "volunteers" were confronting each other all along the Ulster border. The irreconcilable demands of "Orange" loyalists and "Green" republicans already imperiled the unity of the Co-operative Movement in certain parts of Ireland; and George Russell (1867-1935), who had long been associated with Sir Horace Plunkett and Mr. R. A. Anderson in the difficult work of propagating Co-operation in Ulster, Munster, Leinster and Connaught, voiced the unspoken thought of every delegate when he expressed his own conviction that "the best solution of our national troubles might be to make all Irishmen co-operators."

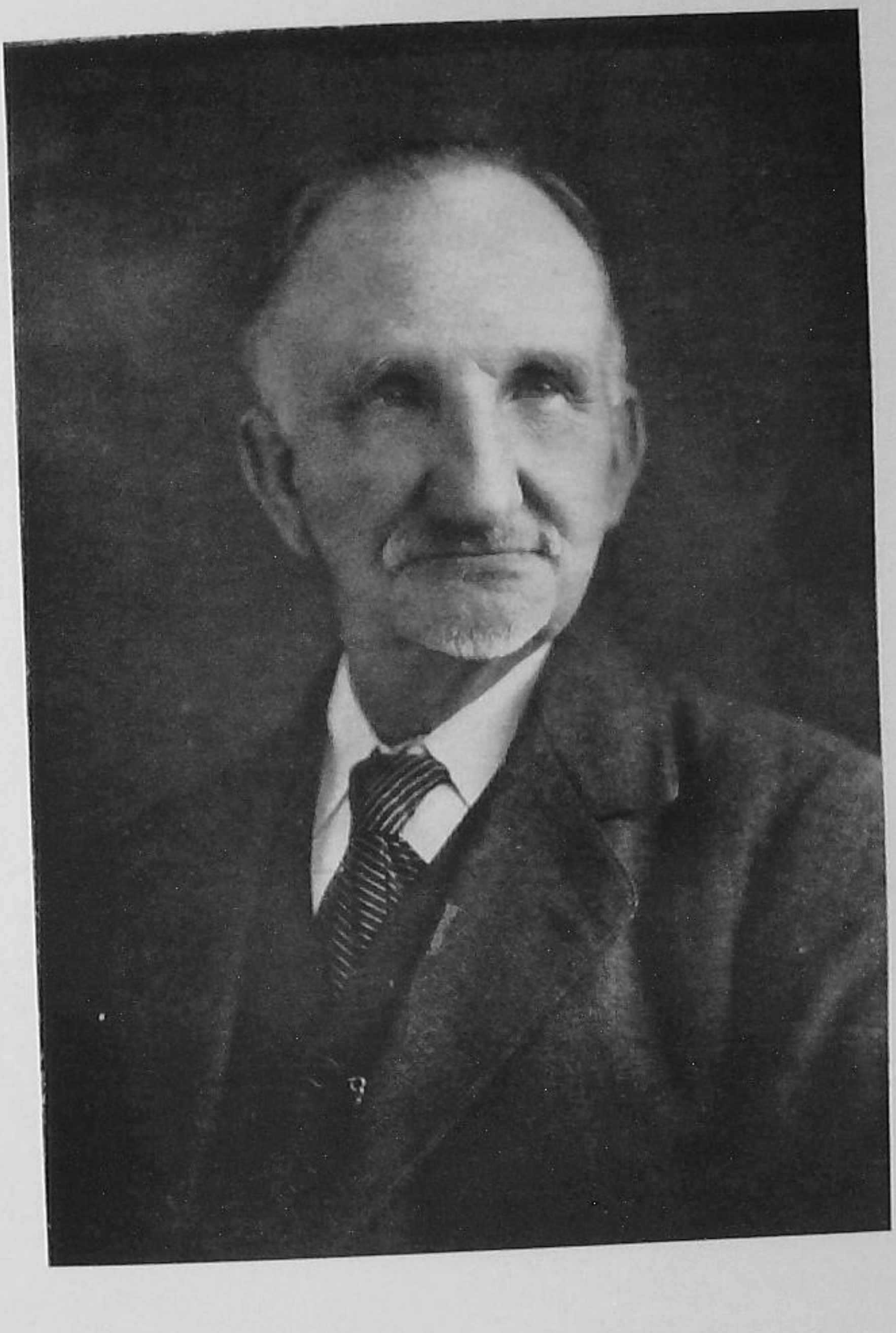
Only two resolutions of the Dublin Congress still possess outstanding interest. By the first, which events were soon to

make appear both short-sighted and pusillanimous, the Congress instructed the Central Board of the Co-operative Union "strictly" to "observe in spirit as well as in letter, the resolution of the Aberdeen Congress (1913) to 'maintain the neutrality of the Movement in respect of party politics'; not to join in conferences with political parties; not to be officially represented at gatherings of political parties, and not to employ co-operative men or money to the advancement of the Labour Party or political organisations or movements"; while by the second the Congress authorised the Central Board to appoint a special committee to make "a general survey of the whole field of co-operative activities from its three main features, viz., education, production, and distribution; and, having due regard of action, and thereby give to the Movement generally that to their relative value, assign to each one its special sphere solidarity and flexibility so obviously lacking" in 1914.

The General Co-operative Survey Committee so created made an exhaustive and searching examination of all the activities of the entire Movement, and many recommendations included in its interim reports or the final report it presented to a special Congress held at Blackpool in 1920 were generally approved.

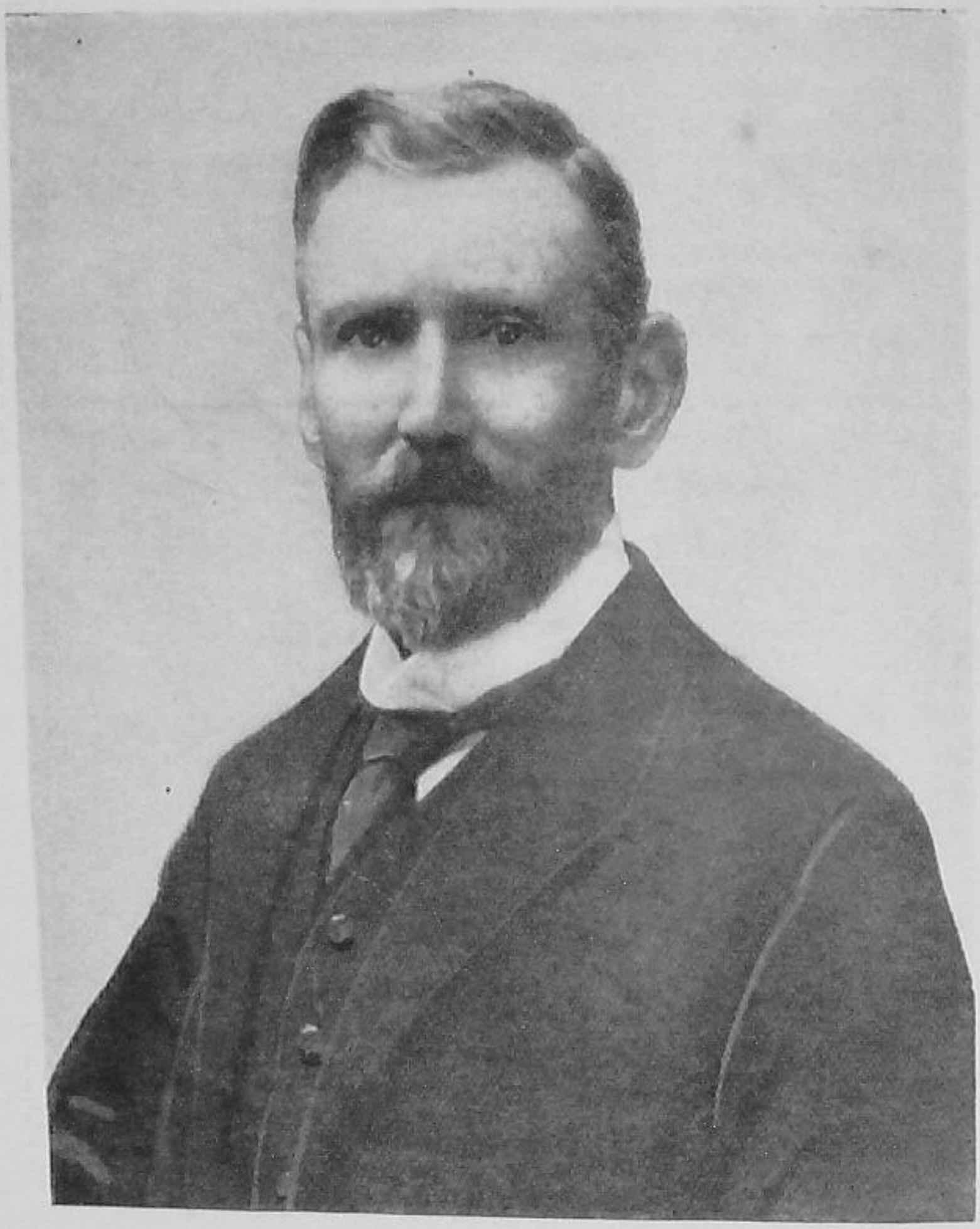
On the initiative of the Committee the "objects" of the Co-operative Union were re-defined as "the establishment of a Co-operative Commonwealth," and other proposals included in its reports led directly to a great enlargement of the educational and advisory services of the Union; the unification of the English and Scottish Co-operative Newspaper Societies in a National Co-operative Publishing Society; and the general adoption by co-operative societies of advertising and other forms of publicity they had previously neglected as methods of increasing their membership and sales.

The reports of the General Co-operative Survey Committee have permanent value, however, mainly because they together present an accurate and detailed conspectus of the position occupied by the Co-operative Movement in this country seventy years after the Rochdale Pioneers opened their original store in Toad Lane. The Movement then embraced about one-fifth of the total population; the combined capital resources of the retail distributive societies amounted to £50,000,000; and the



James Deans, Secretary of the Scottish Section of the Co-operative Union, 1885—1923.

To face page 140



Sir Horace Plunkett, K.C.V.O., F.R.S.

To face page 141

combined sales of these societies in 1914 did not fall far short of ninety million sterling.

When the Great War came the Movement was strong and prosperous; but co-operators were quite unprepared for the great upheaval which for nearly five years dislocated the entire economic life of the nation as it altered the whole existence of millions of honest working people. That the Co-operative Movement withstood the shock of the greatest war in history and adapted itself to war-time conditions without sacrificing one of its distinctive principles, or surrendering a single inch of the ground it had already won, is a fact eloquent of the wisdom of its local and national leaders, the loyalty of its three million members, and the impregnability of the economic foundations upon which it was so well established.

The first economic consequence of Great Britain's entry into the War was a shortage of certain foodstuffs and a sudden jump of many retail prices almost to famine level. That jump was partly caused by the housewives' general rush to secure provisions; but its main cause was the eagerness of private traders to engage in "profiteering," a then unfamiliar term that quickly passed into popular usage.

Co-operative retail distributive societies everywhere combated such unpatriotic plundering by keeping down the price of commodities until their stocks had to be replenished, and by limiting supplies obtainable by purchasers. The two Wholesale Societies simultaneously decided to base their prices on the cost of whatever stocks they held, and so check a wholly unnecessary increase in the general cost of living.

The action then taken by the entire Co-operative Movement undoubtedly had a steadying effect on all price movements. It also demonstrated that there was no real cause for panic; and the *Co-operative News* was fully justified in claiming that "the whole working-class population of these islands, whether co-operators or not, benefitted from the resumption of ordinary prices, brought about very largely by the example of the Co-operative Movement."

Statesmen eulogised the Movement's patriotic policy, and Mr. Ramsay MacDonald, who then was the rising star of the Labour Party, publicly declared that at a time when "economic

forces were at work to enable prices to be forced up without regard to what was just, what was moral, or what was fair," the Co-operative Movement, "to its eternal credit . . . had done everything it possibly could, so that the faces of the poor should not be further ground." Many trades councils, too, passed resolutions thanking local co-operative societies for having kept prices down while other traders "jumped" to the highest limit. Later on, of course, when the shortage of sugar, margarine, meat, potatoes and many other foodstuffs was real and not fictitious, the Government itself had to regulate both wholesale and retail prices in addition to controlling the distribution of all available supplies.

Simultaneously with this first unexpected advance of prices, many co-operative bakeries and halls were requisitioned by the Military Authorities, as were horses, vehicles and stocks, while co-operative societies, in common with other employers, were deprived of the services of many thousands of male employees who had been recalled to the nation's fighting forces. Almost without exception, the societies contributed liberally and promptly to funds raised locally and nationally to alleviate distress, and did so ungrudgingly even when they were denied representation on relief committees established by the local public authority.

Generally, however, the exciting happenings of 1914 caused very few upheavals within the Co-operative Movement, and the Central Board of the Co-operative Union was able to report that Co-operation "had stood the test" of war, and was "with credit playing its part in the great national crisis."

In the following year events marched forward at an accelerated step. The high price of necessaries, including foodstuffs—which alone increased in price by 65 per cent.—and other evils inseparable from wartime conditions, prompted the formation of a War Emergency Workers' Committee, on which the Co-operative Movement was represented; and also caused the Parliamentary Committee of the Co-operative Congress to urge upon Mr. Asquith, who was then Prime Minister, first, "that all profits . . . beyond a reasonable profit under pre-war conditions, should be taxed to the fullest extent," and secondly, that the Government should immediately take power to compel

the sale of stocks kept off the market by traders anxious to secure larger profits by withholding supplies. Thereafter, so long as the War continued, the Movement unceasingly endeavoured to safeguard the interests of the whole nation as consumers, in circumstances of ever-increasing difficulty during which opponents of Co-operation did their utmost to prevent co-operative societies from serving the consuming public well.

General recognition of the service the Movement had already shown its power and will to render to the nation undoubtedly caused multitudes of working people to become co-operators. The social landscape had been illuminated as by a sudden flash of lightning, and intelligent men and women naturally rallied to the only organisation having power to protect them from the exploiter and the profiteer.

In 1919, just after the War had ended, the Central Board, after stating that "profiteering interests have become more aggressive," and that "trading competitors and commercial rivals have made new efforts to retard our progress," was able to declare: "The period of the War has been a period of unprecedented progress for the Co-operative Movement," and to add, "since 1914 a million new members have been added to our total membership; our capital resources have been greatly augmented; and we have made considerable progress in the direction of securing the co-operative control of raw materials and the first sources of supply."

Actually, at the end of 1918, British co-operators numbered 3,984,999 persons grouped in 1,474 retail distributive societies, whose combined turnover during that year was approximately £249,000,000, This enormous total obviously reflected the effects of higher prices, but the advance of the Movement was both real and substantial.

Proof of the accuracy of that assertion is supplied by the rapid expansion of the productive operations of the two Wholesale Societies. Between 1914 and 1918 the C.W.S. increased its land-holding to 32,559 acres, and erected or otherwise acquired numerous new properties, including a tannery, a glass-works, and factories for the production of foodstuffs and various kinds of clothing. The S.C.W.S., which during the war period supplied to H.M. Forces goods valued at £937,000, also purchased

a number of creameries and several additional large productive factories.

In the same brief period, the sales of the Scottish Wholesale increased from £9,425,383 to £24,773,381 per annum, and those of the C.W.S. from £34,910,813 to £65,167,960. The money value of the combined productions of the two societies in 1918 was more than £23,240,000, and the ninety-five co-operative productive societies also rose on the general tide of progress. Their sales in the same year reached the then record total of £5,714,041, a really big achievement.

The growth of the Movement's economic activities was necessarily accompanied by a proportionately large increase in the number of its productive and distributive employees. At the end of 1918 these together numbered 164,383, and the Movement's wage-bill for that year amounted to nearly fifteen million pounds.

From the commencement of the War the societies generally had continued to pay wages to dependents of their employees who were serving with the nation's fighting forces, and many had also undertaken to re-engage those workers who desired to return to co-operative employment when peace was again restored. New and unforeseen difficulties were created, however, when the Military Service Acts were passed by the Coalition Government. After a British law enforced Conscription, great numbers of male employees were drafted into the Army, and societies thus denuded of active members of their staffs were obliged to replace them by untrained girls and women.

Meanwhile, the Amalgamated Union of Co-operative Employees, in pursuance of its newly-formulated national aims, had resorted to the use of force as an instrument of policy. Its demand for standard rates of pay, and especially its insistence that the principle of "equal pay for equal work" should be applied by societies when deciding the remuneration of substituted female labour, was enforced by a series of "lightning" strikes which greatly perturbed the Movement.

Trade unionists who were also members of co-operative management committees considered it unfair that standards of remuneration much in excess of those paid by private employers should be forced upon co-operative societies by a union no

longer recognised by the Trade Unions Congress, and their growing feeling of resentment, coupled with the much advertised "militancy" of the A.U.C.E., embittered labour disputes within the Movement.

In 1918, therefore, the Co-operative Union established a Labour Department and appointed a Labour Adviser charged with the duty of assisting societies in their negotiations with trade unions, and about the same time Co-operative Hours and Wages Boards were formed to facilitate collective bargaining between co-operative societies and trade unions on more equal terms, and the fixation of standard wages and working conditions in different districts. These Boards, plus special machinery for conciliation created a few years later, in time made unnecessary the pre-existing Joint Committee of Trade Unionists and Co-operators, whose efforts to maintain industrial peace within the Movement often ceased to be of service after the A.U.C.E. had withdrawn from the Trade Unions Congress.

Before that withdrawal became effective, secretaries and managers of co-operative societies had begun to unite in semi-professional associations formed to safeguard their interests and improve their status as officials responsible for the efficient conduct of co-operative business. A National Association of Co-operative Secretaries was established in 1908, and in 1912 the managers created a similar body named the National Co-operative Managers' Association. Previously, both managers and secretaries commonly were members of the A.U.C.E., but the events already summarised and a fuller recognition of their own peculiar responsibilities caused many to reconsider their relations to organised labour.

Doubtless the ever-increasing militancy of A.U.C.E. also influenced their decision, but in 1917 the two Associations united to establish a National Union of Co-operative Officials, a body which safeguards the interests of salaried officials of the Movement as it knits them organically to the Trade Union Movement through its own membership of the British Trade Unions Congress.

CHAPTER XXI.

The Capitalist Offensive

IGNORANT AND HOSTILE GOVERNMENTS. THE SUGAR COMMISSION. ANTI-CO-OPERATIVE CONTROLLERS AND MILITARY TRIBUNALS. CO-OPERATIVE SOCIETIES TAXED UNJUSTLY. PROFITEERING IN WAR-TIME.

THROUGHOUT the whole period of the War capitalists and traders hostile to the Co-operative Movement made the nation's necessity an opportunity to arrest the progress of Co-operation and to attack the economic foundations on which the Movement stands.

Financial magnates and directors of "big business" had long ceased to view the growth of the Movement with indifference or complacency. They could no longer regard the struggle between co-operative societies and retail traders as a petty war of kites and crows. The Movement was already powerful in the realms of domestic production and wholesale supply; and its steady advance into the closely-guarded world of banking and insurance was beginning to challenge the entire capitalist system in its most firmly buttressed strongholds.

Consequently, in Parliament, as on the wholesale and retail markets, the Movement was faced by ever-increasing opposition; and not long after the Great War had begun to shake the foundations of Europe, co-operators learned that enemies at home who desired to wound their movement were fully armed and prepared to strike many crippling blows.

Immediately War Relief Committees were established in the Autumn of 1914, co-operative societies in certain areas were denied representation, even where a big majority of the appointed members were private shopkeepers. Elsewhere, individual co-operators who applied for relief were refused assistance from funds publicly subscribed until they had exhausted what little capital they chanced to have in their own co-operative society. At Blyth, for example, the local Relief Committee

decided that no relief whatever should be given to applicants "who possessed £3 and upwards in the funds of the co-operative society"; and although that unjust decision was not allowed to stand, it revealed an attitude towards the Movement which then was not uncommon.

From the first, too, it was obvious that the Government was wholly ignorant of the magnitude and national importance of the Co-operative Movement and very unfriendly to it. Neither the Liberal Government presided over by Mr. Asquith nor the Coalition Governments formed by the Liberal leader and Mr. Lloyd George betrayed any sympathy with the Co-operative Movement.

In all their dealings with the Movement the war-time Governments revealed "a latent hostility"; and as the months and years passed by that "latent hostility" turned into open antagonism as occasions created by war emergencies facilitated a combined capitalist offensive against the whole structure of Co-operation. For the first time in its history Co-operation was beleaguered by a hostile Government which, despite the repeated protests of a completely united Movement, again and again used the full strength of the embattled State against it.

At the outset of the War the Government appointed a Sugar Commission to fix retail prices and regulate supplies of sugar. The whole policy of that Commission was detrimental to the interests of co-operators, for as Sidney and Beatrice Webb declare, the Government then "acted exclusively on the advice of rivals and enemies of the Co-operative Movement, without calling up in consultation any representative of what was the greatest of all the wholesalers and retailers of sugar."

While the War continued the Government habitually "seemed to co-operators to take it for granted that the normal and legitimate system for the distribution of commodities was that of the profit-making merchant, wholesale dealer and shopkeeper." The dice were always loaded against the Co-operative Movement, and over long periods co-operative societies and their individual members were unjustly denied opportunities of obtaining adequate supplies of goods they urgently required.

For what obtained in respect of supplies of sugar also obtained

in respect of a wide range of other commodities. When the Government started to control all imports; to regulate the distribution of coal and many essential foodstuffs; and put the whole nation on rations, the system of rationing adopted everywhere gave preferential treatment to private traders and multiple-shop companies, while denying elementary justice to co-operative societies, which together supplied one-third of the consuming population of Great Britain.

Undoubtedly the system which often made it impossible for persons registered as purchasers from co-operative stores to obtain supplies of meat, butter, margarine, sugar, potatoes and other foodstuffs was cunningly devised by opponents of Co-operation who knew exactly what results their regulations were certain to produce.

Lord Devonport, the first Food Controller, who had amassed a private fortune as a wholesale grocer, and had large interests in multiple-shop companies, was known to be hostile to the Co-operative Movement. The Coal Controller likewise immediately sought the advice of private merchants and dealers, "as if theirs had been the only way in which the retailing of coal was actually carried on!"

The Joint Parliamentary Committee of the Co-operative Congress did its utmost to safeguard the interests of the millions of consumers united in and by the Movement; but always the Committee was kicking hard against the pricks, without any real hope of obtaining justice. Later on, when the increasing agitation of indignant co-operators made the Coalition Government a little fearful, the position was considerably improved, especially after the formation, in 1918, of the Consumers' Council, on which the Co-operative Movement, the Trade Unions, and the Labour Party were not inadequately represented.

Under the direction of Lord Rhondda and Mr. J. R. Clynes the Food Ministry established in 1917 was not often guilty of rank injustice: but before that year arrived the damage had been done. The whole Co-operative Movement had been seriously handicapped in its struggle with private interests; and as Mr. and Mrs. Webb remark, co-operators had been "driven, literally (as was subsequently proved by the statistics of sugar and butter registration) by hundreds of thousands, to resort to

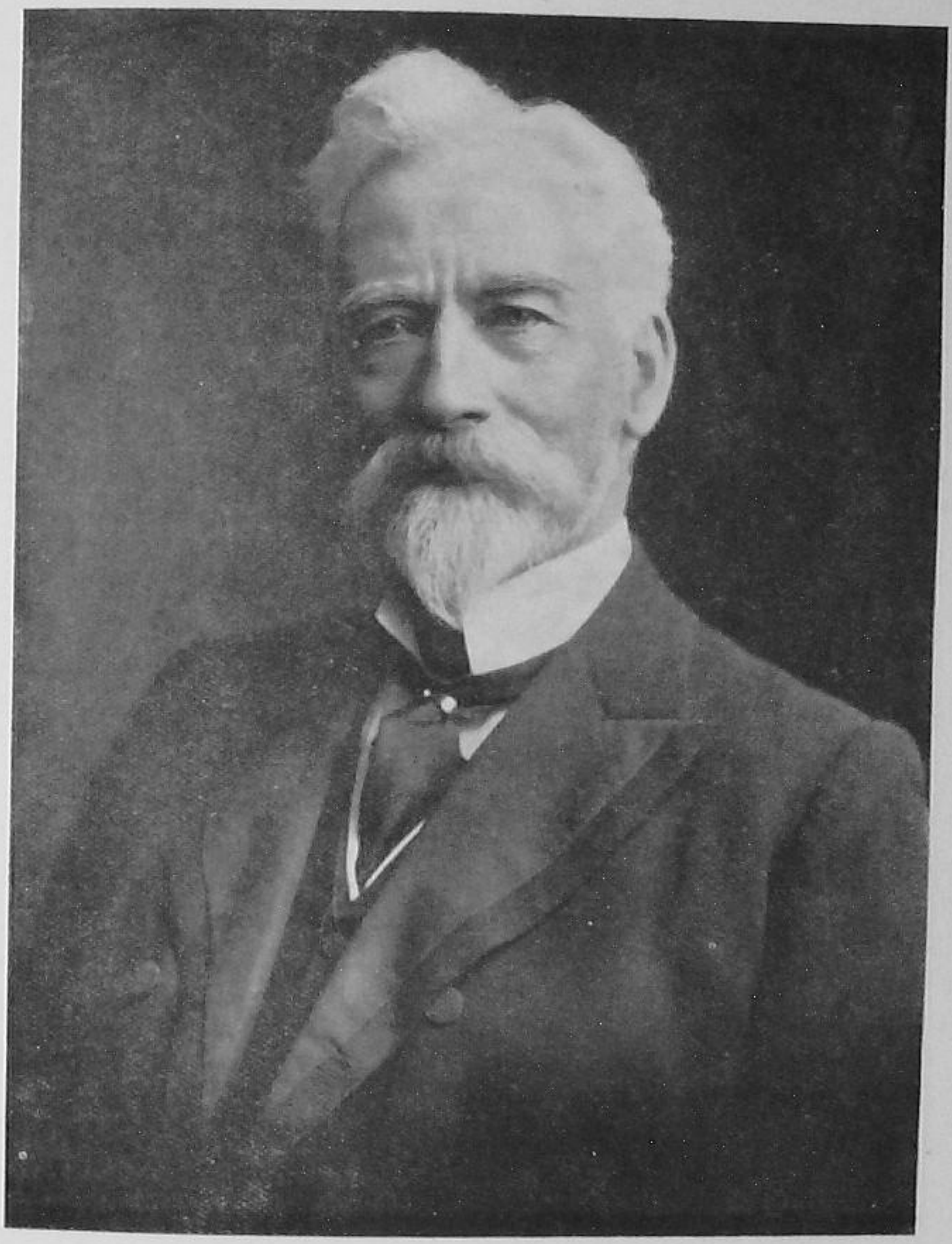
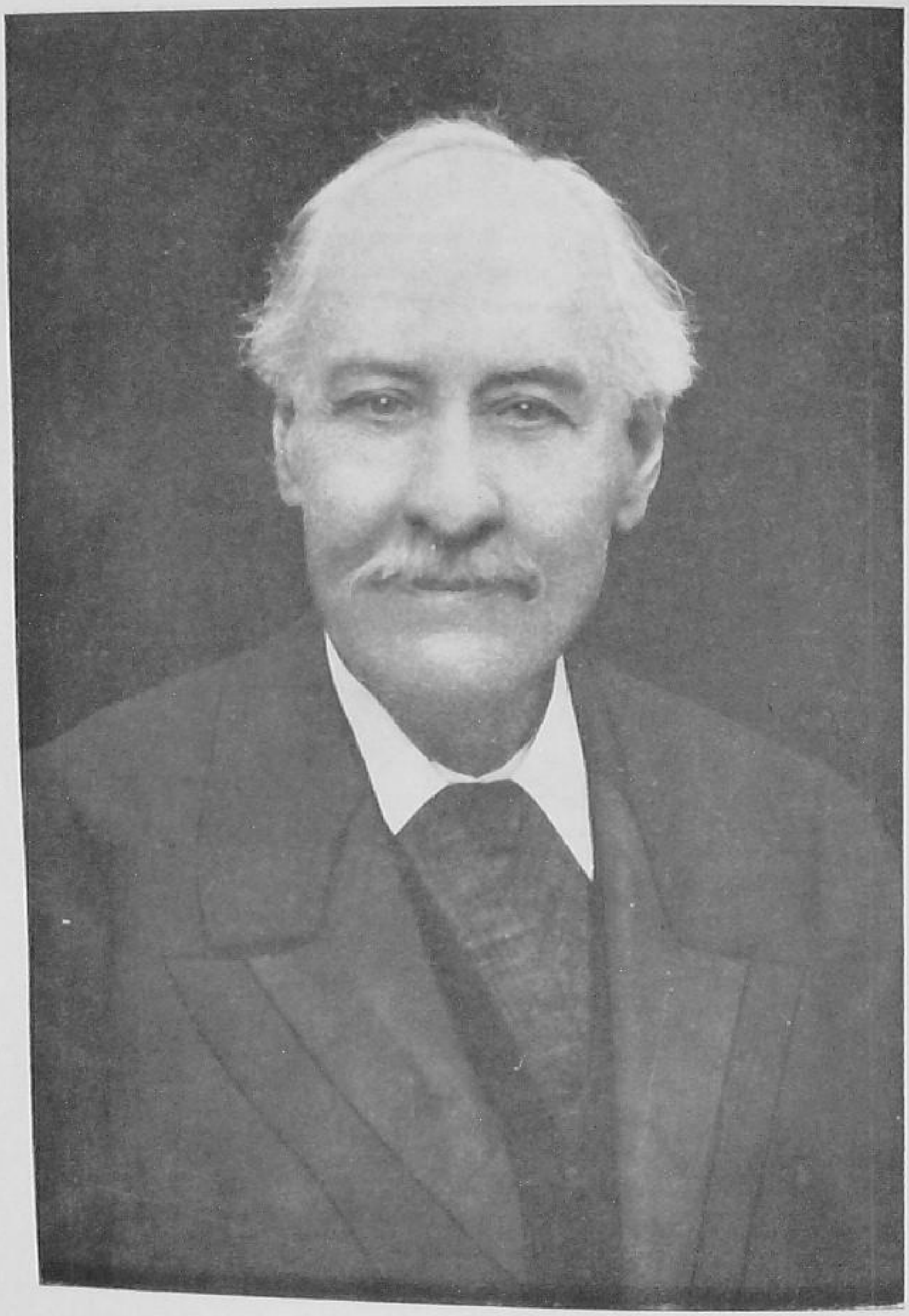


Photo: Lafayette.

Sir William Maxwell, K.B.E.,
Chairman of the S.C.W.S.
1881—1908.

To face page 148



Edward Owen Greening.

To face page 149

shopkeepers for the goods that their own societies were prevented by the Government from supplying," while "additional members could for long periods not be served at all."

Similar injustice was meted out to co-operative societies by Military Service Tribunals created by the Act of 1916, which made military service compulsory. On these bodies co-operative representatives were usually conspicuous only by their absence, and the prejudice against Co-operation of the shopkeepers, landowners, estate agents, retired army officers and others who constituted the personnel of many local Tribunals was unconcealed and very often vocal.

Employees and officials of co-operative societies seldom received more than a short shrift when they appeared to claim exemption from military service, and appeals made by societies for the exemption of men considered indispensable to their business as food distributors were often treated with contempt.

Unfairness could not go further than it did when private traders who sat on Tribunals first exempted their own employees from military service and then peremptorily forced into the Army similar workers employed by a co-operative society. In one small town a private baker who acted as Chairman of a Tribunal exempted his own foreman baker from military service and on the same day compelled the foreman baker of the local co-operative society to join the Army!

The Parliamentary Committee of the Co-operative Congress, when it reported in 1917, confessed its efforts to obtain equality of treatment had often been unsuccessful, and added: "Many cases have been brought to our notice in which it has been openly suggested by those in authority that co-operative societies were not entitled to the same consideration as ordinary traders."

Mr. Henry J. May, the secretary of the Parliamentary Committee, elsewhere declared: "We are frequently faced with the difficulties of societies whose employees have been called to the Army, apparently without any regard to the national needs in the matter of food production and distribution, even if we leave out of account the evidence which exists in some cases that Co-operation is anathema to many tribunals and some local officials of the Ministry of National Service."

Efforts then made by the Committee to induce the Prime Minister to receive a deputation to discuss with him a resolution of the Co-operative Congress demanding "equality of treatment for co-operative employees in pivot positions" might as well have been addressed to Baal. Mr. Lloyd George's only reply to the Committee's urgent appeals was that he was much too busy to spare time to consider the grievances of co-operators, whose immediate complaint was that they were receiving not equal treatment, but "exceptionally unjust treatment at the hands of tribunals whose word is law, and whose legal education, apart from local prejudice, is in the hands of the so-called military representative"!

But the grand injustice done to the Co-operative Movement in war-time was the wholly unwarrantable imposition of Excess Profits Duty on the trading surpluses of co-operative societies. We have already related how, when profiteering became rampant immediately after the outbreak of war in 1914, the Co-operative Movement urged Mr. Asquith's Government to prevent consumers from being plundered by imposing special taxation on profits "beyond a reasonable profit under pre-war conditions"; and co-operators welcomed the Excess Profits Duty Mr. Reginald McKenna included in his Budget for 1915.

Much to their surprise, however, the Chancellor of the Exchequer made the new tax applicable to the trading surpluses of co-operative societies, and the tax was so faulty in design, so vicious in its operation, that instead of preventing excessive profits and checking the rise of prices, it actually stimulated profiteering by encouraging capitalists and private enterprisers generally to exploit the consuming public more and more.

As poor people stood in queues to draw their rations of margarine and sugar, bacon and potatoes, retail prices rose, and the purchasing power of money wages was reduced by half, while the profits of the British and Argentine Meat Company soared from £97,000 in 1914 to £411,000 in 1917! Messrs. Lipton's Ltd. profits reached the highest level recorded in the history of that company. Those of Messrs. Furness, Withy and Company Ltd., after payment of Excess Profits Duty, amounted to £1,182,845, and the profits of innumerable other firms in almost every department of trade and industry increased in like

proportion, for the Excess Profits Duty everywhere encouraged all types of private traders to increase their money gains.

In any event, that tax ought not to have been imposed on co-operative societies. Taxable profit cannot arise from mutual trading as carried on by co-operative societies, and prior to 1915 every Chancellor of the Exchequer and all the experts of the Board of Inland Revenue held the same opinion, clearly set forth by a Committee on Income Tax which reported in 1906.

That Committee stated: first, "We also think it clearly established that, in a society of the Rochdale type, the dealings of the society with its own members do not result in anything which can be treated as 'profit' within the meaning of the present Income Tax Acts, or which could in fairness be so treated under any amendment of the law"; and second, "The suggestion made to us that the 'dividend' which is paid to members of these societies constitutes a profit which would properly be taxable rests, we think, on a misapprehension of the nature of the 'dividend.' . . . This 'dividend' is clearly not profit, but merely a return to members of sums which they have paid for their own goods in excess of the cost price."

So clear were the facts, so authoritative and conclusive the pronouncements of previous Chancellors of the Exchequer, that the imposition of Excess Profits upon co-operative societies "came at first as a great surprise" to the Parliamentary Committee of the Co-operative Congress, whose members confessed it was an "unexpected impost." The Committee immediately protested to the Chancellor against what all co-operators knew was a manifest injustice, but was only able to report that "Mr. McKenna made no attempt to justify his proposal to tax co-operative societies upon the ground of fiscal principle," but instead admitted "its only justification is the nation's need."

The Committee thought it would be difficult to counter that plea of justification in a time of national emergency. They argued that the Excess Profits Duty had "no sort of relation to the Income Tax"; that it was "an emergency tax imposed on all trading concerns as one means of meeting the financial responsibilities of the nation in the greatest crisis in its history"; and that "a war tax, pure and simple," would never "be tolerated as a permanent part of our fiscal system."

Undoubtedly the Parliamentary Committee then did its best to safeguard the established position of co-operative societies in relation to taxation; but the Co-operative Congress of 1917 "indignantly" protested "against the tax being levied on co-operative societies, as such societies do not make profits," and also declared that "the imposition upon them of this tax has produced serious anomalies and inflicted grave injustice upon many societies."

The Congress registered its protest against injustice; but many prominent co-operators then forgot that patriotism also can be exploited and is exploited by capitalists whose eyes are fixed on selfish gain. Their war-time attack upon the economic structure of the Co-operative Movement had been successful. At their behest the Government had harassed co-operative societies, deprived individual co-operators of a proportion of their savings, and undermined one of the Movement's main foundation stones.

The capitalist offensive had succeeded; but even as all opponents and jealous rivals of the Movement were rejoicing in their Parliamentary triumph, co-operators throughout the country were collecting their forces, recapturing the determined spirit of the Rochdale Pioneers, and preparing to launch a great counter-attack upon the Hindenburg Line of the capitalist system.

War-time experience had shown co-operators their need to act politically in defence of their own institutions. Before the end of 1917 Co-operative Democracy had learned another important lesson. Co-operators who had previously condemned political action as inimical to the progress of Co-operation, had been compelled to alter their opinions. The Coalition Government had called up spirits from the depths of democracy, and a new force was ready to enter the arena of British politics in answer to its defiant and wholly unexpected call.

CHAPTER XXII.

A New Force in Politics

POLITICIANS ATTACK CO-OPERATION. THE EXCESS PROFITS DUTY. CO-OPERATORS DEFY THE GOVERNMENT. THE MOVEMENT ENTERS POLITICS. THE NATIONAL CO-OPERATIVE REPRESENTATION COMMITTEE.

THE attacks made upon the Co-operative Movement during the first years of the Great War were not the cause but the occasion of its decision to enter the arena of national politics as an organised body. From its first inception it was obvious that the Movement would one day be compelled to mobilise its political strength in support of its economic interests; and it now appears surprising that Co-operation so long refrained from taking an active part in national and municipal government.

In reality the Movement never was entirely non-political. The words of Charles Kingsley quoted in an earlier chapter of this book embody essential truths. Buying and selling are political acts. Every purchase is an effective vote that shifts the centre of gravity in national politics a little farther to the Right or Left; and it is clear as noonday that if everybody in this country purchased only from co-operative stores, consumed nothing but co-operative productions, and transacted all their banking and insurance business through co-operative channels, the entire capitalist system would tend to disappear, as would all political organisations that exist to defend its interests.

A Co-operative Movement which in 1917 had a membership of 3,788,490 individual persons, mostly representing households, a combined trading turnover exceeding £220,000,000, and a banking turnover of £324,000,000; which employed 162,000 workpeople, and which possessed property valued at much more than £100,000,000, could not possibly remain indifferent to the constitution of the national government, the legislation passed by Parliament, or the day-by-day administration of the multitude of laws. No great national organisation can "contract

out'' from the life and government of the whole nation; and as trader, manufacturer, owner, banker and employer the Co-operative Movement had perforce to be political even when it publicly proclaimed it had no part or lot in party politics.

Besides, economic power invariably has political influence. Long before the War began the magnitude of the Movement's economic operations betokened its increasing importance as an organisation growing in greatness within the political fabric of the State. When, therefore, political champions of private interests attacked the Co-operative Movement in Parliament, and used whatever power they had to injure co-operative societies and their members, co-operative participation in political struggles could no longer be delayed.

All the attacks made upon the Movement during war-time, however engineered by capitalists or private traders, came directly from political bodies. Relief Committees and Military Service Tribunals, Fuel and Food Committees, and their like, all were political bodies, just as war-time Cabinets and Parliament itself were instruments of government. Co-operators who between 1914 and 1918 unitedly protested against a long series of injustices they then suffered in common, could not do other than recognise that the Movement would never be sure of obtaining justice as long as all ''the powers of government'' were controlled by people who were not co-operators.

Illumination came to almost all in 1917, when Mr. Lloyd George's Coalition Government struck directly at the co-operative principle of ''mutuality'' by making trading surpluses of co-operative societies chargeable to Excess Profits Duty. That unjust imposition acted as spark to powder, and the entire Co-operative Movement was soon ablaze with righteous anger. The tax itself was not a light one—the two Co-operative Wholesale Societies alone paid tax amounting to much more than a million pounds; but the real iniquity was the breach made in the financial structure of the Movement.

The Joint Parliamentary Committee of the Co-operative Congress, animated by the best intentions, and possibly not uninfluenced by patriotic motives, advised societies to minimise the burden of the tax ''by selling goods at the smallest practicable margin of profit,'' but also recommended all to ''share the

national burden'' without overmuch complaining inasmuch as lesser interests must be subordinated during a time of crisis and great national emergency. That advice was not unsound; but it was unpalatable to many co-operators, who bluntly said that if the tax imposed was just it should be paid by co-operative societies as other taxes were, but that if it was unjust and iniquitous it ought not to be paid but most strenuously resisted.

The Plymouth Society, in particular, under the leadership of W. H. Watkins (1862-1924), A. E. Wonnacott, S. G. Prince, J. T. Davis and other successors of the ''fighting dogs'' of Devon, promptly decided to take the latter course. Already engaged in strenuous controversies with the Food Controller over restricted supplies of foodstuffs, and with the Co-operative Wholesale Society over its methods of ''invoicing through'' goods supplied by private manufacturers, the society for the time being became the ''Banner State'' of the whole Co-operative Movement. Although charged with tax amounting in all to £40,000, Plymouth co-operators repeatedly asserted they would not pay one penny of that sum; and in the event, after several actions had been brought against it in the Public Courts, the society did not pay any part whatever of the £40,000 demanded by the Inland Revenue.

By the time this issue was decided, the Coalition Government had been compelled to admit its error. The Joint Parliamentary Committee, supported by the whole Movement, secured from the Board of Inland Revenue an admission that the Board had made mistakes in computing the liability of societies to Excess Profits Duty; and thereafter the position of co-operative societies was considerably eased.

In July, 1917, Mr. Bonar Law, who had succeeded Mr. McKenna as Chancellor of the Exchequer, openly confessed to the House of Commons that ''there was no justification for the method on which Excess Profits Duty was being levied'' on co-operative societies, and declared his own conviction that as there was ''no justification in logic for taking Excess Profits Duty where you do not find Income Tax,'' the tax as originally imposed ''could not have carried through against the opposition of the societies.''

The major injustice done to the Co-operative Movement was

therefore ended, for Mr. Bonar Law's admission that he "could not defend" the manner in which the tax was levied on co-operative societies preceded an early amendment of the Finance Bill.

Plymouth Society's comment upon the victory so gained was cogent: "The Movement nationally should take a more determined stand on all questions involving co-operative rights and co-operative liberties. . . . It is because trade unionists are prepared to fight for their rights and to strike for their liberties that they win respect. When the Co-operative Movement shows equal determination it will receive equal consideration."

That opinion was shared by the *Co-operative News*, which throughout the long campaign unceasingly urged co-operators to demand the complete removal of the tax imposed on their societies. "How has the conversion of the Government been brought about?" the *Co-operative News* inquired, and it supplied the right answer to its query by declaring, first, "The Parliamentary Committee of the Co-operative Congress have given responsible Government officials little rest on this matter," and secondly, that "The agitation which has been raised on this question inside the Movement has so far been justified. . . . The injustice of the application of the Excess Profits Duty to co-operative societies must be demonstrated."

The agitation to which the *Co-operative News* referred was commenced by the Plymouth Society and a number of other determined societies included in "a ginger group" formed to develop a fighting spirit within the Movement. Leaders of this group thought the policy of the Co-operative Union and the Joint Parliamentary Committee lacked vigour and resolution, and that the official leadership of the Movement was often unduly cautious. W. H. Watkins, Alfred Barnes, Fred Jennings, John Penny, S. G. Prince, E. Whiteley and other foremost spokesmen of the group insisted that the Movement's interests could be effectively defended only on the floor of the House of Commons.

The opinion they expressed with unflagging zeal was shared by many other business leaders of the Movement upon whose minds the attacks on Co-operation had made a deep impression, and was wholeheartedly supported by the National Co-operative Men's Guild, which after its formation in 1911 was

To face page 156

Co-operative Students at a Summer School.

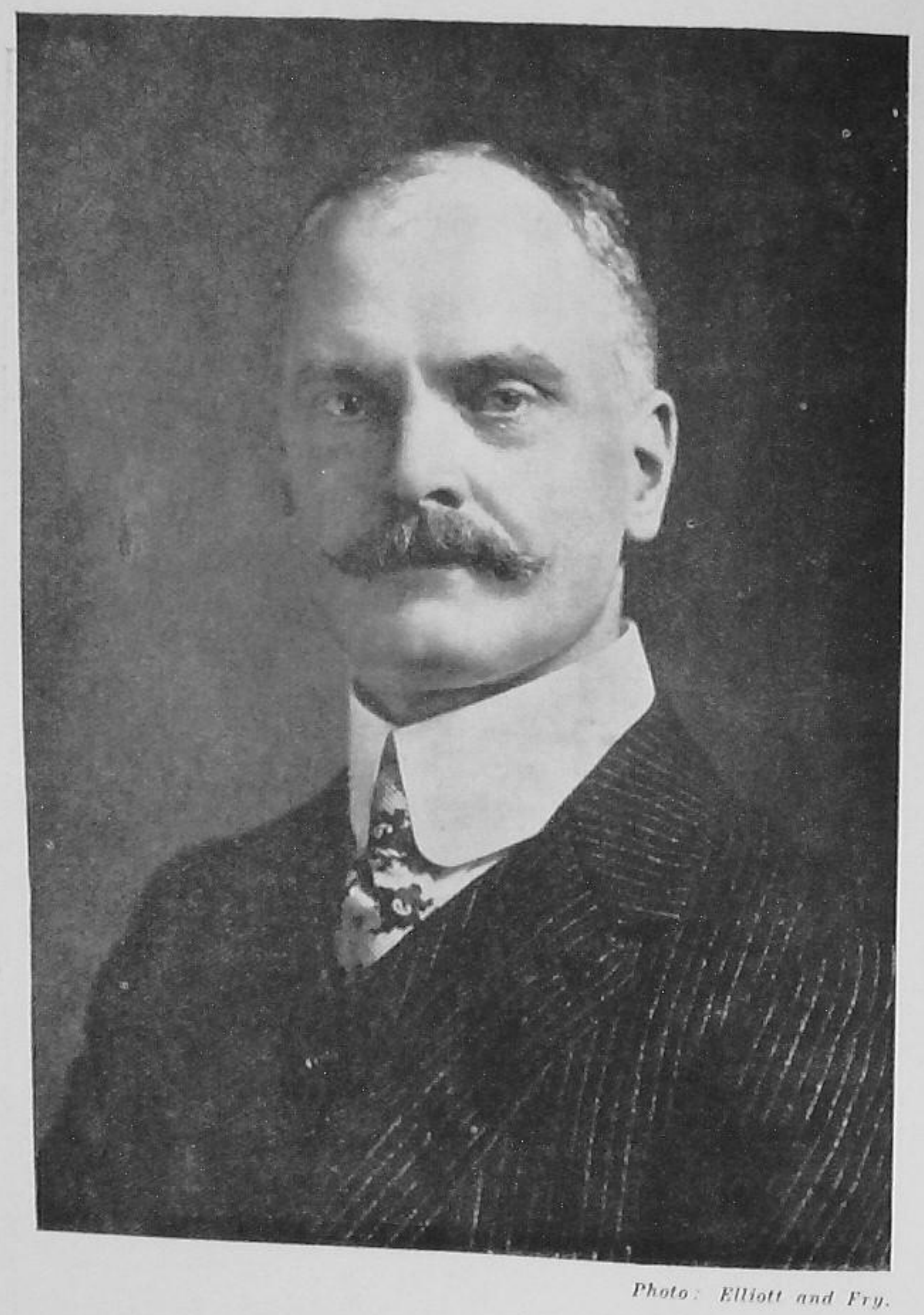


Photo: Elliott and Fry.

J. C. Gray,
General Secretary of the Co-operative Union
1891—1912.

To face page 157

continually campaigning in furtherance of its programme of "Unrestricted Co-operation for all the Purposes of Social Life."

Moreover, on this important subject the Joint Parliamentary Committee and its most bitter critics held exactly the same opinion. Mr. May had never concealed his own belief that much of the work of the Committee would always be ineffective until the Movement was directly represented in Parliament, where it must always be in "a position of inferiority" while it lacked representation; and in 1917 the Parliamentary Committee recorded its own opinion "that the time has now arrived for the Co-operative Movement to take the necessary steps to secure direct representation in Parliament as the only way of effectively voicing its demands and safeguarding its interests."

That resolution, with others supported by no fewer than 106 societies—many of which were members of the "ginger group"—formed the main subject of discussion at the Co-operative Congress held at Swansea in May, 1917. The advocates of political action and direct parliamentary representation were then forcing a door that was already open.

The events of the three preceding years had altered the whole course of the Movement's thinking, and respected leaders who had at previous Congresses opposed any "fusion of forces" with the Labour Party and all proposals that the Movement should engage in political activity, enthusiastically supported the resolution of the Joint Parliamentary Committee, which placed the big issue squarely before the Congress.

The aged Greening, who still championed the outworn policy of "neutrality," was eloquent as ever, but his speech sounded like an echo from the distant past, and directors of the C.W.S. who urged the need for caution entirely failed to stem the flow of votes. By the overwhelming majority of 1,778 the Congress wholeheartedly endorsed the original resolution of the Joint Parliamentary Committee and simultaneously instructed the Central Board of the Co-operative Union to translate its decision into action.

The Movement thus crossed the Rubicon of politics, not in response to outside pressure but on the initiative of its own experienced leaders, who knew no other course was possible. Political action had not been imposed upon the Movement from

without. It was a natural and inevitable development arising within a Movement made fully conscious of its need to exercise its power. "It is provided in the essence of things that come from any fruition of success, no matter what," as Walt Whitman truly says, "shall come forth something to make a greater struggle necessary."

Six months later a great National Conference of the Movement held at London approved "a draft scheme for securing Co-operative Representation in Parliament and on local municipal and administrative bodies," and also established a National Co-operative Representation Committee, which later on was renamed the Co-operative Party.

Thereafter events moved fast. Mr. Lloyd George, who as Prime Minister had for months refused to receive a deputation from the Joint Parliamentary Committee of the Co-operative Congress, almost scurried to invite that deputation to visit him, and several long-standing grievances of the Movement were immediately redressed, a plain indication that the Coalition Government already realised that the decision of the Movement to secure representation in Parliament signalised the advent into British politics of a new force it would be folly to ignore.

A few months afterwards, in January, 1918, the Movement for the first time flung down its gage of battle in a Parliamentary contest. The newly-formed Co-operative Representation Committee then nominated Mr. May as a candidate at the by-election in the Prestwich Division of Lancashire; and although he failed to win the seat his place in the political history of Co-operative Democracy is evermore secure as the first standard-bearer of the then embryo Co-operative Party. The 2,832 votes he there obtained were convincing evidence that co-operators would in time support Co-operation as loyally at the polls as millions already supported the Movement in its retail stores.

And in November of the same year, when Mr. Lloyd George exploited the victory of the Allied Nations by forcing an unwanted General Election on the country, the National Co-operative Representation Committee put forward its own candidates in ten different constituencies, in each of which the Movement's demand for equal justice was made a living issue.

In the circumstances of that wild and confused election, it

seemed impossible that any of the Co-operative candidates could be elected; but when the results of the polls were known, co-operators everywhere rejoiced because Mr. A. E. Waterson had been returned as M.P. for Kettering, a Parliamentary Division which is one of the best known strongholds of Co-operation.

In a three-cornered contest Mr. Waterson had a majority of 2,538; and when Parliament reassembled he entered the House of Commons as the first Co-operative Member of Parliament. In a Parliament full to overflowing with "hard-faced" profiteers and other pledged supporters of the capitalist system, he appeared as "a petition in boots," as a living protest against injustices imposed upon the Co-operative Movement in war-time, and as advance guard and herald of the new force in politics that to-day has for its spearhead the Co-operative Party, which derives its authority directly from the National Congress of the British Co-operative Movement.

SECTION SEVEN

CO-OPERATION IN THE NEW WORLD

(1919—1935)

CHAPTER XXIII.

The Changing Social Order

ATTACKS ON THE MOVEMENT IN IRELAND. CO-OPERATION HELPS THE MINERS. CO-OPERATIVE CONQUESTS IN LONDON. THE MOVEMENT AND THE POOR. CO-OPERATION'S "TEN YEAR PLAN."

THE end of the Great War was the beginning of a new era. Like a tremendous convulsion of Nature, the war engulfed countless ancient landmarks. After 1918 all could see that the struggle within Western Civilisation had ceased to be a conflict of social classes and had become a battle between opposing systems.

The Russian Revolution was both a wonder and a portent. It was a vast uprising of millions who were unwilling any longer to be slaves; but the Fascist revolutions which followed it in Italy, Germany and certain other countries were not less convincing proofs that the old régime had completely broken down. Everywhere Capitalism has since 1918 been endeavouring to rehabilitate itself at the expense of democracy, and its failure to do so hitherto justifies belief that its only remaining task is to be its own grave-digger.

In this country, where political democracy is already well established, the past fifteen years have been a period of recurring economic crises. In the world of politics, as in the realms of economic action, there has been an unending ebb and flow; but always the forces of democracy have been making headway and collecting strength. To-day it is Capitalism that is on the defensive in Great Britain, and its defenders exhibit the irresolution of men no longer certain of their hold on power.

Underlying all the transitory issues of each succeeding year have been the unchallengeable economic facts. Economically, its participation in the Great War was for this country a very great disaster. While the War continued the inevitable process of economic change was so accelerated in every quarter of the world

that when it ended Great Britain had been deprived of many foreign markets with resultant lasting injury to her chief manufacturing and exporting industries. The trade boom that followed the Treaty of Versailles could not be other than short-lived, and the whole policy of restriction since generally pursued by successive post-war Governments has entirely failed to reduce materially the great volume of unemployment or to end the long-continued trade depression.

All now can realise the gravity of the mistake made by the nation when it failed to approve the proposed "Levy on Capital," which by reducing greatly the burden of the National Debt, would at one and the same time have increased the purchasing and consuming power of the people of this country and facilitated the efforts of British trade to maintain its position in many foreign markets.

The Co-operative Movement supported the principle of a "Levy on Capital," but it afterwards opposed and still opposes the whole policy of restriction that is to-day strangling several of the country's most important trades. Mr. Lloyd George's Government, however, was entirely unprepared for the great slump of 1921 and the vast increase of unemployment that followed in its wake.

At that time the attention of the Government was fixed on the political struggle in Ireland, where its mercenary forces were long busily engaged in destroying the Co-operative Movement Sir Horace Plunkett and his associates had so laboriously created. In 1920 more than 400 co-operative creameries were there actively at work and prospering; but before the "Black and Tans" had discharged their barbarous task, nearly fifty of the creameries had been destroyed, while the societies had sustained damage to the extent of £300,000 and lost trade amounting to one million pounds annually. Thereafter the Movement on the Irish countryside seemed to fade away from sight, although it has latterly regained much of its former importance.

While they continued the entire Co-operative Movement supported George Russell's passionate demand for a public inquiry into the attacks on co-operative societies in Ireland, and rallied strongly to the support of the farmers whose creameries, fac-

To face page 164

An impression of Balloon Street, Manchester, although the extensive frontage shown is actually Corporation Street. The first of the Balloon Street blocks is the middle one above.

To face page 105

Workers on one of the Tea Estates of the English and Scottish Joint Co-operative Wholesale Society.

tories, mills, stores, barns and private dwellings were being destroyed by armed forces of the Crown, just as it afterwards rallied to the support of co-operative organisations attacked in other countries by Fascist and Nazi militia, which everywhere made them first objects of assault.

The Co-operative Movement was not unscathed by the post-war slump. The Co-operative Wholesale Society alone lost over four-and-three-quarter million pounds in 1921, and the sudden fall of prices created difficulties for hundreds of retail distributive societies, which had to sell their stocks at rates much lower than their cost. Rates of dividends generally were much reduced in consequence, while the combined retail sales of the Movement, as expressed in terms of money values, tumbled from their peak level of £254,158,144 in 1920 to the much lower total of £165,490,038 in 1923. These figures, of course, reveal the rapid fall in the purchasing power of the pound, but they nevertheless show that for the time being the economic progress of Co-operation received an unexpected check.

Societies in certain areas also suffered during the coal stoppage of 1922, as the whole Movement did during the National Strike of 1926, and throughout the long-continued second general stoppage of the entire coal mining industry. While that grim contest with starvation lasted the Co-operative Movement assisted the miners in their struggle against coalowners who, like economic Bourbons, learn nothing from experience. Co-operative contributions in cash or food vouchers then amounted to £53,000, while societies in mining districts gave members credit on the security of the Miners' Unions or otherwise to the extent of £450,000. In the same period £2,400,000 of share capital was withdrawn from these societies, a great sum that undoubtedly enabled the suffering miners to prolong their heroic resistance to the coalowners' mass attack.

These untoward events, however, spurred the Co-operative Movement into new and greater activity. In 1921 the Co-operative Union initiated a campaign to augment the capital resources of the Movement, and six years later it inaugurated a series of annual propaganda campaigns expressly intended to increase the membership and trade of the retail societies and to stimulate the demand for co-operative productions.

A period of rapid expansion followed. Between 1925 and 1934 the number of co-operators increased from 4,910,983 to 7,200,000; the retail sales of the Movement rose from £183,584,049 to £207,000,000; and the share capital of the retail distributive societies advanced from £87,909,381 to £128,818,895. Simultaneously the Movement generally greatly profited by making full use of the modern arts of advertising, publicity and display, especially as many of the larger societies removed their central premises from "back-streets" into principal shopping thoroughfares and erected bright and attractive modern stores in which all kinds of merchandise can be shown to full advantage.

These last-named developments were frequently made possible by large-scale amalgamations of neighbouring societies which resulted in the formation of great distributing businesses not inferior to any in Great Britain. The classic example of successful large-scale amalgamation is, of course, the London Co-operative Society, under whose ægis the former "co-operative desert" on the northern side of the River Thames has already been made to blossom as the rose.

That much-too-long-delayed development was made possible by the energetic propaganda of Newton E. Smith, Alfred Barnes, and others who soon after the outbreak of the War urged a complete unification of all co-operative societies in the Metropolitan area. Complete unification was found to be impossible; but in 1921 the Edmonton and Stratford societies united to form the London Society, which twelve months later absorbed the West London Society. After that addition, the London Society had 108,984 members, whose combined shareholdings amounted to £848,999, and a weekly turnover of £54,360.

To-day the London Society has 580,000 members; share capital exceeding £8,655,452, and an annual turnover of approximately £12,000,000. It provides employment for more than fourteen thousand workers, and its wages bill for its last complete year amounted to two million pounds. Although still in its infancy, this giant society—the biggest in the world—which has absorbed a large number of smaller societies, to-day covers an area of approximately 400 square miles, and

stretches from Southend-on-Sea to Kingston in the Thames Valley.

Similar amalgamations on the South side of the River, where an equally enterprising policy has been pursued, have gained for the Royal Arsenal Society a membership of 330,000 and an annual turnover of £8,500,000; and for the South Suburban Society, formed in 1918, a membership of 150,000 and sales exceeding £2,750,000 annually. Within Greater London and the immediately surrounding area there are to-day more than one million co-operators, and although much still remains to be accomplished, the capital city of the British Commonwealth is already one of the greater strongholds of the British Co-operative Movement.

Much of the progress made in London, as in several other parts of South-Eastern England, has been facilitated by the steady movement Southward of industry which has been one of the most remarkable phenomena of the post-war years. Elsewhere, however, the same policy of unification and business enterprise has produced the same results. Nearly thirty of the retail distributive societies now have more than 50,000 members apiece, while "millionaire" societies, those whose sales exceed one million pounds annually, are already numerous.

Indeed, the outstanding characteristic of co-operative development in recent years had been a steady reduction in the total number of societies and a great increase in the size and trading activities of the larger societies. Probably Gray's dream of one National Co-operative Society is no nearer realisation to-day than it was thirty years ago, but a new impetus was given to the policy of large-scale amalgamation in 1928 by Mr. Alfred Whitehead, who eighteen years previously had succeeded Gray as General Secretary of the Co-operative Union. Mr. Whitehead, in the address he delivered as President of the annual Congress, outlined a practical scheme for a systematic reduction of the number of societies by amalgamation and absorption; and a special Committee for "Co-ordination of Effort" which the Union afterwards appointed helped to formulate opinion in support of that "closer unity" which has since become the declared aim of the entire Movement.

Another stimulant to the recent rapid progress of the Move-

ment, not only in distribution, but also in production, was the introduction of a new system of trading which at first excited much controversy among co-operators. Neither before nor after the War had the Movement succeeded in meeting the competition of the "tallyman" and private firms who supplied the very poor and others with non-perishable goods on long-term credit.

In London and other big cities particularly, the dry goods departments of co-operative societies failed to command the support of otherwise loyal members, but in 1923, after exhaustive inquiries made by Mr. Sidney Foster, then its general manager, the London Society solved the problem by introducing a new system of "mutuality clubs," by means of which members unable to pay cash for clothing, furniture, and other goods are enabled to satisfy their needs by a series of regular weekly payments.

On its first introduction this co-operative adaptation of the familiar system of "hire-purchase" was strongly condemned by many well-known leaders of the Movement, who protested that it was a violation of the "law" of the Rochdale Pioneers that ready-money payment must always be a first principle of co-operative trading. Some ignored the vital difference between debt and periodical payments; and others possibly forgot that the Pioneers aimed to supply working people with "pure and honest goods" and to realise their own ideal of "self-employment."

It was notorious that people who purchased goods through "clubs" conducted by private traders were frequently defrauded, and London Society's policy ensured that members of its own "mutuality clubs" would secure honest goods at honest prices by purchasing more largely from the dry goods departments of their own stores. In any event, "new occasions teach new duties," and if the adoption of a new policy is justified by its results, "Mutuality Clubs" have since their introduction and localisation by many co-operative societies been abundantly justified by the benefits received by poor consumers, whose curse is still their poverty; the enlarged sales of retail distributive co-operative societies; and the big increases in the output and number of workers employed in factories of the two Co-

operative Wholesales and certain co-operative copartnership productive societies.

Less debatable but equally beneficial has been the formation in different parts of the country of local federations of societies for the purpose of undertaking boot-repairing, dairying, laundering, house-renovating, household-removing, funeral furnishing, and other services and industries, and the entry of all the larger societies into many new departments of retail trade. More recently, too, the formation of National Co-operative Milk, Coal, and Drug Trade Associations has quickened the rate of the Movement's progress in these important branches of trade and raised them to the level of co-operative services already in process of becoming national in fact as well as name.

That aim—that all the manifold services of the Co-operative Movement shall be co-extensive with the needs of the entire nation as consumers—was definitely formulated in 1935, when the Congress held at Cardiff unanimously endorsed a "Ten Year Plan of Co-operative Development" originally proposed by the Rev. G. S. Woods, the member of the Central Board of the Co-operative Union who now is M.P. for Finsbury.

The grand purpose of this far-reaching "Plan," which is "based on the assumption that the competitive system is discredited," is to ensure "planned" increases in the membership, sales, and general productivity of the Movement, and ultimately to establish "a full and comprehensive co-operative service for the whole population of this country."

Timed to start in the autumn of 1935, the "Ten Year Plan" will reach its culmination in 1944, when co-operators in all parts of the world will commemorate the formation in Rochdale of the Society of Equitable Pioneers. No celebration could be more appropriate than the great achievement foreshadowed by the "Ten Year Plan," the full completion of which would make the early realisation of the Pioneers' aim of "arranging" all "the powers of production, distribution, education and government" a possibility well within the grasp of a nation-wide and ever-advancing Co-operative Democracy.

CHAPTER XXIV.

The Economic Struggle

THE PROPRIETARY ARTICLES TRADE ASSOCIATION. COMBINES IN FOOD-DISTRIBUTING TRADES. CO-OPERATIVE PROGRESS IN PRODUCTION. A CO-OPERATIVE COLLEGE. CO-OPERATORS PURCHASE A WEEKLY NEWSPAPER.

THE "Ten Year Plan" approved by the Co-operative Congress held at Cardiff in 1935 was Co-operation's defiant reply to the intensified attempts its opponents had made to stop its progress. Throughout the post-war period the struggle between Co-operation and the capitalist system has always been becoming more acute. Both economically and politically that struggle has now developed into a decisive action, and already the facts declare—

"It's war we're in, not politics;
It's systems wrastlin' now, not parties;
An' victory in the eend'll fix
Where longest will an' truest heart is."

The capitalist policy of "rationalisation," as now extended over the whole field of production, sale, and distribution, is in essence and substance an attempt to throttle social democracy by preventing any further expansion of the Co-operative Movement by making trusts, combines and price-fixing associations all-powerful in Great Britain.

We have already described the rapid upgrowth of capitalist monopolies in this country during the years immediately prior to the Great War. As early as 1914 the Central Board of the Co-operative Union was perturbed by the anti-co-operative activities of the Proprietary Articles Trade Association; but few co-operators then foresaw that capitalist monopolies of different types would soon develop into sinister organisations whose war-time activities were strongly condemned by the Standing Committee on Trusts and Government Committees established under the Profiteering Acts. Fewer still anticipated

the upgrowth of the Unilever combine and similar gigantic international combinations of capitalist interests that to-day endeavour to monopolise the production of matches, tobacco, linoleum, electrical apparatus, and innumerable other commodities in daily demand.

Before 1923, however, the P.A.T.A., which was formed in 1896 to obviate price-cutting in proprietary articles, and which after 1906 refused to permit its members to supply co-operative societies that would not bind themselves in advance not to sell at prices below those fixed by the Association, and not to give "bonus or dividend" on the purchase money, controlled the retail sale of almost 5,000 different articles, principally patent medicines, foods, and toilet sundries usually sold in chemists' shops.

The P.A.T.A. next extended its anti-co-operative activities into the food-distributing trades. Simultaneously multiple shop companies operating chain-stores were arising and extending in almost every branch of retail trading. Official statistics of war-time rationing disclosed that such combines then owned more than 7,000 retail stores and controlled nearly one-quarter of the retail trade in certain essential foodstuffs. Before 1922 the total number of chain-stores in Great Britain had swollen to 70,000, and in the boot, drapery, chemists', drug and several other important trades capitalists were using their monopoly powers to extort vast profits from the consuming public.

Later on, private drapers and grocers formed price-fixing associations of the same type, while the power of capitalists to dominate both wholesale and retail markets was enhanced by innumerable protectionist measures placed upon the Statute Book by the Coalition and Tory Governments that have held office since 1919. Measures like those imposing "Safeguarding Duties," and the Dentists' Act of 1921, reveal in their operation how skilfully and unscrupulously Parliament has been used to strengthen the power of capitalist undertakings to extract profit from the nation and to build a wall around the Co-operative Movement, which alone attacks Capitalism directly upon the battlefield of trade.

Co-operation's answer to the challenge of the combines was prompt and vigorous. In 1925 the Co-operative Union estab-

lished an Agricultural Department to promote the organisation of agriculture on a co-operative basis, and appointed an Agricultural Adviser charged with the duty of assisting co-operative societies in their farming operations, and more immediately in their efforts to provide a co-operative supply of milk. The co-operative milk service that has since developed with great rapidity demonstrates that one vital part of the nation's food supply cannot now be monopolised by any private combine, and efforts made to create equally extensive co-operative organisations for supplying bacon, eggs, and other products of the countryside have not been unsuccessful, despite harsh conditions imposed upon the Movement by Marketing Acts and Schemes that restrict production in the interests of producers.

The Co-operative Wholesale Societies, for their part, countered the challenge of the combines by advancing more boldly in production and by applying the principles of rationalisation in many of their own productive factories. In one year alone the capital expenditure of the C.W.S. exceeded one million pounds, and a full description of the society's progress since 1920 would suffice to fill a volume.

In addition to acquiring more dairies and piggeries, "the Society has used all its resources to help agricultural societies," and has built up a great wholesale trade in milk. It has erected new soap and boot factories; built a great factory for the production of household furniture by "mass production" methods; established a big food-canning factory at Lowestoft; and entered several additional industries, including coal-mining, while engaging busily in increasing its own production of foodstuffs, clothing, and other commodities needed daily by all consumers.

Most impressive of all the Society's post-war developments, however, is its decision to fight the Trusts on their own ground by manufacturing medicines and chemists' sundries; by tendering for public contracts; by making wireless sets for co-operators, and by multiplying its connections with organisations of producers overseas.

The decision of the C.W.S. to manufacture radio receivers was a direct rejoinder to an attempt of the Radio Manufacturers' Association to enforce P.A.T.A. conditions upon the Co-opera-

An Annual Congress of English Co-operative Guildswomen, as seen above, is a wonderful gathering.

To face page 172

Miss Margaret Llewelyn Davies, the First Lady President of the Co-operative Union Congress (1922).

To face page 173

tive Movement. That decision was an effective reply to a powerful Trust, just as the decision of the Scottish C.W.S. to produce linoleum nullified the efforts of another Trust to monopolise that important product. Like the Swedish Co-operative Movement, which has in recent years defeated the Match Trust, the Gramophone Combine, and the Electric Light Manufacturers' Association, the British Wholesales have triumphantly demonstrated the power of Co-operation to defeat any capitalist monopoly whenever its own individual members loyally support their own institutions.

Equally important, having regard to the Tory Party's success in reimposing Protection as the nation's fiscal policy, are the overseas operations of the Co-operative Wholesale Society during the post-war period. The C.W.S. was the first body to re-open trade with Russia, and not long after the War it promoted the formation of the New Zealand Produce Association, a body jointly controlled by the C.W.S. and New Zealand's farmer-co-operators. In 1934 this Association handled more than 100,000 crates of cheese and more than 184,000 boxes of butter, and its fast-growing exporting and importing trade is financed mainly by the C.W.S. Bank, which in 1934 had a turnover of nearly £700,000,000.

In Western Australia, where the C.W.S. is largely interested in the bulk handling of wheat, the society has financed the marketing operations of the Wheat Pool, while the C.W.S. Bank has for several years granted credits amounting to £3,000,000 annually to that great co-operative organisation. In Canada, too, the C.W.S. has had trading and financial relations in the Co-operative Wheat Pools, and has by its association with original producers furthered the Movement's aim of ensuring co-operative control of the bread supply from its beginning on distant wheat fields to its end in appetising loaves produced in a hygienic co-operative bakery, while steadily increasing the total volume of its own inter-trading operations with co-operative bodies overseas.

Unquestionably the wholesale and retail distributive societies alike were greatly heartened in their battle against all kinds of trusts and combines by the new fighting spirit that has vitalised the entire Movement since 1917. The appointment by the Co-

operative Union, in 1914, of an Adviser of Studies, and the establishment of a Co-operative College at Manchester four years later, were events of high significance.

Under the leadership of Mr. W. R. Rae, Chairman of the Central Education Committee, and Professor Fred Hall, M.A., its Principal, the College has already had a powerful influence on the economic progress of the movement. As a Rochdalian, one who formerly attended classes organised by the Society of Equitable Pioneers, Professor Hall has always attached great importance to the training of co-operative employees and officials as a certain method of ensuring greater efficiency in every department of co-operative trade and business. Teaching given at Summer and Week-end Schools has supplemented co-operative teaching included in the regular courses of the College, and the increase in the number of students attending classes held under the auspices of the Union in recent years has been amazing.

During 1934-35 no fewer than 52,459 adult and junior students received instruction in established classes, and of that total number more than 11,000 were employees of co-operative societies, while nearly 30,000 belonged to the younger generation of co-operators. Systematic teaching never fails to produce results, and no one familiar with the facts can doubt that the co-operative teaching given to a multitude of students during recent years has strengthened the "Will to victory" within the Movement as it has multiplied Co-operation's fighting power.

The Women's and Men's Co-operative Guilds, now five in number, and the National Guild of Co-operators (1926) which includes both men and women members, were all enthusiastic supporters of a forward policy. The English Women's Guild, which had wholeheartedly participated in the successful campaign to win the Parliamentary vote for women, urged the C.W.S. to be more adventurous as frequently as its own members pledged themselves to purchase the products of the Movement.

The spirit that animates this Guild's 76,000 members was perfectly expressed in 1922 by Miss Llewelyn Davies when she presided over the Co-operative Congress held at Brighton. "Co-operation is far more than a reformist movement," Miss

Davies then declared; "we are working for no patchwork modifications, for no 'reconciliation of Capital and Labour,' for no 'infusion of a better spirit' into old industrial forms. We are laying the foundations of a new industrial civilisation." Miss Davies was the first woman chosen to fill the Presidential Chair of a Co-operative Congress, and her appointment represented the complete democratic equality of women and men within the Movement as perfectly as did the election as a C.W.S. director of Mrs. M. E. Cotterell, the only woman who has so far become a member of the English Wholesale's Board.

In the same address Miss Davies urged co-operators to show that the "co-operative system is ahead of the competitive world in its recognition of the human factor in production and in the desire and power to satisfy the claims of the worker." That the Co-operative Copartnerships had always done, and we have already described how the Movement was foremost in improving the standards of shop assistants, clerks and other types of workers. After 1922, however, many societies advanced yet another stage by making employees eligible to serve upon their own management committee, while an even greater number have now established superannuation schemes which provide pensions for all aged members of their staffs.

These concessions, however, did little or nothing to check the spread of militancy among members of the National Union of Distributive and Allied Workers, into which the old A.U.C.E. was merged by an amalgamation effected in 1919. The new Union was much more aggressive than the old one, and its disinclination to submit all labour disputes to arbitration and settlement by peaceful means, often seriously handicapped co-operative societies in their struggle against multiple-shop companies by making it extremely difficult for them to adjust wage rates in times of falling prices without the loss inseparable from a lock-out or a strike.

Co-operative employees generally, however, still desire to "advance the co-operative cause" as ardently as do all the different Guilds, which wholeheartedly welcomed the decision of the Co-operative Wholesale Society to combat the combines by introducing a new system of "fixed maximum retail prices" for certain kinds of co-operative productions. The directors of

the Wholesale were convinced that policy was "in the interests of the consumer and the Movement generally," and no critic could gainsay their statement that "fixed prices" must form part of any national system of advertising co-operative productions. Such a system was made essential, because the Movement's greatest competitors were large advertisers in daily and weekly newspapers, which served them as most attractive hoardings.

The Newspaper Press itself had largely become a chain of combines associated with commercial trusts against which Co-operation had to battle in all the realms of industry and trade. Against that Press the Movement could only command the propaganda services of the *Co-operative News*, the *Scottish Co-operator*, and the *Wheatsheaf*, a widely-circulated monthly "home magazine" issued by the Co-operative Wholesale Society. Useful as all these journals were, they could not counter the nation-wide propaganda of the Capitalist Press, and not long after the War had ended enthusiastic co-operators began to clamour for a co-operative daily newspaper.

The Co-operative Congress supported that demand, and applauded the efforts of the National Co-operative Publishing Society to establish a daily newspaper; but few of those who desired the immediate establishment of a co-operative daily newspaper had measured the enormous cost involved. As always, Co-operation had to advance towards its goal by stages; and an immense step forward was taken by the N.C.P.S. in 1929 when it purchased *Reynolds's Illustrated News* and so made all co-operators part-proprietors of that old-established democratic weekly newspaper.

It was entirely fitting that *Reynolds's* should then pass out of the hands of the Radical peer who owned it into the hands of Co-operative Democracy. *Reynolds's* was established about the same time as the Rochdale Pioneers opened their original store in Toad Lane, and throughout its long career the paper had championed all the great causes of democracy from Chartism to Co-operation. Holyoake and other co-operative writers had contributed to its columns at not infrequent intervals, and always *Reynolds's* had been opposed to Capitalism.

When the news of the purchase by the N.C.P.S. was officially

announced, therefore, the entire Movement expressed its joy. When it met at Torquay in 1929, the Congress "welcomed" the epoch-making purchase, and called upon "co-operators, trade unionists, and members of all other democratic organisations" to become regular purchasers and readers of the paper. The Movement knew it had at last secured a national voice, one already powerful enough to be materially helpful to it in its economic struggle against all trusts and combines whose interests had so long been championed by daily and weekly organs of the Capitalist Press in all quarters of Great Britain.

CHAPTER XXV.

The Political Struggle

THE CO-OPERATIVE PARTY'S PROGRAMME. A CO-OPERATOR IN THE CABINET. CO-OPERATIVE SOCIETIES UNJUSTLY TAXED AGAIN. LEGISLATION LIMITING CO-OPERATION'S PROGRESS. MORE TAXES ON CONSUMERS.

EVER since 1918 the Co-operative Movement has been increasingly involved in the fierce struggle for supremacy in British politics, where the main lines of the decisive issue between Capitalism and Democracy are already well defined. During the sixteen years that have elapsed since Mr. A. E. Waterson first championed co-operative interests and principles in the House of Commons, the Movement has not been unrepresented in any Parliament, and meanwhile the Co-operative Party has been steadily gaining added strength throughout the country.

Hitherto the Party has participated in seven General Elections, and although its fortunes have fluctuated with those of the Labour Party, the number of its supporters has grown bigger every year. When it last reported to the Co-operative Congress, in June, 1935, the Party had an affiliated membership of 4,410,368 co-operators, and so was justified in claiming that its individual membership exceeded that of any other political organisation in Great Britain.

Here it is impossible to do more than outline the progress of the Co-operative Party since its formation in 1917. Mr. T. W. Allen (now Sir Thomas Allen), a director of the C.W.S., for a time acted as chairman of the original National Co-operative Representation Committee, an office in which he was succeeded by Mr. W. H. Watkins, who then was chairman of the Plymouth Society. After 1919, when the N.C.R.C. was established on a broader basis as The Co-operative Party, Mr. Watkins continued to hold that office until his death in 1924,

when Mr. Alfred Barnes was elected National Chairman of the Party, a position he still fills.

The National Programme of the Party was first definitely formulated in 1922, not long prior to the General Election in the Autumn of that year. When shorn of not unimportant details, that programme, which was endorsed by the Congress held at Brighton, may be crystallised in its own two opening paragraphs, which together constitute a modern interpretation of the original "objects" of the Rochdale Pioneers:

1. To safeguard effectually the interests of voluntary Co-operation, and to resist any legislative or administrative inequality which would hamper its progress, [so]
2. That eventually the processes of production, distribution, and exchange (including the land) shall be organised on co-operative lines in the interests of the whole community.

In things essential, that long-term programme does not differ fundamentally from the avowed aim of the Labour Party, with which the Co-operative Party has co-operated on terms of comradeship ever since co-operators entered politics as an organised body. Comrades are bound to be allied in action if their combined strength is to be made effective, and in 1926 the Congress held at Cheltenham, by a majority of 117, approved the terms of a proposed "Agreement" between the Co-operative and Labour Parties intended to promote cordial relations between the two bodies and "arrange a basis of common working."

The smallness of the majority the Co-operative Party then secured in Congress was due mainly to vitriolic attacks made upon it in the Press. Capitalist newspapers pledged to support either the Liberal or the Tory Party then and afterwards exhausted their ingenuity in misrepresenting the purpose of the proposed "Agreement" and their vocabulary in slandering the Co-operative Party and its national leaders. The atmosphere they so created was distinctly poisonous, and co-operators who feared political tumults in general meetings of their own societies could be excused for failing to perceive that the envenomed attack upon the Party was inspired by the common desire of capitalists and private traders to spike Co-operation's new-forged Parliamentary guns.

In Parliament, of course, Co-operative and Labour Members sat alongside each other and usually voted together in the same

Lobby. When the Labour Party was in opposition, the Co-operative M.P.s supported it against the Government; and in 1923-4 and in 1929-31, when the Labour Party twice held office as a "minority" Government, the Co-operative Group was its firm supporter.

In the first of those Governments, that formed by Mr. Ramsay MacDonald in 1923, Mr. A. V. Alexander, who had succeeded Mr. May as Secretary of the Joint Parliamentary Committee of the Co-operative Congress, and who sat in the House of Commons as M.P. for the Hillsborough Division of Sheffield, held office as Parliamentary Secretary to the Board of Trade. He was the first direct representative of the Co-operative Movement to become a member of a British Government; and his appointment as First Lord of the Admiralty in the second Labour Government, which held office six years later, gained for him the added distinction of Co-operation's first direct representative within a National Cabinet.

In the person of Mr. Alexander, therefore, the Co-operative Movement has during two brief periods already shared in the "control" of all "the powers of government"; but it was during the much longer periods when Co-operative M.P.s were members of His Majesty's Opposition that the value of co-operative representation in Parliament was most convincingly demonstrated.

Except for the short time in which the Labour Party has been in office, the powers of government have throughout the post-war period been in the hands of politicians whose hostility to Co-operation has only seldom been disguised. Despite misleading changes in the names of Governments, reaction has remained in power, and one main purpose of the Government has been to underpin the capitalist system while inflicting injuries upon the Co-operative Movement, its only formidable economic rival.

In 1918 Mr. Lloyd George's Coalition Government yielded to the clamour of private traders' organisations and the Federation of British Industries, by appointing yet another Royal Commission to make inquiry into the Income Tax "in all its aspects." When this Commission—upon which the Co-operative Movement was at first refused representation—reported in 1920,

A food queue during the war, when consumers had to line up and wait their turn for supplies of necessaries when these were obtainable.

To face page 180

Scottish Co-operative Wholesale Society's Central Premises at Glasgow.

To face page 181

a majority of its members recommended that "any part of the net proceeds" of co-operative societies "not actually returned to members as 'dividend' or 'discount' should be charged to Income Tax," and that the "wholesale and productive societies should be treated on exactly the same basis as distributive societies."

Immediately the terms of the Commission's report were known, the Co-operative Union mobilised all the forces of the Movement in resistance to the contemplated tax, for it obviously violated the "principle of mutuality, which is the basis of co-operative trading," and made the savings of co-operators subject to unjust taxation.

Before the annual Congress met at Bristol, however, the Government had decided to make the new Corporation Profits Tax applicable to co-operative societies and all the Congress could do at that moment was to record its "emphatic protest"; reaffirm its opposition to the recommendations of the Royal Commission; declare that the proposals were "intended by interested persons to cripple co-operative trading by an application of the Income Tax which is not applied to any other ordinary trading organisation"; and instruct the Co-operative Union to "take every possible step to organise co-operative and public opinion against the proposed taxation."

The Chancellor of the Exchequer refused to withdraw his proposals, and in June, 1920, a National Emergency Conference, convened by the Co-operative Union, was held at London to bring additional pressure upon the Government and its supporters in Parliament. That Conference was attended by a thousand delegates, who after having made "emphatic protest," trooped into the Lobbies of the House of Commons to interview their respective Parliamentary Representatives and convince them it was "their duty to vote against the proposals of the Chancellor." This "Lobbying" was not ineffective; but the Law was altered, and after August 4th, 1920, "a portion of the surplus arising from mutual trading as carried on by co-operative societies" was treated as taxable profit by the Inland Revenue.

The tax was imposed; but the Movement's agitation against undisguised injustice did not cease. Instead, it was intensified

throughout the country, with the ultimate result that twelve months later, when the tax was again included in the Budget, the Government was defeated on its own Finance Bill by a majority of two, which was however big enough to restore to co-operators an elementary right of which they had been deprived by the Coalition Government.

Thereafter capitalists and private traders redoubled their efforts to secure the imposition of penal taxation on co-operative societies. Success did not reward their efforts until 1932, when the so-called "National" Government headed by Mr. Ramsay MacDonald was in power, with Mr. Neville Chamberlain as its Chancellor of the Exchequer. He quieted the traders by appointing an "impartial" inquiry committee of three, one of whom was a director of the Columbia Gramophone Company and a past president of the Institute of Chartered Accountants, which thirteen years before had given evidence in favour of the taxation of co-operative societies! Inevitably, this "impartial" Raeburn Committee reported in favour of taxing the "undistributed surpluses" of co-operative societies, and as inevitably the Chancellor of the Exchequer, notwithstanding Mr. MacDonald's publicly-given pledge that he would resign office if co-operative societies were taxed unfairly, included such taxation in the Finance Bill for 1933.

Again the whole Co-operative Movement was soon afire with righteous indignation. The Congress held at Birmingham condemned proposals certain to "inflict grave injustice on co-operative societies and their members, the majority of whom are drawn from the poorer section of the community"; and declared its determination "not to relax its active opposition until these inequitable proposals are finally defeated."

Mr. Neville Chamberlain, however, was firmly resolved to impose his tax, not so much to augment the national revenue, as to "remove the grievances of traders." The indignant protest of a special National Co-operative Congress held at London, and a monster petition to Parliament signed by 3,346,753 members of co-operative societies, made but little impression on the National Government's enormous majority, and although many co-operative societies have since endeavoured to lessen the burden of the "penal" tax by reducing their retail

prices, the Movement is still being mulcted to the extent of £1,250,000 annually by a tax well known to be flagrantly unjust.

Previously, the Coalition Government had limited the freedom of co-operative societies in their choice of auditors, and had made the taxation of consumers a normal part of its fiscal policy, a policy continued by each of Mr. Baldwin's Governments. Taxes on foodstuffs—which have in the past five years been increased by £43,000,000 annually—are inevitably paid by consumers in the purchase price of goods, as are all similar taxes however skilfully disguised as "subsidies" or "quotas." The subsidy given to British Sugar-Beet growers, for example, who have in the past few years received £47,000,000 in gifts from the nation's purse, is in reality a tax paid indirectly by the nation as consumers, as is the £10,000,000 already given to British farmers in the form of the Wheat Subsidy.

Such examples might be multiplied with ease, but these alone suffice to show how in the post-war years capitalist triumphs in politics have enabled vested interests to profit at the cost of the consuming millions of working people whose needs the Co-operative Movement exists to serve. On the other hand, the long-continued efforts of the Co-operative Group in Parliament to secure a much-needed Amendment of the Industrial and Provident Societies Acts were completely thwarted by Conservative M.P.s, some of whom were closely associated with private trading interests or the Federation of British Industries.

Unfortunately experience has not yet taught all working men and women co-operators how foolishly they act in entrusting political power to people known to be unfriendly or hostile to Co-operation. Inevitably the consuming and working millions who form the living nation must suffer injustice until they gain wisdom from painful experience. It is for them, as the wisest of the ancient Greeks declared, "to discover for themselves why their own ears are so often boxed."

Meanwhile the Co-operative Party continues its work of educating co-operators in the first principles of Co-operative Politics as it strives to increase the number of co-operative representatives in Parliament and on all municipal authorities and other local administrative bodies. The success that has rewarded the Party's educational efforts is demonstrated by

the large number of co-operators who now serve their fellows as local representatives, and by the presence in the present Parliament of nine Members who are authoritative spokesmen of the Co-operative Movement.

In the wholly unnecessary General Election of 1935, representatives of the Co-operative Party were nominated as candidates in twenty different constituencies. All alike made common cause with the Labour Party; but as Co-operative candidates they also supported the Co-operative Party's own well-considered policy of national reconstruction, which under the inspiring title of *Britain Reborn* had previously been popularised by the *Co-operative News*, the *Scottish Co-operator*, *Reynolds's*, and the *Citizen*, a political news-sheet published by the Co-operative Press, which circulates to the number of one million copies monthly.

The basic principles of the Co-operative Party's "Britain Reborn" programme are not difficult to grasp. Based securely on the Party's initial affirmation that although Capitalism was "the best system for the nineteenth century," which knew no other, it cannot possibly satisfy twentieth century requirements, the programme shows in broad outline how the principles which underlie the entire Co-operative Movement can be applied to all the economic business of the nation in a manner that will eliminate both unemployment and poverty, spread wealth more equitably and widely among the people, increase the productivity of Great Britain's soil, and make the nation as consumer-citizens owners and controllers of all national transport, power, fuel, light, water and other services vital to its own existence, while bringing under public control and supervision the great extracting, manufacturing, producing and banking industries, which to-day either exhibit inability to reorganise themselves or live parasitically upon the nation.

All parties in the State to-day agree that Britain needs a new infusion of life and energy; and the Co-operative Party, like the Labour Party, directly challenges upholders of the bankrupt social order by proclaiming that inasmuch as no patchwork measures can repair the economic foundations of the State, Britain must be reborn before there can again be "work and wealth for all."

CHAPTER XXVI.

Co-operation Collects Its Forces

THE NATIONAL CO-OPERATIVE AUTHORITY. THE AGRICULTURAL MARKETING ACTS. LORD MELCHETT'S BILL. "PRESS PEERS" ATTACK THE MOVEMENT. THE NEW "REYNOLDS'."

THE history of Western Civilisation during the post-war years cannot possibly be written yet. While "all is change in a world of change" the inner meaning of unexpected happenings can only be deciphered with difficulty, and all that can now be said without risk of contradiction is that the whole Western World is again in the melting-pot, for it is passing through a revolutionary period not unlike that which followed the French Revolution of 1786 and the epoch-making changes in agriculture, industry and communications which between 1760 and 1830 transformed the entire economic structure of society.

Already it is evident that the second Industrial Revolution will be not less far-reaching than the first, and that the supersedure of democratic institutions in several important European countries, and their replacement by dictatorships of divers types, challenges the fixed belief of pre-war Radicals that the world is ever "rolling Freedom's Way," and that consequently all nations must soon be governed by representative institutions popularly elected.

In this country also, quiet and settled as it is, Democracy in politics has been accompanied by a series of direct and indirect assaults on democratic principles and democratic movements. In the midst of these assaults, from which Co-operation too has suffered, the Co-operative Movement has occasionally appeared to be hampered by conditions imposed upon it by its own fundamental principles.

Loosely-knit, and subject to no central authority possessing power to order and command, the Movement has not infre-

quently been slow to act or to decide and declare its national policy. Democracy also is not devoid of weaknesses, not least among which are its unwillingness to discipline itself and its inability to act rapidly in seasons of emergency.

The Co-operative Union, indispensable as it is, and invaluable as its services to the Movement have been ever since its formation in 1869, was never invested with authority to determine the national policy of the Co-operative Movement. That could only be decided by the annual Congress, and even when it was decided society-members of the Union had full liberty to take whatever course they chose, short of ceasing to be in any true sense co-operative organisations. Freedom held the Movement together more strongly than laws could do; but the absence of authority often placed Co-operation at a serious disadvantage when the hour demanded action.

That real weakness of the Movement could not be concealed during the war period, and in the post-war years many active co-operators feared the Movement was losing prestige because it lacked effective leadership. The Co-operative Union, although it included, as it still includes, the entire Movement in its membership, was no longer the only co-operative organisation possessing national importance. The two Wholesale Societies had grown to gigantic size, and the upgrowth of giant retail distributive societies also tended to lessen the moral authority of the Central Board.

Upon important issues on which the Movement ought to have spoken with one voice it sometimes seemed to speak with two or more, and always there was doubt whether what the Co-operative Union and its annual Congress said would remain uncontradicted by what other important co-operative bodies said or did elsewhere. Even in its negotiations with political leaders and Departments of the Government spokesmen of the Union were hampered by knowledge that agreements they entered into might be repudiated by organisations on whose behalf they spoke.

Responsible co-operative leaders who knew the defect was real, and who thought action to remedy it was demanded by post-war circumstances, concluded the time was ripe for the formation of a National Co-operative Authority representing

all the more important bodies within the Movement. Again the driving impulse came from the Southern part of England, where Alfred Barnes, J. J. Worley, Albert Joyce, A. J. Tapping and other well-known co-operators forcefully argued that the Movement had too many generals but no Commander-in-Chief, and urged that Co-operation must immediately collect its forces and mobilise its full power under one acknowledged central authority.

Concrete proposals that were presented to the annual Congress which met at York in 1930 had, of course, to be scrutinised in detail from every angle and by all the federal bodies within the Movement. But discussion only made Co-operation's need more clear. In 1932 the Congress held at Glasgow authorised the immediate formation of "a new Authority for the Co-operative Movement, to which shall be delegated the decision on all matters of National Policy," and empowered that Authority "to make decisions on matters of National Policy arising between Congresses," while reaffirming its adherence to the democratic constitution of the Movement by asserting that "Congress is accepted as the final authority in the Movement, and all Sections are expected to respect its decisions."

As then constituted, the National Co-operative Authority includes representatives of the Co-operative Union, the C.W.S., the S.C.W.S., the Co-operative Press, the Co-operative Productive Federation, and the Co-operative Party. All the federal bodies are thus directly represented in the Authority's cabinet of twenty, while that body's two officers are Alderman Sir Fred Hayward, who has long been Chairman of the Co-operative Union, and Mr. R. A. Palmer, who has served the Union as its General Secretary since the retirement of Mr. Whitehead in 1929.

The National Co-operative Authority does not and cannot possess any dictatorial power. It can only act within the limits defined by the Glasgow Congress; but at its meetings the Authority is able to "collect the voices" of the Movement; to discover and express the whole Movement's will, and to decide Co-operation's National Policy whenever its interests are affected; and undoubtedly its own influence within the Move-

ment and upon the Government will grow as its decisions broaden "slowly down from precedent to precedent" and co-operators generally realise the full value of self-discipline and united action.

Certainly the National Co-operative Authority was established none too soon. Before 1930 legislation passed by post-war Governments, and proposals included in the Labour Party's programme, threatened to limit the Movement's freedom to develop steadily towards the fulfilment of its economic aims along lines determined by its own principles. Consequently, in 1928 and 1932 the Co-operative Congress, on the original initiative of the Men's Guild, decided its policy, first, in relation to Municipal Trading; and secondly, in relation to Imperial Trade and State Purchase and Importation of Wheat and other foodstuffs.

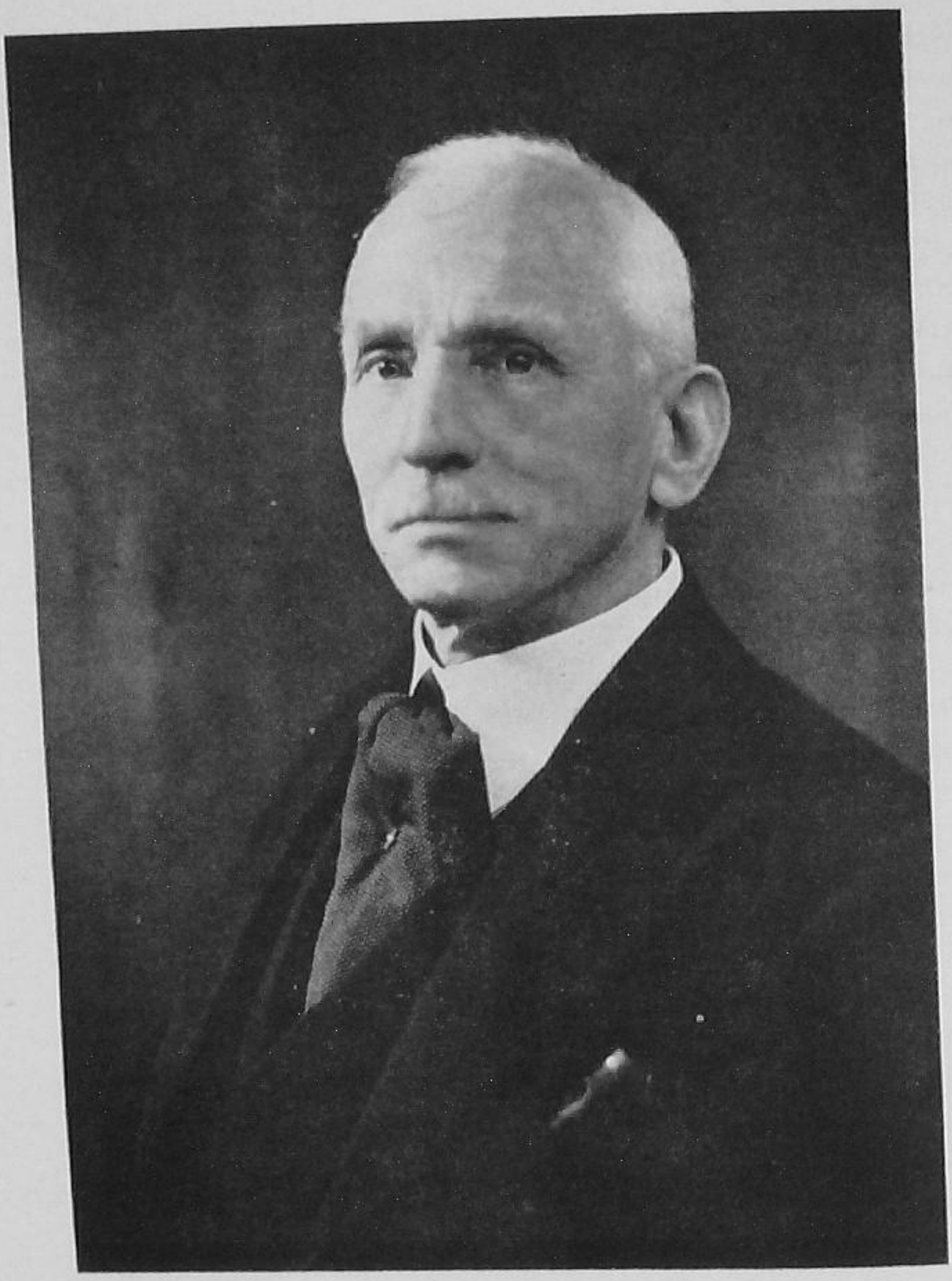
It was necessary that the Movement's policy on these controversial issues should be decided in those years; but on each occasion co-operators were careful, while insisting that Co-operation must have freedom to expand, not to condemn the general policy of collectivism foreshadowed in the Labour Party's official programme.

After 1931, however, the freedom of the Movement was continually being restricted by Acts of Parliament intended to foster the development of British Agriculture by "protecting" the markets and enlarging the money gains of British farmers and producers. The original Agricultural Marketing Act of 1931, passed by the second Labour Government, and the Act of 1933 for which the National Government was responsible, both apply the principles of industrial rationalisation to the many-sided agricultural industry.

Both Acts, like all the varying Marketing Boards and Schemes now operating under their authority, are characterised by the same obvious defects. They ignore the interests of consumers, and aim to enlarge the profits of agricultural producers by increasing wholesale and retail prices and restricting production. It follows that whereas the scarcity so created is beneficial to producers, whose vested interests are thus protected, the consuming millions who need abundance are indirectly taxed every time they make a purchase.

A vista of Morrison Street, Glasgow. All the buildings on both sides, to the furthest domed warehouse, are S.C.W.S. premises.

To face page 188



Sir Thomas Allen, Kt.,
former director of the C.W.S., who was deputy-chairman of the Consumers' Council of the Ministry of Food during the war.

To face page 189

Moreover, agriculture in many of its branches is to-day a closed industry, with the result that the Co-operative Move- ment has extreme difficulty in enlarging its own agricultural, marketing and manufacturing operations. Nor is this all the story. Under laws presently in force, farmers and others are actually paid for not producing foodstuffs the nation urgently requires! Price levels are maintained by producers' Boards and Schemes that curtail production, and the net result of the protectionist policy based on theories conceived in some eco- nomic Bedlam is that consumers are penalised while Co-opera- tion is forbidden to supply their needs.

As it develops, the agricultural policy pursued by National Governments, if it remains unaltered, must end in the creation of strong monopolies subsidised by the State and legally safe- guarded against competition. This policy, which is also illus- trated by the results of the Pig and Bacon Marketing Scheme, the Wheat Quota, and the Sugar Beet Subsidy, can only be frustrated by political action taken in Parliament. Meanwhile the Co-operative Movement and all its consuming members suffer, for hitherto every effort made by the Movement to secure fair treatment for consumers has been barren of results.

Even more sinister in their implications, and much more menacing to the future of the Movement, are proposals for the licensing of retail shops, sponsored by traders anxious to safeguard their own interests, and the "Industrial Reorgani- sation (Enabling) Bill" introduced in the House of Lords in 1935 by Lord Melchett, the President of the Federation of British Industries.

The Industrial Reorganisation Group, by which this Bill is supported, desires to empower firms already operating in par- ticular trades or industries to prevent other firms from entering the field. Lord Melchett says his Bill is intended to "enforce schemes" for the reorganisation of particular industries "with the general object of promoting greater efficiency, eliminating wasteful competition, and facilitating the production, manu- facture, and supply of industrial products," but legislation of the type he and his colleagues are busily promoting would bolt and bar the entrance door of many important industries against the Co-operative Movement. These and other enacted or sug-

gested laws, however extraordinary their provisions, should occasion no surprise. Capitalism to-day is fighting to retain its power to exploit the consuming masses of the nation, and its audacity is the measure of its extremity.

The violent attacks made upon the Co-operative Movement early in 1934 by Lord Beaverbrook and Lord Rothermere were not inspired by love of petty shopkeepers, but by fear of Co-operation's steadily increasing power. Edmund Burke once said it is impossible to indite a nation; but these "Press Peers" suddenly made it their business to indite the seven millions of co-operators who, together with their families, now constitute nearly one-half of the British Nation.

When their daily and weekly organs descended to levels of malignancy and virulence almost unknown to British journalism since the days of Wilkes and Cobbett, co-operators had no cause to be alarmed; and the only immediate result of their unprovoked attacks was a big increase in the membership and sales of many co-operative retail distributive societies!

The creation of the National Co-operative Authority is evidence that responsible co-operative leaders perceive the true implications of these post-war happenings; and inquiries made in recent years into the administration of the Co-operative Union, the Co-operative Wholesale Society, and the National Co-operative Publishing Society—now re-named the Co-operative Press Ltd.—are other signs of the Movement's determination to maximise its fighting strength. One event immediately following the reorganisation of the English Wholesale's Board was the formation in 1934 of The C.W.S. Retail Co-operative Society, which is intended to extend the benefits of Co-operation to working people in those areas of England and Wales that are still backward in their co-operative development.

Mr. Arthur Pickup, who was President of the Congress held at Rhyl in 1934, found ample subject-matter for his Presidential Address in the anti-co-operative policy pursued by post-war Governments, and the unconcealed endeavours of Capitalism to restrict the growth of Co-operation in almost every sphere of economic action.

Using arguments not unlike those used at earlier Congresses by Mr. Gray and Mr. Whitehead, Mr. Pickup urged that the

successful formation of the National Co-operative Authority ought to be followed by a nation-wide co-ordination and unification within the Movement that would enable Co-operation to supplant Capitalism and so solve "nine-tenths of our economic, social, and political problems." His call to the Movement to "concentrate its forces" while preserving the "voluntary basis of Co-operation" made a deep impression on the Congress, and it seems quite certain that great efforts will be made to co-ordinate the enterprises of several now independent co-operative organisations during the next few years.

The Co-operative Press Ltd., which was the last of the big federal bodies of the Movement to be "overhauled" and reconstructed, has since 1929 strongly reinforced Co-operation's foremost fighting line in its resistance to Capitalism's repeated onslaughts. Ever since *Reynolds's* was acquired by the society the Movement has had a powerful champion and defender in the regions of the general Press; and under the Editorship of Mr. Sydney R. Elliott, who is an ex-student of the Co-operative College, the paper has already done much to advance the whole cause of British Democracy as it has served the particular interests of co-operative societies and their individual members.

A national scheme of "collective advertising" inaugurated by the directors of the Co-operative Press in 1932 has enabled the Wholesales' new policy of "fixed maximum prices" for many of their products to be popularised by effective publicity, and in the General Elections of 1931 and 1935 *Reynolds's* alone among the national weekly newspapers supported and explained the election programmes of the two great democratic parties.

Early in the last-named year action was taken to implement the directors' plan to modernise their machinery and produce the paper in an enlarged and improved form that would make *Reynolds's* as attractive and informative as any Sunday newspaper now published in Great Britain. A commanding site was purchased near the heart of newspaperdom, and on that site the new London headquarters of the Co-operative Press has already been erected.

The official opening of this headquarters, appropriately named "Pioneer House," early in 1936, is the last event in the

long history of the British Co-operative Movement that can here be chronicled. With the opening of "Pioneer House," and the publication of the first number of the new *Reynolds'*, one great ambition of the Movement is fully achieved.

Co-operation is at last in full possession of a national newspaper well equipped to satisfy its needs. Even if it does not yet control all "the powers of production, distribution, education, and government," the Co-operative Movement now has power to influence the thought of millions. All along the far-flung line of its multitudinous activities Co-operation will gain new inspiration and be conscious of a powerful reinforcement. Capitalism is directly challenged in one of its strongest citadels; and lines penned a century ago in praise of *The Newspaper* by a democratic poet now seem peculiarly appropriate and immediately applicable:

It goeth forth, an instrument of power,
Ruling and ruled by great society;
Noting the human business of the hour,
With retrospection far, and prophecy.

. . . . .

Hail it, ye stirring Millions, as your Saver,
From the old law of things, that kept ye under
The foot-tread of the Few—as the way-paver
To your redemption-goal! And, of its thunder
Ye who sit throned the Joves invisible,
Use the mighty weapon well!
Hide it not in cloudy sphere
Of pale apathy or fear;
But ever let its radiant bolts be hurl'd
Against the giant Ills that still bestride the World!

SECTION EIGHT

AN ALTERNATIVE TO CAPITALISM

CHAPTER XXVII.

The Living Movement.

THE CO-OPERATIVE MOVEMENT TO-DAY. BENEFITS ASSURED TO CO-OPERATORS. CO-OPERATION'S SERVICES TO THE STATE. THE WORLD-WIDE MOVEMENT. CO-OPERATION AND PEACE.

To-day the Co-operative Movement of Great Britain is an immense movement of the people steadily advancing towards its own proper consummation in a national Commonwealth. So peaceable has been its growth, so orderly its expansion, that Co-operation's swift development from scattered groups of working people owning petty general stores into a nation-wide organisation secure in the allegiance of nearly half the nation, is still unnoticed by many statesmen, economists and social philosophers who profess to be leaders of public opinion.

Mr. G. K. Chesterton once observed that some things are much too big to be seen. Possibly his acute remark explains why the present magnitude of the Co-operative Movement is so often unobserved. In little more than a century the Movement has risen from nothing to national greatness, and many pioneers still living can eloquently describe how tiny societies established on the Rochdale "plan" have in latter years grown into mammoth organisations. Possibly it would not be wrong to claim that the rapid expansion of Co-operation entitles it to be regarded as one of the great wonders of the modern world; and none need fear to compare its growth during the three last generations with the remaking of a nation.

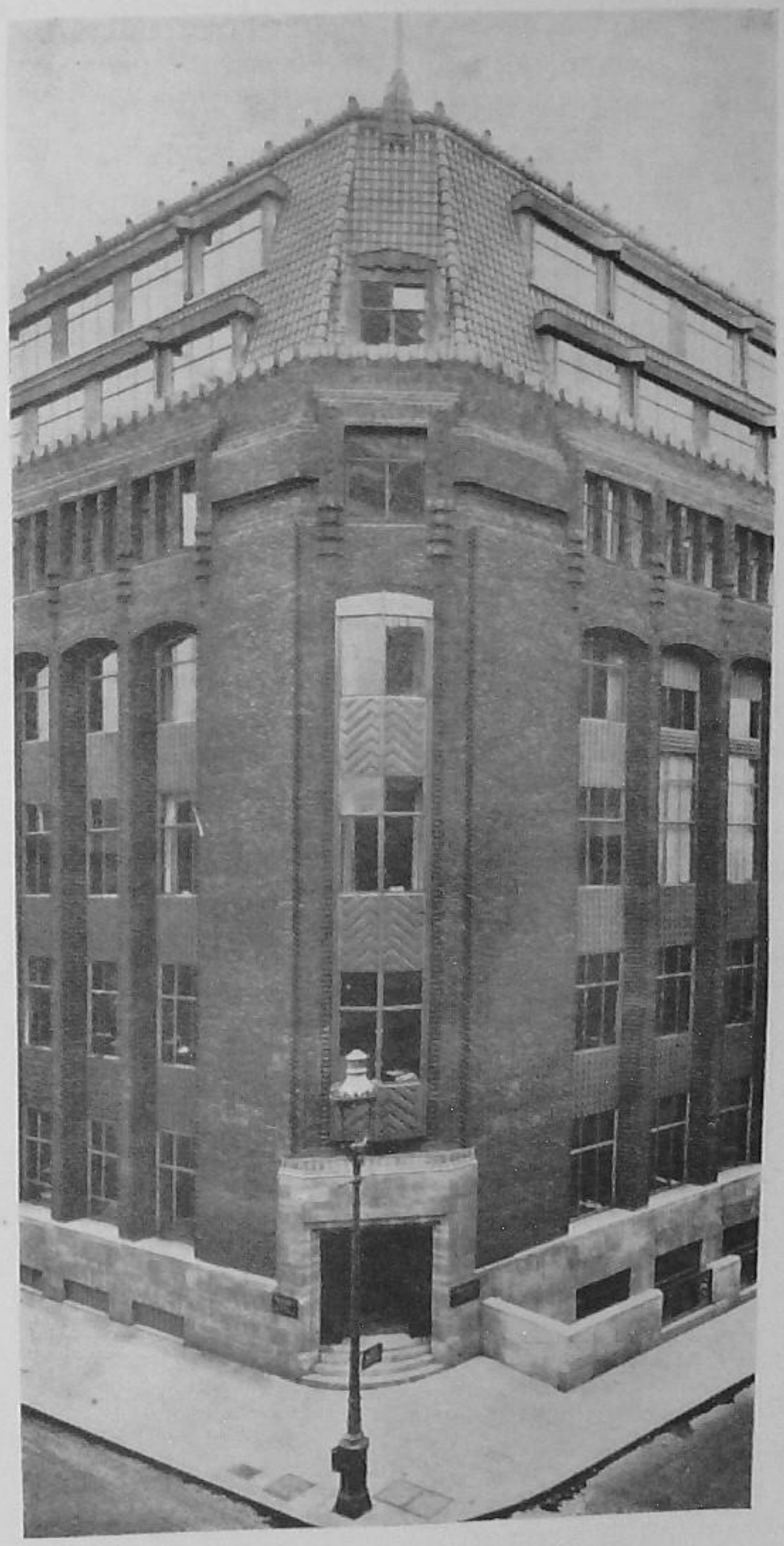
The members of retail distributive co-operative societies, when reckoned in terms of households, now constitute approximately one-half of the wage-earning and wage-spending population of this country. Together they transact a wholesale and retail trade of more than £337,000,000 a year, and the total value of the Movement's own combined production in 1934 was much in excess of eighty million pounds.

These co-operators collectively own sixty thousand acres of the soil of England, in addition to possessing large tracts of land in British territories overseas; and their business as importers and exporters forms a not unimportant part of Great Britain's Imperial and Foreign Trade. Their central and branch stores are numbered in tens of thousands, and the Movement's building operations are so extensive that Co-operation is to-day one of the biggest builders in this country. There are very few fields of production for domestic use in which the Movement is not a big producer and supplier, and in more than one of the great manufacturing industries Co-operation is already becoming powerful.

Nearly 300,000 workers—for great numbers of whom pensions at the age of sixty-five are already voluntarily assured—now have regular employment in the Movement's service, and in its last completed year the Movement paid £36,533,000 in weekly wages or monthly salaries. In 1934 co-operative societies sold or manufactured 143,998,225 gallons of milk, so handling approximately one-fifth of the nation's milk supply. Their combined sales of coal during the same twelve months exceeded 5,300,000 tons and represented about one-sixth of the country's entire retail trade in coal for domestic consumption, while the Movement's part in the bread-baking and bread-distributing trade is to-day so great that nearly one-fourth of the nation's daily bread would not be forthcoming if all the co-operative bakeries were suddenly to close.

These groups of figures are compelling in their silent eloquence, as are those that show how the assets of the C.W.S. Bank increased from £77,000,000 in 1933 to £86,000,000 in 1934, and how the funds of the Co-operative Insurance Society mounted from £16,166,885 to £18,259,388 in the same twelve months, during which it paid away more than three million pounds in satisfying no fewer than 337,478 claims. The figures all tell the same tale of fast yet solid growth; but much more important than any number of vast totals is the value of the social service now rendered to the whole nation by the living and expanding Movement.

In strict conformity with the original purpose of the Rochdale Pioneers the entire Movement produces and supplies none but



An angle picture of the C.W.S. Bank and Administrative Premises, London.

To face page 196

William M. Bamford, Editor, "Co-operative News."
1898—1921.

To face page 197

pure and honest goods, so rendering to the nation a service of which the Ministry of Health alone can assess the value.

The system of "dividend on purchase" that was Co-operation's original invention, now ensures the division of many millions of pounds among millions of purchasers in each succeeding year. In 1934 the co-operative retail distributive societies so shared £20,600,000 among their trading members. Had the Movement not existed, the bulk of that vast sum would undoubtedly have filtered into the pockets of big or little capitalists before further enriching those who already were much too opulent.

Instead of so augmenting the money power of Capitalism, that sum of £20,600,000 returned into the hands of the millions of working people to whom it always had belonged. Their "dividends" enable millions to purchase better food and better clothes; to increase the comfort of their homes; to have longer holidays and enjoy better health; to continue paying for houses they hope one day to own; and to make more adequate provision for their personal dependants or their own old age.

Some people may say these undoubted benefits derived directly from the Co-operative Movement by its loyal members are things of small account. No opinion could be more mistaken, although it is one the Capitalist Press most assiduously attempts to spread. Good food and clothes, holidays and amusement, and the comfort and security of an established home are the first essentials of honourable living; and because Capitalism to-day denies these indispensable elements of good living to millions of British working people, the national conscience has already passed judgment on it although sympathetic Governments are still attempting to preserve the capitalist system.

They ought instead to facilitate the extension of the Co-operative Movement, which unlike Capitalism, has never demanded favours from the State or endangered the safety of the Realm. The millions of pounds put into the pockets of millions of working people in the form of "dividends on purchases" have political as well as social value. So have the capital assets of the Co-operative Movement, and the regularity of employment enjoyed by almost all the workers it employs.

At the end of 1934 the total assets of the 1,046 co-operative

retail distributive societies then existing were valued at £186,893,975. These assets do not exist in the form of paper money or stocks and shares like those in which "bulls" and "bears" delight to gamble on the London Stock Exchange. The bulk of them exist in the form of real wealth—land, buildings and machinery; farms, factories, mines, mills, workshops, emporiums, stores, warehouses and goods.

As owners and possessors of so much real and tangible wealth, the seven million British co-operators together possess a vast estate. They have "a big stake in the country," a fact which is to-day one of the surest guarantees against any danger of revolutionary upheaval in Great Britain or any risk that workers made desperate by ever-deepening poverty may resort to violence in the hope of securing justice. When considered simply as a system of social insurance for which the State itself pays nothing, it is obvious that the Movement has an ever-increasing national value.

Hardly less helpful to the State is the regularity of employment made certain by Co-operation's unique method of uniting trade and industry together in a single service for supplying consumers' needs. Within the ambit of the Co-operative Movement's own normal operations there cannot be either "booms" or "slumps"; and although its own internal economy cannot be unaffected by Capitalism's catastrophic convulsions, the Movement's own employees very seldom live in jeopardy.

Not even in the prolonged period of unprecedented unemployment—during which the numbers of the unemployed soared much higher than two millions—have many co-operative societies been compelled to reduce their staffs or put their employees on short time. Consequently, the Movement without departing from its normal course, has considerably lessened the financial burdens of the State, just as the money savings made possible by its system of "dividend on purchase" have enabled tens of thousands of aged co-operators to avoid having recourse to the Poor-Law.

Before the Great War started Co-operation often seemed unable to arouse enthusiasm in young people, who then had few opportunities of participating in the Movement's common life and work. In more recent years, however, young co-opera-

tors have made their presence known within the Movement. Many thousands of them are now united in junior and senior Circles or as green-shirted members of the Woodcraft Folk, and the British Federation of Co-operative Youth, the national organisation of the Circles, represents a large and growing membership, for whom a representative is empowered to speak on the National Educational Council which in 1932 replaced the C.E.C. when several central committees of the Co-operative Union were reconstituted after recommendations of the Special Committee that "overhauled" the organisation of the Union had been adopted.

Not until the summer of 1934, however, did young co-operators enter fully into the sunlight of the Movement. Twenty thousand of them marched in procession behind the rainbow banner of International Co-operation when a "Children's Day" formed a brilliant climax of the great co-operative demonstrations and exhibition held at the Crystal Palace in connection with the fourteenth triennial Congress of the International Co-operative Alliance.

That Congress, which met at London, was the first International Co-operative Congress held in this country since that held at Glasgow in 1913, just prior to the outbreak of the Great War. In the interval the I.C.A. had much enlarged its membership and its activities—particularly by transforming its original monthly bulletin into an authoritative "Review of International Co-operation" and instituting a series of informative "News Services"—while repairing damage caused by war, revolution and depression, and re-uniting organisations that governments had torn asunder.

Its Central Committee was able to report that the I.C.A. comprised the national Movements of thirty-nine countries, and that the 141 national Unions or Federations united in and by it represented no fewer than 91,000 separate co-operative societies and one hundred million individual co-operators. Included in the total number were co-operative societies of many types and kinds established for as many different purposes, but all were alike in that they adhered to the "Rochdale Plan" and in general followed the Rochdale Practice by maintaining the principles of open membership, democratic control, the pay-

ment of dividend on purchase, and the strict limitation of the interest paid on capital.

The International Co-operative Trading, Banking, and Assurance Committees, all auxiliary committees of the Alliance, also reported on the progress of their work, as did the International Co-operative Women's Guild; and although political and economical circumstances had retarded the advance of the Movement in some directions, the Alliance was able to declare that "On the whole the Co-operative Movements of the World have made progress," and to ask the Congress "to formulate our policy on such lines as would at once preserve intact the economic and constitutional basis of Co-operation, as set out in the Principles of Rochdale, and define its relation to the changing world conditions with the object of maintaining the integral organisation of the International Co-operative Alliance."

"The Present Application of the Rochdale Principles" and "The Rôle of International Co-operation in Present-day Economic Development" were two important subjects considered by the Congress during its four-day meeting; and although the absence of organisations destroyed by political dictatorships made gaps that still remain unfilled, the vitality of the Alliance demonstrated that Co-operation is to-day a living Movement on every Continent and in almost every quarter of the world.

Everywhere Co-operation is a stabilising and reconciling factor in the life of nations, and wherever the Rochdale "plan" is made the basis of organisation the Movement is certain to increase in magnitude and power. Great as it is, the Movement of Great Britain is to-day but a part of a much greater International Movement in which the hopes of vast multitudes of men and women of diverse races are now centred; and on the triumph of the Ideals of International Co-operation in every country the peace of the world and the fate of many nations will ultimately depend.

CHAPTER XXVIII.

Towards the Commonwealth

THE GROWING COMMONWEALTH. CO-OPERATION TRANSFORMS WANTS INTO EFFECTIVE DEMANDS. DEMOCRACY'S THREE-FOLD ADVANCE. LIBERTY IN UNITY. FREEDOM BEGETS RESPONSIBILITY. THE NEW WATCHWORD OF THE AGE.

THE World Co-operative Commonwealth is still a distant vision. That Commonwealth can only be seen dimly against the foreground of the Future by idealists who climb to Pisgah's topmost heights; but the reconstruction of the entire economic and social structure of Great Britain on lines determined by the basic principles of Co-operation is a possibility now well within the grasp of the living generation.

The creation of a Co-operative Commonwealth is no longer a utopian dream. In this country the Commonwealth is already taking shape and acquiring substance. The broad outlines of its economic system are clearly visible to-day, and the sure and steady progress of the Co-operative Movement and kindred democratic movements of the people, now justifies belief that the Commonwealth can and will be established here during the present century.

Full power to refashion the State and revitalise the whole nation is to-day in the hands of British working people. They can choose what kind of government they will, and by using their votes aright can now "arrange" all the powers of both national and local administration. Democracy's advance toward its goal of mastery in every sphere of government often seems too slow, but its advance is resolute and sure; and unless some now unexpected happening blocks the people's road to power, a Labour and Co-operative Government will ere long have full authority to make and amend the laws and control national policy throughout Great Britain.

It is already obvious that Capitalism is totally unable to satisfy the clamant needs of the twentieth century. Just as the leopard cannot change its spots, so is it impossible for the capitalist system to cure the social ills it has itself created. Inevitably that system creates poverty as it increases material wealth. The riches it puts into the hands of a minority of capitalists and landowners represent plunder taken directly from the working and consuming millions of the people, and wealth that to-day "rusts in mounded heaps" mocks the multitude of ill-paid or idle workers whose existence is an unending battle against destitution and starvation.

Why does poverty still persist in this present age of actual and potential plenty? That is the searching question to which those who champion the capitalist system are unable to give a convincing answer. None can deny that the fact that poverty persists and is to-day widespread outrages reason and insults the intelligence of every thoughtful man and woman. Has mankind learned how to multiply all kinds of wealth with ease only to discover that the actual wealth-producers cannot enjoy the goods they have themselves created? Immediately that question is stated in plain terms everybody can perceive wherein the essential evil of the present social system lies.

Capitalism always and everywhere prefers scarcity to abundance, for only when wants remain unsatisfied are prices high and money-profits large. That truth reveals the real purpose of all the post-war legislation which has handicapped the progress of the Co-operative Movement in this country during recent years. As we have already shown, the whole policy pursued by successive Tory Governments, as exemplified in the now multitudinous marketing schemes and boards, is based upon the economics of scarcity. Supplies are restricted in order that prices can be raised in the interests of producers, landowners and capitalists, whose interests, rents and profits are augmented at the cost of the nation of consumers, whose chief need is a plentiful supply of every kind of goods.

Here it is unnecessary to multiply examples. The facts are plain for all to see, as is the other fact that Co-operation alone now offers itself as a working alternative to the capitalist system, which mocks the needs it makes. The Co-operative Common-

wealth is not the outline of a projected plan, merely a golden dream portrayed on highly-coloured paper.

In the living and working Co-operative Movement the Commonwealth already exists in part. The Movement is at once a working-model of the Commonwealth and a new system of society that only requires enlarging to supply all the economic and social requirements of the nation.

A century ago Co-operation was no more than a convincing theory. To-day it is a well-established practice; and every new year that passes reveals how perfectly and completely Co-operation in its practice justifies itself as the true alternative to Capitalism by demonstrating how easily the social problem can be solved without a revolutionary upheaval or the employment of physical force.

As the Movement spreads and gathers strength wealth and ownership are shared more equitably and equally among the working and consuming millions of the people, while the main causes of unemployment and poverty are attacked and weakened at their only natural source.

Wherever Co-operation's own economic cycle is to-day complete unearned increment does not arise. Rent vanishes as collective replaces private ownership; interest is limited, and profit simply ceases to exist. Wealth which elsewhere would enrich a few and further deepen the gulf which under Capitalism is quite unbridgable, is shared equitably among the millions, and in their hands gives beneficial employment to a multitude of workers whose own standards of living are assured.

"Dividends on purchase" in economic truth and fact constitute an ever-flowing stream that irrigates every field of useful labour by creating and re-creating new demands for every type and class of goods as it augments and multiplies the purchasing and consuming power of the masses of the people. Dividends arising from the trading operations of the Co-operative Movement are dividends that possess a national value. They turn the wants of working people into effective demands for goods, and no argument is required to demonstrate that a system which unfailingly increases the consuming power of the people cannot possibly increase the number of millionaires or paupers.

It is unlikely that every petty shopkeeper will be compelled to close his doors or that every type of private enterprise will be driven out of business; but it is certain that the advance of Democracy along the three-fold line of Nationalisation, Municipalisation, and Co-operation must end in the establishment of a Co-operative Commonwealth. Each of these forms of organisation has its own especial value, and each has its own appropriate sphere of action. Nevertheless, Co-operation possesses inherent powers of flexibility and elasticity peculiar to itself, and has unlimited capability to adapt its services to whatever new requirements arise from Mankind's increasing desires and needs.

Besides, Co-operation has infinite value as a democratic university in which working men and women can master the higher arts of national statesmanship. Every part of the entire Co-operative Movement is democratically controlled. The government of each of its national organisations is determined by the votes of its own members. The Co-operative Union, the Co-operative Wholesale Societies, the Co-operative Productive Federation, the Co-operative Press, and the Co-operative Party are all directed by committees elected by their members, just as the day-by-day business of every co-operative retail distributive society in Great Britain is administered by a popularly elected committee directly responsible to its own members assembled in general meeting.

Within the Movement neither dictatorships nor bureaucracies can possibly arise, and in its more than twelve hundred local and national boardrooms working men and women are continually acquiring knowledge, developing capacity, and receiving training that fits them to serve the larger democracy of the whole nation as members of local administrative bodies, members of the British House of Commons, and as national leaders. Nowhere else can political and business training of equal value be given or received, and the nation's pooled resources of administrative ability and political wisdom are perpetually increased as co-operators trained in the public service of the Movement pass into the wider fields of national service.

Above all, Co-operation is essentially a system of ordered

The First Political Summer School organised by the Co-operative Party.

To face page 204

To face page 205

The splendid Parade of the Children of Co-operators at the Crystal Palace, London, which terminated the 1934 Congress of the International Co-operative Alliance.

progress which preserves liberty as it creates unity, and which ensures the stability of political institutions as it revolutionises the existing economic and social order. The Movement has its moral roots in personal freedom; and the liberty from which it springs necessarily engenders in all its active members a personal sense of responsibility for its own efficiency and continuing success. When the last word against it has been uttered, liberty is still the finest school, for it is the only one in which human character can be developed.

However greatly the once "cold monster" called the State may be humanised by Democratic Governments in the coming years, there will always be a need for men and women of character who recognise and accept their personal responsibility for social progress. Ultimately society can exist only upon a moral basis; and the ultimate condemnation of Capitalism is its immorality, for instead of uniting men and women by recognising their common interests as members of the human family, the capitalist system divides them into members of opposing classes and converts the life of nations into a state of civil war. Consequently, as Joseph Mazzini says, "The time has come to teach men that, as Humanity is a single body, we are all of us, as members of that body, bound to work for its development, and to make its life more harmonious, active, and strong."

Is there any reason why the Principles of Co-operation cannot be successfully applied to all the business of our nation? No natural causes prevent the reorganisation and reconstruction of the nation's life on the basis of Co-operation, and enlightened men and women whose eyes and hopes are fixed upon the Commonwealth are well able to overcome the opposition of vested interests whose existence now endangers the commonweal.

The very simplicity of Co-operation is the grand secret of its social utility. It has the simplicity of all the great inventions that have made every form of civilisation possible. The lever, the pulley, and the wheel are still the foundation and beginning of all the applied arts and sciences, just as all democratic systems of governments originated in free assemblies of untutored people. The one essential condition of social progress towards the Co-operative Commonwealth is that working people

shall see the road before them, be fully equipped with knowledge, and possess the will to act together. As William Morris says, "Intelligence enough to conceive, courage enough to will, power enough to compel. These three qualities must animate the due effective majority of the working people; and then . . . the thing will be done." . . .

The creation of these qualities in individual co-operators and the whole Co-operative Movement is the true function of the Co-operative Press. Throughout the history of Co-operation in this country that Press has been chief among its animating, directing, and propelling forces. Necessity provided the original stimulus to action, but guidance given by the Co-operative Press made that action effective from the first, and has ever since made the Movement conscious of its unity, its far-reaching social purpose, and its unlimited power. All along the line of progress since Robert Owen revealed the secret of "Unrestricted Co-operation for All the Purposes of Social Life" the Co-operative Press has been a dynamic force within the Movement.

Owen broadcast his "New View of Society" to the world through the columns of *The Crisis* and similar periodicals; King's *Co-operator* focussed the attention of working people on joint store-keeping as an unfailing source and generator of economic power; the journals of the Christian Socialists exposed the immorality of competition and taught working people how to unite as free producers independent of profit-seeking masters; Pitman's *Co-operator* heralded the formation of Co-operation's own central economic and administrative organisations; *The Co-operative News* prepared the way for the Movement's entry into the realms of local administration and national government; and championed the cause of International Co-operation throughout the world upheaval; *The Scottish Co-operator* has continuously propagated co-operative ideals and principles on its own side of the national border; and ever since co-operators became its owners *Reynolds'* has been the powerful mouthpiece of all democratic bodies advancing towards the Co-operative Commonwealth along different but always converging lines.

And now that the sunlit towers and minarets of the Co-operative Commonwealth of Great Britain are clearly visible on the

horizon of Time, *Reynolds'*, in its new form, reinforces the Co-operative Press as that Press continues its work of popularising co-operative ideas, clarifying and defining the principles of Co-operation in their application to the social problems of to-day, and of reviving the people's faith in the certain advent of the coming Commonwealth.

Reynolds' possesses the power to speak directly to the minds of millions. It tells those millions that full power to remake the entire social order is in their hands. Knowledge of what has already been accomplished by Co-operation's free and open democracy is sufficient ground for faith and hope. No longer can any enlightened man or woman become a victim of despair. The watchword of the present age is Hope.

British Democracy is marching unitedly towards the Co-operative Commonwealth. Capitalism is everywhere retreating or preparing to surrender ground. And the Co-operative Press, so strongly reinforced, now says to all the producing and consuming millions of British working people—

There's a fount about to stream,
There's a light about to beam,
There's a warmth about to glow,
There's a flower about to blow,
There's a midnight blackness changing
In to grey;
Men of thought and men of action,
Clear the way!

Glossary

Abbreviations Employed in this Volume.

A.S.E. . . Amalgamated Society of Engineers.
A.O.S. . . Agricultural Organisation Society.
A.U.C.E. . Amalgamated Union of Co-operative Employees.
C.E.C. . . Central Education Committee, Co-operative Union.
C.I.S. . . Co-operative Insurance Society.
C.W.S. . . Co-operative Wholesale Society.
I.C.A. . . International Co-operative Alliance.
L.R.C. . . Labour Representation Committee.
N.C.P.S. . National Co-operative Publishing Society (now The Co-operative Press Ltd.).
N.C.R.C. . National Co-operative Representation Committee.
N.U.R. . . National Union of Railwaymen.
P.A.T.A. . Proprietary Articles Trade Association.
S.C.W.S. . Scottish Co-operative Wholesale Society.
T.U.C. . . Trades Union Congress.
U.C.B.S. . United Co-operative Baking Society.

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——	British Co-operation To-day.
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Index

A.

Aberdeen Congress 140
Acland, Mrs. A. D. 105
Adulteration of Goods 39, 46, 52, 58
Advertising, Co-operative 140, 166, 176, 191
Adviser of Studies 174
Agricultural Adviser 172
Agricultural Co-operation . 66, 172
Agricultural Department, Co-operative Union 172
Agricultural Department, C.W.S. 119
Agricultural Marketing Act . . . 118
Agricultural Organisation Society 119
Agriculture 82, 189
Alexander, A. V. 180
Allan, William 55, 67
Allen, Sir Thomas 178
Amalgamated Society of Engineers 55
Amalgamated Union of Co-operative Employees 125, 126, 127, 128, 144, 145, 175
Amalgamations of Societies 68, 114, 115, 119, 166, 167
America, C.W.S. Depots in . . 95
American Tobacco Trust . . . 95
Andersen, R. A. 139
Applegarth, Robert 67
Arkwright, Richard 4
Arnold, Matthew 47
Ashworth, Miles 33
Ashworth, Samuel 33, 34, 62
Asquith, H. H. . . . 142, 147, 150
Association of All Classes of All Nations 67
Atlas Iron Works 55
Attacks, on Co-operation 18, 20, 24, 39, 53, 88, 90, 104, 111, 146, *et seq.*, 153, 154, 164, 165, 179, 190
Auditors, Choice of 183
Australia, C.W.S. Depots in . . 95
Australian Wheat Pool 173
Austria, Co-operation in 130

B.

Baldwin, Stanley 183
Balfour, A. J. 84, 110
Bamford, Samuel 76
Banbury Society 90
Bank, C.W.S. 71, 72, 73, 74, 173, 196
Banking, Co-operative 66, 71, 72, 73, 146, 173, 196
Barnes, Alfred . . 156, 166, 179, 187
Beaverbrook, Lord 190
Belfast, Co-operation in . . 90, 98
Belgium, Co-operation in . 130, 133
Bellers, John 15, 16
Birmingham, Congresses 23, 114, 182
Birmingham Co-operative Herald . 18
Birmingham Societies . . . 22, 37
Black and Tans 164
Blackburn, Societies in 37
Blake, William 6
Blackpool Congress 140
Blanc, Louis 45, 53, 67
Blandford, Thomas 99
Blyth Relief Committee 146
Board of Inland Revenue . 151, 155
Bonus to Labour 124, 125
Borrowman, John 63, 67
Boycotts 83, 89, 98, 111
Boyve, Edouard de 132
Bread Supply, Co-operative 173, 196
Bright, John 84
Brighton Congress 174, 179
Brighton Society 13, 18, 25
Brighton Societies 37
Bristol Congress 127, 181
Bristol Depot, C.W.S. 94
Britain Reborn 184
British and Argentine Meat Co. . 150

FREDERICK DENISON MAURICE
Born 1805, *died* 1872

PAGE

British Association for Promoting Co-operative Knowledge 64
Budapest Congress 135
Burke, Edmund 190
Bury, Conferences at 46, 58

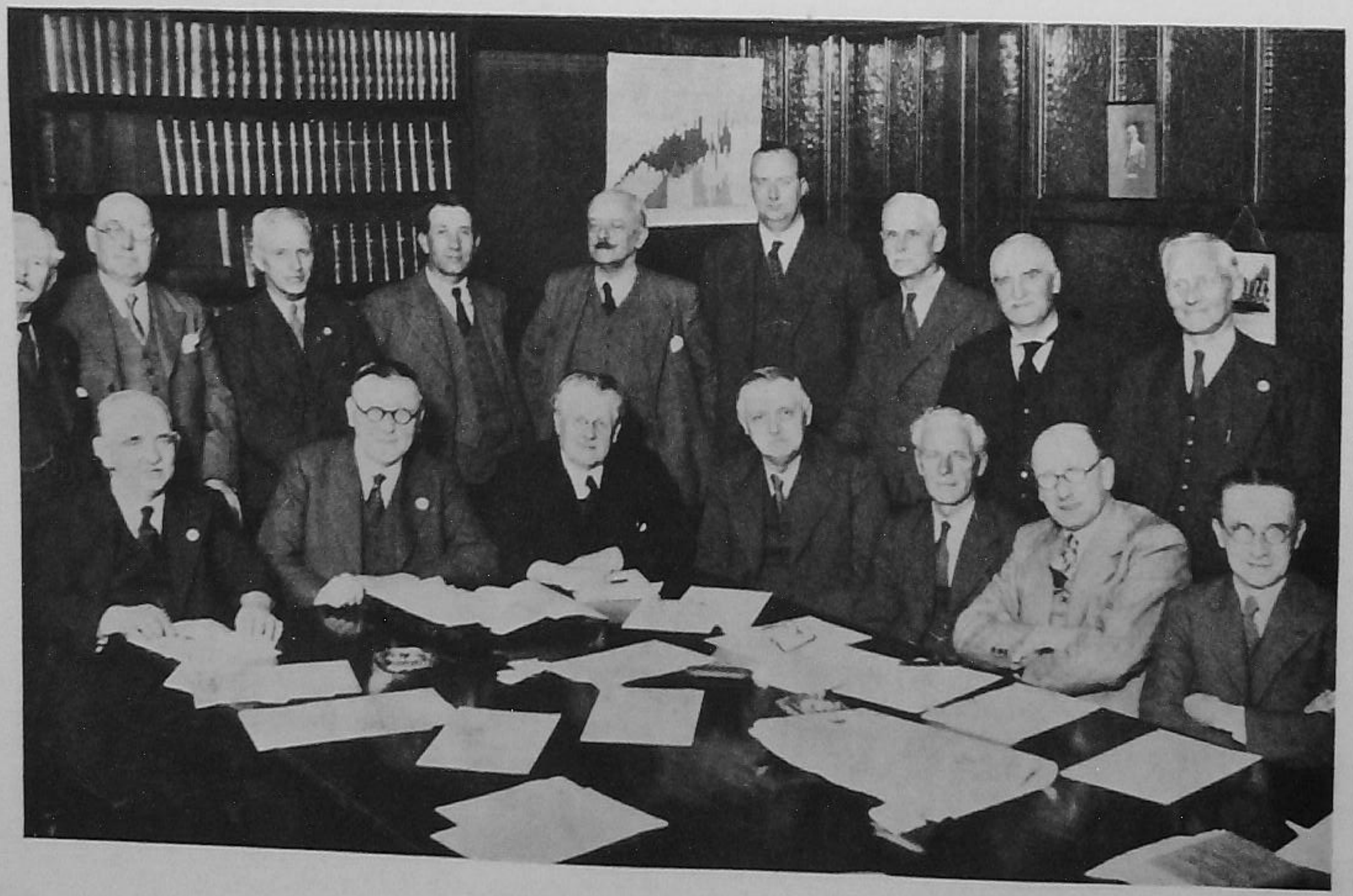
C.

Cafes, Co-operative 116
Calderwood Estate 120
Campbell, Alexander . . . 42, 66
Canadian Wheat Farms 121
Canadian Wheat Pools 173
Capital, Co-operative 32, 39, 40, 197, 198
Capitalist Press . 176, 179, 190, 197
Capitalist System 6, 43, 51, 53, 85, 146, 153, 159, 170, 180, 184, 190, 197, 202, 205
Cardiff Congress . . . 169, 170, 178
Cardiff Depot, C.W.S. 94
Carlile, Richard 25
Carlisle Congress 132
Carlyle, Thomas 3, 42, 43
Cartwright, Edmund 4
Cash Payments 38, 168
Castle Street Tailors 46, 54
Central Board 23, 44, 68, 69, 75, 102, 103, 132, 140, 142, 143, 157, 169, 170, 186
Central Co-operative Agency . 46, 58
Central Education Committee 103, 104, 106, 199
Chain Stores 171
Chamberlain, Joseph . . 88, 89, 109
Chamberlain, Neville 182
Charlotte Street Stores . . . 46, 58
Chartist Convention. 43
Chartist Movement 20, 26, 38, 41, *et seq.*, 60, 176
Cheltenham Congress 179
Chesterton, G. K. 195
Child Labour 5
Christian Socialist 46

PAGE

Christian Socialists 44, *et seq.*, 53, 55, 56, 57, 73, 87, 99, 119, 131
Circles, Co-operative 199
Citizen 184
Citizenship, Training for . 102, 106
Civil Servants and Co-operation 88, 89
Classes, Co-operative 103
Clynes, J. R. 148
Coalition Governments 147, 148, 154, 155, 158, 164, 171, 180, 182
Coal Controller 148
Coal-mining, Co-operative . 53, 172
Coal Sales 196
Coal Stoppage 165
Coal Trade Association 169
Cobbett, William 190
Collective Advertising 191
Collective Life Assurance . . . 118
College, Co-operative . . 174, 191
Columbia Gramophone Company 182
Communist Manifesto . . . 43, 45
Communities on Land 11, 12, 25, 37, 51, 68
Competition, Evils of 45, 54, 69, 82, 101
Conference Committee . . . 65, 68
Congresses 65, 68, 109, 127, 150, 151, 152, 154, 156, 157, 159, 175, 186
Congresses, Early 11, 20, 22, 23, 24, 64
Congress of Advanced Minds . . 99
Consumers' Council 148
Consumers, Needs of 39, 51, 52, 74, 202
Consumers, Taxation of 109, 110, 188
Cooper Street, Manchester . . . 62
Cooper, William 33, 34, 42, 58, 60, 62, 71
Co-operation, Growth of 67, 91, 116, 120
Co-operator (Brighton) 13, 14, 17, 20, 22, 31, 100, 206
Co-operator (Manchester) 59, 62, 65, 75, 206
Co-operative Education . . . 99-106
Co-operative Insurance Society 60, 71, 118, 196
Co-operative League 65

WILLIAM PARE
Born 1805, died 1873



The National Co-operative Authority in Session, 1935.

To face page 212

A glimpse of the splendid shopping centre of the Birmingham Co-operative Society, whose buildings dominate both sides of this main thoroughfare.

To face page 213

PAGE

Co-operative Magazine . . . 14, 18
Co-operative News 60, 76, 77, 95, 101, 102, 105, 112, 141, 156, 176, 184, 206
Co-operative Newspaper Society 60, 76, 126, 140
Co-operative Party 45, 158, 159, 178, 179, 183, 184, 187, 204
Co-operative Party, Membership . 178
Co-operative Party Programme 179, 184
Co-operative Press Ltd. 11, 60, 184, 187, 190, 191, 204
Co-operative Printing Society . 73
Co-operative Production 45, 51, *et seq.*, 57, 71, *et seq.*, 93, *et seq.*, 112, 118, 143, 172, 195, 196
Co-operative Productive Federation 73 98, 99, 187, 204
Co-operative Secretaries' Association 145
Co-operative Trading Associations 11, 13, 14
Co-operative Union Ltd. 35, 44, 69, *et seq.*, 75, 83, 87, 88, 99, 101, 102, 103, 113, 117, 127, 132, 135, 140, 142, 145, 156, 165, 167, 169, 170, 171, 174, 181, 186, 187, 190, 199, 204
Co-operative Union, Objects of 69, 70, 124, 140
Co-operative Vigilance Committee, Scottish 89
Co-operative Wholesale Society 52, 57, *et seq.*, 60, 62, 65, 67, 69, 71, 72, 73, 74, 88, 91, 93, 94, 96, 112, 118, 119, 125, 143, 144, 155, 157, 165, 172, 173, 175, 176, 186, 187, 190, 204
Co-operative Wholesale Society, Objects of 62
C.W.S. Retail Co-operative Society 190
Copartnership Societies 98, 99, 119, 125, 132, 169, 175
Coronation Street Store 117
Corporation Profits Tax . . . 181
Cottrell, Mrs. M. E. 175
Cotton Famine 53
Cotton Industry 7
Cotton Mills, Co-operative . . . 53
Creameries, Co-operative 91, 144, 164, 172
Credit Trading 38, 168
Cremona Congress 134
Crimean War 81
Crisis 10, 206
Crompton, Samuel 4
Crystal Palace Exhibition . . 199
Crystal Palace Festivals . . . 99

J. STUART MILL
Born 1806, died 1873

D.

Daily Newspaper, Proposed . . 176
Dairy Farming 119
Daly, James 33
Davies, Miss M. Llewelyn . 105, 117, 174, 175
Davis, J. T. 155
Deans, James 89
Defeat of Government 182
Democracy, Attacks on 185
Democracy, Principle of . . . 38
Democratic Control 199
Denmark, Co-operation in . 67, 130
Denmark, C.W.S. Depots in . . 95
Dentists' Act 171
Departmental Stores, Co-operative 87
Devonport Flour Mill 16
Devonport, Lord 148
District Committees 87
Dividend on Purchase 32, 39, 40, 46, 151, 197, 200, 203
Domestic Industry 4
Drug Trade Association . . . 169
Dublin Congress 139
Dublin Food-Ships 129
Dyer, Dr. Henry 105
Dyson, James 126

E.

Edinburgh, Co-operation in . 62, 63
Edmonton Society 166
Education Act 81
Education, Co-operative 18, 31, 40, 41, 66, 103, 174, 100, *et seq.*
Education Committees . . 100, 104

PAGE.
Educational Grants . . . 41, 104
Education, Objects of 103
Electric Light Manufacturers' Association 173
Elliott, Sydney R. 191
Elm, E. von 136
Employees 103, 123, *et seq.*, 144, 174, 175, 196, 197, 198
Employment Exchanges . . . 118
Engels, Frederick 81
Essenes, The 123
Examination, of Candidates . 19, 37
Excess Profits Duty . . . 105, 156
Exeter, Bishop of 24

F.

Fabian Society 85, 110
Factory Acts 81
Factory System 5, 11
Farmers and Co-operation 90, 91, 119, 131
Farming, Co-operative 90, 119, 143, 173
Fascist Revolutions . . . 163, 165
Federal Societies 60, 69, 72, 73, 77, 119
Federation of British Industries 180, 183, 189
Federations of Societies 169
Female Employees 127
Female Labour 144
Fenwick Weavers' Society . . . 16
Feudal Society 3, 4
Finland, Co-operation in . . . 131
Firmin, Thomas 15, 16
Fixed Maximum Prices 175, 176, 191
Flanagan, J. A. 16
Fleming, Robert 139
Flour Mills, Co-operative 16, 19, 52, 119, 120
Food Control 141, 142, 147, 148, 154
Food Controller 148, 155
Food Ministry 148
Food-ships, C.W.S. 129
Foodstuffs, Taxes on . . . 109, 110
Foreign Inquiry Committee . . 132
Forty-Eight Hour Week . . . 124
Foster, Arnold 104
Foster, Sidney 168
France, Co-operation in 53, 67, 130, 133
France, C.W.S. Depots in . . . 95
Free Trade 82, 110, 111
French Revolution 185
Friendly Societies' Acts 30
Fuel Committees 154
Furness, Withy and Co. . . . 150

G.

General Co-operative Survey Committee 140
George, D. Lloyd 147, 150, 154, 158, 164, 180
Germany, Co-operation in 67, 130-3
Germany, C.W.S. Depots in . . 95
Gladstone, W. E. 84, 88
Glasgow, Conference at 63
Glasgow Congress 187
Glasgow International Congress 136, 199
Gloucester Congress 102
Govan Victualling Society . . . 16
Gramophone Combine 173
Gray, J. C. 84, 113-115, 134, 167, 190
Gray's Inn Road . . 10, 11, 19, 23
Great War 136, 139, *et seq.*, 146, 153
Greening, Edward Owen 65, 72, 76, 87, 98, 132, 157
Greenwood, Abraham 60, 61, 62, 68, 71
Greenwood, Joseph . . . 98, 132
Guild of Co-operators . . 87, 103
Guilds, Co-operative 105, 106, 117, 174, 175, 200
Guilds, Mediæval 4

H.

Hall, F. 174
Hargreaves, James 4
Harmony Hall 25
Hayward, Sir Fred 187

E. VANSITTART NEALE
Born 1810, died 1892

PAGE

Healey, John 58
Health Insurance 118
Hewitt, Augustus 126
Hire Purchase 168
Hodgson, William 26
Holland, Co-operation in . 130, 131
Holyoake, George Jacob 12, 29, 30, 33, 34, 41, 42, 53, 60, 64, 66, 67, 68, 76, 90, 98, 101, 103, 104, 131, 132, 176
Home Colonies 11, 31
Hood, Tom 54
Hours and Wages Boards . . . 145
House-building, Co-operative . 116
Howard, Ebenezer 97
Howarth, Charles . . . 33, 34, 62
Huddersfield Society . . 26, 37, 40
Hughes, Thomas 44, 65, 66, 67, 72, 76, 83, 87, 98, 103, 126
Hull Flour Mill 16, 19
Hungary, Co-operation in . . . 130
Hungry Forties 20, 30, 42

I.

Imperial Trade and State Purchase 188
Importation, Co-operative . 59, 95, 96
Income Tax 34, 111, 151, 152, 180, 181, 182, 183
Indirect Taxation . . 109, 183, 188
Industrial and Provident Societies Acts 47, 61, 72, 183
Industrial Partnerships 73
Industrial Reorganisation (Enabling) Bill 189
Industrial Reorganisation Group 189
Industrial Revolution . 4, 5, 7, 185
Infant Schools 8
Inland Revenue . . . 152, 155, 181
Inquiry Into Distribution of Wealth 12, 21, 31
Insurance, Co-operative 131, 146, 196, 200
Institute of Chartered Accountants 182
Institution of the Industrious Classes 23
Interest, Limitation of 39, 200, 203
International Congresses 99, 132, 134, 135, 136, 199, 200
International Co-operation 67, 121, 130, 131, 199, 200, 206
International Co-operative Alliance 62, 132-135, 199, 200
International Co-operative Assurance Committee 200
International Co-operative Banking Committee 200
International Co-operative Trading Committee 200
International Peace Bureau . . 135
International Women's Co-operative Guild 200
Invoicing Through 155
Ipswich Congress 103
Ireland, Co-operation in 25, 87, 90, *et seq.*, 95, 98, 139, 164
Ireland, C.W.S. Depots in . . . 91
Irish Agricultural Organisation Society 91
Irish Agricultural Wholesale Society 91
Irish Transport Workers' Union 129
Italy, Co-operation in . 67, 130, 133

J.

Jennings, Fred 156
Joint Committee, Trade Unionists and Co-operators 145
Jones, Benjamin 87, 90, 91
Jones, Ernest 43
Jones, Lloyd 42, 46, 58, 64, 66, 88, 89
Joyce, Albert 187

K.

Kay, John 4
Kettering 159
King, Dr. William 12, *et seq.*, 15, 17, 18, 20, 21, 22, 24, 31, 37, 40, 67, 74, 100, 206
Kingsley, Charles . . 44, 45, 54, 153

L.

Labour Adviser 145
Labour and Co-operative Agreement 179

CHARLES HOWARTH
Born 1818, *died* 1868

PAGE

Labour Association 73, 98
Labour Department, Co-operative Union 145
Labour Exchanges . . . 10, 11, 19
Labour Governments . . 180, 188
Labour Notes 19
Labour Party 110, 140, 141, 148, 157, 179, 180, 184
Labour Party Programme . . . 188
Labour Representation Committee 110
Laissez-Faire, Policy of . . 43, 45, 81
Lancashire and Yorkshire Conference Committee 65
Lancashire and Yorkshire Co-operator 18
Land Enclosures 5
Landowning, Co-operative . . . 196
Larkin, Jim 129
Laundries, Co-operative . . . 116
Law, Bonar 155, 156
Lawrenson, Mrs. M. 105
League of Nations 133
Leeds Flour Mill 52
Lennoxtown Society 17, 40
Levy on Capital, Proposed . . 164
Liberalism, Co-operation and 109, 110
Licensing of Shops 189
Life Assurance 118
Lincoln Congress 89
Lincoln Society 90
Linoleum Factory 172
Lipton's Ltd. 150
Liverpool, Societies in 37
London Branch, C.W.S. . . . 94
London Congress 23, 25, 37, 41, 51, 65, *et seq.*, 72, 75, 101, 131
London, Co-operation in 53, *et seq.*, 58, 87, 88, 166, 167
London Co-operative Board . . 68
London International Congress 132, 199
London National Congress . 158, 182
London Society 166, 168
London Trading Fund Association 26
Lovett, William 26
Lowestoft Factory 172

PAGE

Ludlow, John Malcolm 44, 45, 53, 55, 65, 66, 68, 72, 98
Luton Works 121

M.

McKenna, R. 150, 151, 155
M'Lean, Mrs. 105
M'Innes, John 63, 67
MacDonald, J. Ramsay 83, 97, 146, 180, 182
Machine Production 4
Managers' Association, National Co-operative 145
Manchester and Salford Society 59, 126
Manchester Association for Co-operative Knowledge 22
Manchester, Conference . . . 61
Manchester Congress . . . 22, 75
Manchester Ship Canal - - - - - 96
Manchester, Societies in - . - - 37
Marketing Acts and Boards 172, 188, 189, 202
Marshall, Professor Alfred . 103, 113
Marx, Karl 12, 74
Match Trust 173
Maurice, Frederick Denison 44, 45, 53, 54
May, H. J. 135, 136, 149, 157, 158, 180
Maxwell, Sir William 16, 89, 93, 94, 95, 97, 120, 127, 135, 136
Mazzini, Joseph 205
Meetings, Members' 38
Melbourne, Lord 20
Melchett, Lord 189
Meltham Mills Society 40
Members, Number of 143, 153, 166, 195
Members, Qualifications of . 19, 37
Men's Guilds . . 156, 174, 175, 188
Milk Service, Co-operative 119, 169, 172, 196
Milk Trade Association 169
Military Service Acts . . 144, 149
Military Service Tribunals 149, 150, 154
Mill, John Stuart 33, 34, 47, 67, 84

G. J. HOLYOAKE
Born 1817, *died* 1906

PAGE

Millionaire Societies 167
Miners, Relief of . . . 129, 165
Minimum Wage . . . 118, 127, 128
Ministry of Health 197
Ministry of National Service . . 149
Missionaries, Co-operative 23, 30, 64
Mitchell, John T. W. 67, 72, 74, 89, 93, 94, 96, 112
Morgan, Minter 25
Morris, William 206
Morrison, Walter 83
Movement, Growth of 97, 140, 143, 153, 165, 166, 195
Müller, Dr. Hans . . . 130, 134, 135
Multiple Shop Companies 96, 111, 148, 171, 175
Municipal Representation . . . 184
Municipal Trading . . . 89, 188
Museum, Co-operative 35
Mutuality Clubs 168

N.

National Community Friendly Society 25
National Debt 164
National Co-operative Authority 186, 187, 188, 190, 191
National Co-operative Managers' Association 145
National Co-operative Publishing Society 140, 176, 190
National Co-operative Representation Committee 158, 178
National Educational Council . . 199
National Emergency Conference . 181
National Government 182, 183, 188, 189
National Guild of Co-operators . 174
National Health Insurance . . 118
National Labour Exchange . 10, 11
National Policy, Co-operative 186, 187
National Society, Proposed 114, 115, 167
National Strike 165
National Union of Distributive Workers 175
National Union of Co-operative Officials 145
National Workshops 45, 53
Neale, Edward Vansittart 44, 46, 54, 55, 58, 65, 66, 68, 69, 70, 71, 72, 76, 84, 98, 101, 105, 117, 126, 131, 132
Net Weight 96, 97
Newcastle Branch, C.W.S. . . . 94
Newcastle Congress . . . 68, 128
New Lanark Mills 8
New Lanark School 8
New View of Society . . 15, 206
New Zealand Produce Association 173
North America, Co-operation in . 133
Northampton Depot, C.W.S. . 94
North of England Co-operative Agency 61
North of England Newspaper Company 75
North-West of England United Co-operative Company . . . 23, 57
Norway, Co-operation in . 67, 130
Nuttall, William 72

O.

O'Brien, J. Bronterre 44
O'Connor, Feargus 43
Old Age Pensions 118
Oldham, Conference 60
Open Membership . 36, 38, 105, 199
Overlapping by Societies . 113, 119
Owen, Robert 7, *et seq.*, 13, 15, 17, 20, 21, 22, 24, 25, 30, 31, 41, 67, 74, 84, 90, 99, 101, 120, 206
Owen's Plan 9, 11, 13, 30
Oxford Congress 102

P.

Paisley Co-operative Manufacturing Society 73
Palmer, R. A. 187
Pare, William 20, 21, 22, 23, 24, 25, 37, 40, 44, 65, 66, 67, 68, 69, 76, 90.
Parliament, and Co-operation . . 23
Parliamentary Candidates 158, 178, 184

ALEXR. CAMPBELL
Died 1873

PAGE

Parliamentary Committee, of Congress 135, 142, 148-152, 154, 155, 156, 157, 158, 180
Parliamentary Reform 20
Parliamentary Representation 89, 156, 157, 158, 159, 184
Patronage 20, 33, 55, 109
Peace Congress 135
Peace, Co-operation and . 135, 136
Penny, John 156
Pensions for Employees . . 175, 196
People's Charter 20, 30, 35, 44, 45, 81
People's Society 88
Petitions to Parliament . . 24, 182
Pickup, Arthur 190
Pig and Bacon Marketing Scheme 189
Pioneer House 191, 192
Pitman, Henry . 59, 65, 67, 75, 206
Plunkett, Sir Horace . 91, 139, 164
Plymouth Congress 132
Plymouth Society 62, 112, 155, 156, 178
Political Power . . . 20, 153, 201
Politics, Co-operators and 41, 45, 70, 76, 89, 90, 110, 140, 152, 153, *et seq.*, 157, 178
Politics for the People . . . 45, 46
Poor, Co-operation and the . 117, 118
Post-War Depression 164
Practical Directions for Establishment of Communities 12, 17
Prestwich By-Election 158
Price-Fixing Asssociations 112, 170, 171, 172
Prices, Wartime 141, 142
Prince, S. G. 155, 156
Producers' Societies 53, 72, 73, 94, 98, 131, 132
Production, Co-operative 22, 23, 51, *et seq.*, 57, 71, *et seq.*, 74, *et seq.*, 93, *et seq.*, 112, 118, 143, 172, 195, 196
Profiteering . 141, 142, 143, 150, 170
Profiteering Acts 170
Profit, Elimination of 74, 94, 95, 203
Profit-sharing 74, 125
Propaganda Campaigns 165

PAGE

Proprietary Articles Trade Association 112, 170, 171, 172
Protection . . . 109, 171, 173, 188
Publicity, Principle of 38

Q.

Quarterly Review 39

R.

Radio Manufacturers' Association 172
Rae, W. R. 174
Raeburn Committee 182
Railwaymen, National Union of 127, 129
Railway Stoppage 128
Raw Materials 113, 143
Rationalisation, Co-operative 94, 95, 172
Rationing, Wartime . . . 148, 150
Redemption Societies 53
Redfern, Percy . . . 59, 93, 129
Relief Committees 142
Relief Funds 142
Rent, Eliminated 203
Representatives, in Parliament 159, 178 180
Restriction, Policy of 164
Restrictive Legislation 188, 189, 202
Retail Trading Standards Association 69
Review of International Co-operation 199
Reynolds' 44, 176, 191, 192, 206, 207
Rhondda, Lord 148
Rhyl Congress 190, 191
Rickman, John 33
Ritchie, C. T. 111
Rochdale, Co-operation in . . 30, 33
Rochdale District Corn Mill . 52, 60
Rochdale Manufacturing Society . 53
Rochdale Pioneers' Society 29, *et seq.*, 36, *et seq.*, 52, 58, 60, 62, 71, 82, 93, 100, 102, 123, 130, 140, 152, 168, 169, 174, 176, 179, 196

ERNEST JONES
Born 1819, *died* 1869

PAGE

Rochdale Practice 36, *et seq.*, 61, 199
Rochdale Programme 31, 36, 42, 61, 67, 74, 90, 100, 102, 118, 131, 195, 199, 200
Rochdale Wholesale Agency . 58, 59
Rosebery, Lord 70, 109
Rothermere, Lord 190
Royal Arsenal Society . 88, 127, 167
Ruskin, John 67
Russell, George 139, 164
Russia, Co-operation in . . . 130
Russian Revolution 163
Russia, Trade with 173

S.

Safeguarding Duties 171
Sale at Current Prices 39
Sales, Co-operative 195
Schools, Co-operation in . 104, 105
Scotland, Co-operation in 16, 63, 83, 97, 120
Scottish Co-operative Newspaper Society 140
Scottish Co-operative Wholesale Society 63, 69, 71, 89, 97, 120, 121, 125, 129, 143, 172, 186, 187, 204
Scottish Co-operator 63, 105, 176, 184, 206
Scottish Women's Guild . . . 105
Sectional Boards 87
Services, Co-operative 169
Sheerness Economical Society . 17
Shieldhall Estate 97, 120
Shillito, John 112
Shillito League . . . 112, 113, 121
Ship Canal Company 96
Shops, Licensing of 189
Slump, Post-war 164, 165
Smith, Newton E. 166
Smith, W. H. 89
Smithies, James 33, 62
Soap Trust 112
Soap Works, Co-operative 75, 112, 172
Societies, Growth of 116, 167, 186, 195
Society for Bettering Condition of Poor 16
Society for Promoting Working Men's Associations 54, 65
Sources of Supply . . . 52, 113, 143
South African War 109
South Suburban Society . . . 167
Southwark Working Engineers' Association 55
S.S. "Pioneer" 96
Standing Committee on Trusts . 170
Stephenson, George 4
Storekeeping Societies 13, 15, *et seq.*, 24, 25, 51, 60
Stratford Society 88, 166
Strikes, Assistance During . 128, 129
Stuart, Professor James . . . 102
Students, Co-operative 174
Sugar Beet Subsidy . . . 183, 189
Sugar Commission 147
Summer Schools 174
Sunderland Society 117
Surplus Value 74, 203
Survey Committee 140
Superannuation Schemes . . . 175
Swansea Congress 157
Sweated Trades 54, 118
Sweden, Co-operation in 130, 131, 173
Switzerland, Co-operation in 130, 133
Sydney Tallow Factory 121

T.

Tariff Reform 109
Tapping, A. J. 187
Taxation, Co-operators and 34, 84, 85, 111, 150, 151, 154-156, 181-183
Taxation, Indirect 109
Taxation of Consumers 183
Taxes on Foodstuffs 183
Tea Department, Co-operative 96, 120, 121
Tea Plantations . . . 96, 121, 122
Tea Trade 95, 96, 121

J. M. LUDLOW
Born 1821, *died* 1911

PAGE

Technical Instruction for Employees 103, 126, 174
Ten Year Plan 169, 170
Text-books, Co-operative . . . 103
The Crisis 10
Thomas, Albert 136
Thompson, William 12, 13, 17, 21, 22, 24, 25, 31, 37, 124
Toad Lane Store 32, 33, 35, 63, 140, 176
Tolpuddle Martyrs 34
Torquay Congress 177
Tory Governments . . . 171, 202
Toynbee, Arnold 102
Trade Boards 118
Traders' Defence Association 83, 89, 111
Tradesman and Shopkeeper . . 112
Trade Unionism 5, 11, 20, 34, 81, 82, 84, 124, 125, 126, 128, 129, 148
Trade Unions and Co-operation 55, 66, 70, 72
Trade Unions Congress 125, 129, 145
Trading Fund Associations . . 26
Trading Surpluses . 18, 24, 40, 150
Travis, Dr. Henry 100, 101
Treaty of Versailles 164
Trusts and Combines 85, 110-113, 119, 135, 170-173, 176, 177

U.

Unearned Increment 203
Unemployment 11, 29, 43, 109, 117, 164, 184, 198, 203
Unemployment Insurance . . . 118
Unilever Combine 171
United Board 69
United Co-operative Baking Society 98
United Co-operative Company . 57
Universality of Co-operation . . 37
Unstamped Newspapers . . . 35

V.

Village Shops 16
Votes for Women 35, 174

PAGE

W.

Wage Bill, Co-operation's 144, 166, 196
Wage Rates . . . 124, *et seq.*, 144
War Emergency Workers' Committee 142
War Relief Committees . . 146, 154
Wartime Prices 141, 142
Wartime Rationing 148
Waterson, A. E. 159, 178
Watkins, W. H. . . . 155, 156, 178
Watt, James 4
Weavers and Co-operation 16, 29, 30, 34, 35
Webb, Miss Catherine 117
Webb, Mrs. Sidney . . . 147, 148
Webb, Sidney 147, 148
Week-end Schools 174
Weekly Half-Holiday 124
West African Depots, C.W.S. 121, 122
West London Society 166
Wheat Farms 121, 122
Wheat, Importation of 188
Wheat Pools 173
Wheat Quota 189
Wheatsheaf 176
Wheat Subsidy 183
Whitehead, Alfred . . 167, 187, 190
Whiteley, E. 156
Whitman, Walt 158
Wholesale Trading 22, 46, 57, *et seq.*, 64
Wholetime Storekeepers . . . 26
Wilkes, John 190
Wilkins, Sir Henry 96
Wireless Sets, Co-operative . . 172
Woodcraft Folk 199
Wolff, Henry 132, 134, 135
Women and Co-operation 38, 105, 106, 174, 175
Women, Enfranchisement of . . 35
Women's Guilds 105, 117, 127, 174, 175, 200
Women's League 105
Wonnacott, A. E. 155
Woods, Rev. G. S. 169

A picture of one of the modern grocery branches of the Penzance Society.
The society is located in the extreme South-West of England,
but is in line with the new "Press Push."

To face page 220

To face page 221

One of the choirs of co-operative children organised and trained to high efficiency by the London Co-operative Society.

PAGE

Woolwich Flour Mill 16
Workers' Control 73
Working Men's Associations 46, 53, 54, 55, 57, 58, 72, 73
Working Men's College 103
Working Tailors' Asssociation 46, 54
Worley, J. J. 187

Y.

York Congress 187
Youth Movement 198, 199