

Consumer Co-Ops and Peace Planning

By GEORGE BOYLE

WHAT has the Consumer Co-operative Movement to offer along the line of post-war reconstruction?

The posing of such a question at all to-day suggests at once that complex of conditions which, in the view of reputable participants, contributed to the failure of the old League of Nations. Sir Arthur Salter, well known English economist, was for a time financial secretary of the League. He said after he had resigned that the work of the League was being hampered by the pressure exerted by financiers upon politicians who represented the various countries involved. The inference given at the time—the early Thirties—was that some considerable change would have to take place in the internal economies before there could be an economic basis for world peace. Nations to have a peaceful outlook, in this age, are alive to the need of a good deal of economic self-determination—at least enough to allay their internal labor and unemployment problems. This economic self-determination, in ordinary peace time, may often cut across existing capitalistic structures

Before there can be any light to help in answering the question, which I have posed, we would have to get some idea of the size and the outlook of consumer-owned establishments in some leading countries.

Because of the war there can be no complete canvass made to-day. The International Co-operative Alliance has, however, made available a partial survey.

This survey, which is incomplete, shows that consumer societies in 26 countries, not inclusive of China, India or Russia, have a membership of 36,600,000 persons. (Another estimate gives the total world membership as 100,000,000). The retail business for 1940 (the year of the survey)

totalled £495,967,788. Wholesale business for the same period was represented by £286,747,047.

The societies of Great Britain—the home of the Rochdale idea—had a membership of 10,000,000 persons. In 1941 the British societies refunded to consumers \$80,000,000 in patronage dividends. The insurance society owned by consumers, mentioned as a desirable model in the Beveridge report, is the fifth largest insurance business in the country.

In Scotland three out of the five million people are members of the Co-operative Societies.

Even in war-torn Britain there was an increase in sales of £1,417,000 in 1941 over 1940. In Scotland the increase through the Scottish Wholesale is marked—over 10% for the year.

It is the same in Europe. With the exception of Czechoslovakia, Holland, Bulgaria and Belgium (France is not mentioned) all countries showed an increase in consumer business in 1941. In some countries it is quite marked. In Hungary, for instance, sales jumped from ten million to eighteen million—an increase of over 74%. Switzerland jumped by 22%. Finland by 19%. Just how much of this may be forced by military considerations it is impossible to ascertain. But if we look on the other side of the world a similar trend is noted.

In the United States, sales through wholesale societies mounted from £11,679,000 in 1940 to £16,615,000 in round figures in 1941. Here the increase is 42%. The above estimates are for wholesale businesses owned by federations of local consumer stores.

Local consumer-owned stores do not put all their business, by any means, through their own wholesales. Hence the wholesale volume does not give a complete picture of the economic side of the movement. In the United States

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there are two and a half million families, reported by the Co-operative League, as members of societies. They do an annual business of \$700,000,000.00.

Canada has at least 365 consumer-owned stores with a membership of 30,000. Annual volume of business reported through wholesales alone for 1940 was between \$4,000,000.00 and \$5,000,000.00. This figure only represents a small part of the total business of co-operatives in Canada as may be gleaned from the fact that farmer owned societies alone bought over \$20,000,000.00 worth in 1941.

From South America there is reported definite expansion of co-operatives. The improvement in this field is being stimulated by governments. Ten of the South American countries have adopted Federal legislation regarding co-operative societies, reports Antonio Fabra Ribas to the Co-operative League, New York. This is a step in advance of either Canada or the United States neither of which have Federal co-operative legislation.

In Latin America, it would seem, the movement is being stimulated by the governments rather than swelling up from the people. All of these Acts, writes Ribas, are based on Rochdale principles. "Together they form the most impressive and important body of laws regarding co-operatives that exist in the world." The countries are: Argentina, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Peru, Uruguay, and Venezuela.

The legislation has been flanked by education, it would seem. Courses are being taught in the universities of Bogota, Buenos Aires, at La Plata in Argentina, Cauca in Colombia, and Quito and Guayaquil in Ecuador.

Over on the other side of the world, the little consumer, while not beginning to get tough is beginning to awaken. Dr. J. Henry Carpenter, who led two co-operative tours of the Maritimes from the United States, has recently returned from an extensive trip through China. He found many consumer societies in China as well as a large number of fast

growing industrial co-ops. "The Chinese Co-ops," he said, "are fast becoming a people's movement and are helping to bring economic freedom to the Chinese. The world is wide open for co-operative development."

An array of statistics could be presented showing a similar trend in many other parts of the world. Not sensational, but fairly steady is the onward movement of consumer-economy.

It is significant, too, that the movement is drawing new recruits from those formerly indifferent who are now awake to the dangers of totalitarianism at home. Confronted with encroaching statism, new acknowledgments are coming from writers and editors who see in the consumers' organizations a rallying point for the economic and civil rights of the common people. Thus, Thomas F. Woodlock, one of the editors of the *Wall Street Journal* wrote recently:

"Personal freedom under a democratic form of civil order will in the long run depend upon two principles united in one idea—self-help by co-operation. The more we permit state aid to substitute itself for self-help and compulsion for co-operation, the more certainly we are erecting the omnipotent state—the mortal enemy of human freedom."

In the same vein writes Earl Lefshey in *Retailing Magazine*: "No glance at some of the post-war distribution potentialities would be complete without at least a look in on a very old movement which stimulated by recent developments, continues to make noteworthy new gains—consumer co-operatives."

So much for the size and possible influence of the movement which is at least a thing of promise. The crucial point, however, in reference to the question posed at the beginning of this article is, what principles shall dominate the consumer-owned developments? In the plans for world peace there is nothing original in the viewpoint that balance between industry and agriculture is a great problem of many countries. Unemployment is definitely hooked up with this problem. Through their co-operative

institutions Denmark, Norway and Sweden had provided the world with small examples of a workable balance. Such an equilibrium works in the direction of regional self-sufficiency. Insofar as resources permit, it works against unemployment by making possible an expanded small ownership class—and to the same extent cutting down the proletarian potential.

Whether or not all consumer institutions will work for this end is a moot question. There are some who are aware of this regional development idea. A few years ago, for example, a consumer-owned oil refinery was opened at Phillipsburg in the Kansas plains region. The town, one of 2,000 population, had been scorched by a long drought. The new refinery would increase the town's payroll by \$20,000.00 a month. At the official opening of the new plant, Howard E. Cowden, a local co-operative leader, spoke:

"Located here on the great plains," he said, "the refinery solves a difficulty as great as the drought that in recent years dried up our crops and the wind erosion that has carried away our soil. That problem is the need of our region for industry to balance agriculture . . . We are not going to give our region back to the Indians. We can and will achieve a greater security, a steadier income, if we, too, produce here in our region more of the goods we use here.

"Our refinery is the first one ever built to keep all of the gas it makes and all of the money it makes right here on the plains."

What Cowden said at Phillipsburg has some of the pattern of peace in it. It is not a pattern that runs counter to a sound theory of free trade. Free trade, spread as a veil upon regional insolvency, can hardly be kept perfumed with sweet aromas. That is the opinion of this writer for whatever it may be worth. It may be that Maritime Canada will find something to build on in this same idea.

Consumer businesses are not built over-night. It takes time before the hand of the patron reaches, through

the wholesales, the production line—the most effective point of benevolent influence upon the surrounding economy. The big hold-up is lack of qualified managers. After the war this may be remedied.

Some planning with a view to the post-war is going on. On December 4, last, the first conference of what is called the World Federation of International Groupments was held in New York. Dr. James P. Worbasse, president emeritus of the Co-operative League of the U. S. A., outlined six points. They are:

1. Immediate restoration of the freedom of co-operatives in the occupied countries at the close of the war.
2. Use of co-operatives as agencies for shipping and distribution of post-war relief. Goods should not be given away but sold to the consumers on long term credit to remove the stigma of charity. Co-operatives can function in all countries and make profit from none.
3. Avoid the temporary makeshift of relief by setting up co-ops which use methods of rehabilitation that are so good they will continue as a permanent part of the program of reconstruction.
4. Encourage a concerted uprising of co-operators, not with arms but with ideas, in all occupied countries to rebuild their former societies.
5. Develop central national leagues or wholesales for *production* and distribution of commodities and services and expand trade between national wholesales for tremendous international trade.
6. In colonial countries political governments will be confronted with the opportunity of the ages to develop a greater sense of responsibility among the people by educational campaigns to teach and guide people in the way of self help rather than giving them charity. Upon the degree to which this principle of self help is observed hangs the fate of civilization.