

# CO-OPERATION, THE NEW SOCIALISM

E. D. HALIBURTON

"CO-OPERATION" is a word of varied meaning and one that is sometimes very loosely used. It means one thing to the member of a co-operative store, quite another to the member of a farmers' co-operative marketing society, still another to the co-operative producer and yet another to the employees of a corporation which practises profit sharing, and makes this its watchword; members of the 60,000 co-operative societies fostered by the British Government in India have a very different feeling towards the idea involved from that of the Russian peasants who are compelled to belong to a co-operative society; the rural credit banks of Germany, the combination of great ship owners to fix ocean rates at the North Atlantic Conference, trade-unionism, even the League of Nations, all answer to the term "co-operation" although even where comparisons can be made the objects of the groups involved may be quite diverse. Producers' co-operatives and consumers' co-operatives are comparable but diametrically opposed in their aims. The word simply means the combination of two or more people in the effort to achieve some desired end more easily.

It is rather curious that in Europe the consumers' type of co-operative is by far the more powerful while in the new World the movement is largely limited to the co-operative marketing of agricultural products. Hardly anywhere in Europe is there anything of the nature of the Californian co-operatives, for example, and even Denmark, the country that leads the world in the field of agricultural co-operation, is organised for production rather than for marketing.

A striking feature of some of the European societies is their very strong financial position as compared with some of our organisations on this side. But there is in the atmosphere surrounding these European co-operatives something a little deeper than immediate utility; one somehow gets the idea that Utopian dreams are all dreamed and that the domain of co-operation as an economic system is as wide as the world and competent to embrace all the business therein.

This is partially expressed in the bond of fellowship that seems to exist between consumers' co-operatives all over Europe. Govern-

ments may quarrel, politicians may rave, War Lords may threaten, but the "consumers' co-operative movement" over Europe is rapidly coming to an understanding. Consider this aspect of Russo-British relations. Almost immediately after the rupture between Great Britain and the Russian Government last year, and the raiding of the Russian Headquarters in London, the Cheltenham Congress of the Co-operative Movement was held and this body gave voice to its dissent from the opinion of the British Government with the passage of the following resolution:

That this congress renews its greetings of friendship to Russian Co-operators, and urges all sections of the Co-operative Movement to develop and maintain trading relations with the Russian Co-operative Movement, and to work for the full renewal of peaceful relations with that country.

In any case, there has been no break at all in the friendly relations that exist between the British and the Russian Co-operative Movements and in the development of trade relations as a result of the action of the Government. The trade between the English organisation and "Centrosoyuz", the All-Russian Central Union of Consumers' Societies, is being steadily expanded in variety and volume. "Between the British and the Russian Working Classes", the President of the C. W. S. pointed out significantly, "there is happily no quarrel".

Another straw showing that the wind is blowing strongly in the direction of International co-operation and mutual help may be seen in the organisation of various journals sponsored by the world-embracing, or at least, Europe-embracing, International Co-operative Alliance, and the effort to organise systematic and definite connections between the co-operative journals of European countries.

Even in Great Britain those who are not familiar with the business of the "Co-operative Wholesale Societies of England and Scotland" fail to comprehend the rapidity of its growth and the large proportion of the population numbered among its members. Co-operative retail stores in England have been compared to "chain-store" systems in the United States because of the class of competition with the small retailer. Yet the "chain" store of the United States finds its counterpart in Great Britain more exactly in the "multiple" shop; and the co-operatives are buying up these "multiple shop" systems. One such transaction in 1927 involved the taking over of 100 shops at a cost of \$2,000,000 by a constituent society of the C. W. S.

The fact that total sales of the Co-operative Union in Great Britain amounted to nearly three and a half billion dollars in 1926

will serve to show that it must rank among the great organisations, not only of Great Britain, but of the world. With 209,000 employees, it is a very large employer of labour and with a surplus in 1926 of \$130,000,000, it must rank as an exceedingly powerful organisation. Even greater is its potential power, based on a membership of 5,300,000. If it is assumed that each member is the head of a family or of a household, and if the average size of the household be taken as four, then more than 21,000,000 people or more than half the population of the United Kingdom, are the customers of the English and Scottish co-operatives. If these members can be persuaded to support their societies politically as they support them commercially, the co-operative group in the British House of Parliament (which now numbers a scant half dozen) may easily develop into the controlling force in British politics; for the co-operative party has ambitions and has already become affiliated with the British Labour party in preparation for the next general election in Great Britain. Although predictions have been freely made that the Labour party will swallow the Co-operative Party, it may be that the Labour party will itself be swallowed. In the British Empire to-day there is perhaps no group, certainly no large group, so virile, so keen, so alive to its opportunities, so confident of its future, so sure that it is right and working so smoothly as is this organisation. It is frankly building up a surplus and reserves "in preparation", as one prominent official expressed it, "for the more adventurous developments which co-operators must undertake in the near future".

A brief sketch of the growth, the purpose, and the ramifications of these societies, which are more or less typical of all consumers' societies in Europe, may be useful to readers who are unfamiliar with the service that this type of co-operative performs.

Their origin goes back to the old Rochdale days of the Industrial Revolution in Great Britain, when food had become immoderately expensive in proportion to the means of the people and they felt that the retailers were charging exorbitant prices. The time was ripe for the first experiment, which was started by some poor weavers in Manchester who organised a small retail store and shared in the profits according to purchase. For many years development was slow. (It is noteworthy that development is faster now than ever before: in the years between 1913 and 1926, membership and sales doubled).

Twenty years after the initial efforts of the Rochdale Pioneers, there were 400 small societies in existence, and the Co-operative Wholesale Society, known in England as the C. W. S., was organised

with 48 of these units as members. Growth has been rapid ever since. The C. W. S. has become not merely a purchasing wholesale agency: co-operative production has been successfully carried on for many years. It owns and operates huge flour mills, oil cake mills, furniture factories, piano factories, boot and shoe factories (thirteen in England, including the largest in the kingdom, while the Scotch Co-operative operates the largest in Scotland), clothing manufacturing plants, coal mines, tea plantations in Ceylon, grain elevators in Western Canada, iron works, tin-plate works, cutlery works, printing and book-binding establishments, pottery works, saw mills, motor-vehicle factories, tobacco factories, drug factories, and manufactories of pickles, vinegar, jams, and margarine, mills for woollens, hosiery, corsets, and all kinds of textiles, rope and twine factories, scales factories, soap factories, brush and paint works, in fact almost every branch of industrial activity including the operation of about 40,000 acres of farm land in England. They maintain purchasing departments from New York to Shanghai, and have connections with innumerable organisations the world over. They act as selling agents for the Co-operative New Zealand Dairy producers and for the Dairy co-operatives of Esthonia, even financing the latter on notes endorsed by the Esthonian Minister of Finance. Their policy is apparently to produce themselves, or failing that, to get as close to the producer as they possibly can in the interests of their consumer-members.

Will these or similar organisations ever solve the marketing difficulties of Agricultural Co-operatives producing in Europe or producing elsewhere and shipping to Europe? The directors of the C. W. S. do not themselves feel quite certain of what the future may bring. Just at present, and with only a few special exceptions, they are viewing rather doubtfully the co-operative movements which frankly admit that their object is to get as much as they can for their products. On this point a peculiar situation has arisen in Scotland, where the Wholesale Co-operative Society is in the business of distributing nearly 5,000,000 gallons of milk annually besides owning and operating creameries. Within the past year a Milk Pool has been formed by the Dairy Farmers of West Scotland; and since, from the farmers' point of view, it cannot have been formed for any other reason than to compel an increase in the price of milk, or at least to keep it from falling, the situation is complicated. In the words of the Society's report on the subject "The attitude towards the new organisation has not yet reached a point of clear definition, because of uncertainty as to the ultimate policy of the farmers on the two points of price and distribution".

This was demonstrated to members of the Canadian Farmers' Party who recently made an agricultural tour of England, when on several occasions as we listened to speeches from officials of the English and Scottish Co-operatives, rather resentful mention was made by them of the Western Wheat Pools and at least two such officials made the assertion that the effect of this combination in the West was to raise the price of bread to the English working man. This assertion, by the way, did not have precisely a satisfying effect on Western members of the party.

Many of the Danish co-operative bacon factories and creameries, however, are finding it advantageous to make direct connection with the C. W. S. in exactly the same way that other Danish co-operatives have long-established relations with the various multiple-store systems. In all, about 250 agricultural societies are in contact with the C. W. S., but it is safe to assume that most of them make the connection as consumers of the producers of the C. W. S. milk factories, and warehouses. In other words, they find it easy to do business when their interests are common with those of the vast membership, in purchasing at the lowest possible price. When on the other hand, the farmer attempts to sell his products to the C. W. S., his interests are opposed to those of the vast membership and the situation is a very different one.

In other branches of industry the great co-operatives have found it necessary to become producers themselves. If in the future they continue to make this their one consistent policy they will become producers of agricultural products on a gigantic scale. Already they have taken a step in this direction since they are perhaps the largest single operators of farm lands in Great Britain; and it may be that the more advanced thinkers among the leaders of the movement visualise an appreciable proportion of the farms from which they derive much of their food-stuffs, as producing departments, organised so as to parallel as closely as possible the efficiency and economy of the various other departments.

This opens up one of the most interesting possibilities of agricultural economics and a subject not entirely relevant to the matter in hand. Yet it is a subject which might support a very strong argument in any aggressive campaign of co-operative expansion in the future. In most countries the farming business is passing through a very pronounced period of depression, and the situation is not to be entirely explained away by any recourse to that favourite smoke-screen, "the business cycle". It is perhaps deeper than that and more like the depression which accompanied the Industrial Revolution, the cumulative results of modern farm

machinery, of agricultural scientific research which has made it possible to get two pounds of butter a day from a cow which used to give but half a pound, and the utilisation of tropical vegetable oils and fruits which have enormously increased our store of food. Whatever the reason, the marginal farmer is being squeezed out of the business. As a single illustration, we may quote Mr. C. S. Orwin, Director, Agricultural Economics Research Institute, Oxford, to indicate the situation in England: "All the land broken up during the war has now reverted to grass with practically 700,000 acres besides, and to-day the plough turns up a smaller area than for centuries past". The English daily press, even the conservative *Times*, is distinctly worried about the situation.

It is quite possible that in the business of agriculture in the future the same system, organisation, skilled direction, capital, machinery, business judgement, centralisation and decentralisation of authority, as is applied to so-called "big business" to-day, will be applied to the farm. If farming is ever reorganised in this way, the Co-operative Wholesale Society will have an initial advantage; the 40,000 acres of English farm land already operated is being entirely successful under the application of these principles. Here may be material for some very forceful arguments proving that increased agricultural production would be desirable. The innumerable farmers who have been losing money steadily for some years would welcome the opportunity of earning a regular income as "departmental managers"; and the farm labourers who are being thrown out of work while tenants continue to give up their leases as they expire rather than keep on farming, would also welcome a change which could be expected to bring with it more satisfactory employment.

One of the most interesting things about the co-operative movement is its relation to labour, since it is an employer of nearly 300,000 men. The highest union wages are always paid and the social welfare of the employees is always a concern of C. W. S. management. Athletic and social clubs, community dining-rooms, rest rooms, hospitals, homes for aged workers, educational activities, all these are stressed far more than is usual in private enterprise.

"Meanwhile", to quote *The People's Year Book* (published by the C. W. S.), "the world moves co-operatively". And if the co-operative movement has not entered politics at least leading co-operative workers have. "Czecho-Slovakia put at its head a consistent co-operator in Professor Masaryk; Poland paid a similar tribute to a strenuous worker for co-operation when it elected Stanislaus Wojciechowski as its President; Finland, one of the

most co-operative countries in the world, has the unique distinction of having a co-operative government". The Board of Management of the Elanto Co-operative Society apparently became the cabinet of Finland, taking on their new duties in addition to the old. In Russia co-operation was made compulsory and elevated to the rank of a state organisation. This compulsion killed its initiative and has since been abandoned. To-day the movement is the most powerful in Russia, being second in importance only to the Soviet Government. In Italy, on the other hand, according to the *People's Year Book*, the Co-operative movement has been degraded to the level of a mere Fascist machine.

In continental Europe, particularly in Germany, financial societies, especially credit societies, are perhaps more widespread than any other form of co-operative organisation. The English Societies do not neglect this phase of activity, as may be seen from the fact that the turnover of the Loan and Deposit department of the C. W. S. was over \$3,100,000,000 in 1926. The Insurance business also provides another powerful department.

The World Congress of the International Co-operative Alliance at Stockholm last year, marked the inauguration of a new era in the relationship of International Societies. Thirty-five countries were represented; Persia joined up during the conference. The total individual membership for which the Alliance stands is 45,000,000. The Congress might have presented a League of Co-operative Nations: Italy and Spain were conspicuous by the absence of any delegates since Dictators in those countries do not view the movement with a friendly eye. It is interesting to note that at the Congress a resolution was passed urging "the supreme necessity for co-operators that war should cease" and calling on "every co-operative organisation to declare itself definitely against war".