

UC-NRLF



5B 39 976

UC 26527

Celebration

LIBRARY

OF THE

UNIVERSITY OF CALIFORNIA.

GIFT OF

The Author

Received *Jan.*, 18*90*.

Accessions No. *39930* Shelf No.





Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation



A MANUAL



OF

DISTRIBUTIVE CO-OPERATION.

[PREPARED IN ACCORDANCE WITH THE PROVISIONS OF CHAP. 51,
OF THE RESOLVES OF 1885.]

BY

CARROLL D. WRIGHT,

CHIEF OF THE BUREAU OF STATISTICS OF LABOR.



BOSTON:

WRIGHT & POTTER PRINTING CO., STATE PRINTERS,
18 POST OFFICE SQUARE.

1885.

HD 3486
.W8

39930

Commonwealth of Massachusetts.

ACTS AND RESOLVES OF 1885.

RESOLVES, CHAPTER 51.

RESOLVE PROVIDING FOR THE PUBLICATION BY THE BUREAU OF STATISTICS OF LABOR OF INFORMATION CONCERNING CO-OPERATIVE DISTRIBUTION IN GREAT BRITAIN.

Resolved, That the chief of the bureau of statistics of labor be and he is hereby instructed to prepare and publish for distribution a pamphlet descriptive of the history, methods and present condition of co-operative distribution in Great Britain; and he may expend in the preparation and publication of the same a sum not exceeding eighteen hundred dollars.

Approved May 12, 1885.

[The valuable services of Mr. Horace G. Wadlin, in the collection of material for and preparation of the following manual, are gratefully acknowledged.]

A MANUAL

OF

DISTRIBUTIVE CO-OPERATION.

Upon an order introduced in the Massachusetts House of Representatives, January 29, 1885, by Mr. Henry M. Cross of Newburyport, a Resolve was reported by the Committee on Labor, passed by both branches, and approved March 12, 1885, directing the Chief of the Bureau of Statistics of Labor "to prepare and publish for distribution a pamphlet descriptive of the history, methods, and present condition of co-operative distribution in Great Britain." Under that Resolve the account contained in the following pages has been prepared, and, besides its publication in pamphlet form, is also presented as Part I. of the Seventeenth Annual Report of the Bureau.

The publication directed by the Resolve relates to facts and not argument, and it has been our aim to present these facts with fulness. For that purpose we have not hesitated to reproduce the statements of others, generally in their own language, whenever such statements were concise presentations of the particular facts desired.

In regard to certain phases of the subject it has seemed best to let co-operators speak for themselves rather than to embody their ideas in our own words. In all such cases we have given due credit in foot notes, and in further acknowledgment we desire here to mention our indebtedness to the pamphlets and other publications of the Central Co-operative Board, Manchester, England; the annual reports of the Co-operative Congresses of Great Britain; the Annuals issued by the English Co-operative Wholesale Society; the works of George Jacob Holyoake, and to the little manual, entitled "Working Men

Co-operators", by Arthur H. Dyke Acland and Benjamin Jones.*

The publications of the Central Co-operative Board, particularly those relating to practical details, are invaluable to any one desiring to engage in co-operative distribution. Full lists of these publications may be obtained upon application to the Secretary, City Buildings, Corporation Street, Manchester, England. The reports of the Congresses and the Co-operative Annuals contain much valuable statistical matter. The works of Holyoake, published by Trübner & Co., London, and to be obtained through any bookseller, are exhaustive and authentic as relates to the history of the co-operative movement in Great Britain, while the manual by Acland and Jones is a brief and inexpensive, yet exceedingly useful handbook covering the whole subject.

WHAT IS CO-OPERATION?

At the outset it is proper to define exactly what the subject is that we are to treat. The term co-operation as applied in practice at the present day is not used in its strict etymological meaning. Nor is co-operation as at present conducted what its early advocates proposed. Etymologically considered co-operation means *to labor together*. It has an industrial significance. On the contrary the co-operation of the present has won its greatest success in commercial rather than industrial directions. Its application to productive industry is still largely experimental, and the experiments that have succeeded are, in most instances, not purely co-operative.

Co-operation as proposed by its early advocates contemplated a social transformation, introducing into the operations of industry and trade, that is, into the operations of production and distribution, such principles as would overcome the evils that attend competition. It aimed to reconstruct society upon the communistic basis, its motto being "each for all and all for each," rather than the too common one of "every man for himself." Individualism it deemed contrary to the general good, and it sought to substitute for individualism some system of joint endeavor through which the laborer, the capitalist, and the con-

* Cassell & Co., Publishers, London, Paris, and New York, 1884.

sumer should be brought into relations of mutual help rather than remain in their usual position of rivalry. Ideally, something like this is still hoped for by ardent co-operators, but practically no such social transformation has yet taken place. Competition still flourishes, and the reconstruction of society upon the communistic basis is not to-day the chief end of co-operative endeavor. The co-operation of the present that is highly successful, and which we are mainly to consider here, relates to the distribution of products rather than to production. It is co-operative trading, not co-operative labor, if, indeed, the latter term is permissible. We shall show hereafter how success in co-operative distribution has, in some cases, paved the way to experiments more or less complete and more or less successful in co-operative production, but it is chiefly with distribution that we have to deal; and it is in this field that co-operation, in the sense of mutual effort, has won its greatest triumphs. The benefits obtained by those who have engaged in this form of co-operation are so great that its history, methods, and present condition are well worth our study and will amply reward our investigation.

One who by virtue of his experience, and his services to the co-operative movement, is certainly entitled to formulate a definition has presented the following :

“ Co-operation, in the social sense of the word, is a new power of industry, constituted by the equitable combination of worker, capitalist, and consumer, and a new means of commercial morality, by which honesty is rendered productive.

“ It is the concert of many for compassing advantages impossible to be reached by one, in order that the gain may be fairly shared by all concerned in its attainment.” *

This definition which is comprehensive, while no doubt embodying the author's views, would not be accepted by all co-operators, many of whom are unwilling to admit the claim of the consumer, *as a consumer*, to a share of the profits arising from productive effort. However this may be, all are agreed that in co-operative *distribution* the consumer should share in the profits derived from his trade. This feature is essential in modern co-operative distributive associations and distin-

* Holyoake. History of Co-operation, Vol. I., page 2.

guishes them from early attempts in this direction, and from joint stock associations.

Joint stock associations divide profits by payment on capital, that is, *on shares*. Co-operative distributive associations divide profits on *purchases*, not on shares, and pay to shareholders a *fixed rate of interest* on the capital invested.

Applying to the scheme of co-operative distribution the spirit of the last clause of Mr. Holyoake's definition just quoted, we may define it as: ➤ A union of many consumers for the purpose of securing in the purchase of commodities advantages impossible to be obtained by one, through an equitable division of the profits derived from their purchases. <

Such co-operative unions are upon the continent of Europe termed "consumers' societies." As has been said by another, "they have succeeded in making 20s. of earnings go as far as 22 or 23 in an ordinary shop. The true problem of co-operation lies deeper, that is, how to secure the original 20s. in workshops under their own management."

Leaving for the present this deeper problem we shall describe the manner in which the distributive societies of England have grown up, their mode of operation, and what they have accomplished. Afterward we shall glance briefly at the other phases of the co-operative movement.

HISTORY OF THE MOVEMENT.

At the beginning of the present century the condition of the common people attracted the attention of certain social philosophers who, seeing the misery that often existed among the working classes, endeavored to devise some scheme for the reconstruction of society upon more favorable conditions. Among these social reformers Saint Simon and Fourier, in France, and Robert Owen, in England, each in his own way, hoped to re-create society upon an ideal basis by a sudden and radical change from existing conditions. It is now seen that it is only by gradual steps that society advances, and that numberless influences and the slow progress of years are necessary to effect important social changes. Therefore it is not surprising that none of these schemes succeeded, although some of them were, in their day, exceedingly attractive.

The influence of Robert Owen upon the co-operative move-

ment in England was immediate and important. He has, indeed, been credited with the origin of the term co-operation as applied to industry. "In no literature," says Holyoake, "before the active days of this social devisor, does any trace of this new industrial shibboleth, co-operation, appear."* "The principles of co-operation were first put together and clearly stated by Mr. Owen in his earliest writings." †

But by co-operation, Owen meant a communistic organization of society for the mutual benefit of all. Between 1820 and 1830 great enthusiasm was aroused in England in this direction, having its practical outcome in the establishment of communities upon the co-operative plan. The first newspaper organ devoted to the theories then in vogue was the *Economist* in 1822, although Owen and others more or less inspired by him had previously published pamphlets unfolding their plans for social improvement. William Thompson, in 1827, produced a little work called "Labor Rewarded," in which he aimed to set forth a scheme for a more just distribution to labor of its share of product, and presented directions for the establishment of co-operative companies. Later the Combes and Robert Dale Owen, among others, aided the movement with their pens.

In 1824 the London Co-operative Society was formed. In its rooms were held meetings for discussion, and it also undertook the sale of goods made by provincial societies. In 1826 the *Co-operative Magazine and Monthly Herald* was established, this being the second co-operative organ in England, and two years later the *Co-operator*, a four-paged penny paper, was published. The latter, however, failed in 1830. Meantime other periodicals and a number of societies were established for the discussion and advancement of co-operative views.

The first co-operative congress was held at Manchester in May, 1830. Fifty-six societies were represented by delegates. These societies comprised 3000 members, who had by co-operative trading and weekly contributions acquired within fifteen months £6000 capital. ‡ Congresses continued to be held for several years.

* History of Co-operation, Vol. I., page 53.

† Co-operative Miscellany, No. 2, 1830.

‡ History of Co-operation, Vol. I., pages 150, 151.

There were said to be nearly 300 societies in Great Britain in 1830, their aggregate membership being about 20,000.

Most of the periodicals started before 1830 had ceased to exist by that year. In 1832 Owen began the publication of a new paper called the *Crisis*, and from time to time thereafter others appeared in the British Provinces.

The early attempts at co-operation took various forms. It seemed as if those interested, intoxicated with the hope of a brighter world than that with which they were unhappily familiar, were ready to accept any scheme, no matter how wild or ill-digested, that had in it the promise of improvement. The enthusiasm with which these schemes were embraced afforded in most instances a striking contrast to the failure which finally overtook them. But the discussion of the general subject in congresses and through the medium of the press widely disseminated co-operative views. Most of the enterprises suggested were based upon the communistic plan. The central idea around which clustered the co-operative experiments projected by the leaders of the movement was in those days the re-casting of society upon the basis of a community of united interests. But, as Mr. Holyoake has pointed out, "these dreams were postponed on the part of many, and were regarded as separate objects by more, and not regarded at all by the majority of co-operators, who had formed stores and established numerous manufacturing societies for the mutual advantage of the members." *

The following table shows existing registered co-operative stores established before 1844, with the date of their establishment, and the date when the profits were first divided on purchases. †

* History of Co-operation, Vol. I., page 188.

† Workingmen Co-operators, page 23.

Existing Registered Co-operative Societies established before 1844.

Date established.	NAME OF SOCIETY.	When profits were first divided on purchases.
1777 .	Govan,	1878
1795 .	Hull A. C. Mill,	1855
1801 .	Hull S. C. Mill,	Not known.
1801 .	Whitby Corn Mill,	Not known.
1812 .	Lennoxton,	1813
1816 .	Sheerness Economical,	1863
1817 .	Devonport U. M.,	1818
1821 .	Larkhall,	Profits divided equally.
1827 .	Meltham Mills,	1827
1828 .	Bridgeton,	1828
1829 .	Forfar, East Port,	1861
1829 .	Huddersfield W.,	Not known.
1830 .	Bannockburn,	1866
1830 .	Huddersfield B.,	1834
1831 .	Forfar, West Town,	1863
1832 .	Foleshill L. L.,	1865
1832 .	Foleshill S. S. R.,	1836
1832 .	Ripponden,	1850
1832 .	Stockport Great Moor,	1832
1833 .	Arbroath,	1861
1834 .	Forfar, West Port,	1863
1834 .	Kirkheaton,	1867
1836 .	Glasgow, St. Rollox,	1836
1837 .	Devonport Coal,	Profits divided equally.
1838 .	Almondbury,	1840
1838 .	Leslie Bread,	1872
1839 .	Hawick,	Shortly after starting.
1840 .	Darvel,	1859
1840 .	Hepworth,	Not known.
1840 .	Leslie,	1864
1840 .	Netherton,	Not known.
1840 .	Tillicoultry,	1864
1842 .	Freuchie,	1862
1842 .	Galashiels,	1847
1842 .	Middleton-in-Teesdale,	1874
1843 .	Falkland,	1865
1843 .	Kettle,	1863

Most of the early stores did not succeed. The reasons for their failure were various. The law did not afford co-operative enterprises adequate protection, and through its technicalities unprincipled men might easily embezzle the funds of the society and escape punishment. Non-adherence to the cash system was in many cases disastrous. But, besides these difficulties under which co-operative stores labored, the great obstacle to success was the defective plan upon which they were

based. Most were joint stock concerns dividing profits among shareholders only, and no arrangement was provided for capitalizing profits upon the plan of allowing dividends to remain undrawn as interest-bearing deposits. This we shall hereafter see was remedied in the Rochdale scheme of co-operative distribution which has become so successful. By reference to the table just presented it will be noticed how few of the early stores still remaining divided profits on sales until after the year 1844 in which the Rochdale scheme was made public. Many early stores failed, also, because after the first enthusiasm was exhausted members had no sufficient motive to continue their work.

After the social reformers whom we have named — Saint Simon, Fourier, and Owen, — came Leroux, Cabet, Proudhon, and Greaves, and, finally, M. Louis Blanc, who, in 1840, published “*L'organisation du Travail*,” a work which gave a decided impetus to co-operative endeavor.

Blanc proposed to reorganize labor under government direction so as to regulate production and ultimately to prevent competition. In brief, he contemplated the establishment of social factories, under government patronage and control, upon a plan at first circumscribed but adapted to indefinite expansion. The regulations governing these social factories were to be made by legislative enactment and to have the force of law. All workmen of good character were to be eligible to admission to these factories, limited only to the number possible to be employed with a given amount of capital. Salaries were to be equal.

Mutual interest in the success of the factories was to be secured by the mode of division of profits which were to be apportioned in three parts, one to be distributed to all members equally; one set aside for support of the aged or incapacitated and to alleviate the effect of industrial crises; and the third part to be used for the extension of the industry, the idea being so to expand the business as to furnish employment to all who might desire to join.

Upon the scheme proposed “each social factory may be composed of different businesses grouped round some great industry, parts of the same whole, obeying the same laws, and sharing in the same advantages.”

M. Blanc contemplated the admission of capitalists to these associations or factories upon the basis of a fixed interest on capital invested, but not to share in profits except as laborers.

With respect to M. Blanc's influence upon the growth of the co-operative idea, Mr. Thomas Hughes, after pointing out that his scheme is characterized by the French tendency of reliance upon government to do for the people what they despair of doing for themselves, very justly says :

“Nevertheless it marks a great epoch in the history of social reform by the clearness with which it pointed out three principles ever since more or less distinctly felt to be the life blood of co-operative efforts: first, the looking to the association of workers carrying on their accustomed work in common as the true means of raising their social condition through the use of the profits arising from their work; second, the restricting the payment of capital to a fixed rate of interest, and giving the capitalist security for his capital in lieu of profit; third, the elimination of the ruinous effects of competition, and the substitution of a healthy emulation in its place, by the union of different establishments carrying on the same industry by common centres by means of which diverse industries may also be united. Thus, setting aside the arbitrary rule of an absolute equality of salaries, which experience has not justified where the attempt to act upon it has been tried, and which seems to err as much by sacrificing the individual to the body as the present inequality of payment errs in sacrificing the body to the individual, — this *organisation du travail* may still be regarded as the prolific egg out of which the ideas of co-operation sprang in France, and which has had no inconsiderable influence on the ideas of co-operators in England.”

Our review has now brought us to the date of an important event in the history of co-operation in England. The experiments in communistic co-operation had practically failed. A few stores, principally upon the joint stock plan, still remained, but there was no cohesive force binding them together. There was, however, considerable co-operative sentiment existing in the country, waiting a favorable moment to spring into activity.

Not entirely unfamiliar with the theory of co-operation were the weavers of Rochdale, 28 of whom, massing their meagre capital of £1 each, were to engage in a scheme of co-operative distribution upon a plan so practical and with an energy so

determined as to carry the assurance of success. Under the name of "The Rochdale Pioneers," these weavers secured quarters in an old weavers' shop in Toad Lane, Rochdale, and, with the limited stock of groceries purchasable with their united capital of £28, began business in 1844. The insignificant character of their enterprise provoked the ridicule of the public.

"When the day and hour for commencing business arrived the little party assembled within to take part in the ceremony were abashed at the largeness of the crowd assembled to witness it. Some delay took place before any one could muster up courage to take down the shutters, and when at last the 'store' and its contents were exposed to public view, all Toad Lane was in a roar. Loud and long were the shouts of derision that rose from a host of 'doffers,' a species of street boy peculiar to the clothing districts, who, set on by persons who ought to have known better, stared through the windows or blocked up the doorway, evincing their characteristically precocious sense of the ridiculous by the nature of their comments on the modest display of the 'owd weavers' shop.'" *

But success, instant and unmistakable, overcame ridicule. Not long were these 28 weavers left unsupported in their effort to supply themselves with groceries free from the adulterations and imperfections found in those furnished at the ordinary shops, and, at the same time, divide among themselves the profits accruing from their sale. A scheme so practical, conferring benefits so great, at once attracted new members. The next year the association numbered 74, and the joint capital rose to £181. The whole story of their progress is most eloquently told by statistics, and we therefore present it in that form, availing ourselves of the following table: †

* W. T. Thornton. On Labour, page 376.

† Reproduced from "On Labour," Thornton, page 377.

Statistics of the Rochdale Equitable Pioneers.

YEAR.	No. of Members.	Funds.	Business done.	Profits.
		£	£	£
1844	28	28	-	-
1845	74	181	710	22
1846	80	252	1,146	80
1847	110	286	1,924	72
1848	140	397	2,276	117
1849	390	1,193	6,611	561
1850	600	2,299	13,179	880
1851	630	2,785	17,638	990
1852	680	3,471	16,352	1,206
1853	720	5,848	22,760	1,674
1854	900	7,172	33,364	1,763
1855	1,400	11,032	44,902	3,106
1856	1,600	12,920	63,197	3,921
1857	1,850	15,142	79,788	5,470
1858	1,950	18,160	71,680	6,284
1859	2,703	27,060	104,012	10,739
1860	3,450	37,710	152,063	15,906
1861	3,900	42,925	176,206	18,020
1862	3,501	38,465	141,074	17,564
1863	4,013	49,361	158,632	19,671
1864	4,747	62,105	174,937	22,717
1865	5,326	78,778	196,234	25,156
1866	6,246	99,989	249,122	31,931
1867	6,823	128,435	284,910	41,619

Not only did the business expand financially but its scope was broadened. The original stock in trade was confined to the leading staple groceries, such as flour, oatmeal, sugar, and butter. The following table shows the departments afterward added and the date of opening each :

DEPARTMENTS.	Date of opening.
Linen and woollen drapery,	1847
Butchering,	1850
Shoe and clog making,	1852
Tailoring,	1852
Coal dealing,	-
Baking,	1867

Ten or more branch stores are now carried on in the town of

Rochdale, and extensive premises owned by the association have taken the place of the old weavers' shop of 1844.

From the first, part of the profits were set aside for educational purposes, and an extensive library and liberally equipped reading room are now maintained.

The following statement exhibits the condition of the association in 1884, and when contrasted with its humble origin is itself a striking justification of the principles upon which the business has been managed :

Members.

Number of members, December 31, 1884,	11,161
---	--------

Liabilities.

Share capital, December 31, 1884,	£329,470
Loan capital, December 31, 1884,	£14,561
Reserve fund, December 31, 1884,	£2,605

Assets.

Value of saleable stock, December 31, 1884,	£28,593
Value of land and buildings and fixed stock, December 31, 1884,	£53,442
Investments, December 31, 1884,	£242,432

Trade and Profits.

Received for goods sold during 1884,	£262,270
Total net profit made during 1884,	£36,992
Average dividend paid per £,	2s. 9½d.
Applied to educational purposes during 1884,	£920
Applied to charitable purposes during 1884,	£118
Subscriptions to Central Board,	£46 0s. 10d.

The Rochdale store was not the first to engage in co-operative trade, as we have already shown, nor was it the first to divide profits on sales. But whether the time was more propitious or the character of its founders more favorable to success, it became, unlike its predecessors, true to its name, the pioneer of the distributive associations now numbered by hundreds in Great Britain. Unlike the joint stock companies the cardinal principles of co-operative distribution were observed by them : — *All profits to be divided on purchases, and all purchasing members to be made shareholders with a fixed interest on the capital invested. The cash system to be strictly adhered to.*



A single paragraph by Holyoake gives a synopsis of the early and later phases of co-operation in Great Britain, and shows the trend of co-operative endeavor after the year 1844. He says :

“The term co-operation was at first, as the reader sees, used in the sense of communism, as denoting a general arrangement of society for the mutual benefit of all concerned in sustaining it. Later, the term co-operation came to be restricted to the humbler occupations of buying and selling provisions.”*

The germ planted at Rochdale was not long in developing.

“It was not, however, till the great revolutionary crisis of 1848-9 that any strong impulse was given to co-operation in England. * * * Co-operation at this time took a start (in the north of England) as noteworthy, and more permanent in its results, than the famous Parisian movement, which, after surviving the barricades, withered in the first year of the second empire.

“The stores in Lancashire and Yorkshire rose rapidly from units to tens, from tens to hundreds. The need of some sort of federation began to be felt, and conferences of neighboring societies to be held in different localities to consider questions of organization and joint action. For, as the societies grew in number and importance, and their trade began to extend beyond the supply of the simplest necessities of life, the state of the law was found to press very severely upon them. They were hampered at every turn, and found themselves going into action, as it were, in the great struggle for existence, not as men in proof armor, but as men in fetters.” †

The remedy was at hand. Workingmen throughout England were seeking through legislation to obtain wider opportunities and the freedom of action that had been denied them. The years 1844, 1846, and 1847 witnessed the passage of important statutes affecting factory administration, the hours of labor, and the formation of friendly and trade societies, and saw, also, the repeal of the corn laws. The progress of the working classes was once more under discussion and their condition grew brighter day by day. And now Mr. Frederic

* History of Co-operation, Vol. I., page 68.

† Thomas Hughes. Lecture on the History and Objects of Co-operation (Co-operative Board Pamphlets), page 7.

Maurice, with others attracted by his energy and enthusiasm, came forward in aid of the co-operative movement. It was fortunate that when the need of favorable legislation was most pressing the influence of Maurice was enlisted. For he, from his position as reader at Lincoln's Inn, was able to interest many young and ardent lawyers, members of his congregation, in the progress of the working classes, and to impart to them his own firm conviction that co-operation was to be an important element in that progress.

In 1850 a society for promoting workingmen's associations was formed, Mr. Maurice being at its head. Co-operation it declared to be "the practical application of Christianity to the purposes of trade and industry." This society became an active force in behalf of the co-operative movement in the practical direction it had now taken. Attracting to itself many co-operators of the Owen school and numbering among its members, besides Maurice, such men as the late Canon Kingsley, J. M. Ludlow, and E. V. Neale,* its attention was immediately devoted to securing the needed reform in law so as properly to guard and foster co-operative societies.

The first act affording an adequate legal basis for such societies was passed in 1852, 15 Victoria, 31. The efforts put forth to secure this legislation drew together those engaged in co-operation throughout Great Britain. It is estimated that at the time of its passage about 140 co-operative stores were in existence. The society under Maurice's administration became a sort of working co-operative centre, and in its hall, July 26, 1852, was held a conference of delegates from the provincial societies, at which the new law was discussed, the establishment of a wholesale supply depot considered, the need of a newspaper organ debated, and other important matters brought forward. The first four years' work under the leadership of the London society is thus summarized by Mr. Hughes :

"Co-operative societies had been legalized for all purposes, except dealing with land and banking. The moral side of the movement

* Now Secretary to the Central Co-operative Board. Mr. Ludlow is now Registrar of Friendly Societies. The members of this society were known as Christian Communists or Christian Socialists. In Parliament, Messrs. Walter Morrison, Thomas Hughes, and Messrs. Slaney, Henley, and others rendered material aid to the society in its efforts to secure legislation.

had been brought into prominence, and principles had been accepted as essential, and incorporated into the constitution and rules of the societies, which have retained their hold, and are to this day appealed to as fundamental. And lastly, the necessity for closer union between the societies had been demonstrated and considerable advances made towards its attainment."

In 1857, Mr. Holyoake published his "History of Co-operation in Rochdale," a work which was widely read, and thus exerted an important educational influence in behalf of co-operative progress.

In 1862 the number of societies in Great Britain was estimated at 450; their estimated membership being 90,000; their share and loan capital, £450,000; their annual sales, £2,350,000; and their profits, £166,000. In this year parliamentary returns were first made to the Registrar, and thereafter annual statistical statements were presented.

The Industrial and Provident Societies Act of 1862 gave co-operative societies a corporate existence, and permitted one society to hold shares in another. This gave the requisite legal basis for the formation of co-operative wholesale societies, which are federative associations, their capital being in shares held by the societies composing the federation. Such an institution had long been needed to render the independence of the retail stores more complete, to allow them to disregard the jealousy of rival traders who exerted their influence against them with private wholesale dealers, to enable them to secure supplies of undoubted purity, and, while utilizing the surplus capital accumulating in their hands, to permit them to save to themselves the profit arising in the wholesale trade.

After much discussion the English Co-operative Wholesale was established in 1864, with a capital of £999, which was soon largely increased. Attempts at wholesale co-operative distribution had previously been made, but never upon the broad plan now adopted. Such attempts had failed. The scheme now devised was perfectly logical. It was in principle simply an extension of the plan upon which the retail business had been conducted. The relation of the retail societies to the wholesale is exactly analogous to the relation existing between individual members and the retail, and will be more fully explained hereafter. We are now dealing with the history rather than

the economics of the movement. The Scottish wholesale was founded in 1868. The formation of these wholesale societies marks an epoch in the progress of co-operation, and established the commercial autonomy of the co-operative organization.

From time to time experiments in co-operative production were made, which, in accordance with our plan, we shall here disregard, presenting their salient points later, and for the present confine ourselves to co-operative distribution.

In 1869 a central co-operative board was formed and annual congresses composed of delegates from the societies represented in the board have since been held. The Central Board at first consisted of two sections, the London and the provincial, but was afterwards organized as a Union composed of representatives from six districts or sections, and sustained by annual subscriptions from the societies. This Union, in conjunction with the congresses, exerts a strong cohesive force upon the societies, and also becomes an efficient agent in propagandism. To operate especially in the latter direction the Southern Co-operative Guild, having its headquarters in London, was formed in 1877.

The unity of action secured among co-operators by the organization described proved of the utmost value. The annual discussion in the Congresses of matters of peculiar interest, and the union of delegates from sections widely separated but engaged in the same work and actuated by similar motives, gave the movement a vitality it previously lacked and materially aided its growth and prosperity.

Since 1860 a newspaper organ of co-operation has been maintained. This is now owned by the societies.

Before closing this historical review it is proper to notice a distinct branch of co-operative distribution in Great Britain, — that conducted by societies on the so-called civil service plan. There are several of these, the largest in point of sales being the Civil Service Supply Association, and the Army and Navy Society, of London, the latter differing only in having been founded by officers of the army and navy instead of by employés in the civil service.

In reality these societies are consumers' joint stock distributing agencies, dividing no profits on purchases, and selling, not at the ruling market rates, as do the stores on the Rochdale

plan, but at the lowest prices consistent with the payment of expenses and a fair interest on capital invested.

The first association on this plan was formed in 1866, and the movement, originated by government employés for their mutual benefit, has made rapid progress.

The trade of these associations is not confined to shareholders, although profits are divided only on shares in the form of interest on capital invested, nor do they attract the trade of workingmen. They conduct a very extensive business at a low expenditure for expenses, and are of great benefit to the classes supporting them. The volume of their trade has been estimated to bear a similar relation to their members' income that the trade of the working class societies bears to their members' income. Co-operation in London is confined to these societies, except in a few outlying districts inhabited by workingmen.

The growth of the civil service societies was stimulated by the success of the stores established on the Rochdale plan, and while they have not adopted some of its vital features, and have confined themselves to cheap buying and selling on the joint stock rather than the co-operative basis, they still have interests in common with the workingmen co-operators, and three of these societies have joined the Co-operative Union. The essential difference between them and the great body of workingmen's societies will appear in our subsequent analysis. As part of the general movement their work cannot be overlooked in this review.

Speaking of the progress of co-operation since 1824 it has been said :

“The record of these sixty years of co-operative work is a record of work done under the influence of many different motives ; but if it could be written out in full, it must contain the names of many unselfish and earnest men, whose names were never known beyond their own town, and even there may now have been forgotten. In the earlier days men were fettered by laws which prevented their combined action, and there was little to protect them against fraud. There were taxes on newspapers, few even decent schools, no co-operative manuals or literature. Now all this is changed.” *

* Workingmen Co-operators, page 30.

To which it may be added that whereas in the early days the theoretical or ideal side of co-operation was presented and the practical insufficiently studied, it was only after co-operators set themselves squarely at work upon the practical side of the problem, availing themselves of the avenues easily open to them, and gradually pushing out into wider fields of endeavor as one obstacle after another was overcome, that success was won. To-day while the ideal is not forgotten and leading co-operators still look forward to heights yet unattained and to the entire reorganization of all industry upon the co-operative basis, still the effort appears to be to accomplish this through the gradual expansion of the co-operative organization along lines proved by experience to be safe, and not by any sudden or radical change in the structure of society. The co-operation of the present, as represented in the discussions of the congresses, is conservative as well as hopeful, practical rather than ideal, and while full of faith in the future is inclined to build upon sure foundations a structure whose stability is definitely assured.

THE FOUNDATION IN LAW.

The legal basis of co-operation in the United Kingdom rests at present upon the following statutes now in force: The Industrial and Provident Societies Act of 1876; the Customs and Inland Revenue Act of 1880; and the Provident Nominations and Small Intestacies Act of 1883.

These Acts contain provisions for the formation of co-operative societies; set forth the rights of such societies, and the rights of their members; and prescribe the duties to be performed by the societies.

It is required that in the formation of a society application shall be made to the registrar appointed by the government. A separate registrar is provided for England and Wales, for Scotland, and for Ireland. Blank forms of application are furnished, specifying twenty distinct matters relating to the conduct of the society's business, which must be incorporated in its rules, two copies of which signed by seven persons and the secretary, who are also to sign the application, must be forwarded with the latter to the registrar.

After registration the society becomes a body corporate, may sue and be sued, and may hold and deal with any kind of property, including shares in other societies and companies and real estate to any amount.

The rules of a society bind its members, notwithstanding they may have signed no assent to them. The rules may be amended in the manner originally provided for such amendment, but any amended rule must be registered. Application for such registration must be made upon a form supplied by the registrar, and a fee of 10s. is charged.

A society may sue its members. It may make a contract, and a contract made by it is binding as if similarly made by an individual, and when made under its seal, or by a writing executed by a person authorized to sign in its behalf, or verbally by one duly authorized to speak for the society.

Any or all of its shares may be made withdrawable. It may carry on any trade, except banking, including trade in real estate. It may apply its profits in accordance with the provisions contained in its rules.

It may, if the rules so provide, receive money on loan from any one, to an amount limited by its rules, or it may accept deposits, limited to 5s. in any payment, and to £20 for any depositor, payable at not less than two days' notice.

It may also, if its share capital is not withdrawable, carry on the business of banking.

It may make loans to members on real or personal security. It may also invest on the security of other societies or companies, save those only where liability is unlimited.

It is exempt from the payment of income tax on profits, provided the number of its shares is not limited by its rules or practice.

It may, by procedure duly set forth in the Act, unite with any other society, or may acquire the business of any such society, or may change its organization into that of a company.

It may provide the mode of settlement of disputes that may arise between itself and its officers or members.

A society may dissolve itself by an instrument signed by three-fourths of its members, or dissolution may be effected by a three-fourths vote at a general meeting called for the special purpose. If such dissolution be voluntary the resolution must

be confirmed at a second meeting, but if on account of debts, the action of the first meeting is sufficient.

If the society is in dissolution on account of debt, hostile proceedings to seize the property may be stayed.

Minors, if not under the age of 16, may become members, and may act as if of full age, but cannot hold office.

Members are not liable individually for the society's debts, and their liability in any event is limited to the amount remaining unpaid on shares legally theirs, or which they have agreed to take. They are not liable for debts contracted subsequent to transfer or withdrawal of the shares held by them; nor for debts existing at date of such transfer or withdrawal, unless the other assets are insufficient to meet the liabilities of the society.

The number of shares permitted to be held by an individual or company may be fixed by the rules but must not exceed in the total the nominal value of £200. The number of shares permitted to be held by a society is unlimited, and likewise there is no limit to the amount which may be received as a loan from an individual or company, except the limit, if any, fixed by the rules.

A member may by instrument duly recorded nominate the persons who shall take his investment in the society at his death, provided at the latter event this investment in loans, deposits, or shares does not exceed £100, and a nomination may be varied or revoked. If no nomination subsists in the event of a member dying intestate, the committee of management become administrators of the fund.

Whenever upon the death of a member his investment exceeds £80 the Commissioners of Inland Revenue are to be notified.

Upon application to the registrar members may secure an official investigation into the affairs of the society.

Every society must have a registered office with its name conspicuously displayed outside. A change of location must be at once reported to the registrar. It must have an engraved seal bearing its name, must have its accounts audited at least annually, and a copy of its last balance sheet and auditors' report must be constantly displayed in its office. Annual returns of its affairs must be made to the registrar, and a copy furnished, when applied for, to all interested parties.

Its books may at any time be inspected by any one interested in its funds.

Special returns are required if the society conducts a banking business.

Copies of its rules must be supplied by every society to any applicant, at a price not more than one shilling.

The duties set forth in the act must be performed by the society under penalties. These penalties affect the society and its officers and vary from £1 to £50, and are in some cases cumulative during the time the neglect continues.

THE RETAIL STORE.

The unit of the co-operative organization is the retail store. In starting such a store in a new district in Great Britain it is considered desirable to make use of the advice of the Co-operative Union. At the present day its work has become so systematized through experience that its help is of great benefit to the unpracticed co-operator. It has prepared model rules for the administration of co-operative societies which are in harmony with the requirements of the English law, and it is ready at all times to aid every new enterprise by showing those interested every thing essential to the successful establishment of a store.

FIRST STEPS.

In the first place, after a few persons have become impressed with the advantages of co-operative distribution, and have determined to found a society, a meeting is usually held to awaken public interest and to secure members. Speakers may be obtained from the Co-operative Union or from the Southern Co-operative Guild. The advantages of co-operation are explained and every effort made to stimulate interest in the movement. An informal organization is effected, collectors appointed, and the work of securing the required capital begins.

CAPITAL.

The co-operative scheme rests on the basis of cash payments. The outfit and goods are bought for cash and no sales on credit ought to be allowed. Considerable capital, therefore, must be paid in before the store opens. The amount to be raised and

the number of members to be secured before business is begun will depend on circumstances. It is considered that 100 members, with £130 capital, and a guaranteed trade of from £40 to £50 per week are required to ensure expenses and a dividend if the store is to be constantly open. But the beginning may be much more humble. The store may be open only at certain times, for instance, evenings, or on particular days in the week, thus reducing the expense of a storekeeper by employing only a portion of his time. A member who is otherwise employed may, if capable, serve as storekeeper in the evening, or a member's wife may be selected for the position.

It is deemed essential that, however established, the store should depend for its prosperity on the support of actual members, and not rely upon loans or gifts from those who may have a sentimental interest in the scheme. The trade of some members may at first be limited. If in debt to private traders they cannot at once transfer their entire patronage to the co-operative store. Slowly they may by economy extinguish their debt and increase their trade. An independent beginning of the store, no matter how humble, and a gradual expansion as business increases is always advised.

SHARES.

The number of shares held by each member may be not less than one nor more than 200, the value of each share being £1. A fixed rate of interest is paid on capital invested, usually five per cent, and members are encouraged to leave undrawn the dividends accruing on their purchases, such undrawn dividends being added to the capital, thus permitting an increase of the business. The store in this way performs the functions of a savings bank of deposit, thrift on the part of members is stimulated, and while on one hand the evils of debt are prevented by adherence to the rule of cash payments, on the other members form the habit of saving, by the inducement offered to allow their dividends to go on deposit at a fair rate of interest.

NATURE OF SHARE CAPITAL.

To determine the nature of the share capital, that is, whether it shall be withdrawable or only transferable, opens an import-

ant question which the new society must meet and settle. Its bearings are considered in the following :

“ In the general rules three cases are provided for:—first, where all the shares are to be withdrawable ; second, where they are all to be transferable ; third, where some are to be transferable and some withdrawable. In the early days of co-operative societies the law compelled them to make their shares withdrawable. The early societies were accordingly all formed on this principle ; and the large majority of those formed after the alteration of the law, when shares were allowed to be made transferable in the case of joint stock companies, followed the example of their predecessors. Cases, however, have occurred where rumors have been spread as to the solvency of such a society ; a run has taken place upon their funds, the more selfish members seeking to secure themselves from sharing in any loss, careless of the result to their fellow members ; and the society, having almost all its capital locked up in buildings, fixed stock and trading stock, has had to stop payment, though perfectly solvent, so as to gain time to realize its assets. Some of the older societies, hampered by the fact of their members having become accustomed to withdrawable shares, have met this difficulty by altering their rules, and making a portion of their capital transferable.

It is, however, generally considered among co-operators that in the case of new societies it is much the best plan to make all the capital transferable. To meet the case of members leaving the locality, or wishing to draw out a part of their capital in order to provide for any given expenditure, as in the case of illness, you should have a rule, such as is given in the model rules above-mentioned, enabling the committee to purchase the shares of members at a price not exceeding their par value, *i. e.*, the sum paid up on them. In this manner the capital becomes in fact withdrawable, except in the one case of a panic as to the financial position of the society, in which case it is only fair that, if there be any ground for alarm, all the members should share equally in any loss sustained. You may also very well have a rule empowering the committee to take money on loan from members, after they have contributed some definite amount to the share capital, to be withdrawable on demand, or after so many days' notice, according to the amount withdrawn.” *

Many co-operators think that the matter is best settled by

* Walter Morrison, Esq. Village Co-operative Stores (Co-operative Board Pamphlets).

making every member have one non-withdrawable transferable share of £1, and let his remaining shares, which he acquires through undrawn dividends or by other investments, be withdrawable. *

PAYMENT OF SUBSCRIBED CAPITAL.

Not all the money subscribed for shares need be paid up at once. It is usual to make payments at the rate of 3*d.* per week. In some societies subscribers do not acquire full membership until an entire share or even several shares have been paid for in full. In general, however, after a shilling has been paid in members are allowed to have full privileges. Concerning this matter, Mr. Morrison, in the pamphlet already quoted, says:—

“Urge your members to pay up their shares in full if they can, in order to simplify your accounts. It may be useful to this end to provide a special rule that no interest will be allowed on any sum under £1,† so as to induce a member who may have £1 18*s.* invested to pay up the balance of two shillings at once. You should also adopt the provision in the general rules that no dividend on purchases shall be paid to any member until he has some definite sum, to be fixed by a special rule, invested in the share capital; all such dividends being credited to him until this amount is made up. You will require an average capital of £10 per member. If you can rely upon the richer members contributing more than this sum, you might fix the minimum amount which each member must invest at perhaps £5.”

REGISTRATION.

Before beginning business the society must be registered at the government registration office for industrial and provident societies. No registration fee is charged.

THE EXECUTIVE COMMITTEE.

The selection of the executive committee is a matter of scarcely less importance than that of raising the required capital. This committee appoints the storekeeper and other employés, controls the purchase of the stock in trade, overlooks the finances of the society, and is, in fact, entrusted with the entire supervision of its affairs. The nature of these duties suggests

* Workingmen Co-operators, page 36.

† Or, more explicitly, on any fractional part of a £, thus supplying a motive to cause subscribed capital to be fully paid up.



the care that ought to be taken in selecting the men who are to perform them. The success of the society will largely depend on the efficiency and honesty of the committee. It may consist of from seven to twelve members who are usually elected at quarterly meetings, their terms of office being so arranged that part of the committee goes out of office at each meeting, or in some cases semi-annually or annually, although, as respects this, many societies have no rule. Members of the committee may or may not be eligible to re-election immediately upon the expiration of their terms of office. Sometimes it is provided that a member after having served a certain fixed time must retire for an interval before becoming eligible again. Generally speaking, experience in the duties of the office should count in favor of the retention of a committeeman, and sweeping changes ought to be discountenanced. Of course many things combine to determine the popularity of an officer entrusted with the management of a society in which many persons have a keen interest, and committees cannot expect immunity from the adverse criticism which, however undeserved, sometimes affects this popularity. On the other hand, members who desire the welfare of the society ought to be careful that grievances of a purely personal or petty nature do not blind them to the recognition of what is, on the whole, a faithful and conservative management of its affairs. Helpful criticism is always to be desired, and adds to the efficiency of the committee and promotes the society's interests. .

The President of the society is sometimes elected by the members and sometimes by the committee. The Secretary and Treasurer by the latter. Many societies dispense with a treasurer. Members of the committee are usually paid a small fee for attendance at the weekly business meetings.

“ It is most desirable, in fixing the scale of payment, to avoid the likelihood of men trying to get on to the committee *simply for the sake of the fees*. This is a danger to be carefully watched in the co-operative movement. The work of its managing men (not its paid officials, to whom it is a profession) should be that of volunteers, who are repaid in moderation for their expense or trouble, and who will withdraw or resign their position at once, without a moment's hesitation, on the score of money, if that is being done of which they so strongly disapprove that they believe this to be the

right course. Otherwise they are not independent, and may tend to get into the hands of men more powerful than themselves, who are well aware that they will not resign if they can possibly help it. From 6d. to 2s. a time for weekly committee meetings, and nothing for sub-committees or adjourned meetings, is a common rule in a moderate sized society." *

The Secretary, and the Treasurer, if there be one, furnish security to the society for the proper performance of their duties, either by deposit or bond, and are usually paid a salary proportioned to the labor devolving upon them.

BUSINESS PREMISES.

The first duties which demand the attention of the committee will be the selection of premises in which to conduct the business of the store and the engagement of a storekeeper. As to premises, conditions of eligibility, rental, etc., will affect their decision. The aim, of course, is to make the store as convenient as possible to the majority of members. If the beginning is to be quite humble the dwelling house of a member may be selected as headquarters, and more extensive, and consequently more expensive quarters taken as business expands and the success of the movement becomes assured.

THE STOREKEEPER.

The storekeeper should be a man of unquestioned integrity and, if possible, not only a believer in co-operation but of some experience in co-operative trading. Now that co-operative stores have multiplied a man possessing the latter qualification is not hard to find if the committee exercises proper care and especially if the aid of the Co-operative Union is sought. It is considered undesirable rather than otherwise that a storekeeper has been trained as a private trader. The average salary of a storekeeper in English towns is about 25s. or 30s. a week besides rooms and gas; in country villages, 18s. to 25s. suffices.

STORE FITTINGS.

The fittings of the store are of the usual sort common to private stores of the same grade. The Wholesale Co-opera-

tives provide these if required at a lower rate than they can be bought for elsewhere.

STOCK IN TRADE.

Premises and fittings having been secured and a storekeeper engaged, a stock of goods must be purchased, and here again, as well as in the future purchase of supplies, the judgment of the committee will be put to the test. The maxim that goods well bought are half sold applies to co-operative as well as to ordinary stores. It is also well understood, and so generally practiced as to become the rule, that no adulterated or inferior goods are to be allowed upon co-operative counters. No credit, it will be remembered, is to be given purchasers, and stock in trade is to be bought for cash upon the best terms.

Experience and the growth of the co-operative organization has in these days provided helps for inexperienced committees. The wholesales provide lists of articles such as are proper to provide in starting a store, with quantities and prices of each. The Co-operative Union in this as in other matters of detail is ready to give advice. The co-operative literature affords pamphlets upon the subject of purchases. Thus the path of the unpracticed co-operator is not entirely dark and he is enabled to profit by the wisdom gained by his predecessors in their unaided efforts during the earlier years of the co-operative movement.

A store in the beginning usually confines itself to the staple articles of groceries, and increases the variety of its stock as the demand of its patrons warrants. Thus to ordinary groceries, hardware, tinware, crockery, etc., may first be added. Ready made boots and shoes, dry goods of the staple sorts, clothing, hats, caps, etc., are eventually supplied. As to the latter articles greater care and experience in buying are, of course, demanded, so as to avoid loss by depreciation owing to change of fashion.

In some instances a department for making boots to measure and others for custom tailoring and millinery have been successfully incorporated.

A bakery forms a favorite and generally profitable branch of English co-operative stores. Many fully equipped co-operative bakeries exist as departments of these stores and do a

large business. Butchering, also, has been tried, and with some profit, but, as this requires greater experience and trained judgment on the part of the buyers, and as greater difficulty has been found in procuring efficient department superintendents in this line than in the others mentioned, it has not as yet been found equally successful.

The sale of coal, on the contrary, is common and profitable.

As to the advisability of conducting several departments under one management, the following is to the point, and the statistics give a glimpse at what has been accomplished :

“Speaking generally, ‘make one department a success at a time, keep the accounts of the departments separately, and publish the profits of each department in the balance sheet,’ would be the advice of many co-operators. The number of the chief departments carried on by societies is as follows: 1185 societies do business in groceries and provisions; 772 in drapery; 715 in boots and shoes; 333 in coal; 211 in butchery; 188 in baking; 185 in furnishing; 137 in hardware; 76 in tailoring.”*

In making purchases the normal conditions of supply and demand should be strictly considered and, as a rule, all speculative purchases avoided.

“The amount of stocks should usually not exceed the amount of sales for three or four weeks in groceries; for ten to fourteen days in provisions; for one month in bakery; for three or four days in butchery; for ten to thirteen weeks in drapery, boots and shoes, and furnishing.”†

In sales the ordinary prices of the locality are charged, no attempt being made to undersell private traders. It is not in reduced prices but in division of profits that the purchaser reaps his reward.

THE CHECK SYSTEM.

As dividends are to be declared on purchases arrangements must be made for registering the latter and enabling each customer to prove quickly the amount of his purchases in order to collect his share of profits. This is accomplished quite simply

* Workingmen Co-operators, page 68.

† Ibid, page 43.

by giving each customer a check or token either of metal or paper representing in amount the amount of his purchase. These are retained and presented at the end of the quarter to secure payment of the dividend. Members are from time to time during the quarter required to exchange tokens of small nominal value for those of higher denomination, in order to reduce the number of tokens of small denomination required in circulation and to simplify matters generally.

In the use of these tokens fraud may occur, as, for instance, employés have been known to purloin them and afterward secure their presentation through an accomplice for exchange. On the other hand, purchasers have held them back for presentation during a quarter subsequent to that in which they were issued, and when the dividend happened to be larger, thus unfairly sharing in a larger division of profits than was justly their right, besides disarranging the accounts of the society.

The paper checks may be so made as to guard against the latter evil by changing the color in each quarter, but the paper checks may have their nominal value increased by fraudulent alteration of the amounts borne upon them.

Great care is needed to ensure against corrupt use of the checks, and the ideal check system has yet to be devised.

Various methods are employed to check the operations of the manager and to discover the amount of cash passing through his hands. The system of dividend tokens just described affords a partial check, but, for the reasons stated, fraudulent use of the tokens may render this sort of checking nugatory, and, if relied on, cause a perfectly honest manager to be unjustly suspected. Among other plans one is "giving the customer a ticket, who takes it to a boy, who gives metal checks in exchange and registers each shopman's sales." This is of course applicable to the larger stores only. No absolute check upon the manager's operations has yet been devised. The best safeguard is the watchfulness of the committee. A dishonest manager cannot long retain his place if the duty of the committee is well performed.

DUTIES OF MEMBERS.

The matters of detail to which we have alluded having been attended to, the store is now ready to open its doors for trade.

All, whether members of the society or not, are welcomed, and non-members are permitted to share in the profits, but not to the same extent as members, it being usual to allow them but one-half the regular dividend. It is always desirable to induce non-members to join the society, and sometimes a full dividend is given them, one-half being paid in cash on demand, and the balance credited to a share account in their name, thus in time creating a deposit sufficient in amount to create them full members.

The business of the society, now that the store is in active operation, will depend upon the fidelity with which members patronize it, refusing, as they should, to be drawn away by the insidious solicitations of private tradesmen, who frequently attempt to undermine co-operative stores by cutting prices, offering liberal credit, running special lines of goods at cost prices, and by other devices contrived to lure co-operative customers into their shops.

These attempts are likely to be more effective in the infancy of the co-operative store than later, for the participation in profits soon teaches the thoughtful patron of co-operation that his position as a partner is of more benefit to him in the end than any temporary gain which he may appear for the moment to reap by purchasing at under-rates elsewhere.

But if the store is to be thoroughly prosperous each member must do more than merely give to it his trade. He must take a deep interest in its affairs, must exercise a watchful supervision over its administration, attend the business meetings, participate in the election of officers, carefully study the financial reports, or balance sheets so-called, issued quarterly,* and teach himself to criticise intelligently the policy pursued by the committee who are his servants in immediate control of the enterprise.

At the business meetings all members have equal voting power, so that the society in its organization is thoroughly democratic. Women, too, are usually eligible to membership on the same terms as men, and in some cases have been given places upon committees.

Besides the quarterly business meetings it is usual to hold

* Or semi-annually if dividends are thus declared.

monthly meetings at which it is customary to read the minutes of the meetings held weekly by the committee, and discussion is permitted thereon. Social gatherings of the members are also held annually, or even more frequently, as a means of welding together more firmly the interests of all who are connected with the movement.

STOCK-TAKING AND AUDITING.

Account of stock is to be taken quarterly or half-yearly and profits divided, and this should be carefully and honestly done, with no attempt at over-valuation or desire to increase the dividends beyond the percentage fairly earned. Accurate bookkeeping is essential to the pecuniary welfare of the society, and a "Manual of Bookkeeping," giving full advice upon this head, has been published by the Co-operative Union.

The Union has also published a "Manual of Auditing." Great responsibility rests upon the auditors, who are to make a complete examination of the society's affairs and who are to assure themselves that the balance sheet is correct, and to vouch for it by their signatures. They ought to be men familiar with accounts and, if possible, of some financial experience.

"An inexperienced auditor will do well to act on the following hints. Ascertain that stock has been carefully taken and checked. See that everything is priced at the cost, or a less value, and that all deteriorations of stock have been amply provided for. Count the cash in hand. See that proper vouchers have been received for all payments; and if not sufficiently master of bookkeeping to adopt short systems of check, by comparing the totals of different accounts, check every individual item from its first entry until placed in the balance sheet. Compare the members' pass books with the ledgers. See that the total of the members' accounts agrees with the amount placed in the balance sheet. Ascertain that all goods received and taken into stock are duly paid for, or else taken as a liability, and also that all sums due by the society to merchants and others are taken as liabilities. The best plan is to send a circular note at stock-taking to all persons the society does business with, asking them to advise the auditors what sums are due to them by the society. Examine the committee's minute book, to see that all

expenditure has been duly authorized, and inspect the deeds and other securities of the society.”*

The auditors may be of such number as the society may direct, usually two. Provision is made for the appointment of a public auditor in lieu of auditors elected by the society. No employé of the society is eligible to the office of auditor. Auditors are paid such remuneration as may be voted them at ordinary business meetings.

Any member or person in interest has an individual right of inspection of the accounts of the society under proper regulation, but is not permitted, without special authorization, to inspect the loan or deposit account of any other member without the latter's written consent.

In certain contingencies it is provided that the affairs of the society shall be examined and reported upon by inspectors appointed by the government registrar. The government requires annual returns to be made from every society, containing a general statement of its receipts, expenditures, funds, and effects.

ALLOTMENT OF PROFITS.

The model rules provide for the following allotment of profits: (1) Interest on loans, deposits, and preferred shares, if any; (2) Reduction of the value of fixed stock and plant at such rate as the society may direct (subject to change by the society at the annual rate of ten per cent on fixtures, and of two and one-half per cent on buildings); (3) Reduction of expenses, if any, incurred in forming the society; (4) Dividend on share capital; (5) Reserve fund; (6) Educational fund; (7) Congress fund; (8) Social fund; (9) Dividend on purchases and bonus to employés.

The second item in the foregoing list relates to the amount written off at each stock-taking to allow for the depreciation in value of fixtures and buildings owing to wear and tear. There is a temptation to neglect this as any amount so charged decreases the amount of net profits, and consequently reduces the dividend. But prudent management requires this depreciation to be conscientiously made in order that the assets of the society may not be found over-rated if a financial panic should overtake it.

* Workingmen Co-operators, page 60.

The third item is temporary only and confined to the early years of the society. The fifth item provides for the establishment of a reserve fund, the possession of which adds to the financial stability of the society. Besides the allotment to such a fund of a portion of the profits, usually ten per cent, all fines are carried to it. The fund is applicable by resolution of the society to the equalization of dividends, to meet contingencies affecting the business of the society, or to any other purpose which the general meetings may from time to time direct. The income from the fund is used to increase dividends in the same manner as other income of the society.

The application of a portion of the profits to educational, social, and benevolent purposes, contemplated by the sixth and eighth items, is always considered to be in harmony with the underlying principles of co-operation. Many societies apply two and one-half per cent of the profits to educational purposes, such as technical classes, maintenance of library and reading room, etc. Others neglect the matter altogether, although it is always advised by leading co-operators.

The Congress fund mentioned in the seventh item provides for paying the annual subscription to the Co-operative Union or to any official organ recognized by the Congress.

The practice of allowing employés to share in profits by means of a bonus, provided for in the second clause of the ninth item, would seem to be clearly in accord with co-operative principles, but, although some societies practice it, it is not generally popular. When given it may be said to be awarded on the ground that if employés share in this way they will take a livelier interest in the society's welfare, and thus the bonus will be money well expended in that it will in reality tend to increase profits. Except in theory, the practice does not seem to rest upon the abstract justice involved in the principle of awarding to all who co-operate in producing a given result a share in the benefits obtained. This principle would seem to demand the admission of all employés to an interest in the business, but it appears to be self-interest purely that induces most of the societies that have adopted this plan to pursue it. At present, profit sharing with employés, although nearly always advocated as a matter of theory, is not extensively practiced among co-operative trading societies.

THE BALANCE SHEET.

The balance sheet issued to members forms a complete report of the financial status of the society. Members rely upon it for their knowledge of the society's affairs. It should show clearly, and in as simple a form as possible, so as to be readily understood by the average man, the cash account of the society, giving its cash assets and receipts upon one side, and its liabilities and cash expenditures upon the other. The trade account should also be shown, giving upon the debit side the value of stock at beginning of quarter, amount of subsequent purchases, with expenses and outstanding liabilities, if any, for purchases, and on the credit side the amount of sales liabilities at beginning of quarter, value of stock at end of quarter, etc., the balance of the account showing the net profit. The expense account should be shown in detail, and a concise summary of the capital account should appear, giving the assets and liabilities in detail, followed by a detailed statement of the disposal of profits. The balance sheet ought to be published several days before the general meeting, so as to give members an opportunity to study it and compare it with former issues, that they may be able to criticise it, if need be, and to question it intelligently at the meeting.

SUMMARY OF ESSENTIAL POINTS.

We have now given such a description of a retail distributive society as will, we believe, enable the reader to understand how such a society is formed and carried on. Besides the points we have mentioned the model rules contain provisions for settling by arbitration disputes arising between a member or any interested person and the society or an officer thereof; for expelling any member who may be guilty of conduct detrimental to the society and for the payment to such a member of the sums paid in on shares held by him; and the necessary provisions for conduct of business, transfer of stock, change of name of society, etc.

We now present the following summary of essential points and causes of success and failure, for which we are indebted to the manual entitled "Workingmen Co-operators." We find them nowhere else so succinctly stated.

2. valuation accurate. since 1862. have become extinct since 1862."

“*Essential Points.* (a) The store is open to all; (b) charges ordinary market prices; (c) receives ready money only, and gives no credit; (d) gives dividend in proportion to purchases; (e) every member must have a share or shares, and receives good interest on them; (f) all are equal in voting power, whether they have few or many shares; (g) the store sells genuine articles, which are what they profess to be; (h) the store has an honest manager and an active committee; (i) the society insists on an efficient and intelligent audit and stock-taking.

Causes of Success. (1) A clear understanding and performance of the duties of an officer, an employé, and a member; (2) competent and painstaking officers; (3) competent and trustworthy employés; (4) proper security for the honesty and efficiency of the principal employés; (5) amicable and earnest working together; (6) promptitude and punctuality in business; (7) impartiality, civility, and pleasant manners in the members and in the staff; (8) generous treatment of the employés; (9) judicious purchasing and careful regulation of the stocks; (10) ready money purchases and ready money sales; (11) carefully regulated expenses; (12) judicious investment of all surplus capital; (13) ample depreciation of property; (14) ample reserve funds; (15) good bookkeeping and auditing; (16) officers giving full and free explanations to the members' meetings; (17) members having full confidence in the officers.

Causes of Failure. (1) Allowing the storekeeper to do as he likes; (2) allowing credit to purchasers; (3) bad bookkeeping and auditing; (4) bad rules; (5) carrying repairs and renewals to property account instead of expenses account; (6) competing with all the 'cutting' shops; (7) expenses too great for the business; (8) employment of incompetent persons; (9) dishonesty; (10) injudicious purchasing; (11) injudicious and frequent changes of policy; (12) members purchasing away from the store; (13) not taking ample security from persons in a position to misapply the society's effects; (14) permitting the manager to buy away from the wholesale societies; (15) inefficient officers; (16) members being unreasonable and quarrelsome; (17) purchasing goods on credit; (18) overbuilding; (19) starting branches or new departments before the society is strong enough to bear the burden; (20) waste behind the counter from bad stock keeping or careless weighing.”

THE WHOLESALE STORES.

The success and multiplication of retail stores suggested the propriety of establishing a central purchasing agency or whole-

sale depot. The benefits which it was expected would be derived from such an institution, and which have been largely realized, were, among others, the following :

“ Stores will be enabled, through the agency, to purchase more economically than heretofore, by reaching the best markets.

Small stores and new stores are at once put in good position, by being placed directly (through the agency) in the best markets, thus enabling them to sell as cheap as any first-class shopkeeper.

As all stores will have the benefit of the best markets by means of the agency, it follows that dividends paid by stores must be more equal than heretofore, and, by the same means, dividends will be considerably augmented.

Stores, especially large ones, will be able to carry on their businesses with less capital. Large stores will not, as now, be necessitated, in order to reach the minimum prices of the markets, to purchase goods they do not require for the immediate supply of their members.

Stores will be able to command the services of a good buyer, and will thus save a large amount of labor and expense, by one purchaser buying for some 150 stores, while the great amount of blundering in purchasing at the commencement of a co-operative store will be obviated.”*

In our historical review we have mentioned the unsuccessful experiments which preceded the establishment of the English Co-operative Wholesale in 1864. It is not necessary to elaborate these experiments. They failed, partly because the co-operative movement had not become sufficiently strong to sustain such an institution, and partly on account of defective business principles embodied in their administration. The great success of the existing English wholesale and of the Scottish wholesale, established at a later date, is sufficient to commend the plan upon which they are organized to those desiring to found a similar enterprise elsewhere, and we therefore give a detailed description of its features.

In its organization the English wholesale is a federation to which none but co-operative societies are admitted. Such an organization presupposes the existence of retail associations for whose benefit the wholesale society is formed. At first

* Co-operative Annual, 1885; page 70.

each retail society in joining the wholesale subscribed capital in the proportion of one share to each of its members, the value of each share being 5s., the same being transferable, one shilling to be paid up on each share at time of subscription and interest and dividends to remain undrawn until balance of capital subscribed is paid up.

In 1871 the value of shares was changed to £5, and the number of 5s. shares decreased accordingly. Societies were now required to take up one share to each twenty members, and in the following year this provision was changed to one share to ten members.

It was at first proposed to sell goods at cost, with a small commission added to cover expenses. This was soon abandoned as impracticable, and a plan identical with that adopted in the retail stores was substituted, goods being sold at a profit, and all net profits divided among purchasers in proportion to purchases. As in most of the retail stores, non-shareholding purchasers are allowed one-half the dividend given to shareholders.

Business was begun in 1864 at Manchester, where the central offices are now located. The growth of business led to the establishment of main selling branches at Newcastle, in 1871, and at London, in 1874, and sub-branches at Leeds, in 1882, and at Bristol, in 1884.

Buying branches, also, have been established at Tipperary, Killmallock, Limerick, Armagh, Waterford, Tralee, and Cork, in Ireland, for the purchase of Irish butter, an important staple, of which the wholesale society is the largest purchaser. A purchasing branch, which is also a forwarding depot, is maintained at Liverpool, a buying agency for American produce at New York, N. Y., and purchasing agencies at Calais, Rouen, Copenhagen, Hamburg, and a special agency for the purchase of tea and coffee at London.

The society also conducts a shipping business, which owes its origin to its extensive importations of foreign produce, much of which it was desirable to obtain directly from the producers and to secure its careful packing and prompt despatch. Four steamers are now owned by the society, running regularly between Garstow and Rouen, Goole and Calais, and Goole and Hamburg.

The society also sustains a banking department on the usual plan of such institutions. The profits of the banking department are apportioned as follows :

“First. The customer who has a credit balance with the bank will share in the profits on the earnings in proportion to the amount, varying from a quarter to one per cent over the interest the customer would get from the usual terms allowed by the ordinary banker.

Second. The debit customers share in the profit too in a similar way to the credit customer, on the amount of interest which is paid on the debit balances of their account.

Third. A customer may be a credit and debit customer in the same quarter, and would receive profits both as borrower and lender.”*

Besides dealing largely in groceries and provisions the society manufactures biscuits, sweets, dry and soft soap, and boots and shoes; and supplies drapery, hardware, carpets, crockery, fancy goods, and general furnishings. It is the selling agency of several co-operative productive societies manufacturing dry goods, dress goods, ready made and ordered clothing, miscellaneous textiles, furniture, watches, machinery, etc.

Just as the retail stores are administered by a committee chosen by members, so the wholesale, conducting the widely diversified business that we have outlined, is governed by a committee elected by ballot by delegates from the societies composing its membership, each society being entitled to one delegate to every 500 members or fractional part thereof, every delegate having one vote.

The manner of conducting the wholesale business is analogous to that of the retail. The general committee at Manchester has 16 members. The London and Newcastle branches are conducted by branch committees of 8 members each, responsible to the general committee, and in the deliberations of the latter represented by one delegate from each branch. As to stock-taking, which is done quarterly, auditing, etc., the de-

* Co-operative Annual, 1885; page 16.

scription which we have given of the retail stores applies equally to the wholesale. Four auditors are employed who are elected by the shareholders, and paid an annual salary of £40 each, besides the allowance of second class railway fares. Full quarterly balance sheets are published. A strong reserve fund is maintained. The value of the property is written down, or depreciated, at each stock-taking, at the following rates: land, at $2\frac{1}{2}$ per cent; buildings, at 5 per cent; fixed stock, at $7\frac{1}{2}$ per cent; all depreciations being taken upon the original cost. All shares are transferable without charge, and the society has a lien on all shares.

When societies desire to open an account with the wholesale they are required to furnish a copy of their last balance sheet and registered rules. If a balance sheet has not been issued they are directed to state the number of their members, amount of paid-up share capital, whether credit is allowed, and, if so, to what extent, and the amount of business done or probable amount which will be done by them. If not registered at time of application but in process of being so, cash is required with each order. After registration cash must be forwarded with the first order, and on subsequent orders payment must be made within seven days from date of invoice. An application for shares from any society or company must be made by resolution of some general or committee meeting of such society or company, contained in writing and attested by the signatures of the secretary and three members. The number of shares to be taken by each society, as before stated, must be not less than one to every ten members, and this number must be increased annually as the number of members increases. The liability of each shareholding society is limited to the amount of its shares. Share capital receives interest at the rate of five per cent per annum.

The administration of the Scottish wholesale is substantially the same as that of the English wholesale, except that shares therein may only be transferred with the consent of the committee and two-thirds majority of a special meeting of shareholders, and that employes share in dividends in proportion to wages at double the rate per pound that is allowed on members' purchases. Shareholders have one vote each, and one

additional vote to each £500 purchases. Shares are 10s. each, one shilling to be paid in on application. Both the English and Scottish wholesale societies are authorized to carry on any business.

The following statistical statement exhibits the financial relations existing between the retail societies and the English wholesale, by districts, for the year ending December 31, 1883, the latest available : *

DISTRICTS.	Number of Members, December 31, 1883.	TOTAL CAPITAL, DECEMBER 31, 1883.		CAPITAL INVESTED WITH WHOLESALE SOCIETY, DECEMBER 31, 1883.		Total sales during year
		Share.	Loan.	Share.	Loan.	
Manchester, . .	399,108	£ 4,954,667	£ 445,966	£ 138,021	£ 358,331	£ 11,352,437
Newcastle, . .	95,994	700,248	43,850	26,461	51,377	3,359,763
London, . . .	61,891	375,429	49,931	19,385	13,579	1,366,729
Totals, . . .	556,993	6,030,344	539,747	183,867	423,287	16,078,929

DISTRICTS.	PURCHASES FROM WHOLESALE SOCIETY DURING THE YEAR.						Percentage of purchases from Wholesale Society on the total sales.
	Groceries and Provisions.	Drapery.	Woollen Cloth.	Boots and Shoes.	Furniture and Hardware.	Total purchases.	
Manchester, . .	£ 2,445,804	£ 134,076	£ 15,416	£ 81,372	£ 31,851	£ 2,708,519	23.9
Newcastle, . .	860,277	87,773	14,319	52,953	12,747	1,028,069	30.6
London, . . .	323,449	19,025	1,867	18,142	3,608	366,091	26.7
Totals, . . .	3,629,530	240,874	31,602	152,467	48,206	4,102,679	25.5

The inspection of the preceding table develops a curious fact. Although the co-operative wholesale society is a federation composed of the retail associations, its capital being evolved from shares taken up by the latter, yet a comparatively small part of the supplies of the retail stores are purchased by them from the wholesale. The table shows that during 1883 the purchases from the wholesale society were but 25.5 per cent of the total sales made by the retails. That is to say, although

* Co-operative Annual, 1885. See note on page 73, *post*.

the fundamental principle upon which co-operative distribution rests is mutual trade in such manner that profits may be saved and equitably divided among the traders, yet when the associations themselves become buyers they have not adhered to this principle so far as to confine their purchases to the wholesale society founded by themselves for the express purpose of carrying out more completely the fundamental co-operative idea. The English and Scottish wholesales at present supply only about one-third of the goods required by the retail stores.

Undoubtedly a certain percentage of the balance of purchases made by the retails is made from other co-operative sources besides the wholesales, such, for instance, as co-operative corn (flour) mills in their immediate neighborhood, of which there are a number in England, but after this is conceded it must still be true that a large part of their purchases are made from private traders.

The reasons for this apparent neglect of what would seem to be the legitimate source of supply for the retail associations are no doubt various, and do not plainly appear. That the success which has attended the wholesales has abundantly justified their establishment is uncontested, and it must be admitted that the quality of the supplies furnished by them, like that of all supplies distributed upon the co-operative plan, is above criticism. It is, therefore, a little strange that no greater proportion of the wholesale trade of the stores falls into their hands. Especially is it strange, because this trade is altogether controlled by the leading co-operators of the kingdom, in that it rests entirely with the committees of the retail associations, who contend that co-operation rests upon a principle of mutual help as well as mutual pecuniary profit. If these representative bodies are, as may be supposed, imbued with the ideal upon which the movement rests, ought it not to be expected that in practice this ideal would be adhered to more closely?

This disposition to look elsewhere than to the wholesales for the purchase of supplies has, now that a considerable amount of co-operative capital is invested in the latter, in part contributed to an interesting phase of the co-operative movement.

In the first place, the general purpose of the co-operative societies, as stated by an authority fully competent to speak

for them, is "that the business and the work done shall be done not in the interest of, nor in order to enrich, one individual, or a few, but in the interest of the general body of those who are concerned."* Now it is apparent that whenever purchases are made outside the co-operative wholesales a profit which otherwise would be saved is paid to private traders. To this extent, therefore, the general purpose, as above stated, is disregarded.

But other results follow. Capital accumulates with the wholesales to a greater extent than can be used in the ordinary trade proceeding from the retail stores. To discourage the investment of the surplus capital of the latter would discourage the thrift which is one of the best outgrowths of the co-operative system, inasmuch as it would at once turn back upon the retail societies the savings of profits left in their hands as undrawn interest-bearing dividends by their members, and leave them with a surplus which oftentimes could not otherwise be profitably used.

Considerable amounts of capital have thus from time to time accumulated with the English wholesale which might have been made available in distributive trade had the entire wholesale trade of the societies been given to it. This surplus if deposited in bank would, indeed, draw the usual rate of interest on deposits, but would, of course, be loaned by the bankers in the ordinary course of business at a much higher rate. Here again, therefore, a profit would fall into the pockets of individuals which ought to be saved to the co-operative membership, and in this instance, as well as in every case where supplies are purchased outside the wholesales, co-operative capital would be used to benefit competitive trade.

This condition of affairs, soon perceived by those interested in the extension of the co-operative idea, was instrumental in engrafting upon the wholesale society, which until then had attempted nothing beyond co-operative distribution, a system of production. An avenue of investment was needed for the investment of surplus capital, and it was desirable that this capital, if possible, should be directed into co-operative chan-

* Messrs. Ackland and Jones. Workingmen Co-operators, page 9.

nels. Certain staple articles were in constant demand by the retail associations. If such articles were purchased by the wholesale to be re-sold to the retail stores, or if they were purchased by the retail stores directly from the producers, competitive trade was directly benefited. It was also desirable to keep travellers for private firms out of co-operative stores, and as far as possible equip the wholesale store with everything needed by the retails. What more natural, therefore, than that the wholesale society should undertake the manufacture of such articles, using for that purpose the surplus capital accumulating in its hands?

To employ this capital in productive enterprises involved a new departure, which was not undertaken without full discussion. This discussion has not yet entirely ceased. It was held then, and is still held, that the wholesale society should confine itself to distribution and leave production to other organizations. If the wholesale were to engage in manufacturing it would become a powerful and injurious competitor with small and struggling productive societies, whom it ought rather to aid by liberal loans of capital. Finally, both plans were adopted. Large advances were made to productive companies, and experiments were cautiously begun in co-operative manufacturing under the direct management of the wholesale society.

The first productive department opened was the manufactory of biscuits, confections, and soap at Crumpsall, near Manchester. From these works none but registered co-operative societies are supplied. The establishment is equipped with the best machinery; in the baking department flour from co-operative mills is used, and goods free from adulteration are produced.

The Crumpsall works were started in 1873. During the same year a boot and shoe manufactory at Leicester was founded, confined to light goods, and, in 1880, a factory for the production of heavy boots and shoes was put in operation at Heckmondwike in Yorkshire. More than 800 styles of men's, women's, children's, and infants' shoes are produced at Leicester, and both establishments make goods to measure upon special orders. Nothing but genuine goods are made,

and paper or composition as a substitute for leather have never been used.

Since 1874 the society has also carried on the manufacture of soap upon a limited scale at Durham.

The productive departments conducted by the wholesale society have been generally successful, as will appear from the following table showing the average percentage of profit on capital employed for the year ending September 22, 1883, and also from the commencement of each department.*

DEPARTMENTS.	Percentage of profit for year ending September 22, 1883.	Percentage of profit from commencement of work.
Crumpsall,	22½	13¼
Leicester,	5⅞	7⅞
Durham,	3½	3¼
Heckmondwike,	5⅞	loss 1½

“The result is certainly not much to boast of in the shape of direct profits, but it must be remembered that, in addition to the usual difficulties of a new establishment in each case, the private manufacturers who were already selling to the stores had to be displaced, and that this could only be accomplished by goods of sterling quality at low prices; so that if the stores have not received large dividends directly from the wholesale, their members have benefited by the low prices at which sterling quality goods have been supplied to them. And it is not a small thing to be able to say that in a series of years which have resembled a prolonged panic, when individual traders and joint stock companies have been falling into bankruptcy on every side, no failure has occurred in any of the direct adventures of the Wholesale Society.”†

The investments made in outside companies have not been so successful, a loss of £52,057 being reported up to the year 1884 upon loans of this sort.

* Co-operative Annual, 1884.

† Dr. John Watts. Co-operative Annual, 1884.

The shipping enterprises of the wholesale have not returned a direct profit, but the advantages of being brought into close communication with foreign producers, and of being independent of private ship owners, are thought to more than offset the lack of direct financial returns. As a rule, however, as in the productive departments, the investments wholly controlled by the society have proved more profitable than those in which the society had a partial interest only. The vessels owned by the society have many times gained a profit while those chartered for its use from private owners have been sailed at a loss. This is graphically shown by the record of the steamship "Cambrian," on the Goole-Calais and Goole-Hamburg lines, which was sailed 33 voyages on charter at a total loss of over £553, and was then purchased by the society, her subsequent 104 voyages returning a profit of more than £1455. The extension of the shipping business is contemplated and it would not be surprising if further productive enterprises were undertaken. For capital still continues to accumulate faster than trade increases.

"It is plain that if the Co-operative Wholesale is to increase and flourish in the future as it has done in the past, it must find more employment for its capital. In 1864 it turned over its capital twenty-one times in thirty weeks. In 1874 its capital was turned over fifteen times. In 1883 its capital is being turned over at the rate of seven times in the year. If, in the two or three years prior to the panic, its capital had been as fully employed for its own purposes as it was from 1864 to 1870, the companies which depleted it of £58,000 would never have sought advances, or if they had sought would not have obtained them, for the wholesale would have been in a position to say, "No, gentlemen, what you ask is beyond our power." Capital, to be kept safely, must be kept at work. The Wholesale neglects one of the most important duties laid upon it if it ceases to be the depository of the savings of the stores, for then it encourages the consumption of the quarterly dividends and contributes only to the present enjoyment instead of to the permanent welfare of its members. If, however, it receives money it must get leave to employ it, and the modes of employment at present in the power of the Wholesale are few."*

* Dr. John Watts.

From the foregoing it will be seen that whatever difficulties surround the administration of the co-operative stores the lack of capital is not one. As the stores perform the functions of savings banks of deposit a glut of capital becomes itself a difficulty not easily overcome in the absence of avenues of investment at once safe, remunerative, and in harmony with co-operative principles. Although the number of shares which may be held by one person is limited to 200, it is part of the policy of the societies to encourage the investment on the part of members of whatever savings they may be able to make in any way out of their wages as loan capital, and if it could be profitably used the capital of the stores might be indefinitely increased. No question is more frequently discussed than this of making the surplus capital productive.

STATISTICAL ABSTRACT.

The growth and present condition of the co-operative movement may be presented statistically in four tables, which follow.

These tables are based upon the returns made to the registrar, corrected by data in the possession of the Central Co-operative Board. For their compilation in all years, except the last, we are indebted to the Statistical Annual issued by the Co-operative Wholesale Society, Limited. For the year 1883 we have used the abstract of the Registrar's returns contained in the Report of the Central Board to the Congress of 1885. The statistics include a few productive societies, viz: 38 in 1883, and the societies on the civil service supply plan, but the larger part of the societies are distributive societies on the Rochdale plan. A few are distributive societies supplying special articles, such as bread, flour, coal, furniture, coffee, etc. No land or building societies are included.

Of the societies on the civil service plan in the year 1883, two are in England — The Civil Service Supply Association, London, and the Portsmouth Supply Association —, and two in Scotland. These are the only societies on that plan included in the returns. The two English societies had a total membership at the end of the year of 4,916; sales during the year, £1,676,883; stock at the end of the year, £333,139; trade

expenses, £157,746; share capital, £344,875; loan capital, £25,916; net profit for the year, £47,018. The two Scottish societies' membership was 4,948; sales during the year, £161,634; stock at the end of the year, £29,335; trade expenses, £13,404; share capital, £17,137; no loan capital; net profit for the year, £6,744.

With these explanations the tables are presented.

Statistics of Co-operative Societies

YEAR.	NUMBER OF SOCIETIES.			Number of Members.	CAPITAL AT END OF YEAR.	
	Registered in the year.	Not making Returns.	Making Returns.		Share.	Loan.
1862	a 454	68	332	90,341	£428,376	£54,499
1863	51	73	381	111,163	579,902	76,738
1864	146	110	394	129,429	684,182	89,122
1865	101	182	403	124,659	819,367	107,263
1866	163	240	441	144,072	1,046,310	118,023
1867	137	192	577	171,897	1,475,199	136,734
1868	190	93	673	211,781	1,711,643	177,706
1869	65	133	754	229,861	1,816,672	179,054
1870	67	153	748	248,108	2,035,626	197,029
1871	56	235	746	262,188	2,305,951	215,453
1872	141	113	935	330,550	2,969,573	371,541
1873	226	138	983	387,765	3,581,405	496,830
1874	130	232	1,031	412,733	3,905,093	587,342
1875	117	285	1,170	480,076	4,403,547	849,990
1876	82	177	1,167	508,067	5,141,390	919,772
1877	67	246	1,148	529,081	5,445,449	1,073,265
1878	52	121	1,185	560,993	5,647,443	1,145,717
1879	52	146	1,151	572,621	5,755,522	1,496,343
1880	69	100	1,183	604,063	6,232,093	1,341,290
1881	66	-	1,240	643,617	6,940,173	1,483,583
1882	51	108	1,156	655,045	7,298,441	1,464,059
1883	42	151	1,153	680,165	7,467,849	1,524,341

Statistics of Co-operative Societies

1862	a 454	68	332	90,341	£428,376	£54,499
1863	51	73	381	111,163	579,902	76,738
1864	146	110	394	129,429	684,182	89,122
1865	101	182	403	124,659	819,367	107,263
1866	163	240	441	144,072	1,046,310	118,023
1867	137	192	577	171,897	1,475,199	136,734
1868	190	93	673	211,781	1,711,643	177,706
1869	65	133	754	229,861	1,816,672	179,054
1870	67	153	748	248,108	2,035,626	197,029
1871	56	235	746	262,188	2,305,951	215,453
1872	138	104	927	339,986	2,968,758	371,531
1873	225	135	978	387,301	3,579,962	496,740
1874	128	227	1,026	412,252	3,903,608	586,972
1875	116	283	1,163	479,284	4,793,909	844,620
1876	82	170	1,165	507,857	5,140,219	919,762
1877	66	240	1,144	528,576	5,437,959	1,073,265
1878	52	119	1,181	560,703	5,645,883	1,145,707
1879	51	146	1,145	573,084	5,747,907	1,496,143
1880	67	100	1,177	603,541	6,224,271	1,341,190
1881	62	-	1,230	642,783	6,940,284	1,483,583
1882	51	108	1,145	654,038	7,289,359	1,464,059
1883	42	151	1,095	679,294	7,459,139	1,524,241

a The total number registered to December 31, 1862.

b Estimated on the basis of the returns made to the Central Co-operative Board for 1881.

c Includes joint stock companies.

in the United Kingdom — 1862-1883.

Sales.	Net Profit.	Trade Expenses.	Trade Stock.	CAPITAL INVESTED IN—		Profit devoted to Education.	Amount of Reserve Fund.
				Industrial and Provident Societies, and Sources other than Trade.	Joint Stock Companies.		
£2,333,523	£165,562	£127,749	-	-	-	-	-
2,673,778	216,005	167,620	-	-	-	-	-
2,836,606	224,460	163,147	-	-	-	-	-
3,373,847	279,226	181,766	-	-	-	-	-
4,462,676	372,307	219,746	-	-	-	-	-
6,001,153	398,578	255,923	£583,539	c £494,429	-	£3,203	£32,629
7,122,360	424,420	294,451	671,165	137,397	£166,398	3,636	33,109
7,353,363	438,101	280,116	784,847	117,586	178,367	3,814	38,630
8,201,685	553,435	311,910	912,102	126,736	204,876	4,275	52,990
9,463,771	666,399	346,415	1,029,446	145,004	262,594	5,097	66,631
13,012,120	936,715	479,130	1,383,063	318,477	382,846	6,696	93,601
15,639,714	1,110,658	556,540	1,627,402	370,402	449,039	7,107	102,722
16,374,053	1,228,038	594,455	1,781,053	418,301	522,081	7,949	116,829
18,499,901	1,429,090	686,178	2,095,675	667,825	553,454	10,879	241,930
19,921,054	1,743,980	1,279,856	2,664,042	-	-	-	-
21,390,447	1,924,551	1,381,961	2,648,282	-	-	-	-
21,402,219	1,837,660	1,494,607	2,609,729	-	-	-	-
20,382,772	1,857,790	1,537,138	2,857,214	-	-	-	-
23,243,314	b 1,868,599	1,429,160	2,880,076	d 3,429,940	17,407	13,910	-
24,945,063	1,981,109	-	3,053,333	-	-	13,825	-
26,598,295	2,108,498	1,625,170	3,279,374	4,085,871	-	14,730	-
28,089,310	2,318,932	1,727,875	3,196,460	4,395,786	-	15,754	-

in Great Britain — 1862-1883.

£2,333,523	£165,562	£127,749	-	-	-	-	-
2,673,778	216,005	167,620	-	-	-	-	-
2,836,606	224,460	163,147	-	-	-	-	-
3,373,847	279,226	181,766	-	-	-	-	-
4,462,676	372,307	219,746	-	-	-	-	-
6,001,153	398,578	255,923	£583,539	c £494,429	-	£3,203	£32,629
7,122,360	424,420	294,451	671,165	137,397	£166,398	3,636	33,109
7,353,363	438,101	280,116	784,847	117,586	178,367	3,814	38,630
8,201,685	553,435	311,910	912,102	126,736	204,876	4,275	52,990
9,463,771	666,399	346,415	1,029,446	145,004	262,594	5,097	66,631
12,992,345	935,551	477,846	1,383,063	318,477	382,846	6,696	93,601
15,623,553	1,109,795	555,766	1,627,402	370,402	449,039	7,107	102,722
16,358,278	1,227,226	593,548	1,781,053	418,301	522,081	7,949	116,829
18,484,382	1,427,365	685,118	2,094,325	667,825	553,454	10,879	241,930
19,909,699	1,742,501	1,279,392	2,664,042	-	-	-	-
21,374,013	1,922,361	1,381,285	2,647,309	-	-	-	-
21,385,646	1,836,371	1,493,842	2,609,729	-	-	-	-
20,365,602	1,856,308	1,536,282	2,857,214	-	-	-	-
23,231,677	b 1,866,839	1,428,303	2,878,832	d 3,429,935	17,407	13,910	-
24,926,005	1,979,576	-	3,051,665	-	-	13,822	-
26,573,551	2,106,958	1,625,170	3,279,374	4,085,871	-	14,730	-
28,065,809	2,317,150	1,726,487	3,194,875	4,388,545	-	15,754	-

d The return states this sum to be investments other than in trade, which may mean investments in the wholesale societies, corn mills, joint stock companies, building departments, banks, mortgages, loans, etc.

Statistics of Co-operative Societies

YEAR.	NUMBER OF SOCIETIES.			Number of Members.	CAPITAL AT END OF YEAR.	
	Registered in the year.	Not making Returns.	Making Returns.		Share.	Loan.
1862	<i>a</i> 454	68	332	90,341	£428,376	£54,499
1863	51	73	381	111,163	579,902	76,738
1864	146	110	394	129,429	684,182	89,122
1865	101	182	403	124,659	819,367	107,263
1866	163	240	441	144,072	1,046,310	118,023
1867	137	192	577	171,897	1,475,199	136,734
1868	190	93	673	211,781	1,711,643	177,706
1869	65	133	754	229,861	1,816,672	179,054
1870	67	153	748	248,108	2,035,626	197,029
1871	56	235	746	262,188	2,305,951	215,453
1872	113	66	749	301,157	2,786,965	344,509
1873	186	69	790	340,930	3,344,104	431,808
1874	113	177	810	357,821	3,653,582	498,052
1875	98	237	926	420,024	4,470,857	742,073
1876	72	113	937	444,547	4,825,642	774,809
1877	58	186	896	461,666	5,092,958	916,955
1878	48	65	963	490,584	5,264,855	965,499
1879	40	106	937	504,117	5,374,179	1,324,970
1880	53	62	953	526,686	5,806,545	1,124,795
1881	50	-	971	552,353	6,431,553	1,205,145
1882	51	71	900	566,338	6,794,624	1,150,006
1883	42	150	870	576,477	6,871,590	1,165,956

a The total number registered to December 31, 1862.

b Estimated on the basis of the returns made to the Central Co-operative Board for 1881.

c Includes joint stock companies.

Statistics of Co-operative Societies

1872	25	38	178	38,829	£181,793	£27,022
1873	39	66	188	46,371	235,858	64,932
1874	15	50	216	54,431	250,026	88,920
1875	18	46	237	59,260	323,052	102,547
1876	10	57	228	63,310	314,577	144,953
1877	8	54	248	66,910	345,001	156,310
1878	4	54	218	70,119	381,028	180,208
1879	11	<i>a</i> 40	208	68,967	373,728	171,173
1880	14	38	224	76,855	417,726	216,395
1881	12	9	259	90,430	505,731	278,438
1882	-	37	245	87,700	494,735	313,935
1883	-	1	275	102,817	587,549	358,285

a Estimated.

Statistics of Co-operative Societies

1872	3	9	8	564	£1,815	£10
1873	1	3	5	464	1,443	90
1874	2	5	5	481	1,485	370
1875	1	2	7	792	9,638	5,370
1876	-	7	2	210	1,171	10
1877	1	6	4	505	7,490	10
1878	-	2	4	290	1,560	10
1879	1	-	6	537	7,615	200
1880	2	-	6	522	7,822	100
1881	4	-	10	834	2,889	-
1882	-	-	11	1,007	9,082	100
1883	-	-	8	871	8,710	100

in England and Wales — 1862-1883.

Sales.	Net Profit.	Trade Expenses.	Trade Stock.	CAPITAL INVESTED IN —		Profit devoted to Education.	Amount of Reserve Fund.
				Industrial and Provident Societies, and Sources other than Trade.	Joint Stock Companies.		
£2,333,523	£165,562	£127,749	-	-	-	-	-
2,673,778	216,005	167,620	-	-	-	-	-
2,836,606	224,460	163,147	-	-	-	-	-
3,373,847	279,226	181,766	-	-	-	-	-
4,462,676	372,307	219,746	-	-	-	-	-
6,001,153	398,578	255,923	£583,539	c £494,429	-	£3,203	£32,629
7,122,360	424,420	294,451	671,165	137,397	£168,398	3,636	33,109
7,353,363	438,101	280,116	784,847	117,586	178,367	3,814	38,630
8,201,685	553,435	311,910	912,102	126,736	204,876	4,275	52,990
9,463,771	666,399	346,415	1,029,446	145,004	262,594	5,097	66,631
11,397,225	809,237	419,567	1,219,092	300,712	380,043	6,461	79,292
13,651,127	959,493	483,464	1,439,137	337,811	443,724	6,864	83,149
14,295,762	1,072,139	517,445	1,572,264	386,640	510,057	7,486	98,732
16,206,570	1,250,570	598,080	1,852,437	630,400	538,140	10,454	220,011
17,619,247	1,541,384	1,137,053	2,377,380	-	-	-	-
18,697,788	1,680,370	1,222,664	2,310,041	-	-	-	-
18,719,081	1,583,925	1,315,364	2,286,795	-	-	-	-
17,816,037	1,598,156	1,353,832	2,486,704	-	-	-	-
20,129,217	b 1,600,000	1,283,875	2,512,039	d 3,226,370	-	13,262	-
21,276,850	1,657,564	-	2,585,443	-	-	13,314	-
22,839,728	1,784,454	1,442,585	2,818,950	3,729,675	-	14,039	-
23,583,503	1,926,488	1,516,800	2,727,146	4,012,083	-	14,869	-

d The return states this sum to be investments other than in trade, which may mean investments in the wholesale societies, corn mills, joint stock companies, building departments, banks, mortgages, loans, etc.

in Scotland — 1872-1883.

£1,595,120	£126,314	£58,279	£163,971	£17,765	£2,803	£235	£14,309
1,972,426	150,302	67,302	188,265	32,591	5,315	243	19,573
2,062,516	155,087	76,103	208,789	31,661	12,024	463	18,097
2,277,812	176,795	87,038	241,888	31,425	15,314	425	21,919
2,290,452	201,117	142,339	286,662	-	-	-	-
2,676,225	241,991	158,621	337,268	-	-	-	-
2,666,565	252,446	178,478	322,934	-	-	-	-
2,549,565	258,152	182,450	370,510	-	-	-	-
3,102,460	266,839	142,428	366,793	203,565	17,407	648	-
3,649,155	322,012	-	466,222	-	-	508	-
3,733,823	322,504	182,585	462,424	356,196	-	691	-
4,482,306	390,662	209,687	467,729	376,462	-	885	-

in Ireland — 1872-1883.

£19,775	£1,164	£1,284	-	-	-	-	-
16,161	863	774	-	-	-	-	-
15,775	812	907	-	-	-	-	-
15,519	1,725	1,060	£1,350	-	-	-	£67
11,355	1,479	464	-	-	-	-	-
16,434	2,190	676	973	-	-	-	-
16,573	1,289	765	-	-	-	-	-
17,170	1,482	856	-	-	-	-	15
16,637	1,760	857	1,244	£5	-	£45	71
19,058	1,533	1,039	1,668	8	-	-	-
24,744	1,540	1,758	1,812	-	-	3	-
23,501	1,782	1,888	1,565	7,241	-	-	-

The preceding tables show that in the United Kingdom since 1862 the number of societies, including those making and those not making returns, has risen from 400 to 1304, an increase of 226 per cent, while the membership based upon the returns has risen from 90,341 to 680,165, an increase of 652+ per cent. During this time the total sales amount to £303,326,024, and the total net profit to £24,084,113; the latter amount representing capital saved to the members by this mode of trading, it being the sum divided among members since 1862.

It will be seen that considerable amounts have been invested, devoted to educational purposes, etc.

The tables show that the co-operative movement has not made uniform progress in all parts of the Kingdom. England and Wales contain the largest proportion of the societies; Scotland stands next, while in Ireland the movement is yet in its infancy. Beginning with the year 1872 comparisons may be made showing the progress in each division of the United Kingdom, and for this purpose we present the following tables:

Co-operation in England and Wales — 1872-1883.

CLASSIFICATION.	1872	1883	Percentage of Increase.
Societies making returns,	749	870	16.2
Number of members,	301,157	576,477	91.4
Capital, share and loan,	£3,131,474	£8,037,546	156.6
Sales,	11,397,225	23,583,503	106.9
Profits,	809,237	1,926,488	138.0
Devoted to education,	5,097	14,869	191.7

Co-operation in Scotland — 1872-1883.

Societies making returns,	178	275	54.4
Number of members,	38,829	102,817	164.7
Capital, share and loan,	£208,815	£945,834	352.9
Sales,	1,595,120	4,482,306	181.0
Profits,	126,314	390,662	209.2
Devoted to education,	235	885	276.5

Co-operation in Ireland — 1872-1883.

Societies making returns,	8	8	-
Number of members,	564	871	54.4
Capital, share and loan,	£1,825	£8,810	382.7
Sales,	19,775	23,501	18.8
Profits,	1,164	1,782	53.0
Devoted to education,	-	-	-

These tables show in England and Wales, from 1872 to 1883, an increase of 16.2 per cent in number of societies and 91.4 per cent in membership. Capital increased 156.6 per cent; sales 106.9 per cent, and profits 138.0 per cent. The rate of progress in Scotland, it appears, is greater than that in England and Wales, the increase in societies in that country being 54.4 per cent; in membership 164.7 per cent; in capital, 352.9 per cent; in sales, 181.0 per cent; and in profits 209.2 per cent. The progress in Ireland is comparatively slight.

It has been estimated that the membership of the societies must be quadrupled if we would arrive at the total population connected with the movement. This would give a total of 2,720,660 for the year 1883. In the northwest of England, especially, the movement has great strength, and it has been stated that in this section at least one-fourth of the population in the larger towns procure their supplies from co-operative stores, and that this is true also of the entire counties of Durham and Northumberland.

It is interesting to note that the average amount of sales to each member, which in 1862 was £25.83, has in 1883 become £41.31. The ratio of expenses to members has considerably increased also, the average in 1862 being £1.41 to each member, and in 1883, £2.54. The average net profit to each member has nearly doubled, it being £1.83 in 1862 and £3.41 in 1883. The percentage of net profit upon share and loan capital was 34.2+ in 1862, and 25.7+ in 1883.

The following table, showing the sales of all general distributive societies on the Rochdale plan which during the years 1866 to 1883 exceeded £200,000 a year, exhibits the progress of the larger stores and the strength of the movement in various localities :

Co-operative Societies with Sales

	NAMES OF SOCIETIES.	COUNTIES.	1866	1867
			£	£
1	Rochdale Equitable Pioneers, . . .	Lancashire,	249,122	283,942
2	Co-operative Wholesale Society, . .	Lancashire,	-	331,744
3	Halifax Industrial,	Yorkshire,	-	-
4	Leeds Industrial and Corn Mill, . . .	Yorkshire,	-	-
5	Oldham Industrial,	Lancashire,	-	-
6	Bury District,	Lancashire,	-	-
	Totals,		249,122	615,686

	NAMES OF SOCIETIES.	COUNTIES.	1875	1876
			£	£
1	Rochdale Equitable Pioneers, . . .	Lancashire,	305,657	305,191
2	Co-operative Wholesale Society, . .	Lancashire,	2,247,396	2,697,866
3	Halifax Industrial,	Yorkshire,	270,499	237,754
4	Leeds Industrial and Corn Mill, . . .	Yorkshire,	390,645	365,639
5	Oldham Industrial,	Lancashire,	253,438	284,977
6	Bury District,	Lancashire,	212,814	231,692
7	Manchester Equitable,	Lancashire,	-	-
8	Bolton,	Lancashire,	-	-
9	Gateshead,	Durham,	-	-
10	Barnsley British,	Yorkshire,	-	-
11	Oldham Equitable,	Lancashire,	-	-
12	Huddersfield,	Yorkshire,	-	-
13	Newcastle-upon-Tyne,	Northumberland, . . .	-	-
	Totals,		3,680,448	4,122,619

There were also in the year 1883 twenty-two general distributive societies on the Rochdale plan whose sales were over £100,000 and under £200,000. Five of these were in Lancashire, six in Yorkshire, five in Durham, and one each in the counties of Northumberland, Cumberland, Chester, Leicester, Devon, and Derbyshire.

exceeding £200,000 yearly.

1868	1869	1870	1871	1872	1873	1874	
£ 290,540	£ 236,439	£ 222,133	£ 246,674	£ 267,572	£ 287,212	£ 298,889	1
412,240	507,217	677,734	758,764	1,153,132	1,636,950	1,964,829	2
-	-	-	-	235,730	264,137	273,186	3
-	-	-	-	-	312,308	380,536	4
-	-	-	-	-	213,600	237,845	5
-	-	-	-	-	209,382	223,622	6
702,780	743,656	899,872	1,005,438	1,656,434	2,923,589	3,384,907	

1877	1878	1879	1880	1881	1882	1883	
£ 311,715	£ 299,039	£ 270,070	£ 283,655	£ 272,141	£ 274,627	£ 276,457	1
2,827,052	2,705,625	2,645,331	3,339,681	3,574,095	4,088,238	4,546,891	2
237,447	209,571	-	207,539	-	-	206,058	3
374,166	358,865	360,017	412,225	432,811	438,478	486,784	4
316,903	279,999	261,813	303,012	310,387	320,336	335,672	5
251,057	241,886	217,282	231,918	225,689	240,227	250,123	6
-	-	208,513	242,966	242,535	254,124	258,935	7
-	-	-	-	219,657	254,414	295,437	8
-	-	-	-	200,261	225,202	248,364	9
-	-	-	-	-	215,421	253,512	10
-	-	-	-	-	210,531	235,678	11
-	-	-	-	-	201,718	208,710	12
-	-	-	-	-	-	239,877	13
4,318,340	4,094,985	3,963,026	5,020,996	5,477,576	6,673,366	7,842,498	

We now present statistics showing the progress and present condition of the great English Wholesale Society.* The following table exhibits its progress from its commencement in March, 1864, to June, 1885 :

* Corporate name, Co-operative Wholesale Society, Limited.

Progress of the English Wholesale Society

YEAR ENDING —	Departments and Branches added.	£5 shares taken up.	No. of members belonging to shareholders.	CAPITAL.		
				Shares.	Loans and Deposits.	Trade and Bank Reserve Fund.
October, 1864 (30 weeks)	- -	-	18,337	£ 2,455	Included in shares.	-
October, 1865 . . .	- -	-	24,005	7,182		-
October, 1866 . . .	Tipperary.	-	31,030	10,968	82	
January, 1868 (65 weeks)	- -	-	59,349	11,276	14,355	682
January, 1869 . . .	Kilmallock.	-	74,737	14,888	16,059	1,115
January, 1870 . . .	Limerick.	-	79,245	16,556	22,322	1,280
January, 1871 (53 weeks)	- -	-	89,880	19,015	22,323	2,826
January, 1872 . . .	Newcastle.	5,835	114,588	24,410	25,768	1,910
January, 1873 . . .	Manchester boot and shoe; Crumpsall.	6,949	134,276	31,352	112,589	2,916
January, 1874 . . .	Armagh; Manchester drapery; Leicester; Cheshire; Waterford; Clonmel.	13,899	168,985	48,126	147,949	1,613
January, 1875 . . .	London; Tralee; Durham.	17,326	198,608	60,930	193,594	5,373
January, 1876 . . .	Liverpool.	22,254	249,516	78,249	286,614	8,910
January, 1877 (53 weeks)	New York; Goole furnishing; S. S. "Plover" purchased; Cork.	24,717	276,522	94,590	299,287	12,631
January, 1878 . . .	- -	24,979	274,649	103,091	287,536	14,554
January, 1879 . . .	- -	28,206	305,161	117,657	291,939	16,245
December, 1879 (50 weeks)	Launch of S. S. "Pioneer;" Rouen; Goole forwarding depot.	30,688	331,625	130,615	321,670	25,240
December, 1880 . . .	Heckmondwike.	33,663	361,523	146,061	361,305	38,422
December, 1881 . . .	Copenhagen; Purchase of S. S. "Cambrian."	34,351	367,973	156,052	386,824	16,037
December, 1882 . . .	Tea and coffee department, London.	38,643	404,006	171,940	416,832	20,757
December, 1883 . . .	Purchase of S. S. "Marianne Briggs."	41,783	433,151	186,692	455,879	20,447
December, 1884 (53 weeks)	Hamburg; Bristol; S. S. "Progress."	45,099	459,734	207,080	494,840	25,126
June, 1885 (26 weeks)	- -	49,393	491,000	225,822	510,529	28,268

* See note on page 73, *post*.

from March, 1864, to June, 1885.*

CAPITAL.— Con.			Net Sales.	COMPARISON WITH PREVIOUS YEAR.		DISTRIBUTIVE EXPENSES.		Net Profit.	Average dividend paid per £.	Transferred to Reserve and Insurance Funds.
Insurance Fund.	Reserv- ed Ex- penses.	Total.		Increase.	Per- cent- age.	Amount.	Rate per £ on Sales.			
£	£	£	£	£		£		£	d.	£
-	-	2,455	51,857	-	-	347	1¼	267	1½	-
-	-	7,182	120,754	-	-	906	1¼	1,858	3½	-
-	-	11,050	175,489	54,735	45¼	1,615	2½	2,310	3	234
-	-	26,313	331,744	112,688	51¼	3,135	2¼	4,411	3	450
-	-	32,062	412,240	124,063	43	3,338	1¾	4,862	2¾	416
-	-	40,658	507,217	94,977	23	4,644	2½	4,248	1¾	542
-	-	44,164	677,734	159,379	30¾	5,583	1¾	7,626	2¼	1,620
-	-	52,088	758,764	86,559	12¾	6,853	2½	7,867	2¼	1,036
-	-	146,857	1,153,132	394,368	51¾	12,311	2½	11,116	2¼	3,243
2,356	-	200,044	1,636,950	483,818	41¾	21,147	3	14,233	2	922
3,385	-	263,282	1,964,829	327,879	20	23,436	3¾	20,684	2	5,461
5,834	-	379,607	2,247,395	282,566	14¾	31,555	3¾	26,750	2¾	7,826
10,843	634	417,985	2,697,366	401,095	17½	42,436	3¾	36,979	2¾	4,925
12,556	788	418,525	2,827,052	188,897	7¾	43,169	3¾	29,189	2	579
15,127	1,146	442,114	2,705,625	†121,427	†4¾	43,093	3¾	34,959	2½	5,970
15,710	1,095	494,330	2,645,331	22,774	0¾	41,309	3¾	42,764	2¾	8,060
17,905	1,661	565,854	3,339,681	611,282	22¾	47,153	3¾	42,090	2¾	10,651
18,644	2,489	580,046	3,574,095	234,414	7	51,306	3¾	46,850	2¾	7,672
19,729	2,945	632,203	4,038,238	464,143	12¾	57,340	3¾	49,658	2¾	3,416
21,949	6,214	691,181	4,546,889	508,651	12½	66,057	3¾	47,885	2¾	3,176
24,324	9,988	761,358	4,675,371	41,042	0¾	70,343	3½	54,491	2¾	6,431
27,310	6,496	798,425	2,242,242	131,116	6¾	36,846	3¾	38,787	3¾	7,527

† Decrease.

The total amount of sales shown in the foregoing table is £43,329,995, while the expenses reach the total of £619,422, the rate of expenses per £ on total sales being $3\frac{3}{8}$ per cent. The net profits amount to £529,884, affording an average dividend per £ of $2\frac{1}{2}d$. The total amount transferred to the reserve and insurance funds is £80,157. The figures show conclusively the financial prosperity of this society and indicate so far as can be done by aggregates the volume of business transacted. In certain staples the trade is very large. For instance, the shipments of Irish butter for the year ending June, 1885, amounted to 116,168 firkins, the total weight of this article sold in the single quarter ending June 27, 1885, being 15,577 cwts.; and besides this 31,977 cwts. of other foreign butter was disposed of.

The value of tea sold for the year ending June, 1885, was £249,228; and of coffee, £36,457.

The business of the society is still increasing. Comparing the quarter ending June 27, 1885, with the corresponding period in the previous year, and the net value of goods increased $5\frac{3}{8}$ per cent; the total capital—shares, loans, deposits, reserves, and insurance,— $9\frac{1}{2}$ per cent; the number of members belonging to the shareholding societies, 10 per cent; the number of societies holding shares, $5\frac{3}{8}$ per cent; and the number of societies supplied with goods, $5\frac{3}{8}$ per cent. On the 27th of June, 1885, the nominal value of land held by the society was about £83,624; of buildings, £109,692, and of steamships, £30,070.

In October, 1884, the total number of employés in the service of the society was 1,570, of whom about one-half, or 771, were engaged in the Leicester shoe works. One hundred and thirty-two were employed in the shoe works at Heckmondwike; 258 in the Manchester departments; 106 at Newcastle, and the others at the various branches and upon the steamships.

When we remember that this institution rests entirely upon capital invested by workingmen, and largely upon capital saved through co-operative trade, these statistics afford conclusive evidence of the soundness of the principles upon which co-operative distribution rests, and of the clear business insight

possessed by those who have controlled the affairs of the society.

Although the Scottish Wholesale Society is a much smaller institution, its record is also highly successful. We close our statistical abstract with a table showing its growth to the close of the year 1883 :

Progress of the Scottish Wholesale Society.

YEARS.	Members in Shareholding Societies.	Share and Loan Capital.	Reserve Fndds.	Sales.	INCREASE OF SALES OVER CORRESPONDING PERIOD OF PREVIOUS YEAR.	
					Amount.	Percentage.
1869	-	£ 4,246	£ 90	£ 64,484	-	-
1870	-	11,221	398	104,929	40,445	62
1871	-	16,177	932	135,872	30,943	29
1872	16,723	25,820	1,429	228,074	92,202	67
1873	20,496	46,862	1,792	361,856	133,782	58
1874	24,496	43,251	2,199	417,586	55,730	15
1875	27,029	54,388	2,375	412,010	*5,576	*1
1876	28,999	63,386	2,675	440,757	28,747	6
1877	30,538	68,117	3,217	554,890	114,133	25
1878	33,934	80,028	3,357	603,906	49,016	8
1879	35,768	85,554	3,983	611,625	7,720	1
1880	40,798	101,335	7,727	789,506	177,880	29
1881	48,097	122,864	10,407	937,828	148,322	18
1882	52,610	153,575	11,370	1,080,658	142,830	15
1883	57,252	174,413	13,678	1,202,998	122,340	11

* Decrease.

THE CO-OPERATIVE UNION.

The co-operative societies are bound together by the organization of the Co-operative Union. This organization affords moral support to the societies, and through its executive, the Central Co-operative Board, is an effective agency in promoting their welfare, and an invaluable aid in disseminating information respecting the movement and in promoting the extension of co-operative work.

By its constitution the Union declares its purpose to be "the promotion of the practice of truthfulness, justice, and economy in production and exchange." It proposes to effect this purpose :

"(1) By the abolition of false dealing, 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 con-

cealing 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.

(2) By conciliating the conflicting interests of the capitalist, the worker, and the purchaser, through an equitable division among them of the fund commonly known as *profit*.

(3) By preventing the waste of labor now caused by unregulated competition."

This platform is broad and far reaching in its scope. It not only comprehends all that has yet been accomplished by the co-operative societies, but includes all that the ardent co-operator hopes to see realized in the future. It seeks a division of profit not only among consumers, but among capitalists and workers also, and aims, as co-operative advocates generally do, at restricting competition.

The Union is open to all industrial and provident societies, friendly or building societies, trade unions or associations, joint stock companies or industrial partnerships, provided always that such societies or associations accept the statement of principles enunciated by the Union and agree to be guided by them in business transactions, and agree :

"To contribute to the Congress fund an annual subscription, at the rate of 2*d.* for each member, or, in the case of industrial partnerships, each employé, up to 500. Contributions on any larger number of members give the controlling body, for each additional 500 members, or fraction, for whom it pays at the rate above mentioned, the right to send an additional delegate to the annual Congress, by which the Union is governed."

The Central Board, as the executive of the Union, is prepared to give legal and general advice to the societies in matters affecting their interests. It is also a statistical bureau collecting and collating information for their benefit, and, lastly, it is a propagandist agency aiming to disseminate co-operative principles especially in the United Kingdom but generally throughout the world.

In the co-operative organization the societies are grouped in sections, of which there are six, viz: Midland, Northern, North-Western, Scottish, Southern, and Western. Each of

these sections contains approximately the following number of societies :

Midland, 196 ; Northern, 138 ; North-Western, 437 ; Scottish, 295 ; Southern, 152 ; and Western, 66. These returns include 36 productive societies, exclusive of the productive departments of the wholesale society. The societies in Ireland are attached to the North-Western section. The sections, with the exception of the Western, are each sub-divided into conference districts, the number of such districts in each section being as follows : Midland, 9 ; Northern, 7 ; North-Western, 15 ; Scottish, 10 ; and Southern, 9.

Besides the general Congress of the Union, held annually, and composed of delegates from the societies in fellowship, local conferences are held in the various conference districts for the discussion of subjects in interest.

The affairs of each section are managed by local councils annually elected by ballot by the societies in the sections respectively. These councils have the following number of members : Midland, 9 ; Northern, 7 ; North-Western, 11 ; Scottish, 10 ; Southern, 9 ; and Western, 7. These councils united constitute the Central Board.

The executive committee of the Central Board is termed the United Board, and consists of two representatives from each local council, except the North-Western, which has three, and the Western, which has one.

The Central Board in its entirety meets twice each year, once just prior to the assembling of the Congress and once immediately after the appointment of a new Board. The United Board meets three times each year, at Manchester. The executive of the United Board is termed an office committee, and its members are appointed from the general body by the Central Board at its first meeting in the year. Attached to the United Board is a paid staff comprising a secretary, assistant secretary, bookkeeper, and clerks.

The members of the several Boards and councils are paid travelling and other necessary expenses incurred in the performance of their duties.

The conference districts of the sections are variously organized ; some have a chairman, secretary, and committee ; others

have in addition a statistical secretary ; others have a secretary only, while a few have no officers.

At the Congresses reports are presented upon the condition of the societies in the various sections, papers are read upon co-operative subjects, and the usual discussions ensue. The Congresses are opened by an inaugural address by some person of eminence, and it is customary to listen to a sermon from some noted divine. The rules of the Congress provide for meetings upon two days only, but it is now usual to prolong the sessions to three days.

Among others, the following subjects have been discussed : The law relating to co-operation ; associated homes ; co-operative banking ; methods of voting and auditing in co-operative societies, and the best methods of managing such societies ; co-operative cottage building ; education in connection with co-operation ; credit ; land and agriculture ; bonus or profit sharing ; prospects of co-operation ; policy of high dividends ; propagation and organization in the co-operative movement ; surplus capital ; trade unions ; transferable or withdrawable shares ; workingmen's clubs ; co-operative journalism ; co-operative production ; a labor exchange ; industrial partnerships, and wholesale distribution.

Addresses have been delivered by Thomas Hughes, Q. C. M. P., W. Morrison, M. P., Hon. Auberon Herbert, M. P., Joseph Cowen, M. P., Sir Thomas Brassey, M. P., Prof. Thorold Rogers, M. P., Prof. Hodgson, The Marquis of Ripon, Prof. Stuart, The Lord Bishop of Durham, The Earl of Derby, Lord Reay, Right Hon. W. Baxter, M. P., Sedley Taylor, Esq., and Mr. Lloyd Jones.

The statistics of the Union are presented in the following table : *

* Co-operative Annual, 1885.

YEARS.	Subscribing Societies.	No. of members.	Subscriptions and Donations.			Places where Congress met.	Societies represented.	No. of delegates.
			£	s.	d.			
1869 . . .	55	-	117	13	9	London,	57	62
1870 . . .	-	-	-	-	-	Manchester,	21	96
1871 . . .	183	86,139	220	11	10	Birmingham,	30	75
1872 . . .	202	-	396	7	1	Bolton,	55	130
1873 . . .	253	-	922	8	8	Newcastle-on-Tyne,	92	194
1874 . . .	357	197,476	1,375	6	11	Halifax,	94	189
1875 . . .	352	219,150	1,495	10	5	London,	71	114
1876 . . .	397	219,748	1,556	3	8	Glasgow,	93	116
1877 . . .	430	249,228	1,764	2	8	Leicester,	109	170
1878 . . .	450	246,214	1,939	0	3	Manchester,	164	280
1879 . . .	469	270,665	1,980	13	7	Gloucester,	85	130
1880 . . .	510	293,949	2,190	5	3	Newcastle-on-Tyne,	113	199
1881 . . .	491	290,623	2,120	10	9	Leeds,	154	275
1882 . . .	496	330,474	2,415	13	4	Oxford,	141	217
1883 . . .	553	343,923	2,660	9	2	Edinburgh,	246	397
1884 . . .	606	518,971	3,043	9	2	Derby,	243	425
1885 . . .	631	554,156	3,356	5	3	Oldham,	255	578

The proceedings of the Congresses are annually published. The Central Board, in the exercise of its function as a propagandist agency, also publishes and circulates, either by gift or sale, many pamphlets and documents upon co-operative subjects.

The Central Board has performed much work of a purely utilitarian nature, relating to the pecuniary and legal interests of the societies. Its labors of this kind may be understood from the following :

“The appointment of the present General Secretary* has, since 1873, secured to the members of the Union legal advice free of charge ; the publication in the same year of the model rules for land, building, and mortgages, prepared by the present Chief Registrar ; followed, in 1874, by the general rules for industrial and provident societies, which have since been twice revised, and subsequently by the manuals on bookkeeping, on auditing, and on the system of checks ; the various Acts relating to industrial and provident societies passed before 1876 ; the consolidation of these Acts, with many important amendments, in 1876 ; the extension of the power of nomination, by the provident nominations and small intestacies Act, up to the limit of £100 ; the explanations and forms relating to these nominations ; the indexes and other documents of a general character, prepared and issued by the Central Office for the use of societies ;—are all instances of this action. Not less important has been the watchfulness of the central body against any attacks aimed

* Edward V. Neale, Esq.

at co-operation by its commercial opponents — of which the energetic action taken to prevent the interference with the liberty of the Civil Servants of the Crown in the disposal of their own time, threatened in 1881, is a startling instance.” *

The extension of co-operation is further assisted by the work of the Southern Guild of Co-operators, 31 Southampton Street, Strand, London, W. C., which exerts itself in the formation of new societies and in the education of the public in co-operative principles by means of public meetings.

The attentive reader of this report must perceive that so-called co-operative distribution, upon the plan formulated by the Rochdale Pioneers, and as at present followed in the United Kingdom, having for its unit the retail store; possessing the advantage of strong and energetic wholesale societies, composed of and supported by the stores, and fostered by a Central Board and Annual Congresses, has been in the highest degree successful in what it has undertaken.

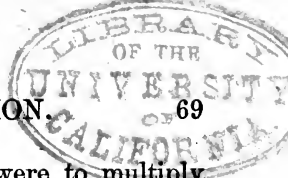
The organization, considered as a whole, is admirable, adapted to hold together the members, and to advance their common interests. Its success might have been predicted, for the whole movement rests upon approved and well recognized business principles. There seems to be no reason why similar enterprises might not be equally successful elsewhere if the same plan is followed.

Every store before it opens has its support assured in the trade of its members. If honest men are selected as officers; common prudence observed in the conduct of business; reasonable care exercised in the purchase of stock in trade, and the cash system strictly adhered to, failure should be impossible.

The business may expand as membership increases, and expenses may at all times be kept well in hand.

Of course, in the United States, the isolated store must miss the valuable help which the English stores have in the organization that has grown up as the movement in that

* This relates to an attempt on the part of certain private traders to prevent government employes assisting in the management of co-operative stores. Aimed ostensibly at the London supply associations, it would, if successful, have affected the operation of certain workingmen's associations elsewhere. It was defeated by the prompt action of the Co-operative Union.



country has gained strength; but, if stores were to multiply in America the same organization would follow here, and, meantime, the recorded experience of English effort, if availed of among us, would prevent serious errors in the conduct of business.

It becomes proper then to review just what this movement has accomplished, and what, if anything, it has failed to achieve; and in entering upon this inquiry we desire to be perfectly fair, while at the same time presenting the actual facts. For, in justice to those who in this country are interested in co-operative effort, and may seek to establish such stores here, it is well clearly to point out its limitations as well as its possibilities, in order that no more may be expected than is likely to be realized.

In the first place, how far is this movement co-operative? The answer must be only so far as it rests upon the participation of all customers in the profits they produce by their trade. This is the sole co-operative feature. We speak broadly, and disregard for the moment the limited number of societies which have gone one step farther and allowed a share in profits to employés.

The division of profits upon the basis of purchases, and the restricting of stockholders to a fixed rate of interest on their capital stock, entitle these stores to the name co-operative, in distinction from the Civil Service distributive societies and other joint stock companies in which profits are divided upon the basis of stock. In the latter only stockholders gain from increase of trade. In co-operative stores all customers gain, and the store is open to all who come. The stockholder receives only his stipulated interest, that being the remuneration to which, as a capitalist, he is entitled. All who assist in making the profit share in its division. The principle is modified in its operation but not disregarded by the plan of allowing members to share at double the rate of non-members; for no limitation exists as to membership, and non-members may by a small payment become members at any time, and begin at once to share at the members' rate.

The stores are justly open to the criticism that while calling themselves co-operative, they are, except in the feature we have mentioned, not really so. Perhaps, considering the sense in

which the term co-operation is used in economic discussion, and the persistency and good faith with which it is urged by many as a remedy for industrial evils, the name "Consumers' Societies" would be more appropriate. For it is no detraction from the solid benefits these societies have reaped to admit that as yet they have done little to solve the vexed questions affecting labor and capital, or to advance co-operative principles as they are generally understood.

This mode of distribution is organized, economized, and made effective for consumers almost entirely, and producers, as such, are not materially benefited. The societies as purchasers keenly appreciate and follow the rule adopted by the private trader, buying at the lowest possible competition prices, and in their transactions with producers making use of the same expedients as those employed in private trade to drive good bargains, and thus swell profits for the benefit of their customers.

The maxim that "goods well bought are half sold" is kept constantly in view, and the importance of keen and shrewd buying is so well understood that employés possessing the requisite ability in this direction are highly prized and liberally paid. To the producer, therefore, this system of distribution offers no special advantages.

How does it affect the wage worker? The English wholesale conducts with co-operative capital a considerable manufacturing business, and production under the management of the societies is likely to increase. Supposing it to increase under the policy already pursued, what benefit would accrue to the employés other than those obtained from private employers? None. Exactly the same principles appear to govern the co-operative and the individual employer. The Co-operative Wholesale pays competition wages and manufactures its goods at the lowest possible labor cost. Its workmen have no share in profits.* Its object is to divide the largest possible profits among its customers. Its mode of operation is identical with that of the private employer.

This has, indeed, provoked criticism. Says one observer :

* The Scottish Wholesale escapes this criticism. Its employés, as previously noted, share in dividends.

“The Co-operative Wholesale Society is a gigantic middleman; in its workshops it pays the lowest of competition wages; in the language of one of the workers in one of the shoe factories, ‘the workmen have to work for what they can get, they know there is no true co-operation.’ In its transactions with other producers it pays the lowest of competition prices; the profits made out of the retail prices are distributed amongst the members, labor is depressed. In short, it is as far from displaying a single feature of real co-operation as any private trader is who uses the weapons of competition and capitalism for his personal ends, regardless of the interests of others.

“The Co-operative Labor Association, whose principal object is to recognize the combined interests of capital and labor in productive enterprise, is largely composed of members of the co-operative movement. In a conference just held, a resolution was passed asking ‘the committee of the Labor Association to point out in a *fraternal* spirit to the Wholesale Co-operative Society the grave injury they are doing to the cause of co-operation by their failure to carry out co-operative principles in their productive works, and to offer their services in placing the wholesale workshops upon a true co-operative basis.’”*

So far then as relates to removing the evils which it is alleged spring from competition, these societies have not yet conspicuously succeeded. This does not indicate failure, for it does not appear that in practice much has been attempted in this direction. Probably any other course than that pursued would have diminished the profits which have been divided among the members. It is shrewd business management that has helped to amass these profits, and if the societies be judged solely by their success in what they have attempted no fault can be found.

It is only when this success is used to attest the efficacy of co-operative theories, that the impartial critic must dissent. As a rule, the co-operative societies have contented themselves with financial success, leaving to the future the extension and application of the theories, which, up to this time, although seeming to disregard in practice, they have never ceased to discuss and advocate.

Whatever hope and future promise may rest in co-operation

* “Distribution Reform,” by Thos. Illingworth, pages 90-91. Cassell & Co., Publishers.

it is not as a scheme for removing all the evils which many feel to be inherent in the present industrial organization that this plan of co-operative distribution is to be recommended. It may be a help, however. As a method of capital-saving it affords the groundwork of a system of co-operative production, which might be made safe and remunerative so far as the market for product could be assured by the demands of the stores themselves. Such an assured market would materially relieve the co-operative producers from the struggle which must always be before them in any effort to secure a market in competition with private manufacturers. Taken for what it is, it has been of great benefit to the working classes in Great Britain, and under similar social conditions might be equally beneficial elsewhere.

It has brought to 680,165 members, £24,084,113 in profits, and, incidentally, it has produced other results which no statistics can adequately portray, results moral rather than material. It has stimulated thrift, taught self-reliance, encouraged the ownership of property, prevented debt by making cash payments obligatory, and placed in the hands of its patrons goods practically free from adulteration. In the English manufacturing towns it has promoted the social spirit by bringing members together in reunions and in educational work. And despite all criticism which may be made upon the slowness of these societies to advance farther upon the co-operative line, it must be conceded that there is much truth in the following from the pen of the able Secretary of the Central Board :

“The supporters of such a store have, as they ought to have, ample reasons for supporting it in their own interest. And those who join these institutions when they are successful too often have no other motive than the notion of personal advantage. Still the feeling that the store is an institution essentially unselfish, excluding no one from its benefits, founded for the common good of all who can be induced to take part in it* — this feeling, derived from the noble spirit of the original founders of these stores, has given a characteristic tone both to their own action and to the public appreciation of them. Their educational funds, their social parties, the attendance at public meetings connected with them, the absence of

* In contradistinction to the joint stock companies, where the stock is limited.

a disposition to ridicule their rejoicings at the founding of a new store, are proofs of this. There is a general perception that the co-operative society has in view an end beyond the private interest of those who set it up, which gives to these trading establishments a sort of consecration, even in the eyes of those who do not belong to them.”*

Much of what has been done abroad through these societies is done in Massachusetts by the savings bank, the evening school, the public library, free lectures, and other institutions common here, and growing out of our conception of a free State and republican institutions. Much of the need for these stores is also met in our larger towns by enterprising private concerns who put before the public the best goods at low cash prices. But still there is no doubt that in many towns the same financial benefits might accrue to any society formed and conducted on the Rochdale plan, the work being modified in some respects to meet local requirements, and to conform to the needs of American communities.† The experiment is one easily tried, not involving loss if carefully managed, and the results, if successful, well worth the effort.

NOTE. It may be noticed that the statistics showing the condition of the English wholesale society, December, 1883, contained in the table on pages 60 and 61, differ somewhat from those contained in the table upon page 44. The excess of the totals in the table on page 44 over those in the table on pages 60 and 61 is to be explained from the fact that the table upon page 44 relates to relations existing between the wholesale and all purchasing co-operative societies, many of which are not shareholders, while the table upon pages 60 and 61 relates to the accounts between the wholesale and its shareholding societies. Differences in the classification of certain loans and deposits create differences in the capital account totals, and the excess of sales shown in the table, pages 60 and 61, over the amount returned as purchased from the wholesale by co-operative societies in the table, page 44, is caused by the fact that the larger amount includes sales to other than co-operative societies of goods which in the course of trade the wholesale is obliged to buy, but cannot dispose of to its own customers, and is therefore obliged to sell in the open market.

* Co-operative Board Pamphlets.

† See in this connection the account of the Arlington Co-operative Association, at Lawrence, Mass., contained in the Appendix.



APPENDIX.

The following pages present a condensed account of the position of productive co-operation in Great Britain, and of productive and distributive co-operation upon the European continent and in Australia.

For the material from which the account of continental and Australian co-operation was prepared, the Bureau is mainly indebted to the report of a committee upon that subject to the Seventeenth Annual Co-operative Congress, held at Oldham, England, in May, 1885, the authorities upon which said report was based being noted in connection with each country respectively. The matter is of interest in considering the general subject of co-operation, and is of sufficient importance to warrant its presentation here.

As the record of a successful American experiment in distributive co-operation, upon a plan similar to that instituted at Rochdale, may be of value to others proposing to enter the field, we have also included an account of the Arlington Co-operative Association, at Lawrence, Massachusetts.

That form of co-operation known as "profit sharing" is treated in detail in Part II. of the Seventeenth Annual Report of this Bureau (in Part I. of which Report this chapter on distributive co-operation is included), and is therefore not considered here.

CO-OPERATIVE PRODUCTION IN GREAT BRITAIN.

The second step in co-operation, according to the leaders of the movement, is its application to production. The theorists, who have devoted their lives to the advancement of co-operative principles, will never rest satisfied with its application

merely to the business of buying and selling commodities, however admirable the results may appear. To them the whole structure of co-operative distribution is but the foundation of a far nobler edifice. To utilize in production the capital saved in co-operative stores so as gradually to remove competition in industry is the end they hope finally to reach. Meantime their efforts are devoted to arouse the workmen who are attached to the distributive societies to a deeper sense of the benefits of a co-operative system which would include production as well as distribution, and to overcome the indifference to other motives than those of immediate personal and pecuniary gain.

It is unfortunate that there seems to be no well-matured plan commending itself to general acceptance upon which co-operative production can go forward. Two distinct schools exist: the individualists and the federalists. The first hold that individual bodies of workmen should start for themselves in productive enterprises, obtaining their capital either from their own savings or by loan. The business should then be conducted independently of the distributive societies, and managed by the workmen immediately interested, who may, if necessary, go into the open market and secure trade by superior energy or on account of the high quality of their product. The federalists, on the other hand, believe that the federated stores should provide the basis for productive effort; the capital saved in the stores should be used; the demand of the stores should supply the necessary market, and the management should be by committee, precisely as the wholesale societies are managed. Either individual societies might begin by manufacturing goods to supply their local needs, or, as would seem more feasible, the wholesale societies, possessing a wider market, and able by their experience accurately to gauge production to demand, might proceed upon the plan already adopted in the Leicester Shoe Works.

The individualist would permit individual shareholders; the federalist would not, believing such permission dangerous as tending to joint-stockism. Strict adherence to the federalist system, as usually presented, would exclude the worker from participation in profits, except in his function as *consumer* as a member of some store having capital invested in the works, and except as a bonus or gratuity might be given him for

superior work or extraordinary skill. In the works at present conducted by the English wholesale society upon substantially this plan, the workers, as workers, do not share in profits at all.

The difficulties attending both systems, as well as their advantages, are apparent. If the workers provide their own capital and divide the profits among themselves, not alone in proportion to capital but also in proportion to work done, the concern would be strictly co-operative, but its success would largely depend upon the fidelity and talent of the managers, requisite qualities not easily procured, and upon the possibility of securing a permanent and remunerative market. To obtain the latter would involve keen competition with private concerns already well established, or, if several co-operative societies were seeking a market for the same product, keen competition with each other. There is also the difficulty, by no means small, of securing the required capital. The risk is very great, and workmen are poorly equipped to encounter it.

If, to overcome the difficulty as to capital, outside stockholders are admitted, the enterprise loses its strictly co-operative character, jealousy is likely to arise between workers and shareholders (capitalists), and the latter may at any time secure control and the concern become a purely joint stock company.

If, on the other system, the federated societies provide, as they may, both capital and market, the two great difficulties in the way of co-operative production may be overcome; overproduction may be guarded against; more or less capital may be utilized as occasion demands, and, practically, loss may be prevented.

But if profits are to be divided among consumers only, that is, if profits are to go to the stores which furnish the capital, and are then disseminated in the form of dividends on purchases to the patrons of the stores, the workers, as such, acquire no benefit not obtainable in private employment. The scheme is, after all, so far as the workers are concerned, not co-operative.

Some federalists advocate a bonus or share in profits to labor. In both schools many shades of individual opinion appear. Mr. Holyoake, for instance, ably advocates the participation of labor, capital, and custom (consumers) in profits; remunerat-

ing capital by a fixed rate of interest, and dividing the remainder between laborers and consumers, always providing that labor shall have an adequate self-protecting representation upon the directory. Such a plan, he believes, can only be adjusted and maintained by the system of federation, while, at the same time, he is for individualism, in the sense of securing the local capacity, the personal interest, and energy of the three parties, laborer, capitalist, and consumer, who, it appears to him, make up the force of co-operation.

Radically opposed to the theory of the consumer's right to share in the profits of production, Mr. J. M. Ludlow, the Registrar of Industrial and Friendly societies, an individualist, would have production carried on by independent unions of workers, for whom, primarily, the profits should be reserved.

Dr. John Watts, however, an eminent federalist, rejects any plan of individual action, as tending to relapse into competition, and would divide the profits arising in federated production among the societies furnishing the capital in proportion to the capital furnished by each, and afterward to their members as dividends on purchases. This scheme, as pointed out by Messrs. Hughes and Neale, must undoubtedly cause the largest share of profits to go to the richer classes, they being the largest buyers; is essentially a division of profits on capital (joint-stockism); and entirely overlooks the worker, as such. "The notion of so carrying on work that the worker may get the full benefit of his labor, after providing for the cost of capital, is replaced by that of so carrying it on that the consumers, whether producers or not, should get the greatest possible benefit out of it." *

Mr. Neale, while adhering to the federative scheme, as diminishing the risk that must inevitably accompany individual action, believes that in any system of co-operative production the worker should acquire the profits, after the remuneration of capital by payment of interest, and that the consumer ought not to share in the profits of production. He believes further,

"That it is quite practicable to carry on production in close connection with a distributive centre, under conditions which will prevent

* Manual for Co-operators (published by the Central Co-operative Board), page 133.

any competitive conflict among the producers, without withdrawing from the workers any of the advantages derivable from their work."*

He has also clearly shown, enforcing his argument by the significant statistics of the extensive Leicester Shoe Works, and of the spinning companies at Oldham, that

"Large as the total proceeds of any work may be — vast as may be the establishments where the production is carried on — imposing as the result may appear when the net profits of such great works are concentrated in the hands of a few persons — these profits when divided among the host of workers engaged in producing them will make but a small addition to the sum that those workers would earn. Naturally, if they are to be further diluted by division among the large body of persons who may have made purchases, the benefit must be proportionately diminished."†

And he goes on to suggest that the collective income, instead of being frittered away in minute dividends to each worker, might by agreement be employed in associated action to create better conditions of life, such, for example, as private employers, like Sir Titus Salt, have attempted to confer upon their workpeople, or such as have been secured through the associated homes projected by M. Godin, at Guise.

While these various theories prevail, little has actually been done. Disregarding all such concerns as the spinning companies at Oldham, which, though frequently termed co-operative, are absolutely joint stock companies dividing profits on stock, held at present by workers chiefly, but liable at any time to change ownership, and, in any event, no different in principle or administration from the ordinary joint stock corporation, — there are a few productive societies in Great Britain that permit workers, as workers, to share in profits and are managed by the workers themselves. Many of these have share capital also, to which part of the profits go, and some admit customers to participation in the dividend. The following table exhibits these societies at the beginning of 1884 :

* Manual for Co-operators, page 139.

† Seventeenth Annual Co-operative Congress; preface to Report, page IV.

Co-operative Productive Societies.

NAME.	Date established.	BUSINESS.	Yearly Sales.	Yearly Profits.	METHOD OF DIVIDING PROFITS.
Arnold Manufacturing,	1868	Hosiery.	£ 200	£ -	Between shareholders and workers.
Airedale Manufacturing,	1872	Alpacas, cords, etc.	5,799	427	Between shareholders, customers, and workers.
Cobden Mills,	1867	Calicoes.	52,264	-	Between shareholders and workers.
Coventry Watchmakers,	1876	Watches.	2,623	278	Between shareholders, customers, and workers.
Co-operative Printers,	1869	Printers and stationers.	33,589	2,789	Between shareholders, customers, and workers.
Dudley Nailmakers,	1874	Nailmakers.	1,212	83	Between shareholders and workers.
Dunfermline Manufacturing,	1872	Damask table linen.	1,672	67	No details.
Eccles Manufacturing,	1861	Quilts and toilet covers.	9,767	1,058	Between shareholders and workers.
Edinburgh Printers,	1873	Printers and stationers.	3,027	236	No details.
Framemakers and Gilders, London,	1858	Carvers, gilders, and general decorators.	6,389	-	Between shareholders and workers.
Hebden Bridge Manufacturing,	1870	Fustian cutters, etc.	22,103	1,980	Between shareholders, customers, and workers.
Howley Park Quarry,	1872	Stoneworkers.	3,624	500	No details.
Lancashire and Yorkshire Productive,	1873	Flannels.	16,396	43	Between shareholders and customers.
Leek Silk Twist Manufacturing,	1874	Silk thread.	2,688	2	No details.
Leicester Manufacturing,	1876	Hosiery.	6,273	133	Between shareholders, customers, and workers.
Leicester Elastic Web,	1878	Web weavers.	4,493	129	No details.
Sheepshed Manufacturing,	1881	Hosiery.	92	-	Between shareholders and workers.
Sheffield Cutlery Manufacturing,	1873	Knives and scissors.	439	69	No details.
Sheffield Haft and Scale Cutting,	1876	Haft makers.	3,906	125	No details.
Paisley Manufacturing,	1861	Plaids, shawls, etc.	11,891	568	Between shareholders, customers, and workers.
Northamptonshire Productive,	1881	Bootmakers.	1,662	128	Between shareholders and workers.
Walsall Manufacturing,	1874	Lockmakers.	3,986	-	No details.

The above table is extracted from "Workingmen Co-operators," page 103. The same work is also our authority for the statement, attributed to a leading co-operator, that 224 co-operative productive societies registered under the Industrial and Provident Societies Act have been dissolved. Of these, 156 were small joint stock companies with no co-operative element in them; 44 divided profits between capitalists and customers; and 24 between capitalists, customers, and workers.

The Registrar's returns for the year ending December 3, 1883, exhibit 34 so-called productive societies in England and Wales, and 4 in Scotland. But of these, 14 were corn (flour) mills, in which it is not usual to admit workers to share in profits, and two were agricultural.

This brief record appears to be all that co-operative production has at present to exhibit in Great Britain.

CO-OPERATION IN FRANCE.*

The social hopes fostered in France by the political revolution of 1848 were partly realized in the formation of large numbers of co-operative societies. The enthusiasm of the moment and the influence of government patronage stimulated the movement, but few possessed sufficient vitality to long survive. The re-establishment of the empire in 1852 was an event at first decidedly unfavorable to their progress, but in 1864 co-operation at Paris once more revived, and later was assisted by favorable legislation. In 1870, 20 workingmen's co-operative societies engaged in production existed at Paris and at present there are more than 70 such societies. Outside of Paris few such societies exist.

The following details are tabulated from statistics published by the Bureau des Associations Professionnelles :

* Authorities: M. Nicole, of the Consolidated Chamber of the Workingmen's Productive Association of the Department of the Seine. Evidence before a Parliamentary Commission. Report of the Bureau des Associations Professionnelles.

The Co-operative

NAME OF THE ASSOCIATION.

	French.	English.	
1	Appareils à gaz (Ouvriers fabricants d'),	Working gas apparatus makers,	
2	Arçonneurs ferreurs,	Saddle bow binders,	
3	Bâtiment (Société générale du),	Builders,	
4	Bijoutiers en doré (Association des),	} Different kinds of jewellers,	
5	Bijoutiers en double (Association des),		
6	Bijoutiers-joailliers (Association des),	} Working hat makers,	
7	Chapeliers (Association générale ouvriers),		
8	Charrons (Association collective des),	} Wheelwrights,	
9	Charpentiers de la Seine (Association des),		
10	Charpentiers de la Villette (Association des),	} Working carpenters,	
11	Cimentiers (Association générale des ouvriers),		
12	Cimentiers (Société des ouvriers réunis),	} Working cement makers,	
13	Cochers (La nouvelle association des),		
14	Cochers (L'Espérance, Association des),	} Coachmen or cab drivers,	
15	Cochers (Association des),		
16	Cochers (L'union des),		
17	Cochers (L'Alliance, Association des),		
18	Cochers (La Parisienne, Association des),		
19	Cochers (La Moderne, Association des),		
20	Cochers (La Montrougiennne, Association des),		
21	Cochers (Le Progrès, Association des),		
22	Couvreurs, plombiers, zingueurs,		} Slaters, plumbers, and zinc workers,
23	Ebénistes (L'Avvenir, Association des),		
24	Ebénisterie Parisienne (L'),	} Cabinet makers,	
25	Ebénisterie (Association de l'),		
26	Ebénistes (Société générale française d'ameublement),		
27	Ebénisterie (Association syndic. des),		
28	Facteurs d'anches,		
29	Facteurs de pianos (Association des),	} Reedmakers,	
30	Facteurs de pianos (L'Union, Association des),		
31	Facteurs d'instruments de musique,	} Pianoforte makers,	
32	Ferblantiers, lanternes, compteurs,		
33	Ferblantiers-boîtiers (Association des),	} Musical instrument makers,	
34	Formiets (Association des),		
35	Horologers (Société anonyme des),	} Tinworkers, lantern, and meter makers,	
36	Imprimerie nouvelle (Association de l'),		
37	Jardiniers (Association co-opérative des),	} Tin box makers,	
38	Joailliers bijoutiers à façon,		
39	Journal Officiel (Association co-opération du),	} Model makers,	
40	Lîmes (Association des ouvriers en),		
41	Lithographes de Paris (Association des),	} Watchmakers,	
42	Lunetiers (Société des),		
43	Maçons et tailleurs de Pierre (L'union des ouvriers),	} Printers,	
44	Menuisiers et bâtiments,		
45	Menuisiers d'art et bâtiments,	} Gardeners,	
46	Menuisiers en sièges,		
47	Menuisiers en voitures,	} Jewellers,	
48	Moniteur des Syndicats ouvriers,		
49	Opticiens (Association général des ouvriers),	} Newspaper publishers,	
50	Orfèvrerie (Association ouvrière d'),		
51	Papetiers régléurs (Association des),	} Working file makers,	
52	Parqueteurs (Société co-opérative des),		
53	Parqueteurs (Association d'ouvriers),	} Parisian lithographers,	
54	Parqueteurs (Association Parisienne des),		
55	Passementiers (Association des ouvriers),	} Spectacle makers,	
56	Paveurs (Association générale d'ouvriers),		
57	Paveurs (Association de),	} Working masons and stone cutters,	
58	Peintres en bâtiment (Travail des),		
59	Peintres en bâtiment (L'union des),	} Different kinds of joiners,	
60	Peintres de Paris (La Sécurité de),		
61	Restaurateurs (Société co-operative des),		
62	Sacs de dames et de voyage,		
63	Sculpteurs de Paris (L'union des),		
64	Sculpture (Association co-opérative de la),		
65	Sellerie Parisienne (Association de la),		
66	Serruriers en meubles,		
67	Tailleurs (Association générale des),		
68	Tailleurs de lîmes,		
		} Trades Union newspaper,	
			} Working opticians,
		} Working goldsmiths,	
			} Ruled-paper makers,
		} Inlaid floor makers,	
			} Working lace makers,
		} Working pavers,	
			} House painters,
		} Co-operative restaurant,	
			} Makers of ladies' and traveller's bags,
		} Sculptors,	
			} Saddlers,
		} Furniture locksmiths,	
			} Tailors,
		} File cutters,	

Societies of Paris.

Date of Formation.	CAPITAL.		Number of Associates.	WHETHER AUXILIARIES SHARE IN PROFITS.		Value of Work Done.	
	Subscribed.	Paid up.		No.	Yes.		
	£	s.	£	s.		£	s.
July 1, 1881	180	0	140	0	15	-	1
Jan. 24, 1882	20,000	0	5,000	0	7	3,400	0 2
Dec. 26, 1882	816	0	700	0	191	8,000	0 3
January, 1882	1,000	0	1,000	0	12	4,480	0 4
July 27, 1882	1,800	0	840	0	160	1,440	0 5
Dec. 12, 1883	400	0	280	0	26	-	6
Oct. 26, 1883	400	0	162	17	88	640	0 7
Feb. 18, 1881	606	0	491	16	23	1,626	16 8
Nov. 21, 1881	3,200	0	3,200	0	40	24,000	0 9
Aug. 22, 1881	240	0	282	0	183	40,000	0 10
Sept. 25, 1884	320	0	320	0	17	16,280	0 11
Mar. 21, 1883	1,760	0	1,080	0	11	1,200	0 12
Feb. 9, 1884	3,280	0	2,765	19	73	16,000	0 13
Dec. 9, 1874	24,000	0	18,504	10	41	16,457	8 14
Dec. 1, 1873	14,200	0	14,200	0	102	120,000	0 15
Feb. 12, 1882	6,980	0	10,000	0	129	-	16
Oct. 1, 1879	6,880	0	5,600	0	105	-	17
Oct. 1, 1881	8,640	0	7,800	0	43	-	18
Nov. 30, 1881	9,600	0	7,725	0	54	-	19
Mar. 21, 1883	1,760	0	880	0	60	-	20
Aug. 27, 1883	800	0	720	0	73	-	21
Aug. 24, 1879	1,020	0	740	0	27	6,000	0 22
Nov. 30, 1881	2,800	0	1,400	0	48	20,000	0 23
June 30, 1884	760	0	240	0	130	2,800	0 24
April 14, 1884	320	0	180	0	19	-	25
July 24, 1884	320	0	320	0	10	4,400	0 26
Dec. 1, 1865	700	0	80	0	125	7,000	0 27
April 15, 1882	10,448	0	10,448	0	7	40,000	0 28
1865	540	0	625	11	18	240,000	0 29
July, 1868	7,760	0	6,520	0	6	6,400	0 30
March, 1875	3,680	0	2,800	0	17	92,000	0 31
Nov. 17, 1849	2,320	0	1,545	14	106	140,000	0 32
Aug. 8, 1882	640	0	393	12	39	160,000	0 33
Nov. 12, 1869	8,000	0	8,000	0	12	102,000	0 34
Mar. 16, 1881	600	0	312	0	20	3,240	0 35
Feb. 5, 1881	224	0	224	0	1,348	160,000	0 36
Sept. 27, 1848	8,400	0	6,890	17	30	548	0 37
March, 1866	20,000	0	20,000	0	-	-	38
Aug. 6, 1849	89,600	0	53,262	10	23	88,000	0 39
March, 1885	400	0	900	0	21	194,640	0 40
Feb. 21, 1884	420	0	245	7	250	120,360	0 41
Mar. 27, 1884	240	0	240	0	112	1,200,000	0 42
Nov. 16, 1848	64	0	64	0	15	-	43
Nov. 4, 1882	1,000	0	600	0	7	1,235	10 44
Dec. 25, 1864	4,800	0	2,860	0	12	2,640	0 45
Sept. 21, 1881	2,090	0	1,060	0	16	306,911	4 46
May 1, 1883	2,400	0	365	4	-	-	47
Oct. 22, 1881	200	0	192	4	39	1,240	0 48
Dec. 3, 1883	120	0	67	9	5	64,000	0 49
Aug. 7, 1884	120	0	24	0	116	600	0 50
Dec. 16, 1884	600	0	84	0	6	1,600	0 51
Feb. 11, 1883	6,440	0	660	0	12	13,374	6 52
Feb. 17, 1883	1,440	0	1,460	0	6	4,000	0 53
Dec. 27, 1882	800	0	536	0	9	7,000	0 54
May 7, 1883	816	0	579	16	-	200	0 55
Feb. 10, 1885	280	0	28	0	-	15,200	0 56
	-	-	-	-	-	20,000	0 57
	980	0	440	0	13	11,200	0 58
	-	-	-	-	7	5,520	0 59
	-	-	-	-	-	-	60
	-	-	-	-	-	-	61
	-	-	-	-	-	-	62
	-	-	-	-	-	-	63
Feb. 4, 1883	880	0	520	0	10	10,000	0 62
Feb. 19, 1850	120	0	120	0	-	-	63
Oct. 15, 1863	4,000	0	3,820	0	117	8,000	0 65
Dec. 24, 1868	540	0	540	0	5	4,560	0 66
	-	-	-	-	180	200,000	0 67
	-	-	-	-	6	16,000	0 68

The Co-operative Societies

NAME OF THE ASSOCIATION.	
French.	English.
69 Terrassiers de la Seine,	Terrace makers,
70 Tapisiers (Association d'ouvriers),	Working upholsterers,
71 Typographes (Association la co-opération des),	Typographers,
72 Vanniers (Association co-opération des ouvriers),	Working basketmakers,
73 Société co-opérative immobilière,	Society for loans on realty,
74 Société co-opérative (Construction des maisons ouvrières),	} Co-operative building society,

The total number of associates exhibited by the foregoing table is 4,920. These, with the auxiliaries employed, of whom the number does not appear, have done work amounting to £3,560,258 6s. The total paid up capital shown by the table is £223,315 18s.

These societies are usually administered by a council, acting through an executive officer who is termed a delegate administrator, director, or *gérant*. As might be expected some difficulty is experienced in finding capable, active, and devoted managers, and earnest and prudent councilmen. Calmness, moderation, and perseverance, qualities essential to success, are often lacking among associates. But, nevertheless, the condition of the societies is in France considered promising and the outlook is thought to be encouraging.

It will be noticed that in many cases auxiliaries do not share in profits. In such instances the organization would seem to be a form of co-operative partnership composed of workingmen, who share with each other profits in part derived from the labor of auxiliaries who do not share at all. When the profits are thus divided solely on the basis of shares held by the associates, the organization is merely that of a joint stock company, analogous to the Oldham mills. When the associates also share as workers an additional co-operative step is taken, and, finally, when, as in some of the societies, auxiliary workers are permitted to share in profits, the co-operative features become more complete.

The auxiliaries of the Carpenters Association of La Villette are locksmiths, sawyers of planks, and joiners. Instead of

of Paris—Concluded.

Date of Formation.	CAPITAL.		Number of Associates.	WHETHER AUXILIARIES SHARE IN PROFITS.		Value of Work Done.	
	Subscribed.	Paid up.		No.	Yes.	£	s.
Jan. 1, 1885	£ 80	0	6	-	-	-	69
Feb. 27, 1884	294	0	96	-	-	1,600	0 70
Dec. 26, 1881	400	0	24	-	-	4,185	2 71
Mar. 1, 1882	80	0	18	No	-	1,080	0 72
Dec. 15, 1867	5,600	0	369	No	-	19,200	0 73
-	-	-	-	-	-	-	74

participating in profits they are paid a larger wage than that allowed by private employers. Provision is also made for an allowance to any auxiliary who is injured while at work, usually amounting to one-half the customary wage for the time the disability continues.

The auxiliaries employed by the Association of Working File Makers, although not allowed to share in profits, are admitted as associates, without the payment of any fee, after six months' employment by the society. In other societies, notably the Association of Pianoforte Makers, a similar custom prevails.

Many societies have a fund for the care of superannuated members, for insurance in case of accident or death, etc. Most have certain conditions as prerequisites to membership, designed to secure the moral, physical, and industrial fitness of those who desire to join. Some require candidates to serve a period of probation before admission.

The mode of allotment of profits varies. In some societies a fixed rate of interest is paid to shareholders, and the balance, after providing for the maintenance of reserves, insurance, and similar funds, if any, is divided among associate workers, or among associates and auxiliaries, as the case may be. Several societies, which permit auxiliaries to share, restrict the amount of profit out of which such share must be paid. For instance, in the General Society of French Cabinet Makers, auxiliaries participate in 25 per cent of the profits, and the Society of Furniture Locksmiths permit auxiliaries to share in profits in the proportion of 10 per cent on the proceeds of their work. Some societies divide all profits on the basis of work performed.

The Association of File Cutters, in the division of profits, awards to capital 20 per cent and to labor 80 per cent.

CO-OPERATION IN GERMANY.*

German co-operation has three modes of development, viz: people's banks, consumers' societies, and trade societies. Of these the people's banks — a form of co-operative savings bank, — are the most numerous, the trade societies ranking next. In 1883, the number of each class was as follows: people's banks, 1,910; trade societies, 1,031; consumers' societies, 676.

The trade societies so-called include two classes, industrial societies and agricultural societies. These may be more minutely classified as follows:

<i>Industrial Societies.</i>	
Raw material supply,	145
Magazines,	59
Productive,	149
<i>Agricultural Societies.</i>	
Agricultural consumers' supply,	305
Implement supply and stock raising,	171
Productive agriculture,	198

Total industrial societies, 353; total agricultural societies, 674; societies not included under the foregoing heads, 4; aggregate, 1,031.

The co-operative movement in Germany began with the raw material supply associations founded by Schulze-Delitzsch, for the purpose of enabling handicraftsmen in different trades to purchase by wholesale the materials required in the prosecution of their industries so as to allow them to compete with extensive manufacturers. The object of these societies was to uphold hand labor against the encroachments of factory industry, by thus obtaining for handworkers through association the advantages possessed by capitalists, and to deliver them from middlemen who furnished inferior material at high prices.

“Where the raw material societies have organized themselves

* Authority: Dr. Schneider of Potsdam.

according to the advice of Schulze-Delitzsch, and avoided the errors against which he over and over again warned them, they have accomplished this object to the benefit of the German handwork, and preserved to many German handicraftsmen their independent businesses. If we consider that, according to the trade statistics of 1882, there were in the shoemaking trade alone 245,118 independent handworkers, who, in spite of the prophecies uttered more than 20 years since by Ferdinand Lassalle and Karl Marx, still carry on the shoemaking business on their own account and will not consent to be wage-receivers, we cannot close our eyes to the fact that millions of Germans have the most pressing interest in the preservation of handicrafts. * * * * *

The raw material societies of the handworkers could have given greater help in this contest if several of them had not ruined themselves by grave mistakes, because, unfortunately, the bad custom of the handworker giving credit—sometimes long credit—to his customers, without any compensation, is widely spread in Germany. The workers often demanded of the raw material societies to sell to them on credit at the same price as if they had paid ready money. Many societies have given way to this unjustifiable claim, and sunk under the consequent loss of capital and interest. Hence the number of raw material societies is not increasing.” *

The 145 raw material societies included the following trades : joiners and instrument makers, 21 ; spinners and weavers, 17 ; meal and bread producers, 14 ; printers and lithographers, 11 ; tailors, 10 ; brewers, 7 ; butchers, 7 ; carpenters and masons, 6 ; cigar makers, 6 ; clock and watch makers, distillers, metal workers, and shoemakers, 5 each ; machinists, and sugar makers, 4 each ; gilders and potters, 3 each ; brush and comb makers, miners, personal services, and sewing machine makers, 2 each ; bookbinders, glass makers, plumbers and lacquerers, and starch makers, 1 each.

The industrial magazines are co-operative commission concerns whose business it is to sell at a common magazine or depot the goods produced by their members. The larger number are engaged in the sale of carpenters and joiners' products.

The industrial productive societies are mainly confined to hand labor and to the smaller industries. A notable exception is that of the largest German manufactory of chronometers,

* Dr. Schneider of Potsdam.

which is conducted on the co-operative plan. Co-operation when applied to factory labor in Germany has not been very successful.

“Productive societies formed for the purpose of selling their wares to the consumers’ societies, and supplied with capital by them exist * * * only as exceptions. A society of this kind was the Berlin Bakers’ Society, which long since came to grief through bad management. Most of the productive societies have been founded without any reference to the wants of the consumers’ societies, by small groups of artisans or laborers who were all to be at once employers and workers. The business of the society was their only source of income. If anything went wrong with their business, all the members came into difficulty. This may in many cases have bound all the members together, and steeled their energies, but it tended also to make them indisposed to the admission of new associates, which naturally came into question only when the business was again going on prosperously. The members who had fought through the time of need alone, wished alone to reap the fruits of the good time. This was not associative, and was vigorously opposed by Schulze-Delitzsch, but it was natural, and explains the circumstance that in many old and successful productive societies the number of members is slowly diminishing. In some, though this is not publicly known, the number of members has shrunk to such an extent that they are no longer societies, but have become trading partnerships.”*

The agricultural co-operative societies appear to be quite successful and are increasing.

The agricultural consumers’ supply societies afford their members facilities for purchasing in common seeds, manures, etc., and secure to them the advantage of subjecting to chemical analysis goods offered to them for purchase, so as to test the genuineness of the articles. Others, existing among land-owners, known as implement societies, provide agricultural machines owned in common and loaned to members. Still others have for their object the improvement of breeds of cattle, and, finally, the productive agricultural societies are engaged in dairying and wine making.

There exists in Germany a co-operative union founded by Schulze-Delitzsch, and, since 1883, a union of the agricultural

* Dr. Schneider.

societies, having for its special object the advancement of this form of co-operation.

Of the 676 consumers' societies only 172, having a total membership of 110,433, made returns in 1883. These present the following statement :

Number of societies making returns,	172
Number of members,	110,433
Total sales,	£1,634,215 2s.
Average sales of each society,	9,501 5s.
Members' capital,	157,625 9s.
Reserves,	73,883 13s.
Loan capital,	150,517 9s.
Amount owing for goods,	20,494 9s.
Net profits,	123,114 14s.
Amount due from members (in 48 societies),	6,112 5s.
Applied to educational purposes,	1,250 9s.

The largest consumers' society is at Breslau. It had, in 1883, 22,775 members, and during that year its sales amounted to £241,635 2s. ; the net profit being £25,357 18s. A large steam bakery is conducted by the society.

Building societies have met with poor success in Germany, and have been unable to compete with private enterprise.

Dr. Schneider has compiled the following statistics respecting the membership of the people's banks and consumers' societies, and concerning which he makes this statement :

“I add a tabular view of the composition of the members in the people's banks and consumers' societies, classified according to their occupations, whence the difference in the character of these two classes of societies, notwithstanding the similarity of their objects, appears. The members of the raw material and productive societies belong, with few exceptions, to the corresponding trades, although, so far back as 1868, the productive societies were urged, in order to increase their power of bearing losses, to draw in non-workers as members.”

The table shows the percentages of membership of each class in the people's banks and consumers' societies based upon the returns for 1882 and 1883. Dr. Schneider is of the opinion that had the statistics covered all the societies instead of those

making returns only, the result would not have been materially different.

Classification of Membership in People's Banks and Consumers' Societies.

CLASSIFICATION OF MEMBERSHIP.	PEOPLE'S BANKS. Percentages by years.		CONSUMERS' SOCIETIES. Percentages by years.	
	1882	1883	1882	1883
	Independent land cultivators, gardeners, foresters, and fishers,	25.4	25.4	3.7
Assistants and laborers of the foregoing,	3.0	3.1	3.9	3.87
Manufacturers, and persons engaged in mining and building,	3.65	3.6	1.6	1.7
Independent handworkers,	31.2	30.9	15.3	15.0
Workers in factories and mines, and assistants of handworkers,	4.7	4.8	40.4	41.2
Independent traders and dealers,	9.6	9.6	4.0	4.0
Clerks and assistants to traders,	0.7	0.7	1.6	1.4
Carriers, shipowners, and innkeepers,	5.2	5.1	2.5	2.4
Letter carriers, employes in railway, telegraph, and post offices, laborers on railways, mariners, and waiters,	1.9	1.9	7.7	7.2
Male and female servants,	1.6	1.0	1.7	2.8
Physicians, apothecaries, teachers, artists, writers, officials of church, state, or municipal bodies,	6.7	6.7	10.5	10.8
Persons of independent income,	7.4	7.6	7.1	6.5
Number of societies making returns,	819	825	166	160

CO-OPERATION IN AUSTRIA.*

In Austria, the statute of November 26, 1852, permitted the formation of co-operative societies with unlimited liability. An important change was effected by the law of July 1, 1873, which required all societies "the number of whose members is unlimited, which seek to benefit their members in their trade or household economy by carrying on business in common" to register at the government registration office. Such societies may be organized "either with or without limitation of liability, as they determine, the measure of liability in the first case being fixed by their rules."

Unregistered societies formed under the previous law must register upon making any change in their rules and are gradually becoming extinguished. By a subsequent statute, January 1, 1880, societies which confine their dealings to their own members are exempt from the traders' tax. Income tax

* Authority: Dr. H. Ziller, of the Austrian Co-operative Union.

is levied on their net profits, with exemptions and allowances when the yearly income is less than 2,300 florins.

According to the report of Dr. Ziller, who is at the head of the co-operative societies formed in the Austrian empire, the total number of such societies within Austrian territory in 1881 was 1,515. Of these, 317 were unregistered and 1,198 registered. Five hundred and seventy-two registered societies were with limited liability and 626 unlimited. One thousand one hundred and twenty-nine, or 74.5 per cent of all the societies, were people's banks; two hundred and thirty-five, or 15.5 per cent, were distributive societies; and the balance were as follows: raw material supply, 6; agricultural material supply, 14; stores, 3; artisan productive, 41; agricultural productive, 61; building, 5; trading, 10; assurance, 2; various, 9. These statistics include Lower and Upper Austria; Lutzburg; the Tyrol; Vorarlberg; Styria; Carinthia; Krain; the Coast Land; Bohemia; Moravia; Silesia; Galicia; Bukowina; and Dalmatia.

Co-operative distribution does not appear to be very flourishing. It is stated that the number of such societies is scarcely half that formerly existing. The reasons given for the failure of those that have been dissolved are commercial depressions affecting the earnings of those connected with them, heavy taxes assessed on them as traders in certain districts, and bad management of a large number which were formed for political purposes.

Besides the societies which deal in the usual groceries in common demand, a few grind corn, some have bakeries attached, and some sell butcher's meat; but the latter has not generally been found profitable. Most of the societies sell beer and spirits. Drapery and shoes, crockery, hardware, and wooden goods are supplied by some. The credit system exists and the practice of giving credit appears to be increasing. As a consequence the societies which made returns were owing more than 33 per cent of the value of their stock in trade. Less than half the societies made returns for the year 1881, and some of these returns were imperfect. Of those that made returns the average membership was 630. The information as to application of profits was especially defective. The following general statement is made:

“Many societies, which sell at the lowest practicable prices, make no division of profits, but carry them wholly to reserve. Others, which sell only to their own members, have introduced the practice of distributing profits as dividend on purchases, with very favorable results in their business, which are more favorable than those obtained in the earlier method, adopted from the practice of the people’s banks, of dividing the profits in proportion to the paid-up capital, which is preserved in the case of the profits from the sales to non-members.”

Of the artisans’ productive societies many, it is stated, have failed because formed to take control of private enterprises that had not been successful. When formed independently by workers possessing sufficient capital to enable them to avoid debt they have succeeded when there was a fair opening for business. Some have failed on account of internal dissensions. Although 41 productive societies of the artisan class are included in the statistics we have quoted, only 12 made returns for the year, and the details are too meagre to afford much light as to the general condition of all the societies. Taxation, in the form of trading licenses, appears to seriously interfere with the prosperity of these societies and, for local reasons, to discriminate against them as compared with private concerns.

Most of the agricultural productive societies confine their operations to dairying. Scarcely any details appear as to these or the other societies enumerated, very few having made returns.

CO-OPERATION IN DENMARK.*

Co-operation in this country appears to be confined to consumers’ distributive societies. About 150 such societies are believed to exist. Seventy have been grouped in a wholesale union.

The source of co-operative effort here seems to have been the English societies, the success of which impressed the late Pastor Sonne, who published a work entitled “Workmen’s Co-operative Societies in England,” thus leading directly to the formation of Danish societies. Since the year 1870, the movement has grown in importance and appears likely to increase

* Authority: Mr. J. Andrew of the Co-operative Wholesale Society, Copenhagen.

still further under the present organization. A monthly periodical devoted to the interests of co-operators is now issued by the wholesale society.

CO-OPERATION IN SPAIN.*

Co-operation has as yet made no progress in Spain. One or two small associations exist, but not in a very flourishing condition. A society established at Bilbao, and also one in Gijon, soon failed on account of bad management.

CO-OPERATION IN HUNGARY.†

Distributive co-operation in Hungary, although instituted some years ago, has made little progress. Of late slightly more life has been apparent in the movement, but statistics respecting it are very scanty. The statistical bureau of Hungary has no data upon the subject.

Productive societies are not numerous, the chief examples existing in Buda-Pesth. The chief avenue of co-operative effort is the system of banking analogous to that of Germany.

Dr. Ziller, of the Austrian Co-operative Union, has presented the following statistics for the societies in Hungary, Croatia, and Slavonia, in the year 1883: Total number of societies, 357; people's banks, 308; consumers' societies, 16; raw material supply, 2; depôts (for selling), 3; agricultural aid societies, 2; artisans' productive societies, 6; agricultural productive societies, 7; assurance societies, 8; miscellaneous, 5.

Five of the consumers' societies show collective sales amounting to 234,468 florins; share capital, 33,231 florins; reserve fund, 33,561 florins; loans, 1,822 florins; indebtedness for goods, 6,222 florins; value of stock at end of year, 45,228 florins; due from members for goods sold on credit, 17,288 florins.

The credit system universally prevails. The artisans' productive societies represent the following trades: Clothmakers, 2; brewers, marble workers, iron workers, and lockmakers, 1 each.

* Authority: Mr. Robt. R. Evans, English Consul, Bilbao.

† Authorities: Dr. Stephen Bernát, of the Ministry of Agriculture, Buda-Pesth. Dr. H. Ziller, of the Austrian Co-operative Union.

The agricultural productive societies represent dairying, vine culture, and the production of silk.

CO-OPERATION IN ITALY.*

The co-operative movement in Italy began with the political unification of the country, as part of the general progress of the time. People's banks upon substantially the German model were among the first, and are to-day leading examples of Italian co-operative effort. They have increased from 4 in 1865 to 252 in 1883, the capital in the latter year being about £2,120,000. They have been very successful, and of great benefit to certain classes, chiefly the middle class traders and artisans, but have not materially aided laborers, or the masses of the working population. Other forms of co-operative credit and savings institutions are in progress or contemplated, among others the following :

“A certain number of small agriculturists, generally the very smallest proprietors or farmers, unite themselves into a society with unlimited liability. On this guarantee the society contracts loans at the lowest attainable rate of interest, and out of the sum thus collected makes advances to their members who apply for them, at a somewhat higher rate. The bank is to act also as a savings bank. These institutions are specially agricultural, and satisfy the need for small advances, at long periods of repayment, keenly felt by a class of agriculturists numerous in the Italian provinces, that of the small proprietors who cultivate their own land, of the small farmers, and also, in certain cases, of the agricultural laborers, who sometimes cultivate a field on their own account.”†

With these banks agricultural clubs are sometimes united.

Distributive co-operation is in Italy well known, but the movement in this direction lacks organization. The mode of administering such societies varies. Some are conducted on the Rochdale plan. Others are workingmen's societies providing various kinds of provisions for members exclusively. A still different class are associations securing special rates for their members upon purchases from private shopkeepers. About

* Authority : Dr. Ugo Rabbeno, Reggio Emilia, Italy.

† Rabbeno. Co-operation in Italy. Translated by E. V. Neale. Co-operative Printing Society, Manchester, England.

8,000 persons united in societies upon the latter basis in 1880. There is still another class formed by railway employés, for the purpose of obtaining provisions of good quality at low prices. These are joint stock societies analogous to the civil service supply societies of England. The first association of the sort was founded at Turin, in 1873, with 53 members and a small capital. In 1883 it had 2,307 members and more than 900 associates, its sales amounting to about £40,000 in that year. Similar societies, all of which have made rapid progress, exist at Milan, Florence, Naples, Sampier d'Arena, Genoa, Verona, and elsewhere. In general, they sell at the lowest possible prices, pay no interest on shares, confine their sales to their own members, and carry the meagre profit upon sales to a reserve fund.

The general consumers' societies were at first based on the Rochdale plan, but owing to differences in national characteristics this plan was not generally successful in Italy, and at present the greater number do not attempt to pay to their customers dividends on purchases as do the English societies, but rather endeavor to sell at lower than ordinary market prices, carrying profits to a dividend on stock. The chief advantage derived from such societies is considered to be their restraining effect upon private retail shopkeepers, compelling the latter by force of competition to sell their goods at fair prices. The range of goods supplied is narrow, being principally confined to bread, flour, grain, vegetables, macaroni, and vermicelli. In some cases, meat and fish are added.

The number of consumers' societies in 1878 was ascertained by government inquiry to be 58, and they are supposed to have considerably increased in number since, but no definite statistics exist.

Dr. Rabbeno, while taking a hopeful view of the progress of distributive co-operation, after mentioning certain localities in which from his personal knowledge such progress has been marked, conservatively adds :

“ With all this we must not delude ourselves, nor take refuge in equivocal statements. Co-operation for consumption, as it is practised in Italy, exercises a beneficial influence, especially by contributing to keep down the prices of articles of first necessity. But

this influence is very limited. Besides, the greater part of the Italian consumers' societies are not very flourishing. They lead a rather straitened life. On the whole, co-operation for consumption in Italy is not yet a success. We may hope that it will become such."

In commenting upon this, Mr. Neale, Secretary of the English Co-operative Union, remarks :

"The people's banks appear to me to form in Italy indirectly a serious hindrance to the spread of co-operation for consumption. By furnishing, through the credit given by them, a support to the small traders, they make the triumph of co-operation, which is in continual conflict with this class of traders, more difficult."

In the country districts of Lower Lombardy a system of co-operative bakeries exists, founded by Rinaldo Anelli, a priest of the village of Bernate Ticino. The farmers and farm laborers suffered from poor food owing to insufficient means for individually drying and preserving the grain from mould, especially during wet seasons, although it formed their chief reliance for subsistence. To meet this peculiarly local need Anelli said to the agriculturists :

"We will construct a bakehouse. You shall bring to this bakehouse your grain. Here we intend to get it well dried that it may keep well. We will make a contract with the miller to grind it on fair terms. We will make it into bread on the best system and in the most economical manner; and we will give you as many loaves of bread as will correspond to the corn that you have brought." *

The instant success of the scheme, which has been elsewhere copied, affords a marked instance of the advantages of mutual effort under certain favorable conditions.

Productive co-operation is limited to a few societies, and, although some success is to be noted, is still in the experimental stage. The oldest and most important society is the Artistic Glass Society of Altare, founded in 1856, and for a time subjected to government opposition. Its original capital was only 14,385 lire, about £463, but the members by carry-

* Co-operation in Italy.

ing to capital monthly instalments of their wages increased it rapidly until, in 1883, it amounted to about £16,639. The value of product in the latter year was about £21,196.

The Co-operative Labor Society at Ismola, manufacturing earthenware and kitchen utensils, was founded in 1874 by Guiseppe Bucci, who gave up to his workmen his own establishment, for which they paid him by instalments. It has been reasonably successful.

In Bologna there are six productive societies engaged in hemp dressing, shoemaking, building and woodworking, leather cutting, glove making, and printing. They are all small, but are said to be exerting a good influence. At Milan, there is a co-operative society of marble workers, and one of laundresses; at Bandeno, one of weavers; at Schio, one engaged in railway and tramway construction, and at Turin, one of working tailors, dressmakers and sempstresses.

The customary division of profits is between shareholders and workers. At Altare and Ismola three per cent is first paid to shareholders, and of the remaining profit 30 per cent is carried to a reserve fund; 25 per cent to a subsidy fund; 30 per cent to shareholders, and 15 per cent to workers in proportion to the number of days each has worked. Members must become shareholders within four years or leave the society, a requirement that eliminates the thriftless and undeserving.

Another form of productive co-operation in Italy should be noticed,—the co-operative associations of day laborers. These arose among the agricultural workers of Romagna, and they had in view the emancipation of field laborers from the power of contractors whose custom it was to control every extensive operation in road making, earthwork, etc.; farming out the work to sub-contractors and reducing wages to the lowest point so as to swell profits to themselves without regard to the rights of the laborers dependent upon them. The work, it will be seen, is very simple, requiring little capital and limited skill, thus rendering it easy of performance upon the co-operative plan. The meagre capital required was readily obtained by savings from wages, the par value of shares being placed at a low figure. Almost the only outlay required was for pickaxes, barrows, etc., and in many cases these were already possessed by the workmen. The plan of operation was simple. Large

contracts are taken by the society at fixed rates, and sublet in sections to members, who work by the piece. By this plan individual remuneration is in proportion to the work performed. The workers become directly interested in the work and their efficiency is proportionately increased. The middleman is abolished, and the laborer is brought into immediate relations with the proprietor who controls the undertaking. Under these advantages men who previously earned from $7\frac{1}{2}d.$ to $1s. 2\frac{1}{2}d.$ a day have increased their wages to $2s. 5d.$, and in some cases to $3s. 2\frac{1}{2}d.$ or $4s.$ daily. The first association of this sort, formed at Ravenna with 300 members, grew to a membership of 3,000 within a year. Others upon the same plan are working well.

CO-OPERATION IN SWEDEN.*

Co-operation in Sweden, as in Norway and Finland, is still awaiting development, but owing principally to the efforts of Lars Oscar Smith, a wealthy manufacturer of Stockholm, its future is hopeful. Mr. Smith became interested in the subject by the study of foreign experiments, and especially by witnessing what had been accomplished in Great Britain. He first formed in Stockholm the Sättskapet Arbetarnes Ring, or Workmen's Ring Society, and inspired by this example, 80 similar societies sprang up in the Swedish provinces. An important object of these societies was emancipation from the "ring" rule carried on by the combined proprietors of brandy shops and public houses.

The original Workmen's Ring Society, after variations of fortune, was incorporated during October, 1884, under the name of the Aktiebolaget Arbetarnes Ring, or Workmen's Ring Society, limited. In its corporate organization this society consists of two sections, A and B; the first a wholesale and the last a retail department. To aid the society, in whose welfare he was deeply interested, Mr. Smith supplied the capital which the workmen lacked requisite to conduct the wholesale department, viz., 100,000 Swedish crowns, representing 20,000 shares. The Section B, retail, is provided with capital upon

* Authority: Mr. A. W. Schulman, of the Aktiebolaget Arbetarnes Ring, Stockholm.

the basis of five crown shares in groups of 500 shares each, only one share to be held by each member. Mr. Smith's connection is upon the following terms: six per cent is to be paid him upon his investment; the balance of profits acquired in both sections is to be carried to a reserve fund until the latter becomes 100,000 crowns, whereupon the reserve is to be used in taking up the shares held by Mr. Smith, who is to go out of the concern. By this plan the shareholders of Section B will ultimately acquire the wholesale business of Section A out of the profits arising from their trade.

The sections are governed by committees. Whenever a sufficient number of persons will subscribe to take up a group or block of shares in Section B, and will pledge themselves to support a store operated by the capital thus supplied, such a store is to be opened, and becomes a department of the society. The retail section therefore admits of indefinite extension, although, as the organization is recent, few stores have yet been started. In general features the organization is based upon that of the English societies, that is, a wholesale department intended ultimately to be owned and operated by a federation composed of numerous retail associations. Unlike the English stores which began with the retail departments and by natural growth developed their present complete organization, the Swedish societies, by the aid of the capital supplied by Mr. Smith, have at once the advantages of a wholesale department, with the possibility of acquiring its full ownership in the future.

The business of the Swedish Workmen's Ring is at present confined to groceries and the products of butchering, together with a co-operative steam kitchen for workingmen, originally established by Mr. Smith but now operated as a department of the society.

Mr. Smith is also the promoter of a co-operative banking society, the Aktiebolaget Arbetareingens Bank, having a capital of more than 300,000 Swedish crowns, in shares of 25 crowns (£1 8s.) each, one fifth held by Mr. Smith and the balance held by about 8,500 workingmen.

CO-OPERATION IN SWITZERLAND.*

About 130 distributive societies are in operation in Switzerland, of which nine only existed prior to 1860. The larger number are in the cantons of Zurich, Bern, Saint Gallen, Neuchâtel, and Glarus, though some are found in every canton except Schwytz, Uri, Unterwald, and Appenzell-Interieur.

The majority of the societies, according to their professions, place chief stress upon securing supplies free from adulteration, and the moral advantages of co-operation, rather than upon low prices. These are mainly conducted by the German-speaking population. On the other hand, the minority aim at low prices chiefly, and of these three-fourths are French.

The capital invested in the societies is approximately as follows :

Share capital, 109 societies,	1,973,779 francs.
Reserve fund, 83 societies,	722,528 francs.
Bond investments, 9 societies,	430,921 francs.
Total,	3,127,228 francs.

Societies not represented in the above returns would, if included, probably enlarge the total to 3,250,000 francs. The total number of shareholding members has been estimated at 30,000, the total annual sales at 13,000,000 francs, and the total annual profits at 1,500,000 francs. The moral results attending co-operation in England also appear in Switzerland. No Swiss co-operative union has yet been established.

CO-OPERATION IN THE NETHERLANDS.†

Co-operative societies in the Netherlands have a legal sanction in the statute of November 17, 1876, and, although a few societies had been founded previously, the progress of the movement rests upon this statute.

The General Dutch Workmen's Union (*Het Algemeen Nederlandsch Werkliedenverbond*) and the Society for Self Help (*Vereeniging Eigen Hulp*) are corporations founded for the purpose of promoting co-operative societies and extending co-

* Authority : The Journal de Genève, March 6, 1884.

† Authority: J. Th. Braun, of the Hague.

operative principles. The first has its headquarters at Amsterdam, and the latter at the Hague. Both maintain newspaper organs.

The following co-operative societies have been established since 1876 :

Co-operative savings and advancing banks,	8
Consumers' societies,	23
Co-operative bakeries,	2
Co-operative butchering establishment,	1
Building societies,	13
Agricultural societies,	3
Society for managing funerals (undertakers),	1
Total,	51

Divisions of the Workmen's Union exist in several towns and have founded small associations administered under domestic rules and not incorporated. The co-operative savings and advancing banks are located at Amsterdam, The Hague, Leeuwarden, Middleburg, Goes, Enschede, and Veendam.

Most of the consumers' societies are upon the limited liability plan. The cash system is generally adhered to. Some sell only to members at as low rates as possible.* Others sell to every one and divide profits among members yearly in proportion to consumption, allowing undrawn dividends to remain on interest.†

The two co-operative bakeries enumerated are in successful operation at the Hague and at Koog aan de Zaan (North Holland) respectively. At the Hague, members upon joining pay 1s. 8d. In April, 1885, the society had 1,050 members. Dividends are paid in bread during the year as demanded, each member's dividend being in proportion to his consumption during the previous year. At Koog, the yearly surplus is divided among widows of deceased members, upon the basis of the consumption of the recipient during the previous year.

The agricultural societies conduct the business of transporting and selling farm produce for the common account of members, in foreign and native markets ; besides which one society has a productive character.

* Civil service plan.

† Somewhat similar to the Rochdale plan.

The co-operative associations that belong to the Society for Self Help have a common agency for the purchase of supplies in the *Gezamenlyke Inkoop van Eigen Hulp*, at Rotterdam, which, though loosely organized, is really the germ of a wholesale society.

A division of the Society for Self Help devotes itself to the dissemination of supplies among army and navy officers, and is similar to the army and navy supply societies in England, although at present rather limited in its operations.

CO-OPERATION IN AUSTRALIA.*

The leading co-operative society in Australia is the Equitable Co-operative Society, of Melbourne, administered on the Rochdale plan. Business was begun in 1882, and certain errors of management due to inexperience having been remedied, the society is now firmly established and progressing rapidly. Early in the present year, 1885, the number of members was 1,990; paid up capital, £46,100; and deposits, £7,000, drawing interest at five per cent.

The departments include groceries, hardware, wines and spirits, crockery, boots and shoes, drugs and chemicals, stationery, drapery, millinery, carpets and upholstery, tailoring and dressmaking. The number of employes in the distributive service is about 90, one-third of whom are boys and girls. About 56 productive employes are also engaged. A monthly journal, called the Equitable Co-operator, is published by the society in its interests and circulated free of charge. Goods are delivered free to purchasers in Melbourne and suburbs. An experienced buyer is employed in London, and about one-half the stock in trade is imported.

Some other distributive societies exist in Australia, called co-operative, but mostly upon the joint stock plan. Under the influence of the Equitable Society co-operation in that country will no doubt be further developed.

* Authority: Mr. William Nuttall, Secretary of the Equitable Co-operative Society, Melbourne.

THE ARLINGTON CO-OPERATIVE ASSOCIATION, AT LAWRENCE, MASS.

Distributive co-operation in the United States has been tried upon various plans, notably under the patronage of the Sovereigns of Industry, Patrons of Husbandry, Knights of Labor, and similar organizations. Being in most instances incidental only to the main purpose of such orders, the fate of these distributive stores has usually been determined by the success or failure of the primary objects of the organization.

In Texas a co-operative wholesale society and about 150 retail stores are in existence in connection with the order of Patrons of Husbandry.* Isolated experiments, not successful, have been made in New York City and in Brooklyn. The Arlington Co-operative Association, at Lawrence, Mass., however, furnishes an example of successful American distributive co-operation on substantially the Rochdale plan.

The association is limited to employés of the Arlington mills. In this feature of limitation the plan of the English stores is not adhered to, as membership in the latter is not restricted. Officers are elected annually, consisting of a secretary, treasurer, and ten directors, one of whom is chosen president by the board, and regular quarterly meetings are held. Special meetings may be called by the president with the consent of a majority of the directors, and must be called upon the written request of ten members. Auditors are chosen annually by the stockholders by ballot. The manager of the store is selected by the directors, and is at present a thoroughly competent person trained in the principles of distributive co-operation in England.

The administration of the society is similar to that of the English societies which we have described. Three members of the board of directors constitute an advisory committee whose duty it is to consult with the manager as to purchases of stock, and to approve all bills before the same are paid by the treasurer. The latter officer is placed under bonds. The manager is held responsible for the correct accounting of stock in trade, makes a daily report of sales and accounts to the treasurer,

* J. B. Long, Rusk, Texas.

and takes account of stock quarterly. He gives such bonds as the directors require for the faithful performance of his duties.

Members may hold from one to two hundred shares. The par value of shares is five dollars. Members upon joining pay an initiation fee of 50 cents, all sums so received being carried to the sinking fund, to which fund is also carried not less than ten per cent of profits annually. Under the rules the sinking fund is to be allowed to accumulate until it shall amount to 30 per cent in excess of the capital stock. Amounts carried to the sinking fund, and other sums in excess of the business needs of the association, are placed on deposit in the savings bank until sufficient in the aggregate to purchase five shares of Arlington mills stock, when the deposit, at the discretion of the directors, may be withdrawn and invested in such stock under such provisions as the treasurer of the corporation and the State law may require. "On all certificates of stock thus issued there shall be endorsed the provision that interest shall be paid at the rate of 1 per cent less than the average dividend declared by the Arlington corporation for the current year."* This provision as to investments, taken together with the fact that members must be employes of the Arlington corporation, introduces indirectly a productive element.

The cash system is enforced. No intoxicating liquors are sold. Sales are made at the average retail market price. Each stockholder has one vote in business meetings. Shares are withdrawable after thirty days' notice, or if, for any reason, payment is delayed after thirty days upon shares which a member has duly signified his intention to withdraw, such shares may be transferred to any other member who has not already the maximum number of shares to which he is entitled under the rules; but no transfer can be made to non-members, unless by the consent of the directors, in writing, signed by the president and secretary, and entered upon the records of the association.

After providing for the sinking fund, interest on capital stock at the rate of five per cent annually, and the payment of taxes, profits are divided quarterly in proportion to the purchases of the recipients, non-members sharing at half the rate allowed to members. After one dollar has been paid in on

* By-laws of the Association.

stock subscribed for, the subscriber is entitled to a full dividend. Dividends and interest declared on stock may remain on deposit. Interest on money paid in for shares commences on the first of each month. No interest is paid on shares withdrawn before the end of the quarter. When the undrawn dividends and interest placed to the credit of any person amount to the par value of one share, interest is declared on the accumulation in the same manner as provided for money paid in for shares, provided that such accumulation, together with the original shares invested, shall not exceed the par value of 200 shares.

The association was incorporated July 8, 1884. Business was begun September 15, 1884, and the first fiscal year was closed October 1, 1885. The average capital for the year, \$3,320, was turned over more than eleven times and thus realized a return of nearly 74 per cent in less than 13 months. The following statistical statement from the directors' report exhibits the uniform progress of the association :

Progress of the Arlington Co-operative Association.

CLASSIFICATION.	Total Sales.	Gross Profits.	Salaries, Expenses, and Interest.	Net Profits.
First quarter, 15 weeks,	\$10,828 89	\$1,743 62	\$1,024 93	\$718 69
Second quarter, 13 weeks,	8,783 92	1,479 52	954 98	524 54
Third quarter, 13 weeks,	8,615 01	1,087 15	830 46	256 69
Fourth quarter, 13 weeks,	9,967 12	1,809 75	1,036 61	773 14
Totals,	\$38,194 94	\$6,120 04	\$3,346 98	\$2,273 06

Progress of the Arlington Co-operative Association — Concluded.

CLASSIFICATION.	Profits divided.	Carried to Sinking Fund.	Interest on Capital.	Total Return on Capital.
First quarter, 15 weeks,	\$544 54	\$174 15	\$51 13	\$769 82
Second quarter, 13 weeks,	449 44	75 10	40 48	565 02
Third quarter, 13 weeks,	348 58	—91 89*	40 89	297 58
Fourth quarter, 13 weeks,	607 42	165 72	40 74	813 88
Totals,	\$1,949 98	\$323 08	\$173 24	\$2,446 30

* This amount deducted.

The totals of the foregoing table afford the basis for the following statement: The gross profit amounts to 16.02 per cent on sales; salaries and expenses 10.07 per cent on sales; net profits 5.95 per cent on sales; the profits divided represent an average on checks returned of 6.24 per cent for full dividend and 3.12 per cent for half dividend; the sinking fund represents more than 14 per cent of net profits besides initiation fees; the interest is 5 per cent on capital, and the total return on capital is 73.68 per cent.

At the close of the first year's business the share capital represented 664 shares; merchandise in stock, including dry goods and fuel, amounted to \$2,554.27; fixtures, \$767.28; cash in bank, \$1,249.26; and the association might well congratulate itself on the results accomplished, and the prosperous future apparently before it.

INDEX TO SUBJECTS.

	PAGE
INTRODUCTION,	5, 6
Legislative action respecting a pamphlet on co-operation,	5
Sources of information,	5, 6
 WHAT IS CO-OPERATION ?	 6-8
Co-operation as first advocated,	6
Co-operation at present,	7
Co-operation as defined by Holyoake,	7
Co-operative, as distinguished from joint stock associations,	8
Distributive co-operation defined,	8
 HISTORY OF THE MOVEMENT,	 8-22
The early social reformers,	8
Robert Owen, and his influence,	8, 9
The first co-operative newspaper,	9
The London Co-operative Society,	9
The first co-operative Congress,	9
Co-operative societies in 1830,	10
Character of early co-operative experiments,	10
Table showing existing societies established before 1844,	11
Failure of early stores, and the cause,	11, 12
The plan of M. Louis Blanc,	12, 13
Thomas Hughes' opinion of Blanc's work,	13
Organization of the Rochdale Pioneers,	13, 14
Statistics of the Rochdale Pioneers,	15, 16
Cardinal principles observed at Rochdale,	16
Progress of co-operation after 1844,	17
Frederic Maurice, and his work,	18
Legislation promoting co-operation,	18, 19
Holyoake's history published, and its influence,	19
Co-operation in 1862,	19
The establishment of the English wholesale society,	19
The establishment of the Scottish wholesale society,	20
The establishment of the Central Co-operative Board,	20
The establishment of a newspaper organ,	20
Co-operation on the civil service plan,	20, 21
Summary of co-operative progress since 1824,	21
Early and later efforts contrasted,	22
 THE FOUNDATION IN LAW,	 22-25
Statutes now in force,	22
Provisions respecting organization,	22
Corporate powers of societies,	23
Rules, how amended,	23

THE FOUNDATION IN LAW — <i>Continued.</i>	PAGE
Power of societies to contract,	23
Provisions as to trading,	23
Power to make loans,	23
Tax exemption,	23
Settlement of disputes,	23
Consolidation, and dissolution,	23, 24
Rights of minors in societies,	24
Members and their liability,	24
Shares, number permitted to be held,	24
Provisions respecting members dying intestate,	24
Official investigation, how secured,	24
Seals, offices, and returns,	24, 25
Penalties,	25
THE RETAIL STORE,	25-39
Introductory remarks,	25
FIRST STEPS,	25
CAPITAL,	25, 26
SHARES,	26
NATURE OF SHARE CAPITAL,	26-28
PAYMENT OF SUBSCRIBED CAPITAL,	28
REGISTRATION,	28
THE EXECUTIVE COMMITTEE,	28-30
Duties of the committee,	28
Number of members,	29
Tenure of office,	29
President, how elected,	29
Secretary and Treasurer,	29
Fees of members,	29, 30
Bonds,	30
BUSINESS PREMISES,	30
THE STOREKEEPER,	30
STORE FITTINGS,	30, 31
STOCK IN TRADE,	31, 32
Importance of careful purchases,	31
Range of articles to be kept in stock,	31, 32
Amount of stock,	32
Prices,	32
THE CHECK SYSTEM,	32, 33
Checks to prove purchases,	33
Fraud in the use of checks,	33
Checks upon the manager,	33
DUTIES OF MEMBERS,	33-35
STOCK-TAKING AND AUDITING,	35, 36
Fair stock-taking important,	35
Auditing, how conducted,	35, 36
ALLOTMENT OF PROFITS,	36, 37
Provisions of the model rules,	36
Depreciation of property,	36
Reserve fund,	37
Educational, social, and benevolent fund,	37
Congress fund,	37
Bonus to employés,	37
THE BALANCE SHEET,	38
SUMMARY OF ESSENTIAL POINTS,	38, 39

INDEX TO SUBJECTS.

109

	PAGE
THE WHOLESALE STORES,	39-50
Benefits of the wholesale stores,	39, 40
Failure of early attempts,	40
Organization of the English society,	40
Value of shares,	41
Goods, how sold,	41
Profits, how divided,	41
Establishment of central and branch departments,	41
The shipping business,	41
The banking department,	42
Administration of the society,	42, 43
Provisions governing business with retail societies,	43
The Scottish wholesale society,	43, 44
Statistical statement of relations existing between the retail societies and the English wholesale,	44
The amount of patronage furnished by the retails considered,	45, 46
Surplus capital and its effects,	46, 47
Productive enterprises of the English wholesale,	47, 48
The Crumpsall works,	47
The Leicester and Heckmondwike Shoe Works,	47, 48
The Durham works,	48
Tabular statement of profits of production,	48
Profits of the shipping enterprises,	49
Surplus capital further considered,	49, 50
 STATISTICAL ABSTRACT,	 50-63
Sources of information,	50, 51
Co-operative societies in the United Kingdom — 1862-1883,	52, 53
Co-operative societies in Great Britain — 1862-1883,	52, 53
Co-operative societies in England and Wales — 1862-1883,	54, 55
Co-operative societies in Scotland — 1872-1883,	54, 55
Co-operative societies in Ireland — 1872-1883,	54, 55
Results shown by the tables,	56
Co-operation in England and Wales, 1872 and 1883 compared,	56
Co-operation in Scotland, 1872 and 1883 compared,	56
Co-operation in Ireland, 1872 and 1883 compared,	56
Results of the comparisons,	57
Total population connected with the movement,	57
Ratio of sales, expenses, and profits to members,	57
Statistics of societies with annual sales amounting to £200,000 or more, — 1866-1883,	58, 59
Statistics of the English wholesale society from March, 1864, to June, 1885,	60, 61
Miscellaneous statistics of the English wholesale,	62
Statistics of the Scottish wholesale — 1869-1883,	63
 THE CO-OPERATIVE UNION,	 63-68
Objects of the Union,	63, 64
Provisions respecting membership,	64
Organization of the Union,	64-66
Proceedings of the Congresses,	66
Subjects discussed at the Congresses,	66
Statistics of the Union — 1869-1885,	67
The work of the Central Board,	67, 68
The Southern Guild,	68

	PAGE
REVIEW OF DISTRIBUTIVE CO-OPERATION IN GREAT BRITAIN,	68-74
The advantages of organization,	68
Reasons for success,	68
How far the movement is co-operative,	69
Criticism to which the movement is open,	69, 70
How producers and wage workers are affected,	70, 71
Benefits of distributive co-operation,	72-74
APPENDIX,	75-106
Introductory remarks,	75
CO-OPERATIVE PRODUCTION IN GREAT BRITAIN,	75-81
Views of leaders of the movement,	75, 76
Two schools of productive co-operation,	76
Individualists and federalists,	76, 77
Difficulties and advantages of each system,	77
Theories of Holyoake and others,	77-79
What has actually been done,	79-81
Table showing co-operative productive societies,	80
CO-OPERATION IN FRANCE,	81-86
Progress of the movement,	81
Statistics of co-operative societies of Paris,	82-85
Details of administration,	84-86
CO-OPERATION IN GERMANY,	86-90
Modes of development,	86
Classification of German societies,	86
The raw material supply associations,	86, 87
The industrial magazines,	87
The industrial productive societies,	87, 88
The agricultural societies,	88
German co-operative unions,	88, 89
Consumers' societies,	89
Classification of members in people's banks and consumers' societies,	89, 90
CO-OPERATION IN AUSTRIA,	90-92
Statute provisions,	90, 91
Statistics of Austrian societies,	91
Distributive societies,	91, 92
Productive societies,	92
CO-OPERATION IN DENMARK,	92, 93
CO-OPERATION IN SPAIN,	93
CO-OPERATION IN HUNGARY,	93, 94
CO-OPERATION IN ITALY,	94-98
Co-operative banks in Italy,	94
Distributive societies,	94-96
Co-operative bakeries,	96
Productive co-operation,	96-98
Co-operative associations of day laborers,	97, 89

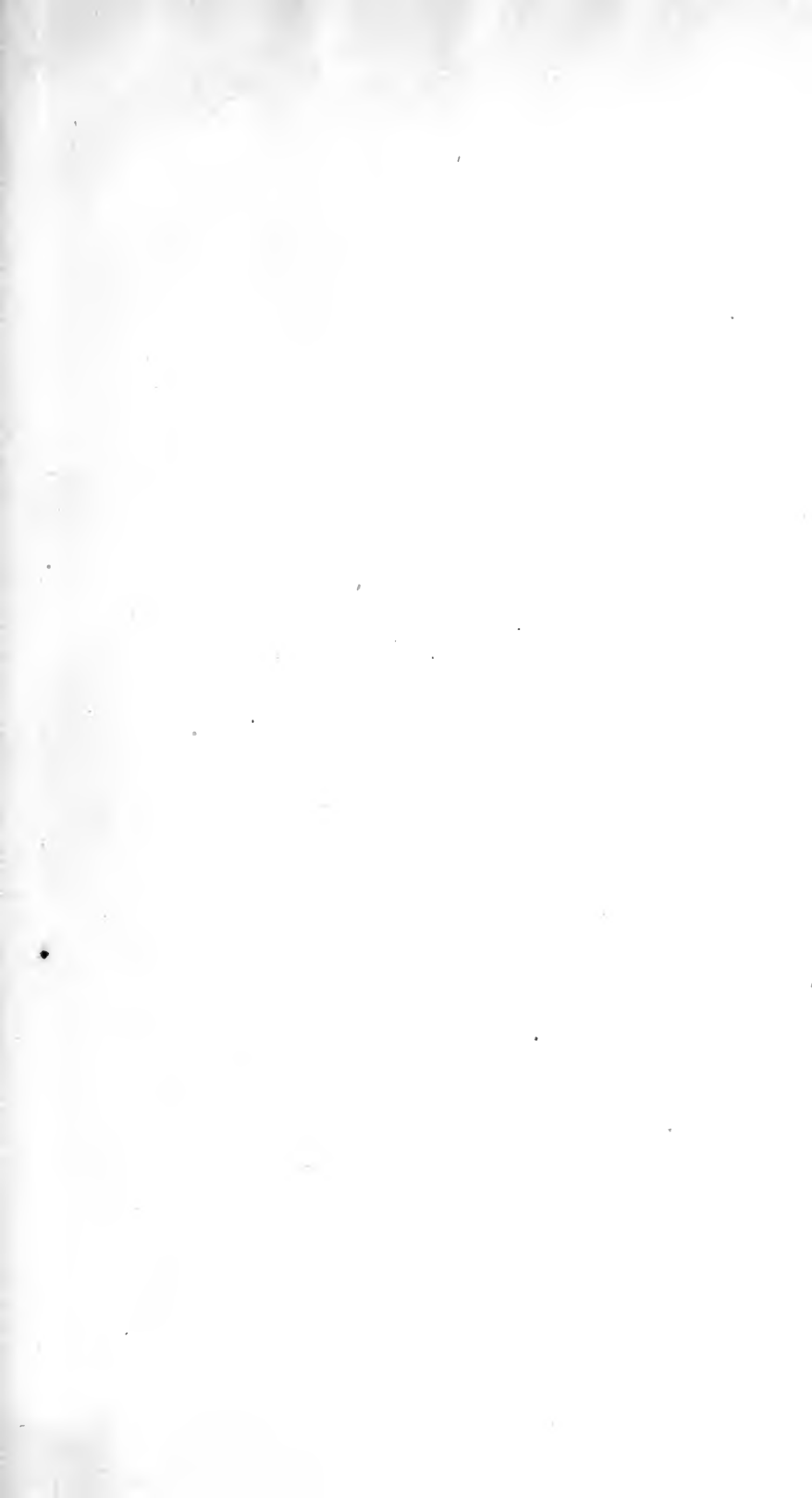
APPENDIX — *Continued.*

	PAGE
CO-OPERATION IN SWEDEN,	98, 99
The Workmen's Ring Society,	98, 99
Co-operative banking,	99
 CO-OPERATION IN SWITZERLAND,	 100
CO-OPERATION IN THE NETHERLANDS,	100-102
Statistics of societies,	101
Consumers' societies,	101
Co-operative bakeries,	101
The agricultural societies,	101
Wholesale agency of the Society for Self Help,	102
 CO-OPERATION IN AUSTRALIA,	 102
 THE ARLINGTON CO-OPERATIVE ASSOCIATION, AT LAWRENCE, MASS.,	 103-106
Distributive co-operation in the United States,	103
Plan of the Arlington Association,	103
Its officers, how chosen,	103
Mode of administration of the society,	103, 104
Provisions as to shares,	104
The sinking fund,	104
Profits, how divided,	104, 105
Statistics of the Association,	105, 106









THIS BOOK IS DUE ON THE LAST DATE
STAMPED BELOW

AN INITIAL FINE OF 25 CENTS
WILL BE ASSESSED FOR FAILURE TO RETURN
THIS BOOK ON THE DATE DUE. THE PENALTY
WILL INCREASE TO 50 CENTS ON THE FOURTH
DAY AND TO \$1.00 ON THE SEVENTH DAY
OVERDUE.

OCT 2 1941 M
APR 19 1948

~~APR~~
JUL 5 1952 LU

7 NOV 5 2 JY
MAY 14 1953 LU

11
035

YC 26527

HD 3486

.W8

39930

THIS BOOK IS DUE ON THE LAST DATE
STAMPED BELOW

AN INITIAL FINE OF 25 CENTS
WILL BE ASSESSED FOR FAILURE TO RETURN
THIS BOOK ON THE DATE DUE. THE PENALTY
WILL INCREASE TO 50 CENTS ON THE FOURTH
DAY AND TO \$1.00 ON THE SEVENTH DAY
OVERDUE.

OCT 2 1941 M
APR 19 1948

~~JUL~~ 5 1952 LU

7 NOV 5 2 JY

MAY 14 1953 LU

11
(3)

HD 3486

W8

39930

