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Working Men's Co-operative Organizations in Great Britain

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WORKING MEN'S CO-OPERATIVE ORGANISATIONS *in* GREAT BRITAIN.*

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[Read before the British Association, at Birmingham, in September, 1886.]

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THIS paper deals not with so-called civil service co-operative societies, nor directly with the question of industrial partnership.

It treats mainly of working men's co-operative societies as they now are, and discusses their opportunities.

The anticipations and hopes of J. S. Mill and other writers on this subject are well known, and it may be well to see what measure of progress has been made of late years.

The question here considered is as follows :—

How far does the development of the working men's co-operative organisations in Great Britain, especially during the last twenty years, throw light on—

I.—*The possibility of the Accumulation of Capital in the Working Men's Co-operative Movement.*

The main source of savings is to be found in the co-operative stores or distributive societies, which do a business of considerably over 20 millions sterling a-year.

* This is an outline of a paper read at the British Association meeting at Birmingham, September, 1886. The writer's opportunities of observing the workmen's co-operative movement have been chiefly derived from the fact of his having had a seat on their Central Co-operative Board for the last five years. For fuller information reference may be made to "Working Men Co-operators," by A. H. D. Acland and B. Jones, Cassell's, price 1s., or the Reports of Co-operative Congresses and other publications of the Central Board, which can be obtained by writing to the secretary, City Buildings, Corporation Street, Manchester.

The method adopted by these stores is as follows:—

Anyone may join on depositing 1s. The ordinary prices of the district are charged. Ready money payment only is allowed. The profits of the business are allotted to members in proportion to their purchases quarterly or half yearly, at rates varying from 1s. to 3s. on every pound's worth of purchases, according to the prosperity of the society. The sums so allotted must remain in the society till a share of 1*l.* has been made up. On this share and all future shares so accumulated the society gives 4, or more usually 5 per cent. This 4 or 5 per cent. is one chief reason of the desire to deposit money in the store. The result is a gradual saving of capital till there is often much more than can be employed in the business. The difficulty therefore with many societies is too much capital, not too little. The increase of business of these societies between 1865 and 1885 has been from 3 millions sterling per annum to over 20 millions sterling per annum. Nearly 20,000*l.* a-year is spent on lectures, news rooms, and other educational work. There are large sums of capital now lying almost idle at the banks.

The present result of the development above mentioned is the restriction of the amount which members may accumulate and the return of their savings to members who would prefer to leave them with the society. According to the Industrial and Provident Societies Act, 200*l.* may be held by each member as share capital. Both wife and husband might hold this amount, and societies can take loan capital besides. But in consequence mainly of former losses, and the (perhaps wise) timidity of committees, there is an increasing tendency to return savings to members, and limit the amount of shares tenable by members to 100*l.*, 50*l.*, or even 30*l.*

II.—*The successful Utilisation of the Capital Accumulated by Working Men in Industrial Enterprise.*

At the present time from 3 to 4 millions a year of productive or manufacturing business on a large or small scale is carried on, the capital for which comes mainly from the distributive or retail societies.

There are several forms of this:—

	£
(1). Manufacturing by the wholesale societies of England and Scotland. Annually about.....	200,000
(2). Tailoring, dressmaking, corn milling, baking, &c., by distributive stores	2,000,000
(3). Manufacturing by independent societies unconnected with the wholesale societies or distributive stores.....	1,500,000

(1). *Manufacturing by Wholesale Societies.*—There are two wholesale societies, one for England, one for Scotland. The

English society does a business of nearly 5 millions a year; the Scotch society about $1\frac{1}{2}$ million a year.

These societies are the property of the retail stores, which have created them for their own convenience for the supply of articles direct to their shops from England and abroad.

The committee of management or Directors are chosen by the votes of the retail societies from among their own ranks.

The societies have various depôts in England, in America, and on the continent.

The English wholesale society (like the retail societies) has had to refuse capital which its members (that is the retail stores) would willingly have deposited with it.

If this society had applied to the retail societies for capital to employ in manufacturing on which it could give a safe 5 per cent. interest, it might very probably have received 8 or 10 millions since its foundation twenty years ago. Its present capital is less than 750,000*l.*

It has adhered mainly to the work of the merchant, and has done comparatively little in the way of manufacturing.

It has two manufactories of boots and shoes, which do a business of 150,000*l.* a year. It also manufactures soap, biscuits, and confectionery.

Various reasons are given for not extending manufacturing more rapidly. One is the difficulty of locking up money in plant and buildings. Another is that the quarterly meetings of shareholders do not press the matter on the directors. The nature of this democratic organisation and control is somewhat interesting. The directors are not elected by special districts acquainted with them individually, but by the societies all over England. What is the likelihood, or the reverse, of getting "captains of industry" on to this board of directors?

At present no great sign of taking up productive work on a large scale is apparent.

The work that has been undertaken has, however, been well done in the main. Comparatively little money has been lost, and panics have been avoided.

(2). *Manufacturing by Retail Societies.*—Some of the large stores have erected large corn mills and large bakeries, and many societies employ tailors, dress makers, and the like; and some are now beginning to rent farms. In the large stores there is a great demand for milk, butter, and agricultural produce. Many of these societies, like the wholesale society, might, if they would, retain much larger sums of savings deposited with them by members at 4 or 5 per cent. than they now have.

Many committees prefer to run no risks and not to lock up

capital in co-operative productive enterprise. And they are not much inclined to put money into railway or other businesses managed by large capitalists.

The large co-operative saving for industrial purposes which would become possible if societies could utilise the money offered them is thus to a great extent curtailed.

The maintaining of the retail societies in a sound condition is, however, the first work to be done. The importance of avoidance of panics has to be constantly borne in mind.

Many disasters to retail societies have arisen from panics, and have been very serious. If a civil service store in London fails, another arises in its place. If a working man's store in a given town or village fails, the chance of successfully starting another may be retarded for a generation.

(3). *The Productive Societies, independent of either the Wholesale or the Retail Societies, but supported mainly by Co-operative Capital.*—Their total business is comparatively small, excluding the corn mills, which do a business of about 2 millions sterling a-year. The Manchester Printing Society does 35,000*l.* a-year, the "Hebden Bridge Fustian Company" 25,000*l.* Both these give the workers a share of the profits.

There is frequently a great difficulty in getting capital for societies of this class, especially at starting.

The failures of societies of this kind have been many in the past, and much discouragement has been the result. But as education and experience increase, there is no reason why many societies, like the Manchester and Hebden Bridge societies mentioned above, in certain kinds of easily managed industries should not succeed.

III.—*The Improvement of the Position of the Wage-Earners, and the lessening of Antagonism between Employer and Employed.*

Co-operation is sometimes defined as being only truly so-called when the worker has a share in the profits. This limitation has not been adopted here.

The Scottish Wholesale Society gives a share to its workers, the English Wholesale Society does not.

Some of the distributive societies give a share to workers and employés, the great majority do not.

The independent productive societies do so in most cases.

IV.—*Summary of Results.*

Large sums of savings are accumulated by co-operative societies. Much more might be forthcoming if means could be found for safely using it *in self employment*. There is a reluctance to embark

on any risky enterprise. Democratic management presents many difficulties. There is, however, a machinery in existence which when called upon can provide a large amount of working men's capital without difficulty.

V.—*Conclusion.*

How far is Walker's view, "Whatever may be true in politics, "the industry of the world is not tending towards democracy, "but in the opposite direction," to be justified by these facts?

Considerable qualification of this view may turn out to be necessary. But in any case the tendency of many observers is to undervalue the present co-operative work of working men, because they have not already in a few years solved the industrial problem.

The value of the work, as it now is, to a large proportion of the working classes of Great Britain, is very great. Remove its influence during the last forty years, and England would be very different from what it is.

We might take a country village store in Warwickshire as an instance of its benefits. This is a society managed by labourers, with 700 members, with a business of 18,000*l.* a-year, of which 2,000*l.* a-year is saved or returned to members, and owning freehold land and buildings (including twenty cottages) worth nearly 4,000*l.*

We might take some large North country town, and there are eight or ten towns which do a business of from nearly a quarter to nearly half a million. The educational work done in business training is considerable; the hopefulness on the part of the worker which is encouraged, and the value of the savings during a time of depression, must be borne in mind.

Industrially co-operation, as it now exists, has more influence than is often perceived. It is a great educator to the working classes in the methods of handling capital. It trains many able men, and labour becomes less and less looked upon as "a commodity" only.

Much of the best side of human nature is called out in this associated work. It is the development of this throughout business life without impairing efficiency and promptitude in management which is needed.

The capacity which has been developed by the movement was dormant and unsuspected forty years ago.

Many other similar unthought of developments are possible in the next half century,