

ROUTLEDGE REVIVALS

Co-operative Industry

Ernest Aves



Co-operative Industry

Ernest Aves (1857-1917) was an influential social analyst and civil servant. This title, first published in 1907, during Aves' work for the Board of Trade, investigates the different forms of industrial co-operation within Britain; the fundamental principle of this is arguably "equitable association", leading to increased profitability and the strengthening of industry. Chapters discuss such areas as centralisation, co-operative production and co-operative agriculture. This interesting reissue will be of particular value to students of economics with an interest in co-operative industry and the history of economic thought.

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CO-OPERATIVE INDUSTRY

BY
ERNEST AVES

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PREFACE

FROM time to time the pressure of other work has led to the postponement of the actual completion of this little volume, which had been almost written by January, 1905.

In its production I have been placed under obligations to many, but especially to Mr. J. J. Dent, of the Board of Trade, who has not only given me the benefit of his long, intimate, and exceptional knowledge of the Co-operative Movement, but has, with very great kindness, undertaken to bring figures, when necessary, up to date, and to see the volume through the press during my absence from England.

E. A.

OFF PORT ADELAIDE

April 1907

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CO-OPERATIVE INDUSTRY

INTRODUCTION

General Divisions of the Subject—The Beginnings of Industrial Co-operation—Robert Owen—The “Industrial Revolution”—Economic Inter-dependence—The Rochdale Pioneers—The Christian Socialists—Historical Landmarks—National Congresses—The Co-operative Union—Labour Co-Partnership Association—The Productive Federation—The International Co-operative Alliance—Agricultural Organization Societies—Women’s Guilds—Past and Present

INDUSTRIAL Co-operation is found in many forms, and in many degrees of completeness. The working-class “store,” the “Productive” workshop or factory, the “Profit-sharing” Joint Stock Company or private firm, the varieties of associated enterprise in agriculture are among its numerous types. Most of them could be again subdivided, and it would be useless to attempt to describe them all by any single formula. Constitution, financial basis, aim—all vary, and in consequence

the part that they play alike in the co-operative movement itself, and in the industrial life of the nation.

The wider diffusion of profits, the maintenance of industrial peace, increased "efficiency," the strengthening of a threatened industry of prime national importance are among the ideas that are apt to assume special prominence in connection with one or another of these different co-operative forms, and thus while the significance of all may be included under some such general national aim as that of "increasing economic and social well-being," no narrower statement would suffice. Since, therefore, co-operation stands for many things, it will be necessary to divide up the subject-matter of this volume, and the earlier chapters will be concerned with working-class co-operation, and its exceptional development in this country in the shape of the store and of the industrial and social movement of which the store is the most widely diffused, and most obvious sign. "Productive" co-operation and the partial application of co-operative principles to non-co-operative business and to agriculture, will form the subject-matter of later sections.

The cardinal principle of industrial co-operation is that of "equitable association," and in this there is nothing that is either new or even modern. In some of its applications, indeed, the principles of co-operation go deep down into the more ordinary forms of industrial life. They are peculiar to no epoch and to no people, and the independent productive society itself is, as Professor Marshall pointed out in his inaugural address at the Co-operative Congress, in 1889, "representative of a very ancient race."

Although, however, origins may thus be lost in a distant retrospect, the beginnings of industrial co-operation as we know it in this country to-day are rightly traced to much more modern sources, partly personal—an impulse springing from a single life, and partly historical—which perhaps is only another way of saying that the engendering impulses were diffused among large masses of the people. As regards the former, the source of inspiration is found in the life of one strenuous and famous man, Robert Owen, while those who first laid the sure foundations of success were a patient group of comparatively unknown men—the Rochdale "Pioneers."

As regards the wider impersonal forces, they are found in the changes wrought by that industrial revolution which, long before the little group of twenty-eight men in Rochdale had with difficulty collected their twenty-eight pounds of capital and started their little store, had swept away for ever the old peaceful but stagnant domestic system of industry, and in introducing the "large system," had at the same time created the new class, numerous and distinct, of the factory employee. Much of the history of co-operation is the record of an industrial expedient by which this new class has endeavoured to deal with the new problems, social and economic, with which it was confronted.

In the changes and in the industrial difficulties and impulses of the early years of the nineteenth century, the chief explanation of the beginnings of industrial co-operation are thus found. They were times of stress, when food was dear, and wages low, when legal disabilities hampered labour at every turn, when women and children were unprotected by the Factory Acts ; and when home conditions were being deteriorated and home

stability threatened by the pressure of the new economic conditions that mechanical inventions and the rapid growth of the manufacturing industries were introducing. Wealth was being rapidly amassed, but in spite of this, the spread of well-being for large sections of the people was checked. Population was rapidly increasing, but for many the country did not produce the means of mere subsistence, and it was between 1795 and 1834 that, as Arnold Toynbee has said, "the problem of pauperism came upon men in its most terrible form."

It was a time that had made Cobbett an agitator, and that led Lord Shaftesbury to become a social reformer; Carlyle to write his "Past and Present," and Mrs. Browning to chant her "Cry of the Children." The Luddite Riots of 1811 had been an episode not less of suffering than of ignorance, and the political forces of working men that had helped to bring about Reform in 1832 gathered again in a fever of disappointment in the Chartist Movement of 1839.

The experiences of these early decades were thus object-lessons of social and industrial

needs, and pressed with unusual force upon the sympathetic imaginations of thoughtful men. No mind was more responsive than that of Robert Owen himself, an enlightened employer possessed of unbounded energy, and from an early period of his life, as he had described himself, "an active man of business, of close and accurate observation." It was this man, who had started business life as a lad, and had become the manager and part proprietor of mills at nineteen, who was led to re-model the conditions of employment of his own work-people, and was thus induced by his great success, to experiment with wider projects of reform, to elaborate his "rational system" of a new order of society, and to expound the doctrine of a communistic basis of life in which men and women brought under new educational influences were to work with a new social impulse, in which remuneration should no longer be based upon a competitive wage system, and in which the stress, the uncertainty, the profit seeking, and the harmful fluctuations of the open market were to be abolished.

Owen showed himself in the earlier years of his life to be something of a practical genius,

but in his teaching he proved himself to be something more. He was an idealist and an optimist, and, perhaps, by the very virtues of his mind, was led to place too ready a confidence in the power to realize a dream of industrial life in which men and women inspired to "temperate but effective labour," by "a community of mutual and combined interest," should afford a practical demonstration of the possibility of eliminating the worst evils of distress and unemployment.

Owen, like so many other reformers, did not allow sufficiently either for the inferiority, the apathy, or the ignorance of the individual units upon whom, in the last resource, every social public reform is dependent, or for the slow workings of intellectual and moral change. Neither, it must be added, did he allow for the complexity of industrial life, or realize its essentially organic structure. His schemes were often at once too simple, too artificial, and too optimistic, and though they were based on the hopeful anticipation of a widespread personal reform, and intended to be democratic in their constitution and conception, they would have required in practice the guiding

presence of a moral if not of an administrative autocrat.

Although, however, his proposals led to no prolonged successful concrete effort, yet, from their ethical attractiveness, and because of the seriousness of the evils from which they were designed to help men to escape, they stirred the generous impulses and the hopes of large numbers of the people. Owen, forceful in action and full of ideas, had become, as Sir Leslie Stephen has written, "one of the most important figures in the social history of the time," and many were ready to follow his inspiring lead, and to make serious efforts to give effect to his proposals.

For these, as for ordinary industrial enterprises, large supplies of capital were necessary, and it was thus mainly as instruments by which capital could be acquired to be used for communistic purposes, that from 1827 to 1832, the Owenites founded large numbers of co-operative societies, between four and five hundred having, it is said, been in existence in the last-mentioned year. The following extract *

* Quoted in Benjamin Jones' "Co-operative Production," Vol. I., p. 77.

from the *Brighton Co-operator*, of May, 1828, will sufficiently explain the hopes and aims of these early efforts.

“Wherever you go,” the editor wrote, “you hear of hard work, low wages, and pauperism. This distress is the inevitable consequence of working for others instead of working for themselves. . . .

“It is capital we want. . . . We must form ourselves into a society for this special purpose ; we must form a fund by weekly deposits ; as soon as it is large enough, we must lay it out in various commodities, which we must place in a common store, from which all members must purchase their common necessities, and the profit will form a common capital to be again laid out in the commodities most wanted. Then we shall have two sources of accumulation—the weekly subscription and the profit. . . . The society will be able now to find work for some of its own members, the whole produce of whose labours will be common property. . . . As the capital accumulates still farther, it will employ all the members, and then the advantages will be considerable indeed. When the society has accumulated sufficiently, the society may purchase land, live upon it, cultivate it themselves, and produce any

manufactures they please, and so provide for all their wants of food, clothing, and houses. The society will then be called a community. . . . But if the members choose to remain in a town, instead of going into a community, they may derive all the advantages from the society which I have stated."

As if for settlers in a new country, the picture is drawn; with a little capital and a little land, it was hoped that a self-contained community could be formed, of those who, withdrawing if need be "from the town," could provide "for all their wants." The extract reflects the widespread fallacy that it was easy to provide a way of escape from an industrial environment from which escape was for all most difficult, and for the great mass of men, impossible. And the difficulty increases. Administrative reform, largely sanitary, and the ways in which government, local or central, spreads its tentacles, alone tend to make the general life more organic, the individual less entirely free. Moreover, the nerve strands of industrial life are far more numerous now than then, their network more interwoven and more widely spread. The industrial world, at

the same time, grows smaller as well as more closely knit together, and as distance is annihilated and the powers of intercommunication are increased, the inter-dependence of every part becomes an increasingly important and real fact. This is at once the source of the hope of industrial stability in the future, and the cause of many of the disturbing fluctuations of the present time, but it leaves uppermost in our minds the idea of healthy development rather than that of isolation, on however lofty a pinnacle, or of re-construction, however carefully it be planned. Thus, save in exceptional and insignificant forms, it leaves the idea of self-contained communistic life, be it by units or by groups, more and more of a chimera every day.

It follows, therefore, that however idealistic and however considerable the moral worth of separatist industrial schemes to-day may be, none have great practical significance or even importance. The great working-class movements of to-day in this country—co-operative, trade union, and friendly society—are thus found, each in its own way, trying either to fashion an industrial life that in its main

features and foundations is accepted, or, more often, simply to strengthen the position of those who stolidly take their part in it. The modern co-operator is, it is true, more than any other, trying to carve out from the whole a sphere that shall be determined by his own scheme of things ; but even with him, however bold his dreams of the future may be, the vastly greater part of his effort is conducted under conditions which are, for the most part, acquiescent in those under which the main body of the industry of the country is carried on.

Moreover, even as co-operative industry spreads, it becomes, at the same time, more and more complex and more dependent. Factories, for instance, are built, and the most modern machinery, made often by individualistic patentees, is introduced ; or housing schemes are entered upon, and the manifold products and conveniences of the world of non-co-operative manufacture are freely requisitioned. Sectional independence is, or should be, a bygone cult driven out by the mighty forces that make constantly for a great unity. It is realized, for instance, that the only hope

of stability for even such a modern project as that of a "Garden City"—so attractive and even so hopeful in many of its aspects—must be found in the presence of either manufacturers or individuals who, for the most part, find their market or their means of livelihood in the greater world outside.

In the same way, the communistic principle of equality of remuneration has been beaten out of court by the inequality of powers and the varying gifts of energy and will possessed by men, and the demands for greater "equality of opportunity" and for a "living wage" are its nearest modern equivalents. Finally, it has been found impossible to dispense with the impelling and guiding force of individual profit in industry.

It would, however, be misleading and unjust to Owen's memory to conclude that because "Owenism," as embodied in concrete projects of industrial reform, led to no great successes, his is a record of failure. On the contrary he, perhaps more than any other man, sowed the seed and tilled the stubborn soil out of which many of the most fruitful efforts, administrative, educational, and industrial,

were destined to spring. In the strikingly successful management of his own business, he demonstrated the practical truth of the principle that, even in their own interests, employers should consider the welfare of their workpeople. The Co-operative store that he himself established, and which has been described, so fertile was he in experiment and projects of reform, as "a mere detail" in the management of his factory, has helped to pave the way for that distributive store movement which is to-day the most conspicuous form that co-operation takes in this country. Further, Owen looked always above all else for the introduction and spread of political action, of an industrial system and of social ideas that should be productive of well-being and formative of character, and in the Factory Acts, in the now accepted principle that, if men are to have a fair chance of living decent lives, the material conditions by which they are surrounded must be also decent, above all in our national system of education, and in the growing practical recognition of the fact that in the training of life when young is found the best guarantee of trained and disciplined life when the more

formative years have passed by, his influence is seen. He thus takes his place in history as a pioneer of the first order—of the order whose greatest achievements are found not in what they accomplish, but in what they initiate, in what they point to not less than in what they reach. Although, as schemes, with the common weakness of most schemes—the too rigid application of theoretical conceptions—many of Owen's plans broke down, the value of much of his teachings remains for this generation hardly less than for his own to assimilate—the lessons of the sense of communal service, of the more generous recognition of the greater equality of claims and hopes that all men in the absence of restrictive and maleficent training should be able to share, and, if wealth be amassed, the acceptance of its great responsibilities no less than its delights.

In other directions, without any of the ulterior objects of the Owenites in view, co-operative societies were also being formed in these early years, much as they often are to-day, “as a defence against the inroads of the distributing classes on the working-men's

pocket; and also as a means of promoting ready-money dealings, and the prudence in expenditure which usually accompanies such dealings." *

The conditions under which ordinary retail trading was carried on pointed to the need of such societies. "The back streets of the manufacturing towns swarmed," we are told, "with small shops in which the worst of everything was sold, with unchecked measures and unproved weights." † But the difficulties were great: improvidence was rife, and "the general indebtedness among the working people made success almost impossible."

Useful though any new plan of retail distribution was, that helped to check the current practices on the one hand of offering inferior commodities at extravagant prices, and on the other of reckless spending, the early form of co-operative store had no special attraction for the industrial classes. From the modern co-operative point of view, the economic basis was unsound: "a certain number of persons

* Ludlow and Lloyd Jones, "Progress of the Working Classes, 1832-1867," p. 132.

† Ibid.

supplied the capital in small shares ; and divided in proportion to the capital invested whatever profit was made." In some cases capital was put in in larger sums by the well-to-do and the well-disposed ; but the constitution of the modern co-operative store, although not entirely unknown, had as yet attracted no attention, and its adoption had been attended by no marked successes.

It does not come within the scope of this little volume to attempt to write even the co-operative chapter of economic history. This has been already done, sometimes in very full detail, and sometimes in brilliant outline, by more than one writer ; but it is desirable to turn the mind of the reader for a moment to a few landmarks in co-operative history, and especially to the work of the Rochdale Pioneers, who have been already mentioned.

It is because of the success of their venture, that the Pioneers are regarded as the practical founders of the co-operative store movement in England. They made no great discovery, but they put their enterprise on a sound, and, for those to whose suffrages they afterwards appealed, on an attractive basis.

The first item of their programme was "the establishment of a store for the sale of provisions, clothing, etc.," but they hoped also to build homes for some of their members; to manufacture articles so as not only to produce commodities that their members might acquire, but to provide "employment for such members as may be without employment, or who may be suffering in consequence of repeated reductions in their wages." Unemployment and low pay were also to be met by the provision of employment upon the land, and it was hoped that after a time the society might be able "to arrange the power of production, distribution, education, and government" for a "self-supporting home colony of united interests" and to help other societies to establish such colonies.

Hopes and aims were therefore of the widest, but the practical success of these men is always identified with their comparatively humble object of "establishing a store." The essential features of this part of their scheme were the payment of a fixed rate of interest on the share capital, and dividing up the elastic element of profits among the members according to the amount of their purchases. Except