BRITISH CO-OPERATIVE HISTORY

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CONTENTS

1. Introduction

2. Pre-Rochdale Co-operative Movement

3. Practices of the Rochdale Society of Equitable Pioneers

4. Britain's Rochdale Co-operative Movement

5. Consumer versus producer co-operation

6. Co-operative development within the British Empire

7. British co-operation post 1945

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1. INTRODUCTION

This paper focuses on Britain's two main contributions to global co-operative history, namely Rochdale and the development of co-operatives throughout the British Empire. Rochdale's place in co-operative history is well-known. For that reason this paper concentrates more on showing how people, places and time shaped the success of the Rochdale model. It skims British co-operative history and is necessarily superficial but it is hoped that footnotes suggest further reading.

2. THE PRE-ROCHDALE CO-OPERATIVE MOVEMENT

Common ownership ideas lie deep in British history. During the feudal period villagers or "commoners" could raise personal livestock on "common land". More abstract ideas of "commonweal" emerged in the 17th century with the Puritans and Cromwell's short-lived Commonwealth. A century later the European Enlightenment generated ideas about liberty, equality and fraternity. They encouraged revolution in France but prompted more evolutionary changes in Britain. Her radical ideas were influenced by John Locke (1632-1704), Jeremy Bentham, (1748-1832) and John Stuart Mill (1806-73) who advanced concepts of natural and individual rights; also ideas about maximising utility, creating the "greatest happiness of the greatest number" and about the "common" or collective good. Such concepts shaped the British liberal tradition and the ideas of Robert Owen (1771-1858) who inspired the Rochdale Pioneers. However, Owen's ideas were not new. (1) Rather they were the "common property to the radicals of his time and therefore added up not so much a 'new view of Society' but rather a variety of philosophical radicalism (that) belongs to the stream of British empirical philosophy."

The Rochdale Pioneers were also influenced by the ideas of Dr. William King (1786-1865). These were disseminated mostly in his journal *The Co-operator* published between 1828 and 1830. It was one of a number of co-operative journals that appeared around about then which could have explained a marked increase in co-operative experimentation in the late 1820s and early 1830 including a failed Society in Rochdale. King accepted most of Owen's ideas but differed from him on how to raise money for the co-operative communities that Owen's proposed. Whereas Owen gave considerable personal financial support or sought funding from other philanthropists King suggested that poor people could raise the initial capital themselves. His idea came from the growing number of mutual benefit societies whose members paid small weekly amounts which could be redeemed at times of sickness and death. King took the idea one step further when he suggested that intending co-operators should buy basic provisions wholesale and distribute them to their members through mutual trading. The profits from this could help swell the funds with which to found a community. The Rochdale Pioneers adopted these basic ideas.

Rochdale was not, however, Britain's first co-operative. Its importance lay in the formula it provided for success and on which a Movement would be based. It took many ideas from earlier "co-operatives" and learned lessons from their failures including the one in Rochdale ten years earlier. It is difficult to determine the nature and extent of what is

sometimes called the "Georgian" or pre-Rochdale Co-operative Movement". Working class records of the period are fragmentary. For example, no extant list of the original Rochdale Pioneers exists. A lack of organisational and business skills may help to explain this but another reason was often the need to hide from the authorities. A number of repressive measures were in place. They included the Combination Acts which prohibited workers joining together or Acts that outlawed radical Correspondence Societies for fear they would disseminate seditious ideas imported from revolutionary France. Nevertheless, against this background the first Friendly Societies Act was passed in 1793 permitting the formation of mutual benefit societies. It did not allow them to buy and distribute basic foodstuffs to their members which did not become possible until the passing of amending Acts in 1834 and 1846. (2) Mutual benefit societies and those that bought basic foodstuffs in bulk to distribute to members were examples of early "co-operatives". The other was corn mills. A number of these were established to help ease big increases in the price of bread particularly during the Napoleonic Wars and some later went on to sell basic foodstuffs.

Fragmentary evidence points to such collective experiments dating back to the 1760s suggesting that there was a long period of experimentation. A considerable part of this predated Robert Owen who, it is believed first coined the term "co-operative" along with "socialist" and "working classes". Early British co-operative initiatives are often labelled pre-Rochdale. It is interesting to note that the word "co-operative" is not used in the name of the Rochdale Society but rather that of "Equitable" which helps underline one of its basic philosophic concepts.

The popular belief is that there were 28 Pioneers who were weavers. No definitive list exists to confirm this. Moreover, 20th century research suggests that "of the original Pioneers, there were more than 28 and only a minority of them were weavers" (3) Many are known to have been Owenites or Chartists; the latter campaigned for Parliamentary reform and extension of the electoral suffrage. Prof. Brett Fairburn illustrates the interaction of people and place in his observation that:

> "..rather than stressing that Rochdale was started by twenty-eight weavers (a social-economic category) who were poor (lacking economic resources), we should perhaps stress that it was started by ideologically motivated Owenite activists (a cultural-political category) who were rich in 'social capital' – the ideas, the networks, and the practical experiences that enabled them to get things done. Perhaps we should look at what factors, in the Rochdale environment, favoured their success and the ways in which they were lucky rather tthan predetermined to succeed. To dwell on the connection between the surrounding society, culture and politics is to make a different kind of statement about what co-operatives are and where they came from." (4)

The Rochdale environment was significant. G.D.H. Cole has observed that during the first half of the 19th century the town was next to Manchester and Leeds as a centre of working-class activity. B.J. Youngjohns noted also that it was well-known as "the home

of all the sects" both religious and political (5) He also tells us that the Pioneers supported other radical causes such as the Anti-corn League, the Ten Hour Movement which campaigned for a working day of no more than ten hours, and the Temperance Movement. The Rochdale Pioneers were clearly activists and radicals who lived in turbulent times in a turbulent place.

It is likely that their Society was able to take root in a period in which there was a slight lessening of repressive measures. Early co-operatives had to prove that they were not radical Corresponding Societies and the Friendly Society legislation enabled them to do that. In 1824 the Combination Acts were repealed but partially reintroduced a year later following an upsurge of industrial unrest. The 1825 Act undoubtedly hindered trade union development but less so that of co-operatives who were able to show that they were not in restraint of trade. Even more helpful was the passing of the Truck Act of 1831 which outlawed the Truck system which had permitted employers to operate shops on their premises from which they compelled their workers to buy as a condition of employment. The system allowed employers to determine the price and quality of the goods they sold and workers who fell into debt became tied to their employers until their debt was repaid. Employers could also pay their workers in tokens redeemable for goods only in the employer's store.

Possibly the Truck system would have fallen into disuse in any event. By the 1830s increasing urbanisation and expanding towns were creating larger markets for labour and goods. Workers enjoyed greater freedom in finding alternative employment and rival shopkeepers were attracted into bigger markets. Relatively greater freedom and a lessening in repressive measures may help explain a sudden burst in the formation of new co-operatives in the 1820s and 1830s, (6) which undoubtedly provided important lessons for the Rochdale Society of 1844.

3. PRACTICES OF THE ROCHDALE SOCIETY OF EQUITABLE PIONEERS

The aims of the Rochdale Society are set out in what they called "Law the First":

> "The objects and plans of this Society are to form arrangements for the pecuniary benefit of the social and domestic conditions of its members, by raising a sufficient amount of capital in shares of one pound each, to bring into operation the following plans and arrangements.
>
> The establishment of a store for the sale of provisions, clothing etc.
>
> The building, purchasing or erecting a number of houses in which those members desiring to assist each other in improving their domestic and social conditions may reside.
>
> To commence the manufacture of such articles as the Society may determine upon, for the employment of such members as may be without employment or who may be suffering in consequence of repeated reduction in their wages.

> As a further benefit and security to the members of this Society, the Society shall purchase or rent an estate or estates of land, which shall be cultivated by the members who may be out of employment, or whose labour may be badly remunerated.
>
> That, as soon as practicable, the Society shall proceed to arrange the powers of production, distribution, education and government or in other words, to establish a self-supporting colony of united interests, or assist other societies in establishing such colonies.
>
> That for the promotion of sobriety. A temperance hotel be opened in one of the society's houses as soon as convenient. (7)

This statement is ambitious and forward looking and became the basis of the Rochdale or Co-operative Principles. No early statement of them survives but a guide can be taken from the Society's annual almanac for 1860:

> "The present Co-operative Movement does not intend to meddle with the various religious or political differences which now exist in society, but by a common bond, namely that of self-interest, to join together the means, the energies, and the talents of all for the common benefit of each.
>
> (1) That capital should be of their own providing and bear a fixed rate of interest.
>
> (2) That only the purest provisions procurable should be supplied to members
>
> (3) That full weight and measure should be given
>
> (4) That market prices should be charged and no credit given or asked
>
> (5) That profits should be divided pro rata upon the amount of purchases made by each member
>
> (6) That the principle of 'one member one vote' should obtain in government and the equality of the sexes in membership
>
> (7) That the management should be in the hands of officers and committee elected periodically
>
> (8) That a definite percentage of profits be allotted to education
>
> (9) That frequent statements and balance sheets should be presented to members" (8)

The following acronym may assist the memory:

R religious and political neutrality

O open and voluntary membership

C cash trading – credit forbidden

H homogeneous market prices – selling at market prices

D dividend pro rata to purchases **and** democratic control with one member one vote

A adulteration of food forbidden

L limited interest on self-provided capital

E equality or equitability **and** education of co-operative members

These practices comprised a clear system and were also innovatory. For example one member one vote was far in advance of the Parliamentary suffrage which had begun with the Reform Act of 1832 but would not be complete until the Representation of the People Act in 1828. In 1844 Rochdale conferred equal voting rights on men and women members. While such democracy cannot easily be compared with Parliamentary democracy, it nevertheless gave members a say over things that affected them directly including the supply of pure foods, increasing disposable incomes, learning how to run a simple business and their early education.

Some of the Rochdale practices were taken from earlier co-operatives which by the 1830s had sufficiently developed a sense of identity to hold eight Congresses between 1831 and 1835. Robert Owen presided over six of these, thus illustrating his degree of influence. (9) His religious views were becoming more and more unorthodox and early co-operators attempted to distance themselves from them. A prime mover was Lady Arabella Noel Byron (1792-1860) who is sometimes dubbed the "Godmother" of British co-operation. Marrying Lord Byron, the poet in 1815 but separating a year later she raised their daughter alone but with Dr. William King as her tutor. Lady Byron was prominent in Georgian co-operation in the Midlands and the North West and was involved with the earlier Rochdale Society. Among Lord Byron's titles was that of Baron Rochdale and nominally Lady Byron was Lady of the Manor of Rochdale until his death in 1824. After it she became the Dowager Baroness of Rochdale and retained her links with Rochdale. A considerable benefactress of co-operatives she was closely involved with the 1830s Congresses along with Dr. William King.

It has been recorded that:

> "Ahead of her time as a Christian Socialist, Lady Byron discreetly met the great secular Co-operator, Robert Owen,

> three times over 1829-30 to bridge their religious gulfs, policy gaps and ideological differences. She was successful, with Owen's own noble assent, in persuading the Co-operative Congress to disassociate Co-operation from any sectarian religious attachments or millenialist political cults: and in particular to detach Georgian Societies publicly from the controversial para-theological beliefs and impolitic large-scale ambitions of Robert Owen." (10)

King had already argued that co-operation was voluntary, should never be compulsory and should depend on no power but its own. He believed that governments could cramp or misdirect co-operatives' energies although we should remember that he spoke at the time of laissez-faire attitudes to government.

The 1832 Co-operative Congress passed the following resolution:

> "Whereas the co-operative world contains persons of every religious sect and of every political party, it is resolved that co-operators as such, jointly and severally, are not pledged to any political, religious or irreligious tenets whatsoever; neither those of Mr. Owen, or any other individual." (11)

The principle of religious and political neutrality therefore pre-dated the Rochdale Society of 1844, as did the idea of dividend on purchases. Some earlier societies had experimented with this including the Lennoxtown and Cambuslang Societies in Scotland and the Meltham Mills Society in West Yorkshire close by Rochdale. (12)

Rochdale was therefore not necessarily new. Its significance in British co-operative development was the way it melded the philosophic concepts of equality, mutuality, democracy, and economy to *inter-related* practices that provided a formula for success. For example, the practice of one member one vote and the equitable distribution of the dividend were expressions of equality as was a rate of dividend which was the same for all members although amounts received varied according to purchasing needs. Democracy could be seen not only in the principle of one member one vote but also in periodic elections and the accountability of those elected. Economy was reflected in the way that share capital contributed by members received only a fixed and pre-determined low rate of interest so that it could never be a spur to profit at the expense of labour as in private business. One consequence was that co-operative members' share capital constituted a cheaper and more economic form of capital: members looked for tangible returns in the quality of the goods they bought and an eventual dividend on purchases.

Ironically the practice of selling goods at current market prices had been a defensive mechanism to head off local traders' hostility but invariably led to profits. One way to avoid this was to describe profits as "surplus" which was reasonable given that they resulted from mutual trading: how could individual members make a profit out of themselves? Another way of avoiding profit was to divide the surplus in three main ways: to reserves for future development, to a collective dividend to finance societies' education and cultural activities, and to an individual dividend to members. In such ways

the term “dividend” took on new meaning in co-operatives quite different from that used to describe the return on shares held in private companies.

Co-operatives achieved other economies when they established wholesales which later entered production. This vertical integration brought new economies of scale as well as an improved capacity to link co-operative production to the likely demands of primary retail societies thus rendering co-operative production less speculative than other forms of production.

Some argue that education was also an underlying Rochdale co-operative principle and it is difficult to disagree with this. It is, however, necessary to specify the kind of education meant. Basic education envisaged by Owen and the Rochdale Pioneers has largely been taken over by the state. Early co-operatives’ reading rooms of the kind operated by the Rochdale Society have been superseded by public libraries. It is sometimes argued that co-operatives are in themselves educational because they allow their members to learn to run their own businesses. Nevertheless it is difficult to argue that education is a basic co-operative principle in the same way as equality, mutuality, democracy and economy.

Let us now trace the Movement that was based on these principles.

4. BRITAIN’S ROCHDALE CO-OPERATIVE MOVEMENT

It grew quickly but early statistics are difficult to ascertain. By 1862 *The Co-operator* founded by Henry Pitman brother of the more famous Sir Isaac who created a shorthand system, reported that 300 societies existed with a combined membership of 77,000, and a combined capital of £349,000. (13) No central organisation existed at this time to collect statistics. Such collection became the function of the Co-operative Union when it was established in 1869. During the same decade the Movement established its two Wholesale Societies but was still evolving at primary society level.

An early problem for the Rochdale Society was whether it should open new branches to accommodate a growing membership or encourage new members to form separate co-operatives. Horizontal integration was finally decided upon and increased local strength. An optimum size for a retail society was never agreed and perhaps ongoing changes in transport, technology and urban development made this unrealistic. Certainly such developments created a shift of co-operative goals. The earlier one of creating purpose-built co-operative communities was superseded by unplanned neighbourhoods in which workers in local mills and factories lived. Often they did so in closely packed housing in terraces or in streets with back to back houses. They readily became acquainted with each other. Local services sprang up including co-operative stores, churches, pubs and often local football grounds. In effect these neighbourhoods became a new kind of community that made withdrawing to a separate co-operative community appear somewhat artificial.

Today we speak of subliminal advertising. It may well have existed in a different form in the second half of the 19th century when the growing number and frequency of co-operative branches created the kind of subliminal propinquity that was likely to have encouraged stronger co-operative loyalty. It was strengthened by the appearance of co-operative branded goods. Overall a co-operative identity was emerging.

While the optimum size of a primary society might not have been agreed co-operators were learning how to establish federal or secondary societies to perform the specialist functions such as bakeries, dairies and laundries that they were perhaps not large enough to carry out for themselves. The largest initiatives were the setting up of the two national Co-operative Wholesale Societies, that for England and Wales in 1863 and for Scotland in 1869. (14)

The idea of co-operative wholesaling was not new and had been present in the Georgian Co-operative Movement.: Lady Byron had donated funds for the setting up of North West Co-operative Wholesale Society in the early 1830s. (15) Its aim had been to create employment as well as the provisioning of local societies. Lady Byron's funding had been paternalistic but by the 1860s a sufficient number of primary retail societies existed to be able to establish, own and control their own Wholesales. They needed them to ensure continuity of supplies: hostile private producers often pressured producers not to supply co-operatives who were becoming their major competitors.

We have already referred to the establishment of the Co-operative Union Limited in 1869. (16) It was to become the Union of all British co-operative societies whether retail or wholesale. Among its functions were those of organising an Annual Co-operative Congress, producing co-operative statistics, and framing model rules for new co-operatives. It later created an Education Department which set up a Co-operative College in 1919 and between the two World Wars a Propaganda Department to popularise co-operatives. The Union also became an Employers' Association in support its member societies which were becoming large employers. It also developed trade association functions as its members became engaged in an increasing number of specialist trades. With the appearance in 1871 of the newspaper the C*o-operative News* (17) the British Consumer Co-operative Movement was becoming unified, organised and disciplined. Statistics were now regularly given to the Co-operative Union. Those for 1914 show that 1,385 societies existed with a combined membership of 3,054.00. (18) The Movement now had a mass membership and through vertical and horizontal integration now comprised a series of inter-connected parts. Direct democracy with one member one vote remained at primary level but with more indirect forms at federal levels.

Such growth was facilitated by appropriate legislation. Achieving it was a slow, piecemeal process that owed much to the efforts of the Christian Socialists. They comprised a loosely knit group including the Rev. Charles Kingsley (1819-1875) author of *The Water Babies,* J.M. Ludlow (1821-1911) lawyer, Thomas Hughes (1822-1896) author or *Tom Brown's Schooldays* and lawyer, judge and Member of Parliament, Edward Vansittart Neale (1810-1892) lawyer, co-operative activist, joint author with Hughes of a *Manual for Co-operators* and General Secretary of the Co-operative Union 1872-1891. They were mainly in the church and the law. Their standing as upper middle class professionals enabled access to policy and decision makers. Christians and socialists they believed that co-operation was in keeping with both. They championed Rochdale co-operation but were also enthusiastic about producer co-operation, ideas on which they had taken from France. (19)

Largely through the Christian Socialists suitable legislation was obtained for British co-operatives which enabled their continued development. Early co-operatives were able to

register under the Friendly Societies Acts of 1834 and 1846 so long as they had no purpose "contrary to the law", and traded "for the frugal investment of the savings of member for better enabling them to purchase food, clothes and other necessaries, or tools or implements of their trade or calling, or to provide for the education of their children or kindred". The Friendly Societies Acts, however, did not allow co-operatives to trade with "others who were not their members." (20) This meant that producer societies could not register and early consumer societies could not trade with each other so making it impossible to form federals.

Several Christian Socialists campaigned successfully for the appointment of a Committee of the House of Commons to consider how obstacles to the development of co-operatives could be removed and how co-operatives could encourage the safe investment of the savings of the middle and working classes. When the Committee reported it urged immediate legislation, a move supported by many including the noted liberal economist, John Stuart Mill. J.M. Ludlow. In response Edward Vansittart Neale drafted a bill that gained the support of both main political parties. This was fortuitous. When the existing Liberal Government fell in 1851 the succeeding Conservative Government passed the first Industrial and Provident Societies Act in 1852. Interestingly it did not have the word 'co-operative' in its title. Rather that was intended to show that societies registering under the Act "…should be industrial as making their profits by the mutual personal exertions of the members and provident as distributing their profits by way of a provision for the future…." (21)

The 1852 Industrial and Provident Societies Act permitted the "carrying on of exercising in common any labour, trade or handicraft, or several labours, trades or handicrafts, except the working of mines, minerals or quarries…and the business of banking." It also laid down a limit of £100 of shares a member might hold, that such shares could be withdrawn and that the interest on them should not exceed five per cent per annum. Registration with the Registrar of Friendly Societies gave societies the right to borrow, provided that the rate of interest did not exceed six per cent and that the total amount borrowed did not exceed four times the paid up share of the society. Through Trustees societies could also own land as long as it did not exceed an acre in size.

The first Industrial and Provident Societies Act was significant but brought only limited advances. For example it did not give protection against fraud which still remained with the Friendly Societies legislation. It also failed to confer corporate status or grant limited liability. Both were allowed in a further I & P Act of 1862. Limited Liability was particularly important because it reduced the risk of individual members. Should their society failed they would lose their share capital but no other private property. This helped encourage increasing co-operative membership. The 1862 Act also added the words "wholesale or retail" to the list of co-operatives list of permitted activities so paving the way for the development of secondary or federal societies such as Wholesales. These were helped by the further provision that one society could invest up to £200 in another co-operative.

Minor amending Acts were passed in 1867 and 1871 but a major consolidating act of 1876 gave industrial and provident societies an "independent and almost self-contained code of law." Apart from provisions for the appointment of the chief and other registrars, Industrial and Provident societies no longer came under the Friendly Societies Acts. A

further consolidating Act was passed in 1893 and minor amendments were made in Acts of 1894 and 1895, (22)

An important point to note is that early British co-operatives formed in advance of legislation. This meant that to some extent that legislation could take account of the needs their experience had revealed. By contrast in British colonial territories legislation usually preceded co-operative development. It was framed by colonial civil servants rather than by co-operators and was therefore likely to be more prescriptive than British co-operative legislation.

Alongside of legislation other factors helped British consumer co-operatives to take root in the third quarter of 19th century. One was mid-Victorians' approval of ideas of self-help, particularly when they were undertaken by the working classes. Samuel Smiles (1812-1904) published his book *Self-Help* in 1859 in which he preached that industry, thrift and self-improvement were required if progress was to be made. Alongside of the repeal of earlier repressive Acts such ideas helped create a favourable climate for co-operative development. Although harsh economic conditions remained, the third quarter of the 19th century saw some workers benefiting from longer periods of sustained employment. Their improved spending power made its way into the "stores", the name often given for their local co-op.

The Rochdale Movement was also highly social. The *Co-operative News* commented on general political and economic matters as well as co-operative news. Societies provided reading rooms and built halls where their members could meet or hold social events. Co-operative choirs, music groups including brass brands were formed and competed against each other in Co-operative Music Festivals. The *Co-operative News* began a women's column and in 1883 the Co-operative Women's Guild was established. These activities could be an end in themselves but also added to co-operative identity as well as providing forums where members could meet and become known to each other. As such they entered co-operative democratic processes for they provided a reservoir from where future Committee members could be drawn and potential electoral constituencies within societies form. Many primary retail societies built housing estates for rental by co-operative members. Names of roads in these estates often had co-operative connotations such as Pioneer Road, Unity Terrace and Federation Street.

The Movement was also increasing its financial power. Its two Wholesales created banking departments and the Co-operative Insurance Company was established in 1867 but renamed Society in 1899. All these developments gave credibility to the Rochdale model which was further enhanced by Britain's central position within the British Empire. We should briefly examine this before turning to note a bitter debate that rent British co-operation in the late 19th century.

5. CONSUMER VERSUS PRODUCER CO-OPERATION

British consumer co-operatives had benefited from Britain lying at the centre of the "largest empire in the history of the world, comprising nearly a quarter of the land mass of the earth and a quarter of its population." (23) She drew raw materials from her Empire and elsewhere which she then manufactured and exported throughout the world, justifying the epithet "workshop of the world". These processes helped to increase British

levels of employment and consumption which in turn underpinned the growing consumer co-operative movement. Conversely they tended to inhibit agricultural co-operative development. Britain now found it cheaper to import basic foodstuffs rather than to produce them. It has been observed that:

> "…what had been for over a century a global economy in terms of trade networks, became an enormously more tightly articulated and productive one. While this was happening in the course of the 1850s and 1860s there was little extension of formal colonies on the part of any European power. Thanks to new technologies and opportunities, however, fresh potential could be perceived and developed in ones which had been appropriated by European states for a variety of purposes in any earlier economic era, while ongoing penetration of weaker and technically less developed extra-European economies eroded the latter's stability and autonomy. Dominating the entire structure were British production, British commerce and British financial services, and, it might be added British economic ideology, as free markets and free trade came to be perceived as the wave of the future by enlightened opinion throughout the 'civilised world'." (24)

British consumer co-operatives benefited from imperial patterns of trade. Co-operative greengrocers could justifiably show the "horn of plenty" overflowing with fruit, much of it imported on their paper bags, while the Co-operative Wholesale Society in the 1890s invested £100,000 in the recently completed Manchester Ship Canal. This had become an important artery in co-operative trade as it facilitated the Wholesale's quick transfer of colonial and dominion imports arriving in Liverpool to its member co-operative societies in the midlands and north of England as well as to its growing number of factories.

The few agricultural co-operatives that formed in the late 19th century suffered unfavourable patterns of trade. Farmers also comprised a quite different sector of British society from the growing working classes and were slower to form co-operatives than had been the case in Ireland and Denmark. Those in Ireland were spearheaded by Sir Horace Plunkett (1854-1932) and included primary societies as well as support organisations such as the Irish Agricultural Organisation Society established in 1894. English, Scottish and Welsh versions were later established on this model.

In 1919 Plunkett created the Plunkett Foundation which became an international organisation for the promotion of agricultural co-operatives. In 1924, in conjunction with the Empire Exhibition at Wembley in north London the Foundation organised an Empire-wide conference of agricultural co-operatives. Sir Daniel Hall from the Ministry of Agriculture but also Chairman of the Plunkett Foundation explained to delegates why British agricultural co-operatives had developed less strongly than their counterparts in other parts of the British Empire. One reason was that "the typical British farmer is a capitalist upon a comparatively large scale." Another stemmed from the fact that unlike farmers elsewhere in the British Empire British farmers were not a "single-man or family-unit farmer" for whom "co-operation can do more, and can do that much more quickly." Instead British agriculture comprised comparatively large-scale farmers who

formed "a fairly efficient economic unit." A further reason why British farmers were not more enthusiastic about co-operatives was that they did not focus to the same degree on exports as farmers elsewhere in the British Empire. Moreover, their home market was long established and clearly structured and provided an "organised and efficient trade service for both sale and purchase." (25)

This statement illustrates how British agricultural co-operatives differed from those elsewhere in the British Empire and also that their roots were not those of consumer co-operatives. They also differed from those of early producer or workers' societies which we now turn to consider and which shared their Owenite roots with retail societies. British producer societies endorsed Owen's dislike of profit if it led to the exploitation of labour; also his belief that labour, as a factor of production should receive a just price. Retail societies shared these ideals when they spoke of "surplus" rather than profit and for many years rewarded their employees with a dividend on wages: this meant that if these workers were also members of their local society they received what became known as a "double dividend".

Even so, many co-operators including the Christian Socialists saw producer co-operatives as being the best way of giving worker/members the true rewards of their labour. Their effective establishment proved far more difficult than that of consumer societies. One reason was that they were likely to be smaller-scale and needed to limit the number of their worker/members to what the business could support. Another was that they tended to appear in crafts whose markets were changing or declining and in any event lacked the homogeneity of retail societies' markets: this may help to explain why they failed to develop a formula for success inherent in the Rochdale practices.

They also had more complex ideological roots. They took much from Owen but added ideas from French utopian socialists such as Fourier and Louis Blanc who along with Owen denounced competitive and capitalist industry. Blanc advocated self-governing workshops that would be organised into self-governing industries. These ideas influenced the Christian Socialists but particularly J.M. Ludlow who persuaded his fellow Christian Socialists to form the Society for the Promotion of Working Men's Associations to encourage the development of democratic workers' productive associations or societies. Their members would elect officers and executive power initially in the hands of a manager would eventually be transferred to the members. Profits were to be divided among members following deductions for the repayment of loans and allocation to reserves.

A number of associations were formed among diverse occupations such as bakers, builders, needlewomen, tailors, silk weavers, printers, pianoforte makers, woodcutters, weavers, hatters, boot and shoe makers, ribbon weavers, engineers and saw makers. Despite general personal donations from the Christian Socialists few societies survived for any length of time. By the 1870s many had collapsed or converted to private businesses. Their failure was often attributed to members lacking "co-operative knowledge, purpose and will". One member recorded that when times had been good:

> "We called each other brothers, sang songs about 'labour's social chivalry' and did wonders in the way of work and profit…But the slack season came, for which we had not

> provided and brought with it those terrible ills, jealousy and disunion…I believe all of us talked too much about rights, and thought too little about duties." (26)

Such lack of discipline contrasts with that found in retail societies and illustrated by their refusal to allow credit. Sadly the Society for the Promotion of Working Men's Associations noted in 1851:

> "The Society has for some time past determined to discourage advances of money to bodies of working-men about to start in association unless they have first shown some signs of preparedness for the change from their old life, and have subscribed some funds of their own….Working-men in general are not fit for association. They come into it with the idea that it is to fill their pockets and lighten their work at once, and that every man in an association is to be his own master. They find their mistake in the first month or two and then set to work quarrelling with everybody connected with the association, and after much bad blood has been roused, the association breaks up as insolvent and has to be reformed under stringent rules and after the expulsion of refractory members…." (27)

Another reason why mid-19th century British producer co-operatives found it difficult to establish successfully was that their craft production was rapidly being taken over by factory production. They also lacked a support organisation of the kind that retail societies had in the Co-operative Union although the Cop-operative Productive Federation was formed in 1882 to 'promote unity of action among its members, secure capital for their use and find markets for their products' (28) A complementary organisation, the Labour Association, was set up two years later to carry out educational and propaganda work for producer societies.

However, the efforts of the Co-operative Productive Federation (CPF) to bring producer and retail societies together to try to marry the supply of the former with the demand of the latter in a system that was called Co-operative Co-Partnership were undermined when the two Co-operative Wholesale Societies began setting up their own factories. They thus became major competitors to producer societies who continued to weaken. The value of the output of CPF producer societies as a proportion of retail societies' trade fell from 2.61 per cent in 1895 to 1.92 per cent by 1914. (29)

The entry of the Wholesale Societies into production was pragmatic and logical but illustrated how difficult it could be to reconcile the aims of producer and consumer co-operatives despite growing from the same roots. Initially the Wholesale Societies were sympathetic to struggling producer societies and over a number of years had tried to help them but without success. They set up their own factories and entered primary production with farms in Britain and tea estates and coffee and cocoa plantations in territories of the British Empire for a number of reasons. One was to guarantee the supply and quality of goods to their primary retail society members. Another reason was to make productive use of increasing surpluses being recorded by retail societies. Both Wholesales established banking departments, the CWS did so in 1872 and the SCWS in 1903,

through which to invest these funds. Initially some like the Christian Socialists hoped that these would be channelled to producer societies but their weak track record suggested that this would be unwise and a rift developed between the proponents of producer and consumer co-operation.

Those supporting the former were led by Edward Vansittart Neale who was in a pivotal position as General Secretary of the Co-operative Union. He was supported by ageing Christian Socialists and by the fourth Earl Grey (1851-1917) and Edward Owen Greening (1836-1923) who were both active in the Labour Association. These figures may be considered paternalists within the British Co-operative Movement in that they were not from the working classes, had private means, gave generously of their time and money and performed tasks that the young Movement was not yet able to undertake for itself. By the late 19th century, however, that position was changing. The Movement was throwing up its own working-class leaders. One was J.C. Gray (1854-1912) who became Assistant Secretary of the Co-operative Union in 1883 and followed Edward Vansittart Neale as General Secretary in 1891. Son of a Baptist Minister, he was first a railway clerk but later became Secretary of the Hebden Bridge Co-operative Society. (30) Another was J.T.W. Mitchell (1828-1895) who had joined the Rochdale Society in 1853 and had helped organise the North of England Co-operative Wholesale, a forerunner of the CWS. He became Chairman of the CWS in 1874, and held this position until he died.

Mitchell was a strong figure who led the CWS during a period of rapid expansion into manufacturing, primary production and increasing imports. Investment in the Manchester Ship Canal to speed up distribution of imports was part of this overall strategy. Not merely did Mitchell see CWS and its Scottish counterpart as being central to the future success of British co-operation, he believed that producer co-operatives had little to offer. They had shown little viability. He believed them to be sectional, and prey to what he termed "little capitalists". (31)

Under Mitchell's leadership the CWS also came into competition with Irish creameries promoted by Sir Horace Plunkett (32) Mitchell announced that the CWS intended to establish its own creameries in Ireland at the Co-operative Union Congress in Lincoln in 1891, prompting Sir Horace into an impassioned plea,

> "…to be allowed to teach co-operation to the Irish farmer. Dairying was the one fruitful avenue open to him. Only through self-help and personal participation could the Irish farmer come to anything. He was an indifferent producer of home-made butter. Where there were proprietary creameries in Ireland, the farmer was a supplier of indifferent milk. Only by taking business and responsibility into his own hands and seeing the benefits of Co-operation, could the Irish farmer acquire the qualities of mind and heart, the habits of thrift and industry that would raise him from serfdom. Paternalism, however, generous, could not uplift him now; as a policy, it would be no more successful than the coercive treatment which in the past had sought to make him a docile and useful slave." (33)

A clash of fundamental interests lay at the heart of what was quickly emerging as competing theories of co-operation. Arguments for and against are well documented in Philip N. Backstom's book *Christian Socialism and Cooperation in Victorian England* (34) It was not only Irish creameries that were affected but also the embryonic International Co-operative Alliance (ICA). Initially Neale and his supporters intended it to be an Alliance of the Friends of Co-operative Production and so attempted to exclude consumer co-operatives. However, things changed when Neale died in 1892 and his promotional work for the ICA was taken over by Henry Wolff (1840-1930). One of the conditions that Wolff laid down for his participation was that the Alliance should be open to all kinds of co-operatives, as it was when set up in 1895. Neale's friend the fourth Earl Grey became its first President. (35)

By the 1920s consumer co-operatives were the dominant group in the ICA. Successful mass membership consumer co-operative movements had emerged in Western Europe while producer co-operatives still struggled to take root. Not surprisingly they failed to gain the kind of academic endorsement that consumer co-operation were now attracting from people such as Beatrice Webb (1858-1943) and Prof. Charles Gide (1847-1932). The 1902 Congress of the International Co-operative Alliance was held in Manchester and Gide made an historic speech in which he extolled "the wisdom and the faith of the (Rochdale) Pioneers, which had displayed greater creative power than all the learning of the economists." (36) Gide gave consumer co-operation theoretical credibility and clarified its relationship to other forms of socialism.

During the early 1900s in Britain and elsewhere co-operatives' relations with other working class movements such as the trades unions and workers' parties were ambiguous. They had undoubted affinity but under the principle of Religious and Political Neutrality, co-operatives remained somewhat distant. A Congress of the Socialist International held in Copenhagen in 1910agreed that the three wings of the Socialist movement – workers' parties, trade unions and co-operatives – should remain independent but hoped that they would be mutually supportive. Shortly afterwards the International Co-operative Alliance held a Congress in Hamburg and issued a defining statement.

This claimed that Co-operation was a social movement based on mutual help economic associations. Co-operatives could protect the interests of labour by increasing the income of workers by strengthening their purchasing power. They also sought to limit profits on capital, such as interest and rent which derived from the means of production and exchange. The ICA declaration came down firmly in favour of consumer co-operatives although it recognised that all co-operatives could help attain the above goals. It suggested that consumer co-operatives held the greatest promise for the peaceful transformation of the capitalist system into one of co-operative social ownership. In the meantime retail societies could help workers and their families to combine their purchasing power and savings, so enabling them to produce goods for themselves and so create their own employment under model conditions agreed with the trade unions. (37)

In an early history of the ICA Gide distinguished co-operatives from other economic and political theories.

> "The programme of the consumers' societies admits capitalism

> to a certain extent as they are societies with shares, and as they demand from the members contributions to capital and pay an interest and it does not admit the expropriation, properly so called of the possessing class or at least it desires a different expropriation from that which would be brought about by the play of free competition if some day the co-operative enterprises show themselves superior to capitalist enterprises and get rid of them by their successful development. But these are not the characteristics of collectivist expropriation and, above all, there is this difference, that the essential article of the Socialist programme, which is class conflict, cannot be included in the co-operative programme for the obvious reason that the consumer does not represent any class; he has neither difference of class nor difference of sex; everybody is a consumer… everybody, Socialist or otherwise, has the right of admission to the association and that is a feature which suffices to give the co-operative movement its right of autonomy." (38)

Despite convoluted wording this is a defining statement. Not only did it distinguish co-operative from capitalist economics but also from other political creeds. It also reflected the triumph of consumer theory of co-operation over producer co-operation.

Gide's theories heralded a consumer co-operative literature. Notable works included is the book by Frenchman Ernst Poisson (1882-1942) *Republique Co-operative,* the works by Swede Anders Oerne (1881-1956) including his *Co-operative Ideals and Problems,* and those by American J.P. Warbasse (1866-1957), whose writings included *What is Co-operation?* All assumed the superiority of consumer co-operation.

In more agrarian economies, including many parts of the British Empire, consumer co-operation had a far more chequered history. We now turn to consider the kinds of co-operative which emerged in the British Empire.

6. CO-OPERATIVE DEVELOPMENT WITHIN THE BRITISH EMPIRE

By sharp contrast with British consumer co-operatives those that developed within the British Empire, particularly in its colonies, were state-sponsored. Even in the British Dominions of Canada, Australia, New Zealand and the Union of South Africa until 1961 there were varying degrees of government involvement. British consumer co-operation received no government support or sanction and operated within the nation's tax regime and the legislative framework. Its emergence at a time of *laissez faire* possibly helps to explain its spirit of independence. British co-operators tended to be suspicious of co-operative movements, like some of the European agricultural movements that sought state subsidies. Such attitudes might help explain why the British Consumer Co-operative Movement showed little interest in or encouragement of co-operatives within the British Empire.

Although the British Consumer Co-operative Movement valued its independence from the state it had recognised by the 1890s that it needed to keep abreast of parliamentary matters. It therefore set up its own Parliamentary Office and Committee to disseminate information to societies on proposed legislation and advising how they might be affected: also to represent co-operatives' interests with Civil Servants and politicians. Reports of Annual Co-operative Congresses throughout the 20th century included lengthy Parliamentary Reports giving details of representations made, the government bodies on which co-operators sat and positions taken on questions such as Empire trade.

Such actions were defensive rather than party political although the question of direct political involvement had already been debated at a number of Co-operative Congresses. Sir William Maxwell, Chairman of the Scottish Co-operative Wholesale society and later President of the International Co-operative Alliance caught the mood of some co-operators when he said that while he did not seek to introduce politics into Co-operation he "was most anxious to see Co-operation introduced more into politics." (39) Others such as Edward Owen Greening urged the status quo under which co-operatives lobbied friendly Members of Parliament, particularly those in the Liberal Party. No conclusive decision was reached on direct political action before the First World War. Discrimination against co-operatives during it, however, led to their establishing the Co-operative Party in 1917: it continues to the present day (40) (41) (42)

Consequently the British Movement has both a Parliamentary Office now located in the Co-operative Group and a Co-operative Party. While it could be argued that the latter, because of its electoral agreements and close association with the Labour Party has breeched the co-operative principle of political neutrality such action reflects a need for a powerful non-government organisation to take positions on and to government power. This may well vary from country to country because of the differing nature of states given their history, culture and strength of vested interests. In one form or another British co-operatives have had close voluntary relations to the British state from the early 20th century. It was a quite different position for co-operatives in British colonies during the last half century of Britain's imperial power. Often they were introduced as part of colonial government policy and thus promoted and supervised by government officials.

Before examining them we should note that despite its size the British Empire was not centralised or uniform. The main reason was that it had come about for different reasons at different times. At one extreme it contained largely white and virtually self-governing Dominions, and at another Protectorates or territories mandated to it through by the League of Nations. In between came a large number of colonies. India remained a special case because she had been an Empire in her own right. She was administered by the Indian Civil Service with the India Office in London close by the Colonial Office responsible for all other dependent British territories.

The Empire was pluralistic in a number of ways. It allowed its administrators to hold and advance differing views besides permitting indigenous legal traditions to remain so long as they did not countenance practices that would have been illegal in Britain such as suttee or slavery. Liberal-minded administrators could therefore operate within the British Empire and most of those who found their way into co-operative development were liberal-minded.

There seems to be a strange contradiction, however, in the fact that imperialism and co-operation would appear to be diametrically opposed. Yet co-operatives appeared in the British and other Empires about the same time but possibly for different reasons. In British Dominions they were prompted by British and European immigrants and encouraged by Dominion governments particularly where they assisted agriculture and contributed to exports within the imperial trading system. Co-operatives, along with Marketing Boards were an effective way of collecting, preparing, and transporting exports. Thrift and credit co-operatives often developed alongside agricultural co-operatives. In parts of Africa such as Rhodesia, both supply and marketing agricultural co-operatives were encouraged to help make agriculture more economically viable to white settlers.

Generally speaking consumer co-operatives represented a weaker growth. Often agricultural co-operatives developed their own retail outlets while in towns Rochdale Co-operation struggled despite immigrants being familiar with it back home. New South Wales showed how the nature of the economy, an absence of appropriate legislation and ideological uncertainty about co-operatives within the New South Wales Labour Movement could inhibit consumer co-operative development. Reverberations were felt there of the tensions in the British Movement between producer and consumer co-operation. Moreover, the British Consumer Co-operative Movement did not seem willing to give appropriate help. Representatives from the Co-operative Wholesale Society made a number of well-publicised visits but these were rather to secure links with Australian producers rather than to assist Australian consumer co-operatives. (43)

Another aspect of co-operative development in British Dominions was the impact of size. Apart from New Zealand the Dominions covered immense geographical areas and operated federal systems of government. One consequence was that co-operative legislation tended to be enacted at Province or State level rather than at national level as in Britain. National co-operative apex organisations also tended to develop more slowly and often lacked the authority of the British Co-operative Union.

By contrast, government involvement in co-operatives in British colonies was far greater and more direct than in the Dominions. It was channelled through specially created Departments of Co-operation or Co-operative Branches within their Departments of Agriculture. Colonial co-operative development emerged partly in response to Britain's recognition that she needed to add development agency functions to her more traditional imperial objectives of security and supporting trade. The shift occurred for a number of reasons. One was the view of Colonial Secretary Joseph Chamberlain (1836-1914) that just as British country estates to be profitable needed to make all their parts productive so, too, did the British Empire. Contrary to popularly held beliefs British colonies were often a drain on the British exchequer as distinct from British companies. To become more productive colonies required improvements in their agriculture, veterinary services, transport, communication and education systems and it was thought that co-operatives could play an additional role.

Another reason for the shift in policy was a need to prevent economic stagnation or decline and head off the social unrest they could spark. Loss of her American colonies in the 18th century lay deep in Britain's psyche and was reawakened by the near loss of much of India during the Mutiny in 1857. After it, recurring famines and rural poverty

and indebtedness threatened India's stability and co-operatives became part of a strategy to counter them. Her first Co-operative legislation, the Co-operative Credit Societies Act, India, was passed in1904.

India and Southern Africa were strategically important. The late 19th century saw growing competition between Western European Empires and the Russian and the Ottoman Empires. In Southern Africa Britain fought two Boer Wars. After the second ended in 1902 agriculture needed revitalising and co-operatives were believed to be able to help.

Back in Britain ideas that co-operatives might assist imperial development agency functions came from influential figures rather than from the formal Co-operative Movement. Notable among these individuals was Earl Grey, who befriended British consumer co-operation but was also a staunch advocate of producer co-operation, Sir Horace Plunkett who pioneered agricultural co-operative development in Ireland and the United States, and Henry Wolff who popularised and wrote extensively about people's banks and thrift and credit co-operatives. All were active in the International Co-operative Alliance: Grey as its first President, Wolff as Chairman of its Executive Committee and Plunkett as a member of its Central Committee. While not necessarily close friends they were often in touch with each other and held each other in high regard.

They tended to work in different but often overlapping co-operative spheres. Grey held high imperial administrative positions as Administrator in Rhodesia in the late 1890s and as Governor General of Canada between 1904 and 1911. In both places he encouraged co-operatives. Plunkett indirectly assisted them in South Africa by deputing one of his Irish co-operative missionaries, Patrick Hannon, to conduct feasibility studies to attempt to restructure agriculture after second Boer War. Plunkett also established his Plunkett Foundation in 1919 which became an important research institute charting co-operative development in the British Empire, exchanging co-operative experiences particularly among agricultural movements, and advising governments on appropriate co-operative legislation. Both Plunkett and Wolff were prolific writers. Grey arranged for one of Plunkett's books to be distributed among Canadian farmers. He also corresponded with Wolff about possible Canadian co-operative legislation and sought his views on the Desjardins credit union Movement in Quebec. Wolff wrote extensively on people's banks and thrift and credit societies; his views were officially sought on India's first co-operative legislation, the Co-operative Credit Societies Act, India, 1904.

That Act led to another in 1912 whose scope widened to include all kinds of co-operative and applied throughout India. The two Acts, copied extensively throughout the British Empire, illustrate the effectiveness of the Indian and Colonial Civil Services as communications networks. Under the Acts, Co-operative Registrars had functions similar to those of their British counterparts. In addition to registration, though, they also included the promotion, supervision and auditing of co-operatives.

Writings of the more notable registrars provide good eye-witness accounts of this kind of co-operative development. It fell roughly into three periods. The first was between 1900 and 1918 during which ideas were discussed about how co-operatives could contribute to colonial development. It was also an experimental period with its lessons being quickly transmitted to different parts of the Empire through the networks of policy and decision

makers. The second period roughly coincided with the years between the two World Wars and during it experience became codified and co-operative development increasingly led by professional specialists. The third period, 1945-1960 marked the end of Britain's Empire and brought increasing colonial independence. Between 1918 and 1960 and before the involvement of United Nations agencies, it can be argued that the British Empire was the world's prime co-operative development agency. However, drawing comparisons with similar efforts made by other Empires is difficult not least because of possibly different objectives, currencies and changing monetary values over time.

Strangely the British Co-operative Movement showed little direct interest or enthusiasm about these developments. While it had always been a strongly international Movement it had expressed this more through the International Co-operative Alliance. Report of Co-operative Congresses reveal little interest in British colonial co-operative development although after 1946 Reports of the Education Executive in respect of its College at Stanford Hall, Loughborough, reported on courses for colonial co-operative officials, generally referred to as "Overseas Students". It should also be noted that individual British co-operative societies welcomed these students during College vacations. At national level in the 1960s and '70s occasional support was given to co-operative development projects but not to the same extent as the Nordic countries and France in the post colonial period. Nevertheless, strong links between the UK Co-operative College and the Colonial Office led to a number of College staff being appointed to colonial co-operative movements in the 1950s and '60s.

Because of the relative lack of British co-operative involvement we need to look to other sources of information. Fortunately, considerable insight can be gained from the writings of colonial co-operative registrars. These belonged either to the Colonial or Indian Civil Services and were recruited from British public schools and universities if identified as potential "high fliers". Entrance examinations, particularly for the Indian Civil Service were rigorous. Successful candidates invariably came from British upper and professional classes. They therefore had little in common with the working-class members of British co-operatives and even less with the indigenous populations they were recruited to administer.

Through the Christian Socialists, British co-operatives had to some extent been able to influence the early Industrial and Provident Societies Acts and to indicate their needs. In British colonies legislation usually preceded co-operative development and a similar process was not possible. Colonial co-operative legislation therefore tended to be more prescriptive in that it was based on needs identified by colonial administrators rather than by co-operative members. This by no means meant that it was unsympathetic or inappropriate.

The writings of colonial co-operative registrars reveal them to have been highly intelligent, dedicated and enthusiastic about co-operatives. Invariably their induction included study trips to European co-operative movements and extensive reading of co-operative literature. So convinced were many of them that they headed their formal departmental reports "Co-operation" rather than co-operatives. They tended to take more from Raiffeisen than Rochdale which is not surprising given that consumer co-operatives were less appropriate in large agricultural economies.

In this paper we note three leading co-operative registrars; H. Calvert, C.F. Strickland and W.H.K. Campbell. Calvert and Strickland gained initial co-operative experiences in India and their writings helped disseminate lessons learned throughout the rest of the Empire. Calvert wrote *The Laws and Principles of Co-operation.* It was published in 1933 and has since been regarded as a "co-operative classic". In it Calvert suggests that poverty led people to form co-operatives and then became their common bond. He distilled co-operative principles into four basic ones:

> "as all (members) lacked a sufficiency of capital, capital could not be the basis of association. The only other basis was the human individual, and accordingly the first principle of co-operation is that the members join as human persons and not as capitalists. The second principle follows from the first: for if all persons meet to satisfy the common need, there should be no distinction between them in the satisfaction of this need. They must meet on the basis of equality. The third principle is not peculiar to co-operation, but its importance in the life of a society is so very great that it deserves a special place. The act of association must be voluntary. The fourth principle is that the members join to promote the economic interests of themselves, and not of anybody else." (44)

Calvert goes on to say that "Human beings, and not capitalists, bind themselves together to 'work each for all and all for each'…Co-operation stands out for moral uplift, for honesty......the morals of an individual cease to be a purely private matter…they become of importance to the whole community to which he belongs." (45) Calvert also believed that unlike capitalism co-operation "promotes peace and not strife, unselfishness and not self-seeking" and agreed with European co-operative leaders that it was more than just a means of achieving an income. (46)

Calvert's close colleague, C.F. Strickland was perhaps the most prolific author among British colonial co-operative registrars. His book, *Co-operation for Africa* appeared in the same year as Calvert's book, 1933. In it he emphasises the role of the registrar as someone who should animate and motivate potential co-operative members. Like Calvert, Strickland also shows how co-operative development is inevitably shaped by its location and target population.

Strickland acknowledged that Africa was in a state of flux. It is interesting to note that the Introduction to his book was written by The Rt. Hon. the Lord Lugard who had begun as an arch-imperialist but who by the 1930s was proposing more devolved forms of imperial government. These included indirect rule under which indigenous populations would maintain their own social and political forms. Lugard's agreement to write the Introduction to Strickland's book suggests that the two men held similar views to each other. Strickland notes:

> "The intention of indirect rule is not to immobilize the native race at the stage of civilization which it has already reached, but to ensure to it the protection of the surroundings and the institutions which it knows and loves, while these are gradually and with the consent and collaboration of the people themselves, reshaped and (where necessary) purified to admit fresh economic ideas and to reconcile them with higher social and moral requirements." (47)

Strickland hoped that there could be "a synthesis of western and native cultures" and noted that it was possible for advancing African society to encourage "a growing number of associations for specific purposes, operating in connection with the local authority but not directly operated by it." He believed co-operatives were one form of such association and, like Calvert, argued that they should be exclusive to their members. Moreover, they should be "relieved of all functions which are outside their competence and which therefore hamper their growth and that of the differentiation of interests."

> "People who have no cattle will not be particularly interested in co-operative dairying. That is why it would be a mistake to entrust co-operative dairying to the village autonomy, which must devote its fullest capacity to really common interests, and should not be used for private of sectional purposes. (48)

Both Calvert and Strickland respected many of the tenets of European co-operation such as voluntary, equal and exclusive membership. They believed in mutuality and saw a higher moral purpose within co-operatives than in capitalist undertakings:
in co-operatives the morals of an individual cease to remain only a private matter but are of concern to the other members. Both men believed that co-operatives encouraged honesty and responsibility in addition to which they also helped to promote peace and unselfishness.

W.H.K. Campbell wrote in slightly later years and in his book *Practical Co-operation in Asia and Africa* accepts the views of Calvert and Strickland. Like them he is enthusiastic about co-operatives' contribution to overall development. He recognises, however, that forming viable co-operatives is not necessarily a quick process and was one that requires persuasion, motivation and organisation. Campbell also illustrates how colonial civil servants could suddenly be thrust into co-operative development from quite different work. He had served "15 years of the ordinary revenue and judicial duties of an Administrative Officer in Ceylon" before being appointed Registrar of Co-operatives there. Though sent on extensive study tours to learn about co-operatives he felt the need to write his book to clarify his own thoughts and help others who were about to "develop Co-operation out of nothing." Perhaps coloured by his earlier administrative duties he is sensitive to the way in which indigenous populations view colonial civil servants even where these had good intentions.

> "Their experience in dealing with their fellow men has not, for the most part, been a fortunate one. They, and their fathers before them, have been accustomed to expect that anyone richer or better educated than themselves would use his advantages to exploit, defraud and oppress them. The not unnatural result has been to get in them a suspicious habit of mind. They find it difficult to believe that anyone is quite genuinely trying to help them, and are apt to consider this too good to be true and to seek a sinister hidden motive which does not really exist. They do not always react to suggestions in what seems to the educated pioneer to be a rational manner. Their whole attitude to life is different from that of the inhabitants of more developed countries. They are apt to be resigned and even apathetic, unwilling to believe that anything which they, even in combination with their fellows, can do could possibly have any effect in mitigating troubles to which they and their ancestors have been subject…" (49)

We catch echoes here of Sir Horace Plunkett's observations about Irish peasants to the 1891 Co-operative Congress at Lincoln about attitudes that give rise to "indifferent" capabilities. One is also tempted to contrast the situations that Campbell found with those of Rochdale in the 1840s where activists fired by new ideas were inspired to innovate. The apathetic and suspicious target populations that Campbell speaks of are vastly different and it is tempting to speculate to what degree British imperialism had fostered such negative attitudes. They undoubtedly posed problems for registrars suddenly charged with developing co-operatives. Campbell no doubt cast himself as one of the "educated pioneers". He went on to argue that the work of co-operative registrars should include "a nicely modulated blend of caution":

> "I am as brave as anyone when it is a question of losing a certain amount of money in a good cause. The trouble with Co-operation in new countries is that the stakes with which the game has to be played are the savings for the most part of very poor people. These have not been easily acquired, nor has it been easy to persuade their owners to risk them in a co-operative society…If the stakes are lost, the effect on the owners and the resulting set-back to the prospects of the movement are serious beyond all proportion to the amount of money which was involved." (50)

The emphasis on members providing co-operatives' capital is interesting and accords with similar attitudes in British co-operatives of the period. While some attitudes of Calvert, Strickland and Campbell are undoubtedly paternalistic they are nevertheless well-meaning. Their writings reveal them to be knowledgeable about co-operatives throughout the world including those in other empires. They also deal extensively with colonial co-operative legislation of which we should note two broad features. One was that Britain's Industrial and Provident Societies Acts applied only to Britain and were not

easily replicated elsewhere. It therefore proved easier to adjust forms of Britain's Company legislation which had a longer history in many overseas territories by placing co-operative by-laws in line with co-operative principles within their framework. Such by-laws had to be approved by the co-operative registrar. This accommodation had been made in India's first two Co-operative Acts of 1904 and 1912 and was widely copied elsewhere in the British Empire.

The second broad feature of colonial co-operative legislation was that it could not assume prior experience of association of the kind that had already emerged in Britain. Calvert makes this point strongly when he notes in his *Law and Principles of Co-operation* that in 1904 no right of association existed under Indian law. He points out that it was only of recent origin in Britain which underlines again the importance of time and place in co-operative development

Co-operatives were developed in the British Empire to help empower economically and socially indigenous populations. British responsibility ended as more and more colonies gained independence in the middle years of the 20th century. About the same time co-operatives back home in Britain found that they were operating in fundamentally changing circumstances. We now turn to consider these and the responses they required.

7. POST 1945

Throughout this paper we have emphasised the significance of people, place and times on co-operatives. All three changed in Britain after 1945 and caused the environment of consumer co-operatives to become less favourable.

The seeds of the degeneration of Britain's Rochdale co-operatives may have already existed before the Second World War. The Movement appears to pass its zenith around the time of its centenary in 1944. Nevertheless the War heralded additional changes. At state level it led to a kind of "wartime socialism" which harnessed collective responses to the war effort. The health of British troops was shown sometimes to be deficient. Health, education, reducing poverty and creating full employment became active political issues. A Labour Government elected in 1945 had a mandate for reform in these areas and to challenge the "commanding heights" of the economy by nationalising major industries like coal, iron and steel and the railways. Banks and insurance companies were also targeted and the Co-operative Movement had to make strong representations to prevent the Co-operative Insurance Society from being included. In the immediate post-war Britain the state was seen as the appropriate vehicle for reform and tended to overshadow voluntary co-operative action.

Co-operatives' physical environment at local levels had also changed. Many traditional city communities were displaced by war-time bombing. Bomb damaged neighbourhoods were repaired but not always in previous patterns and there was also a push to demolish notorious slum areas. Consequently there was a strong demand for new housing but this was often built in out-of-town areas and even in completely new towns such as Milton Keynes, the home of the Open University and its Co-operatives Research Unit. Co-operative societies often needed to relocate shops but this was sometimes complicated by increased town planning involving new procedures which often delayed the building or leasing of new stores.

New kinds of retail competition also began to appear, gradually at first but with considerable momentum by the end of the 20th century. Although British co-operatives had campaigned against a system of resale price maintenance under which producers were able to set limits below which retailers could not lower their prices, they had benefited from it to some extent. It helped them anticipate levels of trade and the dividend that might be paid on it. Trade had also remained fairly constant during the war because of the rationing of basic goods which continued into the early 1950s. By the mid-'50s, however, the position was becoming far more fluid. A Conservative government eased many of Labour's controls and phased out rationing as supplies improved. When resale price maintenance was abolished in the early 1960s the retail scene became more fluid.

Co-operatives' power had been increased by their Wholesales but wholesaling began to decline as a function within the overall retail sector. The shift came about because some larger shop multiples had moved from being family firms and had become public limited companies. They, rather than co-operatives who only a short while earlier had led the move into supermarket trading, became the more innovative. As they grew they became sufficiently large enough to deal directly with manufacturers and to eliminate wholesaling costs. In addition they rationalised their stocks, reduced ranges and advertised them more aggressively thus allowing them to make more effective use of price-cutting as a competitive weapon. Multiples steadily increased their market share, helped by the fact that their access to larger amounts of capital also enabled them to improve their sites in town centres.

The massive British Consumer Co-operative Movement found it difficult to respond. By the late 1950s it comprised over 1,000 local co-operatives and changing direction in ways as radical as its competitors proved immensely difficult. One reason was that it tended to resist fundamental structural change. One instance was the proposal by J.C. Gray in 1906 that all co-operatives form a national society. It was undoubtedly way ahead of its time. Gray was General Secretary of the Co-operative Union but made the proposal in his Address as President of Congress that year. Almost 40 years later a lesser proposal to merge the two Co-operative Wholesale Societies also failed. (51)

Both proposals had been internal. External help was sought in two independent Commissions, the Gaitskell in the late 1950s and the Monks in the early 2000s but their recommendations were only partially implemented. Both urged considerable rationalisation but this tended to occur in haphazard and impromptu ways, one example being the near collapse of the Scottish Co-operative Wholesale Society in the 1970s. It was quietly merged with the CWS. (52) Such a near disaster increased the impetus for a proposed Single National Federation but this again was defeated.

Nevertheless official national policy was to reduce the number of retail through the creation of larger regional societies. To some extent this was achieved but seldom in the way originally planned. The process was far more haphazard and often undertaken from weakness. It accelerated in the 1980s and was accompanied by the transformation of the Co-operative Wholesale Society as it moved from wholesaling and production into retailing. It now manages around 85 per cent of total retail co-operative turnover.

Little remains of the Rochdale co-operation. Changes in British society and economy may have meant that it became untenable but much has been lost. The need for customers to sustain levels of 'co-operative' trade has reduced members' traditional roles and their democratic power. Consequently earlier democratic processes along with their checks and methods of accountability have withered. Returns to members have become smaller, although the Co-op. Group is striving to improve links and has introduced a modified form of dividend. Emphasis on customers rather than members has reduced mutuality within the Movement. The traditional three-way division of the surplus to reserves has been replaced by donations to the wider community and the personal benefits of mutual trade and individual member loyalty are no longer possible.

There has also been a divorce between members and societies' capital. Members' share capital has declined in importance. Managers, perhaps not surprisingly given changes in the British retail scene, grew cautious because of the ease with which it could be withdrawn. While alternative forms of capital have been available and easier to control they are invariably more expensive and thus less economic to members. If members have become less important than customers, however, it is the return to capital that becomes the important ratio.

A fundamental shift has occurred which brings to mind the analysis that Prof. A.F. Ladislow made in his paper, *Co-operatives in the Year 2000* at the 1980 Congress of the International Co-operative Alliance in Moscow. In this he postulated three crises that co-operatives had to overcome. The first concerned establishing their credibility so that co-operatives would become "a good and noble cause in the popular mind". The second crisis involved learning how to manage co-operatives of growing complexity which could then lead to a third crisis, namely one of ideology. Expanding on this Laidlaw observed:

> "It arises from gnawing doubts about the true purpose of co-operation and whether they (co-operative members) are fulfilling a distinct role as a different kind of enterprise. If co-operatives do nothing more than succeed in being as efficient as other businesses in a commercial sense, is that good enough? And if they use the same business techniques and methods as other business, is that in itself justification for the support and loyalty of members? Moreover, if the world is changing in strange and sometimes perplexing ways, should co-operatives change in the same way, or should they not strike off in a different direction and try to create another kind of economic and social order." (53)

Rochdale co-operation was a response to early capitalism and the injustices and inequalities it created. Inspired by Robert Owen and Dr. William King it was anti-capitalist with its practices reflecting philosophical concepts such as equality, economy, democracy and fraternity. Rochdale's practices proved most suitable to late 19th century and early 20th century retail co-operatives who were highly innovative. British co-operation has since proved less innovative possibly because it was overawed by capitalist

economic solutions and lost sight of its underlying concepts. Yet, these concepts appear supremely relevant in today's need to avoid ecological disaster.

The 1945 Labour Government had a slogan, "Fair Shares for All". If the world's declining resources are to be shared fairly among poor as well as the rich do we not need to remind ourselves of the co-operative virtues of economy, equality, democracy and mutuality? Or, at the very least recall Prof. Laidlaw's analysis.

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FOOTNOTES

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