

FABIAN TRACT No. 203

*The Need for Federal
Reorganisation in the
Co-operative Movement*

BY

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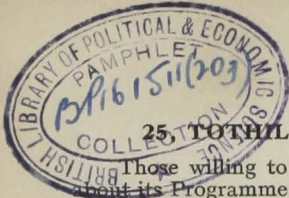
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THE FABIAN SOCIETY,

25, TOTTILL STREET, WESTMINSTER, LONDON, S.W.1.

Those willing to join the Labour Party, or desirous of obtaining information about its Programme and Principles, are invited to communicate with the Secretary of the Fabian Society.

The Fabian Society has been, from the outset, a constituent body of the Labour Party; and membership of the Society carries with it full membership of the Labour Party; eligibility for nomination to all Conferences and Offices, and qualification for Labour Party, candidatures for Parliament and Local Authorities, without obligation to belong to any other organisation.

The Society welcomes as members any persons, men or women, wherever resident, who subscribe to its Basis (set forth below), and who will co-operate in its work according to their opportunities.

BASIS OF THE FABIAN SOCIETY.

TO BE SIGNED BY ALL MEMBERS. *Adopted May 23rd, 1919.*

The Fabian Society consists of Socialists.

It therefore aims at the reorganisation of Society by the emancipation of Land and Industrial Capital from individual ownership, and the vesting of them in the community for the general benefit. In this way only can the natural and acquired advantages of the country be equitably shared by the whole people.

The Society accordingly works for the extinction of private property in land, with equitable consideration of established expectations, and due provision as to the tenure of the home and the homestead; for the transfer to the community, by constitutional methods, of all such industries as can be conducted socially; and for the establishment, as the governing consideration in the regulation of production, distribution and service, of the common good instead of private profit.

The Society is a constituent of the Labour Party and of the International Socialist Congress; but it takes part freely in all constitutional movements, social, economic and political, which can be guided towards its own objects. Its direct business is (a) the propaganda of Socialism in its application to current problems; (b) investigation and discovery in social, industrial, political and economic relations; (c) the working out of Socialist principles in legislation and administrative reconstruction; (d) the publication of the results of its investigations and their practical lessons.

The Society, believing in equal citizenship of men and women in the fullest sense, is open to persons irrespective of sex, race or creed, who commit themselves to its aims and purposes as stated above, and undertake to promote its work.

The Society includes:—

- I. Members, who must sign the Basis and be elected by the Committee. Their Subscriptions are not fixed; each is expected to subscribe annually according to his means. They control the Society through the Executive Committee (elected annually by ballot through a postal vote), and at its annual and other business meetings.
- II. Associates, who sign a form expressing only general sympathy with the objects of the Society and pay not less than 10s. a year. They can attend all except the exclusively members' meetings, but have no control over the Society and its policy.
- III. Subscribers, who must pay at least 5s. a year, and who can attend the Society's Ordinary Lectures.

The monthly paper, *Fabian News*, and the Tracts from time to time published in the well-known Fabian Series, are posted to all these classes. There are convenient Common Rooms, where light refreshments can be obtained, with an extensive library for the free use of members only.

Among the Society's activities (in which it places its services unreservedly at the disposal of the Labour Party and the Local Labour Parties all over the country, the Trade Unions and Trades Councils, and all other Labour and Socialist organisations), may be mentioned:

- (i.) Free lectures by its members and officers;
- (ii.) The well-known Fabian Book-boxes, each containing about three dozen of the best books on Economics, Politics and Social Problems, which can be obtained by any organisation of men or women for 15s. per annum, covering an exchange of books every three months;
- (iii.) Answers to Questions from Members of Local Authorities and others on legal, technical or political matters of Local Government, &c.;
- (iv.) Special subscription courses of lectures on new developments in thought;
- (v.) Economic and social investigation and research, and publication of the results.

Lists of Publications, Annual Report, Form of Application as Member or Associate, and any other information can be obtained on application personally or by letter to the Secretary at the above address.

The Need for Federal Reorganisation.

BY SIDNEY WEBB.

THE Co-operative Movement in Great Britain, unlike that in some other countries, has always displayed a yearning for federal organisation. British co-operators, it has been said, have a "genius for federation." The early societies of a hundred years ago were always forming short-lived federations of one sort or another. Co-operative congresses and conferences, attended by delegates from separate co-operative societies, either from the neighbouring counties or from all England or Scotland, seem to have been as well known, if not also as frequent, in the reign of George the Fourth as they are in that of George the Fifth. The Rochdale Pioneers had not been established many years before they and the other Lancashire societies had created almost a network of local federal bodies, for carrying on flour milling, for instituting joint bakeries, and for conducting various branches of manufacturing production; even if we do not include as federation the establishment, with no little co-operative support, of cotton mills with £1 shares—the so-called "Working Class Limiteds."

The Uprise of the Wholesales.

And Lancashire had no sooner demonstrated the success of the local co-operative society than we see the Rochdale Pioneers themselves making attempt after attempt at the larger federation which has, from 1864, grown into the wonderful Co-operative Wholesale Society, with its world-wide organisation of merchanting, manufacturing, growing, extracting, distributing, and banking rooted in a dozen different countries, and dealing in literally hundreds of millions of pounds annually. The Scottish societies made the same move five years later; and to-day Scottish federation, measured in the trade per head of population served by the Scottish Co-operative Wholesale Society, seems to be proportionately greater even than that of England and Wales.

The Co-operative Union.

But federation on the trading side is, of course, only part of the tale. In Great Britain, unlike some other countries, co-operators have divided their federal activities into those that we may call material and those that we may regard as spiritual. From 1869 onward the whole movement in the United Kingdom has been federated in what was called at first the Central Board, and became in 1872 the Co-operative Union, for the protection and promotion of the propagandist and the educational functions of the Movement,

and for the solution of its legal and constitutional problems. And what with the activities of the central organs of the Co-operative Union, and the incessant local and district and sectional conferences and meetings of the eight separate sections into which the Union is divided—together with those of the Wholesale Societies, and those, again, of the different regional federations for baking or jam-making, or to maintain a laundry or a drapery emporium—there can be small doubt that the British Co-operative Movement is the most extensively and the most variously federated “ Movement ” for any purpose whatsoever, in any part of the world.*

The Advantage of National Federation.

How helpful to every co-operative society, and how useful to the Movement as a whole, have been, at least, the National Federations, we may partly estimate by contrasting, with our own continuous and relatively rapid growth, the backward condition of the Co-operative Movement in countries like the United States or Canada, Australia or New Zealand, or in other ways, India and Japan. In all these countries co-operative societies have been, during the past half century, started by the hundred, and in some of them even by the thousand, only to wither and die. Nevertheless, in all these countries co-operative societies exist to-day, sometimes actually by the thousand, struggling with their local difficulties. But, for one reason or another, the societies in these countries never succeeded in the past in forming a durable federation of national scope, which could weld together the scattered local societies into a powerful organisation, make itself felt in the national consciousness, and promulgate effectively throughout the length and breadth of the land the fact that co-operative societies were actually in existence in hundreds of places, and might exist in every place if only people could be made aware of them. The result is that, even to-day, when more or less of belated federal organisation is being established, there are in existence, in certain great countries, many isolated co-operative societies without there being much of the nature of a Co-operative Movement. Even in France and Belgium, where co-operation has become relatively strong, the Co-operative Movement as a whole does not succeed, I think, in sufficiently impressing itself on the national consciousness, because its federal organisation is still much less developed than that of the local societies. We in Great Britain have benefited enormously by the strength and manifold activities of the Co-operative Union and Co-operative Wholesale Societies.

* It is curious that, of all the learned professors who have, during the past half century, written treatises on the subject of Federal Government, none have ever thought it worth while to study the extensive experience of the working of federal institutions in a modern Democracy, which the British Co-operative Movement affords.

The Creation of a Co-operative Consciousness.

It is not merely that new societies have been started, infant societies nursed through their years of difficulty, weak societies protected, and helped to solve their legal or financial or administrative problems, and a considerable amount of public advertisement obtained for all societies. What the federal bodies specially achieve is the creation of a co-operative consciousness. They give to Great Britain, to some small extent, a co-operative atmosphere. They make at least some progress in converting the four million co-operative households into citizens of the Co-operative State. To Abraham Greenwood and J. W. T. Mitchell, and others who in painful years of assiduous service built up the C.W.S. ; to Sir William Maxwell and other leaders in the Scottish C.W.S. ; and above all to Edward Vansittart Neale, followed by J. C. Gray, for untiring devoted service in patiently creating the organisation of the Co-operative Union, every British co-operator owes unmeasured gratitude.

The Shortcomings of the Federal Organisation.

But with the great expansion of the British Co-operative Movement, alike in membership and in magnitude of its business transactions, in the range and variety as well as in the extent of its activities, it has become a matter for complaint among co-operator that the federal organisation is to-day in some respects not quite equal to its great task. I need only quote as an instance of this dissatisfaction the resolution passed, with virtual unanimity, at the Congress of 1914 :

“ That this Congress, recognising the importance of efficiency and economy in its administrative work, and having a strong conviction that the progress of the Movement might be greatly accelerated, calls for a General Survey of the whole field of co-operative activities from its three main features, viz. : education, production, and distribution ; and having due regard to their relative value, assign to each one its special sphere of action, and thereby *give to the Movement generally that solidarity and flexibility so obviously lacking at present* ; and therefore instructs the Central Board to consider and report in terms of this resolution.”

In moving the resolution, it is reported, the Secretary of the Northern Section

“ pointed out that many co-operators were much dissatisfied with the rate of co-operative progress, and especially so because of the rapid growth of capitalist combinations. It was evident that the Co-operative Movement ought to be more closely organised, and that greater efforts should be made to spread co-operative ideas and increase co-operative trade. The facts proved that there was much overlapping between the various types of co-operative society engaged in production, which ought to be avoided in order that greater progress might be made in production. The whole field of co-operative activity ought to be surveyed and new plans devised for co-ordinating and unifying the work of the Co-operative Movement.”

The work of the General Survey Committee, which was greatly interfered with by the war, extended over a wide field; and we do not need here to do more than explore the position of the federal institutions of the Movement.*

The Constitution of the C.W.S.

With regard to the English Co-operative Wholesale Society—governed by its full-time, salaried Board of 32 directors, responsible to a quarterly meeting of delegates elected by the Committees of Management of the 1,200 constituent societies—which quarterly meeting is held simultaneously in eight parts in as many different towns, with a general assembly at Manchester a week later, at which the votes previously cast at all the local meetings are brought forward and added to the vote of the general assembly, delegates attending whichever of these nine meetings that they choose—the dissatisfaction has taken the form of criticism, not so much of the constitution as of what is deemed an undue expansion of activities in certain directions, and of the relation in which this essentially business organisation stands to the remainder of the federal machinery.

The constitution of the C.W.S., indeed, follows so closely that of the individual stores that it affords little scope for criticism by their members. The final word rests with the quarterly meetings of delegates representing all the societies which are members. There is (unlike the practice of the Trades Union Congress) no "block vote." The number of delegates to which each society is entitled is definitely fixed, and each delegate casts a single vote. Down to 1921, the rule was for one delegate to be sent for every five hundred members. Almost the only criticism of the constitution related to this point, it being alleged that societies ought to be represented, not in proportion to their membership, but in proportion to their purchases from the C.W.S. as had long been the practice of the Scottish C.W.S. In 1920-21 the principle of the Scottish C.W.S. was adopted by the English C.W.S., the new rule providing that, in addition to one vote as a member, each society

* The General Survey Committee presented four reports to Congress, three of which are included in the Annual Reports for 1916, 1917 and 1918; the fourth (together with a reprint of the third) being issued to the Congress of 1919 as a separate document. The first report does not seem to have been published separately. *The Second Interim Report and The Third Interim Report* are now published by the Co-operative Union. There is no edition of all four reports together. See also the pamphlets, *A Review of the Report on Co-operative Education*, by F. Hall; *A Review of the Trade Report of the Survey Committee*, by F. Hall; *The Co-operative Survey Committee and its Work*; and *The Report and Recommendations of the Survey Committee in regard to the Constitution of the Co-operative Union*, by T. Horrocks (all published by the Union); and the examination of the whole position in *The Consumers' Co-operative Movement*, by S. and B. Webb, 1921.

should have a second vote for the first £6,000 of purchases in the preceding year, and an additional vote for every further £12,000 of purchases.*

The Constitution of the Co-operative Union.

The Co-operative Union (and from this fact some of the present difficulties may have arisen) has a wider and more loosely defined constituency than either the English or the Scottish Co-operative Wholesale Society. The Union, by its rules, is a federation, not of consumers' co-operative societies only, but "of all industrial and provident societies, joint-stock companies, and other bodies corporate, which shall be admitted" to membership by its own executive organ. At the date of its formation, and for many years afterwards—even now the confusion lingers—there was no clear idea as to what was meant by Co-operation. The door was purposely left open for the inclusion of all sorts of societies deeming themselves "Co-operative," whether constituted of consumers wishing to supply their own needs, or of producers aiming at manufacture for sale to others; whether distributing their inevitable surpluses or profits among the members as a rebate or dividend proportionate to their several purchases, or as a bonus proportionate to their wages for work done, or as interest or dividend proportionate to their invested capital; whether composed of householders combining in order to reduce their own expenditure on the necessaries of life, or of agriculturists seeking by association in part of their operations to increase the profits of their individual enterprises, or by manufacturing craftsmen intending to share among themselves the proceeds of the product of their combined labour. Societies of all these and other kinds, styling themselves Co-operative, were admitted from the outset and continue to be admitted; but the common type of consumers' co-operative society, returning its surpluses to its members by the well-known "dividend on purchases," has increased out of all proportion to the others, and now contributes over 99 per cent. of the affiliated membership and the annual revenue of the Union.

* The Scottish rule was as follows:—

"Each society shall have one vote in virtue of being a member of the society, one additional vote for the first one thousand five hundred pounds worth of goods purchased, and one other vote for every complete three thousand pounds worth of purchases from the Society thereafter. The representation of each society to be based on its net purchases for the quarter immediately preceding any general meeting."

The movement within the English Wholesale Society to adopt the Scottish principle of votes according to purchases, which carried its way in 1920, was due to some of the more loyal societies objecting to the electoral power of societies with large memberships but with comparatively small purchases. In July, 1920, the rule of the Scottish Co-operative Wholesale Society was altered so as to give a maximum of 50 votes to the society having the largest net purchases for the immediately preceding quarter, all other societies to be entitled to appoint delegates in the same proportion.

In the complicated constitution with which the Union has endowed itself we may trace the influence, not only of the sturdy autonomy on which every co-operative society insists, and the intense localism of the Movement, but also of the ingenuity by which a national organisation has been created out of somewhat refractory materials—an ingenuity which has resulted in a veritable labyrinth of local associations and conferences, of sectional and central boards, of joint committees and joint boards with other organisations, through which the inquirer wanders bewildered. The societies admitted to the Union are divided into eight geographical sections, according to their localities,* and the committees of management of all the societies in each section annually elect the members of what is called the Sectional Board. Even the method of electing these Sectional Boards is not uniform, the societies in each of the sections having been virtually allowed to choose their own plan.† Additional local autonomy is secured by the allocation of all the societies into smaller districts, each of which forms a "Conference Association," electing its own local committee, which arranges periodical conferences of delegates from the societies in the district and organises the propaganda work. All the funds of the Sectional Boards and most of those of the Conference Associations are provided by the Union itself, the total amount to be spent in each case being annually limited by specific resolution.

The responsible executive of the Union is found in the Central Board, which is made up of all the members of the seven British Sectional Boards, together with two representatives chosen by the Irish Sectional Board. This Central Board of seventy-six members has hitherto normally met twice a year, immediately before and after the annual Congress, but in recent years two or three additional meetings have been held.

With so cumbrous an organisation much of the current administration has necessarily to be left to smaller committees. The chief of these is styled the United Board, which consists of fifteen members appointed annually in different proportions by the eight Sectional Boards. Subject to ratification or reversal by the Central Board, and to any resolution of the Congress itself, it is the United Board, meeting about six times a year, which controls the funds; appoints and dismisses the officers, fixes their salaries,

* The Union extends to the whole United Kingdom; and the Irish societies, which were at one time included in the Scottish section, have now again been organised as an Irish section.

† The Irish, Scottish, Midland, Western, Southern, and South-Western sections elect their Sectional Boards as wholes. The Northern section is divided into seven electoral divisions, each comprising one or more "Conference Associations," and each electing one member to the Sectional Board. The North-Western section is similarly divided into sixteen electoral districts, each choosing one member, but also it elects as a whole four "sectional representatives" to its Sectional Board.

and directs their work ; determines what are the powers of the several Sectional Boards ; authorises publications, and appoints committees and sub-committees. One of these latter, the Office Committee, deals with current business ; but even this is composed of representatives from all the eight Sectional Boards, only one or two of whom are resident in or near Manchester ; and it has necessarily to rely on a finance and other executive sub-committees. The salaried staff of the Union, which is by this elaborate machinery of committees kept down to a minimum, consists of the General Secretary, the Assistant General Secretary, the Educational Secretary, the Publications Manager, the Adviser of Studies, the various legal consultants, and the recently added Labour Adviser, with a quite exiguous force of office subordinates.

The supreme authority of the Union is the Co-operative Congress, meeting annually, and composed of (a) all the members for the time being of the Sectional Boards ; (b) representatives of all the Conference Associations ; and (c) delegates of all the societies belonging to the Union and subscribing not less than the sum prescribed.* Representatives of various "auxiliary societies," such as the men's and women's Co-operative Guilds, are also invited to the Congress, but without the right to vote, or even (except by permission) to speak ; and there are, in addition, "fraternal delegates" invited from the Trades Union Congress and other organisations. The principal business of the Congress is to receive and adopt the annual report laid before it by the Central Board, but any constituent society is entitled to send in resolutions and amendments which are circulated to all the societies.

Where the Federal Machinery Fails.

(a) IT IS CUMBERSOME AND DILATORY.

The Co-operative Union has been of such great assistance to the Movement, and its half a century of work has been of so much value, that there is a natural reluctance to assume a critical attitude even with regard to its constitution, lest the critics should seem to be reflecting on the self-sacrificing labours of those by whom the Union is directed. It is felt, however, that they are struggling with machinery which, besides being exceedingly costly, renders much of their labour vain. "The Co-operative machinery of to-day," said Mr. J. J. Dent, a veteran of wide experience in the Movement, "is much too slow and cumbrous. That 'ginger meeting' at Derby, for instance, shows that the Co-operative Union is not considered alert enough, not quick enough. Bringing subjects before the Central Board, then referring them to the sections or

* For "distributive" societies of the common type, a contribution of 2d. per member per annum has latterly been prescribed by rule. Other societies have paid a sum fixed by the Central Board.

committees, then back again to the board—well, people lose all interest in the matter before it gets to Congress ; and should there be any objection, the matter is adjourned by Congress for another year—and there is nothing done. It takes all the heart and the enthusiasm out of people who are out for reform.”*

(b) THERE IS OVERLAPPING AND CONFLICT.

On this point what is chiefly complained of is the relation in which the C.W.S. and the Union stand to each other, and to various subsidiary organisations. To take as an instance the Co-operative Press. The Movement itself publishes regularly a dozen different periodicals, but they are managed by four different bodies ; they are edited separately with the very minimum of mutual consultation ; and they are distributed to the same set of societies at unnecessary cost in separate parcels from different offices, at different dates, and upon varying conditions. Or take the function of Propaganda, especially in and through the constituent societies, which the Co-operative Union organises in close connection with “ Education,” whilst the C.W.S. is simultaneously promoting no small amount of it in connection with “ Advertising,” with the least possible concert between their several activities. A third example of imperfect co-ordination is afforded by the difficult problem continuously presented by the conditions of Co-operative Employment and relations with the Employees’ Trade Unions. The Co-operative Union has had to construct an elaborate organisation to enable the constituent societies to act together. The fact that the C.W.S. has its own separate organisation for dealing with the same Trade Unions in respect of the same problems has resulted in conflicting policies, inconsistency of action and some discomfiture. These three examples do not exhaust the list.

(c) IMPORTANT WORK IS LEFT UNDONE, AND OPPORTUNITIES ARE MISSED.

Whether because of the overlapping, or in spite of the redundancy of effort thus revealed, it is complained by not a few co-operators that both Propaganda among non-members and the Organisation of new societies or branches is imperfectly directed and insufficiently attended to ; that in particular no systematic attempt is being made to cultivate or at least to colonize the “ co-operative deserts ” (which, after a generation of complaint, still remain even unmapped) ; that the literary output of the Movement is far from being commensurate with a membership equivalent to a quarter or a third of the whole nation ; that the work of education among the members (though greatly invigorated in recent years) is by no means adequate to the need ; that more requires to be done by vigorous action from the centre to stir up societies that are stagnant alike as regards trade and social life, and to deal with the

* *Co-operative News*, 19th March, 1921.

apathetic section of the membership which is everywhere uncom-
fortably large ; whilst there is grave danger that the new forms
of competitive trading will encroach seriously upon the domain
already won by co-operation if the Movement is not more effec-
tively co-ordinated.

The Proposed Remedy of Amalgamating the Co-operative Union with the C.W.S.

Now, so grave is the discontent with the federal machinery
in some quarters that two drastic reforms have gained support.
One of these involves the complete fusion of the two great federal
bodies into a single Co-operative Federation—in effect, the swallow-
ing up, by the English and Scottish Wholesales, of the Co-opera-
tive Union.

This view has been forcibly put to me by a co-operator of wide
experience, whose words I will quote.

“The present constitution of the Co-operative Movement,” he
writes, “is unworthy of retention and should be scrapped. It is unwieldy
unsure, and dilatory. Divided between two authorities, neither of
which is really authoritative, confusion arises which leads to impotence.
Consequently, the Movement, although based on principles of a sounder
constructive nature than those of the Trade Union Movement, is less
effective in national affairs, simply because it has no central authority
willing to take the responsibility of announcing opinions, or taking sides
promptly, in any crisis which involves the interests of co-operators, and
therefore the whole body of consumers.

“There should be only one federation of societies for all purposes—
trading, educational, advisory, &c. With suitable adjustments, the
Co-operative Wholesale Society (as is now the practice in other countries)
could become the central authority, and would be able to produce far
better results than the Co-operative Union is able to obtain.

“The Board should be enlarged to forty members, eight of whom
would be specially elected for ‘educational’ work—that is, the work
now being only half done by the Co-operative Union. They would be
a sub-committee of the C.W.S. Board, having the right and duty of
attending the full Board meetings to deal with all matters. Their
function as a sub-committee would be to sit as an executive for the
educational side, and act towards an elected, voluntary Advisory Council
in similar relationship to that of the present United Board and the
Central Board. They would take the place of the proposed new executive.

“The present interim quarterly meetings of the C.W.S. could be
devoted to ‘Co-operative Union’ matters, which would not interfere
with the trading of the C.W.S. Each of the eight executive persons
would act as chairman of one of the divisional meetings, and would be
supported by the appropriate ‘elected’ representatives.

“The executive would present a budget each year giving an estimate
of probable expenditure. They would provide for a much enlarged
propaganda by public meetings and canvassing, by a wider publicity
through the publication of daily and weekly newspapers, and an ex-
tension of education by all methods now known. There is no doubt
that with a live executive the annual budget would shortly exceed
£100,000, and would also attract to the work a good deal of the retail
societies’ educational funds, now totalling more than £100,000 a year.

“This educational side could take over the auditing practice of the
C.W.S. trading department, and thus be placed in a position to exercise

a much closer supervision and much greater authority over weak societies than is now possible to the Co-operative Union.

"This fusion of forces at headquarters would have considerable effect upon the local societies. The example and the added authority could be used to bring together into 'District Societies' numbers of small concerns which are of little benefit financially, educationally, or ethnically to their members, or to the general movement."

So drastic a change does not commend itself as either desirable or practicable. It is true that co-operators in Sweden and Switzerland, Latvia and Lithuania, have preferred to combine in one their federal organisation for wholesale trading and that for propaganda and organisation, education and legal aid. It is, however, not altogether clear that the latter functions have been even as effectively dealt with in these countries as by our separate Co-operative Union. We may feel uncertain whether, in England, what may be called the spiritual side of the Co-operative Movement would be best promoted by a salaried Board of Directors, concerned primarily with business interests. The difficulties in the way of such an amalgamation seem, however, to make it quite impracticable, even if it were desirable. In the first place, the great organisations which it is proposed to fuse in one have different constituents and different areas. Unlike the wholesale societies, the Union extends to the whole of the United Kingdom. It is hard to say which would be the more objectionable and the more difficult: the amalgamation into one of the English, Scottish and Irish Wholesale Societies: or the dissolution of the Co-operative Union into three fragments, to be separately merged into the three national bodies. Moreover, excellent as the present quarterly delegate meetings of the Wholesales may be as business critics, it may be doubted whether they would be satisfactory as the final authority for all purposes. On the other hand, the idea that the English and Scottish Co-operative Wholesale Societies, or their quarterly delegate meetings, or the Irish federal organisations, would consent to amend their rules so as to merge themselves in the Co-operative Congress, representing the co-operators of the United Kingdom, and make their business enterprises subject to the votes of "Congress week," seems fantastic.

The Proposed Remedy of an All-Embracing National Amalgamated Co-operative Society for each Kingdom.

An even more revolutionary proposal was once put forward by the late J. C. Gray, the devoted Secretary of the Co-operative Union itself, with whom I had the advantage of many talks.†

* Given in *The Consumers' Co-operative Movement*, by S. and B. Webb, 1921, pp. 153-4, where the proposal is examined.

† See Annual Report of Congress of 1906; *The Proposed National Society*, by T. W. Mercer (Co-operative Union), 1920; *The Consumers' Co-operative Movement*, by S. and B. Webb, 1921, pp. 73, 307-11.

He was so much impressed, not only by the overlapping and conflict in the federal activities of the Movement, but also by the growth of a like disease among the 1,300 societies themselves, and by the stagnation and apathy more or less prevalent in all of them, that he urged the merging of the entire Movement, from the C.W.S. down to the smallest village store into one gigantic National Co-operative Society, covering the whole of England and Wales, and having more than six thousand branches from Berwick-on-Tweed to Penzance. Similar amalgamated National Societies could deal with Scotland and Ireland; and be linked up by any necessary joint committees for common purposes (as at present between the English and Scottish Wholesale Societies).

Such a national amalgamated society for England and Wales, it was suggested, could be governed by a General Council of one hundred and fifty salaried and full-time members, elected by as many separate geographical constituencies of co-operators residing therein. With such a constitution, it was argued, the Co-operative "State within the State," could:—

- (1) Secure combined action and end all isolated and competitive activities hindering the progress of co-operation;
- (2) Solve the problem of overlapping by ending all competition between neighbouring co-operative societies;
- (3) Establish a uniform rate of dividend throughout the whole Co-operative Movement;
- (4) Prevent the loss of members caused by their removal from one part of the country to another;
- (5) Encourage co-operative production by concentrating the purchasing power of the Movement at one centre;
- (6) Establish one code of rules and one system of accounting throughout the whole Movement; and
- (7) Give the National Society power to extend its operations until it covered the whole field of human activity and became a complete Co-operative State.*

Now, it is impossible to deny the attractiveness of J. C. Gray's vision of highly organised co-operative efficiency. So deeply are co-operators of to-day impressed with the present shortcomings of their federal institutions, that, at the Bristol Congress of 1920, when this proposal of 1906 was revived, it met with considerable favour; and I have been told that an actual majority of the delegates seemed, at the time, disposed to accept it as the way out.

* It is, perhaps, not always realised that any such National Co-operative Society must necessarily take over, not only the wholesale trading and banking, but also (by absorbing all the present constituent societies of the Co-operative Union) all the functions of that body. The fusion would be complete.

To speak plainly, however, I regard this idea of a National Co-operative Society, which has been cropping up since 1906, as being detrimental to any clear vision of what is desirable and possible, and as diverting intellectual attention from any solution of co-operative problems. It is, in the first place, hopelessly impracticable. Not a century of propaganda would persuade either the great self-governing co-operative communities of Leeds or Plymouth, or such intensive little local democracies as are found at Desborough or Leek, to surrender their autonomous self-government, their freedom of initiative, and their pride in their own achievements. Any such abandonment of independence would be fatal to the Movement as a whole. Nor can I see any prospect of advantage from such a revolution. Whatever vigour and mechanical efficiency in the common trading departments might be brought about by a gigantic national society, the very loss of variety and of initiative, and the total destruction of emulation among the local groups of co-operators, would positively hinder co-operative progress, and actually delay the extension of consumers' co-operation to those "new fields of human activity" which J. C. Gray had in view. But the greatest disaster would, in my judgment, be the inevitable intensification of the most serious shortcoming of the present co-operative democracy, namely, the apathy of the average member. It is, as is well-known, difficult enough to arouse him to anything like active citizenship in what he knows to be his own society, dealing day by day with what he recognises as his own concerns. His practical interest, either in the gigantic C.W.S. or in the far-off Co-operative Union, is of the slightest. To the average member, whether of to-day or of to-morrow, the National Co-operative Society would seem as remote as does at present the Union or the C.W.S. The experiment of the People's Co-operative Society, which the English C.W.S. started a quarter of a century ago in the Metropolitan area, and that of the ten or twelve retail stores now being run by the Scottish C.W.S., are both significant of the deadening effect of an absence of local self-government. It is true that the advocates of a national society contemplate the existence of local advisory committees for all the six thousand branches; but the experience that has been gained of branch committees, divorced, as they must necessarily be, from financial responsibility, demonstrates the impossibility of entrusting them with effective powers, not merely in connection with the general trading policy, but even with regard to appointment and control of the local staff or the ordering of supplies, the initiation of new developments, or the local policy as to prices or dividends.*

A Parallelism of Federation.

If we can neither merge the Co-operative Union in the Co-operative Wholesale Society nor yet merge both Wholesale Society and

* See this point discussed in *The Constitutional Problems of the Co-operative Society* by Sidney Webb, 1922.

Union, together with their constituent societies, in a National Amalgamated Co-operative Society, along what line should we look for a reform of our federal institutions? I have no sort of claim to offer any advice. But my membership of the Co-operative Movement dates, I believe, from about 1878. I have successively belonged to not a few societies of varying fortunes. I have given some study to the experience of the Movement in several different countries. And if I venture now to make some suggestions for the consideration of my fellow co-operators, I beg them to believe that I do so merely in order to set going a discussion which may result in something better being evolved. My main suggestion is that remedy is to be found in a much stricter parallelism of federation than we have yet put in operation.

In a frank and cordial acceptance of this principle of parallelism of federation, I think that more is to be gained than might appear at first sight. Much of the present disharmony in federal relations (which underlies the overlapping and the occasional conflict) arises from the failure of some of the leaders to get what seems to me the right view of the functions of the Union in relation to those of the other federal institutions of the Movement, notably the Wholesale Societies. The Central Board has suffered in the past from the conception that the Co-operative Union is, not one among several federal institutions each created for its own particular function, but itself the ultimate authority of the Movement. Whether or not it is desirable that any such supreme authority for all purposes should control the co-operative societies, wholesale as well as retail, is an open question. What is certain is that no such supreme authority has yet been established and is not at all likely to be established. The representatives whom the societies send to the gatherings of the Co-operative Union, whether to the United Board, to the Central Board, or to the Congress itself, may, if they like, express their views about any part of the Co-operative Movement, but their decisions are binding only in respect of that part of the organisation which is paid for by their contributions to the Union, namely, the constitution and rules, the premises and publications, the committee and officers of the Union itself. Similarly, the representatives, whom not quite the same group of societies send to the quarterly meetings of the English and Scottish Co-operative Wholesale Societies respectively, may say what they like about other bodies; but their votes are authoritative only with regard to the particular Wholesale Society to which they belong and to its activities. Nor can this actually existing duality be done away with by any change short of a legal amalgamation of the Co-operative Union and the Wholesale Societies, which, it is suggested, is beyond the limits of the practicable.

The beginning of wisdom in co-operative reform is a sincere recognition that the work to be done by the federal institutions

of the Movement is not one job, but distinctly twofold ; and that neither side can properly be subordinated to the other. The board of directors and the delegate meetings of either the English or the Scottish Wholesale Societies, absorbed, as these men must be, in the affairs of the market-place, could not conveniently undertake the educational and propagandist work which is vital to the Movement. Far from minimising or subordinating these latter functions of the federal institutions, what is required is greatly to expand and develop them.

In contrast with the idea of amalgamating all the federal functions in one gigantic body, combining in itself the existing powers and duties of the Co-operative Union and the Wholesale Societies, it seems both simpler and preferable to retain two distinct and parallel federations, one for the business transactions of the Movement and the other for its educational and propagandist work. But it is vital that the two federal organisations should be definitely recognised in theory and in practice, as independent of each other, co-equal in status and importance, and uniting, on equal terms, in joint committees for the management of joint departments. Nothing could be more unfortunate than the present position, in which, whilst the Co-operative Union claims to be the all-inclusive "premier body," summoning an annual Congress which regards itself as being, in some undefined way, the final authority for the Movement as a whole, the English Co-operative Wholesale Society wields, in fact, immeasurably the greater power and influence, and necessarily holds itself to be accountable only to its own quarterly delegate meetings ; whilst the Scottish Co-operative Wholesale Society, having an essentially different constituency, naturally ignores any suggestion of subordination. The first step towards the necessary reorganisation of the federal institutions of the Movement seems to be a full and frank recognition of their necessary parallelism. Incidentally, it is indispensable that the Movement should regard them as equal in status and in the importance of their several functions ; and that it should accord to the directors and officers of the Co-operative Union salaries and amenities in every respect equal to those that they would be enjoying if they were discharging duties of like responsibility and burdensomeness in the service of the English C.W.S.

The General Survey Committee Recommendations.

The General Survey Committee accepted as inevitable the continuance of separate federations ; and suggested certain changes in the constitution of the Co-operative Union. But I do not feel sure that the Committee whole-heartedly accepted what I have called the parallelism of the federations. The Committee recommended the establishment of a salaried, full-time board of directors for the Co-operative Union, consisting of eight members, one being

elected by each of the existing eight Sections; a proposal subsequently amended to a board of five members only.* This recommendation seems to have met with general approval, though it was referred by the Scarborough Congress of 1921 to the Sections for further consideration, and it may be assumed that it will in due course be adopted. But though the Committee suggested entrusting full executive powers to the salaried Board of Directors, it could not bring itself to cut at the root of the present cumbersomeness and dilatoriness of the Union's management. The Committee could not see its way to get rid of the hampering machinery. It proposed to retain the present cumbrous Central Board of nearly seventy members, and even to add to it a no less cumbrous educational committee ("National Council of Auxiliary Bodies"). It is difficult to see the reason for such expensive adjuncts to the board of directors, which cannot but tend to enfeeble the executive, create delay, and involve no inconsiderable cost for the travelling expenses of the members. Probably it is not generally realised that every meeting of such a committee would cost several hundred pounds.

A Twin Federation with Joint Committees.

Now I do not know whether it will be thought fanciful on my part if I suggest—seeing that what it is vital to secure, in the pending constitutional re-organisation, is not this or that change of machinery in either of the parallel federations, but a unity of spirit in their mutual relations—that there would be a positive advantage in getting identity of form. If the Movement is to eliminate the overlapping and conflict that from time to time exist in its federal activities, and if it is, by harmonious co-ordination, to raise these activities to a higher power, there is no surer way of doing it than by making the two parallel organisations actually into a Twin Federation. By this I mean effecting such alterations in the constitution as would make each organ of the one federal body correspond as nearly as possible with a similar organ of the other federal body. With such a twin constitution, harmonious relations and cordial joint action—perhaps under Joint Committees on the subjects of common interest—would be, to say the least, greatly facilitated, and, as we may hope, actually promoted and ensured.

A Constitution for the Twin Federation.

Thus, I should be inclined to propose a close assimilation of the constitution of the Co-operative Union to that of the Wholesale Societies. Instead of continuing the cumbrous Central Board it seems preferable to make the new board of directors responsible to a quarterly meeting of delegates from the constituent societies,

* For the scheme of a full-time salaried executive, presented to the Scarborough Co-operative Congress, see the *Co-operative Union Report* to that Congress, p. 1,350.

elected in proportion to their membership and contributions. This quarterly meeting might conveniently meet, like that of the C.W.S., in a number of separate divisions (there might be one for each Section, presided over by the director elected by the Section), possibly, if thought necessary, with a general meeting on the following Saturday—identical propositions being put at all the meetings, and the decisions being made by the aggregate of votes.

These quarterly delegate meetings of the Co-operative Union, which might be made in practically all respects parallel with those of the English C.W.S., would naturally exercise the powers at present vested in the annual Congress, so far as concerned the control of the Co-operative Union itself, its directors and officers, its finances, its rules, and its policy. There may be something to be said for a series of regional Congresses, instead of or in addition to the Annual Congress. But everyone will agree that the Congress should not only continue to be held, but should be made as influential and as imposing as possible, and should be led to concentrate attention on what are, in fact, its most important functions, namely, to make known the strength and progress of the Movement, not only to the outer world but also to its own members; to generate enthusiasm for what must always be a national movement, with nation-wide and not merely sectional aims; and to serve as a discussion forum for the exhortations that are required, as well as for the ideas that emerge from time to time. The Congress is, in short, not a business meeting, still less a legislature. It is, and ought to be a gigantic sounding-board for national advertisement. The Congress should be definitely recognised as the Congress of the whole of the consumers' Co-operative Movement. It should therefore have no closer connection with the Co-operative Union than with the English and Scottish Wholesale Societies. Thus, all consumers' societies should deem it their duty to send delegates to Congress, the Wholesales as well as the Retails, and to contribute to its success; it should be attended by the directors of the Wholesales and the members of the national executives of the Men's and Women's Guilds, as well as by the directors of the Co-operative Union; and arrangements should be made for securing that the educational committees and the local guilds should share, in one or other way, in the nomination of delegates from the local societies. Such a Congress might appropriately be summoned and managed by the Joint Committee presently to be referred to. The Co-operative Congress will, it is to be hoped, always be as large and, in its own world, as representative a gathering as the annual meeting of the British Association for the Advancement of Science. Like that meeting, it should express any opinion it may choose, for the information and guidance of those concerned; but it should not exercise authority, or give orders to any part of the Movement. Like the British Association, too, the Co-operative Congress might

do well to organise part, at least, of its discussions in sectional meetings, according to the subjects dealt with.

The respective duties and functions of the two parallel federations of the Movement would, of course, need to be precisely defined. At present, those who are actively concerned in the one federation do not always adequately realise the importance of the other. To the Co-operative Union would belong, so far as federal organisation was concerned, the whole of the educational work (which we distinguish from propaganda among non-members).*

For each main department of the Union's work there might be a standing committee for discussion of policy, consisting of three of the salaried directors, together with a certain number—possibly eight—of members elected either by the delegate meetings or by the several sections. The supervision and control of the Legal and Statistical Departments, like that of the office administration generally, might be entrusted, subject to the control of the quarterly delegate meetings, entirely to the board of directors, who might be left to distribute their own activities among such office sub-committees as are found to be required.†

The Recognition of Duality.

There is, however, one feature in the reorganisation of the federal institutions of the Movement to which, as it seems to me, great importance should be attached. What we have to deal with, however much we may aspire to harmony, is not, and cannot be, unity. The activities of the parallel federations must remain distinct. Yet there are certain branches of the work which concern both the business federation and the educational federation; and no small part of the weakness that is at present complained of is due to a failure to recognise this duality. Neither federation can afford to leave these branches entirely to the other. There should be certain joint departments belonging both to the Co-operative Union and to the Wholesales, managed by joint committees of their boards of directors. Of such joint departments I see four, namely (a) Organisation and Propaganda, (b) Conditions of Employment, (c) Literature, Press, and Publicity, and (d) an entirely new one that might be designated the Department of Co-operative Progress.

* It may be suggested that co-operators make a fundamental mistake in linking Education with Propaganda. These are two different functions, requiring not only different agents and different methods, but also different states of mind. Propaganda goes with exaltation, self-complacency, pride in achievements, exaggeration and even boastfulness. Education demands humility, a sense of inferiority in face of the inexhaustible wonders and mysteries of the universe, a feeling that we are but picking up pebbles on the shore of an ocean of knowledge, and a saint-like patience with those who do not even recognise their own ignorance. It is doubtful whether a really good teacher can make a successful propagandist; whilst the most competent propagandist may fail in real education.

† The question of how to organise the political activities of the Movement is dealt with in a separate publication, *The Co-operator in Politics*, by Alfred Barnes, 1923.

The Joint Committee for Organisation and Propaganda.

The duty of the joint committee for Organisation and Propaganda would be to deal with overlapping between societies, together with all the varieties of "Co-operative Deserts" and of stagnation or arrested development, whether in particular societies or in the organisation of the relations among societies. Propaganda (which should be something distinct from the education of the co-operative membership) would naturally be directed by this joint committee in the quarters in which the needs and opportunities were found to be greatest. The arrangements connected with the annual Congress for the Movement as a whole might properly devolve upon this joint committee.

The Joint Committee on the Conditions of Co-operative Employment.

The need for a joint department to formulate and maintain a common policy for the Movement as a whole with regard to the conditions of co-operative employment has become very obvious. The conditions granted by the local societies cannot but affect the position of the Wholesale Societies, which may at present find their establishments upset in consequence of proceedings in which they have had no part. It is not suggested that this Joint Committee should impose rates of wages, or other conditions of employment, either on the local societies or on the Wholesale. The joint department would merely act as the investigating agents of the Movement as a whole, bringing the information it possessed to the knowledge of the co-operative organisations concerned as employers; and undertaking the laborious and almost continuous work now necessitated by the Trade Boards and other outside influences affecting co-operative employment.

The Joint Committee on Literature, Press, and Publicity.

In no branch of the federal work of the Movement is a greater unity of action more plainly necessary than in that of Literature, Press, and Publicity. The present publications of the Wholesale Societies and the Union should, it is urged, be placed in the hands of a joint department, directed by a joint committee, which might with great advantage absorb the existing National Co-operative Newspaper and Publishing Company, with all its issues; and arrange for a systematic re-organisation of the whole of the publishing and distribution work of the Movement. The writing and editing of additional books and pamphlets on Co-operation in all its phases could be taken up with great advantage. The whole problem of obtaining additional advertisement for the Movement, both of its commodities and of its ideas, needs to be grappled with.

The Joint Committee on Co-operative Progress.

Finally, there is, as I have sought to show elsewhere,* urgent need for the establishment of an entirely new federal department, which has tentatively been styled "The Department of Co-operative Progress," which should have as its special function the constant watching of the progress of all the local societies, in order to apply stimulus and encouragement, to make known to all the societies the various advances that are being made by any of them, and to evoke the utmost possible emulation among them. In this work of stimulation the Wholesales are at least as vitally interested as is the Co-operative Union. The Wholesales can bring to the question their own exceptional sources of information and their comparative knowledge. It has been suggested by experienced co-operators that it would be an advantage if the work of audit of the societies' accounts, so far as it can be done by the federal institutions, could be transferred by the English C.W.S. to this joint department. It would be to this joint committee that would fall the organisation and development of the higher form of audit, the "efficiency audit," in which not merely the cash balances are measured and checked but all the work of the society, so that the results, the costs, and the expense-ratios are compared, not only of the several departments of each society, but also of each department for different years, and even of the analogous departments of different societies.

To have an Efficiency Audit of this kind will come to many co-operators as a novel, and, in some respects, a disquieting idea. But I venture to ask them to give it consideration. It is important not only because it seems to remedy some of the present shortcomings of the Co-operative Movement, but because it affords an opportunity to the Movement to make a further advance on the Capitalist System. We all know how great and how dangerous is the apathy of the co-operative democracy. Many co-operators are already conscious of the loss of efficiency involved in favouritism in appointments, and of the dangers accompanying the habit of promotion by seniority. To correct these defects nothing would be more useful than an automatic, accurate, and impersonal analysis of each department of every society; made by disinterested experts, having no personal connection with the society reported on, and wielding absolutely no administrative authority; strengthened by comparison with other societies, other periods, and other departments. Even a merely statistical comparison on such points as percentage of working costs, proportion to capital of turnover in different branches, reserves, and rates of depreciation would be of great value. The more rapid the growth and the more successful the enterprise of a society, the more advantageous would be the indications afforded by comparative measurement and publicity.

* *The Consumers' Co-operative Movement*, by S. and B. Webb, 1921.

Without some such detailed investigation the very magnitude of the "hidden reserves" involved in the continuous "writing down" of fixed assets might permit of the losses consequent on faulty administration in particular departments to go on for years without obviously revealing themselves in aggregate deficits. And looking to the future, we may see both an additional need and a new value for some such Efficiency Audit as is here suggested. When overlapping between societies has been brought to an end, and the process of amalgamation has placed extensive areas within the service of great societies counting their memberships by the hundred thousand—still more when such societies have, by their very excellence superseded, within their areas, the private traders—the individual customer will have lost his practical remedy of resorting to an alternative source of supply. Complaints at members' meetings might then afford an altogether inadequate protection. Even if, as may be suggested, the control of the members becomes strengthened by the establishment of a representative assembly—to which, as described elsewhere,* the Leeds Co-operative Society is leading the way—the members of such an assembly would require the independent reports of an Efficiency Audit, as well as the financial guidance of the existing auditors, if they are to fulfil, intelligently and helpfully, their functions of criticism and control of the operations of what would necessarily be huge and complicated business organisations.

The system of competitive capitalism, depending on secrecy for the maintenance of exceptional profits, fights shy of measurement and publicity; and therefore rejects any idea of an impartial Efficiency Audit, which would place in comparison all the separate enterprises in each industry, and reveal exactly how and where the profits are being made. The Co-operative Movement, on the contrary, has everything to gain by "accurate comparisons openly arrived at," so as to keep each co-operative administration informed of all the improvements introduced by any one of them; and to make them promptly aware of any features in which any of them are falling behind. It is significant that the institution, under one or other form, of an Efficiency Audit, is the first improvement in business organisation to be made by every great capitalist trust. The whole administration of every far-reaching "trustified" industry is made dependent on a continuous stream of detailed reports as to the relative output, consumption and running costs of every part of the enterprise. The successful management of every "multiple shop" or "chain stores" company—now the strongest competitor of the consumers' Co-operative Movement—depends on the accuracy and comprehensiveness of what is, in effect, a continuous Efficiency Audit, often inhuman in its crudity, to which each branch is subjected.

* *The Constitutional Problems of the Co-operative Society*, by Sidney Webb, 1922.

The Value of Publicity.

But the results of the Efficiency Audit of the Capitalist Trusts and the Multiple Shop Companies are kept strictly secret. They are devised for the purpose of making ever larger aggregate net profits out of the *personnel* and the public. In the Co-operative Movement, where the aim is not individual profit but common benefit, there would be nothing but disadvantage in secrecy. The Movement has every interest in publicity, in order to stimulate, not only the several administrations but also the several memberships, to the utmost emulation in what is not an individual and private speculation but a public service in which the whole co-operative community has a real, if indirect, interest. It is thus within the power of the Co-operative Movement, because of its very nature—because, in short, it substitutes, as the motive for action and as the test of success, the service of the community for the amassing of pecuniary profit—to make, in the twentieth century, by applying the device of an Efficiency Audit, rendered effective by measurement and publicity, as great an advance on the competitive system as the advance made by that system in the seventeenth and eighteenth centuries, on the system of status and customary monopoly from which it emerged.

The Efficiency Audit as a Guide for Promotion.

But there is another reason why the Co-operative Movement needs to make much more use than at present of measurement and publicity, for which an Efficient Audit would continuously supply the necessary material. Co-operative societies are now often exercised in their minds, and agitated in their meetings, not only by uncertainty as to whether particular departments are not costing too much, but also by "questions of discipline," taking the shape of discussions as to the rightfulness of the promotion or dismissal of particular employees. In any genuine democracy the supreme issue of the exercise of authority cannot be satisfactorily settled without the appeal to Justice, which necessitates a correct ascertainment of fact, irrespective of the personal equation on either side. To-day it seems, in the Labour and Socialist world, as if the vital question were who should give orders and who should obey them—whether government should be "from above" or "from below." A combination of independent measurement with complete publicity is destined to sweep away the present arbitrariness alike of committee-men and of salaried superiors. The deliberate intensification of the searchlight of published knowledge is the corner-stone of successful democracy, not less in the Co-operative Movement than in State and Municipal government. The need for final decision will remain, not merely in emergencies, but also for policy; and it is of high importance to vest the responsibility for each decision, according to the nature of the case, in the right hands. But a great deal

of the old graded subjection, once deemed to be indispensable in all administration, is ceasing to be necessary to efficiency ; and will accordingly, as democracy becomes more genuinely accepted, gradually be dispensed with. A steadily widening sphere will, except in matters of emergency, be found for consultation among all grades and sections concerned, out of which will emerge judgments and decisions arrived at, very largely, by common consent. This common consent will be reached by the cogency of accurately ascertained and authoritatively reported facts, driven home by the silent persuasiveness of the public opinion of those concerned. The real authority will more and more be exercised by the public opinion, alike of the democracy of consumers and of the democracy of producers—a public opinion which the adoption of an Efficiency Audit, and the wide and gratuitous publication of disinterested reports will make both well-informed and all-persuasive.

The Stimulation of Co-operative Activity.

The greatest immediate step forward that the Co-operative Movement can now take is the formation of a central department of research, audit, stimulation, and encouragement, to which the name of the Department of Co-operative Progress has been provisionally given. At present, in spite of the elaborate federal constitutions, this work is simply not done. One may imagine such a Department of Co-operative Progress setting itself, in the first place, to make really effective use of all the methods of measurement and publicity in order to arouse the attention and stimulate the emulation of the laggard societies. It would utilise to the full, not only the statutory returns, but also all the other information in possession of the Union and the C.W.S. in such a way as year by year to bring home graphically to every committee-man and every official the position in which his particular society stood in comparison with others of similar size, locality, and circumstances ; incidentally revealing to every society without exception the point in which it was falling behind the best that had been achieved. It is essential that such a central department should have no coercive authority. But every new line struck out by any society, great or small, would be competently reported upon, with illustrations from past experience and suggestions from the practice of co-operators in other countries, for the information of the Movement as a whole. By comparative statistics, by the development of the science and art of "costing," by special reports, by explanatory private interviews, and by public lectures, every discovery that had been successfully made in any part of the Movement, at home or abroad, or in State, municipal, and capitalist enterprise, would be continuously pressed on the notice of local societies and federal establishments, in such a way as to induce them to perfect current administration, and voluntarily to initiate new departures.

How to Create a Department of Co-operative Progress.

The way in which such a Department of Co-operative Progress could best be formed must depend, of course, on the contemporary organisations and opinions of British co-operators. There are, in my judgment, certain principles to which, if it is to prove successful, its constitution must conform. It must be exclusively a source of light, and not an instrument of command. It must have vision ; and therefore it must combine the knowledge that springs from practical experience of co-operative business with the inspiration and enthusiasm rooted in co-operative theory. It must be independent and impartial, with reference alike to large societies and to small, to federal institutions and to their constituent bodies. My own inference is that the Department of Co-operative Progress—whatever may be its title—should be organised and directed by one of the standing joint committees of the Co-operative Union and the Co-operative Wholesale Societies to which I have already alluded. It should appoint and control its own staff of highly qualified and well-remunerated investigators. Such a staff should, at any rate at first, not be wholly recruited from within the Movement, though the discovery and training of men and women of the necessary high qualifications would naturally be one of the aims of the post-graduate section of the proposed Co-operative College. And in this conception of a highly developed Department of Co-operative Progress, with its perpetual analysis of processes and comparison of results, widely published throughout the Movement, yet carrying no coercive authority, the experienced co-operator will see an additional reason against the project of amalgamating all co-operative enterprise in each country into one all-powerful national society. To have the decisions of the scientific experts at the centre actually enforced on each local community would be intolerable ! Yet progress depends on knowledge. Mankind, or, at any rate, the Briton, will not accept and execute the novel and difficult dictates of science unless he feels himself free to remain, if he chooses, in the old ruts of ignorance ! But every group of men can be incited to strive voluntarily to excel other groups of men in any undertaking whatsoever, if only there are commonly accepted and widely published tests of success. The findings of the Department of Co-operative Progress as to the relative achievements of different societies or different departments might well become as thrilling in the co-operative world, and excite as keen an interest among all the committee-men and officials, as the results of the Football " Final " or the test-match at cricket.

Summary.

Thus we have been led from a recognition of the advantages derived by the Co-operative Movement from its federal institutions

to an examination of their shortcomings. We have seen how a consciousness that all was not well with the Movement led to the appointment, in 1914, of the General Survey Committee, and to the far-reaching proposals of its four Reports. Confining ourselves to the constitutions of the main federal organisations, we saw that the C.W.S. had effected an amendment at the only point definitely criticised, namely, the adoption of voting in proportion to purchases instead of to membership. With regard to the constitution of the Co-operative Union, as yet not appreciably changed, we noted the cumbersomeness of its Central Board and eight Sectional Boards, its United Board and its Office Committee. We next examined the points at which, as it is complained, the federal machinery fails; noting that

(a) It is cumbersome and dilatory;

(b) There is overlapping and conflict; and that

(c) Important work is left undone, and opportunities are missed.

We then considered in succession

The Proposed Remedy of amalgamating the Co-operative Union with the C.W.S.;

The Proposed Remedy of a National Amalgamated Co-operative Society for each Kingdom.

We saw reason to think that the remedy was to be found in the adoption of the principle of parallelism in federation. Present shortcomings arise largely from a failure to recognise the necessary duality of the federal work.

From this standpoint we considered the proposals of the General Survey Committee, and found them not very promising. We were led to the suggestion of a Twin Federation having Joint Committees. The constitutions of the Co-operative Union and of the Wholesale Societies might with advantage be assimilated in form. Just as the Board of Directors of the English Co-operative Wholesale Society is responsible to quarterly delegate meetings, so it is suggested that the proposed Board of Directors of the Co-operative Union might be responsible to similar quarterly delegate meetings of its affiliated societies. Provision might be made for a standing committee for each main department of the Union's work, on which there might sit representatives of the Sections. But the cumbrous United Board and Central Board should be wholly dispensed with.

For the common work of the Twin Federation there might be Joint Departments, administered under Joint Committees,—one for Organisation and Propaganda, including the Annual Congress; another, a "Labour Department," on the Conditions of Co-operative Employment; a third dealing with Literature, Press and Publicity; and a fourth concerned with a branch of the work at present scarcely even begun to be thought of, the Department of Co-operative Progress.

This Department of Co-operative Progress would have, for its task, the stimulation of all the societies to further achievements. It might conduct a new kind of audit of the societies' work, an Efficiency Audit, designed to reveal to each society how it stood, in each branch of its undertaking, in comparison with its own past, with other British societies, with private capitalism, and with analogous undertakings in other countries. The Department would investigate every improvement made anywhere in the world, and bring it promptly to the knowledge of every British society. Such a Department might be of the greatest possible assistance to the several societies, and might well become the source of a new bound onward of the British Co-operative Movement. But its establishment could not be undertaken successfully by either the Co-operative Union or the English C.W.S. alone. It would scarcely be possible except as the outcome of a reorganisation of the federal institutions of the Movement.

Above all, it is to a systematic and parallel reorganisation of the federal institutions of the Movement, such as is herein submitted for the consideration of co-operators in all parts of the Kingdom, that we may confidently look for a fostering and deepening of the conception of the oneness of the Movement, which those immersed in the administration of each part of the Movement are always in danger of forgetting.

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