



WOMEN'S CO-OPERATIVE GUILD.

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WHAT CAN A LABOUR GOVERNMENT DO FOR CO-OPERATION?

BY
Mrs. EMMY FREUNDLICH, M.P. (Austria),
President,
International Co-operative Women's Committee.

Spring Sectional Conferences,
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AFTER the collapse of the old monarchy and the establishment of the new Republic—the new Austrian State—we had in Austria a Labour Government, which, like the Labour Government in England, had not an absolute majority in Parliament, and was consequently limited in its action just as the Government of Mr. MacDonald is. Conditions in Austria forced it to admit the peasants (farmers), who form an essentially more important part of the population in Central Europe than in England, into the Government, and consequently it was not possible to fulfil all the desires of the industrial classes. For this reason much that the Government did was a compromise, just as much that the English Government does will also be a compromise. In the same way it was not possible to carry through our programme without a check, and the force of political circumstances prevented us from abolishing capitalism; we could only limit its power.

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The fact that the Government, with Dr. Renner, the President of the Austrian Co-operative Union, at its head as Prime Minister, was able, nevertheless, to do much for co-operation was due in the first place to the great economic distress in which at that time we were living, and which made the food supplies of the people the chief task of the Government; and secondly to the close personal union which exists in Austria between the co-operative organisations and the Labour Party, so that our leading political men are often also the leading members of our co-operative societies.

For all these reasons the situation for the English Labour Government is different from that which existed for the Austrian Government. England has abolished her war-time control of industry by the State and given up food control, and the special advantages for the co-operative movement which sprang from these Government measures in Austria are consequently not possible in England. One of the most substantial means of assistance which our movement received was that in the time of the greatest dearth the Co-operative Wholesale was supplied direct from all the Government commissions who purchased on behalf of the State, and our societies were therefore usually better stocked with goods than the private traders.

Also, the additional circumstance that they need not pay for the goods at once, but only in the course of two or three weeks, was of great benefit to the movement, which in this way obtained cheaper credit. With the ending of State control the price of foodstuffs rose, owing to the removal of the Government subsidy (for the Government had till then paid nearly half the price

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of bread), and co-operative societies were suddenly faced with the necessity of a great enlargement of their working capital. They were unable to obtain it in time through a raising of the share capital, because the date for the ending of State control on January 8th, 1922, had only been fixed in December; but through the intervention of the Wholesale Society they secured a State loan of 1½ milliards of kronen, with which they tided over this period.

The direct relation with the Ministry of Food, in which the writer of this paper was a director, contributed much to the protection of the co-operative societies from any injury, and to their provision with all kinds of food-stuffs that were obtainable.

Public Undertakings.

The demobilisation of the old army, the reduction of the industrial area and of the State from a country of 38 million inhabitants to one of 6½ millions, released many establishments for which the State had no longer any use. Factories which had only been established for war purposes, camps for prisoners or refugees, often provided with valuable machinery and implements, stood empty, and private firms were ready to buy them up cheaply and make millions out of them. Consequently the Government had an interest in preventing these establishments from going into private hands. Moreover, they had to comply with the eager demands of the workers for the nationalisation of private undertakings, and consequently they set to work to evolve a form of industrial organisation which we in Austria call "Public Utility Companies," and which are indeed a very good

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solution for many industrial problems. Railways, air-services, mines, and ironworks can never be controlled on purely co-operative lines, for the Government and the community have too strong an interest in them; the capital which they require is so great that some other system must be sought since the share capital of the members can never furnish the amount of capital required. These "socialised" undertakings, as we call them, have the advantage of uniting the co-operative movement and the local authorities, and through them consumers and producers, who are so often opposed to one another, in the service of a common undertaking.

The co-operative movement does not take part in all such enterprises, only in those engaged in the production of goods required by our members. In other organisations we take an advisory part, but do not exercise a direct influence on the management.

Our first boot factory (the public utility company), in the mountains of Brunn, was founded in this way; also our public textile company, and now our own cloth mills, which are also situated at Brunn. In the municipality of Vienna, which has an absolute Socialist majority and can consequently do more than the Labour Government could, we have set up a company for providing Vienna and the co-operative societies with wood and coal—the Vienna Wood and Coal Company ("Wihoko")—and another, the Vienna Meat Company, to undertake the supply of meat. To the question, which has been much discussed in England, as to whether when we have superseded private enterprise the provision of food should be carried on by local authorities or co-operative societies, we have simply answered "by uniting both for common

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work." This principle has justified itself, especially where the business risk is great, or where, as in the case of coal and wood, a very large working capital is required.

In all these public companies and public utility concerns the governing body is composed of representatives of public bodies (the State or municipality) and of the Co-operative Wholesale Society; in the same way both contribute capital. The workers and officials of the undertaking have representation on the administrative committee, and in many undertakings have also a collective share in the profits. The individual workman receives no bonus, but the workers as a body receive a stated percentage, which they spend on founding holiday homes, libraries, &c. We will never make little capitalists, but always make the community the owner of capital and industry. Experiments like these are not intended to effect the reconciliation of capital and labour, but the abolition of capitalism.

These undertakings are all making good. Their development is as satisfactory as that of private institutions, and they were able, in spite of the devaluation of money, to form reserves which have strengthened their power of resistance.

The co-operative societies have been enabled through this common work to embark on new productive enterprises, and in the period of economic collapse they were able to open up new and important fields of activity, which will be of lasting value for the development of the movement. What has been done in Vienna has been done also in many other municipalities. There are an array of public organisations similarly run throughout the country.

Public Rights.

Our Labour Government was less successful in the matter of the extension of public rights and of the reform of the laws of taxation, for which the co-operative societies pressed. It is true that the new laws relative to taxation—our capital levy, for example—have exempted the co-operative societies, but a comprehensive reform of all fiscal legislation was not possible. In the first period during which we had a Labour Government the co-operative societies themselves were principally interested in the provision of food supplies, and consequently all our efforts were devoted to ensuring that they were well supplied. Later, we were no longer strong enough to carry our wishes against the once more increasing strength of the middle classes. The stronger the reaction became in Germany and France, the harder it became to obtain any concession in our own country.

Our efforts to establish side by side with chambers of commerce (which represent the private traders) chambers of consumers, so that our wishes also might be constantly brought to the ears of the legislature, failed for the same reason. We were able to establish for the trade unions chambers of workers and officials, holding the same power in our constitution as the chambers of commerce, but we could not get the chambers of consumers. We came to the point of drafting an order, but this order could not be put into effect, as the co-operative societies were not agreed as to the methods of election. All we have been able to do is to set up special committees in the chambers of workers and officials (since these are also concerned with questions of food and consumption and all arrangements touching the welfare of the worker) which enable

the co-operative societies to have a share in the consideration of bills before they are dealt with in Parliament.

IF, after this survey, we wish to get an impression of what might and should be done in England if the Labour Government is to be of service to the co-operative movement, we must observe that two main problems confront the English people which are particularly suited to draw the State, the municipalities, and the co-operative movement together—the question of promoting agriculture and the question of housing—of “homes fit for heroes.”

The Agrarian Problem.

We can never create a co-operative commonwealth if we do not establish a direct connection between the producers in the country and the consumers in the towns. Where the co-operative societies lease land and work it themselves they can bring no more than a tiny piece of land, in comparison with the whole countryside of a nation, under co-operative cultivation. Consequently we must understand clearly that a co-operative community can solve this question in two ways, and that it must employ both if we would reach the goal which we have set before ourselves.

When, therefore, the Labour Government wishes to carry through the nationalisation of great landed

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properties, they should aim at transforming these properties (in so far as they are not let out in holdings) into economic undertakings similar to those created in Austria. The State alone can never be a good administrator of industrial undertakings, for Government officials are not trained for such work. If officials from great private industrial undertakings are employed, then the danger arises that they will have prejudices in favour of private industry, and will serve their own interests rather than those of the State. Consequently, we can only carry out a successful nationalisation of land, particularly in the case of large properties, if the Government will take over the management of these properties in conjunction with both the Wholesale Societies,* and if the trade unions representing the workers and officials of these undertakings form the third party to the alliance.

If I were Mr. MacDonald, I would set up a commission to undertake the preliminary work for such a step, composed of representatives of all three organisations—the State, the co-operative societies, and the trade unions.

In the case of tenant farmers, however, who have taken over their holdings from the great landed proprietors, it will be necessary to form agricultural co-operatives like those in Germany, Austria, and elsewhere, which provide the small farmers with credit, sell them agricultural implements at low rates, and take over their produce to sell it to the co-operative societies of the neighbourhood; or, in the case of grain and similar products, to the Wholesale. These organisations, too, must be built up

* Translator's Note.—In Austria the agricultural co-operative societies have a Wholesale Society separate from that of the consumers' movement.

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in the closest connection with the consumers' societies. It might be possible, perhaps, simply to graft on to the existing co-operative societies a special department for agricultural purposes, which would have the conduct of all this side of the work so that the administration would be concentrated in a single body. The aim would have to be to place agricultural production in the hands of the community, represented by the State, the co-operative societies, and the trade unions. It is only when we bring in all three forms of public organisation that we can work successfully. Only then, will all interests—those of the consumers, of the workers, and of the State and community—receive the consideration which is necessary if we are to reach an arrangement which dictates to no one and does not curtail anyone's rights.

The trade unions also must recognise how necessary for all these objects is close collaboration with the co-operative societies.

The Housing Problem.

It is not now possible to build houses in any country unless money can be borrowed at a low rate of interest and building materials obtained at the lowest prices. Consequently, the Vienna municipality, in conjunction with the State, set up a special body, the "Gesiba" (public utility company for village colonies and house building), which now imports all building materials which are not obtainable in our own country, and also buys from other companies. Thus the Wood and Coal Society provides wood for building, first buying forests, felling them, and converting part of the timber into firewood and the rest into wood for building purposes. If

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the materials for all public buildings are obtained from this one source, such an organisation can dominate the market and influence the price level.

Here, also, joint work between the State, the municipalities, the co-operative societies, and the trade unions is indispensable. No one organisation can dominate the market alone. All together they will be stronger than private enterprise; they will be able to produce cheaper building materials, and by that means alone make large-scale building possible. Therefore, Central European co-operators were astonished to hear that at the conference on this question at the Ministry of Health only the trade unions and private traders were represented, but not the co-operative societies. Private traders will never agree to work without a profit, and even if they promise to do so they will not keep their promises, as we saw in the war. The State, in conjunction with these organisations, must take the provision of materials into its own hands, and must aim at giving those organisations which have always been engaged in such work—the co-operative societies—the controlling responsibility in the undertaking. For this reason we have entirely excluded the private traders, and only allowed the State, the municipalities, and the workers' organisations to participate in the undertaking, so that no outside interests can work against the interests which a Labour Government has to serve.

Besides this, we have in Austria a building guild, the "Grundstein" ("Foundation Stone"), formed by our building trades union, which does the building for the municipality of Vienna, and particularly the village settlements, and helps the municipal building, so that as

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many houses as possible, and above all (this is the great point), as cheap houses as possible, can be built. If we do not want to wreck the finances of the State and the municipalities we can only build if we can build cheaply, and if we can eliminate, as far as possible, all personal profit.

Public Rights.

We are now in a state of transition. No Labour Government that has not a majority will be able to continue long in office. For a time it seems expedient to the middle-class parties to allow Labour to rule, but before long they will take over the Government again themselves. Therefore, while we are in office we must aim at securing permanently some of the power which we should otherwise lose on resigning the Government.

To-day, the chambers of commerce are powerful instruments of private trade and production, since they have specified rights which compel Governments to take them into consultation on administrative matters, to listen to their views before passing bills, to inform them on such matters as foreign trade, trade relations, state of foreign markets, &c.*

The workers need similar institutions, and we must see that they have them in all countries. To-day the workers in Austria must be informed of every Act which the Government is preparing; the chambers of workers and officials, just like the chambers of commerce, must be told of all orders published. In England, too, similar bodies should be created for the trade unions and co-

* Translator's Note.—In England only Incorporated Chambers of Commerce have legal rights, though the rest, as powerful voluntary organisations, can often influence the Government indirectly.

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operative societies, whose members are practically the same, so that the working people may never lose their hold on the Government.

The Board of Trade should set up, side by side with the department dealing with trade in general, a department for co-operative societies; this is an institution which has already been demanded by English co-operators, and which would undoubtedly be most valuable. In all countries public enterprise must be put on an equal footing with private enterprise. One must no longer be considered without the other, either by this Government or by any succeeding English Government. The new era has begun.

Taxation.

Here, also, we must aim at establishing by a special law, as in the German constitution, the fact that co-operative societies are public bodies which can never make a profit, and which should consequently never be subject to income tax. By such means we must make it impossible for any future Government to treat the co-operative societies otherwise than as the workers would wish.

No doubt these observations will only arouse our English friends to think out for themselves how joint work can be carried out by a Labour Government and the co-operative movement. It is to be hoped that this joint work will be possible, even though in England there is no personal connection between the leading political men and the leading co-operators such as exists in Austria, but where there is a separate Co-operative Party, which, unfortunately, has not the influence in

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Parliament which the trade unions possess. The greater the political power of the Labour Party becomes, the more urgent will be the need for the co-operative movement of every nation to take this fact into account, for otherwise there will be a great danger that the co-operative organisations will not have that influence on the reconstruction of the world which is necessary for all parties if the new industry is to have the benefit of old experience.

My observations are only intended as a guide for all who want now to think out for themselves how successful joint work can best be organised in England. But under no circumstances must the co-operative societies be allowed to be excluded, for they are the most valuable partners of any Labour Government.

