

JOURNAL
OF THE
STATISTICAL AND SOCIAL INQUIRY SOCIETY OF
IRELAND.

PART LXXVII.

I—*The Progress of Co-operation.* By Rev. T. A. Finlay M.A

[Read Tuesday, 1st December, 1896.]

EVERYONE is familiar with the advantages of co-operation in industrial and commercial pursuits. What all treatises of Political Economy tell us as to the benefits of the Organisation of Industry and the Division of Labour is really nothing more than an exposition of the advantages of co-operation. But it is not in the sense of an organisation of industry that the term co-operation is now usually understood. Since capital has come to play so important a part in the processes of production, co-operation has come to have a narrower signification. It signifies that particular kind of economic organisation by which those who are producers or consumers shall also be owners of the capital or the profits employed in, or arising out of, the production or the consumption. The continuous development of wealth production in the present century could hardly fail to suggest the idea of co-operation to thinkers who were concerned for the well-being of the masses, and to thinking individuals among the masses themselves, who were led to reflect on the hardships which the current methods of production and distribution created for the poor.

In theory it was held that capital was merely an aid to labour in production, it was recognised that human labour was ultimately the one agent by which the resources of nature were worked up into the form of wealth. But in practice it came to pass that this adjunct or aid of labour became the dominant factor in industry, and that the owners of capital attained a supremacy which enabled them to use and abuse labour for their own purposes. In proportion as the progress of science rendered the processes of production more and more dependent on costly machinery, and technical skill, in that proportion the owners of capital, who could possess themselves of the appliances and command the expert knowledge,

became the masters of the situation. It rested with them to say whether or not production, as production was now understood, should or should not be carried on in a given locality. And the labourer, who should work on the terms offered him or starve, was compelled by his necessities to accommodate himself to such conditions as the owner of the new mechanisms of production chose to fix. Competition amongst capitalist employers might do something to improve his chances. But this competition failed of useful result as population rapidly increased, and the supply of labour outgrew the demand. The plight of the labourer in these circumstances may be gathered from the history of the Factory Acts, and from the legislation which, in the interests of humanity, it became necessary to apply to the mining industries.

Again, the growth of wealth and the consequent gradual rise in the standard of comfort and the development of new economic wants gave capital a preponderating influence in the processes of distribution. The appliances of transport, and the technical knowledge necessary for the conduct of a complicated and world-embracing system of exchange naturally and necessarily fell under the power of those who had wealth at their command, and the control which they thus acquired, while it put the consumer largely in their power, tended to swell continuously the volume of wealth which was the basis and the guarantee of their pre-eminence. Competition was perhaps more active in this sphere than in the other. But competition did not, and does not, exclude trade fraternity. And combinations among distributors are effected to defend their positions against the claims which are made upon them by consumers. Under these circumstances it was natural that in the department of production and distribution alike those who felt themselves suffering from the supremacy of capital should cast about for a means of freeing themselves from its domination. There was only one way to effect this. Capital was essential both to production and distribution; if producers and consumers wished to escape its control they should become its owners, they should become capitalists themselves. This they could not do individually; but combined, and organised for the purpose, it was not beyond their reach. Hence the idea of co-operation.

Thus expressed the plan of co-operation in the productive and distributive spheres of economic life seems simple and obvious enough. But what is so simple in the conception is not equally simple in the execution. To effect the union and organisation necessary to combine a large number of men in the carrying out of complex industrial or commercial enterprise is no easy task. Its possibility depends on the possession by the co-operators of qualities which are not to be found in every community; nor at every stage of social development. A competent education in practical economics is their first and indispensable requirement. They must have an intelligent insight into the issues involved, and some knowledge of the agencies and methods of industry and trade. And they must have the moral qualities which will render them amenable to discipline for the common good, and strong to face the

failures and reverses which are inseparable from first ventures in manufactures and commerce. Without these qualities in the members of the organisation, as without business capabilities of a high order in those who guide their efforts the undertaking is doomed to failure. It is not then everywhere and among every class that co-operation is feasible. We shall see presently that where it has been introduced hastily and thoughtlessly it has failed signally. But these failures are not to be attributed to any inherent defect in the method itself, but wholly to a want of the necessary qualities—intellectual and moral—in those among whom it was introduced. Here and there, no doubt, its failure is due to extrinsic causes—chiefly government interference—but these cases illustrate defects in government rather than defects in economics.

I have said that the co-operative idea is a growth—a natural and necessary growth—due to the increase of wealth in the present century, and to the methods by which that increase was effected. This being assumed, one should expect to find the first manifestations of the movement in England. In industry and trade England had long taken the lead of the other nations. When the discoveries of science put new and potent agencies at the disposal of the producers of wealth she was the first to take advantage of these opportunities, and her pre-eminence in manufacture and commerce became more striking. This expansion of industry and trade brought with it the hardships which press upon the poor under a system where capital is dominant, and competition among labourers enforced by the needs of a rapidly growing population. Early in the new economic period the idea of co-operation suggested itself to the sufferers. So far back as 1777 we find the tailors of Birmingham, who had planned and carried out a strike, establishing a co-operative clothes factory; but the experiment was unsuccessful and things soon returned to their former state. In 1794 a philanthropic English bishop founded the first co-operative store in England; but the scheme was an effort of mere philanthropy, and it failed accordingly; no business knowledge was imported into it which could make it a success. George III. took a passing interest in the co-operative ideas which were struggling into life in his reign. He subscribed to a society which had undertaken the work of founding distributive co-operative societies. But this patronage, like that of the good bishop who founded the co-operative store in Oxford, was not the kind of influence under which co-operation takes root and flourishes, and so the scheme upon which royalty had smiled perished promptly.

In the year 1814 Robert Owen founded a distributive co-operative society in connection with his famous factory of New Lanark. Owen's aspirations were far in advance of his times, too ideal, perhaps for any stage of social development. He had conceived the project of a system of industrial communities organised by the government; but when he had satisfied himself that the government had no sympathy with his ideas he took up the less ambitious task of persuading the people to found distributive co-operative societies for themselves. From this time onward the methods of

distributive co-operation found a home in England. An inhospitable home, sometimes, it must be admitted. In 1830 there were some 300 of these societies established, and these met and discussed their affairs in an annual congress. They aimed at spreading the benefits of co-operation beyond the sphere of distribution; the more prosperous among them employed their profits to establish co-operative factories, and to organise societies for co-operative agriculture. But the law would not give these societies its protection against fraud, they could be robbed with impunity and without right of appeal to the courts, and, thus defenceless, they ultimately succumbed.

In 1844 a new era began for co-operation in England. The plan of a distributive co-operative society, founded on the principle of dividing the profits among the members in proportion to the purchases made by each member at the society's store, was devised by Charles Haworth, and applied with perseverance by the men who are known in the history of co-operation as the Rochdale Pioneers. The secret of success had at last been discovered. Distributive co-operation on the new lines spread through the manufacturing towns of Great Britain with marvellous rapidity. At present these societies number over 1,600. At an early stage of the movement the Wholesale Society was established to supply goods to the local stores on favourable terms; it has grown to be a corporation of vast wealth and influence, its annual trade is reckoned at £10,000,000. But the accusation is made against it that it is becoming tainted with the selfishness of the capitalist trader, that its profits go wholly to the consumers whom it represents, and are not shared with the workers whom it employs, hence the efforts of the early Rochdale school to induce the Wholesale to admit labour into a partnership of its profits as well as of its industry. The subject is brought up year after year at the great Co-operative Congress of Great Britain, but hitherto the champions of labour have failed to attain their end. There is, however, a strong party among English co-operation who are in favour of "Labour Co-partnership," and as the system is already recognised and adopted by the Scottish Wholesale there is reason to hope that it will ultimately triumph in England also.

The progress of productive co-operation in England has been slow when we compare it with the rapid advance of distribution. There are at present about 150 productive co-operative societies in Great Britain, with a share capital of some £690,000. It is to be noted that co-operation in agricultural industries has practically made no way in Great Britain. In this respect Great Britain offers a remarkable contrast to many continental countries, and a remarkable contrast to our own.

In Ireland co-operation has been mainly, I might almost say, exclusively, for production and for agricultural production. In this it resembles the continental countries which have to depend on agricultural industry as their chief resource—such countries as Denmark and Holland. The rise and spread of agricultural co-operation in Ireland may be said to have been accomplished within the last few years. Before that indeed a good deal of energy, and not a little money, had been expended in persuading the people of the advan-

tages which co-operation would bring them. But this preliminary propaganda bore visible results only when the first co-operative society, starting into existence, convinced the hesitating and the incredulous that what had been preached to them as a theory could be realised in fruitful fact.

The first beginnings were made with the dairying industry. After a careful study of the methods by which the Danes had won the first position in the English markets for their dairy produce. Mr. Horace Plunkett took up the task of persuading the Irish farmer to adopt these methods in his industry. By no other means than by co-operation could he procure for himself the costly machinery and the services of highly trained experts, which in the new conditions of the market, were essential to success. It may be remembered by some of our members, that, just at the same time, I laid before this Society the result of my own observations among the co-operative societies of Germany, and without knowing that Mr. Plunkett was already at work, pleaded for the introduction of co-operative methods among our Irish farmers. The co-operative dairies multiplied rapidly. And soon agricultural co-operative societies proper followed. These were founded for the combined sale of agricultural produce, and the combined purchase of agricultural requirements, for the introduction of better breeds of stock, and in general for providing for the agriculturist those helps in his industry which the organisation can compass, but which the individual cannot. These societies also prospered from the first. And the prosperity is proved not only by the continued multiplication of their numbers, but still more emphatically by the continued increase in the volume of business which they transact. I need not enter into a detailed account of their undertakings. They are such as agricultural co-operative societies take in hand the the world over. But I may point to the fact that in no case have the farmers, when once they entered into these combinations, returned to the old individualist methods—a satisfactory proof that in the organisation they find advantages which they could not secure outside it. The Irish Agricultural co-operative societies now number 110, with a total membership of about 15,000 farmers. And scarce a day passes in which petitions are not received at the central office from new districts which call for the services of the instructors who are maintained by the central organisation to initiate beginners in approved co-operative methods. Complaint is sometimes made that the funds at the disposal of the Central Committee do not permit the work of organisation to go forward as rapidly as these demands would require it. But there is an advantage in the enforced slowness. It gives time to watch the societies already founded through the earlier and more critical stages of their existence, and this is of more importance than the overhasty establishment of a large number of societies which would be left, when founded, to rely upon themselves.

I should add to this brief account of the Irish co-operative societies that they have their own agency founded by themselves for the sale of their farm products in the best markets of England, and that they now command the services of the most competent trade experts for the conduct of their business.

At the outset of this movement its promoters were frequently assailed with prophecies of the failure to which their schemes were doomed, prophecies based on the assumed incapacity of the Irish for the discipline of an industrial organisation, and the assumed inability of Irishmen to work harmoniously for practical ends. The event has belied the prophecy, and disconcerted the critics of the Irishman's business capacity. As a rule, the business of the societies has been conducted with singular ability by the local committees chosen by the members, and the firmness, resolution, and steadfast faith in the virtues of co-operation evinced by the societies in moments of difficulty and danger are beyond all praise.

Let me now give a few figures to show the progress made by the co-operative societies of these kingdoms during the last thirty years. In 1862 the societies, all told, numbered 450 with 91,502 members a share capital of £310,731, a trade of £2,349,055; and a profit of £116,302. In 1894 the societies numbered 1733; with 1,312,297 members, a share capital of £15,176,730; with a trade of £50,856,955, and a profit of £4,856,149. If this rate of progress is maintained we may some of us live to see the co-operative societies the dominant economic power in the social life of these countries.

But we must not regard this extraordinary development of co-operation as a phenomenon peculiar to the United Kingdoms. This is but part of a movement which is breathing the breath of a new industrial life into every civilized country in the world. It has spread into the older industrial communities, and opened up new possibilities of prosperity to industries which were languishing or dying; and it has extended itself to the new peoples of Australia, New Zealand and America, enabling them to utilise with multiplied effect the abundant resources of their unexhausted soils.

Agricultural co-operation is that form of co-operation which, for the moment, has the greatest interest for us in Ireland. Let me offer a few figures to show how the advantages of this kind of co-operation are utilised by the countries with whom we have to compete in the markets of Great Britain.

In France we find a network of agricultural co-operative societies spread over the entire country. The number of these organisations is not less than 2,500—devoted to every branch of the farmer's industry, cheese-making, butter-making, distilling, wine-making, etc.

In Belgium we find the dairying industry carried on by 65 co-operative creameries; the general ends of agriculture pursued by 45 large and a great number of smaller societies; a co-operative sugar factory, flour mill and insurance societies, and other combinations.

In Holland we have about 100 co-operative creameries.

Denmark—a country which in so many ways resembles Ireland, but which is unlike our country in this—that its peasant farmers have within a century lifted themselves from a condition of squalid poverty to a prosperity second per head of the population only—to that of England—is the land of co-operation in a special sense. Co-operative creameries were introduced into Denmark in 1882; in 1892 a thousand of these creameries had been established, and

the Danes were supreme in the butter markets of England. Side by side with the dairy societies are agricultural societies, mostly composed by the same members, for the collective purchase of agricultural requirements, and the combined sale of agricultural produce. They have a society for the exporting of eggs to Great Britain; twenty co-operative societies for killing pigs and curing bacon. These societies were first established in 1888; they now slaughter over 250,000 pigs in the year and export the bacon to England.

In Germany there are some 3,000 agricultural co-operative societies devoted to the several departments of the farmer's industry, buying and selling for him, and aiding in every way to improve his methods and to increase his production.

In Austria, co-operation has given aid to the farmer chiefly in the form of loans for production purposes. The co-operative bank is an institution which we are beginning to know in Ireland; in Austria there are 2,428 of these societies; in Hungary there are 958.

In Switzerland productive co-operation is concerned chiefly with the making of butter and cheese and the raising of cattle. In some districts every village has its co-operative dairy.

In the United States co-operative creameries, cheese factories, and insurance societies abound. The statistics of these societies are not forthcoming for all the States, but the fact, that in three States for which the statistics are available we find as many as 500 creameries, may be taken to indicate the extent to which co-operation has been adopted.

In New Zealand there were last year 234 co-operative creameries. The same system is largely adopted in Australia and Canada. It is in order to hold our own against the competition which these co-operative societies make possible that we in Ireland are obliged to adopt the same methods.

I have dwelt thus long on the applications of co-operation to agriculture, because to us the development of agriculture is the question of supreme economic importance. Our country is agricultural before everything, and on the measure in which this industry is developed must the general welfare depend. If there is any moral to be gained from the facts and figures which I have here quoted, it is that the prosperity of agriculture, in the conditions which modern commerce has created for the agriculturist, must depend largely on the use which he makes of the advantages of co-operation.

I pass over the manufacturing co-operative societies of foreign countries. They have not yet attained any special development, and besides there is not any pressing want for them amongst ourselves.

So, too, I omit a detailed reference to the consumers' societies: 1,197 consumers' societies in France, 1,142 in Germany, 358 in Austria, 600 in Denmark, 183 in Holland, 500 in Belgium, 1,200 in Italy, and so onward. These figures are important as showing the spread of the co-operative movement, but they do not record a special line of progress which we are concerned to follow in Ireland for the present.

The co-operative banks or credit societies formed to procure advances to individuals on the security of combined credit are of present importance to us, and I am glad they are making way in Ireland. They are our best protection against the gombeen man, and he is one of the worst enemies of the poor. In Germany there are as many as 6,417 of these associations, in Italy there are 1,000, in France 400. The benefit which these institutions are spreading are a guarantee of their continued extension.

To any one who follows the development which the agricultural industries are exhibiting in Europe, Australia and America, the inference will, I think, appear justified that in this department of economics the future is to co-operation. It is gratifying that we are ourselves embarked on the line of progress along which other nations are advancing. We shall have our domestic difficulties like other peoples but we have already shown ourselves capable of a perseverance equal to theirs. We shall probably have also the opposition of the English Wholesale Co-operative Society to contend with ; its instincts as a capitalist body have already led it to establish dairies in Ireland, worked—so far as our farmers are concerned, on purely capitalistic lines—with the mere purpose of making profits for the English Wholesale Co-operative Organisation. It is occupying the ground to which Irish co-operation has not been able to extend, and one Irish Society has, I regret to say, sold itself and its property to the English Wholesale Society, and are now supplying milk to the English creameries, helping to create profits for the English co-operators, which, with a little of the English intelligence and discipline, they might possess for themselves. I am not censuring the English Society for enriching itself in this manner. If Irishmen are anywhere unwilling or incompetent to do their own business, by all means let the Englishman step in and do it for him, and pay himself handsomely for his trouble. But I cherish the hope that with advancing education, and the healthy growth of native enterprise, the areas wherein the English Wholesale Society can find opportunity for speculations of this kind will diminish, and the Irish farmer will everywhere rise to an equality with the most competent of his rivals.

In reviewing the progress made by co-operative industry during recent years, one shall find the main interest of the subject to attach to its progress at home. I will, therefore, conclude by submitting the statistics of the co-operative movement in the United Kingdom during the period between 1861 and 1894, which were laid before the 28th Annual Co-operative Congress held at Woolwich, in the May of the present year.

	Societies making Returns.	Members.	Share Capital.	Loan Capital.	Trade.	Profit.
			£	£	£	£
1861	.....	48,184	333,290	.....	1,512,117	.....
1862	450	91,502	310,731	5,4452	2,349,055	166,302
1863	460	108,588	573,582	72,543	2,626,741	213,623
1864	505	129,429	684,182	89,122	2,836,606	224,406
1865	867	148,586	819,367	107,263	3,373,847	279,226
1866	915	174,993	1,046,310	118,023	4,462,676	372,307
1867	1052	171,897	1,475,199	136,734	6,001,153	398,578
1868	1242	208,738	2,027,776	184,163	8,113,072	425,542
*1869	1300	220,000	2,000,000	190,000	8,100,000	500,000
1870	1375	249,113	2,034,261	197,128	8,202,466	555,435
1871	746	262,188	2,305,951	215,553	9,437,471	670,721
1872	748	300,931	2,785,777	344,509	11,388,590	807,748
1873	980	387,701	3,512,962	497,750	15,662,453	1,119,023
1874	1026	411,252	3,903,608	586,972	16,358,278	1,226,010
1875	1163	479,284	4,700,990	844,620	16,088,077	1,425,267
1876	1165	507,857	5,304,019	919,762	19,909,699	1,741,238
1877	1144	528,582	5,487,959	1,073,265	21,374,012	1,900,161
1878	1181	560,703	5,730,218	872,689	11,283,161	1,817,943
1879	1169	573,084	5,747,841	1,495,243	20,365,602	1,949,514
1880	1183	604,063	6,232,093	1,341,290	23,248,314	1,579,873
1881	1230	642,783	6,937,284	1,483,583	24,926,005	1,979,546
1882	1145	654,038	7,289,359	1,463,959	26,573,551	2,106,958
1883	1165	681,691	7,500,835	1,538,544	28,089,310	2,324,031
1884	1264	849,615	8,205,073	1,717,050	29,295,227	2,658,646
1885	1288	803,747	8,799,753	1,827,109	29,882,679	2,883,761
1886	1296	835,200	9,297,509	1,999,658	31,253,757	2,966,343
1887	1291	896,910	9,817,787	2,044,498	32,697,253	3,069,268
1888	1369	943,949	10,383,882	2,282,519	36,005,235	3,304,843
1889	1438	1,014,086	11,187,409	2,517,940	39,089,087	3,628,608
1890	1435	1,056,152	12,067,425	2,790,545	41,503,196	4,079,281
1891	1509	1,126,516	12,064,693	3,054,262	46,915,965	4,548,417
1892	1682	1,222,821	14,105,181	3,357,121	49,599,800	4,674,893
1893	1718	1,265,980	14,518,738	3,522,313	49,051,036	4,500,806
1894	1733	1,312,297	15,176,730	3,621,106	50,856,955	4,856,146
†1895	.....	.....	.....	.....	.....	.....
Total.....					£738,277,702	£62,959,551

*No return published in 1869; these figures are an estimated amount. †Return not yet published.