

inality, being borrowed most audaciously throughout.

In the first place let us thoroughly understand the divisions of the subject as a whole, and with what phase of co-operation we have at present to do. Co-operative enterprises may, as a rule, be classified under one of three headings:—

1. Co-operative manufacturing or production.
2. Co-operative distribution; and,
3. Co-operative banking.

Strictly speaking, co-operative production and co-operative distribution are not sharply differentiated. In Great Britain, co-operative retail distribution after having organized the wholesale trade, has passed insensibly into manufacturing, and the two are now indistinguishable. The distinction is, at any rate, one of administration almost wholly. On the other hand, co-operative banking is essentially different in kind, a reflection of which we may see in the fact that whereas on the continent of Europe co-operation is chiefly known through the banks, in England it is chiefly known through the stores. The law, also, deals differently with the two types. In our own case, we have already established co-operative banking, and we are not at all concerned for the present with co-operative production, the question being one of distribution pure and simple.

Perhaps a very few words on the historical and statistical side of co-operative distribution may be of interest. It is a familiar boast that the co-operative idea was purely British in its origin. Co-operation was one of the results of the social and industrial revolution which followed the invention of machinery in the final quarter of the eighteenth century in which England led the world, and as a sequel of which, as Arnold Toynbee has said, "the problem of pauperism came upon man in its most terrible form." Robert Owen's is the first great name in the annals of co-operation. We need not discuss the

theories of that famous philanthropist. In the end it was only a part of Owen's plan, namely, the co-operative store, and that in greatly modified form, which was destined to obtain ascendancy. The movement which Owen started in 1822 was all but dead when, nearly a quarter of a century later, 28 unknown Lancashire workmen living at Rochdale and known to subsequent history as the Rochdale Pioneers, brought a new principle to bear in the management of the co-operative store which at once gave a new life and a new form to the movement. This was the principle that profits made on sales, after paying a fixed rate of interest on the share capital, should be divided among all the purchasers in proportion to their purchases and not with any reference to the capital they might have contributed or the other services they might have rendered. Added to this was the further principle that the profits earned should remain at the disposal of the store until they reached the sum of £5 in the case of each individual. The store thus became a savings as well as a distributive institution, the members becoming shareholders without it costing them anything, so that in case of disaster they would lose nothing, whereas if the store succeeded they might go on saving indefinitely, though they were permitted to withdraw profits after the first £5. This constituted the element of originality in the device of the Rochdale Pioneers. Holyoake, in his history of the Pioneers, has given a picture of the scene one dark December evening in the year 1844 when amid the titters and jeers of urchins and passers-by, the shutters of a tiny store in a back street were taken down and infinitesimal quantities of flour, butter, sugar and oatmeal discovered in the window. The capital of the store was £28, and at first it was opened only on Saturday and Monday evenings. Nevertheless, its success was immediate and far-reaching. Within three years several