

Co-operators Enter Politics

Why They decided to send Representatives to Westminster—By George Keen

WHEN the 28 flannel weavers on a dark, dull and dreary day in December, 1844, opened a small ground floor warehouse in a back street in Rochdale, England, their aspirations were not confined to the successful retailing of domestic necessities. While their modest capital of £140 only enabled them to display for the purchase by members of the pioneer co-operative society infinitesimal quantities of flour, butter, sugar and oatmeal, they had a most comprehensive policy for the social emancipation of mankind. The fifth of certain "plans and arrangements" they expressed as the object of the society reads "that as far as practicable, this society shall proceed to arrange the powers of production, distribution, education and government, or in other words, to establish a self-supporting home colony of allied interests, or assist other societies in establishing such colonies." Although the 28 Rochdale pioneers have become world famous, and their principles and objects have been successfully adopted by the common people in almost every civilized country, the development of the co-operative movement has not taken the form originally contemplated. The British movement went from retailing to wholesaling, from wholesaling to manufacturing, ship-building, banking and insurance until it became what the London Daily Mail some years ago described as the greatest business organization in the world, and Lord Rosebery defined as "a state within a state." In other words, while keeping away from the political field of action it has, by systematic and continuous constructive and educational efforts laid the foundation for a co-operative state inside a capitalist one. With the development of the one and the relative decline of the other, it has been felt by co-operators that eventually, and without the violent overthrow of the existing social order, a co-operative commonwealth will be peacefully and harmoniously consummated.

Parliamentary Action Suggested

While for half a century after the establishment of the modern co-operative movement by the Rochdale Pioneers, British co-operators, as such, kept away from the political field, they nevertheless had a number of friends in parliament on both the Liberal and Conservative sides, who were much impressed with the value of co-operative principles and enthusiastic in the advocacy of them. To their interest and zeal, coupled with the organized pressure of the movement, British co-operators are indebted for the legislation under which the movement is operated, and for some recognition of their rights when in danger of violation. At the annual co-operative congress, held at Perth, Scotland, in 1897, there was, however, a change of attitude. On the initiative of William Maxwell, president of that congress, a resolution was passed in favor of parliamentary action and remitting to the Co-operative Union, the Co-operative Wholesale Society, and the Scottish Co-operative Wholesale Society the task of preparing a scheme to carry out the wishes of congress. The immediate cause of this new departure was the organized boycotting of the movement by the interests controlling the importation and wholesale distribution of butcher's meat. It was found, however, one thing for congress to pass resolutions and quite another to get the individual societies to give effect to them. Out of 1,000 societies, it is understood only about 150 were, at that time, found to be prepared to back by action the opinions voiced and voted for by their own delegates, and only 18 societies undertook to subscribe of £23 to finance an organization to secure parliamentary representation. The idea of political action by British co-operators, as can be imagined under the circumstances, was therefore abandoned and was not revived in any concrete

form for many years. A resolution, it is true, was introduced in the annual congress held at Paisley, Scotland, in 1905, that the co-operative movement should seek representation in parliament by being affiliated with the Labor Party, but it was defeated by a large majority.

Co-operators Divided Politically

Probably the most important reason which in the past has operated against political action by the British co-operative movement has been the fact that the members of the individual societies, upon whose trade and financial support the great stores, warehouses, factories, mills and tea plantations depend for their success, are themselves politically divided—co-operators being represented in all the political parties. The feeling for many years was strongly entertained by leading co-operators that political action would seriously impair, if not endanger, the economic success

of co-operators under war conditions. Co-operators have consistently assisted the government, as they have on several occasions acknowledged, in keeping down prices. Any co-called "excess profits," made by co-operators are returned to the people who contribute them; no co-operator seeking to make profit on the price of an article paid for by others. The excess revenue of co-operative societies since the war arises chiefly from the higher cost of living war prices have imposed upon their members, and the greater economies effected through the large influx of trade owing to the obvious advantages the societies were conferring upon the people in times of scarcity. It is felt to be absurd and unjust to put on the same plane men who, for their own personal enrichment, look advantage of war conditions to exact from the people every cent of profit they could charge, and co-operative organizations which were banding the government to keep down the cost of living, and, by competition, seeking to prevent the charging of excessive profits by private traders. Last July, Mr. Bonar Law, on behalf of the government, speaking in the House of Commons, had to confess that on examination he "had found that the basis on which the (excess-profit) duty was levied had no logical justification," but "argued that while these societies had done a great deal of good in the country it must be admitted they were doing a very large share of the retail trade," and "that co-operators themselves should see that the trade they were doing should bear its fair share of the cost of the State." Co-operators in any case, if they earn sufficient, have to pay income tax on their earnings and the government suggestion, therefore, was that they ought also to be compelled to pay income tax again on the savings made by an economical and judicious expenditure of such incomes. This injustice to co-operators has stimulated the soul of the private trade interests of Britain, and been the cause of a revival of their campaign for the taxation of all co-operative savings as incomes, and in the parliamentary profaneers they have a majority not only susceptible to their arguments, but personally interested in their contentions and ideas of business. William Gallacher, a director of the Scottish Co-operative Wholesale Society, last month declared that the "excess-profit" duty alone had cost the co-operative movement as much money as would have financed the parliamentary scheme for 25 years.

Unfair Discrimination on Tribunals

A further sense of injustice which has brought home to British co-operators the necessity of independent parliamentary representation is to be found in the action of military tribunals in the exemption tribunals discriminating in favor of private traders and against co-operative societies in the conscription of their employees for military service, on the irrelevant ground—so admitted by the War Office itself—that "co-operative societies do not pay income tax." Inadequate representation upon the many administrative boards dealing with food problems; and the failure to allow application to co-operative societies in proportion to the needs of their customers. While 500,000 new members, probably representing with their families, 2,000,000 people, have joined the movement since the war began, supplies have been regulated by the government on the basis of pre-war membership. The profaneering interests which dominate parliament and the government act as if they feel that attempts by consumers to escape the clutches of profit-mongers by joining co-operative societies must be defeated.

Decision at Swansea Congress

The decision to seek parliamentary representation was made at the Swansea congress last year in the following resolution passed on the initiative of

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The Unjustifiable Taxation of Money Saved to Purchasers has forced the British Co-operators to decide on Parliamentary Representation

of the movement. Since the war broke out there has, however, been a remarkable change in the attitude of British co-operators to the question of securing direct representation in parliament. This has been brought about by the discovery that while a member may be returned to parliament as a Liberal, Conservative or Nationalist, when he speaks and votes there he does so usually as a capitalist on questions in which co-operators are interested, such as income taxation, shipping, railroads, land, banking, finance, food commodities, etc. The co-operative movement found that Liberal and conservative members on such questions ceased to be representatives of the people, and became reduced to the status of parliamentary agents of the profiteers—the ready tools of the chambers of commerce, and other powerful organized trade interests of the country. As to members of the parliamentary labor party, while sympathetic to the movement and in many cases members of it, their co-operative views in parliament had of necessity to be subordinated to the political exigencies of the party, and its general relationship with the government as the outcome of the coalition compact. On the other hand, as the habits of mind of the ruling classes, Liberal and conservative, were, as the result of their environment and self-interest, capitalistic, the support of the capitalist attitude in parliament as opposed to the co-operative could not, in any degree, be expected to impair the stability of a capitalist government.

Do Not Make Profit

If a co-operative society does not make "profit" it cannot make "excess profit." Nevertheless, the British Government has illogically and unjustifiably made co-operative societies subject to excess-profit taxation. This excess profit tax—which now amounts to 60 per cent of the profits made in excess of what were enjoyed before the war—was levied to reduce the unjust gains made by capitalists owing to

The Government's Changed Attitude

The principal of the immediate causes for the entry of the British co-operative movement into the political arena