 While the high cost of living has induced many people in this country to think seriously of the advisability of establishing coöperative stores, with the idea of doing away with the middleman and his profits and endeavoring to establish a more direct relation between producer and consumer, the experiments made so far have mostly been tentative in their nature and, if the promised reduction in the prices of foodstuffs and clothing material comes about within a reasonably short time, it is quite probable that the idea of coöperative distribution will remain in a theoretical stage for years to come. Nevertheless, the economic value of the system, as established in England and several of the Northern European countries, is just as true as if we were forced by the pinch of necessity to recognize it in a more practical way, and there is hardly any question but that it will ultimately gain a foothold here as it has in the older countries. In our preceding number we reviewed the earlier history of the coöperative movement in England, showing the foundations upon which it was established and the reasons for its great success. But the progress it has made, and the part it plays now as an economic feature of English life, is so significant that it is worth going into a little more.

We hear vaguely about the big coöperative associations in England, and we know that they include both producing and distributing organizations, but the majority of us do not realize that one out of every four persons in England is actually benefiting from the establishment of coöperative methods in manufacturing, buying and selling the necessities of life. In this country we have not advanced beyond the stage of considering it a pleasant but more or less vague and idealistic scheme, advocated earnestly by the Socialists and by economists and social reformers, but hardly to be considered as part and parcel of our industrial and commercial machinery. Yet the English people are as commercial, hard-headed and practical as we are, and they have a far keener sense of the value of economy. So, considered wholly in relation to our own advancement, it is significant that the coöperative idea permeates the entire salary and wage-earning class of England to such an extent that nearly every town and hamlet in the country has its local coöperative society. According to statistics given a little over a
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year ago, there are enrolled as members of different coöperative organizations in England, Scotland and Ireland, close to two millions and a quarter heads of families, which means,—estimating an average family at five persons,—over eleven millions of people, out of a total population of forty millions, who are actually realizing every day the benefits to be derived from coöperation.

This is due to the fact that the coöperative system in England is based on sound business principles, is complete in all its details, and is thoroughly adapted to the conditions it is intended to meet. It represents in essence the struggles of individual men to save a portion of their earnings, and to bring within reasonable limits the cost of the actual necessities of life. It is a thoroughly personal and individual thing, and we can gain the best idea of its workings by tracing the relation to it of some one of the ordinary members. It is more than likely that this member will be either a clerk or a laborer, for it is in these and related classes that the movement had its origin and still has its greatest strength. This man may have heard through some personal friend of the advantages he can gain by joining a coöperative organization, or he may perhaps have received one of the many pamphlets or newspapers sent out by the Coöperative Union. This is the publicity bureau of the federation, and its methods show the admirable management which has contributed so largely to the success of the whole movement. It is supported by contributions from all the organized coöperative societies, the members of which are assessed each one penny a year for the support of the institution. It is the center of all publications, publishing a regular paper as well as all reports, distributing literature that explains the purposes and benefits of coöperation, holding meetings, and doing everything that may further the cause.

If an active man with some capacity for organization becomes interested in the idea, he is apt to see the advantage of starting a coöperative society in his own town. He talks of it among his friends and, if he can get together seven who are sufficiently interested to go into it, he is ready to form his society. The English law makes it very easy to organize such associations, for they come under the Industrial and Provident Society Act, which requires in such cases that seven persons shall join together; that they shall adopt a list of twenty simple rules, and that they shall nominally subscribe five one-pound shares for each man,—of which the subscribers shall be obliged at the beginning to contribute only one shilling per share. Therefore they need only be able to muster thirty-five shillings among the seven men to form the organization, and their liability in the association is limited to five pounds for each man.
IT IS interesting in this connection to compare the facility with which such an organization may be formed in England, and the difficulties which beset such a step here. Not only do our corporation laws vary widely in different States, but under the easiest of them it would be necessary for even a coöperative organization to be incorporated, and the mere expense of drawing up and getting out corporation papers would be nearly two hundred dollars. This item alone is quite sufficient to deter people of limited income, such as would be likely to originate such a scheme, from taking it up. Moreover, it would be necessary to state the capitalization, and ten per cent. of that stated amount would have to be paid up. These difficulties go far toward explaining the slowness with which the people of the United States have taken up the coöperative idea.

But in England, when seven or more men have formed a society in their own village and have provided a store or warehouse of some kind, the organizers would begin to consider from whom they would buy, and in most cases they turn entirely to the Coöperative Wholesale Society, Ltd. It is the Coöperative Wholesale Society which has really perfected the entire system of coöperative distribution in Great Britain, for it is an immense central organization or federation of retail associations, through which the smaller local societies are able to reap all the benefits that accrue from coöperation and concentration in manufacturing. It stands in the position of a manufacturer with whom all the smaller societies deal, and its effect is to make them practically a unit in interest, purpose and methods of business.

Naturally, the idea being to spread the principles of coöperation as thoroughly as possible through the wage-earning class, it is made very easy for a new local society to enter into membership in the Wholesale. To do this the local organization need only subscribe for a number of shares, valued at one pound each, equaling the number of its members, and to pay down one shilling a share. This relation does not in any way force the local society to buy entirely from the Coöperative Wholesale Society, but in practice it is usually the case that most of the stock for the smaller organizations is bought from the federation. We gave some idea of its activities in our preceding number, but it may be as well to emphasize the extent of its resources by stating that in Ireland it has established seventy-five creameries, and scattered over England it has establishments for printing, for making biscuits and candy, soap, lard and starch, woolen cloths, clothes, flour, furniture, pickles and vinegar, linen goods, millinery, paper, tobacco, flannel, corsets, hosiery, hardware and butter. It has its own tea gardens in Ceylon, its fruit farms in England, its own steamships, forwarding and purchasing departments in the United States, Canada, France,
Spain, Denmark and Sweden, and banking connections all over the world.

Because the factories belonging to the federation are run on coöperative principles, and because all their business is interrelated, so that one factory can get what it needs from another at the lowest possible cost, it is easy to understand that immense savings are effected. Also, it is made an item of the first importance that the factories shall be run in the best and most economical manner, getting a maximum of efficiency at a minimum cost, just as in our own huge commercial organizations. It is impossible that the control of them should be abused, because each member of the network of small coöperative associations all over the country is really a shareholder in all of these institutions, and is personally interested in the way they are conducted and in the economies that may be effected. He has a vote in electing the officers and managers. The Wholesale Society holds quarterly elections, for which the country is divided into districts in which preliminary elections are held, and from them delegates are sent to the central meeting in Manchester. The interest that the individual members show in the elections and in the quarterly balance sheet accounts in a great measure for the success of the movement. These men show themselves amazingly capable when it comes to understanding the complex mass of figures, covering nearly one hundred pages, that constitute the report and balance sheet, and are very acute in detecting bad management or bad policy at any one of the many factories controlled by the Society. In fact, it is doubtful if any factory managers in this country are called so strictly to account by their owners as are the managers of these coöperative institutions.

AN ACCOUNT of the success of the coöperative movement in England carries with it a question as to why the people of the United States, usually so progressive, have not only failed to be pioneers in this movement, but are hardly entitled to be termed even laggards in the rear-guard. Many coöperative schemes have been started in America, but, except for the creameries in the Middle West and in certain locations where a large proportion of the population is foreign—as in Minnesota where there are a great number of Scandinavians,—no one of them has ever made a success. The reasons given for this state of affairs are many, but in every case they are based upon our own national peculiarities rather than upon any defect in the coöperative system as exemplified in England,—this being the system which would naturally commend itself to the business sense of Americans. Our great manufacturing and commercial concerns are miracles of economy in their administration, but the resulting profits are all for the
benefit of the owners and stockholders of the concern. We pride ourselves so thoroughly upon our efficiency in this direction that it is amazing that we have not taken the one step further which, by a wider application of the same efficient and economical methods, will bring about a distribution of the profits to the people who produce and consume the goods. It is urged that we as a nation are not yet old enough to realize the advantages of such a step sufficiently to induce us to take it. Furthermore, that our intense individualism and far-reaching personal ambition tends to make us take “every man for himself” for our motto rather than seek to find a just, wise, economical and truly human method of carrying on the work necessary to satisfy the needs of mankind. Americans fully appreciate the money-making side of the coöperative idea, but the difficulty is that they are not contented with small investments and small returns. Each man wants to own a lot of stock and realize big profits for himself, whereas in a coöperative concern he would simply take his pro rata share as evidence that he had discovered a practical way to do his purchasing economically, the great advantage being the saving on expenses rather than any marked addition to his personal income.

PROBABLY the largest of the coöperative movements recently started in this country is that carried on by the Socialists, under the name of the American Wholesale Coöperative. This aims to develop along the lines of the Vooruit of Ghent, or the Maison du Peuple of Brussels, both of which are purely coöperative in their principles and carry on a wide range of social work. There are now about forty retail coöperative organizations on the Socialist plan in operation throughout the Eastern States that will probably be combined under a central management as they are in England, and the organizers of the American Wholesale Coöperative believe that within a short time between three hundred and four hundred stores will be established with the Wholesale as a center. This American society differs in purpose from the English organization, which is carried on wholly as a producing and distributing concern, and does nothing in the way of outside social work. The purpose of the American society is to centralize the purchasing power of the retail coöperatives connected with it; to form coöperative distributing societies; to sell merchandise to retail coöperative organizations, and to supply them with a uniform system of bookkeeping and method of doing business. Its membership is made up of retail societies instead of individuals, but individual members are allowed under the name of adherent members who come in purely for the purpose of helping to make the enterprise a success.
The plan of the American Wholesale is a combination of the principles which govern the Vooruit, the Maison du Peuple, and the successful coöperative associations which have been formed in Finland and in Holland. Its organizer, Mr. Peter Vlag, has had the opportunity to gain ample experience in the best methods of coöperative distribution according to socialistic principles, through his connection with the management of the Vooruit, and later of the Maison du Peuple. In the light of this experience, Mr. Vlag has developed a system of his own for the carrying on of the American Wholesale Society and its affiliated retail organizations, as they shall come into being. This system is simple and practical, its chief advantage being that it eliminates the necessity for an elaborate system of bookkeeping. Stamps are sold to the consumer, and are used instead of cash to pay for the goods. Every Friday and Saturday the treasurer, or a member of the finance committee, is in attendance to sell stamp books to all who may wish to purchase. These books each contain twenty-four dollars worth of stamps. The purchaser indicates the amount that will probably be expended for the supplies of the coming week, and buys stamps up to this amount, which are initialed by the treasurer or his deputy. The whole book is given to the purchaser, but, as the stamps which do not bear the initials of the treasurer have no purchasing power, all outside of the amount indicated are meant for future use to be initialed as they are paid for.

If the purchaser thinks ten dollars worth of stamps will pay for the supplies needed during the coming week, he pays ten dollars to the treasurer and stamps equal to amount are initialed, to be used at will. The stock in the store is kept by valuation alone, the clerk being responsible for goods up to a certain amount. As he receives the stamps in payment for purchases made from these goods, they are put into a drawer, and when the inventory of stock is made, once in three months, it is by valuation alone, the clerk being expected to have either the goods or the stamps which show exactly how much has been sold. No itemized bills are sent to the consumer, but a pass book is given him whereon the amount of stamps purchased each week is credited and the total amount of purchases made during the half year is put down. When the dividends are declared it is necessary only to run through these books, note the total amounts, compare them with the valuation of the stock, and calculate the dividends. These are made entirely upon consumption, no rebate being given upon the purchase. All sales are at market prices, it being the policy of the Society to keep on good terms with other dealers and never to cut the prevailing prices.

The methods of the American Coöperative Wholesale are very conservative in every detail, and it recommends that all retail organiza-
tions should begin by dealing in the simple staples of life, such as bread, groceries and coal, and shall go into other branches only when the demand has been established and the advisability of expansion is beyond a question. A consumer who is not ready to become a member of the Wholesale Society may deal with it for cash, and receive dividends to one-half the amount given to members of the Society, until such time as the other half,—which has been retained by the Society instead of being distributed to its members,—amounts to the par value of a share of stock. Then the consumer is requested to join the Society, and if he should not desire to do so the amount retained becomes the property of the Society.

One of the most interesting features of Mr. Vlag’s system is the way he handles the credit difficulty. He holds that co-operative stores in this country have failed for two reasons,—because they gave credit and also because they did not give credit. In the case of the stores which gave credit the business was carried on at a risk, as the consumer was trusted without sufficient security, so that in case of loss of work or other emergency which rendered him unable to pay his bills, the store was necessarily the loser. The stores which are carried on upon a strictly cash basis, refusing to give credit to anyone, lost heavily in times of financial depression, because the workman out of a job could get credit at the corner grocery sufficient to tide him over the time when he could not pay cash. The plan of the American Wholesale Society is really admirable, and is entirely its own. It can afford to give credit without danger of being swamped, because the member who feels that he may at any time desire such credit is paid only a part of the dividends belonging to him, the other part being retained by the Society as a fund to be kept in reserve for tiding its owner over difficult places. When the depositor of such a fund is out of work, or for any other reason cannot pay cash, he is given goods on the strength of this reserve fund until it is exhausted, and then if he needs still further tiding over, all the members of the Society are assessed one or two cents each until he is on his feet again. It being one of the cardinal principles to help any member who is temporarily in difficulties, all give willingly enough in such a case, the reserve fund acting as a sort of insurance against suffering in hard times.