

CHAPTER X.

CO-OPERATION AND PROFIT-SHARING.

BY N. O. NELSON.

A MAN with prophetic vision looking forward from the year 1799, through the now closing century, and seeing the improvements that have taken place in machinery, the scientific discoveries to aid man in conquering the material world, the rich resources of new lands that have been occupied in all parts of the world, must have reached the conclusion that by the year 1899, every man, woman and child would be abundantly educated, housed, fed, and clothed, and would enjoy abundant leisure. That we still have the problem of the poor and ignorant and unemployed, must mean that something is wrong in our use of the new forces.

The century started out with a rapid growth in manufacturing. The domestic industries were merged into factories, which required large capital and yielded high profits. In the early cotton factories, 100, and even 1,000 per cent. per annum was not uncommon. The master, with his two journeymen and two apprentices all living as one family, gave way to the manufacturing capitalist who bought labor as he bought raw material, and had no connection or concern with the life of the hundreds of "hands." People took more and more to working for wages, and in order to move readily from place to place where work could be obtained, they became tenants instead of home-owners. The classes

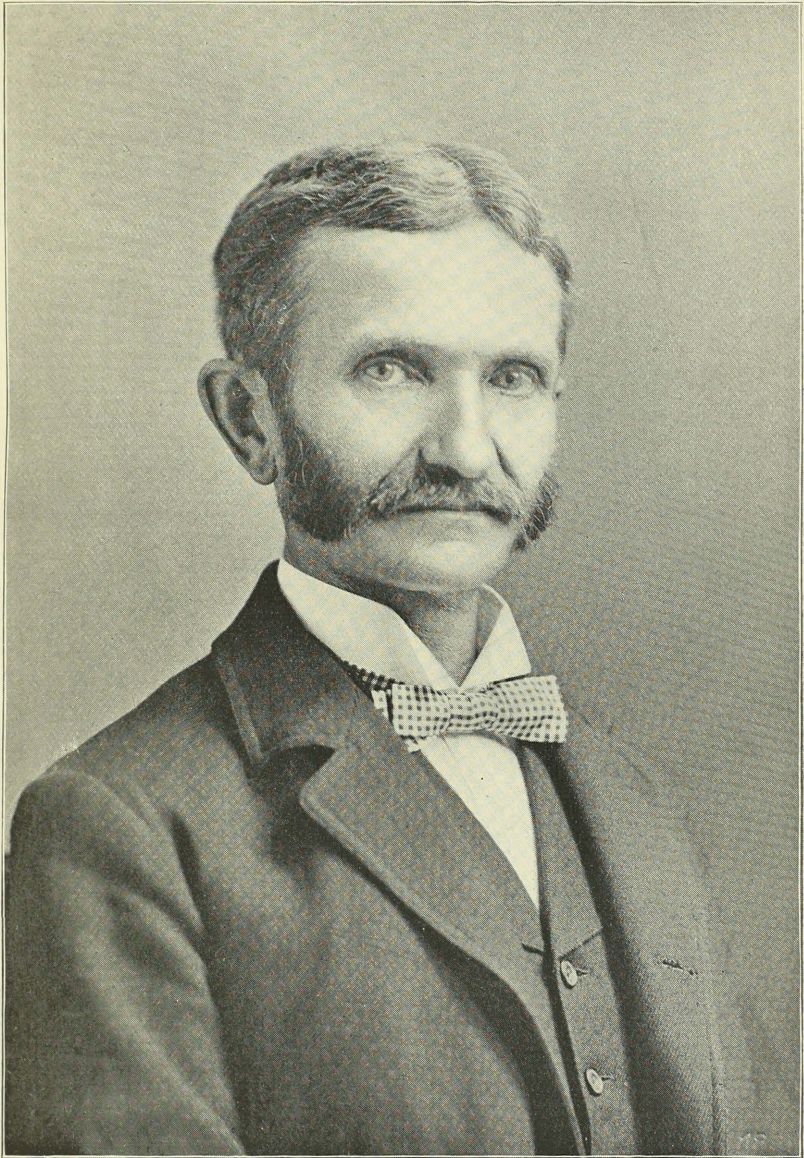
of capitalists on one hand, and hands on the other, have grown further and further apart. The millionaire district of New York is an entirely different world from the workingmen's sections at the lower end of Manhattan Island. It is so in every city, big or little. Even at farming, we find a large proportion of the work done by renters, who pay one-third or one-half of their crop for the use of the bare farm, and laborers working at fifty cents a day for six to eight months in the year and doing odd jobs or tramping the rest of the time.

Theoretically, every man is given the same opportunity to get along in the world. He is free to work for whom he pleases, go into business if he pleases, sell his labor or his merchandise in any way that suits him. Free scope is given to those who are strongest in the elements that count in trade and management.

The industrial system by which this remarkable and disappointing development of the century has been worked out is generally known as "competition," said to be the life of trade, in reality the death of the best in human life. It has given us the millionaire master class, and it has given us the tramp, the unemployed, and the parasite. "Equality and fraternity" have been the watchwords of prophet and poet and statesman from time immemorial; "capital" and "profit" are the watchwords of nineteenth century commercialism. The tradition of brotherhood has been lost in the scramble for profit and luxurious living by the master class, and a chance to work by the wage-earner. Brothers of the same race, children of the same Father, have engaged in deadly strife. Competition is war, and you can't refine it or moralize it. If this is the best to be gotten out of machinery, is it worth the having?

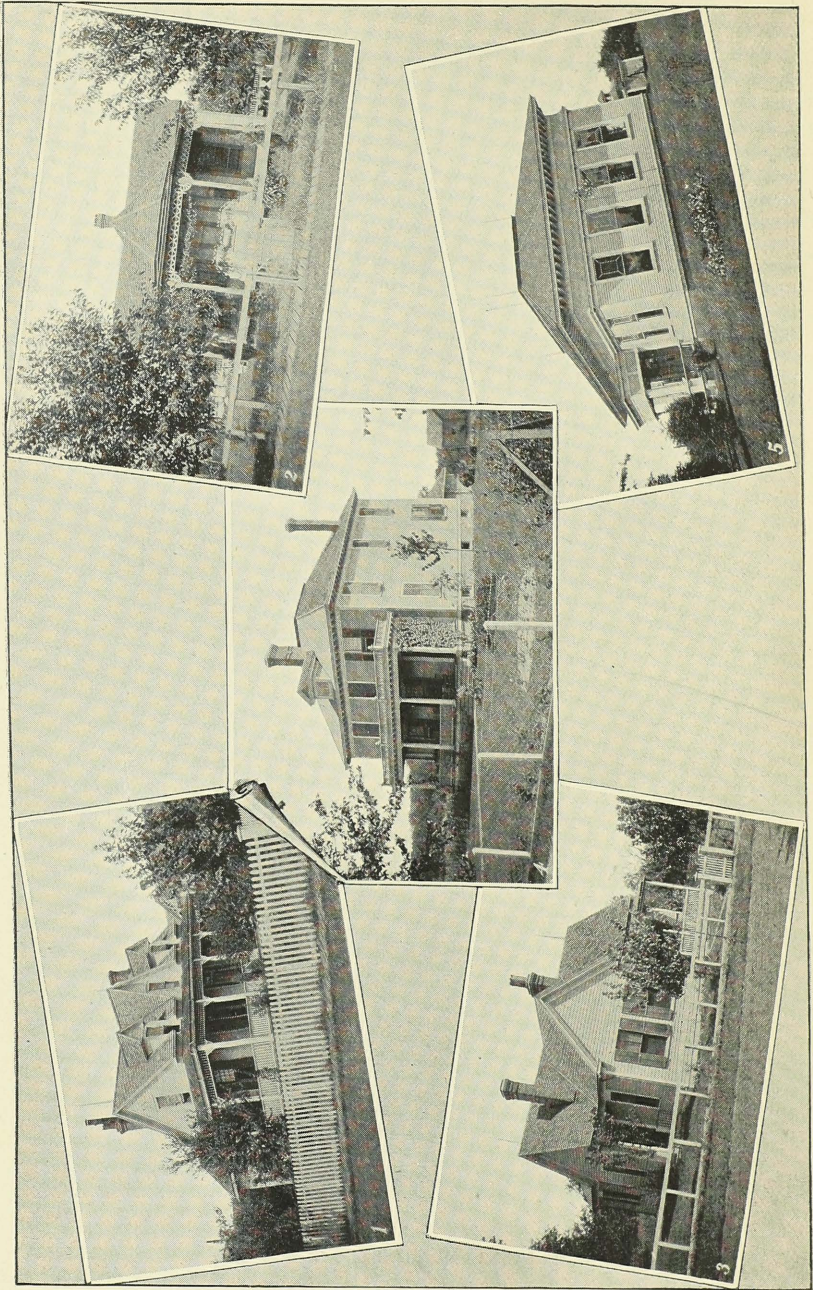
THE CO-OPERATIVE PRINCIPLE.

Directly opposed to competition is co-operation. It is the principle of co-operation that has undertaken with varying success to change government by the strong for the benefit of the



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LECLAIRE, ILL.

(Founded by N. O. Nelson.)

Nos. 1, 2, 3, show Homes of Workingmen; No. 4, Home of N. O. Nelson; No. 5, School House and Public Hall.

few, to government by the whole people for the benefit of the whole people. In the public ownership of public utilities, free schools, free roads, free life-saving service on lake and sea, free libraries, the postal service, and in many places the water and light supply — in all of these and many others the whole people co-operate with manifest advantage to all. It must not be supposed that these services were always public. It was about 1750 that Benjamin Franklin first proposed the government postal service. Toll roads and bridges were the rule up to the middle of the century, and are still to be found in some parts of the country. Only gradually has it dawned upon us that no monopoly can be safely intrusted to private ownership and that government can give better and cheaper service.

While it will be said by some that it is monopoly rather than competition that is the root of the commercial evils, the fact remains, as well said by Henry George, that great fortunes are never earned, but are the results of monopoly or spoliation in some form. No man can do much more work than the average man, even as to managing ability; in public or private affairs there are always capable men to take the place of any master who dies or retires. The captains of industry of one decade are at least as capable as those of the preceding decade. Business in the larger view is a monopoly against the consumer and worker.

We have co-operation in government, in education, in carrying on the public utilities, and few there are so belated or reactionary as to wish to go back to the system of private ownership and management in any of them. On the contrary, the trend of opinion in all the foremost nations, notably England and the United States, is in favor of public ownership of all public utilities, including the land.

But the public utilities are only a part of our needs and conveniences; of still greater importance is the industrial and commercial business, which is still almost wholly in private hands and

conducted for private profit. After all, a man's chief concern is the vocation by which he earns his living. Whether he is to have steady work, favorable working conditions, the full yield of his work, and to get his wants supplied with pure goods at a fair exchange of labor for labor, are problems that come nearer home to him and mean more to him than the price of his railroad fare or water or light, more even than his rent and his taxes. Usually, he has so little of these that his outlay for them is a small part of his expenses.

CO-OPERATION IN THE UNITED STATES.

Business co-operation is not now mere theory; it has had a half century of trial and success. Great Britain and Germany are far in the lead, but even in this country there are many co-operative stores, creameries and shippers' unions owned by hundreds, and in some cases thousands of members, who elect their own officers and managers, and divide the profits among themselves.

The Arlington store, at Lawrence, Mass., has about 3,500 members, does a business of over \$300,000 a year, and besides paying its members interest on their investment, and creating a surplus, returns regularly seven and one-half per cent. rebate on purchases.

In Olathe, Kan., there is a co-operative store now in its twenty-third year, a bank in its twelfth year, and an insurance company several years old. They are owned by farmers, are exceptionally prosperous and illustrate beyond question that plain people can conduct their own business better than a private proprietor can do it for them. The Olathe Association has about 800 members, and the largest building, stock and business in that part of the country. The members pay cash for everything they buy, and have saved themselves a great deal of money. The bank is the leading one in that section, and commands the fullest confidence of the entire community. In 1898, I had the pleasure of

delivering the address at their annual reunion, at which perhaps 2,000 persons were present.

In San Jose, Cal., the Farmers' Union has been in operation for over twenty years, carries an immense stock, does a very large business, pays cash, and returns a handsome dividend to its members.

The Fruit Growers' Unions and Exchanges in California are now doing about half of the entire fruit shipping of that State. They have resident agents in all the principal Eastern cities to direct the shipments and regulate the supply according to the demands of each market. At home they employ experts to direct the packing and the care of orchards.

There are hundreds of stores scattered throughout the United States that are well established, well managed and profitable. In the states of the Mississippi valley, co-operative creameries, owned and conducted by the dairymen and farmers, are common.

CO-OPERATION IN GREAT BRITAIN.

But we must cross the Atlantic to find co-operation in its most advanced stage. In Great Britain, there are now over 1,500,000 co-operators, representing a population of 7,500,000. There are about 1,800 societies, some of them having from 20,000 to 40,000 members, and twenty to thirty branches. The aggregate annual business is considerably above \$300,000,000, and the profits, which are divided between interest on shares, dividends on purchases, and surplus, are nearly \$40,000,000. As the members live on their ordinary earnings, most of the profits are converted into share or loan capital, giving the older associations abundant means for productive enterprises of their own, or independent ones.

The co-operators have everything of the best. Their store buildings are noted all over England for beauty of architecture, solidity of construction and perfect adaptation to the business.

The Leeds Society has a stable of sixty draught horses, the finest lot it has ever been my pleasure to see.

About twenty-five years ago, the retail stores in England combined to make a wholesale society. Their business the first year was \$3,000,000; in 1898, it exceeded \$65,000,000. This wholesale society has resident buyers in all the large markets of the world; has seven ships used in bringing its supplies from France, Denmark, and Ireland; has several highly equipped shoe factories; makes its own soap, crackers, candy, furniture, cloth, clothing, preserves, flour, and many other goods; sends a special buyer once a year to Greece to buy full cargoes of currants and other dried fruit; and carries on banking and fire and life insurance. Of the banking department, the following figures from the Banker's Magazine, for June, 1899, for the year ended December 31, 1898, will be found instructive: "Deposits and current accounts, etc., amounting to \$9,078,350; capital paid and reserve fund, \$4,540,000; proportion of capital and reserve to deposits, fifty per cent.—which was the highest percentage of all the banks in the table." The headquarters of the society is at Manchester, and there are branch depots in London, Newcastle, Liverpool, and Bristol. Its chief counting room occupies an entire floor of its magnificent central building, with a force of about 250 clerks.

The Scottish Wholesale Society holds the same relation to the Scottish co-operators. As I drove up to its headquarters, on my last visit, I noticed a magnificent new building approaching completion, which I took to be a new city hall. It proved to be the new store of the Scottish Wholesale Society. In the suburbs of Glasgow it has a tract of thirteen acres, on which for the last ten years it has been building factories. In this place, leather, shoes, cloth, clothing, crackers, preserves, soap, flour, are produced, and scarcely a year goes by that some new line of production is not added. The workers receive a dividend on their wages

out of the profits of the business, and they are represented on the board of directors.

Both of these wholesale societies are owned entirely by the retail societies, but whether their holdings be large or small, each has only one vote. They receive interest on their respective investments, and the remainder is divided in proportion to purchases. The officers, directors, and managers in the wholesale, as well as the retail societies, are workmen who have grown up in the business. They are a splendid business school. A man is first elected as a director in his own store, in due time is promoted to the presidency, and finally is elected to the wholesale board, where he is given charge of some department of the business. The increase in his pay is slight, but the honor is much esteemed, and there is an active competition on the part of the societies to get their man elected.

LOW SALARIES PAID.

In the handling of all this enormous business, no high salaries are paid; in no case, so I am informed, does it go beyond \$1,500 a year. Mr. J. T. W. Mitchell, who was chairman of the English Wholesale Society for twenty-one years, being re-elected every quarter, was a man of extraordinary all-around ability, not only in business, but as a writer and speaker. He never accepted beyond \$1,000 a year, and when he died, his fortune amounted to \$1,800. In discussing a suitable memorial in recognition of his life's devotion, it was proposed to erect an orphanage at a cost of about \$150,000, and requiring an annual outlay of about \$30,000. This particular project was not carried out, but it showed the views and liberality of the co-operators. Business men have said to me, "Why did he not get a salary in proportion to his ability?" To which I answer that he did not want it. He could easily have had a \$25,000 salary from private corporations, but he would have regarded it an act of treason to leave the co-operators or go into

the business of making money for himself. He represented, in the best possible way, a large part of the English people. They were his friends and admirers, he loved his work, and no amount of money could have given him so full or useful or agreeable a life.

Mr. Maxwell, who is at the head of the Scottish Wholesale Society, and a leading spirit in co-operative circles, is a machinist by trade, and a business man and speaker of rare ability. I do not know his salary, but I think it does not exceed \$1,200. Ability and loyalty are abundant in the co-operative circles, and there is no disposition to claim or to give large salaries. It is a mistake to suppose that a man can or will do work in proportion to his salary. The world's best work has never been done for money.

EXTENT AND PROGRESS OF THE SOCIETIES.

The extent and progress of these societies may be inferred from such news items as these:

A conference of the South Yorkshire Association was held June 24, 1899, at Doncaster. The reports showed the number of members to be 58,944; capital, \$3,670,750; value of land, buildings and machinery, \$1,437,525; goods, \$952,055; investments in co-operative factories, \$518,195; dwelling house property, \$440,070; other investments, \$324,470; net profits, \$1,113,645, for the year 1898. In all of the co-operative societies interest, depreciation and surplus are always deducted before estimating the net profit.

The Royal Arsenal Society, at Woolwich, reports sales of \$1,260,000 for last year. Its numbers have increased in the last three years from 7,992 to 12,317; its capital from \$400,265 to \$756,025; sales from \$737,310 to \$1,260,000. It is one of the most progressive in the kingdom and owns a building department, factories and a farm.

Some samples of recent (July, 1899) balance sheets will be interesting, bearing in mind that all expenses, interest, depreciation of buildings and machinery, surplus fund and educational grants have been deducted before profit is stated:

Rochdale Pioneers, the parent society.—The quarterly meeting of this society was held recently. There was a crowded attendance, and Mr. James Brearley (president) occupied the chair. In opening the meeting the chairman said

there had been a gain of twenty-two members during the last month. The quarterly report of the committee stated that the receipts amounted to \$363,135. The members' claims amounted to \$1,640,175. The total depreciation of buildings and fixed stock to date was \$293,030, leaving the present nominal value at \$481,010. The buildings of twelve of the society's branch shops had been entirely written off, and were not accounted as any value in the assets of the society. The balance disposable gave a dividend of 15 per cent. on general purchases.

The Leeds Society has over 43,000 members; its annual sales exceed \$6,000,000, with profits of \$9,000 over and above interest on share capital and depreciation of fixed property.

Sittingbourne (Kent).—The 100th quarterly meeting of this society was held on June 3d; Mr. W. Copping was in the chair, and there was a numerous attendance. The balance sheet was of a very satisfactory character, showing the sales during the quarter to be \$78,550, an increase over the corresponding quarter of last year of \$6,195. The membership now stands at 1,674, a net gain of fifty-three for the quarter.

Birkenshaw.—The quarterly meeting held July 3, 1899. Sales, \$68,400; profits, \$11,790. This allowed a dividend of 15 per cent. on purchases and left a balance of \$1,825. An additional grant of \$50 was made to the Bradford Charities, and the committee was empowered to open a branch store at Cutler Heights.

Birstall.—The sales for the last quarter amounted to \$50,840; net profits, \$7,130, allowing a dividend of 14 per cent.

Brightside (Sheffield).—Sales, \$388,870; net profits, \$47,785, allowing a dividend of 13 per cent. on purchases. The purchases from co-operative sources have been \$147,110.

Consett.—One hundred and forty-fourth quarterly meeting. Sales for the quarter, \$83,735; dividend on purchases, 17 per cent.; number of members, 1,804, who have to their credit, \$215,260.

Droylsden.—Sales, \$128,565; profit, \$19,365; dividend, 15 per cent.

Heckmordwike.—Profit, \$37,675; dividend, 17 per cent.; sales, \$215,470.

Nelson.—Sales for the quarter, \$247,450; profits, \$38,600; dividend on purchases, 15 per cent.

A co-operative business, once established, is much easier to carry on than a private business. Its customers are assured, it has no debts, and the dividends do the advertising. The expense rate is amazingly small, being only one and one-half per cent. on

the sales in the wholesale stores, and about five per cent. in the retail stores. They pay no rents, do very little advertising, make no useless display and incur no bad debts.

PROVIDING HOMES.

A home is as necessary as land or clothing or bread. Only savages and tramps can do without it. It is about as unnatural to rent a house and keep moving about as it is to rent clothing, which some people do. Co-operative building associations have been popular in this country because they enable many members to pool their surplus and build homes for some of their number. But they have suffered from the defects of overcharging the borrower and overpaying the lender, and many have been mismanaged by incompetent or dishonest officers. - These wise and affluent co-operators are making homes for their members out of their surplus, charging the lowest interest rate and no extras. Here are some examples:

So far back as 1873 the directors of the Leeds Society decided to assist its members to build houses for themselves; and for this purpose made a grant of \$15,000 to a committee, and this amount was, subsequently increased to \$35,000. Two year later the society built fifty-one cottages, at a cost of \$62,500; and in the same year purchased an estate, for the erection of a better class of houses, at a cost of \$5,000. But capital continued to grow faster than means came to hand for its safe employment; and so we find in 1896, land was bought in four different places on which to build cottages for the members of the society. Whoever walks or drives about the suburbs of Leeds, and comes upon a bright, well laid-out estate, or streets and terraces of new, well-designed tenements, will probably find that the owners or builders are the co-operators. Three hundred houses erected by the society have been sold to members, but it also advances money to members to enable them to purchase houses not built by the society. About 650 houses have been erected by the society. A number of houses have been bought as investments.

From the last published balance sheet, it appears that the total outlay of this one society in land, stores, cottages, and kindred undertakings has been no less than \$2,028,500.

In addition to this property, held by the society itself, the individual mem-

bers have property, in their own right, to the value of \$1,303,500, which has been secured either by purchase from the society or by advances made to them for the purpose of buying houses from other sources. And it appears that these members have already paid back one-half of the sum thus borrowed.

Leeds, however, is a great city, and possesses a society which did a trade of \$3,087,000 during the last six months, and the net profit for the half-year, after providing for all expenses, interest on capital, and depreciation of property, amounted to \$445,000.

And now a third step in our forward movement is being taken by supplying houses to the members of stores; and this is being done by small stores as well as by the larger ones, even by so small a society as that at Shanklin, in the Isle of Wight, as well as by our great societies at Woolwich, Lincoln and Leeds. The Colchester Wholesale Society likewise has, through various stores, placed some \$800,000 in the hands of co-operators for the purpose of building cottage property.

RAISING THEIR OWN PRODUCE.

The co-operators take a broad view of their mission. Not satisfied with storekeeping and manufacturing, they buy farms and raise their own produce. I quote from a recent paper by Alfred Hood, a famous Single Taxer and co-operator of Brighton.

The first great step, taken by co-operation about fifty years ago, was the acquisition of freehold land for the purpose of building stores and factories, a step which has been taken by our great wholesale societies, by most of our successful stores, and by the various labor copartnership workshops. But, in addition to this first step, the Colchester Wholesale Society has taken a second step by the purchase of the Roden estate, which was bought in 1896 for the sum of \$150,000. This estate consists of 741 acres of land, and comprises five separate farms, together with the buildings, residences, and timber thereon. And now there are eight cottages in course of construction for the workmen employed on the fruit farm, and it is estimated that these additions will cost, with tomato houses, about \$25,000.

Then we find that the Colchester store has in its possession a farm of sixty-six acres; that the Banbury store has acquired sixty-seven acres of grass land, which they think of working themselves; that twelve years ago, the Royal Arsenal Society, at Woolwich, then numbering only some 4,000 members, took the bold step of purchasing in public auction fifty-two acres of agricultural land at the average price of \$600 per acre. This land is now chiefly used to

cultivate market garden produce; and, even already, Bostall Farm, though not one of the most profitable parts of this society's work, is regarded with pride and pleasure by its members.

ADVANTAGES OF THE CASH SYSTEM.

The absolute cash system is an important economic reform, for one of the worst evils the people have to suffer, from the competitive system, is the panic and consequent depression and loss of work, due chiefly to inflation of credit. In this respect the co-operative movement has in two marked instances shown its ability to withstand extreme disturbances. When the American Civil War resulted in a cotton famine, there was an almost total stoppage of work in the Lancashire district, where the co-operators were the strongest. Because they were out of debt and had money in the store, they were able to emigrate to America or the Australian colonies, or live on scanty work. In the great coal strike of 1897, the fight was won by the Durham miners, because in their great co-operative stores they had money enough laid up to enable them to hold out for several months. No co-operative factory shuts down on account of dull trade. All have plenty of money and simply go on making up goods for the active season of the year. Having abundant capital, collectively and individually, and being engaged in making goods for their own use, they have a steady business, year in and year out.

PROTECTION AGAINST ADULTERATION.

To protect members against adulterated goods, the wholesale society keeps a complete laboratory, in which all doubtful foods are tested. In view of the recent testimony before the Congressional Food Commission, the value of this judicious care cannot be overestimated. It was found that spurious food products by the hundreds are daily sold as genuine and pure in all the cities of the country. Sausage, for instance, is sold in markets in vari-

ous places, which contains fifty per cent. meat and fifty per cent. clay; jellies of all sorts are sold which are wholly made out of glucose and sulphuric acid, the fruit flavor being obtained from cores and peelings. Deleterious acids are used in many products sold as pure, and so rapidly is the practice growing that it is difficult to obtain, in a pure state, many things daily in consumption.

METHOD OF PROCEDURE.

The usual plan for starting a store is for a few people who understand and believe in co-operation for its morality as well as its economy, to get together, subscribe enough money to buy a small supply of goods, select their best man as storekeeper, retail the goods to themselves and the public at ruling market prices, and at the end of the quarter, after ascertaining the profit and allowing interest on the shares, divide the net profit on the purchases of each member. They sell to outsiders and give them half the regular rate of dividend. No credit is given, only honest goods are sold, there are no tricks of trade, there is no object in cheating themselves. Members are admitted on the payment of any sum they can spare, and the remainder of their subscription is paid either in weekly installments or by applying their dividends. Thus, any person can become a member and have the same benefits as his richer neighbor. Members who do not want to spend their dividends can leave them on deposit and draw interest, thus making the store their savings bank. The deposit capital is often as large as the share capital. Between the share capital, the surplus and the deposits there is ample means for starting factories and for investment in independent factories started by workmen. Co-operation is equally adapted to any kind of business, stores, factories, banks and farming. It rids business of its fraud and selfishness, and it economizes so largely that it draws customers away from the private stores.

Contrast the self-managed co-operative business of one-seventh

of the population of Great Britain with this speech of Congressman Prince to the Illinois Manufacturers' Association:

I was somewhat impressed with the thought uttered by the president of this association to-night; \$1,000,000,000 represented by this association; 200,000 men and women, perhaps, including both, working for the men interested in this association. On the ratio of population, 1,000,000 of people are receiving, directly or indirectly, their support from the members of this association.

Illinois, with its population in the neighborhood of 4,000,000; you gentlemen surrounding this board to-night, representing directly or indirectly one-quarter of the people of this great State of Illinois — in your hands you hold this immense sum of money. In your hands you hold the life, the happiness, the hope, the aspirations of 1,000,000 of your fellow beings. What a tremendous power for good or for evil! What a tremendous power to uplift mankind or to toss it down!

In your hands a million of men to-night are resting their hopes and the hopes of their children and the hopes of the state and of the nation.

“The Protest,” by Ella Wheeler Wilcox, gives the sequel:

Said the great machine of iron and wood,
 “Lo! I am a creature of iron and wood,
 But the criminal clutch of godless greed
 Has made me a monster that scatters need
 And want and hunger wherever I go.
 I would lift men's burdens and lighten their woe.
 I would give them leisure to laugh in the sun,
 If owned by the Many — instead of the One.

“If owned by the People, the whole wide earth
 Should learn my purpose and know my worth,
 I would close the chasm that yawns in our soil
 'Twixt unearned riches and ill-paid toil.
 No man should hunger, and no man labor
 To fill the purse of an idle neighbor.
 And each man should know when his work was done,
 Were I shared by the Many — not owned by One.

“I am forced by the few with their greed for gain
 To forge for the many new fetters of pain.

Yet this is my purpose, and ever will be,
To set the slaves of the workshop free.
God hasten the day when, overjoyed,
That desperate host of the unemployed
Shall hear my message and understand
And hail me friend in an opulent land."

ORIGIN AND GROWTH OF THE MOVEMENT.

The movement had its inception in the moral enthusiasm of Christian Socialists, and the desire to secure the workingman's independence. The Pioneer Society was formed by twenty-eight workmen at Rochdale, in 1844. Robert Owen had already widely introduced the ideas of co-operation during the preceding twenty years, but he had too much faith in overcoming in short order the indifference, ignorance and selfishness of the people. He got hundreds of stores and some factories started, but being determined to eliminate the very idea of profit, everything was sold at cost and no capital was accumulated. Most of the associations fell to pieces, but the lessons taught by Owen had been well learned by many people. The Rochdale Pioneers reasoned that by selling at the ordinary prices and dispensing with much of the expense of retailing goods, they could accumulate capital and become personally independent and socially rich. The consumer should get the profits, there should be something set aside for a surplus, something for education, only honest goods should be sold, no credit should be asked or given, all people of whatever class should be admitted on the same footing, a member should have one vote regardless of his money, and the savings thus made should be used for self-employment. They were enthusiasts and believed they could initiate a new social order of fraternity and equality by applying the Golden Rule to every-day business. The Rochdale Store has been prosperous from the day it opened, it has returned millions of dollars to its members, and has now a total capital of nearly \$2,000,000. It has large factories of its

own, and large investments in other co-operative factories, and in the wholesale society.

The Rochdale experiment proved fascinating as well to the idealists as to the plodding laborer who wished to earn a dividend. The idea spread rapidly and has kept spreading with scarcely any interruption. The increase in membership and in business has averaged almost 10 per cent. annually, and I see nothing to prevent its absorbing the bulk of the English business within the next twenty or thirty years. The economies are so great and the principles so scientific that they must inevitably overcome the wasteful, haphazard and unscientific methods of private business.

It was not long after the start was made that Kingsley, Neale, Ludlow and Hughes, all leaders in the Christian Socialist revival, became closely allied with the movement. They lectured for it, helped shape the laws to fit it, wrote about it and preached the morals of it to the members and the world. Neale became the general secretary of the propaganda and conducted it with great zeal until his death, about ten years ago. Ludlow, who was a barrister, has been a zealous worker in the cause for over fifty years, became the registrar under the Friendly Societies Acts, and helped shape the legal and moral course of the movement. He now lives in a ripe and honored old age at 35 Upper Addison Gardens, Kensington, London. George Jacob Holyoake, the all-around reformer and writer, also joined the movement in its youth and is still one of its most active friends. He is the historian of the movement, having written the "History of the Rochdale Pioneers," the "Jubilee History of the Leeds Society," and the "History of Co-operation." He lives in Brighton, and his pen is as prolific as ever. To get a view of the many reforms that have come over England in this half century, read Holyoake's "Sixty Years of an Agitator's Life." His hardest fight was against the tax on information, twelve cents a copy on news-

papers. For publishing his newspaper on unstamped paper he and his brother were arrested and fined, time after time throughout many years, until the government gave up in despair, and without any repeal of the law, it fell into disuse. Holyoake says he is indebted to the Crown in a sum of about half a million dollars for unpaid fines. That he still finds something to reform is shown by the following extract from a recent address he made at the Russian Embassy, in London, as spokesman for the Crusaders of Peace:

I belong, your Excellency, to a numerous body of the industrial classes to whom reference has been made. I have been concerned with the co-operative movement from its beginning. (Hear, hear.) It now numbers fully a million and a half of members who are organized, and none of them anywhere have hesitated to express the greatest gratification at the steps which have been taken, and which we have come here to acknowledge, in the promotion of peace. No doubt your Excellency has seen with the astonishment that we have seen it, the declaration made in our own Parliament that the cost to us of maintaining peace is so great that we are no longer able to make provision for the payment of our own debts. (Laughter, in which M. de Staal joined.) We are, therefore, glad of any prospect that these impositions, which are as great as any war could impose, may no longer oppress us. The profession of co-operators is thrift, their pursuit is economy, but when war breaks out then all the earnings are more or less swept away and a good many earners too, which we think might be avoided. Therefore we are very much concerned that war, which hitherto seemed absolutely inevitable, may be rendered subject to conditions which shall establish peace. Those for whom I speak, and whose views I know, are not skilled in compliment to Emperors, but they pay to His Majesty the Czar the highest compliment in their power — that of being grateful for the effort which he has made. (Hear, hear.) I join with them in order to assure you of the reality, the permanence, and the wide extent of appreciation of these efforts. (Hear, hear.)

Acts of Parliament have been from time to time passed so that now the co-operative societies can adopt their own rules, may have an unlimited capital, unlimited number of members, and yet limited individual liability. In several of the states of the Union, co-operative statutes have been passed.

ATTITUDE TOWARD EDUCATION.

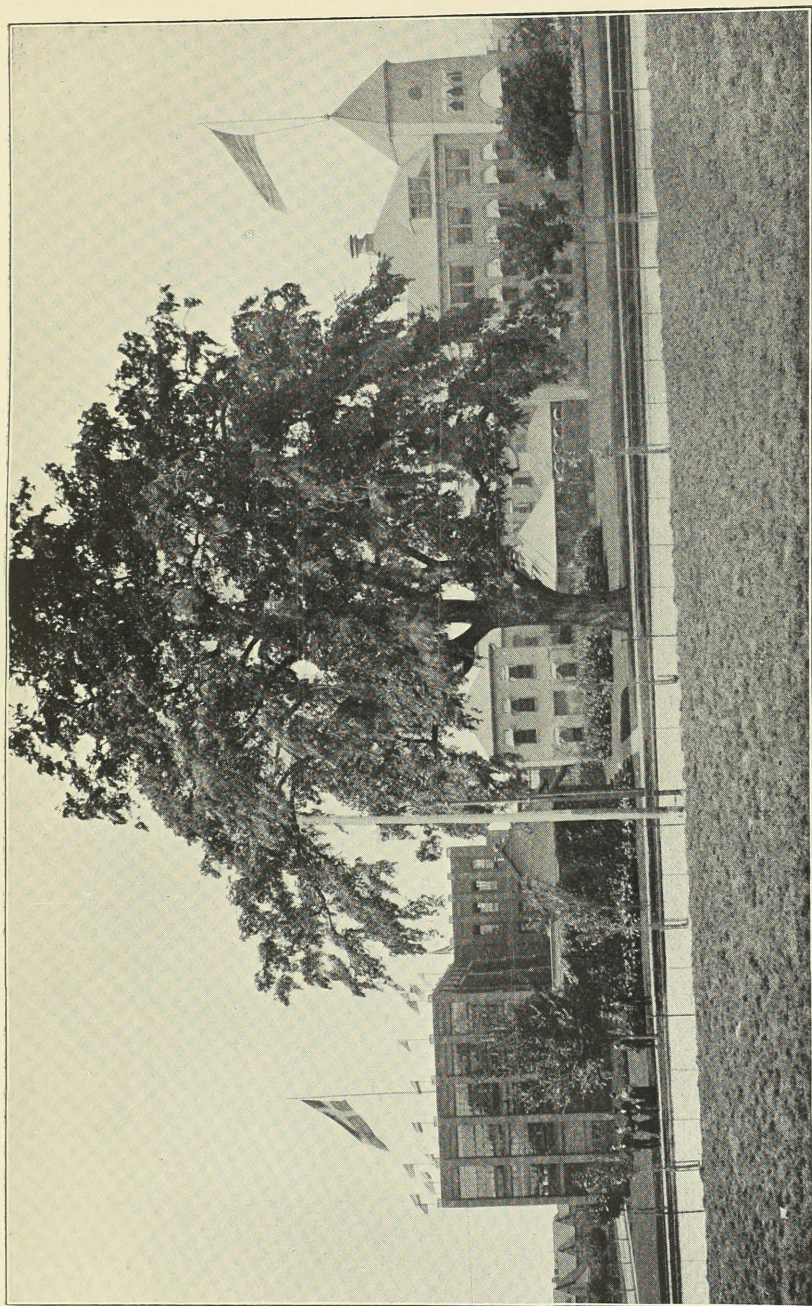
Education has always been a leading feature of the co-operative movement. The subject was given prominent place in the articles of association of the first Rochdale co-operative society. What it meant in England fifty years ago, to stand for popular education, may be judged by a perusal of the public utterances of prominent men of the time on the subject. For instance, Dr. Bell, a clergyman and leading educator, somewhat favorably disposed toward an extension of education, wrote, at the time of the introduction of the Whitbread bill:

It is not proposed that the children of the poor be educated in an expensive manner, or even taught to write and cipher. * * * There is a risk of elevating, by an indiscriminate education, the minds of those doomed to the drudgery of daily labor above their condition, and thereby rendering them discontented and unhappy in their lot. It may suffice to teach the generality, on an economical plan, to read their Bible and understand the doctrines of our holy religion.

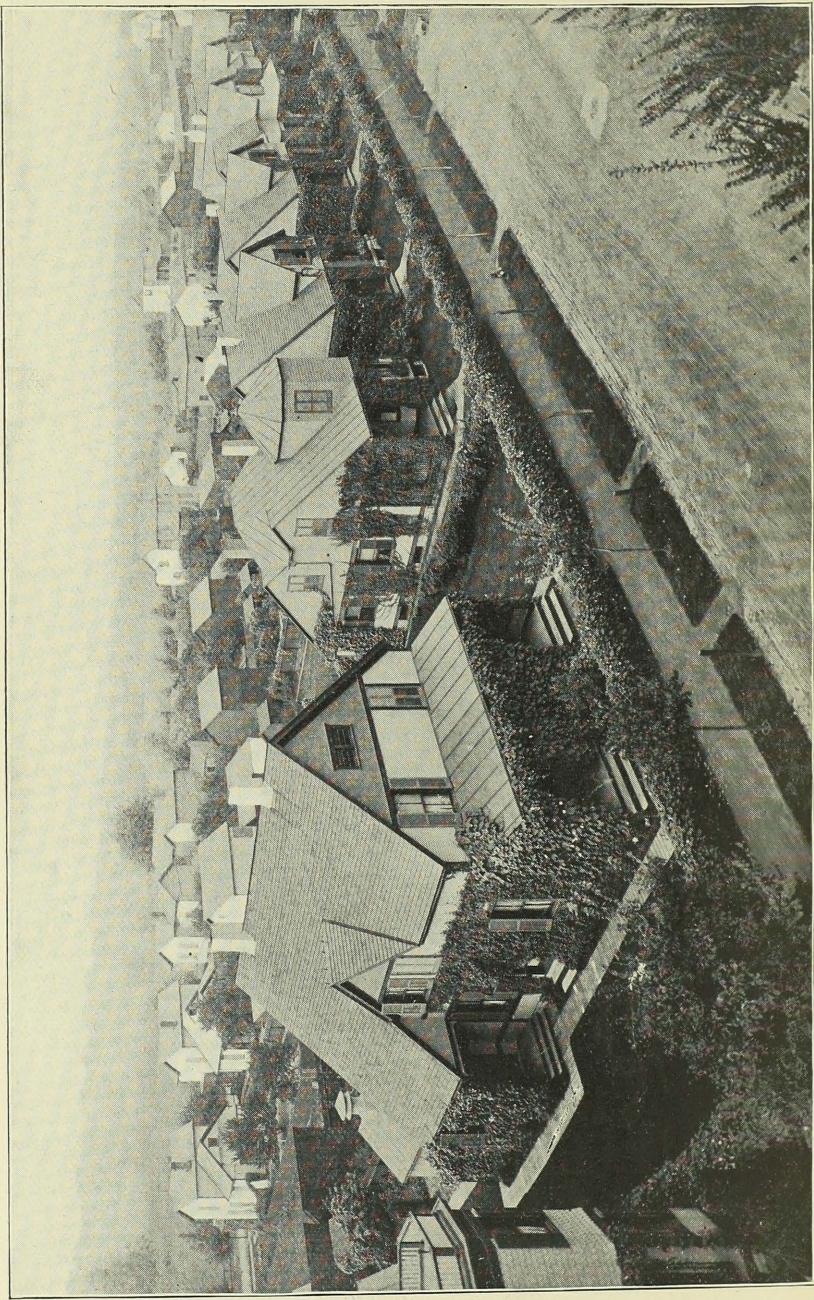
Mr. Davies Giddy, M. P., was not so favorably inclined, and spoke in the House of Commons as follows:

However specious in theory the project might be, of giving education to the laboring classes of the poor, it would, in effect, be found to be prejudicial to their morals and their happiness; it would teach them to despise their lot in life, instead of making them good servants in agriculture, and other laborious employments to which their rank in society has destined them; instead of teaching them subordination, it would render them factious and refractory, as was evident in the manufacturing counties; it would enable them to read seditious pamphlets, vicious books, and publications against Christianity; it would render them insolent to their superiors; and, in a few years, the result would be that the Legislature would find it necessary to direct the strong arm of power towards them, and to furnish the executive magistrates with much more vigorous laws than were now in force.

The co-operators, however, recognizing that ignorance is the greatest drawback to the workingman, provided, in many of their



NATIONAL CASH REGISTER COMPANY, DAYTON, OHIO.
(Partly profit-sharing.)



HOMES OF THE WORKERS EMPLOYED BY THE NATIONAL CASH REGISTER COMPANY, DAYTON, OHIO.
(Profit-sharing.)

societies, for education. At Huddersfield, Rochdale and many other places they have libraries and night schools. No society is considered well equipped without a reading room. Several societies have valuable astronomical instruments. University extension courses are actively supported, and several Oxford scholarships are endowed in memory of departed leaders, such as Neale, Hughes and Mitchell. In disposing of the societies' profits, there are commonly items like these, which I take from one number of the "Co-operative News:" Carbrook Society (Sheffield), for education, \$250; Droylsden; \$465; Heckmondwike, \$870; Nelson, \$955 — each being for three months. In a recent address, before a co-operative body, Mr. J. T. Taylor, of Oldham, strongly urged upon societies the necessity of appropriating a portion of their profits to education, believing that it was the duty of societies to educate the young in the principles of the movement. He also suggested the holding of concerts and entertainments, and pointed out that those societies which did most for education were the most successful.

Propaganda for the co-operative cause is carried on constantly. This movement toward the education of the people costs upwards of \$30,000 a year, and is supported by voluntary contributions.

ATTITUDE REGARDING THE LAND.

That they are sound on the land question, is shown by this extract from the Woolwich Society's journal:

When once a co-operative society has purchased land in such a position as that in which it is bound to increase in value, it ought never to allow that land to pass into private hands; the freehold should remain the common property of all the members, present or future, and be administered for their common good. Once the freehold is parted with there can be no security that it will not fall into the hands of landlords, large or small, who will use it merely as a means of squeezing an unearned income out of their tenants, who will pile up shops and offices and factories upon our cottage sites, or let them degenerate

into crowded slums, or do anything else with the land which will bring an additional percentage upon their outlay.

At a conference of trade unionists, co-operators, and land reformers, recently held at Newcastle, among the resolutions passed was the following:

“That this conference urges all co-operative societies to recognize the duty devolving upon them of extending the principles of their movement to fresh fields, especially to (a) the erection of good houses for the people, such houses on no account to be resold, but retained as co-operative property, and let at rents just covering the cost of erection and charges for maintenance; (b) the application of co-operative capital to agriculture, in such a way as to enable the laborer to obtain access to the land on fair terms, with security of tenure, it being clearly understood that all land acquired for this purpose shall on no account be allowed to again enter the bondage of private ownership, but be held in trust, pending the complete ownership of the land by the whole community.”

But in November last this energetic and enterprising society bought another estate of some 122 acres for over £40,000. And the feeling is very strong that this new estate should be laid out by the society, and cottages erected upon it by the society's own works department, so that the most comfortable and convenient type of dwellings may be secured, and the best possible materials used in their erection.

The Lincoln Society has two farms in full working order — the North Hykeham Farm, and the Gregg Hall Farm, both growing garden produce and pigs, and one even going in for wheat. The great society at Leeds, of course, has a farm department; but then they have got almost everything they require.

Is it not possible, by co-operation, to do even those things which seem to be beyond the power both of church and state? Why should not we, as co-operators, solve the modern social problem, and lead the people, by degrees, from the great cities back once again to the more humanizing forms of country life, tempered by the advantages of town without its many drawbacks?

Beyond mere financial success, however, look at the advantages of an intellectual and moral character which such “garden cities” might confer upon the people who would dwell in them. One can even imagine that such co-operative cities would become so attractive and beneficial that the old-fashioned cities would in time entirely cease to exist. One can even imagine, in no very distant future, that not only would every city be thus a co-operative society, but that the whole people would end in being one society, living each for all and all for each, none exploiting his neighbor, but all dwelling together in peace and good will, a brotherhood co-operating in every labor, and sharing in all the pleasures of a common life, the end of which would be the perfecting of human character.

THE MOVEMENT MAKES FOR PUBLIC OWNERSHIP.

While economy is an important factor in promoting business co-operation, it is by no means the only or the chief one. In the words of Mr. Lloyd, "The British co-operative movement is an established religion, for co-operation is not a method of business merely, but an ideal of conduct and a theory of human relations. Without cathedrals, creeds, ritual or priests, it has not only openly professed, but has successfully institutionalized the Golden Rule in business."

Manchester is the capital city of the co-operative world. Rochdale, a suburb of Manchester, was its birthplace, and Lancashire is its stronghold. Having discovered its ability to manage co-operative manufacturing and trading on a large scale, we need not wonder at the extent to which that city has increased its municipal activity. It has made a new departure by adding manufactories of soap, tallow, oil, glue and fertilizer to its garbage and sewer department. The city government now owns street car lines, gas, electric-light and water-works, ice factories, fifteen markets, baths, cemeteries, cheap lodging houses and public laundries, slaughter houses, technical schools, art galleries and workshops for the manufacture and repair of its vehicles, tools and implements. It has reclaimed a large swamp by depositing its street cleanings and the solid matter found in its sewerage and is now reclaiming another, by which it is expected to add several millions of dollars to the wealth of the corporation.

Glasgow is a close second to Manchester as a co-operative centre. It is the seat of the Scottish Wholesale Society, with its great system of factories, and it is also the world's foremost example in municipal ownership. Beginning with the deepening of the sluggish little river Clyde at a cost up to date of \$100,000,000, a project which has converted Glasgow from an inland town to be the largest ship-building city of the world, and one of the largest ports, it has taken up one public utility after another, including the street car service. It gives more and better free

services than any other large city, and the paid services yield it a profit so large that taxes are merely nominal.

The Glasgow "Chronicle" says:

Since the Glasgow municipality began working the tramways five years ago the revenue has doubled, and is now nearly half a million a year. The lines have been extended during the period, but not in proportion to the increase of revenue. During the last twelve months the overhead electric traction has been put into operation on one route with notable economy in the working, and general satisfaction to the travelling public. Last year the corporation carried 118,775,000 passengers over its forty miles of lines. There was a gross profit of £121,118, and after payment of rents, interest on capital, sinking fund charges and depreciation, the sum of £9,000 was handed over to the common good fund of the city as mileage due, and a surplus remained of £53,772, which was carried over to the general reserve fund.

Evidently co-operation teaches the lesson of public ownership, convinces people that they can do their own business for their own equal benefit. In the forms of storekeeping, farmers' supply associations and people's banks, the movement is making rapid headway in all the European countries. The International Co-operative Congress which met first in 1895, then again in 1897 and 1898, brought representatives from about thirty different countries, with a constituency of several million members. Less has been done in the United States than in most of the great industrial countries, one of the reasons being that we are so large, the stores and factories are so scattered that it has been impracticable thus far to get them together in a union or federation. We do not know one another nor have we the influence on the general public nor the facilities for helping along the new beginners. There is a union and monthly publication with headquarters at 744 Massachusetts avenue, Cambridge, Mass., their activity being confined mainly to New England.

A MATTER OF EXPERIENCE, ADJUSTMENT AND GOOD FAITH.

The co-operative movement illustrates in a perfectly fair and conclusive way, the feasibility of public ownership of any kind of business. What the Leeds Society can do for 43,000 members,

what the English and the Scottish Wholesale societies can do for a million and a half of members, what the people's banks of Austria and Germany can do for a million or more of agriculturists, all the people of any community, large or small, can do for themselves. It is only a matter of experience, adjustment and good faith. The trusts and department stores exhibit one side of co-operation, the utility and power of unified management and large operations, but having no permanent hold on their customers they are always in danger of other equally strong competitors. The advantages of operating on a large scale with plenty of capital and an established market are so great that ordinary competition cannot maintain itself against either the co-operators or the trusts.

It is not a communistic plan of business or life, it is not perfect either in its theory or its working, but it is a long stride ahead. It gives a chance for normal human feeling, it cultivates fellowship and it is going forward to equality and brotherhood. It has much of the same fraternal spirit in it that we have in our churches, clubs and associations. Through these we get many things more economically than we could otherwise do; we abandon our selfishness and we find in them the best association with our kind. In their business, in their numerous meetings, in their congresses and social functions, the co-operators are equals and brothers.

THE CO-OPERATIVE PRESS.

There are many publications representing the movement, among them the "Patron," of Olathe, Kan.; the "American Co-operative News," Cambridge, Mass.; the "Co-operative News," Manchester, England, a very able and extensively circulated weekly; the "Wheat-Sheaf," Manchester, representing the English Wholesale Society, and many weeklies of the retail societies. The best books on the subject are Holyoake's "History of Co-operation," Beatrice Potter-Webb's "Co-operative Movement," H. D. Lloyd's "Labor Copartnership" and the "Wholesale's

Annual." E. F. Adams, of the San Francisco "Chronicle," has just published the "Modern Farmer," 600 pages, largely devoted to co-operation.

PROFIT-SHARING.

Profit-sharing is a form of co-operation between proprietors with an established business and their employees. It consists in dividing a portion of the profit among the employees. Interest is charged on capital, and the remaining profit is divided by some fixed proportion between wages and interest or wages and capital. Splendid examples of this kind are the Godkin Company, Guise, France, a well-established and profitable foundry concern, employing about eleven hundred men, and the painting and decorating house of Leclair & Co., Paris, France. In each of these the business has fully passed into the hands of the employees. They have been far more prosperous than those working under the ordinary competitive conditions. An educated self-interest leads to better work and less waste.

The company with which I am connected commenced profit-sharing in 1886, and has distributed dividends on wages amounting to about two-thirds of one year's pay, besides sick benefits. No change is made in the management, salaries or wages, but at the end of the year the profits in excess of 6 per cent. interest on capital are divided at the rate of 2 per cent. on wages for each 1 per cent. on capital. There are about 400 employees. In a magazine paper, Mr. N. P. Gilman, the historian of profit-sharing, says:

On the 18th of December, 1892, exercises took place at Leclair which deserve the most careful attention of the great body of employers of labor in this country, as well as of all students of practical social reform. An excursion train from St. Louis carried to Leclair the city employees of the N. O. Nelson Company, and some forty invited guests. At the business meeting, held during the day, one of the employees was elected chairman, and Mr. Nelson gave his annual report, from which these sentences are taken:

"The annual meeting this year has been turned over to the employees of the company. The officers are here as your guests, with no duty on their hands except to enjoy themselves and announce the result of the year's business. The year just closed has been one of depression and low prices, especially the last half of the year. Construction of all classes has been neglected, owing to the scarcity of investment capital. Under the circumstances we deem it a matter of congratulation that the company is able to declare a dividend of 7 per cent. on wages and 14 per cent. on capital. This makes a total of 50 per cent. dividend on wages paid during the six years of profit-sharing. Those of you who have invested your dividends from the beginning in the stock of the company have up to date received just 72 per cent. on your wages, or \$449.28 on \$12 a week wages, \$561.25 on \$15 a week wages, and \$1,080 on a \$1,500 salary."

Later in the day, the employees, with their guests, assembled and passed the following most significant resolutions. They may have a precedent in the history of American labor movements, but I am not aware of the fact. Certainly they are the best expression yet given of the sober judgment of employees under profit-sharing; and the thoroughness with which they commend the system is striking. There has been no utterance from any body of working people in this country in recent years which more deserves to be pondered alike by employers of labor and by their employees than these resolutions so different in their tone from the fiery and indiscriminate denunciation of the employing class with which too many organizations have made us familiar. This is the full text:

"Inasmuch as society in general, and the wage-earning class in particular, have an interest in knowing the practical results achieved through any marked departure from ordinary business methods; and, inasmuch as the profit-sharing plan of manufacturing and merchandizing is a comparatively unknown thing in the United States, we, the employees of the N. O. Nelson Manufacturing Company, deem it proper to put upon record some expression of our views in relation thereto, based upon years of experience with it. Therefore, be it

"Resolved, That the system of profit-sharing constitutes, in our judgment, a long step toward that emancipation of labor for which wage-workers have for generations prayed, fought, and hoped, with but pitiful results.

"Resolved, That while, on its face, profit-sharing seems to take from the employer a part of his rightful share, and to give to the employee that which is in excess of his due, yet we are convinced that it does neither, but conduces to the betterment of both when both act with an honest conception of the responsibility which it imposes.

"Resolved, That in our judgment, profit-sharing means the application to

the every-day business of the world of those governmental principles — independence, justice, and equality — for which men have fought through all ages; and that when these principles have been as firmly established between employer and employee as they have been between the government and the governed, there will be little occasion for apprehension concerning the future of our country or the character of its citizenship.

“ Resolved, That in our opinion, profit-sharing, when generally adopted, will give to the broad-gauge, liberal capitalist the advantage over a selfish, narrow business rival which should be his by right, but which is denied him under the commercial system prevailing to-day; and that when this new departure becomes the rule, prosperity will come only to those who live fully up to its spirit.

“ Resolved, That we recognize that profit-sharing puts new obligations upon labor as well as upon capital; that it emphasizes the fact that there is a moral as well as a mathematical element in the contract between the two; that to make success possible the wage-earner must enlist the earnestness, the vigilance, and the industry which too often are absent where there is no proprietary interest. But we confidently believe that these qualities will develop rapidly in the wage-earners of America under opportunity and education.”

THE VILLAGE OF LECLAIRE.

In a more co-operative way, this company established the village of Leclaire, about eighteen miles from St. Louis, in 1890. It acquired a tract of 125 acres of beautifully situated land, upon which it has built a number of factories and established a village adjoining. This village is intended to be one of home-owners, not renters; it has no boss and no political organization. The intention is to provide out of the common fund earned by the joint effort of the management and employees, all the public and private facilities desirable in a community. It is laid out with winding roads, has well-made cinder streets, board sidewalks, plenty of trees, a greenhouse to supply flowers for the public grounds and for private yards; it has a school house and large lecture room, a baseball campus which is very much used, a bowling alley and billiard room. It has a course of lectures every winter, interspersed with spelling matches, musicales and dances. The residents all have flower and vegetable gardens on their own

one-third of an acre and as much additional ground in the adjoining farm as they wish to cultivate.

There is a children's club of twenty-five, ranging from six to sixteen, who cultivate about three acres of garden, the proceeds of which are not to be divided, but used for joint purposes. A good library supplies the village, the adjoining city of Edwardsville, the neighboring farms, and also sends traveling libraries or book boxes into different states.

All of these public utilities are free to the world. There is no price for anything. The plan has worked most excellently, and the influence is evident on not only the residents but the neighbors of the larger town of Edwardsville. These neighbors do much of their driving and wheeling on our good roads, they come to our lectures and dances, they play ball on our grounds, they bring their visitors to see us, and in every respect show their appreciation of our high quality of public utilities. We sometimes facetiously say that we carry on this village on the Single-Tax theory, first, by turning the price of lots into public improvements; second, by providing for all the public services out of a single tax on the earnings of all. We are Socialists in the sense that we care more for social good than personal gain or personal advantage. We are pure Individualists in the sense that we do everything voluntarily. There is no compulsion either by law or by the influence of a boss. With my wife and daughter I live in a house that is a little larger and little finer than my neighbors', all of whom are mechanics, but we are neighbors in all respects. My daughter teaches in the school and has a reading club of the larger children, which meets weekly in our home. My married daughter, son-in-law, and grand-children also live in the village. All like it better than the city. It is clean, breezy, and all the surroundings are well kept. Several of the residents, plain, everyday workingmen, have as handsome yards as can usually be found in the suburbs occupied by the rich.

THE NEXT GREAT WORD IS ASSOCIATION.

Co-operation is rapidly coming to take the place of competition in the form of public ownership and voluntary associations, but in the meantime the employers of other men, those who have charge of the active capital of the country, can relieve their consciences to some extent, lessen the strain of business and do some measure of justice, by adopting a profit-sharing plan and by using a goodly part of the income from the joint labor of the employees and themselves in making the conditions of living better for the workers and their families. It is simple enough to do, and there is a great deal of satisfaction in doing it.

Mazzini said the next great word was Association. We must associate for mutual good if we wish to avoid the destruction that self-seeking has brought upon all nations of the past, and if we wish to bring on the reign of the Golden Rule and Brotherhood.

Let us co-operate, let us stop fighting. There is enough for all if we but work moderately and share brotherly. Why must we quarrel and feed soldiers and policemen and jailers and lawyers? Why must we drudge to build unnecessary stores and factories and feed unnecessary managers and clerks? What we all ought to want is a chance to work moderately, live comfortably and have the full returns of our labor, with the privilege of sharing with our fellows in a generous way.