Constitutional Problems of a Co-operative Society

BY

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The Constitutional Problems of a Co-operative Society.

BY SIDNEY WEBB.

In the early years of a Co-operative Society, as in the infancy of the Co-operative Movement itself, we find little thought of constitution-making. The little band of members come together in general meetings, which are not too numerous to be able to get through the business without elaborate standing orders or formalities. It is easy to designate one member to act as Secretary and another as Treasurer. Presently a committee is elected with equal simplicity, which continues to lay before the members' meeting, quarter by quarter, a plain tale of the society's humble experiences.

Nowadays a new co-operative society finds ready to hand the carefully thought-out Model Rules of the Co-operative Union, into which an immense amount of labour has been put. The adoption of this well-devised constitution avoids all perplexities and makes easy the necessary task of getting the sanction of the Chief Registrar of Friendly Societies for the rules. Hundreds of co-operative societies have in this way grown to prosperity, and even to some magnitude, without encountering any constitutional problems.

"Let Sleeping Dogs Lie."

Now, where there is no problem, and no grievance or difficulty, it is in the highest degree unwise to meddle with the society's constitution. It is not a mark of wisdom or discretion when a committee, or an individual member, proposes an alteration of the society's rules merely in order to give them a more elegant expression, or to incorporate some fad of current interest, or to graft upon them some innovation of theoretical advantage. A perpetual tinkering with the constitution is, in some Democracies, actually a disease; and one from which the Co-operative Movement of Great Britain has been honourably free.

Nothing could well be more undesirable than to have motion after motion brought forward, one year after another, either in the members' meetings of individual societies, or at the congresses, conferences or delegate meetings of federal institutions, seeking to change the rules or alter the constitution.

The public opinion of the Movement should concern itself with the work done and to be done; and with the spirit by which it is inspired, rather than with the constitutional machinery.
An Experienced Executive.

Nevertheless, as each society grows in magnitude, some changes in its machinery will be necessary. The clothes of the infant become unsuitable for the growing child, and the adolescent requires, at each stage of growth, a new suit.

One of the changes required, as the society's business increases in magnitude, is a strengthening of the executive body, to which the members entrust the management. In the early days it was customary for the members to take turns to serve on the Committee of Management. In some few cases (as in the great St. Cuthbert's Society at Edinburgh) the rules actually provided for service in rotation as the names stood on the list of members, anyone objecting to take his turn being subject to a fine. Nowadays the members always elect the Committee; but many societies cling to the idea of rotation, and require each member to stand aside after the expiration of a fixed term. Experience has taught co-operators, like other people, that any such rule or practice is detrimental to efficiency of administration. However convenient it may be to be able to get a change without hurting anybody's feelings, this convenience is dearly bought at the expense of regularly displacing the committee-men who have learnt their work. "If we desire to make our societies more efficient," declared Alderman F. Hayward, J.P., in his inaugural address at the Co-operative Union Congress in 1919, "we must abolish all time-limits for committees and abandon the method by which appointments are made in accordance with a rota system. . . . A rule compelling persons to retire after a short period of service is equivalent to having committees permanently in the stage of apprenticeship."

Let the Committee Choose its own Chairman.

Most societies start with a President elected by the members; and the President (who ought to be the most active member of the Committee, making himself personally responsible for continuous oversight of the society's affairs) does not always find himself serving with a sympathetic committee. It seems to be a better plan, and one now sometimes being adopted, for the committee to choose its own chairman, and for him to lead in the administration; the office of President being, so long as the society can get along with "part time" direction, simply discontinued. (1)

(1) Further examples and additional information with regard to all the points raised in this pamphlet will be found in The Consumers' Co-operative Movement, by S. and B. Webb, 1921.

(2) It may be borne in mind that the rules of co-operative societies, unlike the statutory constitution of Local Authorities, provide for the removal of any member of the committee of management at any time by two-thirds of the members present and voting at a special general meeting, which may thereupon proceed to fill up his place by a majority of the members present and voting.

Representation of the Employees.

Much more important than the election of the President or Chairman is, however, the hotly-debated question of the representation, upon the Committee of Management, of the society's own employees. The change of opinion during the past decade has certainly been remarkable. Originally, as is well-known, the employees were invariably debarred from election to the committee of management; generally disqualified even from voting at its election; and, in some cases, absolutely excluded from membership in the society. They are now everywhere allowed, encouraged and even pressed to become members. Many societies have abrogated the long-standing explicit disqualification of employees to vote as members in the election of the committee of management; an enfranchisement sometimes restricted to adult employees, not married and not living with their parents, who are members. It looks now as if the Co-operative Movement would frankly accept the view that there is no more justification for disfranchising a member merely because he happens to be also an employee of the society than for the denial of the Parliamentary vote to the citizen who is a postman or a policeman. The eligibility of employees for election to the committee of management by vote of the members is less widely accepted, and may be more open to question. (2)

(1) The Co-operative Union has, however, not yet omitted the disfranchising clause from its Model Rules (edition of 1920).

(2) The report of the General Co-operative Survey Committee in 1919 gives a very hesitating opinion with regard to employees participating in the management and control of the Society by which they are employed. "We are of opinion," they state, "that there is not yet sufficient experience to justify a recommendation that employees, as such, should have representation on management committees; but we believe it would be in the interests of the Movement if one or more societies were to make the experiment. There are one or two societies, upon the management committee of which employees may sit as employees, but as the employees on the committee have usually been officials these cases do not provide the experience which we consider is required, for the present-day demand is for representation of the rank and file employees. Whilst we do not recommend anything more than an experiment in the way of official representation on committees of employees as such, we are strongly of opinion that employees of a society who are members of a society should not be by rule rendered ineligible for election to the committee because they are employees. . . . Whilst thus desirous of giving to employees their full rights as members of their societies, we are of the opinion that much of the work of management committees does not affect employees as such, and that provision for the employees to participate in the determination of the conditions of their employment can be provided by some form of workshop committee or joint council representative of the management committee and employees, the appointment of which we recommend. We are of the opinion that the formation of such workshop committees or joint councils would meet the vital needs of the employees, and probably render unnecessary any special representation on the management committee. The subject of workshop committees is further discussed in a later part of our report dealing with welfare work." (Report of the General Co-operative Survey Committee, 1919, p. 194).
A few societies (like the Crewe Co-operative Friendly Society Limited) have never had any disqualifying rule, though members who were also employees were not often nominated. They are now beginning to be nominated and elected—the Crewe Society had its first employee member in 1918 and its second in 1920. The York Co-operative Society, in 1922, had four employees sitting on its committee of management, one of them being the secretary of the local branch of the employees’ Union. Where there was an express disqualification, this has sometimes been simply abrogated (as in the Annfield Plain Industrial Co-operative Society Limited). In other cases express provision is being made in the rules that not more than one (1) or two employees shall be eligible for nomination, or not more than one-sixth of the total number of the committee. The Sunderland Equitable Industrial Society has for twenty-one years allowed the election of one employee, during which time the same person has always been re-elected. The new rules now being adopted in other societies (as in Manchester and Salford and the Warrington Equitable Co-operative Society Limited) usually allow of “the election of not more than two employees upon the committee of management.” A Welsh society now allows four such members. Some other societies put no limit on the number of employees who may be chosen by the members. (2) Altogether several dozen societies (out of 1,300) have definitely removed the disqualification of employees. As an outcome of the movement of thought and of the alterations in the rules, employees are being nominated for election in an increasing number of societies, occasionally as many as four at a time for seven places, though they are not always elected. In a score or so of societies at least, an employee, and sometimes two or three, may now (1922) be found on the committee. The great Liverpool Co-operative Society has three. There are, however, already signs of a reaction, especially where candidates of employees have been more numerous than has been liked by the members.

(1) “No member shall be disqualified from serving on the Board of Directors by reason of his being employed by this Society, but not more than one person employed by the Society shall be a Director at the same time” (new rule of 1920 of the Hucknall Torkard Industrial Provident Society Limited).

(2) “Any servant of the society complying with the foregoing shall be eligible for nomination to a seat on the board of management” (Rules of the Newbiggin District Industrial and Provident Society Limited, 1920).

“Employment by the society shall not disqualify a member from being an officer other than Public Auditor” (Rules of the Coventry and District Co-operative Society Limited, 1920). Under this rule one employee was promptly elected a committee-man.

There are, indeed, some objections to the election, at the members’ meeting, of employees to be committee-men; (1) and there can be in this way no assurance that the person chosen represents the views or feelings of the staff. Accordingly a few societies have taken another line The rules of the Hendon Industrial Co-operative Society provide for a special “Employees’ Representative” being elected annually to the committee by the employees themselves, quite apart from the election of the other members at the quarterly meeting. The Bishop Auckland Industrial Co-operative Flour and Provision Society, by the rules revised in 1915, has specifically laid it down that “the employees of the society may appoint one of their own number, who is a member of the society, and eligible according to rules 79 and 89, to be a member of the committee. He shall share in the duties and responsibilities of the committee, and be paid for his services at the same rate as the other members of the committee except (a) he shall not be an officer of the society [meaning not president, secretary, or treasurer], (b) he shall not be paid for attendance at meetings or for services performed during hours for which he receives wages from the society.” (2) Among the South Wales societies this practice is spreading. In the Dowlais Society (3,160 members in 1919, with sales of £186,069) one employee is elected by the employees themselves to the committee of management, and two others to the education committee. The Nantymoel Society (2,284 members in 1919, with £232,442 trade) had, in 1922, no fewer than four employees elected to the committee of management by the employees, these constituting one-fifth of the entire body.

But there is yet another line along which provision has been made for the participation of the employees in the conduct of the co-operative societies’ activities. The separately elected education committee, which exists in every important society, and sometimes exercises considerable influence—managing the hall, the library, the lectures, and the social entertainments—usually accepts

(1) Canvassing for votes has been found an evil. Some societies have penalised the practice. Thus, in the Bolton Co-operative Society’s rules it is stated that “Any person seeking election on the Committee of Management and on the Educational Committee found to have been soliciting votes by the circulation of canvassing matter, or to have induced other persons to solicit votes for him in that manner (either before or after nomination) or to have canvassed the servants of the society, shall be disqualified and shall not be again eligible for a period of two years.” “Any member of the society found to have issued canvassing matter on behalf of any candidate, or found canvassing within one hundred yards from the entrance of any of the society’s polling stations on the day of election, shall render himself liable to expulsion from the society” (Jubilee History of the Bolton Co-operative Society Limited, 1909, p. 418).

employees as eligible for election, and they sometimes take an active part in the work. In some of the larger societies there have been established shop or works committees of employees only, entitled to confer with the committee of management about all matters affecting the staff; and even something like "Whitley Councils," composed of representatives of the management and of the various sections of employees exclusive of the management, in equal numbers, for the consideration of all such questions. Thus, the Warrington Society, which, as we have seen, allows two employees to be elected by the members to the committee of management, also provided in 1919 for the appointment of a very elaborate "Joint Advisory Committee" composed of equal numbers representing the committee of management on the one hand and of the employees of the society on the other, for the following amongst other purposes, namely: "To consider the general welfare of the employees, and to make recommendations to the committee of management from time to time; to consider the education and training of the employees from a Co-operative standpoint, and to make recommendations thereon; to consider all such matters as may be referred to it from time to time by the committee of management, and to endeavour to cultivate and maintain a co-operative spirit and understanding between the management and the employees on all matters affecting their common interests and that of the industry which they mutually serve."

It is further specifically provided that "the following are, amongst others, the questions which shall be referred to the Advisory Committee for consideration:—

1. Hours of labour and business.
2. Minimum rates of wages and working conditions.
4. Annual and other holidays of the staff.
6. Incompetence, dishonesty, or indifference of any members of the staff.
7. Disputes arising between Trade Unions and the society.
9. None of the above clauses shall in any way interfere with recognised Trade Union functions."

This important and influential committee in a highly successful society, having some 20,000 members, a quarter of a million pounds of capital, and an annual turnover approaching a million sterling, consists of fourteen members, seven (of whom two must be women) elected by the committee of management and seven by the employees, the latter being chosen each December by all the employees over twenty years of age for the time being, voting in five sections, namely, Office Staff (one); Branch Managers (one); Grocery (one male and one female); Drapery, Boots, Clothing, and Furnishing (one male and one female); and Bakery, Vanmen, and Carters (one). It meets when it likes, but outside working hours, in a room provided by the society, and chooses its own chairman and secretary, the latter being paid by the society.¹)

The Coventry and District Co-operative Society (established 1869, in 1920 26,245 members) has formed a "Labour Advisory Council" of similar nature. It consists of six members appointed by the committee of management, and six elected by ballot by the employees for one year. The employees in the Works, Dairy, Garage, Coal, and Stable departments choose one; those in the Farm department, with the carters, choose one; those in the Outfitting, Furnishing, Tailoring, Boots, Drapery, and Millinery departments choose one; those in the Bakery, Grocery, and Confectionary departments choose one; the Clerical Staff chooses one; and (a characteristic of Coventry industrial organisation) one is chosen from and by the "shop stewards." The Council appoints its own chairman, who must be neither an employee nor an official of the society. It meets once a month to interpret the rules as to conditions of service, and to consider matters referred to it by the committee of management, the shop stewards, or the employees themselves; and it reports, not only to the committee of management, but also to the general meeting of members.²)

The extent to which the 20,000 members of the Warrington Society and the 26,000 of the Coventry Society have recognised the claim of their four to seven hundred employees to participate in the management of what concerns their working lives, and the apparently well-devised constitutional machinery devised for this purpose, represent, I think, a high-water mark of democracy in the Co-operative Movement.

A Full-Time Salaried Executive.

Latterly there has been introduced the revolutionary conception of a paid and "full-time" executive, which sometimes takes the form (as in the Barnsley Society) of a salaried president and two salaried vice-presidents, supplemented by "ordinary" directors. In such a case the salaried president and vice-presidents are elected by the whole membership, like the "ordinary" directors, but for a longer term of years (for instance, for five instead of

²) Rules of Coventry and District Co-operative Society.
or conseil d'administration, being rather of a supervisory and ratifying character, except as regards new departures of policy.

Well-known "Voruit" of Ghent, and "Maison du Peuple" of Brussels, are officers, to give their whole time in return for salaries. So in Belgium, the governed by three salaried officers, the functions of the elected committee, for each attendance.

For the president and 550 for each vice-president, free of Income Tax. The knows this, often after painful past experiences, when it is a question of managers, or heads of technical departments, or accountants. But if co-operators find it necessary to secure the full-time services of committee-men or directors, they must make up their minds to pay proper salaries. Every experienced co-operator knows this, often after painful past experiences, when it is a question of managers, or heads of technical departments, or accountants.

The transformation of the executive, in a few of the largest societies, from a committee paid only by fees to a small number of full-time salaried officers is, perhaps, the most momentous of the changes that are now taking place in the constitutions of the co-operative societies. When we realise the inevitable limitations of the committees of men engaged during the day in earning their own livelihood in manual or clerical labour, able to meet only in the evening, at the end of exhausting toil, and unaccustomed in their daily lives to any but a narrow range of dealings in small sums, we can only be amazed at the capacity and success with which these co-operatives have coped with business running literally into millions of pounds annually. And it is not failure which is leading to the supersession of the unpaid committee-men, for it is exactly in the largest and most successful societies that the idea is being adopted, but the sheer inability of getting through the ever-growing volume of business by evening meetings, even if held six nights a week.

But if co-operators find it necessary to secure the full-time services of committee-men or directors, they must make up their minds to pay proper salaries. Every experienced co-operator knows this, often after painful past experiences, when it is a question of managers, or heads of technical departments, or accountants.

No co-operator to-day would seek to justify taking on carmen or engineers, joiners or bakers at less than the accepted Standard Rate for their particular crafts. Many people, however, fail to realise that administration or direction—which is the craft for which a committee-man or director should be chosen—is itself a skilled occupation, one requiring knowledge and training, as well as character and ability; and one commanding a price in the market. Fancy thinking to hire management at £8 per week! Co-operative societies have often been well-served, in different capacities, by men who have given their whole lives to the Movement for a mere pittance, and sometimes entirely gratuitously. Such self-sacrifice does them honour. It is not quite so honourable of the Movement to go on, year after year, complacently accepting the sacrifice. It is not very creditable to the members of a society that they should see its premises steadily increase in value, and its reserves grow, whilst its dividend is steadily maintained—when all the time this prosperity is very largely the result of the faithful, zealous services of men and women, whether as members of the committee or members of the staff, who are not being adequately paid for their work. There is such a thing as "sweating" the brainworkers, and "exploiting" devotion to the Movement, as well as "sweating" the wage earners.

There is nothing specially democratic in accepting gratuitous service, or in paying for it below the market-rate. On the contrary, it is, in a sense, highly undemocratic to take this course, because it involves the exclusion from office of all those whose family or other circumstances do not allow them to make such a sacrifice. We do not get too much first-class ability in our co-operative societies! We ought to open up all the important positions in the Movement to the ablest of our members, even if they are poor. This is what we refuse to do so long as we take advantage of the devotion of those who are able and willing to serve us at salaries below the market-rate.

It must be borne in mind that, valuable and even necessary as may be the adoption of a full-time salaried Committee of Management or Board of Directors, this very change inevitably separates the committee-men or directors still further from the mass of the members. It may increase among the members the apathy that is complained of. It may tend to intensify the already great disinclination to make complaints, or utter any criticism, of the management; and, on the other hand, to make the salaried and almost permanent management callous and contemptuous with regard to the members' grievances. It may well be that those societies that change their constitutions in order to get greater efficiency in their executives, require also to make changes in order to ensure at least an equal increase in active co-operative citizenship among the members at large.

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(1) The salaries at present (1921) fixed in the Barnsley Society are £600 for the president and £550 for each vice-president, free of Income Tax. The "ordinary" directors now receive £200 a year each, instead of the usual fee for each attendance.

(2) It may be observed that it is usual in all the larger co-operative societies of Germany for the "Vorstand," or executive committee of the three principal officers, to give their whole time in return for salaries. So in Belgium, the well-known "Voruit" of Ghent, and "Maison du Peuple" of Brussels, are governed by three salaried officers, the functions of the elected committee, or conseil d'administration, being rather of a supervisory and ratifying character, except as regards new departures of policy.
The Educational Committee.

Most of the co-operative societies in Great Britain seem to have relied largely on their Educational Committees for bringing the members into touch with each other. I do not propose to deal here with the manifold useful activities of Educational Committees; but even the most active of them can hardly claim to secure the active participation of more than a tiny percentage of the membership of its society. They do not, because they cannot, organise the membership as a whole. Useful as their function is, whether in education or in propaganda, it does not solve the constitutional problem presented by the apathy and indifference of the members at large, who no more actively desire to be educated than to be troubled with attendance at business meetings. Unfortunately, as I think, there seems to be, in many societies, a certain estrangement between the Educational Committee on the one hand, and the Committee of Management and the principal officers of the society on the other. Indeed, in something like one-third of the societies there appears now to be no Educational Committee at all; whilst in others the grant for this committee has been cut down.

Now, I happen to believe very strongly in both the educational and the propagandist functions of the Co-operative Movement. I believe that they are not (as is often assumed) one and the same; but that they could both be considerably developed with advantage. That, however, will be dealt with elsewhere. What here concerns us is the constitution of the co-operative society; and on this point I venture to submit a suggestion to my fellow members. I think that the Educational Committee, in nearly all societies, suffers from its isolation, from its complete separation from the Committee of Management, and, usually also, from its divorce from the attention of the principal officers of the Society. It is looked upon by them too much as a "side show," if not even as a useless "fad," yielding no pecuniary profit to the society's balance sheet. With the adoption of a full-time salaried executive this isolation and subordination of the Educational Committee is likely to increase.

Some critics have suggested the abolition of the Educational Committee, with an express instruction to the elected Committee of Management that the work is to be continued under its own direct administration. This, it is feared, might mean less educational activity instead of more! Several societies have provided, by rule, that two or more members of the Committee of Management shall be deputed to sit on the Educational Committee, so that the two bodies may be kept in touch. This device does not seem to have much improved matters.

If any revision of the constitution is decided on, I think the most promising hint is to be taken from the Local Education Authority of our County Boroughs and County Councils under the Education Acts of 1902-3. I would make both the educational and the propagandist functions of the society as much part of the responsibility of the Committee of Management as the buying and selling of commodities. But I would require the Committee of Management to appoint a distinct Educational Sub-Committee, consisting of several of its own members, and for the rest, of members selected by the Committee of Management to serve for a year, after publicly inviting nominations from the Guilds, from any educational classes that have been going on, from the staff, and from the members at large. The Educational Sub-Committee should be empowered to manage the current business, after getting its financial budget approved, and subject to reporting for sanction any new departures. I believe that this annual co-option of members particularly qualified for or specially interested in educational work, to sit with those popularly elected by the society as a whole, affords the most effective way of "joining up" the educational work with that of the Committee of Management. The work of propaganda (which co-operators make a mistake in mixing with education) ought to be combined with advertising; and needs, perhaps, to be dealt with by a special officer, and, in large societies, by a special department, under the direct control of the Committee of Management.

But just as there will be no effective educational work without a well-constructed committee, so there will be none—at least not for any length of time, or continuously—without an officer specially appointed to "run" it. In all but the smallest societies he must give his whole time and thought to the work. (He might, in smaller societies, give a few lectures; supervise the library; or even teach a class, as part of his work.) But his main work must be that of an organiser and an administrator; and for this, if efficiency is to be obtained, a proper salary must be paid. Yet a large society, which has learnt to pay its general manager £800 or £1,000 a year, will long make shift with an Honorary Secretary of the Educational Committee; and, when it comes to appoint a salaried officer, will think £6 a week munificent for the administration and organisation of all its educational work!

How to Overcome the Apathy of the Members.

But co-operative history reveals, it may be suggested, other shortcomings than the failure of Committees of Management and Educational Committees to rise to the height of their great task. Co-operators themselves complain more of the apathy of a large (and, as some say, an increasing) proportion of the members. In too many cases, the members, old or new, think of the co-operative store simply as an advantageous retail shop. Many of them remain ignorant of the fact that it is their own enterprise, dependent
for its fullest success on their personal interest and active participation in its administration. Even if they continue their purchases they do not share in the co-operative life. They remain often unaware of new developments in their own society. They do not attend the quarterly meetings. They are often very far from being conscious citizens of the Co-operative State.

This apathy among the members is, of course, their own fault. But it is a drawback, not to themselves alone, but also to the Movement; and it may easily become a danger to any society. To overcome this apathy co-operators have tried many devices. Some of these necessitate changes in the society’s constitution.

**District Meetings.**

One way of combating the members’ apathy is to make it easier for them to attend the quarterly meetings. When a society has grown so as to include more than a few thousand members; or whenever its membership has spread into several towns or villages or over any considerable area, it has been found useful (as it has been in the C.W.S.) to hold the members’ meetings in separate parts, in different meeting places, at closely connected dates.\(^1\) These District Meetings are an invention of the Co-operative Movement, and are, I believe, not known outside it. For they are, legally and formally, not separate meetings but merely portions of one members’ meeting, identical resolutions being put to the vote at all of them, and the decision being found by adding together the votes for and against that have been cast at all the District Meetings. Some, at least, of the Officers and Committee-men are in attendance at each meeting, in order to conduct the business and answer questions. The institution of such District Meetings has been found useful in making it easier for members to attend; in maintaining interest among members living at a distance from the Central Store; and sometimes in securing the election to the Committee of members belonging to different parts of the area covered by the society. It seems to secure the attendance, in the aggregate, of a larger number of members than the former single meeting; but by no means an adequate proportion of the total membership. Some of the District Meetings get very poor attendances.

**Making the Business Meetings more Social.**

But co-operative man does not live by business alone; and it is worth consideration whether the Members’ Meeting, even if summoned only to hear the report and declare the dividend, might not, with advantage, be made more of a social gathering than it is at present. It may be too expensive for the society and not altogether desirable, to bribe the members to attend by providing a free meal. But it would cost little, and would be unobjectionable, to offer merely a cup of tea or coffee—even a cigarette—at the beginning or end of the meeting; to allot at some stages of the proceedings half-an-hour for friendly gossip; and to give the Committee-men and Officers of the society an opportunity of conversing with old friends in the membership, as well as of making personal acquaintance with new members. Somehow or other, if any genuine co-operative life is to be maintained, it must be possible to arrange that new members should find an opportunity of making acquaintances among the older members; and that officers and committee-men should hold out the hand of welcome to recruits.

**Organising the Whole Membership.**

Even apart from good-fellowship and friendly intercourse, for which some co-operative societies seem to make no provision at all, we are apt, as it seems to me, in all societies to leave the individual member too much to himself; to rely on his frequenting the store and reading the notices and posters displayed there; and to trust to him spontaneously to make known his wishes, to complain of any shortcomings, and to communicate to the management any grievance of which he is conscious. In some of the very successful German co-operative societies (which have, in various ways, gone ahead of our own), the constitution provides for a systematic organisation of the whole membership. Each group of neighbours, to the number of a hundred or so—sometimes those who

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\(^1\) In the Haswell Co-operative Society, established 1866, which had in 1919 3,481 members, it is provided in the 1920 rules that “the membership residing at the various places where business is done by the society shall be divided into districts, and district quarterly meetings shall be held at which the same business paper as will be submitted to the general quarterly meeting shall be considered and voted upon. A member may attend and speak at any meeting, general or district, but shall only be entitled to vote at one of such meetings.” The 6,726 members of the Chester-le-Street Co-operative and Industrial Society (established 1862), who shop at their central premises and nine branch stores, are, for the purpose of voting, elaborately divided according to their places of residence into twelve electoral districts; and they may vote only in their respective districts. The poll is open for three weeks preceding each quarterly meeting. The great Plymouth Society has a more elaborate rule. “On all matters of unusual interest, in order to obtain the votes of members from all parts of the district covered by the society on a specific question or questions, the committee shall have power to convene district meetings. These meetings shall be held in suitable halls, and shall be as far as possible held simultaneously, but in each case the last meeting must be held not later than fourteen days after the date of the first meeting. The agenda for each meeting must be the same, and any deviation therefrom in any one or more of the meetings shall make the decisions of that meeting void and of no account. No member shall attend more than one meeting. Admission to these meetings shall be by production of the member’s share pass book, and his attendance thereat shall be registered by the stamping of the vouchers therein contained and printed for that purpose. Special district meetings may also be called . . . . not less than 50 members in each and every district” (Rules of the Plymouth Co-operative Society Limited, 1916, p. 31).
live in the same street, or group of adjacent streets; sometimes those who live in a particular village or hamlet—are placed in charge of one of their number, who volunteers to serve for a term as the connecting link between them and the management. He is appointed by the Committee of Management, and his first and principal duty is to deliver promptly to each of the members on his list any notices that he receives for this purpose. In this way the Committee of Management is able, without the heavy expense of postage, to put into the hands of every household, even where the member does not trouble to visit the store, a series of invitations to, or notices of, meetings or lectures or entertainments; a series of advertisements of specially attractive goods that are on sale; and even a series of requests for individual orders for particular commodities that can be bulked for transmission to the Wholesale Society. At the same time the Group Agent hears any grievances or receives written complaints, which he communicates to the management. Periodically the whole of the Group Agents are invited to meet the Committee and Officers; when a free discussion takes place about possible business improvements and new developments, concluding with a festive meal and an entertainment. In a society of 10,000 members, divided in this way into groups of 100 each, the hundred Group Agents for the time being would constitute a valuable link between management and membership.

Those who have not tried the experiment of thus organising the whole membership sometimes declare that it cannot be done; that volunteers as Group Agents could not be found, even for such a short term of service as six months; that the members would not like it; that the management would be overwhelmed with foolish complaints, and so on. The answer is that the "Production" of Hamburg, and other great co-operative societies in Germany actually do it, and find it extremely successful. Merely as a device for business advertisement it is invaluable. Any capitalist trader would jump at the chance of such an organisation. I cannot believe that British co-operators are incapable of it.

Branch Committees.

In some co-operative societies there have been established Branch Committees, each representing the members habitually dealing at a particular Branch Store, and charged to exercise a general supervision over its operations. This was suggested in a former edition of the Model Rules by the Co-operative Union as a way of attempting to organise the whole membership. It was hoped that by instituting Branch Committees a larger number of members might be induced to take an active interest in the society's affairs; and that the officers and general committee-men would get the assistance of local criticisms and suggestions. It cannot be said, I think, that such Branch Committees have usually proved very successful.

In some cases they have been given up, sometimes because of their inanition, and sometimes because it was felt that particularly energetic local committees got special advantages for their own branches not enjoyed by branches unprovided with a local committee, or with a committee that did not function. In the extensive Lincoln Society, which had, in 1919, 19,245 members and altogether 25 branch stores, with sales amounting to £912,663, local committees of not more than nine members are elected annually for each of eight outlying branches. But I gather that all but one of these local committees confine their activities to meeting about every six weeks, and the eighth meets only monthly, in spite of the fact that a fee of eighteen pence is allowed for each attendance. It is found difficult, we are told, to invent business for such meetings as are held; and they are not considered to have been very successful in attracting the most useful members. In the equally large Peterborough Society (with 19,641 members in 1919 and sales of £662,271) seven out of the eleven country branches elect at their quarterly members' meetings local committees of a few members, who actually meet weekly, and earn their fee of eighteen pence per attendance by discussing, week by week, the current return of takings at the branch store, making suggestions to the board of management, and generally supervising the local business. The board of management makes a point of consulting the local committee about any local appointment, or any proposed alteration or extension.

It may, I think, fairly be inferred that what stands in the way of successful Branch Committees is the difficulty of according to them any real power or executive authority, even with regard to their own Branch Stores. They cannot, for instance, be permitted to buy or order goods, or decide what kinds of business shall be undertaken, or how much stock shall be kept; they cannot be given freedom to arrange about local collections and deliveries of goods; they cannot be allowed to fix selling prices; they cannot even be entrusted with appointments, promotions or dismissals, or the fixing of wages or salaries. To ensure good administration of the society as a whole, it is absolutely essential that all these decisions should be taken by the General Committee or Board of Directors in consultation with the society's principal officers. What can be given to a Branch Committee is the "right to grumble"—to voice complaints, to offer criticisms and to make suggestions on any matters whatsoever. This is usually found not sufficiently exciting to induce members to serve on a Branch Committee; or to attend its meetings when they have been elected to it.

Nevertheless, the institution of Local or Branch Committees in some form seems indispensable, if effective Democracy is to prevail, in co-operative societies having tens of thousands of members, dealing at dozens or scores of widely-scattered Branch Stores,
extending over an area which sometimes measures hundreds of square miles. We may not yet have found exactly how to make these committees successful, but we must go on trying.

**How to make Branch Committees Successful.**

The experience of various large and successful societies with Branch Committees suggests certain conditions for success.

If Branch Committees are instituted at all, they should be universal. If (as in the Lincoln Co-operative Society) they are set up only for some of the Branch Stores—it may be only for some outlying Branches, or for the country branches,” or a Branch formed out of a separate society which has been absorbed—there is inevitably a danger of exciting jealousy among the Branches. Those which have not Branch Committees may suspect that their own complaints and desires do not receive the same attention as the complaints and desires that are backed up by an active Branch Committee. There may grow up the suspicion of “favouritism” of this or that Branch: moreover, any deviation of power or executive authority to Branch Committees, even to the slight extent to which this may be expedient, is made almost impracticable unless it can be done for all Branches alike. If there are to be any Branch Committees, there should be one for each separate store, central or local, so that all may feel dealt with equally.

The Branch Committees, once they exist, must not be ignored. It may often be easier or more convenient for the Board of Directors or Management Committee, and especially for the principal officers, to come to decisions of policy without consulting the Branch Committees. It saves time. It avoids controversy. It permits secrecy. Sometimes, indeed, such an immediate decision is essential in the society’s interests. But, except in such cases of real emergency, it will be found to be more advantageous in the long run to incur the trouble and delay involved in consulting the Branch Committees, not merely with regard to every proposed innovation or change of policy concerning the particular Branches, but also with regard to such as concern the society as a whole. The very essence of co-operative success, at least as far as co-operative life is concerned, is a genuine Democracy of administration. Even if it is not practicable in any real sense to consult the whole membership it is worth a great deal in any large society to gain the conscious consent for any important innovation of the hundred or two of members—largely the more active or the more influential members—who make up the Branch Committees. Merely from the point of view of advertisement, the prior consultation of the Branch Committees as to every new departure (whenever actual urgency does not forbid it) is well worth the trouble that it involves.

Some ingenuity may be exercised in finding useful work for the Branch Committees to do. It might be made the duty of one of the officers in the Secretary’s Department to see that the Branch Committees start right; to arrange for the chairman of the society, or some other member of the Management Committee to be present at the first meeting; to get the Branch Committee to appoint its own chairman and secretary, and to adopt a regular day, hour and place of meeting, and a proper form of agenda; to cyclostyle and post from the central office, if desired, the agenda for each meeting of each Branch Committee; and to include in such agenda not merely the items supplied by the Branch chairman or secretary, but also whatever propositions or notices the Management Committee may order to be put before the Branch Committees. Moreover, it should be the duty of the Secretary’s Department to supply to the Branch Committee regular statistics of the progress of each Branch in membership, trade, &c., in comparison with all the other Branches, and with previous years.

In some societies, the Branch Committee is required to depute one or more members to conduct, or to help in conducting, the periodic Stocktaking at the Branch Store. It may be made the duty of the Branch Committee to convene and conduct periodical meetings of the members registered as dealing habitually at its Branch; or to manage entertainments, lectures or social functions among them. Every Branch Committee ought certainly to be specially summoned once a year for the express purpose of a “heart-to-heart talk” with a deputation from the Management Committee and the principal officers, about the life of the Branch, the progress of the business of the Branch Store, the complaints and grievances that have been made, the criticisms that have been expressed, the suggestions as to new developments that have been urged, or can then be brought forward. We are very prone to blame the members for apathy and to complain that they will not express either their discontents or their desires; but we do not always realise that it is a necessary part of the art of administration in a Democracy to create a channel for the expression of the popular will, and actually to organise regular opportunities for its utterance. And I am inclined to think that there is one way in which Branch Committees may be rendered much more active and efficient as Branch Committees, and that is by making them something more than Branch Committees. In this it is the Leeds Industrial Co-operative Society that is leading the way.

**The Establishment of a Representative Assembly.**

Perhaps the most vital and the most revolutionary in its constitutional potentialities of all the constitutional changes going on in the Co-operative world is the first beginning in the co-operative society of the characteristic organ of British political democracy,
the elected representative assembly, intermediate between the electorate and the executive. In the great and flourishing Leeds Industrial Co-operative Society, established in 1847, which had, at the end of 1920 no fewer than 92,912 members, a capital exceeding £1,500,000, and an annual turnover of over £5,000,000 sterling, the members are divided, for the purpose of electing the board of directors, into four geographical constituencies, according to place of residence. Within these four districts there are regular ward meetings connected with the several branch stores, each attended by the members who habitually make their grocery purchases at that branch. It is these ward meetings which constitute, in the aggregate, the general meeting of members which elects the president of the society and (in their four geographical districts) the twelve directors. It is at these ward meetings, too, that the votes are cast which, in their aggregate, authorise any expenditure out of the net profits, apart from dividend on purchases, and a dividend equalisation fund, whether the purpose be “charitable, philanthropic, of public utility, or any other purpose, whether within the objects for which the society is formed or not.” But these ward meetings serve also as a constituency for the election of a body of men and women who are rapidly assuming the character of a representative assembly, with independent powers of sanction and initiative. At each half-yearly meeting of the ward there is an election by show of hands, from members purchasing to the extent of at least £8 each half-year, and holding two fully-paid-up shares in the society, of a local committee-man for a term of eighteen months; thus constituting for each ward a local committee of three members, who serve respectively as chairman and secretary of the ward, and stocktaker of its branch store.(1) Each local committee is required to meet at least once a fortnight. They have to visit the branch store, and they are specifically charged to bring before the directors anything relating to the quality or the price of goods or the conduct of the business which appears to be faulty. They are to “advise with the storekeeper on any matter in their judgment tending to the improvement of the management or the increase of the sales.” But in addition to these duties the local committees have to meet collectively. There are, we are informed, fortnightly meetings of groups, each uniting about a dozen local committees, which occupy themselves with complaints and suggestions made in connection with the several branch stores. Moreover, the whole of the twenty or thirty local committees of the wards within each of the four geographical districts meet together about once a month to constitute a united local committee for the district, which has, according to the rules, “the management of all meetings of members within the district”; and “the primary duty of seeking to add new members, and of inducing members to support the society.” Each United local committee elects, it should be noted, two out of the twelve delegates whom the society sends to C.W.S. quarterly meetings, the remaining four being appointed by the board of directors. But what seems destined to be the most important constitutional function of the local committees is their evolution into a continuous representative assembly. At least once a quarter, on the Saturday preceding the quarterly and half-yearly meetings respectively, and at such other times as the directors may think advisable, the three hundred members of the local committees (together with the educational committee, “and such other persons as the board for the time being may determine”) are summoned to the People's Hall, “to meet the directors in conference,” for the purpose of considering the balance sheet (and) directors’ report (in January and July), the educational committee’s report (in April and October and), discussing the working of the society or any matter affecting its interests.

This “quarterly conference of local committees,” as it is commonly styled, is always well attended, an excellent tea being provided without charge at the close of the proceedings. The president, in laying before the conference the directors’ report, delivers an informative address, in which he points out the matters to be explained to the members when they assemble in their ward meetings in the ensuing week. The elected auditor also gives a report, often criticising items in the accounts. Questions are asked and speeches are made by the “Locals,” who voice any objections that may be entertained in their wards. The chairmen of the three main business committees (finance, mill and stores), into which the board of directors is divided, afford further explanations and reply to criticisms. Besides the regular meeting once every three months, the board of directors finds it useful to summon the three hundred local committee-men to special conferences, whenever there is an important issue of policy on which an inconvenient popular agitation may spring up, or with regard to which it is desirable that some particular action should be taken. During 1920, for instance, it was found desirable to explain at length the reasons that made it inexpedient for the society to embark on the building of cottages; and on another occasion the facts with regard to a wage dispute which had occurred with the society’s carters. It is clear that the main intention and purpose of the institution of the conference was that, the local committee-men being convinced by argument as to the necessity and wisdom of the action and proposals of the board of directors, they should proceed to their several ward meetings and secure the support of their local fellow members for the official policy. I imagine that, for the most part, the conference usually serves its intended purpose; and the whole machinery of conference, local committees,

(1) These 300 local committee-men receive no payment beyond their tramfare to and from the meetings.
and ward meetings is obviously of great educational value. But, like the knights and burgesses whom Simon de Montfort first summoned to Westminster to form the House of Commons, the Leeds Conference of Local Committee-men has developed additional functions. The three hundred “Locals” who found themselves constituted into a permanent body discovered the need for an independent executive committee to organise their own proceedings. They have accordingly elected an extra-legal committee of eight of their number, which now receives all the suggestions made by the united local committees of the four districts, and decides on a united policy for the “Locals,” independently of that formulated by the board of directors. If the popular policy is not accepted, the “Locals” may then set going an agitation in the ward meetings, concert a united attack at the conference, and in the last resort at the quarterly general meeting of members. They may even organise opposition to the re-election of stubborn members of the board. It was as an outcome of the demand of the “Locals” that the system of collective life assurance was adopted, and that the decision was at last taken, after more than half-a-century of refusal, to join the Co-operative Wholesale Society. It may be added that candidates for places on the board of directors, in the election addresses that are now read at the ward meetings before the ballot is taken, always make a point of reciting their service as local committee-men, and of stating that they have been nominated by the local committees of the wards within their districts. At present eleven out of the twelve directors of the society have had previous service as local committee-men.\(^1\)

The Leeds experiment in creating an elected legislature, representing the members and controlling the executive, is, in my opinion, the most important constitutional development of the British Co-operative Movement; not only because it shows us how Branch Committees may be made effective, but also because of its establishment, in the society, of a Parliament representing the members and controlling what stands, in co-operative administration, for the Cabinet. Co-operators should watch its progress and study its results. It is, of course, not an example for any but a large society to follow. But in view of the great importance of providing both for a wider participation of the members and for a more continuous influence of the whole membership upon the policy of the society—in short, the need for a remedy for the apathy of so large a proportion of the co-operative citizenship—the constitution of the Leeds Society appears worth consideration by all others having more than, say, 50,000 members.\(^1\)

There are those who are impatient with constitutional forms, as they are with statistical results, and who tell us to rely on the spirit, and to keep our eyes always on the ideal. But even the purest soul requires a body, and suffers if the body is not healthy. Many a co-operative society is such to-day, or is at least falling short of perfect health, because of the imperfections of its constitution. It behoves the members to bethink themselves whether some of the reforms to which other co-operative societies have been led may not be worthy of their attention.

\(^1\) Bodies of the nature of representable assemblies, intermediate between the members and the governing councils or executives, are being introduced into the larger co-operative societies of Germany, Belgium, and France. The newly formed amalgamation at Paris, the “Union des Coopérateurs,” for instance, is divided into sections by “arrondissements” and “communes,” which must meet at least once a year, to appoint representatives of the section at the general meeting of the society, where they cast votes proportionate to the number of members by whom they are respectively delegated, recorded by their signatures on the sheet of paper constituting the mandate. But the section elects also one representative for each 250 members to form a general committee, which must meet at least quarterly. At each meeting the “conseil d’administration,” or committee of management, presents a verbal report upon the society’s progress, and upon the complaints or criticisms made since the preceding meeting. The representatives chosen to serve on this general committee are charged to present to the committee of management all complaints and useful suggestions made to them by the sections or by individual members. The general committee has also to consider propaganda, welfare institutions, and the questions raised at the Co-operative Congress. It is required to suggest the delegates to that Congress, and also to draw up a list of candidates for election to the committee of management (Union des Coopérateurs, Commentaires, Statut, Règlement Intérieur, Paris, 1920). A somewhat similar organisation is proposed in the new rules of the Maison du Peuple of Brussels (1921).
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