

From Capitalism to Co-operative Commonwealth

The Second Greening Memorial Lecture
Delivered by

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I feel it a considerable privilege to be invited to deliver the second of what will prove to be a long series of lectures to the honour of one to whom the Co-operative movement owes very much, and who, until his death at a ripe old age, less than three years ago I believe, was one of the few remaining links with the early days of the Co-operative Movement. His perennial youth led people to overlook the fact that his life and that of Robert Owen overlapped, and that he was conversant with some of the early struggles of the Co-operative Movement unknown to the present generation of co-operators.

I feel it would be appropriate if I were to analyse the present position of our industrial system, and to see whither we are tending. It is not easy, as a matter of fact, to give the kind of picture one would like to present position of various types of public and co-operative effort, as compared with private enterprise in industry. I went, as one of the best test, to the Census returns, because we cannot, with any accuracy, compare the amount of capital that is invested in our private enterprises with, say, co-

operative enterprises, because capital means two different things in these different forms of economic effort. I want to take as the test the number of people employed. The changes in the numbers employed, enable us to measure the progress made in recent years, and to realise how far we still have to go. For the purpose of my comparison I would like to include not merely those people who are employed in co-operative enterprises, but those whose livings are made outside private enterprise, including all those people who are State servants of one kind or another, and all those employed in what we may broadly call the local government services. The Census returns are collected every ten years, and the latest figures we have relate to 1911 and 1921. If you take that period – I do not want to trouble you with figures more than I can help – you will find that the occupied population in England and Wales – I am keeping to England and Wales for the moment – increased by about 5.5 per cent. That is to say, for every 200 employed people in 1911 there were about 211 in 1921. A 5 per cent increase in the occupied population ten years does not seem a great addition, though in actual numbers it means a figure approaching a million. The number of people employed in national government and in local government and in the Co-operative Movement increased during those ten years by nearly 30 per cent.

The actual numbers, perhaps, were not enormous; yet taking our national and local services and co-operative employees there were about 1,342,000 in 1911, and 1,740,000 in 1921; or, to put it another way, in 1911 rather over 8 per cent of the total occupied population of

England and Wales was not dependent upon private enterprise for a living, but was, that is to say, a public or co-operative servant. In 1921 the proportion of these people had risen from 8 per cent to 10 per cent. It is a remarkable fact, which has hitherto escaped notice, that one out of every ten persons recorded as occupied in 1921 was engaged in work which was not of a private profit-making character. That is not much, perhaps, but to say that every tenth person you meet in the street is either a public servant or a co-operative employee is enough to stagger the imagination of the great capitalists in our industrial system.

I would like to add to these another set of people. If you look at our system of gas, water, and electricity supply, our tramways and omnibus services, you will find they are more or less monopolistic. Some are carried on by our local authorities and others by private companies. Personally, I regard these as being essentially public services; and I would also add to the numbers I have already quoted those people who are employed on our railway system, and at our docks, wharves, and harbours. If we add those who are engaged in services of a monopolistic character, which might be classed as quasi-public services, to the other totals they would account in 1911 for over two millions out of our sixteen millions occupied persons; and that number had increased to nearly two-and-three-quarter millions at the Census of 1921. In other words, whereas between 12 and 13 per cent, or one in eight, of all the occupied persons in 1911 were engaged in non-competitive enterprises, in 1921 the proportion had risen to 16 per cent, or about one in six.

That seems to me a much better way of tracing the development of non-competitive employment than figures of capital investment.

In the sphere of co-operative employment – I keep for the moment again to England and Wales – the numbers, relatively, do not appear to be large; but in 1911 the number of co-operative employees was 95,800, as against the much larger number of 143,400 in 1921, a figure that up to the end of 1924 had increased to over 153,800. That means a very substantial increase, and although the numbers may be small, it is very significant, I think, that whilst in the years between 1911 and 1921 the total occupied population only increased by 5 per cent, co-operative employees during the same period increased by almost 50 per cent.

What lies behind this large army of co-operative employees? I do not want to burden my address unduly with statistics, but I wish to consider the question now from the point of view of the consuming public, and to illustrate my point by reference to a few figures. It is an astonishing thing, not generally realised that the total membership of the retail co-operative societies increased in ten years (1914 to 1934) from three millions to four-and-three-quarter millions, or by well over 50 per cent. The total population of the country in those ten years had increased by about 5 per cent, yet the membership of retail co-operative societies had increased by over 50 per cent. At the present time, with a total membership of about five millions, the co-operative societies are in the

aggregate satisfying the domestic needs of a very substantial proportion of the population of this country.

This contention is borne out by the increases of sales. The difficulty of trying to compare sales in 1914 with 1924 is, of course, that the price level has changed, and the pound does not go as far as it did. In money values the sales of the retail distributive societies have gone up from nearly £88,000,000 to £177,000,000; that is to say, they have doubled. During this period, however, prices rose, so the Ministry of Labour's index number shows, by 75 per cent. If one allows for that, it still remains an extraordinary fact that in those ten years the real increase amounts to 15 per cent; or, to put it another way, in 1924, taking the co-operative membership as a whole, it bought 15 per cent, more goods from the stores than in 1914. In those ten years what had happened to the mass of people who were the backbone of the co-operative societies which sold those millions of pounds' worth of goods? One has to remember that probably 95 per cent of the purchases from the retail stores are directly out of wages. We know that money wages have increased in some industries more than in others. But taking industry as a whole, the position today is that wages will buy no more than, if as much as, they did ten years ago. Therefore, if working people were spending the same proportions of their incomes at the co-operative stores as they did ten years ago the stores would not have sold more goods in 1924 than they did in 1914. The fact that they did actually sell 15 per cent more goods, when the mass of the members' power to buy goods had not been increased, shows that an increased proportion of working-class expenditure is

going upon co-operative commodities. This is a real indication of progress.

Behind the co-operative distributive societies lie the productive societies and the wholesale societies, whose trading results bear out the contention that there has been real progress in co-operative sales. That is all very well as far as it goes, but when all is said and done it clearly does not go far enough. I will not take the trouble to analyse how much per head co-operative expenditure amounts to, as compared with what it might amount to; but it is clear that so long as only a fraction of the mass of the people are employed in non-profit making enterprises there is still a long way to travel.

I have tried to indicate the real measure of progress there has been within the confines of the capitalist system by those struggling towards non-profit-making production and distribution. But what about capitalism in those ten years? If you review those ten years I think you will find it profited very well on the whole. Whilst, by the increasing expenditure of relatively small sums, the co-operative movement has been building up its strength, the system of capitalist enterprise has succeeded in turning out millionaires without difficulty. There are those who believe that one of the finest monuments to the capitalist system is to be found in the fact that there are 165 people each with an annual income of over £100,000, and that 45 per cent, or nearly half the nation's income, goes to one-twentieth of the population.

There are things of even more significance than this capacity of the capitalist system of industry to produce millionaires at the top. There is a drive behind the capitalist system to change its method of organisation. We still use the term "private enterprise", we still speak of "competition" but these terms are changing their meanings. The capitalist system of free competition always bore within itself the seed of its own decay. It was inevitable, sooner or later, that excessive cut-throat competition should result in a spurious form of co-operation for the benefit of the competitors, a movement which today has eventuated in trusts and combines. The striking feature of our economic system today is not competition; it is this selfish form of co-operation which we know as the trust, combine, cartel, and ring.

It is perfectly clear that the industrial system must change. No form of social or economic organisation in this world is permanent. History may not be progress, but at least it is change, and there is no reason for believing that the capitalist system is going to be one of the imperishable things in human history. After all, it is a new, upstart organisation. In its present form it is an extraordinarily rapid development of a century, and it is changing day by day. Notwithstanding the number of people who sustain and support it, and the prejudices created against anything foreign to it, methods of co-operative and public enterprise have succeeded in making headway, and the industrial system itself is rapidly moving away from the old conception of the capitalist system. Consolidation and co-ordination are the keynotes of this changing system. What is to be the end of this movement?

There are people who can think no further back than their own lifetime, and who, bred into the system of private capitalism, assume that it is as imperishable as the Pyramids. But it must change. It is, indeed, changing before our eyes. In the shaping of modern society on its economic side mankind has allowed itself to be the sport of blind economic forces. Mankind has never believed that it could, so to speak, ride the storm. Although it had attempted to control its own political life, it has not believed it could control and shape its economic life. It has regarded itself as being necessarily subservient to economic "laws" and forces. But the view, which is now taken by reasonable, intelligent people is that it ought to be possible, with our knowledge and experience, not only to curb, but to control and actually to direct the world's economic life towards a definite goal. Indeed, the Co-operative Movement is a deliberate effort in that direction. I do not think that we can rely upon the help of the people who call themselves the captains of industry, but who behave as though they were field marshals. They have persuaded both themselves and other people that though it may be right for a great Empire to put its destiny in the hands of the untutored masses of the people, that although it may be right in the last resort for the mass of the people to determine great questions of war and peace, there is some wonderful mystery in the business of producing, buying, and selling, which cannot be understood by the common people. Many people still believe it. The mine-owners, for example, still believe it. They believe that of all people on God's earth they alone are capable of running the mines. I do not accept that

view. I believe that if political democracy is right, economic democracy is right. There is no half-way house in this matter. It is either insincerity or nonsense for people to say they believe in democracy up to a point. They must either accept this guiding principle or reject it. They cannot accept it in one sphere of human activity and carry it into effect, and deny it in other spheres, because the various aspects of our national life cannot be separated in watertight compartments. The full realisation of political democracy must remain impossible without economic democracy.

It is idle to pretend that this task is other than a difficult one. It is not to be fulfilled by the simple expedient of issuing a ukase or pressing a button. Instead of a smooth and easy transference from capitalism to the Co-operative Commonwealth, we must expect difficulties and disappointments from time to time. We shall have to live and learn by experience, and to break down the traditions and psychology of capitalism. In a complex community of 45,000,000 souls, nurtured in an atmosphere of private enterprise, it is impossible to march ahead and push everything in front of you. The evolution of the Co-operative Commonwealth must clearly be a matter of time, partly because the attitude and outlook of the people must change with the economic system, and partly because in this great adventure the first experiments will need to be modified and even refashioned in the light of increasing knowledge and experience.

Moreover, society cannot escape completely from the past. Nor can it successfully impose upon itself any

simple uniform system. Something from the past will be carried into the future, and the general principles of public service will need to be applied in different ways to meet the varying needs and circumstances of different industries and different places. Hence it is that we shall not, in the society of the future, see a single form of economic organisation.

This lack of uniformity is true of the present economic system. Within the existing order there is an extraordinary variety of methods of organisation from the large combine with international ramifications to the small firm, the one-man business, and the street trader. There are large concerns, such as the Port of London Authority, which do not conform to the pure type of capitalist organisation, railway companies whose activities are in large measure controlled by Parliament, a large number of municipal and national enterprises, and a thriving Co-operative Movement.

The present system may be likened to a large structure with a façade designed to be impressive, flanked by two smaller and more modest structures. The largest of these edifices bears in gilt letters the title, "Private Enterprise Building". Its many rooms are let, some in imposing suites of varying sizes, some singly, to the people conducting private industry and commerce. Changes are constantly taking place, and the builders are always tinkering with the structure. On either side are the buildings called "The Co-operative Movement" and "Municipal and National Enterprise".

Now I do not visualise any uniform method of economic control by the people. What seems to me most probable is that the gaudy sign of private enterprise will be taken down from the large building. The present tenants of the large structure will vacate it to provide accommodation for non-profit-making enterprises. Private enterprise will not be entirely superseded. There will be in the smaller buildings previously tenanted by the Co-operative Movement and public enterprise the remnants of private enterprise, but their sphere will be limited. The real test of the new system, however, will not be the detailed method of organisation, but the spirit which lies behind the whole economic structure.

What is the spirit which dominates it today? It is the spirit of selfishness and private advantage. The primary motive is individual gain. The chief object is profit. The atmosphere which has pervaded the community has been favourable to the growth of private enterprises but has been unfavourable to the healthy development of co-operative and public enterprises. The fact that these plants have been reared so successfully is a remarkable tribute to their vigour and strength. The object we must pursue is the substitution of a dominant co-operative and social motive for the individual and selfish motive of capitalism. Then such private enterprise as remained would be a different thing. It would inevitably respond to the new influences, as also would our co-operative and public undertakings when they are free from the hostile influences of the capitalist system.

I have at times set myself to think of the many different forms that the future control of industry might take. But it is impossible to foresee the precise form which developments will take as we shake off the trammels of the existing order. One of the difficulties which always arises when claims for nationalisation are pressed forward is that the supporters of this policy must lay all their cards on the table beforehand. They have to plan their organisation and machinery, and people reading it in cold print say: "What an overloaded, complicated thing it is going to be; it cannot possibly work." They ignore all the complexities of our present system. They do not even realise its amazing complexities. But if the elaborate organisation of capitalism was fully explained it would be difficult to convince anyone that it could conceivably function. Consider, for example, the mining industry. There are some 1,500 concerns owning 3,000 pits, each with its separate administrative staff. All those firms which are companies have separate boards of directors, most of them knowing little or nothing about the activities of other concerns in the industry. Some of the directorates of collieries are interlocked with iron and steel and other firms. In addition, there are some 27,000 coal distributors. This huge, clumsy machinery would seem to be unworkable. Yet it works, badly perhaps, but it nevertheless works. By comparison with trusts and combines, co-operative and public enterprises will not be complicated mechanisms, though medieval simplicity is impossible.

Human society is complex, and the satisfaction of the varied needs of 45,000,000 people cannot be an easy

task. Whilst certain fundamental principles must be applied, there must also be elasticity and variety of organisation and method. In profit-making enterprises, the interests of producers and consumers have been divorced. This, from the broad social point of view, is clearly wrong. I am not going to pretend that even in the Co-operative Commonwealth, when a man looks at a question as a producer, he will invariably take the same point of view as his brother who is a consumer of the commodity. But it is certain that under private enterprise these complementary attitudes become antagonisms, and mistrust and suspicion arise between producers and consumers. That is largely due to the fact that the producer and consumer in our modern economic organisation are never brought face to face. They are separated by the wholesale agents, factors, and retailers, all of them vitally interested in preserving their strategic position between the producer and the consumer.

In the Co-operative Movement there have been difficulties between those who are employed in the industry and those who employ them. At the same time it is perfectly natural that there should be differences of opinion when people approach a problem from different points of view; but that does not mean to say that it is not possible, in the atmosphere of the Co-operative Commonwealth, to evolve a new synthesis of interest and to secure the maximum of harmony between the producers and the consumers. The experiment of bringing the consumer (as employer) and the producer (as co-operative employee) directly face to face is one of the most fruitful experiments

that the Co-operative Movement has given to the economic world of the future.

If I am asked to pronounce upon the relative merits of consumers' co-operation and producers' co-operation I should feel impelled to decline an answer. I should say that in the community of the future there will undoubtedly be a place for both. Experience has shown that productive societies under the auspices of the consumers' movement have proved to be more successful than producers' societies conducted purely as producers' societies. But this does not prove that the latter are necessarily unsound. The fact is that the conditions of capitalism are even less favourable to producers' co-operation than to consumers' co-operation. There is a sphere for both producers' co-operation and consumers' co-operation in the Commonwealth of the future, when influences hostile to co-operation have been suppressed by the development of the social motive. And in all forms of economic organisation in the future there must be a real and effective partnership between the employing public and those whom they employ. One of the factors which is undermining the capitalist system today is the position of complete subservience in which the employers endeavour to place those whom they employ. In the mining industry one of the greatest difficulties is that the miners cannot tolerate submission to sacrifices incurred by a form of management for which they have no responsibility. Those who employ, and those who are employed, are equally concerned in the success of an enterprise, and should clearly share its responsibilities. How exactly the relations between the employer and the employee are to be

determined cannot be laid down with any precision. But in general terms it may be said the effective co-operation of the employees in the conduct of the enterprise must be sought, and that within the general policy of the enterprise there must be the maximum freedom for the exercise of initiative. Control must reside in the employers (i.e. the consumers) and the employees (i.e. the producers), and not as under the system of large-scale private enterprise in the capital owners.

I have already suggested that the economic organisation in the future will not conform to a single pattern. Co-operative, Municipal, and State enterprises will exist side by side, and in my view, it is not possible in advance to allocate the various industries and services to one or other of these form of organisation. Indeed, it may well be that in one part of the country a service is conducted by one method, and in another part of the country by another method. Take, for example, the case of retail milk supply. I can imagine in the Commonwealth of the future that in some areas its retail distribution will be in the hands of a co-operative society, and in other areas in those of the local authority. I can foresee municipalities assuming responsibility for certain services, and then delegating the work to a co-operative society. There may in the future be many arrangements of that kind. It is possible also that this method might in some cases be pursued even in State services. There will be some, of course, which will be run as purely State services; but other State services, while ownership might rest with the general public, might be conducted by some form of co-operative enterprise. As regards the distribution, and to some extent the

production, of articles of personal use, the method of the co-operative organisation may prove to be the best solution. But as regards the production and distribution of power, this will become a public enterprise conducted jointly by the State and local authorities. Between purely co-operative provision and purely State and municipal provision various combinations are possible and may be adopted where the circumstances require it. I do not wish to attempt any hard and fast classification of industries and services. I am primarily concerned with emphasising the view that variety of organisation will be a predominant feature of the Co-operative Commonwealth.

The increasingly important place which the Co-operative Movement must occupy in the future will raise the question of the status and character of co-operative societies. Co-operation is a voluntary movement, which has not yet departed from its purely voluntary basis. The trade union movement, however, has in some trades become something more than a voluntary movement. Union membership is essential to employment. In other words, an element of direct or indirect compulsion has modified the voluntary nature of trade unions. It seems clear that the Co-operative Movement must in some directions develop along these lines, and that its status will be changed, though the reasons will be different.

Suppose, for example, by Act of Parliament powers were conferred on local authorities to assume responsibility for retail milk distribution. If a local authority exercised its powers, whether directly or through some agent, it would mean that within its area there would be a local monopoly.

But a local authority might adopt the Act and decide that the local co-operative society should act as its agent in the matter. Then the question would arise that the co-operative society did not include all the milk consumers in the town. No municipality would propose to establish a milk-round, for those who do not belong to the co-operative society. There is no escape from the conclusion that in such circumstances all milk consumers would have to become, for the purposes of milk supply at any rate, members of the co-operative society. This would change the position and the status of the co-operative societies, for instead of relying upon a voluntary membership they would enjoy a local monopoly, providing a service beyond the limits of their membership. The Co-operative Movement will probably change in other directions as it adapts itself to the new condition and circumstances, so that it will become woven into the complex fabric of the Co-operative Commonwealth.

It is more important to realise the necessity for growth and adaptation than to attempt to define the respective spheres of the various forms of public organisation. It is certain that there will be an expanding range of national and municipal services side by side with an expansion and development of the Co-operative Movement. There will be no weakening of the Co-operative Movement, but rather a widening sphere of activity. Provided there is effective public control, or direct consumers' control, the exact form which the organisation of our industries and services takes is a matter of practical expediency. In this vast mechanism of economic activity there is bound to be a good deal of divergence from any common standard,

and there must be a good deal of experiment. What the Co-operative Movement has done up to the present is not merely to protect the consumer, but to carry on a series of experiments of great importance, which will assist the community in the future to escape from capitalism, by pointing to avenues of economic development towards the Co-operative Commonwealth. And it is the duty of the movement both to extend its membership and to explore more and more thoroughly the various forms of producers' and consumers' co-operation. Much still remains to be done. Whilst the Co-operative Movement may rightly be proud of its achievements, we must admit that it has yet made but a small dint in the armour of capitalist enterprise. We are, indeed, but at the beginning of the work of the Co-operative Movement has to do. Though its modest achievements must give rise to feelings of humility, its real success inspires and justifies an abounding faith in the possibilities of the Co-operative Commonwealth. The outstanding feature of the working-class movement is its spirit of confidence. This is perhaps, psychologically, its greatest asset. Capitalist industry revolves within its own circumscribed orbit. As it is now, so its supporters appear to believe it always will be. There are no fields let for capitalism to conquer, and there is no vision of change in the capitalist mind. Its sheet anchor is stability. But it is now on its defence against the gathering army of the organised working-class movement. Its hey-day is over, and its glories are departing. The day of the mass of producers and consumers is yet to come.

But the democratic movement will call for persistent and increasing effort, for knowledge and insight, and for

constructive imagination. The new generation, though they will be further removed from the invigorating and inspiring influence of the early pioneers, will inherit a larger movement and a wider experience than their predecessors. They will have greater opportunities than co-operators have ever enjoyed in the past; but if these opportunities are to be the stepping-stones to greater achievements the ideals of the Co-operative Movement must take a wider sweep. In the last resort the future depends upon the spread of the co-operative spirit and co-operative ideals. The task of the Co-operative Movement today is to create an increasing confidence and deeper faith in the coming of the Co-operative Commonwealth, and to use its vast resources and great potential to build more firmly the foundations of a new order.