Agricultural Co-operation in England and Wales

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CHAPTER I

INTRODUCTION

THIS book is intended to be a small but clear picture of the position of agricultural co-operation in England and Wales at the present time. It is remarkable that, while there are many books on the co-operative movement in agriculture in other countries, there is no authoritative work on its English development, and few are aware that the system is now in operation throughout England and Wales on a scale at least comparable with anything that exists in our Dominions or in foreign lands. Everybody who takes an interest in agriculture is aware, for instance, that Denmark saved herself after the loss of Schleswig Holstein by the fact that her farmers and smallholders adopted co-operative methods and succeeded in under-selling our own producers in the English market by the co-operative marketing of butter, eggs and bacon. It is common knowledge again that in most continental countries agricultural co-operation has been for many years a flourishing

plant. In Germany the problem of rural credit has been solved by its means. In France a highly developed system has helped peasants to live on smaller holdings than perhaps in any country except China. Holland, Belgium and Italy have also made their mark in the movement. America affords many striking examples. Lastly, parts of Canada, Australia, and—above all—New Zealand among our Oversea Dominions have carried the principle into practice on the soundest commercial lines.

But in these islands it is generally supposed that Sir Horace Plunkett's work in Ireland has been the only considerable development. Even those interested in agriculture are frequently unaware of the extent to which the tide of co-operation has risen in England and Wales. To them no argument is necessary to prove that a book of this nature must be useful; for the information which it contains, apart from the ideas suggested, has a practical value which they will recognise.

The lists of societies, the statistical data, and the general view of the position are facts which have for some time been required in a concise and accurate form.

The book, however, is not wholly designed for farmers and the agricultural public. In the year 1921 there is no need to press the point that matters of this sort are, or should be, of interest to all thinking men. When industrial struggles in this country are embittered by the high cost of living, when the war has taught us the extent to which an island people must be dependent in the last resort on the skill and energy of home producers, the system of agricultural co-operation has

special claims to recognition. It is proposed, therefore, to explain the aims and ideas which animate co-operators, as well as the facts of the present position, and to prove that on the successful progress of the movement depends to a large extent the future of agriculture as an up-to-date industry, of paramount importance to the general welfare.

The importance of the movement is emphasised more than ever at the present time in view of the withdrawal of all State assistance and the knowledge that any improvements in the industry must be brought about by farmers themselves working through their own organisations.

A State of Transition

It is not altogether easy to fulfil these aims. Agricultural matters like everything else are still in a state of transition from the special conditions of the war-period. Control still exists in certain departments or has been so recently removed that normal conditions have not been as yet re-established. Beyond this general difficulty, there is a further one. The whole position of co-operation is rapidly changing. As we shall see, there has been a most rapid expansion during the past few years, in the formation of new co-operative societies and the strengthening of old ones. The full effects of this expansion cannot be seen till several years have elapsed. Meanwhile the mere rapidity of growth of the movement, while it makes description more difficult, demands obviously that some attempt should be made to record and survey it.

One distinct feature may be picked out in all this growth. We shall have to recur to it on several occasions but it is desirable to place it in relief at the outset. In the past co-operation was frequently looked on in this (and in some other countries) as a method by which the small agriculturalist could help and protect himself but which had only doubtful advantages for the larger farmer. Leading farmers in consequence were inclined to hold aloof, or if they became co-operators joined societies which catered more or less exclusively for their needs. The war made a great change in this attitude. During its course, farmers were obliged to realise that their interests were one and their industry, as with other industries, could only be made secure by combination. But combination means the union of all farmers, large and small, and its advantages cannot be attained by anything less. This idea, which has continually won wider acceptance, caused during the war an immense increase in membership in the National Farmer's Union. In the co-operative world it has had an equally important effect. It has not merely increased the strength of societies in membership and capital, it has also produced a more truly co-operative spirit, by making societies aim at catering for all classes of independent farmers. The successful society of the future, we may hope, while it will have the support and attract the business of the leading farmers of its district, will be able to minister to the wants of every farmer however small.

When that ideal is reached and, as we shall see, there is good ground for expectation that it will be reached at no distant date throughout the

country, providing that everyone connected with the movement fully realizes that the basic principle of co-operation on which success depends is loyalty involving unswerving support from farmers to their societies, and from societies to their central organisations, co-operation will take its proper place as a national institution and a most efficient safeguard for the business side of the whole industry.

For those unfamiliar with the co-operative movement it would be as well to point out here the difference between the Industrial Co-operative Movement, which is more familiar to the general public through its numerous co-operative shops to be seen in almost every town and in many villages throughout the kingdom, and the Agricultural Co-operative Movement. The former is a combination of *consumers* having for its object the distribution of food and domestic requirements to its members at the lowest price compatible with good quality. The latter is a combination of *producers* aiming at reducing the cost of agricultural production by better organisation, and by the same means reducing the cost between producer and consumer by the elimination of unnecessary intermediaries.

It is true that the Co-operative Wholesale Society, the central trading body of the Industrial movement, has entered the sphere of production on a large scale, and undertakes milling, soap-making, jam-making, biscuit-making, etc., but all these and kindred operations are carried out in the interests of consumers, the producer merely becoming a paid servant of the consumer, acting through the C.W.S.

Of recent years the C.W.S. has acquired many thousands of acres, and undertaken farming on extensive lines, but again this is done in the interests of the consumer. The independent farmer disappears, and is replaced by a paid manager.

The extension of this policy on a scale sufficient to provide for the needs of all the members of industrial co-operative societies would soon lead to the extinction of the race of independent farmers as it exists to-day. Supporters of the Agricultural Co-operative Movement hold that in the National interest it is better to organise agriculturists as producers and the industrial population as consumers and then bring the organised producers into direct touch with the organised consumer for the sale of produce.

It is a defect in many books on agricultural co-peration that they leave the impression on a reader that co-operative methods are already adapted for a much larger proportion of the agricultural trade of their country than is actually the case. To encourage such an idea must always be tempting to a propagandist but it would be a fatal error in the present book. Agricultural co-operation in this country, after twenty years growth, has reached a stage in which it has nothing to gain by overstating its claims and its successes. It has established itself and its future holds far more promise than ever the past did. It is the aim of this book not to exaggerate the position of the societies in the general bulk of trade, nor to minimise the failures, which English co-operation has had: but to give a true account of the situa-

tion of the whole movement at the milestone which it has now reached.

Perhaps the first thing to do is to state the interests which the various parties concerned have in the matter, that is to say the ideals which co-operation has and the promises it makes to different classes of the community. For the farmer, the consumer, and the nation as a whole naturally look at the system from different points of view.

Farmers

To the farmer, co-operation is a business question. To him it promises in the first place better buying of his requirements. By the bulked purchase of the raw materials of his industry he gets a cheaper article: and in the absence of any pecuniary temptation to make private profit out of an inferior article he gets from his society a guarantee of quality. On the selling side it promises the advantages of an organised method to bring him nearer to the actual consumer and to eliminate any unnecessary middlemen who may intercept margins which should either go into the farmer's pocket or be used in reducing the price to, and consequently stimulating the demand of, the consumer. In certain instances, which will be described later, it enables him to get paid for parts of his production which without co-operation are wasted or not paid for.

Further, like any other form of trade combination, it has its effect in placing within the reach of all advantages which the individual farmer

could not otherwise secure, and a protection which he can no longer do without. Only experts can know when markets are favourable for the purchase of requirements and when to hold or to dispose of produce. That expert knowledge is definitely enlisted on the farmer's side by the system of co-operation. Against trusts and combines, never so prevalent as to-day, and not least in the agricultural world, the co-operative system is the only shield for the individual.

Lastly, in proportion to the strength and loyalty of societies, guarantees are created against the undercutting of prices. However attractive it may be to the consumer to buy produce at a figure lower than the cost of production (and this will always occur from time to time so long as farming is farming), it is an entirely unsatisfactory process even for the consumer in the long run and should be diminished as much as possible, if we wish production to be maintained and stimulated.

The farmer, moreover, is not only a business man; he is also a citizen. The war forcibly brought home how interlocked are the interests of all classes and in particular how dependent the community is on those who have the land and its produce, the very life of the people, under their care. The argument that co-operation enables them to render better service to the community—and the leading farmers in the movement are already convinced of this — is one which makes a strong appeal. It will be necessary in this book to recur frequently to this aspect, since true co-operation can never be a selfish force and, if it is to succeed, must aim at public as well as private benefits.

The Consumer.

The consumer is an abstraction dear to the heart of the political economist. He has only three wants, at any rate as regarding food; he wants it cheap, he wants it good and he wants plenty of it—or to express it in another way he is solely concerned with

(1) Price
(2) Quality
(3) Quantity

At this stage we need only very briefly consider the effect which agricultural co-operation tends to have on these important points which must be dealt with fully in later chapters.

(1) *Price.* The system plainly tends to reduce the prices at which farmers can afford to sell, because it enables them to effect savings on their cost of production and it eliminates unnecessary middle profits between the consumer and producer.

It is, however, plain that, though the farmer will be able to afford to sell at a lower price, the fact is no guarantee that he will actually do so. Many industries could afford to sell their products at lower prices, but the general business doctrine is that the price of an article is what it will fetch. In claiming, therefore, that agricultural co-operation tends to cheapen food, proof must also be given that it does in fact operate in this way.

This is a difficult task, for results in this direction cannot be expected to occur until an advanced stage in co-operation is reached. The advantages of the organisation of agriculturists as a trading community are not shared by the con-

sumer until that organisation is fairly complete. In England such a stage has not been generally reached. Instances could be given, but there is as yet nothing here to compare with the striking results achieved by Denmark, New Zealand, and Australia. There the effect of co-operative organisation has been to cheapen, standardise and simplify production and distribution to an extraordinary extent. The cheapness of the produce we import from these countries should be in itself sufficient to recommend co-operation to consumers as a method which must ultimately benefit them; but they must not expect similar results from English Co-operative Societies until there is an equal amount of co-operation in England.

(2) *Quality.* The whole tendency of combinations is to level up the quality of produce. It is a virtue of co-operation that it spreads a knowledge of the best practice among all members of a society. Further, as committees find that they obtain a better price for a standard article, they begin to aim at levelling up the quality of produce. Pressure is brought to bear on the producer who is below standard. Here again it must be admitted that this process can most clearly be traced in the case of our overseas competitors, who export to us. Severe fines are in these countries sometimes inflicted on producers whose carelessness or want of skill has endangered the good name of their society. Though such drastic measures are not in favour here, discrimination in price is an equally valuable deterrent. There is every reason to believe that the same levelling up process will take place as our own co-operative methods are perfected and the first quality art-

icles which our best farmers and growers already produce will become the standard for all.

(3) *Quantity.* There is little need to say much under this heading. As a general rule, the people of this country are aware that the best English farm produce cannot be beaten, and co-operation is expressly designed to help the farmer to increased production of these very articles. It is its aim to bring within the reach of as many consumers as possible the good things which are raised on English soil.

The Nation.

At first sight it may be thought that the points of view of the Nation and the consumer would be the same since the Nation is composed of all the consumers in it. But there is a distinction between them. The consumer as we have seen is solely interested in price, quality and quantity, but the Nation is interested in agriculture as a key industry, the number of men it can employ in a prosperous countryside as a source of happiness and health to the community. For all these reasons it might be necessary to ask the voter, as ruler of the State, to support agricultural co-operation, even if it could not be shown that he would get immediate benefits as a consumer. It will be enough to say here that the State in this country and in all other countries has ever shown its sympathy with co-operation, whether industrial or agricultural. The latter has received since 1912 definite help from the Development Fund, without which help it would be in a very different position from that in which it is to-day.

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What Co-Operation Is.

There is a sense in which every form of combination is co-operation, but in speaking of co-operative societies a narrower definition of the word is required. The agricultural co-operative societies in England and Wales may, to begin with, be classified as follows.

(1) *General purpose Societies*, which supply the farmer with his requirements, his feeding-stuffs, his fertilisers, his seeds, his machinery, binder twine, etc. These societies may and generally do undertake to sell his produce or some of it as well.

(2) *Special purpose Societies.* These exist to deal with some special article produced on the farm and may be enumerated as follows:
   (a) Dairy Societies
   (b) Slaughter-house Societies
   (c) Fruit and Vegetable Societies
   (d) Egg collecting Societies.

(3) *Small-holding Societies*, which are really reproductions on a small scale of class 1.

(4) *Allotment Societies.*

Beyond these, there are various agricultural co-operative undertakings, such as credit societies and land renting societies, but in this country these are so few in number and small in size as to be negligible for our purpose.

The distinguishing feature of all these societies is that they are formed under the Industrial and Provident Societies Act and have certain features

in consequence which mark them off sharply from the ordinary Joint Stock Company. It is in these features that the true aim of co-operation is discernible, and it is claimed with justice that they all tend to give a fairer distribution of power and division of profits than the usual Joint Stock practice.

The principal features are as follows.

(1) No member may hold more than £200 worth of shares. By this proviso it is impossible for any single wealthy man or group of wealthy men to acquire control of the organisation, a danger further guarded against by a rule which allows each member one vote, irrespective of the number of his shares.

(2) Interest is fixed; the usual figure used to be five, and now is six or seven per cent. The capital invested is thus allowed a fair return, but there cannot be any great increase in capital values, for a further principle is that the capital is unlimited, so that newcomers can at any time buy fresh shares at par.

(3) After payment of interest, the next charge is as a rule a bonus of 5 per cent. to the workers of the Society. Of the remainder half is usually paid to a reserve fund, until that is equivalent to 50 per cent. of the Society's capital. Any profit over and above this is divided among the members in proportion to the business they have done with the Society during the year.

It must be remembered that the Societies do not exist to make large profits, or indeed theoretically

any profit at all. Their business is to effect savings for the farmer, to supply him with the best articles and to get as good a price as they can for his produce. It is found, however, that the soundest plan is for them to trade as a rule at or near market prices and, since market prices are calculated on a profit making basis, in a well-conducted society a profit should arise at the end of the year, after administrative expenses have been paid. With the Joint Stock system, this profit would go into the pockets of the shareholders, in proportion to their holdings. In the co-operative society it goes to those who have really earned it by their year's work.

Such in bare outline are the principles of agricultural co-operation, as a method of business. It will be necessary in the course of the book to recur to them, since they are the tests by which any combination claiming to be co-operative must be judged. We may however note, by the way, that their value lies in the three essentials, democratic control, a fixed interest for capital and the sharing of surpluses among the members in proportion to trade done through the society. Provided these essentials are effectively guaranteed, the actual method of working may vary as it does in many countries, without injury to the principle.

CHAPTER II

EARLY YEARS

To attempt a history of agricultural co-operation in England and Wales in one short chapter is to do less than justice to many sides of the movement. The story of its progress is in fact extremely interesting, but a full account must be left till a later period, when it may be hoped that some veteran co-operator may deal with the agricultural branch as fully as G. J. Holyoake dealt with industrial co-operation. At any rate, it would be premature to undertake a full history until the agricultural movement is developed to a similar extent to the industrial side, since only then could a true picture be given.

In the present brief sketch early experiments can only be allowed a passing notice. For the last hundred years or more pig clubs and cow clubs have flourished in certain parts of the country, indeed in some cases these simple forms of co-operative agricultural insurance are probably of still older date. In many districts they have performed, and still perform, a useful work in safeguarding the small man, but they have never shown any tendency to expand or form the basis of a wider organisation.

During the nineteenth century there were a few isolated experiments, generally started by philan-

thropic landowners and limited to their estates, the earliest of these being in 1882, when a farm at Assington, in Suffolk, was let to twenty labourers by a Mr. Gurdon; after thirty years Mr. Gurdon was able to report that the experiment was a success, and that he had extended it to a further farm of 150 acres. It is a matter of interest that this farm is still conducted on co-operative lines, but it is a peculiar form of co-operation which has not been imitated. Other experiments were those of Lord George Manners at Ditton Lodge Farm, near Newmarket, in 1872, and Mr. Walter Morrison's farm at Brampton Bryan in Herefordshire, but the most interesting was Mr. William Lawson's at Blenner Hasset in Cumberland. The record of Mr. Lawson's attempt is to be found in his book "Ten Years of Gentleman Farming," which shows not only what a vigorous personality can accomplish in agriculture, just as in any other field of activity, but also that a co-operative undertaking is not soundly conceived if it depends too much on the personality of a single man, for it will bear the marks of his defects as well as his abilities, and is liable to come to an end altogether as soon as the guiding hand is removed.

These instances are of interest on account o their rarity. During the first sixty or seventy years of the nineteenth century, agriculture, as i well known, was prosperous. It had not to compete with overseas produce, and its internal trad was far simpler than it has become with th growth of large centres of population and hug imports of feeding-stuffs and fertilisers. Such co operative experiments as there were, were philan thropic in character, and did not aim at unitin

farmers in defence of their industry. It was not till agriculture had begun to go down hill that modern forms of co-operation came into existence.

Modern Co-Operation.

In 1868 the subject was brought for the first time before the Central Chamber of Agriculture by Mr. E. O. Greening, a pioneer of the movement, but nothing resulted, and it was not till 1891 that the subject again attracted the notice of this body. At that time it was found that eight societies were in existence, among them Aspatria (1849) and the Cheshire, Shropshire and North Wales Society (founded 1871) which can claim to be the oldest organisations still in existence, and with a long life of prosperity behind them. In 1896 the Central Chamber of Agriculture appointed a fresh Committee to inquire into the subject, with the definite idea of seeing whether the prevailing agricultural depression could be mitigated by co-operative methods. The Committee reported in 1898. The report, which was a valuable document extending to a hundred pages, was strongly in favour of the principle, and it was adopted by the Chamber without discussion.

The gist of this report lay in the emphasis it placed on the need of further propaganda work. The Central Chamber had previously expressed the view "that co-operation for purchase and co-operation for sale form two separate problems, and that the solution of the one is easy while that of the other is extraordinarily difficult." The Committee considered that both classes of associa-

thropic landowners and limited to their estates, the earliest of these being in 1832, when a farm at Assington, in Suffolk, was let to twenty labourers by a Mr. Gurdon; after thirty years Mr. Gurdon was able to report that the experiment was a success, and that he had extended it to a further farm of 150 acres. It is a matter of interest that this farm is still conducted on co-operative lines, but it is a peculiar form of co-operation which has not been imitated. Other experiments were those of Lord George Manners at Ditton Lodge Farm, near Newmarket, in 1872, and Mr. Walter Morrison's farm at Brampton Bryan in Herefordshire, but the most interesting was Mr. William Lawson's at Blenner Hasset in Cumberland. The record of Mr. Lawson's attempt is to be found in his book "Ten Years of Gentleman Farming," which shows not only what a vigorous personality can accomplish in agriculture, just as in any other field of activity, but also that a co-operative undertaking is not soundly conceived if it depends too much on the personality of a single man, for it will bear the marks of his defects as well as his abilities, and is liable to come to an end altogether as soon as the guiding hand is removed.

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tion would be advantageous in spite of the admitted difficulties of co-operative sale. But they added:—

"It is not to be expected that such associations will arise spontaneously. They are only likely to be started, even where they may be most desirable, as the result of an organised and systematic mission to explain the principles of co-operation, the probable advantages of its adoption in each particular case, and the constitution, rules and procedure which must be accepted and followed if the harmonious and successful working of co-operative associations is to be assured. In short, work similar to that done in Ireland by the Irish Agricultural Organisation Society would need to be done in this country by a purely propagandist body."

The Committee's recommendation was that this work should be taken over by a "Co-operative Section" of the Central Chamber of Agriculture. This proposal did not mature, but indirectly it led to the formation in 1900 of a British Agricultural Organisation Society at Newark by Mr. W. L. Charleton. This was the forerunner of the existing Agricultural Organisation Society, registered in April 1901, which has ever since been the central organising and propagandist body for the movement.

Three Stages.

Since its formation in 1901 three stages can be clearly traced in the work of the A.O.S. From 1901 to 1908 the Society was entirely a private body, depending for its income on private sub-

scriptions and the fees of its affiliated societies. From 1909 onwards State aid was annually given to help the work, grants increased as the activities of the Society extended, and in 1912, as a result of negotiations with the Development Commission which was formed in 1910, the Society was reconstituted and representation given to nominees of the Board of Agriculture, on the Governing Body. There was, however, no real attempt to set up a national system immediately, but rather to work steadily along the line which had been shown to be most promising in the initial period with the added experience that every year of working brought.

As with so many other movements, the war caused a fresh point of view to arise. It was found that in war time the value of the co-operative society became most evident, and everything pointed to the need of a still wider application of the principle, in order to meet the post-war problems. From the national point of view, there was no time to wait for a slow and steady progress, since what was required was an immediate and widespread adoption of co-operation by farmers as a whole. There was the more reason to aim at a vigorous policy because it was clear that farmers were apprehensive as to the future of their industry and would probably welcome the help which a really national organisation could provide. Hence came the third stage, in which considerable sums were made available for a short period of years with a view to bringing co-operation into existence on a national scale.

In a later chapter more will be said about the Government grants, but here it may be remarked

that few countries* have succeeded in getting a national system established without Government aid. In different countries co-operation must take different forms according to the produce of the land, whether it is an exporting or an importing country, or whether it is a new or an old country. Yet there is hardly any doubt that, when the best form for any particular country is discovered, the benefits which result to the agricultural population and the nation as a whole are immense. The question is thus not whether State aid is a good thing or not in the initial and educational period, since without it no system would be established. The point on which the taxpayer should more correctly fasten is whether the best form of co-operation for his own country has been decided on, and whether the money expended by the State has been used in such a way as to produce results.

It is important to notice that there is a clear difference between the educational period, during which the system is being set up, and the situation which arises as soon as a national organisation has been formed and is in full working order, for in this latter period it may be assumed that the societies are all self-supporting bodies with common interests and a far reaching influence. Under such circumstances the taxpayer may fairly argue that he should no longer be called on to find funds for a central organising and propaganda body, but that all work that still requires to be done in this direction should be paid for by the prosperous societies themselves.

* Danish co-operation is a notable exception.

GROWTH OF CO-OPERATION

Year	No. of Societies	Membership	Turnover
1901	33	517	£9,467
1905	123	7,439	£221,524
1910	328	24,000	£1,100,000
1915	550	55,831	£3,428,960
1917	801	112,469	£7,189,454
1918	1,121	168,358	£8,868,751
1919	1,426	189,605	£13,858,870
1920	1,558	207,758	£17,814,409

NOTE.—The increase in the number of Societies is not in itself a safe criterion of progress. The modern tendency is rather towards the amalgamation or expansion of existing societies than the creation of new ones.

The above figures show the steady growth of societies since the formation of the A.O.S., but something may be added as to the position reached in the different stages numerated above. A considerable amount of success was met with from the start, for the first year's report (1901) shows that thirty-three societies were affiliated, though some of these had come into existence before that year. By the end of 1908 the A.O.S. was the central body of 281 affiliated societies, viz., general purpose societies, 121; smallholdings and allotments societies, 111; dairy societies, 13; agricultural credit societies, 20; farming societies, 8; auction markets, 3; industrial societies, 2; fruit-growing societies, 2; together with one motor ser-

vice society, one milling society, the Agricultural Co-operative Federation, the Central Co-operative Bank, and the Agricultural and General Co-operative Insurance Society.

It must be admitted that this list implies no mean achievement on the part of a Society which was hampered throughout by the inadequacy of its finances. Even in 1908, the last year of the period without State assistance, its total receipts only amounted to £2,526 15s 0d, and this small sum included £670 called up from a Guarantee Fund, which disinterested subscribers had created. All the more credit is therefore due to the early supporters and staff, to whose untiring efforts these results must be ascribed. Every farmer, who benefits by his local society, would do well to remember that but for the spade-work done in this early period by a purely voluntary association nothing like the present developments of co-operation could be in existence.

Relations With The Government.

During all this early period the Society received repeated blessings from successive Presidents of the Board of Agriculture, but no direct pecuniary aid was forthcoming from the State. The utmost that was done was to include instruction in the "Principles and Practice of Agricultural Co-operation" among the subjects for which grants were made to County Councils under the Technical Instruction Act (1889). This concession was taken advantage of by several Councils, and A.O.S. organisers were in certain cases given the task of providing the instruction.

The Small Holdings Act of 1907, consolidated in the following year by the Act of 1908, led to the first direct help to the Society by the State. By these Acts, Small Holdings Commissioners were appointed, and a special account, "The Small Holdings Account" created. There was placed on County Councils the obligation to provide small holdings for bona fide applicants, compulsory powers being given to acquire land. By Section 49 (4) it was enacted that "The Board (i.e., the Board of Agriculture) with the consent of the Treasury, may, out of the Small Holdings Account, make grants, upon such terms as the Board may determine, to any society having as its object or one of its objects the promotion of co-operation in connection with the cultivation of small holdings or allotments."

The passing of this Act had the result of placing much extra work on the A.O.S. in helping to form co-operative small holdings and allotment societies. It became clear that unless the Society had larger funds it could only undertake the work by the neglect of other branches of its activity. It was eventually agreed, accordingly, that a grant of £1200 per annum from the Small Holdings Account should be made to the Society by the Board of Agriculture, with the consent of the Treasury, for three years from April 1st 1909, provided that the income of the Society from other sources was not less than £1200. If the Society's income exceeded that sum, the grant would be correspondingly increased up to a maximum of £1600. At the same time the Board nominated six members of a new Committee of Management for the Society.

Three new organisers were appointed as a result of this grant, but it was not long before the Societies' activities became still more wide-spread. The Development and Road Improvement Funds Act 1909, with its amending Act of 1910, specifically contemplated the development of agricultural co-operation. Under Section 1 (1) it was provided that "The Treasury may, upon the recommendation of the Development Commissioners appointed under this Act, make advances to a Government department, or through a Government department to a public authority, college, school or institution, or an association of persons or company not trading for profit, either by way of grant or by way of loan, or partly in one way and partly in the other, and upon such terms and "conditions as they may think fit" for a variety of purposes, the first mentioned of which were:—

"Aiding and developing agriculture and rural industries by promoting scientific research, instruction and experiments in the science, methods and practice of agriculture (including the provision of farm-institutes, the organisation of co-operation, instruction in marketing produce, and the extension of the provisions of small holdings: and by the adoption of any other means which appear calculated to develop agriculture and rural industries."

In due course grants were allocated to the Society under these new arrangements, while the Society was re-organised.

At the present time there is a wide-spread dislike to the various forms of State aid which originated in war conditions. Emphasis must therefore be laid on the fact that Governmental assistance

to the A.O.S. was not a product of the war but, as we have seen, was a settled policy four or five years earlier.

It was not until it became generally realised that no spontaneous growth of co-operation seemed likely to take place within any measurable distance of time that a Government department took steps of an educational kind towards fostering it by means of State aid. That State aid should be necessary was nowhere more regretted than at the Board of Governors of the A.O.S., and the aim of the Society is, and always has been, to render the movement self supporting at the earliest moment. But it cannot be denied that the record of progress achieved could not have been reached within the same time without State aid.

Danish co-operation succeeded with no monetary State aid, and Irish co-operation has received much less State help than the English movement, but in both those countries there was a stronger incentive due to the hard conditions under which agriculture was struggling, to induce farmers to accept readily new methods of working. Denmark was facing ruin as the result of the loss of her best provinces, and Irish farmers were caught in the stranglehold of the Gombeen men.

The absence in this country of so sturdy a natural growth in the movement from the bottom upward may also be due partly to the national difference of character. Be the cause what it may two facts emerge.

1. That in England State help was necessary.
2. That the experiment of Parliament in sanctioning the help has been attended with a large measure of success.

The Development Fund had as a primary object the spread of co-operation, and the Commissioners, after they had been in existence for two years, reported that they attached great importance to the movement. Explaining that they had adopted the principle of utilizing existing voluntary societies, they expressed the opinion "that co-operation is particularly the kind of movement to which it is essential to retain the enthusiasm of voluntary workers."

The Grants given varied from year to year, but up to 1917 averaged about £8,000 per annum from the Development Fund, and £2,000 per annum from the Small Holdings Account. When consideration is given to the good work which was accomplished by the affiliated societies in the war period, it can be confidently maintained that these sums were wisely expended by the Nation.

During all these years the staff of the Society worked untiringly to spread the gospel of co-operation, and to organise societies in different parts of the country. By meetings, by lectures, and by the help of the Press, which has ever been a good friend to co-operation, everything was done, so far as the resources of the Society permitted, to reach all classes of agriculturists. Work of this kind is necessarily expensive. Experience has also shown that it is slow to produce results, unless a district already contains some minds which favour the principle and there is a general knowledge of the objects of the movement. Lack of capital was a great bar to rapid progress. Nevertheless the progress made under these circumstances was remarkable: every year showed a

wider acceptance of co-operation in the premier and most conservative industry of our country.

Wherever co-operation has been established, it has been a noticeable feature that it acted as a common platform on which all varieties of political thought could meet. The A.O.S. has been no exception to this rule. It has drawn its supporters from Conservative, Liberal and Labour ranks and still continues to do so. Relying as it so largely did in its early days on the support of private subscribers, many men, including some of our best known agriculturists, have from time to time given their help. It would be impossible to mention all their names, but even so brief a sketch as this would be incomplete without recalling the services of Mr. R. A. Yerburgh, M.P., the Society's Chairman from 1901-1912 (when he was succeeded by the Earl of Shaftesbury,) and of Mr. Nugent Harris (Secretary 1902-1918). With the handicap of totally inadequate funds and with the huge task of popularising among agriculturists new methods of working alien to the individualistic bent of the English agricultural mind their energy, confidence and enthusiasm never diminished. Largely due to their efforts the principles of co-operation took root, but the practical application of these principles by many of the societies lacked much from the business standpoint.

Towards the end of the war under the chairmanship of Mr. Leslie Scott, K.C., M.P. (Mr. R. H. Carr being Director-General) the Society adopted a new and more democratic constitution under which practically all the members of the Board of Governors are directly elected by the constituent societies: and from that date onward the A.O.S.

concentrated more on the business side of agricultural co-operation. The Governors realised that the movement had a great place to fill in the post war problems of agreiulture but that it could only do this by offering the farmers a system of trading capable of competing successfully with trade organisations managed on the highest standards of commercial efficiency.

Co-operation has its ethical and idealist side, a side which should never be forgotten, but it is also hard business and the two sides should be developed together.

History of the Societies

The influence of the A.O.S. has necessarily been great, but we must guard against the fallacy that the history of the Society alone is in itself a history of the movement. The true history of the growth of co-operation has been worked out in the trading societies themselves, some large, some small, dealing in all kinds of produce and requirements and situated in many parts of the country. In their struggles, in their failures—for there have naturally been failures—and in their ever increasing successes, the theory has been tested and has triumphantly stood the test of time.

Their varied careers are by the nature of the case too numerous to chronicle but it is worth while to pick out the various tendencies that became noticeable during this experimental stage, when the vital test of trial and error was determining the best way in which the principle could be applied to the agriculture of England.

It must be understood that co-operation must

take many different forms according to the varied systems of the agricultural industry in different lands. In some cases the prior demand is for co-operative credit, as in Germany, Austria, and India—co-operative land-renting and co-operative farming have in Italy been its foremost features. In Denmark and New Zealand it has been called on first of all to organise and administer an export trade. Varieties of land tenure affect the nature of its operations and the difference between the requirements of large farmers and small farmers have to be taken into account.

These facts, which are now commonplace, were hardly so well understood in the first ten years of the present century. It was not perhaps realised that, sound as the principle was, the method of its application had to be planned solely with regard to the system of agriculture prevailing in England and Wales. Some time was undoubtedly wasted for instance in seeking to plant the continental system of co-operative credit in a soil unsuited to its growth, and if the enthusiasm of the early pioneers occasionally led to mistakes (which anyone who realises how much the present generation owes to them will be reluctant to recall) they usually sprang from too earnest an effort to establish here some particular feature which had proved successful in another country. But the net result in exploring every side of co-operative effort was to the good of the movement.

Trading Societies (excluding for the moment Special Purpose Societies) as a whole tended to divide themselves into two classes, the small society and the large society. Both had their merits and both had their defects.

The small society was comparatively easy to start and a considerable number were formed in different parts of the country. They were however of very different value. The best of them performed a useful service and were of especial benefit to the small man. When well conducted, they could count on a fair amount of local enthusiasm and occasionally were able to spread to a wider area. On the other hand, their progress was slow and owing to their limitations, being bound to confine their operations to agency business, they could offer few inducements to the large farmer as their buying powers were so limited. Even if all the small societies had been well conducted it would have taken an immense time before they could have spread into a national system.

Unfortunately far too many were badly managed and only served to give co-operation a bad name. They put up a poor fight against the private trader and his well-paid agents and soon languished from want of support. Farmers probably did not lose much money in them for they did not put up much money to start them. But they acquired a distaste for co-operative methods in the districts where failures occurred.

Only six or seven large societies came into being in the first ten years of the century. Their business was of an essentially different kind from that of the small society, because they embarked on merchants business and catered almost entirely for the larger farmer who could order in truck loads or half-truck loads. They went far afield for their business, met with much financial success, and performed a useful service in supplying reliable articles for the farmer's use. The competition

they introduced was also effective in keeping down excessive charges. But they too had defects.

Being as a rule without depots, they experienced difficulty in catering for the small man and neglected this branch of business, which the average merchant finds very profitable. To increase turnover and reduce overhead expenses they sought business further and further afield instead of roping into the co-operative net every farmer, large and small, within a defined area and not attempting to cover more ground until this was accomplished. As a consequence there was a lack of homogeneity amongst the members of these societies which militated against the effectiveness of the societies as parts of the co-operative movement and which led to a distrust of the large society on the part of many of the earlier co-operators.

No system of co-operation which leaves out either the large or the small man can be truly national in character.

To cater for all the needs of every agriculturist within a given area is the ideal of co-operation, and if it is secured, the true co-operative spirit will be fostered. We may hazard a guess that some of the earlier co-operators in their distrust of the large society were misled by a false analogy. In their zeal against the middleman they were inclined to look suspiciously on the mere word "trade." That co-operation is a form of trade (plain though the fact be) was then seldom recognised. More value was placed on enthusiasm than on business method.

A strict adherence to sound business principles is however the only method for co-operators.

Their problem is not to choose between this and mutual help but to combine the two. The ideals of co-operation may just as well exist in a large society as in a small, provided the proper means have been discovered to give them expression and the society is of service to all farmers in its district.

CHAPTER III

POST-WAR DEVELOPMENTS

THE close of the war marked a definite period in agricultural as well as general history. During the war there was at any rate no question that the country required all that the farmer could produce and was willing to pay a fair price for it. But all those connected with the land were quick to recognise that such a conditon of affairs would not continue indefinitely and that the tide would begin to flow in the opposite direction, as soon as cheap imports were again available on anything like a pre-war scale.

Farming, however, could not revert to pre-war conditions. That was seen at once : and even to-day its future is obscure. Higher costs of labour and higher taxes are likely to be permanent additions to the necessary out-goings. The purchase of their farms, which the new conditions have in many cases entailed, has placed on farmers in the shape of interest, property tax and repairs, a much heavier burden than rent ever was. Such radical changes have entirely changed the outlook of the industry and call for exceptional measures to redress the balance, if our agriculture in the not far distant future is to be in a position to compete with food-stuffs from overseas.

It was at the beginning of 1919, therefore, that the A.O.S., as the central organising, and advisory body of the movement, decided that the time had come to set on foot a big campaign over the whole country to create a complete system of farmers' co-operative societies. The moment was well-chosen and the programme had the merit of being exceptionally clear and well-defined.

We have seen that up to this period general purposes societies had been scattered about the country, some small, some large, most undercapitalised and few with any definitely agreed territory. There were also a number of specialised concerns, dealing with milk, meat, etc. Attention was turned to general purpose or trading societies, as the Governors of the A.O.S. felt that in the establishment of a network of strong well-financed and efficiently managed societies of this nature, capable of undertaking almost any branch of co-operative work, lay the best chance of a general extension of the co-operative movement in agriculture.

The history of the movement had shown that the greatest care must be taken in the formation of societies. The serious step of asking farmers to subscribe the large amount of capital necessary for a complete system could only be taken when perfect confidence was felt that the right type of society for England and Wales was known. The smaller societies had often had a chequered career. They suffered from working too small an area, often from being inadequately capitalised, and nearly always from being unable to pay a sufficient salary to attract competent men as managers. Frequently these were part-time servants of the

concern. If they were enthusiasts, the society usually did not survive their departure and if they were competent their departure sooner or later to better posts was certain. Decidedly the small society, with its doubtful record and heavy overhead charges, was not a unit suitable for wide adoption, whatever sentimental reasons could be urged in its favour.

It was accordingly resolved to recommend the formation of large societies, covering a considerable area, adequately capitalised, and imbued with the determination to have the best brains obtainable in the manager's chair. The choice of the exact boundaries of the area was of course left to the farmers of the district to decide, as being by far the best judges: to help them in their decision, where the idea was taken up, deputations were arranged to visit the principal old-established societies, so that those who were to form the committees of the new concerns might at once come into touch with the best existing practice.

A glance at the map at the end of this book, to which we must refer later, will show how remarkably successful the campaign was. The question whether the new societies would have come into existence and the reorganisations and amalgamations taken place without the campaign is perhaps of some interest. Some societies would undoubtedly have been formed, time would have led to the creation of many others, if our reading of the needs of agriculture is correct. It is further certain that the capital could not have been secured, if the farming community as a whole had not taken an immediate interest in the proposals. But, after making all these reservations, no fair

minded person can deny that it was the campaign itself that gave so great an impetus to the movement. Without it, progress would have been in patches, it would not all have been accomplished in the year and societies would frequently have started on too small a scale or with inadequate capital.

The critics of farmers and farmers themselves are inclined to blame the farming class for their lack of organisation. But it is difficult to say that the co-operative principle should have been earlier and more widely adopted. The farmer is a busy man and not a reader and in these days is expected to know something about a number of subjects.

It is not surprising that speakers found in many districts small knowledge of what co-operation meant. There is a story that at one meeting, after the speeches had been made, a small farmer from the hills who had shown marked signs of interest was asked with others to subscribe capital. "Well," he said, "I've never heard of this word co-operation before. I like the notion, but I'll just go home and see if the word co-operation comes in my Bible and if it comes in my Bible, I'll put money in." Such honourable simplicity was exceptional but still there was much lack of knowledge.

It is to be remembered that even if farmers had had a better knowledge of the system in pre-war days, the difficulty of getting capital would then have been a great obstacle. A large percentage, especially among the smaller men, who stand to gain most by organisation, were financially in the hands of their merchants, from whom they obtained their supplies on the security of the

coming crop. They produced in fact partly on the merchants' capital—a bad system, as all must admit. The merchants indeed performed a service thereby for which they were always well paid and sometimes too highly paid. It was not good that the farmer should be a tied man and yet inquiry up and down the country reveals how wide-spread this relation was. So long as it existed, there was small chance of farmers finding enough money to capitalise strong societies and form themselves into a proper trading community.

The object of the campaign was to show the farmer by facts that could not be denied and figures, the accuracy of which he knew, that the better plan would be for the farmer to find this trading capital himself—in effect from the capital which he had saved during the war. To do this, it was absolutely necessary to get the touch of actuality into all speeches given, for a general statement of the theory of co-operation and even the story of its successful application in Denmark, New Zealand, Ireland, etc., left the farmer quite unimpressed. So far as general statements were concerned, arguments directed to prove the necessity of combination by reference to this prevailing tendency of all modern business received a ready hearing and few questioned the general assumption that the farming outlook for the future was at least threatening, for the reasons given at the beginning of this chapter; but naturally more definite arguments than these were required to obtain support for the co-operative form of organisation suggested.

Among the arguments used, two became almost classic—the maize and mangold seed arguments—

and, though the figures were sometimes challenged by traders, their accuracy was only confirmed by these attacks.

In the case of maize, an example was taken of the process which commonly takes place in the production and distribution of the farmer's requirements that have to be imported into this country. It was shown that in pre-war times, which could be accepted as normal times, maize grown by the Rhodesian farmer passed through as many as eight to ten hands before it reached the user in England, and that even this astonishing number was increased in periods of speculation when cargoes still on the high seas might change hands frequently on the various exchanges. Every such change, under normal circumstances, meant a certain charge for profit over and above the expenses of administration for which the grower and user had to pay. Every speculative change meant commonly a profit without any corresponding services rendered, for which again the grower and the user had to pay (and ultimately to some extent the public). With such a system, it was hardly surprising that the Rhodesian farmer should have had to be contented with about 16s a quarter for his maize, and the English farmer should have to pay 78s to 80s for it.

Facts such as these are a complete answer to one argument used by those who defend the old system of trading. It is alleged by them in all seriousness that the fact that such a vast number of agents could find a living in the business is in itself proof that the organisation was on sound principles, for each of these agents must have

performed some services for which he received his payment, but this cannot be the case. If the two systems, the old and the new, be compared, the contrast in economy of handling is too striking to be ignored. As compared with the method by which articles may pass through an almost unlimited number of hands before they reach the user, the co-operative ideal substitutes an altogether simpler plan and a plan which is not merely on paper but is rapidly becoming a matter of actual practice. Why should not the Rhodesian grower co-operate to eliminate middlemen's profits in his country, and why should there not be a system in England and Wales of a Wholesale Society to act as the main importing agent and a network of large societies covering the country and in direct touch with every farmer at his market town? The organisation must effect a saving, since the article has to go through much fewer hands, and that saving must come back to the grower and the farmer who is the final user, because there is no break in the co-operative chain. The Wholesale Society and individual societies must return all profits, after the expenses of administration are paid, to their members in proportion to their share capital and the business done by each.*

The case of mangold seed is not less remark-

* Rhodesian farmers have now formed a co-operative society. The extent to which articles such as maize can be run up in price, even on this side of the water, by passing through too many hands is well instanced by the following example. It was found that in December 1919, when co-operative societies in the neighbourhood were supplying maize at about 70/- a quarter, some small farmers in the midlands were having to pay as much as 112/- a quarter.

able. The best mangold seed is grown in the eastern counties, and for the 1918-1919 seasons growers were paid on contract at the rate of £40-£50 a ton. There is, of course, considerable expense in roguing, cleaning and preparing an article of this sort, and it is to be expected that the price to the user should be considerably higher than that paid to the grower. A good idea of what should have been a fair price can be gained from that charged by the Eastern Counties Farmers' Co-operative Association, which was able to supply a first class article at about 1s 6d a lb., or £168 a ton. But this was not what the majority of farmers in England had to pay, for they had no co-operative organisation at that time in being. Mangold seed was sold to them at prices varying from 2s 6d, 3s to 3s 6d a lb., or from £280 to £392 a ton! Efforts have been made to discredit these figures, but without success.

The argument in point of fact lends itself to conclusive proof. For about this time the National Farmers' Union held an enquiry into the costs of agricultural production, and submitted the evidence to the Royal Commission on Agriculture. A number of farmers who kept careful accounts furnished their expenses for the raising of various crops. These farms were not taken from any one area, but were distributed all over the country. They were sufficiently representative to allow reliable conclusions to be drawn.

Now in estimating the costs of production, there are certain figures, which must always be more or less in the nature of an estimate. Manurial value is of this kind, and so is the actual cost of ploughing and other cultivation. But the cost of seeds

and fertilisers can be exactly ascertained: for the bills are there to refer to. There is no escape from the conclusion that the cost of mangold seed per acre was throughout the country just about the average which is revealed by these National Farmers' Union statistics.

What do the figures reveal? They show that while there is a considerable difference in the quantity of mangold seed sown, varying from 4 lbs. per acre (one instance) to 10 lbs. per acre, in the bulk of cases 6-8 lbs. per acre was sown. They show again that, on the 11 farms which gave figures for mangolds, seed bought through the ordinary channels of trade cost the farmers anything from 2s 3d to 3s 6d, and the average figure was just over 2s 9½d, or about 1s 3½d over the price at which an equally good article was supplied by the leading co-operative society. Multiply this figure by 7—the average number of lbs. sown per acre—and it becomes plain that, on an average, farmers who did not deal with a co-operative society had to pay about 10s per acre more than was necessary for their mangold seed.

Mangolds are not a highly important crop, and the expense of seed is but a small proportion of the expense necessary to produce them. But agricultural statistics show that on an average 400,000 acres of mangolds are grown in the British Isles during the year. It is astonishing to think that, even in this small item of mangold seed, co-operative methods could in one year have secured a saving of some £200,000 to the farmers, if sufficient co-operative organisations had been in existence. It is a clear instance of the savings which co-operation can effect.

It is in this connection that we come near the heart of the agricultural problem. Nearly all modern or industrial states are faced with it, and its features are familiar to all. Experience has shown that the town with its greater facilities for amusement is ever drawing to itself the best of the country population. Beyond this labour difficulty, the farmer in the older civilisations has to compete with imports produced on virgin and unexhausted soils. These two principal factors have for many years made farming an industry under a cloud. It has been difficult for it to maintain its position, and for many years there was a steady decline in the number of men employed on the land, and a shrinkage in the capital devoted to agriculture.

Statesmen everywhere realised the dangers and devised various means to meet it. A country, however prosperous industrially, could not be secure without a healthy agricultural population and, to maintain that population, state-aid had to be called in to foster agriculture. The evils of any direct subsidies were avoided, but every effort was made by means of research, education, and in many cases facilities for cheap credit to encourage production and make the industry remunerative.

It was recently calculated in the course of a Government enquiry that capital employed in British agriculture in pre-war times earned on an average about 7 per cent.—a rate below that of the bulk of industries. But the advantages of a country life were a sufficient additional inducement to retain capital in agriculture, in spite of the lower rate of interest. It may be taken for certain, however, that if the rate of interest for

capital employed in agriculture were over a number of years to sink to any marked extent below this datum line (as compared with capital employed otherwise), men would not be found to employ their capital in it. A steady decline of agriculture would be the inevitable result.

This is one of the crucial points of co-operation. It is a mistake to fasten on the occasional instances of immense saving, which can undoubtedly be quoted. Its true value, on the financial side, is that by all round saving it promises to make just that small amount of difference to the average rate of interest earned, which is necessary if agriculture is to flourish. Uncombined, farmers are at the mercy of any trading trust or ring, and the operations of these trusts or rings do most harm in a direction which is not easily seen and cannot be rapidly remedied.

A trust in the distribution of any article of food might have as its first effect *a lowering of prices to the consumer*, owing to the economies which it is able to introduce and the desire of the promoters to increase demand. It is certain the Trust would pay the farmer less than he would obtain in a free market, as it would want to make as much profit as possible, and the farmer would have no other outlets for his produce.

The aim of a trust thus becomes to pay the producer just so much as will induce him to keep on producing. But for a variety of reasons its effect is to discourage production rather than to increase it. All farming is dependent on seasons. In a good season a farmer should reap the result of his care and good fortune, and if he had a free market, he would generally do so. But where a

trust exists, he has no free market. The trust, having dividends as its primary concern, may at times find it more profitable to sell a smaller quantity of produce at a high figure than to incur the extra labour and expense necessary to sell large quantities of a perishable article at a reduced margin of profit. Only if there is a real shortage does the producer come into his own and acquire any sort of control of prices.

Hence there tends to be set up an iron law of returns to the farmer. He becomes discouraged at finding that no matter how excellent his crops, the profit resulting is not commensurate with his success in growing them. He is kept down to the lowest standard of living, on which he will consent to continue, and the spur to greater production is largely removed.

Trusts.

It is necessary to open our eyes not merely to the present position, but to the directions and lines on which business in this country and, in fact, in all countries is rapidly developing. A recent Government enquiry reported that there is hardly any trade in which trusts and combines do not already exist. That process is bound to continue. So far as can be seen, it means that if the farmer does not act in time, he will find himself entirely at the mercy of these trading amalgamations. It may seem unnecessary to labour the point since farmers have always had a suspicion of trusts, but it is admitted that farmers in the past were very much behind the times as regards organisation, and were largely in the hands of

trading interests. Unless they adopt modern methods and business combination now, they may again be too late.

So long as trading firms were in fair competition with each other, there was something to be said for the farmer's old methods of business, though it always favoured the trader at the expense of the farmer, but now the growth of trusts is being fostered to eliminate competition between private firms. It has already progressed so far that trading interests have practically ceased to fight each other, and are concentrating in opposition to the co-operative movement, which previously they pretended to ignore as negligible. These trusts realise, and they are absolutely right in this point, that with the elimination of competition among individual firms nothing but the co-operative societies can prevent the farming community being entirely in their hands in the matter of what they shall pay for their requirements, their feeding stuffs, fertilisers, machinery, seeds, etc., and what they shall pay to the middlemen for their services as wholesalers of milk and other produce.

After the War.

There is an idea abroad that the profits made by farmers during the war and immediately following the Armistice have been exceptionally large. It is certainly true of farming generally in regard to the years 1916 and 1917, but the rise in the costs of production since 1917 has largely neutralised the greater gross returns; and the general opinion to-day is that any profits made during or

since the war have done no more than replace a part of the capital which the farming community lost in the eighties and nineties. And this year farming is hardly remunerative. What is generally forgotten is that after previous wars, the Crimean war, for example, and even the Franco-German war, farmers for a short period made far greater profits than they did after this war, but that in each case after those wars the period of prosperity was followed by a set-back which wiped out all profits and ruined thousands of farmers.

There are signs that a similar set-back has already begun. The co-operative movement is an attempt to secure the industry by combination, to make farming a business in which a man may look for a fair return on his capital, and to do this by setting up so wide an organisation that all farmers can benefit by it and can ensure at any rate that they do not starve, while trade flourishes.

If the co-operative principle is sound, it should ensure that the benefits of a free market for the producer are maintained, that the industry should not be bound down to just that rate of interest on which it will reluctantly continue production, but that it should obtain returns commensurate with its output of energy and enterprise.

All these arguments were submitted in various forms to the farmers of the country in the campaign which the A.O.S. conducted in 1919-20. It was further pointed out that co-operation was not a matter of theory, but had already for many years been successfully practised in some counties. It was only necessary to take these old-established societies as models. Each district could decide for itself, but if all would come in there was the

possibility of founding a national system of co-operation on the soundest basis.

In the following chapter we may examine in some detail the results achieved.

CHAPTER IV

THE PRESENT POSITION

We are now in a position to look more closely at the map which forms an appendix to this volume. Its insertion is due to the need of showing graphically what the position of co-operation was before the campaign of 1919, and the success with which that campaign met. To do this the map was prepared on the arbitrary principle of including only those trading societies which had a turnover of over £10,000 or, in the case of a new society, a capital of at least £5,000. The only exception made to this rule was in the case of Wales, where the hilly districts and the difficulties of transport make large societies, or even federations of small ones, rare, so that the type of society in Wales is at present, and is likely to remain, on a smaller scale.

It must be understood that besides those shown on the map, there are a number of trading societies doing useful work, but the tendency in all districts is for these smaller societies to amalgamate with the larger, since their members then obtain further advantages.

Further reservations must also be made concerning the area and the membership of the societies marked. The area of a society has seldom a clearly marked boundary, since it is probable that farmers on the edge of such an area attend two or three markets at which the representatives of other societies may be met. The districts marked,

therefore, on the map are in no sense authoritative. In the case of the older societies marked in black, or of the newer amalgamations marked with cross hatching, the areas may be taken to be those which the societies claim and, on the whole, cover, though even in their case there would be found some co-operators within their boundary who traded with other societies. In the new societies the areas are roughly those which the committees intend to work as soon as they have their organisation fully developed. While the progress of societies is generally rapid, it must obviously take time before the outlying markets can be regularly visited and their wants catered for. These provisos, however, do not affect the main point, which is that there now exists in England and Wales the nucleus of an agricultural co-operative system which shall be really national in its scope. A glance at the map shows that there are now very few districts where the farmer who wishes to get his requirements on the co-operative method cannot find a society already in existence formed for this very purpose. At the time of writing, the districts in England where no co-operative trading society exists, are limited to two or three counties in the east midlands and a few isolated spots, mainly in the hills, elsewhere. The importance of this wide acceptance of the principle is almost too obvious to require emphasising. Where properly conducted organisations have been established for many years, it will be found that the great majority of the farming class are members. For ten miles round Winchester or Preston, for instance, you would find few farmers who were not members of the Southern Counties or the Preston Co-operative Society. At the present time it is reck-

oned that over one-third of the farmers in England are co-operators. Where new societies exist the proportion is naturally much lower, in Devonshire for instance, though the young societies are growing rapidly, they still hardly serve more than one-eighth of the Devonshire farmers: but in the areas worked by old established societies the proportion of co-operators is well over the half. If experience, therefore, is any guide, it may be confidently expected that in course of time the percentage in the more recently developed areas will come up to the standard of the rest and that, as in Denmark, members of societies will much outnumber the remainder of the farming community.

On the whole the trading societies are well situated from a geographical point of view. County boundaries are not in all cases satisfactory for transport purposes, and there will probably be still some instances of further amalgamations, while perhaps some societies with too large an area to work will be split up into two or more organisations. As stated above, there must always be some slight overlapping, but serious instances are rare—the writer only knows of three—and it is a satisfactory feature that friendly relations are the general rule between neighbouring societies.

Statistics.

We may now consider the statistics of the societies, and though this chapter is mainly concerned with general trading societies, it will be convenient to put together the figures for every branch of co-operation. The total turnover of the societies for 1920 was, it has been already stated, £17,814,409. This total is divided as follows:—

No of Societies	Class of Society	No of Members.	Agricultural Requirements	Sales of Produce	Total
			£	£	£
222	General Trading Societies.	55,913	9,426,413	1,893,115	11,319,528
61	Dairy (1) Societies.	9,018	578,298	3,826,893	4,405,191
57	Egg and Poultry Societies	13,280	130,960	643,814	774,774
31	Auction Mart and Produce Societies.	5,287	26,715	562,717	589,432
10	Slaughter-house (2) Societies.	1,231	———	437,386	437,386
Total. 381	Farmers Societies	84,729	10,162,386	7,363,925	17,526,311
1,113	Small Holding and Allotment Societies	116,022	*Turnover* £171,651		171,651
46	Miscellaneous Societies	6,652	£116,447		116,447
18	Credit Societies	355	*Loans.* £687		
1,558	All Societies.	207,758			17,814,409

NOTE (1) A few societies are here classed under General Trading Societies, although they have in addition a Dairy business. To get an approximately accurate figure for the sales of milk and milk products by all the Societies, subtract £1,000,000 from the Sales of Produce of the General Trading Societies and add to Sales of Produce of Dairy Societies, making a total for the latter of £4,826,893.

Farmers' Requirements.

There is no particular object in describing the work of each trading society in detail. For while the character of each must to some extent vary with the size of the farms and the nature of the farming in the district which the society covers, there are certain general features common to all. On the requirements side, feeding stuffs and fertilisers necessarily constitute the bulk of the business. Obviously those societies which have milling facilities for the preparation of meals, etc., are in a better position to deal with this trade than those which have not yet been able to make such arrangements. Societies that have convenient access to the principal ports have another advantage. But the deciding factors must in all cases be the business abilities of the manager* and the foresight of the committee. Given a progressive and well-managed society, loyalty among the members is fairly certain to follow, and the society need not fear competition with its trade rivals, either in feeding stuffs or fertilisers.

Agricultural Machinery

The position is not quite the same in regard to agricultural machisery, and this is a suitable place to review the subject.

The co-operative society is undoubtedly the channel through which agricultural machinery

* The A O S. holds that managers shall be expert salesmen rather than buyers The A.W S should be the society's buyer: the manager's job is to *persuade* his members to buy the right fertilisers, feeding stuffs, etc.

should be distributed. The farmer is the sole user of such machinery, which is essential to his industry, and he should be able to get it from the same source as his other requirements. This involves the setting up on the part of his society of a repairing department.* For a society that merely sells the machinery is useless. Indeed one of its great economic advantages is that a co-operative society has not the temptation to sell a new machine when the old one could be repaired—a temptation that must frequently assail the private trader.

Many societies deal in small implements, ploughs etc., but few are at present in a position to deal with machinery. This is not the fault of the societies which are anxious to do so, but of the area agency system, which is nothing but a middlemen's ring. Some societies have agencies for their areas, and there are manufacturers who have not bowed the knee to the organised middleman, but the whole co-operative movement is at present limited in this direction.

A recent resolution of National Association of Implement Dealers and Engineers has, it is claimed, been accepted by 90 per cent. of the implement manufacturers: it runs as follows:—

> "That the Makers' Association be asked only to supply legitimate implement dealers, and not to supply Co-operative Societies, Farmers' Clubs, or combinations of users on any terms

* Some societies have adopted the excellent system of sending round competent mechanics during the slack season to overhaul machinery, tune up engines, etc., for their members. The same plan has also been tried with success for the repair of harness and horsegear.

> whatever, and that when enquiries are received from such societies they be referred to the local dealer, who must give an undertaking to supply at user's terms, viz., 5 per cent. for cash."

It will be observed that no attempt is made to disguise the fact that a ring is already in existence. It is evidently hoped to establish a combine which will definitely preclude the farmers' societies from trading in any kind of agricultural machinery.

A greatly increased use of machinery is certain. In motor machinery the agents' commissions have always been high. If the area agency system were to become a cast-iron ring against the farmers' societies, it would therefore mean a vast and unnecessary tax on farming, which farmers and perhaps to some extent consumers would have to pay. It is said that of the total cost of machines over one-fifth is attributable to the expenses of "selling." The remedy can only be found in combination and by the united action of all the societies.

Seeds.

In regard to seeds, a different position exists. The farmer owes a great debt of gratitude to the leading firms of seedsmen, who have done so much to improve the quality of the seeds sown in this country. The trade is a highly specialised industry which requires long experience to conduct successfully. Co-operative societies would be ill-advised to attempt to take the place of the seedsman on any general scale. Thus the Eastern Counties Farmers' Co-operative Association is the

only Society which has for any considerable period had its own testing grounds and the necessary plant to enter all branches of the seeds business. The majority of the societies have at present to be content to act as agents and simplify distribution. It is unlikely that they will ever do much more, except in districts where the growing of crops for seed is generally practised.

Their utility is thus confined to securing a good quality article at a fair price, and for the most part they must draw their supplies from private seedsmen or from the seeds department of the Agricultural Wholesale Society. They may occasionally act as the direct go-between for growers and users, especially in the case of the seed potato trade. One of the newest societies, formed in the famous potato growing district of Ormskirk, has this year made its own arrangements with Scotch growers, and the example is likely to be followed —either directly or through the medium of the A.W.S.

Produce.

While all societies thus resemble each other fairly closely on the requirements side, they vary much more in their ability to deal with their member's produce. This is the side of co-operation which must take longest to establish, but in which there is an almost unlimited field for profitable expansion. Most societies are prepared to handle their members' corn, but beyond that no fixed practice prevails. A beginning has been made by some in the potato trade, others act as factors for their members' cheese. In fruit growing areas societies have been formed with the main object

of disposing of fruit and vegetables either through co-operative auction of other wholesale channels. Other societies trade in hay, roots, etc. The sale of eggs is not uncommon. The sale of milk is not altogether confined to special societies for that purpose, but is in several instances joined to a general trading business.

Depots.

It has already been remarked that for large co-operative societies to be of real value to the small man, they must be able to establish depots to cover their area. The large farmer is able to order in two or four ton lots, to take delivery at the nearest station, and as a rule to bring the goods home by his own farm transport. The small man has no such facilities; he requires his feeding stuffs, etc., in small quantities, he cannot draw from a station since there is no means there of splitting up consignments, and he is ill-equipped with transport to fetch what he requires. As may be expected, the societies which work in the areas where farms rule small, have made the greatest strides with the depot system. The Preston Society already mentioned has 15 depots within a radius of twenty miles. Among the small milk, cheese and poultry farms of the Fylde, the system has worked admirably. Each depot has a manager and storeman. It is the manager's business to keep in touch with every member in his area by personal visits, and to keep his wants supplied without fail. Every depot has its lorry and team of horses, and this transport is supplemented by motor-lorries from the Society's headquarters. The

general practice is to deliver all goods ordered to the farmer's own door.

Other societies in similar areas are taking up the same methods, notably the Lunesdale and District Agricultural Supply Society, Ltd., which is situated immediately to the north of the Preston Farmers. It cannot however be said that the majority of the newly formed "county" societies have so far made any great progress in this direction.* "They have not had the time or the money in most cases to do more than develop their principal market. The secondary county markets are still only served by travellers. Even a prosperous and old established society such as the Eastern Counties F.C.A., while it has seven depots, freely admits that it needs to establish many more and would do so if the necessary capital were forthcoming.

Depots of course mean increased overhead charges† and requires efficient supervision. They can hardly flourish unless the spirit of co-operation is well understood and full use is made of them. But no apology is needed for laying stress on their importance. Throughout the country, efforts are being made to establish various forms of small holdings. Where a group of small holdings occurs, it is comparatively easy to arrange for co-operation, but where they are scattered, the tenants or owners are not in a posi-

*A special exception may be noted in the County of York Society, started in 1919, this Society has 11 depots.

† To justify a depot a substantial minimum turnover of say, £10,000 is needed as a rule, or expenses will turn a gross profit into a net loss.

tion to set up an organisation for themselves. It must depend on the enterprise of the farming community as a whole whether adequate facilities for the small men are established. The success or failure of the system of large societies will be judged by the extent to which it is able to provide such facilities in the long run.

The Principles of Co-operation

It has been shown that the principles of co-operation have been brought to the notice of the great majority of our farmers and the societies that have come into being are framed on the lines which experience has shown to be most suitable for English agriculture. The stage in fact has now been reached when general propaganda has accomplished the larger part of its task; there are still districts where meetings can be profitably held and there is much organisation work still to do—but everywhere audiences can be counted on to have a fair idea of the principles of the movement and societies are planning developments as capital and opportunity allow.

The Englishman's way of using principles, however, is unique. He refuses to exalt them into beacons or fixed stars by which to set his course. He cannot attach so much importance to any abstract idea. He has however no objection to making them as it were handy electric torches to be switched on or off at will. He will not keep his finger always on the button, lest perhaps the battery should be unequal to so prolonged a demand and lose its virtue. Sometimes he finds his way, as well as another, by an intermittent

use of the light, but by no means always. And one of the serious impediments to progress in agricultural co-operation is that the English farmer only half sees the true principle, and as a result only half combines with his fellow farmers.

This at any rate is the way in which most farmers regard co-operation. They do not deny the soundness of the idea and are quite ready to make such use of it as seems immediately profitable. But they are far from giving it their whole-hearted allegiance and avoid any eagerness to press it to its logical conclusion, as Latins and Celts are more apt to do.

English farming is immensely varied and English farmers are immensely conservative (or say they are) and combination is a new thing to them: as yet there has not been time for the growth of traditional loyalty to central bodies, whether local or national societies or unions. Hence the farmer does not attach the importance to co-operation as a national system of agricultural trade, which it may be hoped, he will eventually do. He regards even his own society, except when it has been long established, as something of an experiment to which he is giving a sincere but qualified support.

Co-operation will not do for him all that it could do until this phase is over. When it has reached the unassailable position throughout England that it has already attained for instance over most of Lancashire, a wholly new situation must arise. It is the union of farmers that makes a society, it is the union of societies that makes a system. In the following chapter we shall arrive at the crux of co-operation and see what difficulties have been

met with in establishing a central wholesale society for the agricultural co-operative movement, how essential such a society is and the benefits which will come when it is supported as it should be by the whole of the societies dealt with in this chapter.

CHAPTER V

A.W.S.

The Agricultural Wholesale Society

In 1914 a deputation from America visited every European country to inspect agricultural organisations. Their report shows that in every country, except England, Scotland and Norway they found one or more agricultural co-operative wholesale societies well established as the trading federation for the farmers' societies of the country. The absence of such a federation in England is an illuminating fact: for it shows clearly how partial had been the growth of the movement in England up till that date. There can be no complete co-operative system for the farmer, so long as this essential feature of all co-operation is lacking.

As a matter of fact, there was already the germ of a Wholesale Society in existence in 1914 in the Agricultural Co-operative Federation. But it had never represented more than a fraction of the societies. Towards the end of 1914 its work was supplemented by the Farmers Central Trading Board, in which it was finally merged. The development of the movement during the war

however, made it clear that a larger and stronger organisation than the Central Trading Board was required and in 1918 the Agricultural Wholesale Society was formed.

While the history of the A.W.S. up to date has been one of increasing activity and turnover and it is already among the largest traders in the agricultural wholesale and retail trade in the kingdom, it has been in existence for too short a time to make a detailed account of its doings suitable for a book of this nature. It will be sufficient to say that in the year 1919 its sales amounted to £1,890,486, and to give a list of the various departments into which its activities are divided. These are, Feeding Stuffs, Fertilisers, Seeds, and Dairy Engineering.

From the bare recital of the work which the wholesale society is undertaking little can be gathered, but it is not so much the object of this chapter to go into trading details as to explain broadly the functions of the central trading body and to indicate the many ways in which its success is vital to the whole movement. It may be said that the wider aims of co-operation depend entirely for their early realisation on the A.W.S. reaching the same position in producers' co-operation that the C.W.S. holds in consumers' co-operation.

This fact is as yet hardly realised. There is still a tendency, especially among the less developed societies to consider the A.W.S. as an outside body, which may be conveniently used (and abused) but whose success or failure is no particular concern of theirs. Engaged in local competition with local merchants they have not yet seen

how closely their own interests are bound up with the movement as a whole. It must be stated as clearly as possible in the first place that a wholesale society is in precisely the same relation to individual societies that these societies are to their farmer members. Much more follows from this axiom than is at first apparent.

Every co-operator recognises that his own society cannot flourish unless it has the support of its members. It depends in a special manner on their good will. In Denmark there is a compulsory element in co-operation.* In England freedom of contract is one of its essential features. It is not suggested that farmers should be compulsorily tied in their trading so as to forego any bargains which private traders may have to offer, to their own loss in order that they may benefit their society.† But just in so far as they recog-

* Danish farmers contend that their system is not compulsory, since their practice is to bind themselves voluntarily to buy and sell through their local and wholesale societies for a term of years There is however a compulsory element about this method, in so far as in many instances the societies are the only channels of trade and have a practical monopoly in a district. Thus every farmer in that district is bound to come

† It would undoubtedly be the ideal form of co-operation if societies would voluntarily agree to bind themselves to purchase specific articles for a term of years from the Agricultural Wholesale Society By such contracts, entered into of their own free will, they could get the whole advantage of bulked purchase—and this whole advantage cannot be secured in any other way. This stage is likely to be reached in the near future of English co-operation. Up till recently all that the A.W.S has asked is that they should be given the refusal of the Societies' business The A W S cannot be of real service to the Societies unless this minimum degree of co-operation is accorded.

nise that their society is their own property, which it is to their interest to improve, they will in all cases give their society the opportunity to supply what they require. If the society can quote on lower terms, they will require no further inducement to close the deal. If as may often be the case, in view of the great powers exerted by the large importers and strong "groups" in the wholesale trade, the price quoted is practically identical, all that co-operation asks is that the society should have the preference.

Precisely the same general treatment is required of societies towards the A.W.S., if the co-operative movement is to be a success on a national scale. Indeed with anything less the A.W.S. can never give the same service to societies that they in their turn aim at giving to their members. It will be thus observed that throughout the co-operative movement while the rule that the co-operative organisation should have the preference is based on the advantages which must ultimately result to members, whether societies or individuals, in practice it almost wholly depends on the good will and friendly attitude of co-operators: and this again depends on their full understanding of what each organisation in the movement is trying to do.

It is desirable to lay considerable stress on these points because it is becoming clear that co-operation will have to face in the near future far more formidable opposition on the part of vested interests than previously. Recent growth has been so rapid that farmers as a whole and even many local committees of societies have not perhaps had time to realise the real problem which has to be faced.

Most of the articles which the farmer requires can be traced back either to the large manufacturers in this country or the wealthy firms who are first hand importers of foreign supplies. These vested interests have watched the growth of local co-operative societies closely, but until recently without much alarm. The fight has been between the country societies and the local distributing dealers, and the great manufacturers or importers have felt that should the societies win the day and generally replace the dealers, it will only mean a change of channel through which their products would reach the farmer. They would be equally sure of their not insignificant profits, and with that assurance were quite ready to worship the rising sun of co-operation, as soon as they were sure it was rising.

The advent of the A.W.S. on a large scale tends to alter the whole outlook. Previously local dealers had to fight co-operation with their individual resources in their own limited districts. Partly because the profits dealers had been making were known, partly because local farmers were interested in the societies, victory steadily inclined to the co-operative banner. There is no reason to doubt that it will still remain there, provided co-operative finance is sound, its management efficient and its members loyal. The A.W.S. is not combating the weak or individual opposition of local dealers. Its sole raison d'être is to get behind such small fry and to tackle the big groups of wholesalers and manufacturers on the farmers' behalf. The mere fact that such an organisation is in existence alters the whole attitude of these

groups, who up to now have had unfettered control of agricultural trade, towards the co-operative movement in the country.

So far as the A.W.S. is concerned, the wholesalers and importers are frankly in opposition, naturally enough, as its existence threatens to restrict their profits. Even manufacturers, who are not threatened in the same way, are to some extent apprehensive of the buying power which the new organisation may develop. For a co-operative movement, which concentrated its purchases in any really organised and universal manner, might eventually force them to sell on a basis of manufactured cost plus an agreed and limited profit. In both cases the real success of the A.W.S. would mean that much money which had previously almost automatically come to large firms, would be distributed through co-operative channels back to the farmer and producer.

It may be said, however, that these facts, while making it plain that the A.W.S. is faced with opposition, do not prove that these large interests are in opposition to the movement in the country. To urge this would be to do less than justice to the foresight and ability of the wholesale trade, who may be credited with being fully aware of the threat to their interests which the whole co-operative movement involves, now that the local societies are limited together by the existence of a central leading body.

At the beginning of the chapter, it was stated that in all countries where co-operation has made any considerable progress, it has been found necessary to establish one or more central trading bodies. So marked a tendency cannot have

escaped the notice of the wholesale trade. While it is true that so far there are no real indications that co-operation will replace private trade altogether, in this country or in any other country, wherever these wholesale farmers' societies have taken firm hold, the scope of the ordinary wholesaler has been considerably restricted. He has no longer been the undisputed king of the market. From that fact alone it might be guessed that local co-operative societies will always feel the need of a co-operative wholesale society, for without it they can never treat on equal terms and in proportion to their strength. It is in fact the oldest and strongest societies in the co-operative world who are the main supporters of the A.W.S. The most successful managers are the most convinced of its value. The more the co-operative movement grows in strength, the more will it insist on having its own wholesale arrangements.

If this reasoning is sound—and there is an appearance almost of inevitability about the rise of wholesale co-operative societies in every country—it follows logically that the private wholesaler has to abandon his attitude of neutrality towards the local co-operative societies. They may still be harmless to him if they are weak and may even be a convenient means of distribution, saving expense on agents. But directly they are strong, they see the value of an A.W.S. and desire through it to cut into the wholesale market. It becomes evident that it is to the interests of wholesalers to keep the local societies weak, and that they view the immense strides forward the movement has recently made with considerable concern. But their main line of resistance has been much more

cleverly selected. To make a direct attack on the co-operative societies by a price cutting campaign, giving to private traders lower rebates than to societies, would be an expensive undertaking. It might also have the effect of creating hostility among the farmers, and causing them to capitalise the A.W.S. on a scale which would make a price-cutting war suicidal. That would in fact be the only way in which farmers could protect the local societies in which they have invested their money. The wholesalers' present plans seem therefore to aim at estranging the local societies from the A.W.S. by persuading them that Codlin is the friend and not Short—by giving them specially favourable terms, and then on the face of it using their immense financial power to sell on terms which are a direct challenge to the A.W.S., in order that it may wither from lack of business and consequent growth of distrust.

The interesting point to notice about this move is that it is a precise copy of the methods by which local traders have ever sought to fight co-operative methods among farmers. Again we see that the relations of an A.W.S. to individual societies is exactly the same as those societies bear to their members. The local dealer, when a co-operative society makes its appearanc, endeavours to counter its activities in the first place not by discriminating in favour of those who are not co-operators but by lowering his prices and giving special terms to those who are, i.e., the members of the new society. This bait on too many occasions is successful. The new co-operator adopts the easy method of using the society's prices as a lever to get a lower quotation from his regular

merchant. If that practice becomes extensive in a district, the result is that no co-operative society can flourish there. It may very likely die from lack of support, and then prices go back to their previous level. The trader regains his unchallenged control.

Similarly it may be taken for granted that the societies if they were induced to take the same bait from the wholesalers to an extent sufficient to drive their own wholesale society out of existence, by using it simply as a lever to get lower terms from wholesalers, would find themselves powerless on its demise. They would find their special rebates disappear, and the wholesale trade would be free to support local dealers against them. There is little doubt that this would be the next step in view of the alarm which the mere appearance of a wholesale society has caused. In fact once the co-operative movement starts on this form of trade, there can be no drawing back. It must be carried to a successful result or the backwash must place the whole movement in a far worse position than before.

Emphasis must again be laid on the fact that there is a principle at stake. Wholesalers and importers are to a certain extent competitors with each other, but that does not cause them to fall out. Rather they recognise their unity of interests within the ring fence. The advent of an A.W.S. is a different matter. It introduces new principles of business, and it is these which the wholesalers intend to combat. The principle that the farmer should only pay for the administrative expenses of wholesaling and for the best Commercial brains and that any profits arising from

the trade should be returned to him is an idea altogether foreign to these circles of trade.*

These considerations are perhaps matters of interest to managers and committees of societies rather than to the general reader. But it is as well to state them to realise the national aims of co-operation. If the A.W.S. were adequately capitalised and had the loyal and whole-hearted support of all the societies, there is scarcely any limit to the benefits it could secure for each society, and indeed for the whole community. For the community as well as the farmer stands to gain by elimination of any unnecessary middle profits.

This can be seen whatever branch of agricultural trade is taken. For, if the co-operative principle is sound, it means that the same relative profits are made by its agency as by the big merchant firms, but that those profits, instead of passing into the hands of middlemen, come back in one form or another to the real producer, and enable him to lower his prices to the consumer.

It may be objected that the principal source from which the profits of the wholesalers and importers are drawn is of a speculative nature, and that co-operators are ill-advised to go into the speculative market. But this argument, while convincing on the surface, can be shown by a little consideration to be invalid.

The price of a staple agricultural commodity

* To obtain the best commercial brains high salaries must be paid. Over and above the advantages of bulked purchase, co-operative wholesaling implies that the most successful and experienced men in the trade shall be enlisted to enter the wholesale market on the farmers' behalf.

depends on supply and demand. Of these two factors that of supply is much the more calculable; for the importer or wholesaler can obtain the first information of the supply likely to materialise in any definite year, and can consequently, so far as supply is concerned, form some idea whether there is likely to be a rise or fall in any article according to the quantities likely to come forward.

Demand however depends on a series of circumstances which the cleverest man cannot always foretell, e.g., the quantity of manufactured feeding stuffs required, has an intimate relation with the hay crop, and again with the quality, supply and duration of autumn grass. No one can foretell this, and hence for the most part arises the element of speculation.

What does the merchant do? He has a regular clientèle and can estimate his probable requirements for the year. Because of this he lays his plans well ahead. He knows his average turnover in linseed cake is, for instance, 1,000 tons. He makes forward purchases to cover this amount. He then as a rule plays for safety. He sells forward a portion of his purchases to his clientèle at a reasonable profit. He keeps a margin for the market. If the market hardens, so much the bigger his profits. If it weakens, the profits he has already made give him a margin to avoid a loss. Finally if he finds that he has bought more than his regular clientèle will absorb, he cuts his losses at once by selling to other people's customers at a shade under market price.

This may be taken to be the normal procedure: it can be easily seen that given certain conditions

the speculative element is not excessive. If a merchant buys forward or sells short with inadequate capital, he places himself in a dangerous position. If he has no established clientèle on whom he can rely, he takes great risks. If he has no reserves to fall back on, he is in the position of a gambler who may not be able to meet his losses, if the cards fall against him.

A properly constituted Wholesale Co-operative Trading Society will not be asked to face these risks. It will have a clientèle which should be more loyal than the personal clientèle of a private firm; inasmuch as the societies stand to benefit by the success of its trading, whereas the clientèle of a private firm has no such interest. With adequate capital and reserves it can with safety act as the biggest agricultural merchant in the country.

It is unnecessary to labour this point, since it has been steadily pointed out to the local co-operative societies that the provision of adequate capital for the A.W.S. is essential to the co-operative movement, and there is a growing recognition of this need. The societies are themselves developing rapidly, and can make good use of all the capital they can get. They have not up to now been able to spare sufficient capital to put the A.W.S. in the position which it should occupy. But if the history of the movement is any guide, time is on the side of co-operation. The proper capitalisation of the A.W.S. will be gradually effected.

The Trust Bogey.

As the work of the A.W.S. has extended, inter-

ested parties, who did not view its rise with favour, have also raised the cry that its aim was to create a huge agricultural Trust. To make such an accusation is in itself to confess a complete ignorance of the aims of co-operation, and to exhibit small acquaintance with its actual working results. But it is desirable to show as clearly as possible the great differences which exist between any combination of producers framed on co-operative lines and the capitalistic trusts with which America first made us familiar.

At the outset it is plain that there is a wide divergence between the results of the two methods of organisation. The most marked feature of a Trust is that a comparatively small number of men at the centre of affairs become excessively rich. We need not inquire too closely whether this result arises from high dividends or from market manipulation of the shares. The effect of a co-operative enterprise cannot be to cause this concentration of wealth in a few hands. In proportion to its success, it must radiate its prosperity to all, even the humblest, in proportion to the use they have made of it. It may therefore be definitely said that the first difference between a Trust and a co-operative body, however large, is that the former tends to concentrate wealth at the centre and the latter to diffuse well-being to the circumference.

It is generally admitted that Trusts have their advantages as well as their dangers from the point of view of the public. These advantages are also secured by a co-operative combination. The elimination of waste through overlapping, the more highly organised system of distribution, the sav-

ings effected by bulk purchases—are all benefits to the consumer and to the nation, and all can be secured by a co-operative body without any of the undesirable share-speculation which accompanies the rise of a trust. No one will question the usefulness of a body sufficiently strong to break down any rings that may be formed by the manufacturers of the various agricultural commodities, such as machinery. Indeed without such a body, as we have seen, there is no means of securing that the cost of production of food can be kept to the lowest point. For these purposes a co-operative combination of producers is a trust in the best sense of the term.

It may however be asked what guarantee is provided against the dangers, which exist in any overpowerful trading body? Is there no risk that producers being combined and having control of their produce may set up a monopoly and demand excessive prices? May not the wheat, the wool, the meat and the milk of this country be held up until excessive prices are paid for them?

In the case of the first three articles, at any rate, there need be no fear, since competition from overseas makes a monopoly impossible. The A.W.S. has no Dairy Section, except for Dairy Machinery, and a detailed examination of the position in regard to milk may be deferred to a later chapter. It will be sufficient for the moment to note that milk is the one great agricultural commodity in which there is as yet practically no overseas competition, so that the actual guarantees against excessive prices must be scrutinised with especial care.

A National Trading System.

The mere word system is objectionable to many minds, since it suggests some cast-iron form of organisation which may be purely theoretical in character and quite unworkable in practice. Nevertheless it is time that farmers and the public realise that they must in the long run choose between one or other of the possible systems for the agricultural trade of the country. With the theories of nationalisers we have for the present nothing to do. The choice lies between unrestricted individual trading, which as time goes on becomes more and more a matter of trusts and combines in each branch of the trade, and the alternative of such modification of this system as a strong wholesale agricultural co-operative society may be able to effect. It has been suggested in this chapter that local societies, however numerous and powerful, cannot take the place of a central body which is required to act as the trunk of the tree and to make a real introduction of co-operative methods into big business. Only the future can show whether the agricultural community is sufficiently far-seeing to put the matter beyond doubt by adequate support and capitalisation of the A.W.S. It is perhaps a pity that the public, as well as the farmers, cannot have a share in building up this central body, for they are, if they knew it, vitally concerned in its success, and are already aware of the dangers to be feared by the concentration of economic power in the hands of a few individuals, which all trusts and combines involve.

CHAPTER VI

DAIRY SOCIETIES

So far we have been dealing with general purpose societies, which as the Central Chamber suggested in 1896, are the easiest to start and conduct. The following chapters will give some account of the special purpose societies, mainly concerned with the disposal of produce, a more difficult business, but at the same time promising the greatest results from success.

Co-operation has made as much progress in Dairy organisation as in any other branch, as the following statistics show:

DAIRY SOCIETIES.			
Year	No. of Societies	Membership.	Sales
1913	33	3,348	£508,916
1914	38	3,870	569,636
1915	38	4,086	628,634
1916	35	4,082	863.339
1917	39	5,223	1,258,091
1918	59	6,612	2,248,352
1919	57	5,371*	2,605,428
1920	61	9,018	4,405,191

The main business of these societies is to act as wholesalers for the farmers' milk, and to make cheese with surplus milk at times of glut. There are hardly any societies in England making butter on a large scale, and few that run any considerable retail business.

At the present time it is extremely difficult to discuss the subject of co-operation in dairy products owing to the situation which has arisen as a direct consequence of the war. In view of the national emergency, the Government during the war did everything in its power, by propaganda and subsidies, to encourage the production of milk and to make as much milk as possible available for human consumption either as whole milk or cheese. This involved an increase in production by those who had been selling their milk as whole milk, and the provision of facilities, for those who had previously made butter and reared calves, to dispose of their milk through the distributive trade.

The policy succeeded almost too well. The wholesale milk firms—whether joint stock companies or co-operative enterprises—bestirred themselves to collect from all possible sources and control prices guaranteed them a profit on whole milk. Any surplus milk they made into cheese, losses on which were made good by the Government subsidy.

Farmers were equally ready to respond. Regular suppliers of whole milk increased their gallonage while those, who had previously reared calves and made butter, put their milk on the market. Butter-making must at all times be less profitable than milk-selling: under war conditions

there was no comparison. Greatly increased supplies of milk became available.

Unfortunately though inevitably owing to war conditions the increase in supply was accompanied by a steady increase in the cost of production. The public were compelled to pay more and more for their milk until in the autumn and winter of 1919-1920 the crisis came. When the winter milk prices for that period were made known, an outcry arose. In any case the point had probably been reached when the high price of whole milk would have caused a falling off in demand. But this was accentuated by a Press campaign which accused the farmers of profiteering and encouraged, if it did not organise, a strike on the part of the consumers. Throughout the winter, supplies owing to exceptionally mild and favourable weather were in certain localities more than adequate and this fact in conjunction with the high retail prices obtaining had the effect of a diminished consumption and entailed a surplus which steadily accumulated as cheese in the depots.

Every court of inquiry has come to the conclusion—that in view of the high cost of production there was no profiteering by the farmer. Some farms in specially favourable districts or situations undoubtedly did well on the control prices, but taken as a whole, neither farmers nor distributors could afford to sell below them without making a loss. The only practicable course for the distributors was to make the milk into cheese and to look to the Government to recoup them.

This the Government continued to do until the early spring of 1920, (January 31st) when control was removed. The general feeling of the country

was against the continuance of control and the Government were beginning to find the cheese-subsidy exceedingly expensive and likely to be an ever increasing burden. But it was distinctly hard on the farmer who had made his contracts and laid his plans on the understanding that control would continue at any rate till April. It was still harder on the distributors, for it naturally threw the whole of their trade into chaos.

Reconstruction

Even now the position is not much better. The farmer of the back blocks, who has tasted the attractions of milk-selling, is reluctant to return to calf-rearing and butter making. Probably not so highly rented, he wants, if he can, to get as much for his milk as his better situated brother farmer, but, if he cannot achieve this, he may still put his milk on the market and force down the price. For this and other reasons, there is still more whole milk offered to distributors than the public will buy at a price that gives any return both to the producers and to the wholesale and retail trade. Meanwhile by competition and overlapping among wholesale distributors, business costs are augmented. In any locality, the distributor will dispose of the greater part of his milk at a profit through his usual channels but it pays him better to send his surplus to any distance rather than make a certain loss by production of cheese. Thus milk from the Salisbury district finds its way to Manchester and now even competes with Cumberland for the Newcastle trade.

Other striking instances of overlapping are known. If dairy farming is to remain permanently profitable in England, radical changes in existing conditions are essential.

It might be said that the difficulty could be left to adjust itself through the operation of the law of supply and demand. But this would be to ignore certain further facts which must now be mentioned. The surplus of milk is more apparent than real, the heavy supplies of the early summer months being considerably counteracted by the shortage in the winter months, favourable weather appreciating the volume of both seasons. There is also a general consensus of medical opinion that too little milk is consumed by the nation. While there is every reason to hope and expect that more will again be used for calf-rearing etc., any great check to the production of milk for human use would be a disaster from which we might take many years to recover. The natural course is to aim at an increase of consumption to solve the difficulty and this might be attained by judicious advertising. Yet so long as there is unrestricted competition in the trade, no one is going to advertise his rival's goods.

It is again generally held that our supplies would be purer, if there was some differentiation of price according to quality without demanding any impossible standards. At any rate milk produced and sold under especially good conditions should be worth something extra. "Grade A" certified milk is sold under government licence as produced under exceptionally clean and hygienic conditions from cows free from tuberculosis. The standard is far from being impossible and is being

popularised. It is yielded at present by 22 pioneer dairies and fetches in the market an average of 4d. a quart more than other milk and has excellent keeping qualities. The price infers a limited market and it is questionable whether prospective legislation will not enforce the abolition of any milk bing retailed other than that meeting the "Grade A" standard.

The dairy industry in England to-day is in a curious and in some ways, a critical position, but the conditions affecting it are so complicated that it is difficult to feel sure of one's diagnosis. But at any rate, for a clear statement, it is necessary to distinguish between the three stages into which it is divided—the farmer, the wholesaler, and the retailer. Before the War Co-operative Dairying Societies had started, but had not made sufficient way to constitute an important factor in the industry. To a considerable extent retailing, both in London and the Provinces, was in the hands of retailers who were neither wholesalers nor farmers. Some of the large wholesalers had, it is true, begun to acquire retail milk rounds in order to ensure their market, and a few farmers, like Lord Rayleigh, had done the same. With the exception of the co-operative societies, farmers had no share in the wholesaling of milk. During the War Government action was one of the predisposing causes which led to a great extension of wholesaling Joint Stock Companies and a growth of co-operative wholesaling. In London, the Joint Stock Wholesalers, mainly the United Dairies, obtained a great hold over the retail business, and to-day to a great extent control the retail markets of London. In the Provinces the whole-

salers have as yet failed to absorb the bulk of the retailers.

During the era of fixed prices wholesalers, whether joint stock companies or co-operative societies, were in comparatively smooth water ; business conditions were of the simplest. But to-day, when Government control has been taken off, certain facts of vital import to the co-operative movement emerge into prominence. The co-operative societies which depend upon London as a market, find themselves dependent upon others for their access to the retail market which they do not themselves control. If the consolidation of the wholesaling and retailing interests typified in United Dairies is extended over the whole country, farmers, as producers, will cease to be their own masters and have to take what prices the good pleasure of the wholesaling and retailing interests may allow them.

Some people would have us believe that the consuming public is in great danger from the possibility of a large milk trust, of farmers, wholesalers and retailers covering the whole country. This fear is probably entirely groundless. If an attempt were made to raise the price of milk to an extravagant figure consumption would fall immediately, as it did when the price was raised so high last year. And further, the suggestion of such a trust assumes a degree of combination amongst farmers which any person conversant with their habits of mind knows is utterly improbable. The idea that the price of milk could for any considerable length of time, over any appreciable area of country, be maintained substantially above what would leave a fair profit to the industry is simply ridiculous;

and if it is the trust bogey can be ruled out of the milk question. Sufficient independent farmers would certainly be found to sell at a reasonable price; and if the trust price were seriously above that level the modern Press would soon break the Trust. If this is true, discussion of nationalisation or municipalisation as a remedy for the trust danger is unnecessary, but it is worth observing that there is no reason why the milk trade should prosper better than any other under the control of bureaucrats and officials, without experience and with no incentive to economy. And one thing is certain; that if their market was under the control of either the central or local Government Authorities, many if not most dairy farmers would very soon go out of dairy farming.

From the Nation's point of view there is no doubt that joint stock concerns like United Dairies controlling the wholesale trade and the retail milk rounds of our great cities, effect substantial economies in the costs of distribution. They prevent overlapping, their management is good, and their efficiency is high, and if there be no real danger of trust-raised prices, there is much to be said in their favour. But there is a grave objection both from the national point of view and from the point of view of the farmers to the joint stock companies being allowed to get complete control over the industry, to the exclusion of the farmers. Though, for the reasons above mentioned, such a trust could not for long raise prices beyond the level of a reasonable rate of remuneration for the capital invested and the services rendered, there is nothing to prevent their reducing the price paid to the farmer to the minimum figure capable of

maintaining their supply. And if the economic tendency be, as it must be, for the big combined buyer from the farmer always to force down the price of the unorganised and independent farmer scattered over the countryside, the effect must inevitably follow that, the profits of dairy farming being made unattractive, the Nation will not get either the abundant supply or the high quality of milk which are both so important to its welfare.

And in this book we are concerned not merely with long views of the national policy, but with the immediate and direct interest of the farmers. Why should the profits of dairy farming be cut down to a bare minimum? Why should the farmers have no share in the other two stages of the milk industry—wholesaling and retailing? As between the farmer who produces and the consumer who drinks the milk, the wholesaler and retailer are both middlemen. The intermediate services that they render are no doubt necessary, but neither the supply nor the purity of the milk is improved by raising the middleman's profits. And what then is the lesson for the farmer? The lesson for the farmer is that he is face to face with a development of the milk industry in regard to its wholesale and retail stages which has received an immense impetus during, and as a result of the war, and that it is essential that he should combine; and since co-operative combination is the only effective form of combination which will preserve the independent farmer as such, surely he must devolop his co-operative organisation. If the dairy farmers of the country chose to do it, they could achieve complete success in twelve months. They control the

supply absolutely. The difficulty is to get them to combine. During 1920 what was known as the Fusion scheme was started by representatives of the dairy societies. Under this scheme the societies were to fuse with United Dairies, being given in return for the capital they were to invest a proportionate control over the management and policy of United Dairies. This is not the place to discuss the scheme in detail. Suffice it to say that the farmers had an opportunity of getting effective control coupled with the efficient management of United Dairies, and that the scheme fell through because the farmers would not combine sufficiently to carry it through.

Under existing conditions the policy of the co-operative dairy societies should be strenuously directed towards greater individual efficiency of each society; towards working arrangements between one society and another; towards adequate capitalisation of all; so that they may at the earliest possible date either form a central organisation of their own, providing for their own retail outlets, or be in such a position of strength as to bargain for reasonable terms with the existing organisations in the wholesaling and retailing branches of the industry.

But the truth is that at the present time the producing side of the Dairy Industry is so seriously disorganised, that there is little hope of progress, unless the various farmers' organisations interested in dairying can be brought together so as to adopt a common policy and take concerted action.

This method has worked admirably and could

doubtless be extended with advantage to other forms of co-operation in the country." *

Co-operative Cheese Schools *

During the war the Board of Agriculture started an excellent scheme of Cheese Schools in out-of-the way districts where there had previously been no means of dealing with surplus milk. The scheme met with much success, particularly in Cornwall, Hereford and North Wales. It had a remarkable effect in increasing the milk supply from the districts and caused an estimated average rise of 20 per cent. in the cow population, so far as can be ascertained.

These schools in a number of cases became co-operative societies, and they have more than proved their value. Unlike the majority of dairy societies, they are not much affected by competition owing to their distance from markets and they should have a bright future.

"The societies themselves are small and considerable difficulty was originally found in procuring the services of local secretaries in the various villages capable of keeping the accounts of the individual societies. In North Wales, to meet this difficulty, a system of central book-keeping was adopted, through the medium of Stapleton Cotton House Limited, a society registered for the purpose of being the home of all and every agricultural activity in North Wales. There the accounts of twelve co-operative dairy societies are kept, being written up from daily

* See Appendix B.

returns supplied by each dairy. The local Secretary is thus relieved of all the detail clerical work and his duties are confined to attendances upon his Committee, the settling of prices and the passing of accounts for payment.

CHAPTER VII

MEAT AND WOOL

The co-operative disposal of meat and wool is still in an experimental stage in this country. The co-operative slaughter-house may be said to be an outcome of the war and sufficient time has not elapsed since the removal of control to give the system a thorough trial. Similarly with wool, 1920 was the first year in which its sale in bulk on a central market was undertaken on any considerable scale and owing to the unprecedented break in wool prices during that year no certain conclusions can as yet be drawn from the experiment.

MEAT

Prior to the war, all stock for slaughter was disposed of privately to dealers and butchers or by auction at the weekly or fortnightly markets. The auction-mart itself was comparatively a modern development but it had gained the confidence of farmers and had generally displaced private sale. In some cases farmers had combined to buy or open auction marts for themselves, generally by forming a small joint stock company for the purpose.*

* There are also Co-operative auction marts.

The auction system, however, quickly proved unsatisfactory in war time, when demand greatly exceeded supply. Control of prices was incompatible with a free market. Other methods had to be devised to ensure farmers receiving a fair price for their stock according to quality and weight.

Two new methods were therefore established. The first was the grading system, by which stock for slaughter was graded at the local market according to quality and the farmer was paid according to live weight and grade. While on the whole this system worked as well as most of our other war-time expedients, it gave rise to a considerable number of disputes and consequently to dissatisfaction.

The authorities therefore were anxious that the farmer should have an alternative method of sale and the dead weight system was introduced. By this system a farmer was paid for his stock after slaughter, when its dressed weight could be accurately ascertained.

When this system was first proposed, farmers viewed the idea with much suspicion: the main objection raised was that no farmer would be sure that he was paid for his own beast and this objection was felt so strongly that it threatened to be a complete bar to the system. In these circumstances the help of the A.O.S. was invoked by the Ministry of Food. The Society was asked to persuade suitable affiliated societies to take over the management of slaughterhouses at which the dead weight system would be used, the Ministry allowing a percentage of 1½ per cent. to the societies for their work and paying the slaughtering

expenses with the exception of the managers' and accountants' salaries and some other minor charges.

A beginning once made, the new ventures soon established themselves in the favour of farmers during control. The members of the society could, if they liked, visit the slaughterhouse and see their own stock killed. They came to realise that the business was their own and that the manager had every incentive to see that each farmer was paid for his own beast. Thus, after the start, few complaints were ever heard on that score. This was a negative advantage, but positive advantages were soon apparent. It became clear that farmers who sent good stock to the slaughterhouse received a much higher return than they obtained in the grading market and that the difference was greater in proportion to the excellence of the animal—a point which strongly recommended the system to the farmers and, from a wider point of view, was an obvious inducement to them still further to improve their stock.

It will be asked how the difference between the live and dead weight price arose: the answer is twofold. In the live weight market the buyer, however experienced he may be, cannot tell the exact percentage at which the animal will kill out, for there are internal fats etc. on a well finished beast which cannot be estimated by handling. In all cases such as this, where the buyer is purchasing something that he cannot be certain of, he guards himself by offering a lower price than he would have been prepared to give if he could be sure of the article; hence arises the first difference in price.

A still more remarkable fact is that, under the auction system or the grading system, the farmer is not really paid for all he produces. Some allowance is no doubt made for the value of the hides and hoofs etc., by a buyer in an auction mart and some for the edible and inedible offals, but as knowledge of the dead weight system has become widely spread among the farming community it has been seen that by no other system can the farmer be sure of obtaining full payment for the ' fifth quarter ' of his animal. Only a system of co-operative slaughterhouses, so organised as to use all the waste products, can give him a fair return for what he has produced. It is a matter of history that these co-operative slaughter-houses became popular and districts where they did not exist agitated to be allowed to embark on them and to send their cattle to those already in operation. Twenty-one were established by July 1919, but after that the Ministry of Food changed its policy and decided to allow no more to be set up till the end of control. Four societies which had raised capital before the change of policy were afterwards granted a licence. In the autumn of 1919 a further change was made. The 1½ per cent. on the turnover was cancelled and, in place of it, until the end of control the Ministry agreed to pay the managers' and accountants' charges and to allow an average of £850 to each slaughter-house. By arrangement between the societies, this allowance was divided on a basis of £175 to each society and the remainder distributed through the A.O.S. in proportion to the turnover of each slaughterhouse. About the same time the Ministry of Food agreed to give an option to

properly constituted societies to take over one month before the end of control any Government slaughter-house that they desired to operate. Twenty-one slaughter-houses took advantage of this offer and have since July 1920, conducted operations independently. It is as yet too early to estimate their success, since that can only be judged over a period of years. It was indeed anticipated that the transitional period would be one of difficulty and difficulties have been met with, though they have not always been of the kind that was foreseen. One great obstacle has been the firm demand for English meat, which caused butchers and dealers in many parts of the country to give exceptional prices in the auction mart, in order to retain this class of trade in their own hands, making their profit out of imported meat. This has especially been the case with mutton, for which the demand has considerably exceeded the supply. Slaughter-houses in areas where these exceptional prices have been paid, have had a difficulty in obtaining stock for farmers could not resist the opportunities elsewhere. Something more will be said on this point at the end of the chapter.

In slaughter-houses situated close to large consuming centres no difficulty has been experienced in finding an outlet; but in out of the way districts supplies cannot be consumed on the spot and must be sent away. Indeed in nearly all districts there is a possibility of this occurring in times of glut. London is the great market in normal times for such surpluses and arrangements were accordingly made for the slaughter-houses to sell their meat in the Smithfield market, when

necessary. Prices, however, at Smithfield were not much if at all above prices elsewhere during the first year after decontrol, so that less advantage was derived from these arrangements than should be the case when more normal conditions are again established.

There can be no question as to the merits of co-operative slaughterhouses from an economic point of view but their full advantages cannot be obtained without a more complete system than at present exists. To utilise many of the waste products a special factory is required for their treatment, but it would only pay to start factories for groups of slaughterhouses, since the products of a single slaughterhouse would generally be insufficient for economic working. The small butcher is in a like case. So long in fact as there is no real organisation for slaughtering arrangements on a national scale, there is bound to be waste which must affect the nation as well as the farmer.

The profits of the American Meat Trust arise from the proper utilisation of the bye-products. Indeed firms in the Trust claim that they sell the meat itself at cost price. But the plan of the Meat Trust has been to pay the American farmer on scale carefully calculated to give him the lowest possible return that he will accept and still continue to produce. The fact that such a practice urned this branch of agriculture into a sweated industry was not taken into account (except by the farmer, who was powerless to help himself). It may be hoped that no one desires such a state of affairs in this country.

Warble Fly

It is a well known fact that this fly causes losses amounting to hundreds of thousands of pounds every year. It is a curious thing that, under the old system, there is really no one whose business it is to prevent this loss. The fly frequently cannot be detected until the beast is killed and the hide taken off it. The farmer is not paid directly for the hide, and therefore has little interest in eradicating the pest. The butcher does not see the hide until it is too late for him to do anything. Under a co-operative system, the great difference between the value of an untouched hide and one which is affected by the warble becomes apparent to farmers. Since they are paid directly for the hide they find it worth their while to take the necessary measures to preserve it. This is but one of the many small instances in which it can be shown that co-operation has unexpected advantages.

Wool

As with dairy products and fruit, wool is a commodity in which the advantages of grading are most obvious in exporting countries, since an export trade is only profitable if the wool is baled in good condition and reaches a fairly high level of quality. Though Great Britain is one of the great wool producing countries of the world, as the following figures indicate, until recently no attempt was made to copy the highly successful methods of disposal adopted by the overseas farmer.

Table of Wool Production.

NUMBER OF SHEEP IN VARIOUS COUNTRIES OF THE WORLD ACCORDING TO THE LATEST REPORTS AND ESTIMATES.

Country	*Year.*	*Number of Sheep*
United States	1919	49,863,000
Canada	1918	3,053,000
Argentine	1917	45,000,000
Uruguay	1916	11,473,000
France	1918	9,496,000
Germany	1915	5,073,000
Italy	1914	13,824,000
Russia in Europe	1914	42,108,000
Spain	1918	18,700,000
Turkey	1912	21,190,000
British India	1914	31,322,000
Russia in Asia	1914	37,753,000
Turkey in Asia	1912	27,095,000
Union of South Africa	1918	25,060,000
Australia	1918-19	87,849,000
New Zealand	1919	25,828,000
GREAT BRITAIN & IRELAND	1919	25,119,220

The wool from Australia, New Zealand, South Africa, the Argentine, Chili, etc., is dealt with on organised lines. It is carefully graded into different classes, packed in bales, each bale containing a recognisable class of wool, and has for nearly a hundred years been sent mainly to the London wool sales where buyers from all parts of the world bid against one another for it. English wool as a rule is not graded or very imperfectly graded, is packed in bulky sheets and is sold in small or comparatively small lots either to local agents and merchants or at local auction fairs. It fetches a price lower than its real value, because dealers must purchase all sorts together and in

many cases it passes through several hands before reaching the manufacturers, intermediate profits being thus made which ought to go into the pockets of the sheep-farmers themselves.

There are two reasons why the English farmer has so long been content to accept this state of affairs. It is not because he has been contented with the average price which the local agent has given. In many parts of the country, in fact, farmers have become aware that they were at a disadvantage in treating with private buyers whose knowledge of the market was necessarily greater than their own, and have started local auctions which are a distinct step forward.

One factor which delayed any change of method was in fact the low price obtained for wool in the pre-war period. A large proportion of the sheep in the country were owned by small farmers. For 50 fleeces or so, which might be their average, their return was perhaps an annual £10 note. They were thus too apt to treat wool as entirely a side line, being unaware of the increased return to be obtained by better marketing. The old system was the growth of centuries and it seemed hardly worth while to make drastic changes for a fractional profit, which was all they considered possible.

A still greater bar to better methods was the lack of any organisations for carrying them into practice. It was comparatively easy for the large overseas sheep-farmer to organise. But where the Colonial farmer had thousands of sheep, the English farmer had a few score and had no means of acting in concert with his neighbours. No change could be looked for until the principle of

combination was generally admitted and co-operative societies capable of handling wool in bulk came into existence.

For three years before the war one or two societies made a tentative beginning, on a scheme devised by the A.O.S. The results were promising, but the war came and Government control prevented further trial. A conference held in the spring of 1919 decided that the market was too uncertain for a renewal of the experiment. For 1920 a complete scheme was drafted and put before the various societies for their consideration.

In this scheme the main features of the pre-war plan were preserved with such modifications as appeared desirable in the light of experience already gained. It provided for:

(a) The shearing of the wool by the flock-owner on his own premises; the packing in sheets and bags of the clip in the following classes:
  (1) Fleeces (Flock ewes)
  (2) ,, (Hogs or Tegs)
  (3) Dung Locks and sweepings
  (4) Blacks and Cots.

(b) The collection of the wool to a depot rented or owned by the farmer's trading society of the district. The grading of the wool at this depot.

(c) The sale of the bulked wool on the London market on a 10 per cent. sample of each class.

Enough societies took up this scheme for 1920 to give it a fair trial but unfortunately as already mentioned, the collapse of the wool market in the middle of the season upset all calculations. In

fact, what was feared might happen in 1919, actually happened in 1920, and it cannot be said that any certain conclusions have been reached. Since the break in the market, coarse wools have been unsaleable even at pre-war prices and when an article is unsaleable, bulked sale is no easier than individual sale.

The following lessons may be drawn from the whole experiment.

(1) If co-operative sale is to be successful, it must be carried out on a sufficiently large scale The minimum number of fleeces for 1920 was 5,000. This number has proved to be too low. A least double this number are required and this is an amount which any large society in a sheep farming area should easily be able to collect. This can be seen from the following table, giving the number of sheep in each county.

NUMBER OF SHEEP IN ENGLISH COUNTIES AS AT 4TH JUNE, 1919.

Bedford	55,673	Lincoln	Holland	27,274
Berkshire	95,551	do	Kesteven	209,814
Buckinghamshire	164,326	do	Lindsay	488,316
Cambridge	88,830	Middlesex		17,038
Chester	69,590	Monmouth		190,366
Cornwall	372,462	Norfolk		313,834
Cumberland	535,519	Northants		309,923
Derby	130,496	Northumberland		1,018,685
Devon	747,755	Nottingham		134,874
Dorset	238,130	Oxford		151,503
Durham	217,509	Rutland		69,545
Essex	136,699	Salop		398,973
Gloucester	263,652	Somerset		359,445
Hampshire	165,657	Stafford		160,184
Isle of Wight	25,529	Suffolk		210,130
Hereford	280,989	Surrey		41,225
Hertford	64,270	Sussex		291,780
Huntingdon	44,820	Warwick		208,984
Kent	756,120	Westmorland		389,765
Lancaster	293,321	Wiltshire		241,237
Leicester	243,275	Worcester		114,815
York	E Riding	354,820		
do.	N Riding	661,631		
do.	W. Riding	605,214		

(2) Great care is necessary in grading. In one case the bulk was not up to the 10 per cent. sample. This was clearly due to lack of experience in the new method. It would of course be fatal to the whole scheme, if not avoided in the future. The chief advantage from the buyer's point of view in bulked sale is that he knows just what he is buying, otherwise he cannot be expected to give better prices.

(3) It was expected that buyers would readily

come to the London sales. In point of fact, the sales were not on a sufficiently large scale to attract them or they were kept away by the actual or anticipated break in the market. It will however have to be considered whether while co-operative sale is in its infancy, other markets besides the London market should not be tried. The theoretical advantage of the London market is that buyers from many countries attend the sales. If English wool were sold in sufficient bulk on the London markets to interest these buyers—and there is no reason why it should not be in course of time—a clear advantage would be gained. But for the moment it might be equally effective to sell the wool in bulk at the local auctions or perhaps in some cases direct to Bradford.

Consumers

Consumers may perhaps suggest that the very fact that co-operative sale aims at obtaining a better price for the farmer must mean that it would cause a rise in the price of woollen goods. It is, however, clear that the extra return which the farmer should get must come partly out of the middleman's profits and partly from the better methods of handling which a co-operative system involves. As in the case of the warble fly, there is at present no incentive to the buyer to demand a better article. He buys the wool as a whole, good, bad and indifferent at an inclusive price. He makes that price low enough to cover all possible losses and he is sure of his profit whatever the actual percentages of different qualities may

turn out to be. By the co-operative system the farmer discovers how better wool and better handling pay, and it is clear that that knowledge must tend to a general improvement in methods. In this connection it is interesting to quote from a report on a conference held with the Wool Section of the Bradford Chamber of Commerce in 1912:—

"These gentlemen, on the scheme being explained "to them, gave the assurance that it appealed to "them as buyers, and that it would be of great "advantage if an improvement in the condition in "which English wool was offered for sale could be "brought about.

"It was suggested, for instance, that if the "A.O.S. could persuade the farmers to combine "and place their wool on the market honestly "packed, with a guarantee to that effect, the tone "of the market would at once be raised. Then, "among other details to which attention was "drawn, it was declared that the loss in the value "of the wool through the careless way in which "farmers marked their sheep with tar amounted "to no less than £100,000 a year from this cause "alone. Any system, it was affirmed, the A.O.S. "could advise which would have the effect of "remedying the present defects or shortcomings, "and placing the trade on a better basis, would "be heartily welcomed, while to the farmers it "it would mean that they would receive higher "prices for their wool, inasmuch as hitherto the "losses which the practices in question rendered "probable had to be taken into account by the "buyers when they were either bidding at the auc-"tions or purchasing direct."

Co-operative Sale.

This seems a suitable place to add a few notes on the principles of co-operative sale. Experience has shown that it is much the more difficult side of co-operation, but also that great returns follow from success, as Denmark has shown in the case of butter and bacon, and America in the fruit industry.

The earliest form of sale of any kind of manufactured article is direct sale to a consumer or dealer. Next follows the device of the auction, by which competition among buyers is secured, unless the buyers themselves combine. Under modern conditions the final form is the fixing of a price, by which the manufacturer binds his agents not to undercut each other and secures—in normal times—that both he and all intermediaries make a fixed profit.

Farming is the manufacture of food, and the farmer in the sale of his finished article meets with just the same difficulties as any other manufacturer. He has, however, three additional difficulties to contend with—(1) that owing to bad weather, insect pests, etc., he may in some years have no crops. Farming thus contains a speculative element, practically absent in ordinary manufacture (2) that owing to good weather, etc., his harvest may be so plentiful as to cause a glut, with consequent depression of price. Gluts, of course, occur with other manufactured articles, but they do not usually arise so rapidly, nor are they intensified by the third difficulty of agriculture (3) that agricultural produce is usually highly perishable.

These three conditions cannot be altered by any

human foresight or arrangement—and they have undoubtedly contributed—along with the comparative isolation of farmers—to prevent combination. The modern methods of sale adopted by other manufacturers could not be adopted by the farmer, unless they were still further developed to meet his peculiar difficulties.

The method of sale, which a farmer prefers is direct sale. From his earliest years he has been accustomed to buying and selling and not unnaturally he likes dealing.

However, the gradual growth of auction marts for live stock, wool, fruit, etc., shows that the farming community have become aware that better prices are realised if there is free competition among buyers. If the auction mart removes the pleasure of dealing, it substitutes another pleasure, that of competition with neighbouring farmers. It ensures that a better article shall fetch a better price, a point on which farmers rightly lay great stress.

Sale by co-operative auction marts is no new thing, and has proved satisfactory so far as it goes. The question is whether still better methods cannot be devised, which will enable the farmer to enjoy the same advantages as other manufacturers.

Broadly speaking, there are three objects which must be kept in view by a co-operative society if it wishes to introduce modern methods for the sale of agricultural produce.

(1) *Grading and Branding.*

The object of grading is that a name can be established for an article and a buyer can be sure

of what he is buying. Anyone wishing to buy an ordinary article of commerce, say, a box of cigarettes, will give more for a box of known good quality, than for a box containing cigarettes of different sorts and sizes. Agricultural produce cannot be graded as exactly as the products of a cigarette factory, but it can be approximately graded.

(2) *Disposal of Surplus.*

Even science cannot prevent crops occasionally failing through weather conditions, and certainly co-operative societies cannot. But what co-operative societies ought to be able to do is to ensure that when crops are plentiful, the farmer should reap a corresponding reward, and prices should not be ruinously depressed by sudden gluts. It is the business of co-operative societies to stabilise the market either by arrangement, storage or manufacture. As an instance of arrangement we might take the case of a number of farmers agreeing to send their stock forward for slaughter over a certain period—of storage—the pickling of eggs in spring to relieve the annual glut—of manufacture —the making of cheese out of surplus milk, etc.

(3) *Certainty of Supply.*

This is the actual crux of co-operative marketing in this country. In Denmark and America the source of supply is guaranteed by the members contracting to send all their supplies to their society for a given period of years. Co-operators in these countries do not consider that such contracts are an infringement of individual liberty—for they argue that they get a better kind of liberty by submitting to such self-imposed laws. In England, however, the farming community has never

yet faced the necessity of adopting the system as the secret of successful co-operative marketing, nor is our English law at all clear.*

It is worth while paying especial attention to this point, for these general contracts are undoubtedly considered by co-operators in Denmark and America to be the main principle of their success in co-operative sale. Being sure of their supplies, they can arrange loans from the banks to pay their members on account, can advertise their products and develop new markets; they can fix a price which will bring fair remuneration to the producers, and can get into direct touch with retailers and large consumers and guarantee supplies from year to year.

Instead of general contracts our co-operative societies have practically to rely on the loyalty of their members, and for the reasons given at the end of Chapter IV. that loyalty is still far from universal. If farmers have not accepted the principle of the long contract, as a principle, it is not to be wondered at that in practice they do not

*See the House of Lords decision in McEllistrim v. Ballymacelligott Co-operative Society (1919 A C 548) Here the defendant Society had a rule binding the members to supply milk to the Society for their life-time A member could only avoid the obligation by leaving his farm (and the country) or by transferring his shares, but these could not be transferred without the consent of the Committee The rule was considered by the House of Lords to be in restraint of trade and therefore invalid Such a rule however condemns itself What is required is a general contract for a period of say three to five years, binding members to sell all their milk and other produce through their society Seasonal contracts must be in addition arranged to fix prices and quantities. Such contracts would not be within the mischief considered by the House of Lords: for a breach would not involve loss of membership.

scruple to sell elsewhere than through their society. But such want of loyalty while troublesome in the matter of purchase, is liable to be fatal to the organisation of sale. The following quotation will indicate the reason.*

> "Cases are not infrequent, where organisations have failed through the disloyalty of a single member. In one of the western states the members of a co-operative society obtained accurate estimates of the crop in which they were specialising, calculated the fair market value and agreed to sell their total production at a specific price. One member was induced by outside interests to sell for a lower price, apart from his fellow members. The result was unprofitable returns for their product and the disorganisation of the co-operative society."

It is therefore likely that some considerable period will elapse before co-operative sale, as apart from auction marts for produce, will make any great headway in this country. But "it has been noted in Ontario that it is less difficult to form a successful co-operative society in a district where there are several farmers who have been trained at the agricultural college than in districts where no such farmers are found."

We may conclude the chapter by giving Mr. J. W. Lloyd's† eleven "principles of co-operative

* Causes of Failure in Co-operation—Agricultural Gazette of Canada Vol. 6. No 10. Summary International Review of Agricultural Economies April 1920

† University of Illinois Studies in the Social Sciences, March 1919.

marketing" drawn from the experience of California. Students of the subject are recommended to read the useful summary in the International Review of Agricultural Economics (June, 1920).

1. Organisation for marketing purposes can be most readily effected when conditions in an industry are such that the need of improvement is quite generally apparent to those engaged in the industry.
2. Unless at the time of organisation the conditions in the industry are so unsatisfactory, that striking improvements are possible early in the life of the organisation, the organisation itself is likely to die from inertia or succumb to attacks from outside interests.
3. There must be a sufficient volume of one product or closely allied products represented by the membership of a local organisation to enable shipments to be made in carload lots and to effect a sufficient aggregate saving in the cost of marketing to more than counterbalance the expense of operation.
4. The organisation must be composed of persons whose interests are similar. Membership in a growers' organisation should usually be limited to actual growers of the crop to be marketed.
5. Definite provision should be made for financing the business of the organisation.
6. Benefits accruing from membership in the organisation should be distributed among the members in proportion to the value of the products handled for each.

7. In a properly constituted growers' co-operative marketing organisation it makes little difference whether the voting power is based upon individuals, volume of product, or shares of stock.

8. For the purpose of marketing the product of a large horticultural industry, an affiliation of local organisations is preferable to a large single organisation made up directly of individual growers. In such an affiliation, the identity of each local should be preserved and its interests fully represented in the central organisation.

9. Each organisation must possess a degree of administrative ability and business acumen commensurate with the volume of the business to be transacted.

10. The details of handling, selling and distributing the crop must be adapted to the nature and volume of the product.

11. Loyalty of individual members and mutual confidence among all factors in the organisation are absolutely essential to the permanent success of any co-operative enterprise.

CHAPTER VIII

FRUIT AND VEGETABLE SOCIETIES—EGG COLLECTING SOCIETIES

Hitherto we have been considering sides of agriculture which have at any rate the foundations laid for an organisation of national extent. It would be too much to claim that this is the case with the fruit and vegetable business or the egg business. While there are successful co-operative societies in existence in both, as a whole the stage that has been reached in this country is at least ten years behind the other branches of agriculture.

This is a strong statement, but its truth can be seen by examining the degree of organisation which has been reached by other fruit and egg-producing countries, whose products compete on our markets. Our own Overseas Dominions are perhaps the best examples, and their laws and practice, at any rate in the fruit industry, which we may take first, are so instructive as to merit careful study.

The mere fact that the whole trade is carefully regulated by law is the first point of interest. While we have not yet reached the point where any considerable bulk of fruit-growers are demanding a law on the subject, the laws in the Overseas Dominions are the direct result of the unanimous decisions of fruit-growers. They have not in any

way been forced on a reluctant body of producers, but simply codify the various points which fruit-growers have seen to be necessary to secure their export trade.

In Canada, the latest revision of the Inspection and Sales Act came into force on January 1st, 1919. It is principally concerned with the apple-trade, but deals also with the packing of pears, crab-apples, peaches, plums, cherries and any other fruit. Under heavy penalties, standard fruit packages for both export and home markets are enforced. Pilfering in transit is severely punished: the name and address of the packer and the name and the grade of fruit must be plainly marked; fruit repacked must be so indicated clearly.

These provisions are very much strengthened by the excellent pamphlets of the Department of Agriculture (Fruit Branch) which describe the best methods and practices. A grower has only to follow the detailed directions in "Modern Methods of Packing Apples" for example, to be certain that so far as human foresight can provide, his fruit will reach its market in the best possible condition, with a reputation already established and with the best price assured. A particularly interesting paragraph is that which encourages the inclusion in packages of a slip, describing the character of the fruit. Every fruit grower should lay to heart the statement that "notwithstanding the improved taste and the willingness of the public to pay for better fruit, few of them know the qualities of each variety, nor the best means of keeping these varieties." Specimen slips show how this difficulty is overcome and an invaluable

advertisement secured for good varieties. For instance

> This package contains No. 1 Tolman Sweets, prime season December, January, and February. Excellent for Baking. Require long cooking in moderate heat. Store in temperature near to but not below 32°
>
> LOBO CO-OP. FRUIT ASS'N.

The various regulations in Canada may be compared with those in New Zealand, where co-operation among fruit-growers has achieved great success. The State of Victoria, Australia, is copying the New Zealand Orchard Tax Act which has been in operation since 1916. The feature of this legislation is an annual tax in New Zealand of 1/- per acre, on every orchard, used for the production of fruit for sale. This tax is collected in due course by the representatives of the Crown, but all moneys collected are handed over to the Fruitgrowers' Federation which must use them for certain specified purposes, among which we may note

(d) The investigation, testing and opening up of new markets for the export of fruit.

(e) The organisation and improvement of local fruit markets.

(g) Advertising to educate the public as to the benefits of fruit-eating.

It may be said that these laws, while interesting,

have nothing to do with co-operation. To use this argument is to show little insight into the true state of the case. Co-operation is but one form of organisation, and it has a hard task to establish itself if the whole industry is unorganised. As a matter of fact, where these general regulations are in force, co-operation among fruit-growers flourishes, and its advantages are easily seen by every grower.

So much is this the case that there are large districts in the Overseas Dominions where every grower belongs to the local co-operative society, which is the sole outlet for the area. A newcomer in these districts is compelled to become a member by that fact alone. By his association he is advised as to the best apples or other fruit for his district, which they are prepared to market, and the provisions of the law ensure that his finished product is reliable, packed and graded in the best form.

Nothing of this kind exists in Great Britain, although our best growers produce the finest quality of fruit. There is no standard package—on the contrary, a vast number of different packages many of them by their shape or weight when filled unsuitable for fruit. Many inferior varieties and altogether far too many varieties are grown, although experience is beginning to eradicate this error. A purchaser has no certainty, without actual examination, that the package he buys has not been " faced " or " topped " with better fruit than the lower layers. Finally there is no organisation to advertise to the public the conspicuous merits of British fruit and the qualities of the different varieties. Marketing arrangements are

none too satisfactory, and the principal market, Covent Garden, was recently condemned as inadequate by the report of a Committee of Investigation.

The preceding paragraph intentionally lays stress on the handicaps from which the British grower is suffering owing to the lack of any real system of organisation. It must however be remembered that the best growers are not affected to anything like the extent that the smaller producers are. Confining themselves to a few good varieties, they are able to produce each in large quantities; they secure an established market from year to year, and in most cases they grade their fruit to a certain point. It is not so much for them that better organisation is required, since they are fully able to look after themselves.

The case is very different with the small grower, who probably at present seldom gets full value for his fruit. A most significant fact is that the market price for the best English apples, which in their season are vastly superior to any imported apple (except in appearance), is invariably much lower than that for the imported article. Growers probably hardly realise that the clever advertising of foreign varieties has largely brought this about. When a test was conducted recently in some offices in London it was found that nearly everyone on the staffs questioned knew that a Newtown Pippin was an excellent apple, but hardly one had heard of a Cox or a Ribston.* The real qualities of English

* This is the less surprising because anyone who cares to examine the apples described as "Ribston's" or "Blenheims" in the shops and the street-stalls, will find an immense number of nondescript varieties sold under these names. But an apple—or any other article—cannot get a name for quality unless it is always of the genuine kind

fruit, particularly its superior flavour, urgently require advertising. But advertising will never be done without organisation, and it will be useless without grading and good packing and standard packages. In other words much more co-operation among fruit-growers is required.

Mutatis mutandis, much the same may be said of the supply of vegetables. An A.O.S. puts the case clearly

> "A good market can usually be found for vegetables of the best quality, the demand for which has been increasing rapidly for a long time past. Poor quality vegetables are almost unsaleable. The moral for the home grower is that the best only should be grown, and that it should be marketed in the best posssible condition. Many small men no doubt are able to meet the requirements of their local market. When it becomes necessary to dispose of qualities beyond this, however, the unorganised small producers have no chance against the large growers or the overseas importers."

If the previous paragraphs were all that could be written about the prospects of the small growers so far as organisation is concerned, the outlook would indeed be black. But on the other side of the ledger must be put his growing dissatisfaction with the present state of affairs. The area under fruit in England is extending, owing, we may assume, to the profitable trade which the large professional growers have in so many instances been able to build up. But the small grower justly complains that he is seldom paid a proper price for his article. Where he himself sells at a stand

or by hawking his produce round his neighbourhood, he does at least retain control to a considerable extent; but both methods involve loss of time and lend themselves, in default of systematic arrangements, to waste and unremunerative prices in time of surplus. The more usual methods, through commission agents or by selling the crops on the ground, have equally grave defects. In the former the grower has no control over his produce after it leaves his hands, and there is no regulation of the supply of produce to the big markets. In the latter the dealer is usually far better informed of market conditions and can hardly be expected to ignore his advantages. These facts are more and more forcing themselves on the attention of the small grower, and as the only remedy for them is better organisation, which involves combination and co-operation among producers, it is reasonable to expect that it will not be long before growers follow the lead given by other branches of agriculture in this direction.

The first need is for the standardisation of weights and packages, without which all organisation is severely handicapped. This is a policy which the A.O.S. has never ceased to urge, and it is now under consideration by the authorities. Next a wider employment of co-operative methods (both for the purchase of requirements and for sale). Finally a concerted effort by growers* to make the public realise the many attractions that British fruit has, when of guaranteed good quality, over its foreign rivals.

* It should be mentioned that the first step has been taken in the formation of the Federation of British Fruit Growers (18 Bedford Square, London, W.C.)

So far little has been said about co-operative enterprises in the fruit trade, but it must not be thought that those which exist have not met with success. The co-operative auction mart for fruit may be considered an established business success. During the war, indeed, some county Fruit and Vegetable Societies were started on patriotic grounds, and these while in several cases fully justifying their existence were not usually framed on permanent lines. But just as in the general agricultural trade a few years ago, there are several societies in various districts which are doing for a limited number of fruit growers what should be done for all. It may be useful to give a short account of one or two of them to get a clear idea of their activities.

Existing Societies

Kent and Sussex Farmers, Ltd. (formerly Sevenoaks Farmers' Union Auction Mart, Ltd.), was founded in 1918. A considerable quantity of fruit is grown by members, and it was decided in 1919 to undertake the sale of their produce co-operatively in Covent Garden Market. Stands have been acquired in the Market, and offices and stores (19, Russell Street, W.C. 2) close to the Market. The Society's own transport service brings the produce direct from the growers to Covent Garden Market, thereby ensuring freshness, and saving much time and trouble to members. The Sevenoaks Farmers' Union Auction Mart is prepared to act on behalf of other Societies desiring to sell in Covent Garden Market. Several So-

cieties already utilise its services for disposal of their produce.

PERSHORE CO-OPERATIVE FRUIT MARKET, LTD. (Wholesale), was incorporated in 1909 to carry on an auction mart of fruit, flowers and vegetables, and to deal in produce and requirements. A committee of management is elected annually from the growers—membership being open to all growers irrespective of the size of their holdings. The Society has its own market and offices, and a competent general manager. The commission charged on sales is 7½ per cent., less a bonus from profits. Supplies are collected from small growers at a fixed charge. The profits are distributed by payment of 5 per cent. on capital, 25 per cent. to reserve, a bonus to employees, and the remainder, representing a large sum, is returned to the growers supplying the market. Conveyances are sent to the stations to meet buyers from the large towns. Grading receives attention, and topping is strictly forbidden—"honest produce, honestly packed" being the rules enforced. The Society has succeeded in establishing a first class outlet for produce grown in the neighbourhood.

BOURNEMOUTH RETAIL FRUIT AND VEGETABLE MARKETS were originated by the Wimborne and District Agricultural Co-operative Society, but are now utilised as the principal outlet for the Dorset and West Hants Fruit and Vegetable Society. An excellent building, named "Agricultural Hall," has been taken and suitably fitted where large quantities of fruit, vegetables, eggs, poultry, etc., are disposed of at prices satisfactory both to the producer and consumer. A motor lorry owned by the society collects supplies daily in the neighbour-

hood according to a published schedule of routes and times, delivers produce after sale at fixed rates, and returns empties free. Every package sent in has to be labelled clearly with the name and address of the sender, and care is exercised in packing and grading. All goods are sold by auction, as many as 800 lots being sometimes disposed of in one day. The market charges for members are 7½ per cent. on sales and to non-members 10 per cent.

GLOUCESTERSHIRE FRUIT AND VEGETABLE MARKETING SOCIETY, LTD.—This Society has taken over the Cheltenham Fruit Market, where offices have been established. They employ their own manager, auctioneer, and a competent staff. Numerous improvements have been initiated in the Fruit Market, where large sales by auction are held daily; in addition, during the soft fruit season, early morning sales are also held. With the excellent railway facilities enjoyed by Cheltenham and the high reputation of the local growers, the prospects of the Society are good. The Fruit Market commenced co-operatively in August, 1919, and for the first twelve months the turnover amounted to over £50,000. The Society's latest development is the establishment of a fruit market at Grange Court, where sales are held every Monday and Friday during the fruit season.

SWANWICK AND DISTRICT FRUIT GROWERS' ASSOCIATION, LTD., is an association of growers specialising in the cultivation of strawberries. It disposes of its supplies through salesmen in leading markets in all parts of England and Scotland. These salesmen are registered by the Association. It has been of the utmost assistance

to its members in disposing of their fruit to the best advantage and has obtained facilities from the railway companies for the rapid transportation of produce by special trains during the fruit season and additional siding space for loading. Approximately 3,000,000 baskets of strawberries (weighing 4 lbs. each) are despatched during the fruiting period at an average of about 100,000 per day, and a record of 126,000 for one day. The Association also deals in all agricultural requirements and is the parent of the Swanwick and District Basket Factory, Ltd., which owns buildings, machinery, and staff for the making of chip baskets, of which one holding 4 lbs. of strawberries is now a standard size. A useful 12 lb. basket for tomatoes is also produced. The timber for the chips is bought in bulk and cut and finished on the premises. Aspen Poplar has been found the most satisfactory wood for the industry.

Egg-Collecting Societies

Owing to the war, developments in Egg-collecting Societies have not been rapid in recent years. In 1913 this country spent £9,590,602 on imported eggs, of which nearly half came from Russia. When our principal sources of supply were cut off, home-produced eggs commanded so ready a sale at control prices that, generally speaking, there was no special call for a co-operative marketing system.

Foreign imports are returning. Meanwhile every effort is being made to increase the home output. The time is not far off when the supply

and twenty members or so up to societies like the Street and District Collecting Depot Ltd., with 892 members and a turnover of £84,895 (1920) or the Anglesea Egg Collecting Depot Ltd., with a membership of 657 and a turnover in 1920 of £85,808. These latter of course can hardly be considered small, in view of the extent of their trade. But apart from the fact that they are not, like many small societies, dependent on the energy of a single individual, they do not differ in principle from the village unit. Their business is to collect eggs from their district, for which they have their own transport, to grade and pack them. One would like to be able to say that they then acted as wholesalers and disposed of the eggs to retailers or large consumers.

Unfortunately the small egg society is not usually well-equipped to take this final step. Far removed from the principal markets and out of touch with the conditions of trade from day to day, it is generally dependent on a single wholesaler. Thus it does not diminish the number of middlemen but simply takes the place of the private higgler or collector in the district it covers.

This inability to get nearer to the consumer is a distinct weakness but it is far from making the small societies useless. The mere fact that they have flourished, some of them, for many years, is an indication that they perform a service to their members and it is easy to see in what this consists. With even such a simple form of organisation as many of them possess, they are able to arrange better and more regular collections, to raise the egg-standard and by careful grading and packing to obtain better prices. The result is that they

win the confidence of their members and in nearly all cases can show that they have encouraged immensely the production of eggs.

The Framlingham Society

A much greater advance has been made by the Framlingham and Eastern Counties Co-operative Egg and Poultry Society, which has 59 depots in Suffolk, Norfolk, and as far west as St. Neots. This society is not merely the largest in England but until recently was the largest in the world.

It started in 1903, when it had 114 members holding 1,600 5/- shares. On December 31st, 1920, its membership stood at 4096, with a capital of £11,539 in 5/- shares. Its sales amounted in 1920 to 20,334,706 eggs, totalling £323,151 and it distributed £630, interest on share capital at 6 per cent. and a bonus to its members of 4d. in the £ or £3503.

It is not however the size and long continued prosperity of this Society which is alone instructive. Still more interesting is the fact that the Society has been able for many years to act as its own wholesaler and to sell direct, principally to large consumers but also to retailers. This is plainly the ideal which all egg and poultry societies must aim at and the example of this society shows that it is possible, when organised on a big scale.

A new departure of the Framlingham Society is the erection of tanks at considerable expense to pickle eggs during the glut season, with a view to disposing of them in good condition during the autumn and winter months. This step has been

taken with the ultimate view of helping to stabilise the market for English eggs. Its success cannot be gauged, until more time has elapsed, but it is a step of great importance. If successful, it should be widely copied and may prove the salvation of the English egg industry.

THE WILTSHIRE AND SOMERSET FARMERS, LTD.

It must be a matter of pride that in Framlingham Society this country has an egg-marketing society which supplies a model to the whole world. There is however one disadvantage from which the Society suffers which must be mentioned. In the railway transport of eggs to customers it has been much helped by the favourable terms and encouragement given by the Great Eastern Railway, but it is not able to carry out one branch of an egg-society's work by using the motor transport it owns for taking the feeding-stuffs out as well as bringing eggs in. The supply of feeding-stuffs is left by arrangement to the Eastern Counties Farmers Co-operative Association and hence the Framlingham Society's collecting lorries have to make the outward journey empty.

It would seem a better arrangement if full use of the transport available could be made in each direction and an example of how well this can be made to work is furnished by the egg department of the Wiltshire and Somerset Farmers Ltd. As a big dairy society, the Wiltshire and Somerset Farmers Ltd. has many relations with retailers and has no difficulty in disposing of the eggs they collect without the intervention of any wholesaler. Members send in their eggs to the depots, where they are collected by the Societies' lorries and vans, which at the same time leave the feeding stuffs

ordered at their last visit. The example of the Wiltshire Farmers, whose trade in eggs was over £29,000 in 1919, shows that this branch of agricultural business might be profitably undertaken by other general trading societies.

The Future

In conclusion, it may be repeated that there is likely to be great difficulty in marketing our increased home produced supply of eggs in the near future. Our poultry-owners—and particularly the ex-service men who have been encouraged to go in for poultry—will if they are wise turn their attention to co-operative marketing to solve the difficulty. The scattered societies at present existing are not as yet in a position to give much help. But they at least show that co-operative egg collecting can be made to pay and they are a basis on which a much more complete system might be built.

Such a system, if it is to fulfil all that is required of it, must control the wholesale market. It will need storage facilities in the shape of pickling tanks etc., to equalise supplies over the year. It will necessitate a central body to act on behalf of the producers. For it will only be of real value, if it can act on a national scale.

So few steps have as yet been made in this direction that it would be inadvisable to fill in the sketch further. Whether the large Farmers Societies will pay serious attention to the egg-trade remains to be seen. It is part of the question still so far undecided, whether certain special products require specialist societies to deal

with them. But we may be certain that the problem will never be satisfactorily tackled, until it is recognised that a complete marketing organisation has to be framed, if our producers are to be secure and our consumers are to get an adequate and regular supply of English eggs.

CHAPTER IX

SMALL-HOLDINGS AND ALLOTMENTS

On December 31st, 1920, there were 1113 Allotment and Small-holding Societies affiliated to the Agricultural Organisation Society, with a membership of 171,651. This number is still constantly being increased.

To deal adequately with this branch of co-operation would need a volume in itself and thus, important as it is, it can only be sketched in this chapter. The attempt will be made to show the directions in which the movement is proceeding rather than to give an exhaustive account.

It is in some ways difficult to distinguish between Allotment and Small-holding Societies, as there are societies which cater for both classes of cultivator. The allotment-holder produces primarily for home consumption, though he frequently sells a certain amount of surplus produce. The small-holder depends on his holding sometimes for a part but generally for the whole of his income. When both are near together they naturally use the same society.

Allotments

The magnificent work that allotment-holders did in the war is well known. It was prophesied

that after the war the movement would die a natural death. The prophecy was wrong. There is a constant and increasing demand for allotments and existing holders show no signs of dropping off. There is every reason to believe that the allotment has come to stay and that it will be a permanent feature in the life of the country. It is unnecessary to dwell on the general social advantages of allotments. Any allotment-holder will explain them.

The idea of linking together this vast number of allotment-holders all over the country for their mutual advantage is being gradually worked out in practice. There is much more to be done than merely forming the different groups of allotment-holders into local associations and affiliating them to a central organisation.

If these associations are to make as much progress as they could they must be able to rent their land at economic rents with security of tenure, to buy their horticultural requirements on the best possible terms and to dispose of their surplus produce. Links are also necessary between individual allotment-holders and the Government departments whose duty it is to see that allotments are provided.

The Allotments Organiser

For this purpose the A.O.S. has on its staff allotments organisers who are at the service of any group of allotment-holders who desire to put co-operation into practice. These allotments organisers undertake propaganda work, address meetings, assist in the formation of societies, advise the committee

and officials, negotiate for land and carry the experiences of successful societies to those about to start. The allotment societies, like the farmers' societies, are registered under the Industrial and Provident Societies' Act, shares usually being of the value of 10/- with 1/- paid up on application.

The Land

The first work of a new society is to find out what their members require as regards land and to make application to the local council, or private landowner, for the total desired. The land is usually secured on lease, though in some cases it has been purchased outright; in either case the custom is to let the plots to the members with security of tenure provided the ground is properly cultivated, the rent charged being sufficient to pay for management and interest on the outlay.

The individual holders, of course, bulk their orders for requirements through their society and here the Agricultural Wholesale Society performs a most useful work. It already has a large trade with the allotment societies and can make terms with growers and manufacturers and supply goods of a high quality on reasonable terms. It is further the business of the societies in some districts where allotments are large to make arrangements for the collection and despatch of surplus produce to consuming centres or neighbouring markets. These principal duties do not exhaust the list of a society's activities, for there are many other ways in which the principle of co-operation works for higher production. Lectures by experts are frequently arranged and, since so

many allotment-holders have only recently acquired a knowledge of gardening, help of this nature is much appreciated. Sometimes implements such as potato sprayers and diggers are bought and hired out at small charges to the members. Finally, many societies have stimulated production by organising horticultural shows and competitions.

Nothing characterises the allotment movement more than its intense loyalty. It may be due to the fact that every occupier of an allotment has the same stake, and is from time to time threatened by the same difficulties. With the expansion of towns, there is always a tendency to thrust allotments further out, making it difficult for the holder to reach the garden which he has to cultivate in his spare time. It is felt by all holders that union is the only way to get their just claims recognised. No one who has had to do with the land can fail to sympathise with their aims or to admire the power of organisation they have displayed in obtaining and safeguarding them.

Small-Holdings.

In small-holdings, we come on a different and far more difficult problem. In England and Wales, as elsewhere, the early history of agricultural co-operation is full of attempts in one direction and another to meet the wants of the small man, but until about the year 1908 there was no really definite small-holdings movement. With the passing of the Small Holdings Act of that year a great change began. Since then, the formation of small-holdings has been continuous and it has

accelerated still more since the war. Ten thousand ex-service men are in course of being settled on the land, and there are more to be settled. There is also a large demand for small-holdings by civilians. It may be considered to be the declared policy of the country to foster the movement.

There is one point that must be noticed. In pre-war days it was the general opinion among agriculturists that the small-holding was non-economic. By this was meant that our usual system of mixed farming could not be profitably practised on a small acreage. Men of exceptional energy under favourable conditions might make it pay by unremitting toil, but it could not be widely adopted. We need not express an opinion as to whether this belief was well-founded.

But the new small-holder as a rule is not aiming at general farming but at specialist or intensive work. The war brought out the fact that we have always imported immense quantities of fruit, eggs, vegetables, etc., which we might perfectly well produce ourselves, and it is on this small culture that the new small-holders as a whole are concentrating.

Obviously with this vast increase in this kind of cultivation, many problems arise which co-operation must solve. Indeed co-operation is a device by which a number of small men by joining together can get the advantages which a big man can secure. The help of co-operation is therefore urgently called for, and the rapid increase in small-holding societies shows that this fact is appreciated.

The more or less chance formation of societies is insufficient. There have always been societies

which catered for the small man, whether trading societies for the small milk producers near towns, or the fruit and vegetable and egg and poultry societies mentioned in the last chapter. Many of the farmers' societies are also ready to establish depots and to trade on behalf of the small man. But if the situation is to be properly met, a comprehensive plan is called for, so that every small-holder may be able to join a society which can help him, if he wishes to do so. This is a task on which the A.O.S. is at present engaged. In conjunction with the District Commissioners of the Board of Agriculture, a survey is being conducted. The lists of statutory small-holders in each district are being examined to see whether co-operative organisations already exist, which can be of service, and what new organisations require to be formed. When this survey is complete, it should be possible to recommend any small-holder either

(a) to join one of the existing farmers' societies in a position to give facilities to small-holders: or
(b) to join an existing small-holding society: or
(c) to join with others in forming a new small-holdings society or a branch of an existing farmers' society.

It will of course be the further business of the A.O.S. to bring these practical recommendations to the notice of all small-holders by meetings, literature and other propaganda.

Regarding the small-holding societies them-

selves, it will perhaps be most useful to give an account of what can be done by thorough organisation. The Beds., Hunts. and District Allotments and Smallholders' Federation is an object lesson in itself, and the following account of its activities has been furnished by Mr. S. Rogers, formerly the A.O.S. organiser for the district, who has been connected with the Federation from its birth.

"BEDS., HUNTS. AND DISTRICT ALLOTMENT AND SMALLHOLDERS' FEDERATION, LIMITED.

"Probably in no part of the country has the movement of small cultivators made such rapid strides, or taken such definite shape, in the protection of its interests, as in the counties of Beds. and Hunts. during the past twelve months in a district famous for its market gardens.

"The consolidation of small holdings interests in the present Federation dates from August 2nd, 1919, and is solely due to a spontaneous desire for more cohesion. On that date a County Conference was called at Bedford, at which it was decided to appoint a small committee to take steps to form a federation. The Committee quickly got to work, and in a few weeks an unregistered body was formed purely for advisory and propaganda purposes; the work of the new organisation composed of the six original societies, resulted in a big campaign arising, out of which was the rapid registration of some twenty new societies. In March, 1920, the present Federation was registered and commenced trading at once.

"A provision in the rules was made for the

establishment of branches, this being considered necessary as many villages were not large enough to have their separately registered society, but taken in the aggregate their trade would represent a considerable item in the annual turnover of the Federation.

"To-day the organisation has 20 registered societies in Beds. and some 25 branches scattered all over Beds. and South Hunts., with a membership increasing every month owing to the organisation of the ex-service type of settler.

"*The Development and Position To-Day.*

"At the outset of its trading operations it was clear that huge supplies of London dung and soot would have to be organised; these were largely in the hands of contractors and dealers, and the small men were paying exorbitant prices, which appeared to be getting higher every month. Another difficulty was that no other co-operative society was dealing in these two items, so the Federation had to tackle the work single-handed. Some thousands of tons of various manures have now been handled successfully on a very small margin, but this does not matter as it is not a question of making profit so much as securing adequate supplies at bed-rock prices. One case in point is a saving of at least 2/- per ton to members on London manure; another case is with soot, the supplies of which are forthcoming to its members at from 7/6 to 10/6 per ton less than dealers' prices. Further, the case of ground agricultural lime is an object lesson in itself—at the time of writing ordinary prices are quoted at £2 10s 0d per ton in 4 ton trucks f.o.r. with 2/6 on each bag, bags returnable, purchaser paying

carriage when 2/- is refunded if the transaction is completed in one month—against this the Federation's price to its members for this lime is £2 per ton, bags free!

"In fertilisers a speciality is made since the Federation has local expert advice free of charge at its disposal, and it is very doubtful if its wholesale prices can be beaten when the analysis of special brands for market gardening work is considered.

"Scotch seed potatoes are of paramount importance to small cultivators, accordingly arrangements were made early in the season, before the crops were lifted in Scotland, for supplies. In this connection there is the problem of the small grower who requires mixed lots, and these are being catered for on the following lines: the local secretaries collect the orders and cash making up as near 2 ton lots as possible as a minimum, the orders are despatched to the General Secretary, who in turn arranges for the consignment to be despatched direct to the nearest station to the Branch or Society, thus avoiding all unnecessary handling.

"In feeding stuffs, too, a large trade is being developed on a very small margin. Here is another interesting side light on bulk purchases; recently one of the ex-service men's societies in a neighbouring county found that its members were paying 20/- and 21/6 per cwt. for pig feeding stuff ('Middlings'), they bulked their orders and through the Federation saved their members 2/6 per cwt.

"The trading activity of this body is not confined to the two counties, the movement is spread-

ing and many societies of a similar character in Cambs., Isle of Ely, Herts., etc., are linked up for trading in those requirements in which the Federation specialise.

"*Marketing of Produce.*

"With the changed circumstances arising from the war, and with the advent of the new type of smallholder, it is becoming necessary to obtain and develop new markets. This work is now taking definite shape, and in the near future the Federation intends leaving no stone unturned to provide for its members reliable service in the marketing of any kind of produce. The first move is already in working order in the marketing of eating potatoes ('Good Ware') direct to the consumers in the "thickly populated industrial districts of London. Briefly, the scheme is that arrangements have been completed with a London Society for getting the orders, this Society has some 40 agents who collect the orders for not less than one cwt. bags; the agents forward their orders to the Secretary of the London Society who remits them together with the cash to the Federation for truck loads. When the truck loads arrive at the nearest station to the area where the orders have been collected the Society arranges for its own carman to unload and deliver direct to the consumers' houses.

"The Federation has issued a circular to all the small holding societies having potatoes to offer, and from this I take the following extracts:

"'September 1920.

"'If your members have potatoes to offer we shall be glad to have your quotation for 4

ton truck lots in bags containing a guaranteed nett. cwt. for preference as a start in this trade "King Edwards" are desired if possible, if not then kindly quote for next best variety in second earlies or maincrop varieties.

"'The working of the scheme is as follows:

"'1. Only best quality eating potatoes are required—therefore every quotation must be for the best in any variety available.

"'2. Secretaries of Societies give a quotation for 4 ton truck lots in bags of not less than one cwt. Such quotations to be open for one week to enable the London Society to make their arrangements.

"'3. Prompt cash will be paid for all quotations accepted and order given for railing to London stations.

"'4. Unless otherwise stated quotations to include cost of bags. Carriage forward on all consignments.

"'5. All orders will be placed through the Federation and all arrangements made by them for the working of the scheme.

"'If your members are interested please quote each fortnight for truck loads as per above suggestions.'

"Another branch of this side of its work is the marketing of bags of fresh vegetables delivered at

the doors of the consumers in a certain part of London. The price per bag is 3/- and these contain beet, carrots, parsnips, celery, cabbage, Brussels sprouts and any other vegetables in season. The first experimental lot of these bags were sent to London by motor transport and have given much satisfaction, the scheme is being developed to ascertain whether road or rail transport is the cheaper and more efficient.

"There are many other developments under consideration, all designed to assist the small cultivator and his industry.

"*Land Getting and Land Renting.*

"Taking advantage of the new situation created by the Land Settlement (Facilities) Act the Federation has been instrumental in negotiating many hundreds of acres for allotments not to mention farms of 100, 100 odd, and a 370 acre farm for small holdings, the bulk of which has been let direct to the societies on the usual basis of land-renting.

"Other sections of its work include legal assistance to its members, taking up railway difficulties and truck shortage with the departments concerned, and the co-operative insurance of all kinds of live stock on a profit-sharing basis.

"On a small capital it cannot give credit — it pays cash, sells at bed-rock prices, and must have cash with order or in exceptional cases of very large orders cash on invoice.

"So far as the immediate future is concerned the members are now being asked to put up £500 additional capital to provide for a great extension of the business.

"It has representatives appointed on the new

County Small Holdings Committees in both Beds. and Hunts."

A Gradual Process.

The foregoing account has been given as an example of what a small-holding area, when organised, has actually achieved. It is a proof, if proof be needed to convince the sceptical, that the small cultivator in this country, when he has once seen the value of organisation, can show a power of combination, of foresight and business enterprise that can compare favourably with any examples of agricultural co-operation. What can be done in one area, should be possible in all, and in due course the small holding movement as it develops in different parts of the country should organise itself on similar lines and to the same extent.

The words " in due course " are put in, because these small-holdings societies cannot be created suddenly out of nothing. The smallholder requires to have an independent and self-reliant character. These very qualities, that make his success, tend to make him reluctant to combine. Much spade-work is needed to bring the advantages of co-operation home to him. In the past the spread of co-operation among smallholders has not infrequently been due to its success in some village where two or three growers have shown the way; their enterprise has then been copied in neighbouring villages. This is the natural method of growth, but it is naturally slow. It requires to be supplemented by the

efforts of organisers and even then the task will take some years to accomplish in its entirety.

At the present time there are 181 Small Holding Societies, as distinct from Allotment Societies. They are distributed as follows.

	No of Small Holdings Societies affiliated to the A O. S.		No of Small Holdings Societies affiliated to the A O S
Northumberland	1	Berkshire	2
Durham	9	Norfolk	5
Yorkshire	11	Suffolk	3
Nottinghamshire	5	Essex	6
Leicestershire	3	Middlesex	6
Lincolnshire	16	Wiltshire	3
Salop	2	Dorset	6
Warwickshire	9	Hampshire	6
Northants	15	Surrey	1
Buckinghamshire	5	Kent	1
Worcestershire	8	Sussex	1
Bedfordshire	14	Gloucester	3
Huntingdonshire	1	Somerset	4
Cambridgeshire	18	Wales	6
Hertfordshire	11		

Land-Renting

It may here be remarked that the small-holder and allotment holder is usually more easily convinced of the advantages of co-operative land-renting than of co-operative purchase and sale. Thus among the 1113 societies the following acreage is held :—

Rented from Public Authorities.	From other Landlords	Total.
12,790	5,439.	18,229

These land-renting societies (and there are a few land-purchase societies, principally in the N. Midlands)* perform a useful service, where the

* For further particulars of land purchase schemes, see A.O.S. leaflet B. 13.

small man would have a difficulty in obtaining land as an individual: but land-renting by itself is only the beginning of co-operation and the policy of encouraging land-renting has been followed in the belief that groups of small-holders, etc., formed for that purpose would afterwards more readily undertake co-operative purchase of requirements and sale of produce.

Common Pasture

The Societies in a few cases retain a portion of the land to serve as common pasture. This practice usually works so well that it seems worthy of wider adoption. Members as a rule must notify the secretary as to the number and nature of the animals they wish to put on and the date of entry. The charges are calculated to cover the rent. An example of the scale of charges may be given.

Haddenham Small Holders, Ltd.

GRAZING CHARGES (37 Acres).

		s	d
Horses.	Summer (May and June)	3	6
	,, (July 1st to Michaelmas)	3	0
	(6d. per week rebate if in for 20 weeks)		
	Winter (Michaelmas to March)	2	6

	Summer Charges		Winter Charges.	
	s	d	s	d
Cobs.	2	9	1	9

(Committee to decide when a Cob can be admitted as such).

	Summer Charges		Winter Charges.	
	s	d	s	d
Ponies.	2	6	1	0
,, Under 13 hands	2	0	1	0
Cows.	3	6	1	9

Cows, if in for the whole six summer months, 8s. per week).

YOUNG HORNED STOCK.

	Summer Charges.	Winter Charges
	S. D	S. D.
6 to 12 months old ...	... 1 0	0 9
12 to 18 ,, ,,	1 6	1 0
18 months to 2 years old . .	... 2 0	1 3

SHEEP

	Summer Charges	Winter Charges.
	S D	S D.
Ewe and 2 Lambs .. .	. 0 10	—
Ewe and 1 Lamb	0 7½	—
Ewe	0 5	—
(Lambs to be considered as such up to June 30th).		
	S D	S D
Lambs and Small Sheep	0 2½	0 2½
Large Sheep	. 0 5	0 2½
COLTS. After September 29th . . .		2 0

CO-OPERATIVE PIGGERIES

The keeping of pigs and other live stock on co-operative lines by small-holding and allotment societies was started in many parts of the country during the war. While generally started purely with the idea of supplementing the food supply during the shortage, in a number of cases they have proved so successful that the members have decided to carry on the business. The idea is not so much to make money as to supply the members with pork, bacon, etc., at the lowest possible prices. Rabbits and goats have in a few instances been kept on similar lines.

An advantage of course is gained by purchasing feeding stuffs in bulk direct from the mills and it is also sometimes possible for the societies to arrange for the collection of household waste etc., which further reduces the cost of production.

Joint Ownership of Horses and Implements

While the joint ownership of implements in the case of a large society is difficult, except in regard to threshing machines, small societies can frequently make great economies by owning their own horses and implements. A member is thus able to get his cultivation done for him at a fixed sum and does not have to lock up capital in stock which is only used part time.

A typical scale of charges is as follows:—

Roxton Smallholdings Society

Implements owned: Two carts, horse hoe, two ploughs, ridger, harrow, Cambridge roller and marker (for Brussels sprouts) Acreage 90. Members 17.

	Pre War Per Acre			1919 Per Acre		
	s.	d.		s	d	
Ploughing	12	0		30	0	
Cultivating	3	0		10	0	
Harrowing	1	0		1	9	
Rolling	1	0		1	9	
Ridging (for potatoes)	6	0		11	0	
Moulding up potatoes	2	6		6	0	
Horse hoeing—Potatoes	2	6		6	0	
,, ,, —Sprouts	2	0		5	0	
Marking out Sprouts	1	0		1	9	
Carting Manure to the field (per load)	0	9	@	1	6	per hour
Carting Produce to the Station (per ton)	2	0		4	6	from Homestead
				5	0	from Field.

Miscellaneous Societies

In conclusion we may note that there are also 41 Miscellaneous Societies, affiliated to the A.O.S. These include 5 Threshing Societies, 2 Shire Horse Societies, 2 Beekeepers Associations, 2 Basket Factories and 1 Bulb-Growing Society.

The majority of the Miscellaneous Societies are small, but an exception must be made of the Agricultural and General Co-operative Insurance Society, Ltd., which has for many years carried on a prosperous and growing insurance business. The main business of the Society is insurance against fire of farming stock and buildings. It also undertakes farmers' employer's liability insurances and live stock insurances on special and advantageous terms. The fire sums assured amount to $5\frac{3}{4}$ million pounds and the membership now exceeds 4000. In 1919 for the second year in succession it declared a thirty-three and a third per cent. bonus, making in all since the foundation of the Society a total of bonus distributions of 242 per cent. or an average of 22 per cent. for each of its eleven completed years of business.

CHAPTER X

FINANCE AND CREDIT

No observer of the progress of co-operation can fail to see that there is much more in the movement than its business side. The association of producers in any district on co-operative principles brings into play other elements and influences besides mere money-making. It encourages a wider outlook and makes men realise the advantages of working "each for all and all for each."

All the successful examples of co-operation in this and other countries have nevertheless shown that business efficiency is just as necessary for co-operative enterprises as for any other form of trade combination and that there are certain difficulties peculiar to co-operation which have to be overcome before reasonable efficiency can be secured.

In this country one of the chief difficulties has been the question of finance, that is, of finding sufficient capital to meet the ever increasing work of the societies. This of course is not a difficulty confined to co-operation, for most businesses at the present time find capital hard to obtain. But it must be said that under capitalisation is much more general among co-operative societies than among joint-stock enterprises. On the other

hand co-operation does not lend itself to the watering of capital, which is a source of weakness to the latter form of association.

The need for further capital is felt by nearly all societies. This is partly due to the greater cost of the stock which has to be carried. But it is caused still more by the mere rapidity of co-operative developments. The policy of depots locks up money, the growth of co-operative sale calls for more funds, and any society which goes in for even the simplest forms of manufacture, such as cheese-making, soon discovers the increased demands made on its capital resources.

The solution of the problem can only be found by examining its causes. In pre-war days the under capitalisation of societies was but one sign of the general shortage of capital from which agriculture suffered. It was not surprising that when the majority of farmers were barely able to stock their farms adequately, and depended to so large an extent on their credit with the merchant, not much could be spared to finance the co-operative movement. But there is now more than sufficient capital in the industry of agriculture to place the societies on a proper financial basis.

The reasons why this has not so far been done appear to be two—(1) that there are still far too many farmers who are adopting a "wait and see" attitude towards co-operation; (2) that the clause in the Industrial and Providents Act, which limits the share capital of any member to £200, has become too restrictive and requires revision; (3) that joint stock enterprises offer a more attractive return on the investment of a farmer's surplus capital.

The majority of societies offer a fixed rate of interest of not more than 6%, whereas 7% or more can be obtained elsewhere with ample security. The additional advantage which a farmer can derive through a prosperous Society more than compensates for loss of interest.

(1) The unequal financial support which farmers have given to their societies, will probably be remedied by time. To many farmers the ideas and aims of co-operation are new; the more cautious have preferred to take a few shares to become members, finding out that by so doing they could participate in the bonuses and other advantages of their society. It may be expected that as the new societies become established and prove their usefulness, they will secure better support from this class.

In this connection, however, reference may be made to an interesting and recent development of co-operative thought, which aims at removing inequalities and substituting for the present haphazard system a clear and fair method of securing sufficient capital to finance the movement.

Students of co-operation will be aware that in certain countries an element of compulsion is introduced and the members of societies bind themselves by much more stringent rules than are to be found here. A notable instance of this exists in Denmark, where each member is found to guarantee his creamery or other society on a basis proportionate to his stock or holding. Thus a Danish creamery, for instance, although without paid up share capital, is secured with the bank by the guarantee which every member gives of £2 per

cow. It can thus safely trade on bank overdraft and is never handicapped by lack of capital.

Another instance which might be quoted is that of Poland. There the Minister of Agriculture, with the assent of the societies, has decreed that members must leave their dividends and bonuses with their societies until their individual holding in each case amounts to 25% of their annual turnover. This is of course an exceptional measure made obligatory in order to establish agricultural co-operation in a country which has so recently regained its freedom.

The Danish system of providing capital is unsuitable for Great Britain, since it depends on the members of a society being in all cases the owners of the land they cultivate. Moreover it is highly improbable that so much compulsion would find favour in England, since freedom is the essence of our co-operative methods. But there is a distinct feeling in English agricultural co-operation that something more should be done to make the amount of capital which each member subscribes correspond with the trade he does with the society. The principle discovered by the Rochdale weavers of bonuses in proportion to turnover was an epoch making step. Its success was due to the greater fairness which it involved. Might not a greater fairness in the amount of capital subscribed in proportion to turnover be equally successful?

In the Polish example we saw that 25% of the annual turnover of each member was considered necessary. This however seems an unduly high figure. It is not possible to state with exactitude, what proportion is really necessary, in view of the wide differences in the business and require-

ments of the societies and the number of times their capital is turned over in the year. But a fair rule would seem to be that societies should aim at having liquid capital amounting to 10 per cent. of their turnover,* over and above whatever they are compelled to lock up in buildings and plant. Approximately that figure is at any rate required if they are to do the bulk of their trading on their own capital and are to have recourse to the bank only for seasonal or exceptional business. The exact figure for any society should be fixed by the committee.

Agricultural co-operative societies have in the past grown and flourished on a much smaller percentage than this—on a smaller percentage indeed than the best financial opinion would consider sound. But the point must be made that as their undertakings become larger—and we have shown that in England they are tending to become very large—and they are required to enter more and more branches of agricultural trade, there are stronger reasons for running no risks of undercapitalisation. What is required is a general realisation of this fact among the members and a determination on the part of the committees to get every society properly financed.

If once an understanding of the true position

* Some attempt has been made by a number of societies to arrive at a fairer basis by fixing a minimum shareholding on acreage, e.g., every member has to hold one 2/6 share for each acre he farms. Generally speaking, the amount per acre is too low to produce the capital required. There is also a wide difference in methods of farming and the use which members make of the society. Principally for this reason the subscription of capital in proportion to turnover and not acreage is the better, because the fairer, method.

from a business point of view can be spread, and the equality of each member contributing in proproportion to his turnover realised, the problem is solved. The example of industrial co-operation shows that in a few years those members who are not immediately able to find their fair share of capital, may, almost without feeling it, make up the necessary amount by allowing their dividends and bonuses to accumulate. It is in fact not too much to say that if co-operation is to become as great a movement as it deserves to be, farmers will have to recognise that the small amount of capital required to finance their trade with their society is as necessary an outlay on starting to farm as the capital invested in stocking their holding. In other words, that under modern conditions, marketing must be provided for as well as production.

(2) The £200 limit.

Unfortunately, under the £200 limit of individual share holding imposed by the Industrial and Provident Societies Act, the members who make the most use of the societies are prevented subscribing their due proportion of capital. Theoretically it would be supposed that the result of co-operation would be that the smaller men should to some extent get the benefit of the greater amount of capital large farmers could supply. In effect, so far as share capital is concerned, the opposite happens. The trade of any farmer who has a medium or large-sized farm soon runs into thousands of pounds, and to finance it requires a much bigger capital than the £200 which he is permitted by law to invest. Few societies, if they had to depend on share capital alone, would be

able to render their present service, far less to expand.

The difficulty is at present got over by loan capital and by bank overdrafts, the latter usually guaranteed by members of committees. It is not a satisfactory solution, for loans are naturally withdrawable at one, three or six months notice; there is no limit to what any one member may loan and sums running into hundreds and even thousands are not infrequent. This introduces an element of uncertainty for the committee, since it would not always be convenient for them to have to pay out capital at short notice. The fact that it is usually the larger farmers who make these loans means that the loans as a rule are large which makes withdrawal more difficult to arrange. The situation would be better, from the society's point of view, if small farmers were to deposit on loan lesser sums, for incomings and withdrawals might then be averaged out over the year; small farmers could thus help by depositing sums of £10—£20 when they had no use for them, as is common in continental co-operation, but after all a trading company is not a bank and though the societies would be helped by such banking business, it would be better in every way if they could depend on sufficient ordinary share capital for their normal business.

Guarantees by the committees or members with the bank have some of the same disadvantages. In any case it is unfair that a few men should bear a disproportionate share of a burden, which is undertaken for the benefit of all. Further, a permanent Bank overdraft would tend to decrease the amount which a Society could borrow for temporary or

seasonal requirements, and thus deprive it of necessary elasticity of working capital.

If therefore agricultural co-operative societies are to be properly financed, the first step is to get legislation raising the £200 limit of share capital. On the face of it, since the value of money has halved, it is reasonable that the limit should be doubled, for £400 is barely equivalent to £200 in pre-war days. But even £400 is too low. It is a remarkable feature of agricultural co-operation that the Industrial and Provident Societies Act, under which the societies are registered, was devised entirely for consumers co-operation. Agriculturists had to make use of an instrument which was not particularly suited to their purpose. No changes have ever been made in it to suit their special needs, for the industrial movement, as the earliest to develop, attracted all attention to itself. A limit of £100 was originally fixed, as this was considered as much as the average member of an industrial society would require to hold and amply sufficient to finance his trade. In 1873 this figure was doubled and G. J. Holyoake in his *History of Co-operation* records the immediate benefits that resulted. Industrial Societies that had been quescent for a long period, because they had been unable to increase their capital, became active anew and the whole movement took a sudden and rapid step forward.

If this result occurred with industrial co-operation (and it is understood that the Industrial Movement feels that the time has again come for a fresh rise in the limit) how much more must agricultural co-operation benefit by an alteration of the law. With an agricultural society, it is not a question of

financing an individual trade in household requirements, which even when manufacture is considered, cannot amount to any great sum per member per year. Every farm of any size has a potential trade of some thousands. The more productive it is, the more its owner or occupier requires to buy and has to sell. It is an absurdity that the State should regard agricultural co-operation with a benevolent eye and yet maintain a restriction, which is antiquated mischievous and unnecessary.

When the Act was framed, it was probably not imagined that societies requiring capital up to a hundred thousand or more and possessing a turnover of a million would arise—but, since they have, and the future so evidently lies with the large society a much greater measure of freedom is required. The limit of £200 was made statutory in order that no single person or small group of persons might acquire complete financial control. This is, in itself, as a matter of fact, also ensured by the clause commonly adopted which arranges that each member has a single vote irrespective of capital. Thus in the large society there is no risk in raising the limit, and if thought desirable, a lower limit might be fixed for smaller societies doing a restricted trade.

It is hardly the province of this book to suggest what limit should be fixed, as this is a matter for financial experts. But it may be urged that when the change is made, as it will have to be, a wide view should be taken and the practice of other countries where large co-operative enterprises flourish, given due consideration. New Zealand and the United States are particularly instructive for there the societies are large and a great success has been

made of co-operative sale, which it is hoped in future years our societies will especially develop. In New Zealand no limit is now imposed. In the United States, the law varies with each State but typical laws are those of the State of New York, and of the State of Missouri. The former (1913) permits an individual to hold up to 5,000 dollars, par value, in any agricultural society. The latter (1919) limits individual holdings to 10% of the total par value of all the shares in the association. Our legislators would therefore not be going beyond actual practice if they made a limit of £1,000 for this country.

A Note on Credit

The question of agricultural credit must be referred to, not because co-operation has been able to solve it in the past in England and Wales but for the reason that it promises to be of great importance in the near future.

Credit of two kinds is required in agriculture, long-term credit for the purchase of land, etc. and short-term or seasonal credit (repayable in one or two seasons).

Both kinds are likely to come in for much investigation in the near future, but as the former, in this country at any rate, is really either a question of mortgages or a banking problem, it does not call for discussion in this book. The latter, short-term credit, is the proper business of an agricultural co-operative credit society.

It is usual to say that these societies have proved a failure in England and, on the face of it, such is

the case. In 1910 there were 31 societies* with 663 members and loans aggregating £1,390 in the year. In 1918 there were only 20 with 369 members, and the loans made totalled £677. Thus credit societies, unlike all other kinds of society, have diminished and have become practically negligible.

This decline is perhaps partly due to war conditions, which freed the small man from the need for credit. But it must be admitted that the credit society has never been popular. To use the words of an earlier observer "The innate conservatism of the British agriculturist makes him reluctant to adopt new ideas of any kind, especially so in regard to an innovation which involves not only the borrowing of money—a procedure which many of his class seem to regard as in itself a moral iniquity—but going before his neighbours, explaining to them his needs, and putting himself under an obligation to them for an advance they are to make to him at their joint and several risk. He has still to be convinced that growing produce or raising stock is itself a business, and that under present day conditions, all business enterprises are run on credit."

It is perhaps however time that the problem was restated with a view to a fresh attempt to solve it. The English banking system is much more complete than any other, and so far as the old-established types of farming are concerned is probably thoroughly capable of meeting any situation that may arise. Nearly all farmers have a banking account, and can get accommodation as they re-

* See Board of Agriculture leaflet No. 260.

CHAPTER XI

THE A.O.S.

JOHN STUART MILL in 1850 showed "the extravagant proportion of the whole produce which goes now to mere distributors." It does not require a political economist to see that the same fact still exists, at any rate in our food supply, or in the relations between the producer and the distributor. Indeed the most cursory study of prices indicates that the distributive part of the trade, difficult and technical as it must be admitted to be, costs far more than it ought. Just in so far as this is the case, our present system of distribution must be held to have failed to solve the problems of the time and to render the proper services which the community has the right to expect from it.

A brief illustration may be given to emphasise the point: at the moment when these lines are being written turbot is being sold on the quays at Lowestoft to private purchasers at 4d per lb., while the price at which it is offered for sale in a small town close to London is 2/- per lb. It does not require any particular knowledge of political economy, but simple common-sense, to see that, at any rate so far as this article of food is concerned, the trade has failed: those concerned have not been able to create an efficient system of distribution.

Much the same may be said of many other of our food products. Indeed one of the arguments which has had the greatest weight with agricultural producers is the vast difference between the price at which they were compelled to sell their produce and the price which the consumer has had to pay for it. The distributors have had ample time to evolve an efficient system and they have failed. There seems to be no alternative but to try some other system which promises better results.

It thus comes about that co-operation, and especially agricultural co-operation, which aims at introducing another system, has the bulk of popular sentiment on its side. This can easily be seen by the readiness of the press to publish the facts of its growth, the reports of its meetings, and the speeches of its leaders. For the press is the mirror of public opinion, and only reflects subjects that are prominent in the popular mind. The gratuitous services, therefore, which it has so widely rendered agricultural co-operation in the last few years are an index that there is this undercurrent of feeling which appreciates the services rendered to the community by the co-operative system.

Here it may be pointed out that co-operation has nothing whatever to do with socialism in the proper sense of that much abused word. Socialism strictly means the national or public ownership of the means of production, distribution and exchange. It may be that there are many industrial co-operators, who believe themselves to be socialists. But in fact they cannot be both. If they believe in co-operation, they believe they ought to own a share in the capital of their society. If they believe in socialism, they believe the State

or some other public body ought to own their share as well as everybody else's share or shares. No sane person can affirm that he believes both these propositions, which are mutually exclusive.

When, therefore, co-operators declare that the large profits which have accrued to the distributive trade (and particularly to the wholesale side of it) are injurious both to the producer and the consumer, they are not making an attack on profits, as such, or using any socialistic argument. Their concern is solely with distribution and they make one particular point in regard to it. That point is that the distributive trade particularly in regard to food stuffs should be the servant and not the master of the producer, and that co-operation is the only way of ensuring this.

Similarly, their attack is not personal and does not aim at depriving the trader of his living. The special qualities which the trader possesses are of high value; one speaks of a "born" trader. It is the object of co-operators to enlist the "born" trader, definitely and for all time, on the side of those who produce and those who consume. They are quite prepared to pay him highly for his special services. But they consider that under present conditions he is paid too highly and does not render efficient service, because he is in the position to dictate terms.

These general observations have been made to clear the ground for a discussion of the State subsidy which has been given for many years to the Agricultural Organisation Society. It is highly important that it should be realised that co-operation is not a matter of party politics. This indeed is a satisfactory feature of co-operation wherever

it is found. Differences of opinion, either of religion or politics, or both, have been no bar: the truth of this statement can be seen over and over again on the Continent and in the Dominions, but nowhere is it more marked than in Ireland, where co-operation is perhaps the only force of considerable influence which is unaffected by these kinds of divisions. In England since the formation of the A.O.S., Unionist and Liberal members of Parliament have always been on the Governing Body, while Labour, having so many ties with industrial co-operation, has ever favoured its spread to agriculture. These facts when viewed in the light of the great cleavage between parties in the pre-war period, dispose of any suggestion that party politics have entered into the question at all. There can be no taint of party in any funds, which the State may allocate to the movement.

This detachment of co-operation from political influences is the more remarkable because in practically every country it has engaged the attention of the State, and in most countries the feature of State aid has been present. In France it has principally taken the form of State loans to societies; in Germany the State came to exercise control, particularly over co-operative credit, to an extent which would be much resented here; in the Overseas Dominions the State Departments of Agriculture have given far more aid to the societies in various ways than is perhaps generally recognised. In several cases in fact the function of an A.O.S. have been carried out by a State Department as a branch of its work; but it must be said that, as a general rule, the impulse has come from the

farmers themselves, and they have been able to secure the State support (though not necessarily of a financial kind) through the fact that agriculturists formed a majority of the population. Most continental countries, therefore, and the Overseas Dominions represent, as it were, the main group where the State, if not actually doing propaganda and organising work, has had a very large share in promoting the co-operative movement; America perhaps may also be included in this class. The extent to which the source of impulse can vary is shown by contrast between Denmark and Ireland. In Denmark the impulse came entirely from within and gained its strength from the difficulties of Danish agriculture after the loss of Schleswig Holstein. In Ireland it was the missionary zeal of Sir Horace Plunkett and the group of enthusiastic workers he gathered round him which supplied the driving force. While State help gave a limited aid after a certain number of years to the Irish Agricultural Organisation Society, it is clear that the very successful movement was due to the Society itself and not primarily to the State, or indeed to the farmers whom it sought to benefit. While the latter have so largely adopted the principles of co-operation, it cannot be said that they have at any time shown that propagandist zeal which would have made co-operation practically as universal an affair as it is in Denmark.

In England the course of events has been described. The A.O.S. came into being as a private society, formed by the influence of various private individuals, who saw what it might do for agriculture. The State Grants, dating from 1908-9, have been increased from year to year, but are now be-

ing diminished and are to be discontinued after 1923. The question arises, whether it will be possible for the Society to continue its work on an adequate scale with the limited funds that are again likely to be available.

Up to now the Society can court full inquiry as to the results it has obtained from the funds at its disposal. Indeed, so far as raising capital for the trading societies is concerned, the propaganda and organising work has been extraordinarily successful. It has cost less than one per cent. to raise this capital, a figure noticeably lower than that normally required for the expenses of floating a Joint Stock Company issue. This, however, is special work in which the results are immediately obvious to everyone. For those who are not familiar with the details of the work of the Society it is more difficult to understand why so large an organisation has to be kept up and paid for for general purposes.

The work which the Society has to do may, therefore, be indicated in the following brief summary extracted from the Annual Report:—

The work at headquarters includes:—

The conduct of negotiations on behalf of societies with Government Departments, Railway Companies and other public bodies.

The investigation of special problems of importance to the societies such as the handling and treatment of milk, the meat trade, the wool trade, the incidence of excess profits duty, the provision of agricultural credit, etc., etc.

The exercise of constant pressure upon the Government, Parliament and the public to secure the effective recognition of farmers' co-operative soci-

eties as an integral and important factor in the commercial organisation of the country.

The utilisation of the Press for the purpose of impressing on the whole agricultural community and on the general public the objects and growth of the co-operative movement.

The suggestion of new outlets for bulked produce and of new sources of supply for raw material.

The compilation and circulation of practical and up to date information on all matters of interest to societies.

The formulation and the execution of a central policy for the co-operative movement as a whole.

The work in the country includes:—

The provision of expert speakers on co-operation and on the practical methods by which farmers can conduct trading operations.

The canvassing of individual farmers for the purpose of persuading them to join the co-operative movement.

The provision of expert advice on the revision of rules and on questions of amalgamation and transfer of engagements.

The giving of expert advice to committees and officials of societies on financial matters, on the keeping of books, preparation of accounts, etc.

The organisation of propaganda meetings for the purpose of strengthening existing societies and of assisting them to undertake new developments.

The holding of conferences for the purpose of settling matters in dispute between neighbouring societies and of defining their respective spheres of influence.

Lectures are also given to agricultural colleges,

farm institutes, etc., on the principles of co-operation.

The organisation created to carry out this work must now be described. The Governing Body consists of a president elected at the annual general meeting, 45 Governors elected by the affiliated societies, two Governors nominated by the Board of Agriculture, one elected by subscribers to the A.O.S., and six co-opted Governors, making 55 in all, with whom the direction of policy rests, in accordance with the wishes of the societies, as expressed by resolution at the annual general meeting. For ordinary business the decisions are taken at meetings of two committees—the General Executive Committee and the Allotments Executive Committee. Next to these executive bodies comes the headquarters and country staff, consisting of a Director General, a Secretary, and various officers dealing with special branches of agricultural organisation whose work, however, in most cases involves much travelling and visits to all parts of the country.

The outside organisation consists of four District Organisers and eight Small-Holders and Allotment Organisers, who are located in the country, and work from their own homes under the direction of Headquarters.

The Financial Question

It is clear that the ideal would be for this whole system, however modified, to become entirely self-supporting as is the case with Danish co-operation and English industrial co-operation. This is in fact the object which has been steadily kept in

view. Farmers themselves would much like to see the movement independent since, after the experiences of the war, they have a lingering distrust of anything which savours of State control. It is true that the influence which the Board of Agriculure and the Development Commissioners exert has no resemblance to the kind of control with which the war made us familiar. It is confined in practice to seeing that the money granted by the State is devoted to the proper object, i.e., to the spread of the principles and practice of co-operation. Whether the State continues its grant or not, the direction of policy and the choice of methods will remain in the hands of the elected Governors. Nevertheless the desire of the farmers to be entirely independent and to have in their own hands the absolute control of the central organisation is marked. There is, however, a great difference between the desire to have an independent central organisation and the willingness to find sufficient funds to finance it on an adequate scale. When it is observed that the turnover of all the societies for 1920 amounted to nearly eighteen million pounds, anyone might naturally argue that it should be easy to collect from them annually a sufficient sum but, as a matter of fact, there are certain particular difficulties in the way. By far the larger part of this turnover consists of trade done by the big societies, but these are the societies which require, on the whole, least help and service from the A.O.S. Some of them may at times get into difficulties, and then they are ready enough to seek the advice and experience which they can find at the central office, but these occasions are on the whole rare and, however greatly a society may

have benefited in any one year, it is unlikely to carry those benefits permanently in its memory. Yet the A.O.S. has to look to the large societies for annual affiliation fees running into some hundreds of pounds, if its general organising and propaganda work is to be efficient and progressive. It has, in fact, to ask them to find money for the strengthening of the whole movement over and above whatever services it may have been able to render to each particular society in any given year.

This perhaps would not be a difficulty if the farmer, like the organised trade unionist, had become accustomed to make small and regular contributions to a central fund with a view to accomplishing distant aims. But in fact the British farmer has never had any experience of combination. While he fully sees the necesssity of union, it takes on quite a different complexion in his eyes when it means an annual subscription even of 2/6, which is very likely spent on work that he never hears of—yet it is principally on this kind of work that the money must be spent.

For the propagandist and organising work of the A.O.S. is essentially of a constructive character. So far as propaganda is concerned, there is no need of proof: it would be waste of time to preach to the converted when there are still so many unconverted to be reached. Organisation also, though it is certainly more concerned with helping and strengthening existing societies, has to continue building as well as consolidating. The money in fact which the societies subscribe cannot all be devoted to themselves, but the majority of it must go to further the general spread of co-operation. Each separate society, when it has once been

established, is intended to be self-supporting and not to require more than occasional and special assistance from the central body representing the whole movement, while that central body is forced by its very position to take a wider view and concern itself as much with the future as the present.

At the present time the newer societies are still finding their feet. It is true that they are as a whole much better capitalised than were many of the older societies when they started. They can also count on a sentiment among farmers in favour of co-operation which did not exist ten or twenty years ago, but still the first few years of any trading organisation are bound to be years of gradual development. The general trading societies, just as much as private enterprises, are launched on a competitive world and must in the first place need all their resources to become thoroughly established in the confidence of their members. These years, therefore, are the period when they are least able or inclined to contribute funds for the general purposes of co-operation, and perhaps can hardly be expected to take so keen an interest in spreading co-operative principles among branches of agricultural trade with which they may have little or no connection. But, if the general history of co-operation is any guide, it is particularly with the specialist branches and with co-operative selling that the A.O.S. must for some time be specially concerned. In the chapters already devoted to the special purpose societies it has been shown that the state of co-operation in every one of them is backward or even rudimentary and it may be said that, taken as a whole, there is no prospect of the small number of societies already in existence being able

to find sufficient funds to allow the re-organisation of their particular industry on co-operative principles and on a national scale. In fact, while farmers have generally accepted the principles of co-operative purchase, they still require much education in the advantages of co-operation sale. Education, of course, is not meant to imply that they need to be taught their business, but that they have not as yet been persuaded of the advantages of having expert assistance from managers of societies, whose whole time is devoted to marketing, and have had no opportunity of discovering by experience what are the actual advantages of co-operative sale.

The dairy societies are indeed nearer than any other specialist branch to attaining a national organisation. They themselves would be the first to admit that they are still very far from that goal. There are at present only twenty-one co-operative slaughterhouses, so that the project of securing the valuable waste products is hardly touched. In the marketing of fruit there are many signs of activity and growth but comparatively few organisations in an established position. The co-operative sale of eggs is yet another branch in which almost everything remains to be done and, finally, the growth of small-holdings, which appear likely to attain a position in our agricultural world which would have seemed impossible a few years ago, calls imperatively for work by the Agricultural Organisation Society throughout the country. Again, it is not as if production in agriculture was likely to be stationary when it would be merely a case of diverting the normal trade to co-operative channels. The leaders of the industry are on the

contrary using every means to increase production whether on small farms or large and of everything which is grown or reared on British soil. A wholly new county organisation has been set up with this object in view. The facilities for agricultural education have been immensely increased and are being eagerly taken advantage of, while actual farmers are being given opportunities for scientific help in all their practical difficulties such as they never before enjoyed. It cannot be that all these new arrangements will fail to get results. Time may be required before they produce their full effect, but it is morally certain that sooner or later a general rise in production will come about. The question must be asked, will it be any real advantage to the farmer to have brought about this increase in production (for it is he who takes the risk and does the work) if there is no similar improvement in our marketing conditions? Is it not possible that under the present arrangements of trade he may reap no benefits but even losses? Is it not time that he acquired control of the distributive trade, in order to secure himself against having to sell his increased produce at less than a fair and reasonable profit?

Particularly is this the case in those industries which the ex-service man has been encouraged to take up. We have seen how pressing is the need for better arrangements, particularly in the distribution of our milk supplies. But, serious as would be a failure to overcome the special difficulties of the dairy industry, the case of smallholders and particularly of fruit producers and poultry farmers may easily become an impossible one if their marketing needs are not provided for.

What would be their attitude if they were induced to grow crops which they cannot dispose of and find that, after all the encouragement given by the authorities, their capital is lost?

Prevention is better than cure, and the only prevention possible is to secure control of marketing arrangements by co-operation. It is not an easy thing to do and it requires experience and a knowledge of conditions essential to success* before it can safely be attempted. This experience cannot be found at the Ministry of Agriculture or among the scientists and only to a limited extent among practical farmers. If the ideal of a genuine co-operative system, embracing all branches of agriculture, is to be attained, there must be a central body to promote and maintain the necessary organization having no other object in view and with a staff of practical men trained by experience. If its work is to be more than fragmentary, it must have a real continuity of policy and be able to rely on sufficient financial support to carry out its work over a series of years.

* The A O S. has constantly to discourage the formation of societies where conditions are not favourable The writer only knows of one case where its advice was not taken, and, in that case, the formation of the society has been attended by disastrous results

CHAPTER XII

THE FUTURE OF AGRICULTURAL CO-OPERATION

THROUGHOUT the preceding chapters an attempt has been made to present each side of the movement from the widest point of view. This has necessarily led to the omission of much information on points of detail and the statistics given are not as complete as might be wished. The progress however that is being made is so rapid that any statistics are rapidly out of date and it has been felt that what is required is much more an outline of the movement as a whole than a mass of detail.

In the same way, in making some observations on the probable future of the movement, the first and most important point to make is that the spirit in which it is developed will make or mar its success. If it is to enlist the loyalty and secure the confidence of the British agriculturist, it must, it is true, be able to set before him aims which he will understand. It must translate into action his half-formed desire to combine, which is a heritage of the war. It must demonstrate in the various sides of his business that it can tackle the many problems which have to be faced.

But the mere word "co-operation" suggests that spirit of neighbourliness, which is or should be the mark of rural life. It is not too much to say that co-operation to be successful should not

merely begin with neighbourliness but should carry the same spirit to its logical conclusion. If the farmers of the country decide to combine for business purposes that would be an achievement in itself. But one can hardly anticipate that any great loyalty would be felt merely for a number of large business undertakings. It is the idea that farmers should combine to help each other, which is vital. On the presence or absence of that spirit the final position of co-operation depends.

Farmers as a whole have a real—sometimes an unduly high—belief in what they can accomplish when united. But as business men their first criterion in judging a proposal for any new co-operative development is the immediate effect on their own outgoings or returns. It would be both stupid and impertinent to criticise this attitude. Co-operation like everything else must be content to be judged by results. If co-operation, it has been wisely said, is less efficient than private trade, it will not succeed. If it is more efficient, it will take over much business which was formerly in the private trader's hands. If there are branches in which co-operation has the advantage and others where private trade can hold its own, the two systems will continue side by side.

But equally truly the driving force in a movement is not the results which it is able to show at any given moment, but the aims it has in view. The future of co-operation thus depends on a general acceptance by the farming world of the principle of combined action by the producers to secure the legitimate fruits of their industry; the movement requires that this principle should be accepted as

fundamental. It asks every farmer to consider the industry as a whole and in its relation to the whole body of consumers, as well as to keep an eye on his own immediate advantage. It claims that, in the present state of the case, it is his long view which is pre-eminently required to make combination a success.

The avenues for co-operative developments are unlimited; but each step forward has to be considered on its own merits. To make large advances in every direction in the course of the next year or two would require more capital than the farming community could be expected to find. There is all the more reason, therefore, why the ultimate objectives should be kept in view, since they can only be reached by gradual and steady development, extending over many years.

Earlier writers, it has been remarked, attached a very special importance to the co-operative spirit, by which they usually meant local enthusiasm. With the large society, this is not so easily attained. Farmers do not readily attend meetings —even annual meetings and the attendance at the meetings of any society are not reliable tests of its hold on its members. What is far more valuable and significant is the election and retention on the Committees of the leading farmers of every class. At present men of this character are on most Committees: they give their valuable time and services without payment for the benefit of their fellow farmers, and they are true co-operators in so doing. So long as the Societies are directed by them, there is little reason to fear that co-operative ideals will be lost. Such men serve in order that the societies may give service. They are

imbued with the idea of union and have a real desire to extend that union to every branch of agriculture and to every class of agriculturist. Nor, in helping to place their own industry on a sound foundation are they likely to forget the wider interests of the nation. The future does in effect lie in the hands of these men, as the leaders of the whole body of farmers. Government action, while it may help, cannot by itself create a truly co-operative system for agriculture. It cannot take the place of local initiative and enterprise. The A.O.S. while it exists to further co-operation, is no outside body, independent of the societies. Its activities and its policy must be directed by the farmers' elected representatives. Its usefulness must depend on the attitude which they adopt to the whole principle of co-operation.

It is certainly true that for some time it is rather consolidation than expansion that will be required, partly owing to the unsettled condition of trade partly because of the almost too rapid progress that has been so recently made. But, if there is one thing clearer than another, it is that the growth of co-operation is no sudden thing, doomed as quickly to disappear. As one considers its origins in many countries and sees how various they have been, and yet how in every civilised country the movement has steadily increased, one is aware that there must be forces under-lying it, which are, as it were, inevitably extending its sphere. As a mere business method, it has fully justified itself. But beyond its purely business side, there are principles which we may term mental or moral, as we like, which commend it to the producer. There is a deep-rooted feeling

among agriculturists, wherever co-operation is not yet established, that they do not get the full reward for their labours, that they are compelled to buy at a disadvantage and to sell at a mere fraction of the price which the ultimate consumer pays for their produce. Co-operation, by its fairness, by its practicability and by its possibilities makes an appeal which becomes stronger and wider from year to year. An American financial magnate recently expressed the opinion that it is destined to become one of the great forces of the world.

There will always be a tendency, it may be supposed, for individual co-operators to fancy that their interests are confined to their own society, that what may happen to other societies does not matter to them and that central bodies, federation and such-like are needless excrescences. But if the time is past when the farmer could cultivate his land without paying any attention to whatever might be happening in the economic world outside, just as certainly the co-operative society can no longer live for itself alone. Quite apart from all questions of overlapping, there are innumerable business problems which require the united effort of all the societies to solve. There are attacks constantly being made which no isolated society could repel alone. The age is one of big undertakings. Agricultural co-operation, as a system, is itself a big undertaking and its possibilities cannot be realised unless long views are taken.

It is impossible to sketch the ideal society, which in all probability will never exist. Each society has to develop as opportunity offers. According to the district and the type of farming their functions must differ. But provided the goal of service to

the farmer and service to the community is kept in view, there is hardly any limit to developments. If we require an illustration, we can look at New Zealand. There all the Farmers' Societies are united in one Federation. The largest Society, the New Zealand Farmers' Co-operative Association of Canterbury (Ltd.) had in 1918 8,416 members, a paid up capital of £536,910, and a turnover of £4,028,609. Part of this turnover was of course due to the supply of household articles, etc., to the members, which is a class of trade rarely undertaken by English societies. But in addition to the supply of such things and agricultural implements, seeds and other farming requirements, the Association "operates its own factories for making binder twine and cordage, fertilisers, butter and cheese and for bacon curing and meat freezing. It deals on behalf of its members in all sorts of produce, land and live stock; it maintains warehouses for the storage of produce, acts as their depositor, and makes advances to them on the security of their land, stock or produce." The Federation itself has still more ambitious undertakings under consideration, among them "the establishment of a subsidiary concern to engage in the ownership and operation of sea-going vessels. It is intended to allocate a sum of not less than £3,000,000 for its execution. These ships are intended to carry the produce of the Federation's members to Europe and America and to bring back such supplies and materials as it may be necessary to import from them."

It is of course unlikely that co-operation in these islands will develop on similar lines. But the point must again be made that if the British

farmer will find the capital there is nothing whatever to hinder him from making as great advances. The turnover of all the societies for 1920 was £17,814,409. There are no recent figures for the total agricultural turnover of Great Britain.* But it is perfectly clear that the societies might become ten times as large, that is, do ten times as much for the farmer and the community as they do at present. But they will require equivalent capital to reach that position.

These considerations are not put forward as improbable possibilities but as a forecast of events which may very likely take place in the not distant future. It has been officially estimated that during the war agriculturists made £300,000,000. Much of this has of course been locked up in land, buildings and stock. Much of it is a paper gain which must disappear as prices fall. But still the figure in itself indicates that if farmers as a whole came to have entire confidence in co-operation as their principal method of business, they could find the ten millions or so which might be needed for a plete system. The example of other countries shows that the fire of producers' co-operation takes a long time to kindle, but once it is lit, it burns strongly. If the numerous general trading societies which have been established in the last year or two, prove their worth—and there is every indication that they will—what is more likely than that co-operation should extend on an equal scale to all the sides of an English farmer's business.

In contemplatng such an eventuality, those who

* The estimated output for 1908 was £150,800,000. This figure represented the value at market prices of products sold off the farms for consumption.

are not farmers may experience some doubts. They may feel that it would mean the appearance of another huge combination in a world already too full of large combinations: they may fear that farmers who are an isolated and little-known race would use the undoubted power they would obtain without due regard for the consumer. The answer has already been given. There are but two other alternatives. Nationalisation, which has proved itself wasteful and inefficient as a business method; or control by the middleman, which under modern conditions means a ring or a trust governing each branch of the farmer's business.

Neither of these is likely to commend itself to the consumer, but it can only be the advent of co-operation on a large scale that can save him from one or other. If he still has misgivings, let him reflect that there are already in the world plenty of instances of co-operative combination which can examine and which may reassure him. If he goes to Denmark, he will find a multitude of societies, which in 1915 had a turnover of £49,500,000. He will be told not that they are a menace, but a real source of strength and prosperity to that country, and when he buys his Danish butter or bacon or eggs here, he will not find their price unreasonable. Let him travel on the Continent, and practically in every country that he visits (not excepting Russia, where the followers of Marx have tried but failed to suppress co-operation) he will find co-operative societies flourishing and every Government fostering their growth. If he reads Ludendorf, he will discover that the co-operative societies in Germany were the only food-distributive agencies which did not profiteer " but

unfortunately there were not enough of them." If he goes to the New World, to California, he will find whole areas in the fruit districts which before the coming of co-operation were plunged in poverty, because the producers were jockeyed out of their legitimate returns. Not merely they were affected but the banks, the papers and the shops could do no business in a countryside suffering from agricultural depression. And yet if he inquires further he will find that all this was remedied, and normal, even exceptional, prosperity achieved without raising the cost to the consumer by a single cent—but merely by co-operation and putting an end to the system by which prunes, for instance, fetching 8 cents in the market, only returned 1½ cents to the grower. If he desires further proofs, he can visit Canada, Australia, New Zealand, or Ireland.

But he may like to look at the facts in another way. If he is afraid—and justly—of trusts, he will probably know something of their profits. He may remember, for instance, that four of the principal companies in the American Meat Trust cleared in 1916 and 1917, £35,000,000, and he may feel that the consumer must have been unduly mulcted for such profits to arise. If he is of an envious disposition, he may dislike the fact that a big percentage of such gains went to a comparatively few people. Let him search the records of co-operation and he will find nothing of a similar kind.* He will find many societies in many coun-

*The English Industrial Societies have of course returned large sums to their members From 1862-1915 their total profits amounted to £282,243,059 But this was for a period of 54 years and at the end of that time one family in every five in the United Kingdom was a member of a Co-operative Society. Moreover these Societies are consumers' Societies, in which the profits go to the consumer.

tries, of every size and character. He will find some that have been in existence for forty or fifty years, and he will find many with records of prosperity for the last twenty or thirty. But wherever he goes, he will not find trustified profits or any advantage taken of the consumer. Perhaps he will ask how it is, if no great profits are made, and the system does but guarantee quality and prevent the middleman taking an undue share, such great results are obtained. The answer is that with the immense volume of agricultural produce, a difference of a cent or a fraction of a penny on a small unit runs into hundreds of thousands of pounds in the aggregate. These sums, if they go to the middleman, are more or less lost to agriculture. Little returns to increase production. But if they come back to the agriculturist himself, he is not merely encouraged to continue producing by the expectation of greater benefits from further production, but he is provided with a fund from which he can save the further capital necessary. For agriculture, like any other business, is ever requiring new capital. Where co-operation is in existence, new capital is in fact saved by its means.

In conclusion, then, let it be remembered that if in the past in this country we have mainly thought of co-operation as a safeguard for the small man and best exemplified in the small society, the movement has now spread to a wider field. The small man must be provided for better than in the past: there is and will be still room for many small societies to flourish. But it is the union of all farmers that is the goal.

That business union does not aim at abolishing competition. Indeed in so far as rings exist, it

means to reintroduce competition. Nor has it any complaint against the individual trader. The way is still open to him to beat the co-operative society, if he can. But it does believe and does insist that the state of agriculture can never be healthy unless the control of the industry is in the hands of the producer, unless he who pays the piper calls the tune.

APPENDIX A

THE AGRICULTURAL CO-OPERATIVE MOVEMENT FROM WITHIN.

LESSONS TO BE LEARNED FROM THE EXPERIENCE OF 20 YEARS

(Communicated)

In the course of building up a movement representing a new commercial system to be applied to the greatest industry in the country, there are bound to be many failures. It is only by investigating these failures and ascertaining the cause or causes behind each one that it is possible to evolve a system which if faithfully followed will assure success.

For twenty years the A.O.S. in addition to acting as the propagandist body for disseminating the principles of co-operation has also acted as the guide and adviser of societies in respect of their methods of working.

In the early days when co-operation as applied to agriculture was practically unknown in this country, the great desideratum was to get groups of farmers, wherever a few could be found who grasped the possibilities of co-operative working, to put the principles into practice and so prove these possibilities. It was necessary to start soci-

eties with very few members and with very small capital. In those days it was rarely possible to get a society to risk at the beginning the appointment of a paid manager. The collection of orders and bulked buying was undertaken by a member of the committee in his spare time, but such was the enthusiasm of these early pioneers and so strong was the loyalty of the members, that from these small beginnings many a strong society was ultimately established. Of course every attempt was made by the agricultural dealers to crush these societies in their early days: but they had been started by men who realised that success could only be attained by unswerving loyalty and in spite of the temptation of cut-prices on the part of the dealers they stood firm and supported their own society. The dealers tired of cut prices, and it then became apparent to farmers outside the society that substantial advantages were to be obtained by becoming members of the society, and many joined who only looked at the immediate advantage in prices to be obtained, and had not grasped how the continuance of these advantages depended on the loyalty of the members. The society in order to cater for its increased membership appointed a paid manager and generally increased its overhead expenses. The trade was alarmed and further attacks from the dealers followed, who were often prepared to sell at a loss in order to keep business away from the society.

This was the critical stage in the life of every society. The newer members had not really become true co-operators; in many cases were tempted by the dealers' offers and diverted their business from their society, leaving it with in-

creased expenses and an insufficient turnover to meet them.

In some cases this defection was sufficient to close the society, but generally it only roused the loyal members to make extraordinary efforts to increase the trade of the society, which efforts met with sufficient success to enable the society to carry on. The society, however, was weakened by the want of loyalty on the part of those who had joined, and the unfortunate example had been set up of members treating a society as merely another trader, to be made use of when its prices happened to be very favourable, and to be passed by if dealers' prices were a fraction lower. Unless the Committee was strong enough to convince members of the folly of this line of action, and to induce them to be really loyal to their society, this trouble remained a canker sapping the strength of the society right through its career. Too many societies have suffered, and are suffering, from this canker.

The first great lesson which experience of the movement has taught is the vital necessity of loyalty to the society from the members.

Let us continue to follow the career of a typical society starting from small beginnings. A manager has been appointed whose competence will be judged by results. He realises that in order to cover his overhead charges he must increase his turnover, and he finds that he can only rely on the support of many of the members when he sells at bargain prices. To meet this situation he may begin to buy on a large scale in order to secure bargains, and as his purchases may be in excess of his members' requirements, he begins to sell to

non-members, and even to the trade to clear his stocks. The business has now developed from an agency business to a merchant's business, and increased capital is required to carry it on. The Committee are probably satisfied with the work of their manager, as they see the society's turnover increasing, and as farmers they are obtaining the advantage of cut prices of requirements. Up to this stage in all probability no attempt has been made to capitalise the society properly in relation to its trade. The easy method is followed of having resource to bank overdraft. If prices are rising all goes well for a time, and more members are attracted to the society. A period of falling prices may follow, the advanced buying may result in a loss instead of a profit, the bank may restrict its overdraft facilities, and the society is in difficulties.

The second great lesson learned from experience is the absolute necessity for adequate capitalisation of a society. Every farmer making use of a society should find sufficient capital to finance his own business through the society. It is useless for a society already under capitalised to increase members and turnover without increasing capital as the difficulties are only aggravated. The available working capital of a society should approximate 10% of its turnover for a truck trade, and 20% for a depot trade, and every member of the society should find sufficient capital in proportion to the trade he does with the society to enable this amount to be maintained.

Further, a farmer who holds a substantial capital investment in his society is more likely to be loyal to it, and pass all his business through it.

The aim of every society should be to supply all the needs of every agriculturist in the area of its operations, and to get them all enrolled as members. It should be the duty of every member of the Society to put all his business through his Society, the manager could then make the bulk purchases he needs for good buying without any risk of over-buying or fear of loss, and speculative buying and sale to non-members would disappear.

It must be admitted that committees of societies have not sufficiently realised their responsibilities is regard to this vital question of finance. It is not a matter for the manager, but for the committee.

The working of the early societies soon proved that substantial advantages accrued to farmers as members, but it was very soon clear that the fullest advantages were to be obtained from co-operative working. It must not stop at the formation of the local society but that the societies in their turn must co-operate to form a central wholesale, otherwise the societies were in the hands of any ring of merchants which might be formed.

The necessity for this further combination was generally accepted, and a central trading body was brought into being under the name of the Agricultural Wholesale Society, but the success of this body was as dependent on loyalty from the societies as the success of the local societies was dependent on the loyalty of their farmer members, and again too often the loyalty was lacking.

It is obvious that if every society placed its orders for fertilisers, feeding stuffs, seeds, implements, etc., through its own Wholesale Society, the latter would be in a much better position to

purchase on good terms than any individual society could be. With the certainty of an assured business of a given bulk, it could employ the most experienced buyers and purchase when the market was most favourable. Whilst, on the other hand, the societies would no longer need to incur the great expense of employing their own expert buyers or take the risk of markets, and could allow their managers to devote their time to salesmanship and administration.

Without the general support of the societies on the lines indicated above, it is, of course, impossible for the central wholesale body to give really first-class service. It cannot buy with any certainty of being in a position to unload, and is severely handicapped when trying to make bargains with manufacturers and importers on behalf of the movement as a whole.

In spite of the obviousness of the advantage of central buying, only a portion of the societies are members of the A.W.S., and even these members fail to give it unqualified support.

This want of support is usually due to the attitude of the local manager who, failing to take a long view and to appreciate the possibilities of co-operation, when carried to its fullest extent, prefers to do his own buying, whether locally or by frequent visits to the big markets like Mark Lane, and advises his committee that the A.W.S. is of little or no use to their society, with the result that the committee too often follows his advice.

The attitude of the manager is understandable. He, not unnaturally, thinks that his position as a buyer is more important than as a distributing organiser. In all probability he has been re-

cruited from the ranks of the agricultural merchants, and does not grasp the full meaning of co-operation. Also some societies do not pay their managers well, so that the best type of man is not attracted to their service.

It is not so easy, however, to understand the attitude of the Committees who after all are responsible for the policy of the Society, and in whose hands are committed the interests of the co-operative movement so far as their locality is concerned.

We are thus brought up against the third great lesson of experience, namely, the failure of committees of societies to play their parts and really control their managers in the interests of the co-operative movement as a whole, as well as of their own members in particular.

The old co-operative motto, "Each for All and All for Each," embodies a principle on the maintenance of which the success of co-operation depends. Advocates of agricultural co-operation, whilst claiming that it is essentially a system of commerce to which all the ordinary laws of sound business and finance apply, also recognise that its full success is dependent on the full realisation and practice of the co-operative spirit. Herein lies its strength as compared with ordinary commercial combinations whose aim is to extract the uttermost farthing in order to pay big dividends on capital.

The duty of a committee of a society is to see:—

(a) That the Society is properly capitalised.

(b) That the Society is well managed commercially.

(c) That the Society pulls its weight in the co-operative boat by fully supporting the central organisations for trading and propaganda.

Whilst a Committee should give its manager the utmost liberty in the methods of conducting his work and managing his staff, he should not be allowed to adjudicate on questions of policy or be free to decide whether or not the central organisations should be supported.

The next point which arises is the question of ability of committees of farmers to control the affairs of what amount to large trading concerns. The Societies are self-managed, the Committees being elected annually at the Annual General Meeting. Being farmers concerns it is both natural and desirable that the members of the Committee should be representative farmers with the addition where possible of some members with commercial knowledge. A Committee thus constituted is an excellent body for deciding what farmers want and how they want it, but it more often than not does not know what figures should be put before it to enable it to exercise close financial control. Nor does it as a rule sufficiently consider questions of policy from a broad standpoint.

To meet this deficiency the central organising body of the movement, the A.O.S., has laid itself out to give sound advice to committees on these points, and invites societies to ask it to conduct periodical friendly investigations into their affairs.

To enable the A.O.S. to do this and at the same time act as representative of the body of the whole movement and the central propagandist body, it

must have a staff of efficient officials. The cost of such a staff is considerable, and when Government assistance in the form of grants ceases in 1923, all the funds must come from the movement itself. Societies, whilst only too ready to turn to the A.O.S. when in real difficulty, are reluctant when apparently working satisfactorily to incur the expense of supporting their central body. This attitude is often due to the manager who dislikes to see a substantial sum figuring in the balance sheet for expenditure for which he is not directly concerned, and in support of a body which may be called upon by the Committee to criticise his work.

In accordance with its rules every society undertakes to support the A.O.S., and the scale of contributions is fixed by the Society at the annual meeting of the A.O.S. In spite of this it is most difficult to get societies to fulfil their obligation in this respect.

No national movement can take its right place unless guided by a strong central body. The constitution of the A.O.S. is purely democratic, the Governors being elected by the societies on a geographical basis ensuring representation to every part of the country, and committees of societies have no excuse for not seeing that it is properly supported. As already explained provision has been made through the central body to make good any defects and weaknesses inherent to the system of management of societies by committees, and until full use is made of all these facilities the movement cannot attain complete success.

Experience has shown that agricultural co-operation as a commercial system can do all that its advocates claim for it, but it can only do this when

the co-operative spirit is carried right through, involving unswerving loyalty on the part of the farmer to his local society, and of the societies to their central bodies.

APPENDIX B

SMALL DAIRY SOCIETIES

THE exact methods used by the group of small Dairy Societies in N. Wales cannot be better explained than by their organiser, Mr. R. Manod Owen, A.O.S. Dairy Organiser for N. Wales, in the following letter.

"Llangerniew,
20th September, 1920.

"It is with pleasure that I accede to your request for particulars of our Dairy Central Bookkeeping Scheme. When I commenced about three years ago to organise Co-operative Dairies in North Wales I found considerable trouble to find local secretaries in our villages capable of keeping the accounts accurate and straight. The accountancy was the weak spot, and I began to cast about to find a solution of the difficulty. In 1914, partly as war work, I took up the sub-postmastership of this village, and as you know the accountancy of the P.O. is centrally kept. The sub offices send *daily* returns of all the transactions that occur at their respective offices to London. It occurred to me that our dairies

could do the same, call our Co-operative Dairies sub Post Offices, and the Central Office the G.P.O., and you have the scheme in a nutshell. My next difficulty was to find a Central Office, and, having found it, to find the means wherewith to staff it and maintain it.

"Stapleton Cotton House came to the rescue —approved and embraced the scheme with open arms, and we got going with the keeping of the accounts of 12 Co-operative Dairies as from the 1st Jan. 1920. Do you know of Stapleton Cotton House, 10 Menai View, Bangor? It is a registered co-operative society established for the purpose of being the home of all and every agricultural activity in North Wales, a kind of Plunket House. It has immense possibilities before it.

"Having found a Central Office and a competent accountant, we set to to design suitable books—get them printed in bulk, and to supply each Dairy with a set, this effected a considerable economy in printing.

"Book No. 1 is a Triplicate Ticket Book used by the dairy maid when receiving the milk into the Dairy in the morning, and in the afternoon, where there are two deliveries, two carbon papers are used. The top ticket is given to the supplier, the under copy is sent to Central Office and the bottom copy is kept in the Dairy as a record.

"Books No. 2 and 3 are 2 Credit Sales Book and 3 Cash Sales Book. These are in triplicate —and as with Book No. 1 the centre ticket is sent with the Daily Returns to Head Office each day.

" Book No. 4 is an ordinary Petty Cash Book (a supply of printed addressed envelopes to send Daily Returns in).

" Book No. 5 Letter Book—Carbon copies.

" Book No. 6 Minute Book.

" A small form for Daily Returns—completes the Books kept at the Dairy.

" You will see that the Cheesemaker or Dairy Manager has no book-keeping to do, and the scheme is popular with them. He or she merely has to place the Daily Returns in an envelope and post them.

DAILY RETURN.

Lbs of Milk received to-day	7,856
Number of Cheese made	14
Weight of Curd obtained	840
Cash Sales	£2 14 6
Credit Sales. Tickets No 641 6 (enclosed).	
Cash in Hand	£4 19 0

" The Credit Sales give particulars of all cheese despatched to Factors, and they send their cheques straight to H.O., and H.O. invoices out all accounts. The local sales of cheese and whey to suppliers of milk are deducted from their monthly statements. The local Secretary has merely to call his Committee when occasion requires it, and keep the minutes —pass accounts for payment, and decide upon the amount per 100 lbs. to be paid out to suppliers, and advise his H.O. of the Committee's decisions on all points. Thus is local interest

fostered and preserved. Wages are paid monthly from H.O.

"The following Books are kept at H.O.

Bank Pass Book	The a/c is kept at the Branch decided upon by the Committee generally the nearest market town to the Dairy
Cheque Book	These are always sent to the local secretary for signature by himself and his chairman.
Cash Book	Ordinary Receipt Books &
Ledgers	Store and Ordinary Invoice Books.

(a) Daily Milk Record Book—This is specially designed book.
(b) Daily Whey Record Book— ,,
(c) Daily Cheese Record Book— ,,

The Daily Milk Record Book is printed 5 weeks to a page, so that each page represents a month. The monthly total of cheques paid out only is entered in Cash Book—not each cheque—this is a great saving of work.

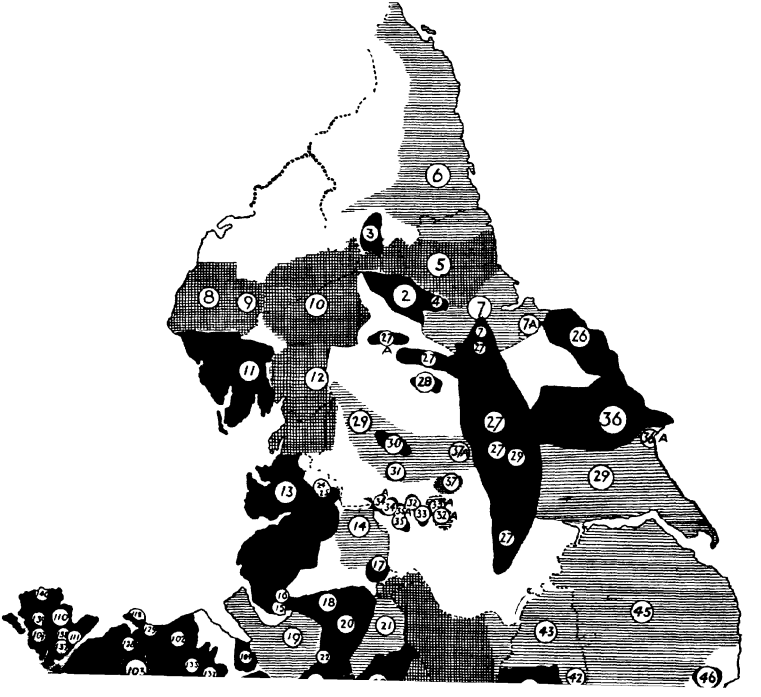
"We send out a statement and cheque to all suppliers monthly, and suppliers had their cheques for Aug. milk before the 7th of Sep. Some of them, of course, had their cheques on Sep. 2nd. This promptitude pleases our farmers. We also let Committees have a financial statement, and we also advise Committees of mismanagement, leakages, or if they are not treated fairly by a Factor in the matter of the price of cheese. These are some of the advantages of the system. We can see other advantages ahead and purpose developing them. We propose buying all Dairy Requisites in bulk, and we want to organise in other directions also.

"The cost of this Book-keeping to the Dairies is 1d in the £ on their turnover, with a minimum charge of £15 per annum. We will, of course, prepare their Balance Sheets for the Registrar General."

DAILY MILK RECORD BOOK.

PART OF SPECIMEN PAGE

Supplier's Name.	Lbs of Milk supplied to Date.	Week ending Sept. 4							Average	Weekly Total	Week ending Sept 11							Weekly Average	Weekly Total	Sept 18	Weekly Average	Sept 30	Total for Month.	Average	Price per 106 lbs.			Less Cheese and Whey		Ne Cheque			Supplied to Date.
		M.	T	W	TH	F	S	S																										
Jones.	14676	124	182	164					35	1467								36	1567				3675	35	12/6	20	10	1	10	19	0	0	18351
Williams									%	%								%															*
Hughes.																																	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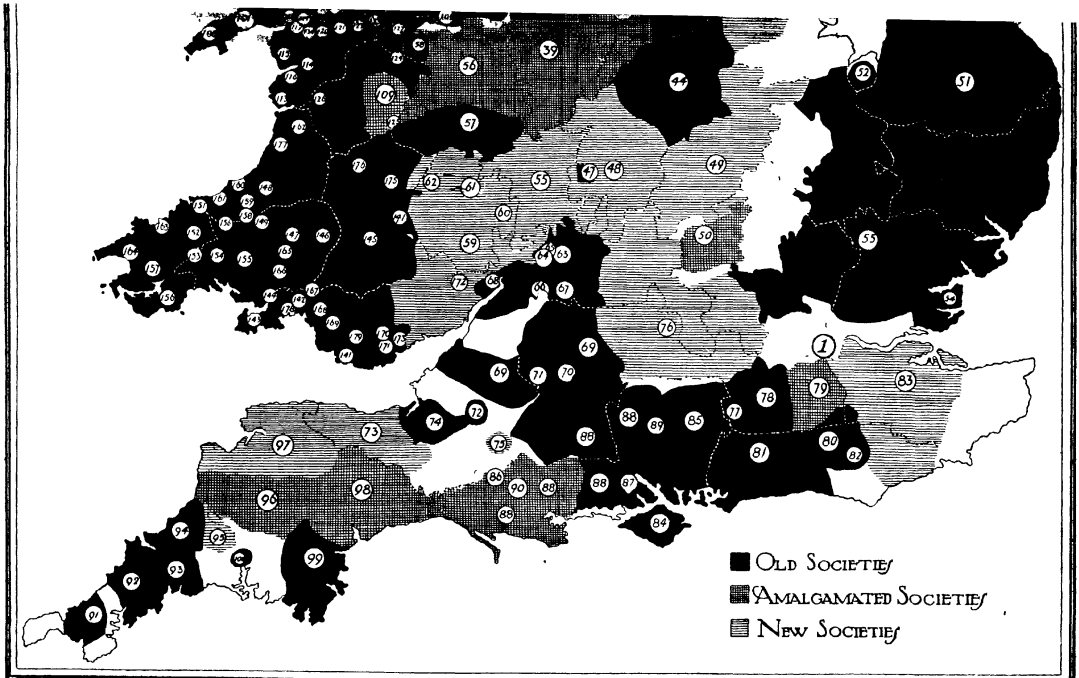
Old Societies
Amalgamated Societies
New Societies

LIST OF SOCIETIES

1920

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KEY TO MAP.

(1) Agricultural Wholesale Society, Ltd

NORTHERN AREA.

(2) Teesdale Associated Farmers, Ltd.
(3) Allendale Farmers, Ltd
(4)* Heighington & District Agric Co-op. Society Ltd
(5) Durham County Farmers Association, Ltd
(6) Northern Agricultural Co-op Society, Ltd
(7) Tees-side Farmers, Ltd

NORTH WESTERN AREA.

(8) West Cumberland Farmers Trading Society, Ltd.
(9) Keswick & Cockermouth Farmers Co-op Society, Ltd.
(10) Penrith & District Farmers' Co-op Socy , Ltd
(11) Furness & South Cumberland Supply Assn , Ltd
(12) Lunesdale & District Agric Supply Socy , Ltd.
(13) Preston & District Farmers' Trading Socy., Ltd.
(14) Rochdale & District Farmers, Ltd
(15) Liverpool & District Farmers' Co-op Assn., Ltd
(16) St Helens & District Agric. Tdg Society, Ltd (in liquidation)
(17) Oldham & District Farmers' Provender Supply Society, Ltd
(18) Manchester & District Farmers' Co-op. Assn., Ltd.
(19) Chester & District Farmers Tdg Socy , Ltd
(20) Mid-Cheshire Farmers Co-op Socy , Ltd
(21) Macclesfield & District Farmers Tdg Socy., Ltd
(22) Arderne Association, Ltd
(23) Cheshire, Shropshire, & North Wales Farmers' Supply Assn , Ltd.
(24) Whalley District Farmers, Ltd
(25) Padiham & District Farmers' Trading Society, Ltd.

* Since amalgamated.

YORKSHIRE AREA.

26) Whitby & Dist. Farmers Co-op. Socy., Ltd.
27) Yorkshire Farmers, Ltd.
28) Kirkby Malzeard & Dist. Agricultural Socy., Ltd.
29) County of York Agric Co-op. Assn., Ltd.
30) Wharfdale Farmers' Trading Assn , Ltd.
31) Bradford & Dist. Agric. Trading Socy., Ltd.
(32) Halifax Farmer' Trading Socy , Ltd.
(33) Calder Vale Agriculturalists Trading Socy., Ltd.
(34) Hebden Bridge & Dist Farmers' Assn., Ltd.
(35) Ripponden & Dist Farmers Assn., Ltd
(36) Bridlington & Dist. Agric. Trading Socy., Ltd. (in liquidation)
(37) Crossgates & Dist. Farmers' Trading Assn., Ltd. (in liquidation.)

NORTH MIDLANDS AREA.

(38) Derbyshire Farmers, Ltd.
(39) Staffordshire Farmers, Ltd
(40) Biddulph & District Agric. Socy., Ltd.
(41) Midland Farmers' Co-op. Assn., Ltd.
(42) Newark Farmers, Ltd.
(43) North Notts Farmers' Trading Socy., Ltd.
(44) Leicestershire Farmers', Ltd.

EAST MIDLANDS AREA.

(45) Lincolnshire Farmers Co-op Assn Ltd
(46) Lincolnshire East Fen & Dist. Agric. Trading Socy., Ltd.

MIDLANDS AREA.

(47) Henley-in-Arden Auction Sales, Ltd.
(48) Warwickshire Farmers', Ltd
(49) Northamptonshire Farmers, Ltd.
(50) Buckingham Agric. Trading Association.

EASTERN AREA.

(51) Eastern Counties Farmers' Co-op. Assn., Ltd.
(52) Marshland & Wingland Agric Tdg. Assn., Ltd.
(53) Saffron Walden, Bishop's Stortford & District Farmers' Assn.
(54) East Essex Farmers' Ltd.

WEST MIDLAND AREA

(55) Worcestershire Farmers, Ltd
(56) Shropshire Farmers, Ltd
(57) South Shropshire Farmers, Ltd.
(58) Oswestry, Weston-Rhyn & District Farmers, Ltd
(59) South Herefordshire Agric Co-op. Socy., Ltd.
(60) Ledbury Agric Co-op Socy., Ltd
(61) North Herefordshire Farmers' Co-op Socy., Ltd.
(62) West Hereford & Radnor Farmers, Ltd

WESTERN AREA.

(63) Cheltenham & District M G & F G Assn , Ltd
(64) West Midland Farmers Assn , Ltd.
(65) Gloucester Farmers, Ltd
(66) Mid-Glos Farmers' Co-op Socy , Ltd
(67) Cirencester Farmers' Assn , Ltd
(68) Lydney & District F C.S., Ltd
(69) Wilts & Somerset Farmers, Ltd
(70) Devizes & District P Society, Ltd
(71) Wiltshire A C S , Ltd.
(72) Street & District Collecting Depôt, Ltd
(73) Taunton & West Somerset A C S , Ltd. (in liquidation)
(74) Bridgwater & District F C S , Ltd. (in liquidation)
(75) Sparkford Vale Co-operative Dairy Society Ltd

HOME COUNTIES AREA.

(76) Berks, Bucks, & Oxon. Farmers' Ltd

SOUTH EASTERN AREA

(77) Farnham Alton & District Farmers & Hop Growers Assn Ltd.
(78) West Surrey Farmers' Assn , Ltd
(79) East Surrey Farmers' Co-op Society, Ltd.
(80) Wealden Farmers, Ltd
(81) Horsham & West Sussex Farmers' Co-operative Society, Ltd
(82) Buxted Agricultural Society Ltd
(83) Kent & Sussex Farmers'.

SOUTHERN AREA.

(84) Isle of Wight Farmers' Trading Society, Ltd.
(85) South Eastern Farmers' Ltd.

(86) Dorset Farmers, Ltd
(87) New Forest Ag Co-op Society
(88) Southern Counties Agric Trading Socy., Ltd.
(89)* Four Marks Trading Assn , Ltd.
(90) Sturminster Newton & Dist Farmers' Ltd.

SOUTH WESTERN AREA.

(91) Gwinear & District Agricultural Co-operative Society, Ltd
(92) Golden Vale Dairy Society, Ltd
(93) Lostwithiel & District Farmers, Ltd
(94) Camelford & District Agric Co-op Society Ltd.
(95) Launceston, Lewannick & District Farmers, Ltd.
(96) West Devon & North Cornwall Farmers' Ltd.
(97) North Devon Farmers , Ltd
(98) East Devon Agric. Co-op Socy , Ltd.
(99) South Devon Farmers' Ltd
(100) Tamar Valley & Dist Basket & Box-making Factory Ltd.

NORTH WALES AREA.

(101) Eifionydd Farmers Assn., Ltd.
(102) Vale of Clwyd Agric. Co-op Socy., Ltd.
(103) Llanrwst & District Agric. Co-op. Socy., Ltd.
(104) Hawarden & District Farmers' Assn , Ltd.
(105) Wrexham & District Farmers' Co-op. Trading Society, Ltd.
(106) Maelor (Flint) Agric Co-op. Socy , Ltd.
(107) Anglesey Western Co-op. Socy., Ltd.
(108) Lleyn Agric Co-op Socy , Ltd
(109) Montgomeryshire Farmers' Assn., Ltd.
(110) Anglesey Produce & Supply Socy., Ltd (in liquidation)
(111) Anglesey Egg Collecting Depôt, Ltd.
(112) North Wales Produce & Supply Socy., Ltd. (in liquidation)
(113) Dysynni Valley Agric Co-op. Socy , Ltd. (in liquidation.)
(114) Wnion Agric Co-op Socy , Ltd
(115) Llanbedr & Dyffryn Agric Co-op. Socy., Ltd.
(116) Talsarnau & Dist Co-op. Socy , Ltd.
(117) Maentwrog & Dist Agric Co-op. Socy., Ltd.
(118) Llanfrothen & Dist. Agric Co-op. Socy., Ltd.
(119) Manod Agric Co-op Socy., Ltd
(120) Penllyn Agric. Co-op Socy , Ltd.
(121) Dervel Co-op. Socy., Ltd.

* Since amalgamated.

(122) Edeyrnion Agric. Co-op. Socy., Ltd.
(123) Corwen and District Farmers' Assn., Ltd
(124) Wynnstay Farmers' Assn., Ltd
(125) Dovey Co-op Socy , Ltd (in liquidation)
(126) Llanidloes Farmers' Co-op. Socy., Ltd.
(127) Ceiriog Valley Farmers, Ltd
(128) Eglwysbach Farmers' Assn , Ltd
(129) Colwyn & District Agric Co-op. Socy., Ltd. (in liquidation)
(130) Trawsfynydd Farmers' Co-op Society, Ltd
(131) Clynnog Fawr Farmers Assn , Ltd
(132) Dyffryn Ial Agric. Co-op Socy., Ltd
(133) Denbigh & Ruthin Farmers Assn , Ltd
(134) Siabod Co-op Socy , Ltd
(135) Ysbytty Ifan Farmers' Assn. Ltd
(136) Nant Machno & District Agric Co-op Socy., Ltd.
(137) Foel Agric Co-op Society Ltd
(138) Anglesey Eastern Co-op Socy , Ltd. (in liquidation)
(139) North West Anglesey Co-op Socy., Ltd.
(140) Dulas Agric Co-op. Socy , Ltd.

SOUTH WALES AREA.

(141)*Llantwit Major & Dist Co-op Agric. Assn., Ltd.
(142) West Glamorgan Farmers' Assn., Ltd
(143) Gower Farmers' Co-op Socy , Ltd
(144) Llanelly & Dist Farmers' Socy.
(145) West Breconshire Farmers' Assn., Ltd.
(146) Llandovery & Dist Agric. Co-op. Socy , Ltd.
(147) Pumpsaint & Dist Agric Co-op Socy., Ltd.
(148) Blaenpennal & Dist Ag Co-op Socy., Ltd.
(149) Llanbyther Agric Co-op Socy Ltd
(150) Emlyn Agric Socy , Ltd
(151) North Cardiganshire Farmers' Co-op Socy. Ltd.
(152) Crymmych & Dist Farmers Assn , Ltd
(153) Clynderwen & Dist Farmers' Assn Ltd
(154) Whitland Farmers Co-op Socy , Ltd
(155) Carmarthen Farmers' Co-op Socy , Ltd
(156) Pembroke & Dist Agric Co-op Socy , Ltd.
(157) Haverfordwest & Dist Agric Co-op Socy., Ltd.
(158) Llandyssul Agric. Socy , Ltd
(159) Vale of Aeron Agric Co-op Socy , Ltd.
(160) Lyndssul Aberaeron Agric. Co-op. Scy , Ltd.
(161) Newquay Llandyssul Agric. Socy., Ltd.
(162) Vale of Rheidol Agric Co-op Socy., Ltd.
(163) Fishguard & Goodwick Agric. Socy., Ltd.

* Since amalgamated.

(164) Solva Farmers' Co-op. Socy., Ltd.
(165) Llangadock & Dist, Agric. Co-op. Socy., Ltd
(166) Farmers' Ltd
(167) Pontardawe & Dist Farmers' Assn.
(168) Neath & Dist Farmers' Co-op. Socy. (in liquidation)
(169) Pyle & Dist Agric Co-op Socy
(170) St Fagans, Peterston & Dist Agric Co-op. Assn., Ltd
(171) Dinas Powis & Dist Agric. Co-op. Scy, Ltd.
(172) Monmouth Agric Co-op. Socy
(173) Llanedarne & Dist Farmers' Assn.
(174) Hay & Dist Farmers' Co-op. Socy
(175) Penybont & Dist Farmers' Assn, Ltd.
(176) Rhayader & Dist Farmers' Assn, Ltd
(177) Vale of Tivy Agric Socy., Ltd
(178) Mid-Glamorgan Farmers' Ltd

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