

experiment, as well as advocating them in his writings. Owen was by no means the only one who, at the beginning of the 19th century, dreamed and wrote of co-operative action; others in France and Germany were thinking along similar lines, and the time was ripe for the spread of Owen's propaganda.

Fundamental Principles of Co-operation.—The co-operative societies in which the movement is organized have been defined as associations "for joint trading, originating among the weak and conducted always in an unselfish spirit on such terms that all who are prepared to assume the duties of membership may share in its rewards in proportion to the degree to which they make use of their associations."¹ It is obvious that in a society formed under the rules laid down for co-operative organization, the "co-operative spirit" may be lacking. On the other hand, a society may be organized as a joint-stock company and may be thoroughly co-operative in the spirit in which it is carried on. "Correctness of form, if the spirit be wanting, will not in itself ensure real co-operation."² There are, however, certain fundamental requisites in the organization of a co-operative society which may be varied in detail to suit local conditions and laws, but which in general remain the same in all countries. The essential points may be stated as follows:—

1. The capital of a co-operative society is unlimited, membership being unrestricted, and, therefore, the shares cannot rise in value and attract speculators.
2. Each member has one vote, irrespective of the number of shares he may hold, and there is no voting by proxy.
3. The number of shares permitted to be held by one member is limited by law or by the constitution of the society.
4. Interest on share capital is limited to an amount not exceeding the reasonable rate of interest prevailing in the country.
5. Goods are bought and sold at current market rates.
6. The profits of the business, after allowing for depreciation and allocating not less than a fixed percentage to a reserve fund, are distributed among the members in direct proportion to the amount of patronage they have given to the society. In most of the older societies of Europe, a bonus is paid to the employees at a rate proportionate to their wages.

The application of these principles in the organization of an association whose members are actuated by the spirit of the motto "Each for all and all for each" renders the organization a co-operative one in the economic sense of the term.

These fundamental principles of co-operation, as enunciated by the preachers of its gospel, are clear and definite, but the varied circumstances in which they have been applied have led frequently to some modification. Often, too, they have been adopted by those who understood them only imperfectly, and to this fact may be traced many of the failures of co-operative societies in this country. The co-operative movement which develops in any country takes the form of a producers' or consumers' movement, or appears in both forms according to the occupational distribution of the population. The industrial worker is concerned with the most advantageous buying of commodities, but the agricultural producer is primarily interested in placing his product on the market to the best advantage. Thus we have consumers' co-operation in urban communities and producers' co-operation in agricultural districts. But as farmers have to purchase many commodities, they also have an interest in co-operative organization from the consumers' point of

¹ Fay, C. R.: *Co-operation at Home and Abroad*. King, London, 1916.

² Smith-Gordon, L., and C. O'Brien: *Co-operation in Many Lands*. Co-operative Union, Manchester, 1919.