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“It is a bad bird that fouls its own nest”:A Debate between

Co-operators in Letters to the Chorley Standard April/May

1868

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The title of this article is taken from a letter sent to the Editor of the Chorley Standard by “A Large Shareholder” and published on 2nd May 1868.¹ This was one of several letters published by the Chorley Standard in April and May 1868 that were prompted by concerns about the management of Chorley Pilot Industrial Co-operative Society and its Drapery Department. Whilst they throw light on the views and character of individual co-operative society members, they are important, given the failure of the business in the following decade and the contention of Holyoake, the early Co-op historian, that “any failures have been due to common neglect of well-defined precautions which experience has established.”²

Following the founding of the Rochdale Equitable Pioneers Co-operative Society, retail co-operatives grew steadily in number. There were 39 new societies between 1844 and 1853³ (John Walton identified 21 Lancashire societies founded between 1845 and 1854⁴). The impetus to more rapid growth came with the passing of the Industrial and Provident Societies Act in 1852, which provided legal status, and allowed property to be rented or owned and gave protection against fraud⁵. Walton identified an additional 67 Lancashire Societies between 1855 and 1864 with a peak in 1860-61⁶. The local contribution to this peak was made at Withnell (1861), Blackrod (1861), Bamber Bridge (1861)⁷ and Chorley. Whereas many of the early societies were in the textile district around Manchester, this second phase of development saw new societies further north and west, on the north western fringe of the main textile manufacturing area.

The Chorley Pilot Industrial Co-operative Society was founded in June 1860. A report in the contemporary Co-operative journal, “The Co-operator”, indicated that its beginnings were humble. “A few friends”, being aware of Rochdale stores and having had the book “Self Help” read to them (written by Samuel Smiles and published in 1859), decided to set up a co-operative grocery store, “but the greater part refused.”⁸ Clearly most citizens of Chorley were as yet unconvinced of the viability of the business. The supporters collected shillings on a weekly basis until they had 36 members and capital of £30. (A later description of the foundation of the Society by the Secretary in the Preston Guardian refers to the “subscription of 3d per week”⁹).

The survival and growth of the Co-operative Society in Chorley in the 1860s can be followed in the quarterly reports which are to be found in the Preston Guardian and

¹ Chorley Standard, 2nd May 1868

² George Jacob Holyoake, The History of Co-operation in England, its literature and its advocates (Vol 1), London, 1875. 278.

³ Jean Turnbull and Jayne Southern, More than just a shop: A history of the co-op in Lancashire, 1995. 6.

⁴ John K Walton, Lancashire, a Social History, 1558-1939, Manchester, 1987. 245

⁵ Johnston Birchall, Co-op: the people's business, Manchester 1994. 56.

⁶ Walton. Op cit. 245.

⁷ G D H Cole, A Century of Co-operation, London, 1944.

⁸ The Co-operator, June 1861.

⁹ Preston Guardian, 9th January 1864.

then, in greater detail, in the Chorley Standard from 1864. The newspaper reports detailing the financial performance of the Co-op are not identical in format. This would appear to be both because of the way the reporter recorded the information, and also because of changes in the way that the Society and its officers presented the information.

In the earlier years of the decade sales were broken down by grocery goods and draperies and comparisons could be made between the Chorley and Adlington shops. However in a typical quarterly report, details would be provided of sales for the previous quarter, comparisons with sales figures in the previous quarter, average weekly sales, the Society's capital, reserves, profit in the quarter, and the dividend to be paid to members and non-members.

Sales in the Society's first week were £7¹⁰. At the time of the Co-operator's report in 1861, weekly sales were £117. By October 1863 the Preston Guardian was reporting sales over the previous quarter of almost £2500¹¹ (equivalent to £190 per week); by the same quarter in 1865, the Chorley Standard was reporting "total receipts" of nearly £4200¹² (equivalent to about £320 per week); and by 1868, at the January quarterly meeting average weekly sales were over £580, and daily sales at nearly £100 were almost at the weekly level of 1861¹³.

Members had seen a remarkable success-story in terms of the growth of their Society, both in terms of its business performance and premises. The original shop which was taken, presumably rented, was "fronting the market place". The Adlington Branch was operational at the latest, by the final quarter of 1861 as its sales feature in the quarterly report of January 1862 in the Preston Guardian¹⁴. By 1863 the Chorley Valuation List shows the Co-operative Society owning both a shop and a bake house in the Market Place¹⁵.

In April 1864 the Preston Guardian's report of the quarterly meeting refers to the opening of a clogging branch and to unsuccessful negotiations to buy land to erect shambles, stables and piggery accommodation.¹⁶

This was a story of continuous and rapid expansion. In January 1864 the new Co-operative Hall was opened¹⁷ and in 1866 discussions began about the creation of a library and newsroom and the committee discussed the establishment of a corn mill.¹⁸ The Improvement Commissioners' Supplemental Valuation List for 1866 shows Chorley

¹⁰ Ibid.

¹¹ Preston Guardian, 10th October 1863.

¹² Chorley Standard, 7th October 1865.

¹³ Chorley Standard 4th January 1868.

¹⁴ Preston Guardian 4th January 1862.

¹⁵ Improvement Commissioner's Valuation List 1863.

¹⁶ Preston Guardian 9th April 1864.

¹⁷ Preston Guardian 9th January 1864.

¹⁸ Chorley Standard 6th January 1866, 7th April 1866.

Co-op as being the owner and occupier of a butcher's shop, a shoemaker's shop and an office on Upper Cleveland Street¹⁹. In 1867 it was decided to run a funeral service, with stables and a coach house²⁰.

There were occasional reports of dips in performance by particular departments or branches but overall there was a picture of growth. Members were often looking for the Society to give a higher dividend. In January 1867 the Secretary reported that the Society "was in an exceedingly flourishing condition," and 52 new members had joined in the last quarter of 1866.²¹

By March of 1867 the Society's membership, including Adlington members, was about 1030.²² The town's population was 15,013 in 1861 and had risen to 16,864 in 1871.

Whilst the Society continued to grow, attendance at quarterly meetings was not always a large figure. At the first such meeting in 1868 "there was a paucity of attendance."²³ Members were largely happy to let the officers and committee get on with running the business whilst it seemed to be running successfully. This had changed by the time of the next quarterly meeting, reported in the Chorley Standard of 4 April 1868. Membership had fallen to 977 and on this occasion "there was a crowded attendance of members, who manifested great interest in the welfare of the Society." The big issue was the performance of the Drapery Department.²⁴

The Department had not been the subject of debate at previous meetings. However, perhaps warning signs about the performance of this department could have been seen in May 1867 when the Society placed an advertisement in the Chorley Standard, informing "members and the public" that auctioneers had been engaged to "sell a quantity of general drapery goods...without reserve."²⁵ Again in February 1868 the Society inserted a public announcement in the Standard: "The attention of the public is directed to the advantages offered in the Tailoring and Drapery Departments. These Departments have recently been supplied with a good selection of the newest and most fashionable goods, which have been purchased since the late decline. The remainder of the stock has been re-marked at a corresponding reduction in price....The Tailoring Department has been put under new and efficient management."²⁶

The "late decline" might refer to the variations in local trade following the end of the Cotton Famine, but equally it could refer to the specific problems in those departments of the Society. Either way, the change in management and the reduction in price of all old stock

¹⁹ Improvement Commissioner's Supplemental Valuation List 1866.

²⁰ Chorley Standard 6th April 1867 and 6th July 1867.

²¹ Chorley Standard 5 January 1867.

²² Chorley Standard 6th April 1867.

²³ Chorley Standard 4th January 1868.

²⁴ Chorley Standard 4th April 1868.

²⁵ Chorley Standard 18th May 1867.

²⁶ Chorley Standard 22 February 1868.

and its replacement with new stock, was a drastic measure, with cost implications for the Society and its members. This announcement was republished on at least five occasions in the subsequent months up to May. It was in this context that the next quarterly meeting was held and reported on 4 April.²⁷

Compared to some such meetings, at this meeting “there was a crowded attendance of members, who manifested great interest in the welfare of the Society.” The report was usually read by the Secretary, Mr. Hodgkinson. On this occasion, it was read by Matthias Karfoot, one of the auditors. In view of what was to be reported about profits and the Drapery Department, this was a signal to the members of the seriousness with which the committee was treating the issue. Karfoot’s report began as all quarterly reports began, with figures about the performance of the Society. These were given a “positive spin”, with reference to “steady progress” over the past quarter, reflecting “stability” and confidence”. However he could not “report so favourably” on the profit account. It was then revealed that the drapery department “had not done as it ought to have done” and that it appeared to have unsold stock valued at an estimated £1165.

There was some uncertainty about the precise value of the goods unsold and criticisms were voiced of the Society’s stocktaking procedures. The former management of the Drapery Department appeared to take much of the blame, although the Secretary appeared to be the target of criticisms about stocktaking arrangements and being evasive in his answers to members’ questions. The issue had appeared to be known to some members for some time and this was of concern to the majority who felt they had not been fully and properly informed. They were now “in a sore place.” William Karfoot, a committee member and one of the key figures in co-operation in Chorley, was also criticised, and there was a suggestion that mistakes had been made in an effort to keep the dividend paid to members as high as possible. It was suggested that members had goaded the committee to pay higher dividends. Eventually the report was approved, but only after the committee’s proposal to meet the Drapery Department’s deficit from the Society’s reserve fund was dropped. It was presumably at least in part a response to the stock problems of the Drapery Department that later in the meeting, the members decided to appoint a buyer for the Society. After discussion this was agreed and the responsibility was given to the manager, Mr. Critchley.

The meeting, as reported, had clearly been animated in its discussion of the Drapery Department and its problems, and this spawned a series of letters in the Chorley Standard. It began on 18 April with a letter from “A late member of the Committee” who alleged that as early as 1864 the drapery stock was £70 deficient and this was hidden in the building account and losses had continued and grown up to 1868.²⁸ The writer defended the former management of the department and the Secretary, but blamed the auditor, and a long term former member of the committee, un-named. “All was done according to his dictationthis prodigal, this anti co-operator.”The writer also blamed the loss on buying from

²⁷ Chorley Standard 4th April 1868.

²⁸ Chorley Standard 18th April 1868.

travellers as opposed to the Co-operative wholesalers, and suggested divisions in the management between the Secretary “An abstainer”, and the Treasurer, “a publican.”

On 25 April the Chorley Standard published three letters.²⁹ The first from the Treasurer, Henry Whittaker, suggested that “A Late Member of the Committee” might be ill, suffering from “the bad effects of vicious feeling”, and recommended “a few gills of bitter beer”! The second letter was from “A Mother of a large family.” She suggested that “A Late Member of the Committee” had not written his letter himself, and should be ashamed of the contents and accused him of lacking the ability “to take an intelligent part in conducting the growing business of the society.” The third letter was a further response to “A Late Member of the Committee” from the two current auditors as well as a past auditor. They emphasised that the difference between real and estimated stock was no part of their audit, and re-assured readers that, having examined the books, “the deficiency is provided for in the reserve fund” and “no apprehensions need be entertained as to the stability of the Society.”

The correspondence in the Chorley Standard continued in the following week with four further letters.³⁰ The first started with a sarcastic jibe at Henry Whittaker’s letter by “Enquirer”. The letter mocked Whittaker’s pseudo-medical diagnosis and prescription for a remedy at some length and may have been written by a Temperance supporter. Enquirer did see the aims of the Society as being “noble”, and believed it had benefitted “many a family in our town.” However, drawing on experiences of other companies he feared that once problems had started to appear “it was only the precursor of something worse.” He saw problems with the Society’s management and asked “Are the leading members of the committee the best men whom the members could get?” He thought in particular that it was inappropriate to have a publican as the Treasurer, someone “who gets his living by that which the poor man and his family should subsist upon.”

A further letter in the same newspaper from “A Large Shareholder” took further issue with the letter from “a late member of the Committee” as he accused it of creating a “pernicious mist” and “dark portentous clouds”. “A Large Shareholder” argued that the original problem in the Drapery Department had been investigated and resolved with no blame to any individual. The fault, he argued, lay with members not taking sufficient interest in the issue and not patronising the Department. He felt that the changes made by the Committee had dealt with the issue and described someone who “despitefully vilifies his own stores” as “a bad bird who fouls his own nest.” As a result of “A Late Member of the Committee” crying “wolf”, it appeared that some members had withdrawn their savings from the society at a cost to them of 5%. It was conceded that there had been a need to remove those committee men who were “clinging to office”. In this there is agreement with “Enquirer”, however “A Large Shareholder” believed that the new committee men were “men of ability, honesty and business habits.” He felt that the society was on sound foundations and would

²⁹ Chorley Standard 25th April 1868.

³⁰ Chorley Standard 2nd May 1868.

go on to flourish, and therefore, far from withdrawing money and support, there was a strong argument for people to join and invest.

The third letter was from “Father of a small family” and took issue with both “Mother of a large family” and Henry Whittaker to the extent that the editor “suppressed some personalities of our correspondent”! In arguing that “the objects of co-operation, and the objects of the bitter beer seller”, are “diametrically opposed”, he took a similar line to that of “Enquirer” in his letter. He appeared to know the identity of the “Mother of a large family” and suggested that she had skirted over the fact that members had lost a large amount of money with the problem in the Drapery Department.

The final letter in this issue of the Chorley Standard was from “A Member of the Society.” This was “bullish” in tone, as it emphasised the success of the Society over a very short period of time. It warned about “enemies within”, and said the letter from “A Late Committee Man” was a great mistake, but also tried to smooth other disagreements: “it is very desirable that we should be careful not to bring different creeds, opinions etc into collision; what have we as a society of co-operators to do with abstainers, or temperance men, publicans or private individuals, politics or religion, should never be introduced.” He saw the cause of the debate as being the change of membership on the Committee and saw it as being important that members participated and appointed committee men “who can and will do their duty.”

After this spate of newspaper correspondence there was a hiatus for a couple of months until the 27th June.³¹ In that edition there is a letter from “A Member”, who may well be a different member to the previous correspondent. In many ways this reads as less of a continuation of the previous debate and more of an attempt by the committee to put an end to further debate in advance of the forthcoming annual meeting. He expects that at that meeting, all doubts will be “set at rest”. The writer attempts to sweep up points from previous letters; the benefits of new members on the committee as highlighted by “Large Shareholder”; the improved purchasing arrangements as supported by “Mother with a large family”. He is sure that goods “have been susceptible of great improvement” He urges members to attend the forthcoming meeting “and see what “our great men” have done for us” and “with open ears listen to the unprecedented dividend that awaits us, and give praise where praise is due.”

This ended the letter debate. However the debate concerning the management of the drapery department continued at some length at the annual meeting as reported in the Chorley Standard of 4 July 1868.³² The argument moved on to different ground and was led by Mr. Fairbrother, a senior co-operator (Committee member in 1862: Preston Guardian 4 January 1862). “A rumour had reached him that the Committee had allowed too much profit on the drapery business, in order to increase the dividend”. Fairbrother implied that

³¹ Chorley Standard 27th June 1868.

³² Chorley Standard 4th July 1868.

the changed committee was managing the drapery department no better than the former committee and accused it of actions in breach of the Society's rules in the percentage profit allowed on the drapery department and on levels of depreciation. "There had been great stretching to raise the dividend." Fairbrother withdrew his proposal to amend the profit allowed to the Drapery Department and the matter was closed.

Whilst there were clearly issues about the management of the Drapery Department by both the Committee and its employees, the debate also shows that there was an ongoing tussle about the level of dividend. The Co-operator had reported that at its foundation "the greater part of Chorley's residents had chosen not to support the Society. To some Co-operative members, a high dividend might be seen as a means of retaining existing members and attracting new ones. Achieving a high level of dividend was only achievable by a significant increase in turnover (something which was challenging in the years of the Cotton Famine) or raising the profit margins.

In this letter debate we have seen evidence of mismanagement and schisms which may have contributed to the failure of the Chorley Pilot Industrial Co-operative Society in the next decade. Frank Longton in his history of the later Chorley Co-op³³ suggests that this failure may have been due to the lack of business ability, knowledge or training, but this seems to ignore the evidence of disagreements found in the letters to the Chorley Standard in 1868.

References

³³ Frank Longton, Fifty Years of Co-operation in Chorley, 1887-1937. 1937.