

‘The Curse of the Co-ops’: Co-operation, the Mass Press and the Market in Interwar Britain

Early in 1934 Lord Rothermere, owner of the *Daily Mail* and the Harmsworth Group, the largest newspaper combine in the country, published an article in Lord Beaverbrook's *Daily Express* declaring outright war on the Co-operative movement. The mass press had been harrying co-operators for years but Rothermere hoped to bring matters to a head. Carrying the inflammatory title, ‘The Curse of the Co-ops’, the article likened the movement to ‘a dangerous tumour...eating at the heart of British retail trade.’ It went on to describe how in only a few generations the movement had grown from ‘an insignificant association of poor men’ merely trying to make ends meet into ‘a powerful group of wealthy corporations with huge reserves’. Unless private traders combined ‘to loosen the coils’ of what Rothermere colourfully referred to as ‘the co-op boa-constrictor’, they would inevitably be crushed to death, he warned.¹ According to the socialist co-operator and journalist Sydney Elliott, this overt politicisation of consumption in the 1930s had positive effects, leading he believed to ‘the discovery of the consumer’, or a new awareness of the potential of organised consumer power.² The Norwich co-operator, Fred Henderson, agreed with this analysis, though also drew attention to F. D. Roosevelt's famous 1932 speech in which the President had emphasised that in order for the New Deal to be effective people had to ‘think less about the producer and more about the consumer.’³

Building on the earlier work of John Stevenson and Chris Cook among others, recent studies of interwar Britain by economic and business historians have brought the consumer centre stage.⁴ Peter Scott in particular has demonstrated how the expansion of owner occupation

among sections of the working class as well as the middle class fuelled the desire for consumer goods, including domestic furniture and vacuum cleaners. Provincial department stores sought to both satisfy and stimulate this increase in demand, developing more sophisticated forms of advertising and offering more affordable hire-purchase schemes, thereby gradually helping to break down working-class reluctance to buy goods on credit.⁵ Moreover, greater employment opportunities for young women in sectors of the economy such as light engineering and other new industries that grew as the old staple industries contracted, increased the purchasing power of female consumers who were soon targeted by manufacturers of a host of mass market commodities such as cosmetics, convenience foods, magazines and films.⁶ J. B. Priestley's famous image of 'factory girls looking like actresses' remains a fitting symbol of the transformations that were in train.⁷ Historians of gender have also stressed how domestic space was redefined and revalorised between the wars – by means of literary and cultural representations as well as by events like 'The Daily Mail Ideal Home Exhibition' – to produce an identifiably modern sense of the suburban 'home' as a different kind of emotional as well as material site.⁸ Some scholars have singled out the important role played by the mass press in both facilitating consumerism and communicating new forms of femininity, and have demonstrated how newspapers such as the *Daily Mail* and *Daily Express*, far from straitjacketing women in traditional roles, instead helped to liberate them.⁹ There has also been renewed interest in the vital significance of the Co-operative movement between the wars, especially for working-class families. Extending the chronology of my earlier work and rejecting the narrative of 'defeat' that I suggested had occurred during the 1920s and 1930s, Nicole Robertson, for example, has demonstrated how local co-operative societies in the East Midlands and elsewhere continued to help define working-class community life in these decades and well beyond.¹⁰

However, although this scholarship has greatly enlarged our understanding of both the so-called 'new consumerism' of the interwar years and the vitality of consumer co-operation, the role of the Co-operative movement in the wider political culture remains understudied. This is surprising, especially given the current interest in the modalities of citizenship in this period. Here, the arguments of Ross McKibbin have exerted considerable influence: according to him, Conservative hegemony between the wars depended upon the party's ability to assemble a coalition of social groups around 'conventional wisdoms' that were deeply ingrained in the worldview of the middle classes – including the need for a 'deflationary' fiscal regime and hostility towards socialism and the political working class.¹¹ Helen McCarthy has questioned this reading, underlining how voluntary organisations, such as the British Legion, Rotary International and the Women's Institute, held a multiplicity of views and should not simply be seen as props for Conservative ideology as they are in McKibbin's account. These bodies instead encouraged the growth of active citizenship and widened the meaning of democracy during this period.¹² This is useful up to a point, for sure, but the tendency is to sidestep wider questions concerning political domination in an effort to produce a more optimistic reading of citizenship. Moreover, the largest voluntary organisation at this time – the British Co-operative movement – is completely overlooked, remarkably. It is with this movement and its significance for our understanding of the broader interwar political culture that this article is concerned.

Sydney Elliott overstated the case for the discovery of the consumer in the 1930s, certainly, for consumption had been overtly politicised during the First World War and in its immediate aftermath as we shall see.¹³ However, his assertion contained more than a grain

of truth as the politics of consumption entered a new phase in a context increasingly shaped by profound economic and political crises both at home and abroad. Despite this unpropitious context, the Co-operative movement not only managed to survive but also continued to expand. By the early 1930s, about 6.5 million men and women belonged to an organisation that provided invaluable material support for working-class families and constituted a vital training ground for democratic participation. The movement's ideologues proclaimed that the great lesson of the depression was that markets ought to be regulated by the democratic will of the people and that co-operative success proved that this was eminently practicable. This inevitably brought the movement into conflict with business and political elites that sought to contain co-operators' ambition: press barons were in the vanguard of the anti-co-operative 'crusade' and used their newspapers to try to contain the largest democratic movement of consumers Britain had ever had. The first two sections below explore the economic and ideological challenge represented by the Co-operative movement in order to understand better why co-operation was regarded as anathema by big capitalists such as Rothermere and Beaverbrook, provoking an almost visceral hatred. Particularly important here was co-operators' critique of the deleterious effects of 'individualism' and the myth of 'free' enterprise given the rapid post-war growth of combines and syndicates apparent in many sectors of the economy, including the mass press. The remainder of the study discusses the overt political contests of the late 1920s and early 1930s in detail. Consideration is first given to co-operators' thwarted attempts after 1929 to regulate markets in the interest of working-class shoppers by means of the Consumers' Council Bill. The few existing accounts of this initiative have emphasised its contradictory objectives and have underestimated its significance.¹⁴ The article then goes on to examine the 'penal' taxation imposed on the Co-op as a kind of disciplinary measure by

the National Government in 1933. Although this represented a notable victory over 'co-operative democracy', the movement's enemies did not achieve all that they had hoped for, and the final sections reflect on why Rothermere and Beaverbrook's efforts were partially checked and what this compromise suggests about the nature of political culture and citizenship in Britain during this febrile period.

I

It was hardly surprising that Lord Rothermere was perturbed by the scale of the Co-operative movement in interwar Britain, for by any measure it was impressive. The membership of 6.5 million in the early 1930s included over a fifth of the population between the ages of 16 and 64. There were almost 1,200 local societies, which owned around 12,000 shops, 300 warehouses and factories, a bank, an insurance society and a national newspaper. The movement was the biggest distributor of tea in the country, milled a third of total flour imports and baked one in five loaves. It was bound into capitalism but was distinguished from it by two key features: the planned nature of operations allowed the movement to remain comparatively free from boom and slump during the depression, and the bulk of profit or 'surplus' resulting from trade was returned to the consumer or member in the form of 'dividend'. The wholesale and productive societies had an annual trade of over £100,000,000 in 1935; despite the difficult circumstances, in the decade ending 1935 the Co-operative Wholesale Society (CWS) opened nearly 40 new departments, factories and workshops. About 300,000 people were co-operative employees, making the

movement second only to government as an employer of labour. Organised consumers owned a total of £160,000,000 of capital in retail societies.¹⁵ Such facts furnished eloquent proof of the efficacy of planning and the democratic control of business. However, there were serious underlying weaknesses. Co-operators were outstripped by the multiples and department stores in the sale of dry goods – foodstuffs continued to be the mainstay of co-operative retail trade throughout the interwar years. The movement controlled almost a quarter of the national trade by 1939 and was particularly important in the supply of milk and bread.¹⁶ Also, societies were hit hard in older industrial areas where the movement had originally developed in the nineteenth century. However, even there the picture was not unrelievedly gloomy: in the north-west, retail societies in large conurbations with diversified economies like Manchester fared much better than those dependent on single industries such as cotton textiles or mining.¹⁷

Most important, the movement made major strides in the south of the country between the wars, especially in the capital: membership of the London Co-operative Society alone stood at nearly 600,000 by the mid 1930s, with annual sales of over £12 million. Many commentators underlined this shift in geographical strength. The statistician of co-operation, John Hough, compared the state of two societies he had recently visited in 1938, one in Rossendale Valley in Lancashire, and the other in Enfield, north London. In the first, Hough was struck by ‘an atmosphere of depression...a certain sense of neglect which accompanies a slowing-down process in what has once been a thriving and active community.’ In Enfield on the other hand he was impressed by ‘a certain dynamic newness. New housing estates, new shops and new factories were much in evidence and there was a general air of bustle and movement not unmixed with prosperity.’¹⁸ This dynamic growth

caused even the coolest observers to consider that co-operation held utopian promise. In their critical survey the sociologist Alexander Carr-Saunders and his team, for example, concluded that co-operative enterprise could expand enabling it eventually to satisfy 'the primary wants of all consumers' by virtue of control not only of distribution of goods and services but also right back to raw materials and the sources of supply, which would result in, 'A complete system of Co-operation...Co-operative retail trading would then become only the final stage of a great, self-contained system of direct production for the satisfaction of the known wants of consumers.'¹⁹ This was precisely what worried press lords like Rothermere and Beaverbrook.

Serious obstacles blocked this ambition, however, not least changes in the structure of capitalism itself. Co-operators had been concerned about the growth of monopolies and the economic behaviour it encouraged since the late nineteenth century. Capitalists had increasingly come to appreciate the value of co-operation between themselves and against the consumers' interest, an inversion of the 'moral economy' of consumption articulated by the Co-operative movement, which aimed to maximise not weaken the power of consumers. From the late Victorian period, capitalists used various means in order to better organise and control the anarchy of the market – including 'rings' or cartels, quotas and price-fixing agreements – not in order to give ordinary consumers a better deal but to regulate output and maximise profits.²⁰ The depression following World War One helped to accelerate continued concentration of capital across industry but also in retailing and distribution, which intensified opposition to the Co-op, making it easier for private capital to shut competitors out of particular markets; a resolution condemning trusts, combines and trade associations was passed at the annual Congress in 1923.²¹ The power of trade

associations had grown enormously, and these bodies insisted that dividend was an unfair rebate on price – a form of price-cutting – and demanded that co-operative societies add it to sale price. If societies refused to accept these terms, they were boycotted. Popular chemists' goods and toiletries were controlled by the Proprietary Articles Trade Association (PATA), which had pursued an anti-co-operative policy since 1906. The attack was gradually widened: the Co-op was shut out of markets for gramophones, bicycles, radios and vacuum cleaners among other goods. New combines like the drapery trust sprang up. Chain stores tried to undercut societies in some areas, while overcharging where co-operative presence was weak.²²

The late 1920s witnessed widespread and concerted efforts to develop a co-operative boycott. Grocers' Associations drew up a 'white list' of manufacturers and wholesalers who refused to supply societies. Unsurprisingly, the national and local co-operative press regularly denounced 'The Menace of the PATA'.²³ Moving a resolution against the PATA at the Co-operative Congress in 1930, J. T. Davis of the CWS emphasised that the threat affected not only luxury goods but also commodities that were in daily use in working-class households, including flour, margarine, soap and tea. Davis reported that the organisation now comprised a network consisting of 437 manufacturing companies, 63 wholesalers and 8,700 retail firms. The prices of at least 8,000 articles were under direct control. Davis and many other co-operative leaders argued that this trend and the growth of monopoly more generally had been encouraged by economic depression and the resulting 'rationalisation' of industry. The resolution passed by Congress asserted that, 'only by the substitution of a co-operative system of industry for that of rationalised capitalism can the mass of the people enjoy in full the wealth created by the efforts of the whole community.'²⁴ The

movement, however, was sorely disappointed a year later when the report of the committee established by the Board of Trade to investigate co-operators' complaints advised against government intervention to curb what was admitted to be a growing problem.²⁵

Anxieties concerning economic transformations, as well as particular grievances during wartime, had led the movement to formally enter the political arena in 1917 with the foundation of the Co-operative Party.²⁶ It was not immediately clear after the war that the Labour Party – which was not yet a truly national party – would dominate the political field at the expense of organised consumers; many activists among the latter group thought the Co-operative Party would better serve the interests of workers as consumers, just as the trade unions sponsored Labour to further the interests of workers as producers.²⁷ Some sympathetic Labour leaders hoped for the unification of producer and consumer wings of the working class movement: the General Secretary of the Labour Party, Arthur Henderson, had argued for a strong alliance between them from 1917, indeed according to G. D. H. Cole he had even contemplated joining forces with co-operators in a 'People's Party'.²⁸ However, during the 1920s the Co-operative Party became marginalised as producers trumped consumers within the labour movement and the parliamentary power of the Labour Party increased. Relations between different wings of the labour movement soured and the hopes of those who had wished to construct a broad front against capitalist monopoly were dashed. In some areas co-operators were themselves reluctant to engage politically; though the Royal Arsenal Co-operative Society (RACS) affiliated to the Labour Party in 1921, providing vital financial support for Labour in the capital thereafter, this proved to be the exception rather than the rule.²⁹ In some areas relations became positively acrimonious – in

Birmingham and Leicester, for instance.³⁰ Nevertheless, Labour recognised the movement's importance and four Co-operative Party MPs were given minor ministerial office in 1924. Many co-operators were opposed to the Cheltenham Agreement of 1927, which attempted to patch things up (it was only passed at Congress by 117 votes out of over 3,800). This agreement allowed local Co-operative parties to affiliate to divisional Labour parties with representation and voting rights in proportion to numbers affiliated but it was voluntary and did not replace existing arrangements. It was, therefore, a fudge: it was regarded as both a step towards absorption by the Labour Party and as an assertion of independence for it helped defeat those co-operators who wanted direct affiliation. Initially, the agreement worked quite well – the Co-operative Party endorsed Labour candidates in the 1929 general election, winning a total of nine seats and once again receiving ministerial posts in return – though relations were soon strained.³¹ In short, co-operators' political influence at the centre was limited, though not negligible.

II

It is worth reflecting on why press barons were so hostile towards the Co-operative movement at this time. After all, though there were sporadic attacks on the movement before the First World War from private traders and immediately afterwards from some local Conservative Associations, business and political elites across the ideological spectrum had tended historically to applaud consumer co-operation for its 'civilising' effects on working-class culture.³² Significantly, in his declaration of war Rothermere had emphasised

that it was not only the sheer scale of the co-operative challenge that was so threatening but also the fact that its leaders had for years declared that their avowed purpose was 'to eliminate the principle of individualism in commerce.'³³ Rothermere and Beaverbrook regarded themselves as the apotheosis of this principle, natural leaders who had gained financial and political power by virtue of their own relentless competitive drive. That was why they were attracted to 'great men' and found the discipline of party objectionable, Beaverbrook backing Winston Churchill against Stanley Baldwin and Rothermere eventually siding with Oswald Mosley. The role of the charismatic individual and 'individualism' as a guiding principle of social action were bedrock beliefs and diametrically opposed to the ethical foundations of 'socialism' in its various guises, which emphasised the will of the majority.³⁴ For the press barons, 'individualism' was what guaranteed the progressive workings of capitalist 'free' enterprise and those who questioned its usefulness or endangered its operation – whether Bolsheviks, or socialists, or co-operators – were by crushing ambition both resisting the movement of history and reducing the chances of individual self-advancement. Although their antagonists typically portrayed them as autocratic monopolists, Rothermere and Beaverbrook embraced the cause of small traders as they considered themselves products of a social group from which enterprising individuals who could grasp opportunities and push themselves to the top most frequently emerged. It was a simple, atomised worldview, and resolutely optimistic. The mass press never tired of articulating such themes to its readers. The *Daily Express* published a statement of political belief by Herbert Hoover on his inauguration as President in 1929, for example, the editor heartily endorsing Hoover's manifesto as 'a downright proclamation of himself as an unashamed individualist, and of individualism as the only policy that makes for national well-being.' The President's message, the editor continued, ought to resonate on

this side of the Atlantic where 'we are confused with talk of Socialism, and with the pernicious idea that committees can ever take the place of personal leadership.' From early 1931, the paper's editorials were headed: 'The *Daily Express* believes in political independence, in Empire Free Trade, in protection for the manufacturing and agricultural industries, in individualism and equality of opportunity.' 'Individualism' undergirded these disparate commitments, including Empire Free Trade, as Britain's overseas territories had proved a forcing bed for those 'manly' virtues which Beaverbrook so approved.³⁵

The spread of co-operation refuted the idea that business success was dependent on 'individualism' and autocratic leadership. Though Rothermere and Beaverbrook paid lip service to democracy, they tended to regard the majority primarily as 'the masses', gullible, passive consumers to be hoodwinked and cajoled. The Co-operative movement alternatively embodied a much more active sense of consumer practice and citizenship. Working-class men and women participated as members of retail societies in a frequent round of quarterly meetings and elections to local and national bodies, including management and education committees, men's and women's guilds, annual congresses and boards of wholesale societies. Admittedly, the most active members were always relatively small in number compared to total membership, though all were encouraged to regard the movement as a quintessentially collective endeavour: the regular distribution of surplus as dividend brought this home in the most practical way and co-operative advertising also was frequently framed in terms of working-class ownership and control.³⁶ The Co-operative movement undoubtedly taught a great many ordinary people valuable lessons in both the practice and meaning of democracy. Mary Stott, who came from a liberal middle-class background and who had been largely insulated from the realities of working-class life until she began work

as a journalist on the Co-operative Press in 1933, later recalled this aspect of the movement in vivid detail and stressed how vital this training in democratic participation was, for working-class women in particular. 'I loved and venerated the women of the co-operative movement', Stott wrote, 'whose courage, persistence and loyalty seemed to me often heroic, for though most of them were under-educated and many were scarcely above the poverty line, they learned to speak in public, go on deputations, organise and preside at great conferences.' What struck her most forcibly about the Women's Co-operative Guild (WCG) was, 'the training it gave in the art of government, its completely democratic structure.'³⁷

Not surprisingly, the assault on organised consumers strengthened the belief in co-operative circles that what was at stake was nothing less than the survival of democracy itself. Sydney Elliott, for instance, portrayed the contest over taxation as quintessentially about the ability of working-class consumers to determine the future of their own organisations. The most important moral to be drawn from it was that political and economic issues were now bound together indissolubly. The movement was regarded as a living example of the viability of democracy in business: the urgent task was to endow this organisation with real political power. Drawing attention to the half million new members that affiliated to the Co-operative Party in 1930, for example, Elliott optimistically predicted that soon 'organised consumers will be hammering out policies on the anvil of their own experiences as traders and financiers. Then Business and Democracy will link arms in their march along the road to progress.'³⁸ The intention of press lords and 'profiteers' was regarded as an attempt to halt the spread of democratic forms across both political and economic domains and their attack on co-operation was construed therefore as an attack on democracy itself. The domestic

and international context lent vital urgency here. Co-operative ideologues represented their movement as besieged by enemies at home and abroad, threatened most directly by fascism: A. V. Alexander referred to Beaverbrook as the 'newspaper Mussolini', while the danger posed by Mosley and the Blackshirts, openly supported from 1934 by Rothermere, was repeatedly emphasised.³⁹ Fascist persecution of co-operation on the continent was reported in detail in the movement press, the implication being that what was happening in Italy, Germany and Austria could quite easily happen here unless organised consumers stood firm.⁴⁰ Alexander and others drew from this experience the conclusion that the only real alternative to fascism and dictatorship nationally and internationally lay in the establishment of what became commonly referred to as a 'co-operative democracy'.⁴¹

The actions of the press barons focussed co-operators' anxieties about the increasing concentration of capital that have already been noted. Indeed, the mass press itself was regarded as embodying this dangerous, anti-consumer trend. Ownership and control of the press were completely transformed from the late nineteenth century, and although historians have tracked changes back into the earlier period, the significance of the 'Northcliffe revolution' cannot be denied.⁴² The development of the mass press was connected internally to the development of mass consumerism: the spread of affordable, branded and heavily advertised goods targeted at a national market depended on the popularity of cheap national daily and Sunday papers, which in turn depended on advertising revenue to subsidise their sale. The idea that opinion as well as things were now packaged and marketed in distinctively modern ways by a new breed of capitalists was a theme of co-operative discourse from the early twentieth century onwards.⁴³ The *Co-operative News* argued that the syndicated modern daily press not only aimed to amuse

rather than instruct readers, it also represented an ominous threat to the future of democracy itself. Editorials denounced 'The Menace of the Press Combine' and the Harmsworth press was seen as a major propagandist tool for capitalism, demonstrating that just as it was a bad thing 'for capitalist syndicates to control the supply of goods for public consumption, it is surely infinitely worse for capitalist syndicates to control the supply of information upon which public opinion is based.' The national chauvinism whipped up by the press during the First World War clearly demonstrated that the world 'will never be safe for democracy' so long as the concentration of ownership and power in this field continued.⁴⁴ Norman Angell's study published after the war, which condemned what he described as the 'industrialised press' or the 'Trust press' for progressively undermining free expression and debate, strengthened such beliefs among co-operators. Angell warned that the mass press represented 'the most powerful instrument' used by elites to mould the people to their will: 'Through it our economic Prussianism can control the nation's mind, form its opinions, direct its passions, determine its judgements.'⁴⁵

The anti-co-operative cause was fervently taken up by the Beaverbrook and Rothermere press from the late 1920s. Following the agreement with Labour in 1927, the *Daily Express* informed readers that the Co-operative movement had been captured by the 'Socialist Party', against the wishes of the majority of its members who were either Liberals or Conservatives and did not want their movement to meddle in politics; while the *Daily Mirror* declaimed against 'Forced Socialism for the Millions.' Conflicts within local co-operative societies over the issue of political affiliation, however slight, were eagerly reported. According to the *Daily Mail*, the majority of those who used the stores were only interested in the material benefits derived from co-operative trading, and the movement had been

captured by an unrepresentative clique of individuals such as the Co-operative Party MP Alfred Barnes – regularly singled out for abuse – who paid themselves high salaries and used the movement to pursue their own narrow political agenda. The mass press continued to pursue this line throughout the rest of the interwar period.⁴⁶ Not only was the Co-op a front for socialism, moreover, it also treated its employees badly by paying lower wages than private firms and cutting jobs with more alacrity. And to cap it all, the organisation was thoroughly unpatriotic, buying machinery from Germany and trading in ‘dumped’ goods, including butter and wheat imported by the CWS from communist Russia.⁴⁷

The Co-operative movement made determined efforts to counter this propaganda, by means of its own press, for example, which it had owned for over fifty years. Its productions, however, were mostly read by the converted and co-operators faced major problems with distribution: the weekly *Co-operative News* as well as more specialised publications such as *Millgate Monthly* and the children’s magazine *Our Circle*, had to be sold through the stores for the movement was boycotted by proprietors of the mass press, wholesale houses and the Retail Newsagents’ Federation, and was also not allowed to set up its own specialist outlets.⁴⁸ There was an increasing awareness that attacks by Beaverbrook and Rothermere could only be countered effectively by reaching out to a wider readership. Thus, in 1929 the National Co-operative Publishing Society purchased the Sunday paper, *Reynolds’s News*, with capital raised from local societies, in an attempt to check the pernicious influence of press lords whilst simultaneously providing a more effective means of advertising co-operatively-produced goods, to make their own newspaper ‘their shop window.’ There were fears at the beginning, voiced by more straight-laced elements who did not want ‘horrors’ in a co-operative paper. But these voices were

not listened to and *Reynolds's News* became one of the most imaginative and successful left-wing papers in modern British history, combining salacious gossip and photographs of bathing beauties and film stars with articles about the threat of fascism and the necessity for a Co-operative Commonwealth. Circulation grew from 400,000 copies a week when the paper was initially purchased to 415,000 seven weeks later.⁴⁹ The political urgency of the venture was underscored from the outset. The Plymouth co-operator T. W. Mercer, for example, regarded the growth of the mass press as a key component part of the accelerating process of 'trustification'; newspapers since Northcliffe were primarily 'articles of commerce, and in that respect no different from any brand of ale or make of soap', linked aspects of 'the whole system of capitalism by which the masses of the people are perpetually exploited, both as producers and as consumers.' Mercer saw the 'Trustified Press' as nothing less than a kind of 'gigantic gramophone' for capitalist ideology.⁵⁰ The experience of the crisis years of the late 1920s and early 1930s served only to reinforce such views within the movement.

III

Co-operators attempted to dispel the mystifications of the mass press and shape conceptions of the economy in the popular mind more than any other radical group in modern times, except perhaps for the Chartists. They argued that the so-called 'rationalisation' of industry served only to strengthen monopoly power and that the most effective way of checking this was through legislation. Their critique intensified after the

Labour Party won the 1929 general election. Demands for legislative intervention to protect consumers took place during a particularly active phase of mergers within the distributive and retailing sectors of the economy. *Reynolds's News* repeatedly exposed what it called the 'New Food Monopoly Menace', demonstrated how retail prices had not fallen in line with wholesale prices of bread and meat in particular, and urged the government to safeguard consumers against a 'fresh outbreak of profiteering in food supplies', as some traders were 'preparing to fleece the public as efficiently as they did in war time.'⁵¹ The *Co-operative News* also educated consumers about the economic changes that were occurring, publishing diagrammatic representations of the complex holdings and organisational structure of the recently formed 'margarine trust and grocery combine' that resulted from mergers between Van den Berghs, Jurgens and Lever Brothers, which led to the creation of Unilever Limited in England and Unilever NV in Holland. When this merger came into force in 1930 the company controlled thousands of high street shops, trading under well-known names such as Home and Colonial Stores, Liptons and Mac Fisheries.⁵²

The record of the 1920s demonstrated that curbing such giants would not be easy. Facing mounting criticism of 'profiteering', the coalition government had investigated the operation of trusts and combines at the end of World War One, but despite the fact that the Committee on Trusts which reported in 1919 contained damning evidence, no action was taken.⁵³ Pressure did not abate, however, and anti-profiteering discourse and the figure of the poor consumer remained central within political culture. The Conservative Party responded to this challenge most imaginatively, stealing an opportunity from Labour.⁵⁴ Recognising the importance of the consumer the party's leader, Stanley Baldwin, promised to address popular grievances during the 1924 general election campaign. The Royal

Commission on Food Prices he set up following the election clearly demonstrated how consumer capitalists such as Lord Vestey had rigged the meat market to boost profits. Baldwin's government responded by establishing a Food Council that could recommend action to traders but had no compulsory powers. Disappointed by this ineffective body, the Co-operative Party introduced a Trust and Combines Bill in 1925 but that quickly failed.⁵⁵

With the election of the second Labour Government five years later co-operators had reason to be hopeful. They now had a total of nine MPs and a reasonably good working relationship with the Labour Party. However, tensions remained and co-operators' suspicions increased after Labour took office. The party supported failing industries by means of the Coal Mines Act of 1930 and the Agricultural Marketing Act of 1931, which inflated prices. Co-operative politicians such as Fred Longden and A. V. Alexander maintained, with good reason, that this new 'regulativist' legislation served to merely entrench the position of capitalist owners and shareholders and subordinate the interests of consumers to those of producers. Longden regarded the London Passenger Transport Bill of 1931 as a supreme example of what he called the 'new orientation' and condemned the vision of the Minister of Transport, Herbert Morrison, as the antithesis of socialism, a prop used to shore up a decaying capitalist economy.⁵⁶ To complicate matters further, co-operators were historically wedded to free trade finance and although many Labour leaders shared this commitment, differences were opening up within the labour movement; the appeal of protectionist intervention to protect British jobs was not confined to Baldwinite Conservatives or supporters of Empire Free Trade. Under pressure of the world depression and 'dumping' of goods, the Trades Union Congress in 1930 accepted that some protection for producers was now desirable, for example, and the growth of monopolies only served to

strengthen arguments against old economic shibboleths.⁵⁷ Moreover, Labour in office encouraged the concentration of industrial and financial power, including within the retailing sector, according to the *Co-operative News*, 'without demanding any guarantees whatever that the interests of the masses, as consumers and producers, would be maintained.'⁵⁸ Notwithstanding these unpropitious signs, a Consumers' Council Bill was drafted by the Joint Parliamentary Committee of the Co-operative Union. The Bill sought to establish a Consumers' Council that would allow the Board of Trade to investigate the practices of trade associations and private companies in order to restrain prices. The mass press was highly critical from the outset. When the Bill was unveiled, it was immediately denounced for planning to grant 'drastic and unprecedented powers' to a council of seven people, who would be able to summon witnesses, examine accounts and, in principle, set prices for food, clothes, fuel and a host of other commodities.⁵⁹

The second reading of the Bill provoked lengthy debate in the Commons on 8 May 1930. Supporters including William Graham, President of the Board of Trade, highlighted the severity of a cost of living crisis that bore heavily on poor consumers who he maintained still faced rocketing prices for basic foodstuffs such as bread and milk, despite the recent fall in world prices. The Food Council was portrayed as a conspicuous failure and capitalists were charged with 'profiteering' as they had done in the war. In short, in thrall to monopoly power, the ordinary consumer was getting a raw deal.⁶⁰ However, it was the 'socialist' character of the measure that was contested most fiercely. Graham denied that the Bill was 'definitely socialist', and those further to the left like Frank Wise and Jennie Lee agreed, the latter nevertheless accepting that it might help check 'profiteering' and was at least 'an ounce of practice.' Conservative opponents led by Sir Philip Cunliffe-Lister denounced the

‘orgy of despotic price-fixing’ that he warned the Bill would unloose and asserted, ‘This is not Socialism by the back door; it is Socialism through the front door.’⁶¹ In support, Conservative backbenchers harked back to the French and Bolshevik Revolutions where price-fixing had been tried and had failed, the Oxford MP and military historian Sir Charles Oman concluding: ‘Modern Russia may be regarded as an example of what comes from trying, with the best of intentions, to fix prices for the “proletariat”’. In accordance with their longstanding critique, Co-op Party MPs argued that the unbridled power of trusts was the root cause of consumer exploitation, Walter Smith, the Parliamentary Secretary to the Board of Trade who had sat on the Royal Commission on Food Prices five years before, for example, rhetorically asked, ‘what is the use of talking about competition solving this problem of giving the people food at prices that are reasonable and fair when you have combinations and monopolies preventing supplies reaching the people?’⁶² A few Liberal MPs also spoke out against the stranglehold exerted on the consumer by the combines, including Herbert Samuel, who hoped, however, that the Bill would be watered down in committee; and Harry Nathan, Liberal MP for Bethnal Green, who proved an uncompromising critic of Tory cant about the free market: ‘You have the great vertical and horizontal trusts, and price rings, which are open to the public gaze, and the concealed trusts which can be found out only by such investigations as are contemplated by the Bill.’⁶³

Soon after the Commons debate J. H. Maggs, chairman of United Dairy Company that had only recently ignored the Food Council’s recommendation to reduce its prices, tried to dismiss the Bill as evidencing ‘the fatal ease with which experts in the stimulation of class antagonism can rally consumers to the cry of “War on the Profiteer!”’⁶⁴ Co-operators as we have seen were in the frontline of this war. An editorial in the *Co-operative News* entitled

'Exploitation of Consumers Must Stop', which reported the debate in the Commons, ridiculed articles in the *Sunday Express* owned by 'one of the Capitalist Press Combines' that championed free competition and the housewife's ability to exact the best deal unaided. The editor of the *News*, J. A. Flanagan, argued that although Baldwin had attempted to appease consumers with the ineffectual Food Council, action against 'profiteers' was as urgent as ever.⁶⁵ The WCG also condemned the Food Council, pointing out that recent attempts to drive up the price of bread by millers and bakers had been thwarted not by this body but by the Co-op. The Guild lent their support to the Bill at their annual conference towards the end of June, Mrs Hewitson stating that it would provide a much-needed weapon in the struggle against 'trustification': 'legislation is necessary to prevent the activities of price-fixing associations, such as the PATA, and to deal with trusts and combines acting against the consumers' interests.'⁶⁶

During the following months, the Bill was discussed in detail. Some co-operators were not uncritical. W. B. Neville, secretary of the RACS, for example, did not oppose the measure but stressed, like many other co-operators, that state intervention would be unnecessary if working-class consumers only dealt with the stores. From this perspective, the need for action was a symptom of the disloyalty of members, a staple theme of co-operative discourse for decades. Neville also criticised the Bill for not going far enough; private companies he argued should be obliged like the Co-op to publish their trading accounts. The Bill had a rough passage when it went into committee and towards the end of June, the Prime Minister, Ramsay MacDonald, declared that it would be withdrawn owing to lack of time. The editor of the *News* blamed 'Conservative obstructionists' for this 'cruel disappointment' and also emphasised that boosting consumer demand by reducing the

margin between wholesale and retail prices would eventually increase employment, vital to meet an economic crisis characterised by low wages and high prices. Labour was weak Flanagan concluded, 'not because it is revolutionary, but because it is too moderate.'⁶⁷ MacDonald promised action in an interview with *Reynolds's News*, however, and the paper enthusiastically reported 'State Grip on the Profiteers' when the Bill was eventually resubmitted in November.⁶⁸

The fact that the Labour government was in a parliamentary minority of course did not help matters and it was teetering on the verge of collapse from the spring of 1931, with the Conservative opposition now able and willing to try to bring it down. Nevertheless, hopes still ran high in co-operative circles that a breakthrough would be made. When the Bill passed its Second Reading, despite vigorous attempts by Conservatives to torpedo it with amendments, the editor of the *News* was almost ecstatic. The appointment of A. V. Alexander to steer the Bill through committee in the summer of 1931 made the outlook appear even more optimistic. Badgered by Conservative members throughout raucous meetings, however, Alexander faced a herculean task. Countless amendments, including one to ban co-operative members from serving on the Council, dragged proceedings out interminably. Opponents quoted attacks on 'profiteering' from the *Co-operative News* to expose the political motives behind the measure. Labour Party members on the committee proved unreliable also and Co-operative MPs had sometimes to scour the House to make up required numbers. In the country, private traders went on the offensive: J. R. Robinson, president of the Federation of Grocers' Associations, attacked 'that monstrosity called the Consumers' Council Bill'. Nevertheless, the editor of the *News* still considered the Bill's passage 'probable' at the end of June after MacDonald got approval from the Commons to

expedite the committee stage by allowing amendments to be jumped over. But by then a Bill that was riddled with contradictions from the outset had already been emasculated. Most important, the clause making provision for obtaining information and examining witnesses was deleted.⁶⁹ Even if the Labour Government had not fallen at the end of August, the opportunity to regulate markets democratically and protect working-class consumers had been lost.⁷⁰

IV

Alarmed by the threat of market regulation, the enemies of co-operation went on the offensive after the National Government was elected in October 1931. The movement was now more vulnerable; the Co-op Party won only a single seat in the general election, while the number of official Labour MPs was reduced to forty-six, despite the fact that its share of the popular vote remained buoyant. During the election, the *Daily Express* portrayed the Co-operative movement as an unpatriotic, socialist organisation, beyond the pale of a political coalition designed to serve the national interest during an emergency.⁷¹ Afterwards, anti-co-operative forces focussed their energies on the most obvious target: the tax exemptions enjoyed by co-operative societies. Under the Industrial and Provident Societies Act of 1893 that created a legal framework for co-operative activity, membership of societies had to be unlimited, each member had one vote regardless of the number of shares held, and any surplus that resulted from mutual trading had to be distributed as 'dividend'. Societies were exempted from income tax under Schedules C and D so long as they placed no limitation on

membership. Mutual trading was therefore regarded as different from profit making. Societies were still liable for tax under Schedules A and B, income from occupation of land, and individuals whose personal income exceeded the exemption limit were taxable on interest received from share or loan capital. Under the Income Tax Act of 1918 the surplus resulting from mutual trade was accepted as different to profit and therefore not taxable.⁷² Months before the election, the *Daily Mail* had asserted that many non-members regularly used the stores, thus violating a key principle of mutuality, and calculated that if the movement was treated the same as private traders it would have to pay about £4.5 million extra to the Treasury per annum. Calls for the taxation of co-operative surplus had been heard for decades but signs that the National Government would take action were promising as Neville Chamberlain, the Chancellor of the Exchequer, had made it illegal for dividend to be paid on prescriptions dispensed by co-operative societies when the Conservatives were previously in office.⁷³

Existing studies of the struggle over taxation of co-operative societies at this juncture tend to endorse the misleading judgement of the young Harold Macmillan, who described it as a 'comparatively limited issue.'⁷⁴ For co-operators, this was a momentous struggle as they considered the principle of mutuality to be at stake, on which depended the future of their movement. Trade organisations and Chambers of Commerce, supported by the mass press, maintained pressure to tax societies more severely in the early months of 1932, representing the movement as a giant 'co-operative octopus', spreading its tentacles ever wider and squeezing the life out of free enterprise. Backing demands made by the Association of British Chambers of Commerce in their report to Chamberlain, the *Daily Express* argued that the advantageous tax position designed to benefit small organisations

and encourage working-class thrift was now inappropriate and morally wrong, as the majority of the 6.5 million members were little more than 'sheep' dominated by a 'socialist caucus'.⁷⁵ The paper even enlisted the help of the grandson of E. O. Greening, the old co-operative pioneer who had tried to keep the movement out of formal politics at the end of World War One, C. B. Greening recalling how his grandfather had warned against 'anything in the nature of Red propaganda.' Dissension within local societies was eagerly reported and the paper maintained that splits were opening up between London and the provinces, the latter dominated by non-political societies that were only interested in the material benefits conferred by mutual trade. Such charges were not without foundation: a delegate at the 1932 annual conference of the Co-op Party ruefully observed how the movement 'had to be kicked into the political field. I am not going to say that even now every co-operator is a political co-operator – too many of them read the *Daily Express*.'⁷⁶

During the Budget debate in April 1932, Chamberlain announced his intention to establish an 'impartial committee' to investigate the tax position of co-operative societies. Its conclusions seemed predetermined to co-operators, especially as Chamberlain publicly accepted claims that the principle of mutuality was being breeched and expressed his belief that it was 'highly undesirable' that the taxation system should cause 'a burning sense of injustice' among the 'general trading community'. In private he was deeply worried, confiding to his sister Ida before his Budget speech that 'Co-ops are a terrible tangle and I don't see my way through.'⁷⁷ When appointees to the Raeburn Committee were announced co-operators' fears were confirmed. A. V. Alexander angrily complained that to call the committee impartial was 'an insult to our intelligence' as one of its three members, H. L. Hill, was on the board of directors of Peter Robinson, the department store, and the

Columbia Gramophone Company, which was actively boycotting the movement.⁷⁸

Monopoly power, working through the mass press, was seen as underlying the attack.

Reynolds's News exposed the workings of Unilever – the ‘World Wide Trade Octopus’ – including the fact that William May, a director of Express Newspapers, was also chairman of Home and Colonial Stores, the main retail arm of Unilever; while a speaker at a WCG conference complained: ‘the controllers of these Big Businesses called the co-operative movement an octopus, and said nothing about their Big Business being an octopus.’ R. A. Palmer represented organised consumers as beleaguered on all sides; ‘challenged in the market place, in Parliament, and in the Press by those who represent the capitalist combines which are anti-social in their influence.’⁷⁹ Even ‘non-political’ bodies such as the BBC and the Women’s Institute now seemed to be against them.⁸⁰

Over the months following Chamberlain’s announcement, the mass press published a steady stream of anti-co-operative invective. The old themes were deployed but the tone became shriller. Leading co-operative politicians such as Alfred Barnes and A. V. Alexander were demonised as opportunistic entryists who were using the movement to pursue a socialist agenda, against the wishes of the majority as usual. The series of pamphlets issued by the Co-op Party under the title *Britain Reborn* strengthened the case for regarding socialism and co-operation as synonymous; they called for public ownership of banking, transport and power, the conversion of state marketing boards into co-operatives and, most important, ‘drastic action to bring monopolies under collective ownership and control.’⁸¹ However, the co-operative press strongly rebutted Beaverbrook’s accusations, describing him as a ‘sad case’ who was suffering from ‘a malignant type of megalomania’ caused by consumers’ growing political power. *Reynolds's News* emphasised that the seventeen

societies in London and the south that had embraced politics most wholeheartedly had also prospered tremendously – increasing annual turnover from £19 million in 1925 to nearly £30 million five years later – and asked, ‘Is it any wonder that the *Daily Express* sees red every time it mentions the Co-operative Movement?’ The editor of the *Co-operative News* pointed to the root of the contest: ‘Individualism is the antithesis of co-operation; the progress of co-operation involves the elimination of the *Express* system with all its exploitation. Any announcement of co-operative progress is, to the individualist, like a red rag to a bull.’⁸²

Much to co-operators’ chagrin, the Government refused to publish evidence given to the Raeburn Committee, which listened sympathetically to private traders who claimed that co-operative societies were both shutting out the poor by charging too much and undercutting them by paying dividend. Responding to Hill’s attacks during its final proceedings, A. V. Alexander restated co-operators’ position: ‘We associate together not that we may make a profit, but that we may by our mutuality have the most economic spending of our members’ income...Income tax law clearly lays down that a man in such circumstances trading with himself cannot make a profit out of himself.’⁸³ Officials from the Board of Trade and the Inland Revenue sided with traders and maintained that co-operative surplus resulted from profit-making, not mutual trade. It came as no surprise then when the committee supported removing exemption for co-operative societies under Schedules C and D, (which would have resulted in about £1.2 million extra tax payable the previous year), when it reported in February 1933. The Committee accepted that co-operators’ argument in relation to mutual trade may have been reasonable in the past but that the organisation was now far too large for the principle to apply. It recommended an illogical compromise: the dividend should be

treated as a trade expense and thus be exempt still, while undistributed 'profits' ought to be taxed.⁸⁴ Getting the measure through Parliament did not prove easy, despite the Government's large majority. The mass press maintained pressure on Chamberlain but many worried about the effects of this measure at the polls. In late April, the *Daily Express* was reporting Cabinet deadlock. Chamberlain had to bridge serious divisions and win over Labour and Liberal members, including the Prime Minister, Ramsay MacDonald, J. H. Thomas and Sir John Simon. The latter proved more reluctant to fall in behind him than did Labour leaders; as Simon confided privately to Chamberlain, in his own constituency in West Yorkshire most of his best supporters were co-operators and he was in for 'a devil of a time'.⁸⁵

'The Great Tax Ramp' as it became known by co-operators was regarded as a direct 'Challenge to Democracy', and they responded by organising what was described with some justification as 'the greatest democratic campaign of modern times.' The slogan 'No Penal Taxation' was adopted, hundreds of societies contributed to a fighting fund that quickly amounted to thousands of pounds, numerous meetings were held and signatures collected for a mass petition. Members were encouraged to sign the latter when they shopped at the stores; in rural Suffolk, deliverymen took the petition with them on their rounds. Some societies were very imaginative: Dartford co-operators made a short film protesting against the tax plans and tried to get it shown in local cinemas; milk bottle tops used by the Brighton Society were embossed, 'Beware the Private Trader and the Tax Raider.' Taxation of reserves was regarded as inevitably leading to taxation of the divi, which would have disastrous consequences. Co-operative propaganda portrayed the measure as a blatant example of class robbery: Eleanor Barton of the WCG called it a 'smash-and-grab raid', while

the Labour MP Arthur Greenwood denounced the tax as 'class legislation' at Brighton.⁸⁶ At a National Emergency Conference held on 4 April at Central Hall, Westminster, an audience of around 2,000 delegates heard combative speeches by co-operative, Labour and trade union leaders. Mrs Lightfoot, the Seaham co-operator who had famously forced MacDonald to pledge that the divi would be safe under Labour during the 1929 general election, caused great amusement with the taunt, 'I've been waiting for him to come back to Seaham ever since.' Alfred Barnes rather optimistically suggested that by taxing this working-class organisation the government may have 'signed the death warrant of capitalism.' Delegates invaded the Commons afterwards and presented petitions to constituency MPs, though some Tories managed to slip away.⁸⁷ The total number of signatures collected amounted to 3,428,000, making it the largest petition to parliament since the Chartist period, a fact repeatedly emphasised in the co-operative press.⁸⁸

Fearing the electoral effects of this agitation, Chamberlain worked in private to strike a compromise, but failed to reach agreement with co-operative representatives. His backbenchers clamoured for action and, eager to quell fascist appeals, Chamberlain was ready to appease small traders. The contest became more acrimonious as CWS officials were unfairly accused of graft in Parliament.⁸⁹ MacDonald was lampooned from all sides and lost any remaining credit he had left in co-operative circles. A. V. Alexander called for the Prime Minister's resignation and both he and Thomas were condemned as 'renegades' who had 'ratted' on their erstwhile friends.⁹⁰ The Cabinet agreed to support Chamberlain in early May and legislation drawn up according to the recommendations of the Raeburn Committee was forced through. The Chancellor was nervous until the vote but held up better than MacDonald, confiding to his sister Hilda that he felt 'quite sorry' for the Prime

Minister during the heated taxation debate on 22 May: 'Sitting next him on the bench I could feel him trembling all over and when he got up his face was quite ghastly.'⁹¹

Government victory was hardly surprising, though the issue provoked the biggest vote against them since the general election: 328 in favour to 109 against, including 15 Conservatives, 27 Liberals and 11 Liberal National MPs. The debate in the Commons was heated. Though there was only one Co-op Party MP in Parliament, the movement had some staunch allies, including William Cove, MP for Aberavon (McDonald's old constituency in South Wales), who argued that co-operation had been attacked because it stood for 'the germ of changes in society as a whole.'⁹² The illogicality if not the unfairness of this measure was widely acknowledged outside the movement. *The Times* noted how since its publication 'much doubt has been cast both upon the accuracy and upon the practicability' of the Raeburn Committee's report; while *The Economist* lamented how 'the petty yield to the Exchequer is hardly likely to counterbalance the veritable political hornet's nest which the Government has seen fit to stir up.'⁹³

V

The Economist's warning proved correct and a new body established to represent private traders – the National Organizations Co-ordinated Committee (NOCC) – continued to campaign against the Co-op. Beaverbrook became its self-appointed leader and stepped up attacks on the movement in the *Daily Express*. The paper asserted that 100,000 shopkeepers backed the NOCC (the *Mail* put the figure at 250,000) and it tried to inflame

them, for example, with reports that the CWS was planning to open stores in areas where co-operation was weak. According to the *Express*, the spread of the movement threatened to 'smash the fabric of the country's commerce.' It published numerous letters of support from local traders' associations and Beaverbrook even got his staff to purchase goods undercover from co-operative stores, claiming private traders were cheaper.⁹⁴ He worked closely with H. J. Gamblin, chairman of the NOCC, overseeing the production of anti-co-operative propaganda and providing funds. Though his biographer and friend, A. J. P. Taylor, preferred to ignore Beaverbrook's role in this 'crusade', he devoted a great deal of energy to it, despatching thousands of letters to traders and appointing a secretary to deal with correspondence.⁹⁵ Interestingly, Beaverbrook responded personally to many letters of support from disgruntled shopkeepers who blamed the Co-op for their various woes; he returned a postal order for £1 sent by 'one of the victims of co-operative oppression' from South Wales, for example, thanking him politely for the donation but stressing how he wanted to bear costs himself. To Beaverbrook's dismay, serious rifts became apparent early on. Some trade associations were fearful of alienating Co-op shoppers; the trade journal, the *Bakers' Record*, for instance, having asked Beaverbrook for an article, later refused to publish it. Eventually, Beaverbrook despaired of private traders, believing them to be 'afraid of their Socialist customers', despite their latent power. He confided revealingly to Gamblin; 'It's odd, is it not, that the little fellows will not fight for themselves. They have got a real chance at present, with a world movement to help them.' Other publicity stunts backfired badly. Beaverbrook joined the London Co-operative Society to stir things up but officers of the society took great pleasure in sending him invitations to meetings, information about new developments and even asked whether he wanted to join their mutuality club!⁹⁶

The *Daily Express* declared 'Co-op War Front Widens' as Beaverbrook focussed his energies on the London County Council elections in March 1934, regarding them as a vital battleground. Though a lacklustre public speaker, he addressed numerous meetings in support of Empire Free Trade and those Conservative and Municipal Reform Party candidates who had pledged to enlist ratepayers against the 'the co-operative octopus'. It was claimed that the CWS received preferential treatment when council contracts were awarded and candidates promised to halt the spread of the movement in the London area. The atmosphere during the election was highly charged; Beaverbrook denounced the 'menace' of co-operation to an appreciative audience at East Sheen, but was booed by 'an immense crowd' when he emerged from the hall. Speaking at Ealing, he portrayed the movement as a revolutionary organisation that was 'bent on overturning the existing social structure of the country.' Heckled by the audience, Beaverbrook threatened; 'You are crying out before you are hurt, but, please God, we will hurt you and give you something really to shout out about.'⁹⁷ The campaign failed utterly, though it served as a 'magnificent advertisement for the co-operative movement' as the *Advertisers' Weekly* observed, and Labour was swept to power. George Hicks, Labour MP for Woolwich East, sent Beaverbrook a telegram after the results were announced offering, 'very many thanks for helping us to win London for Labour and Co-operation.' Beaverbrook wrote sympathetic letters to unsuccessful candidates such as Sir Cyril Cobb, stating his belief that their failure was 'due entirely to the wickedness of the Conservatives who did not bestir themselves', and foreseeing that they 'will get what they deserve in the next three years.'⁹⁸ For a while Beaverbrook ploughed on, addressing a public meeting in Manchester where he was heckled once again but he did not enjoy being on the losing side and gave up the cause after what was an ignominious defeat by any reckoning, though the *Daily Express* continued to

regularly publish anti-co-operative propaganda for the rest of the decade.⁹⁹ Rothermere went further, concluding from this setback that the only hope for the private trader lay with the fascists, pointing out that 'one of the articles of the Blackshirt programme is to protect him against the tentacles of the Co-operative octopus.'¹⁰⁰

Co-operators responded to Beaverbrook's assault by launching their own counter-offensive. The anti-co-operative campaign confirmed the view that the development of an independent press was vital to the success of 'co-operative democracy'. It became widely accepted that co-operators needed to 'strike at the heart of democracy's most militant foe – the great capitalist newspaper combines.' The press was regarded as a key weapon for the working-class consumer, one which had to be wrestled out of the hands of Beaverbrook and Rothermere: 'The function of the Co-operative Press is to help the co-operative movement to safeguard the larders and wardrobes and homes of the masses; the function of the Capitalist Press is to enable financiers and traders to succeed in their exploitation of the homes of the masses.' The failure of trade unionists to keep control of the *Daily Herald* meant that co-operators now had to face this challenge alone. Again, enemies abroad as well as at home lent particular urgency here: co-operators believed that the Nazi seizure of power had been aided by the Hugenberg press in Germany, which had waged a relentless struggle against workers' organisations, including co-operatives.¹⁰¹ Consequently, demands for a 'press push' were increasingly heard at co-operative meetings throughout the country and in the summer of 1932 plans were made to relaunch *Reynolds's News* using capital from a special advertising fund subscribed to by societies in proportion to their annual turnover. Meanwhile, the paper's talented editor, Sydney Elliott, hired an impressive group of contributors, including H. N. Brailsford and Hamilton Fyfe, and the weekly circulation rose to

500,000. A rejuvenated press, it was hoped, would be the means by which, 'Our massed millions of members can provide the nation with an antidote to the poison which comes from the printing presses controlled by the foes of democracy.' The National Co-operative Publishing Society led the campaign for an advertising fund, raising more than £50,000 by the spring of 1935. Interestingly, societies in the south at first subscribed more readily than northern societies, which had been harder hit by economic recession; the London Society alone subscribed over £11,000. The slogan, 'Build a Press Without a Peer' was adopted, a new site bought at Gray's Inn Road, and a revamped *Reynolds's News* appeared early the following year.¹⁰²

The press lords and their allies managed to inflict significant damage on the Co-op but they lost the war, at least in the short and medium term. After all, the financial impact of the new taxation on the Co-op was limited, societies could easily avoid it and the movement continued to expand – to over 8.6 million members by 1939.¹⁰³ Though Beaverbrook kept up pressure after war broke out, denouncing the movement in the *Daily Express* and even tempting Sydney Elliot away from *Reynolds's News* to work with Michael Foot at the *Evening Standard* in 1942, co-operative advance seemed almost inexorable.¹⁰⁴ Why were the Co-op's enemies not more successful and what does their disappointment tell us about the wider political culture of the 1930s? Most obviously, Beaverbrook and Rothermere were not as powerful as they liked to imagine. Although they tried to exert control over their newspapers and often dictated the editorial line, the mass press was not merely a mouthpiece for the dissemination of the views of its owners.¹⁰⁵ Beaverbrook notoriously kept his editors on a tight rein but he sometimes hired talented journalists like Foot and Elliott despite their political views and employed David Low as cartoonist on the *Evening*

Standard from 1927 and Low, according to the report produced by Political and Economic Planning in 1938, frequently held up 'the whole of capitalist society to ridicule.'¹⁰⁶

Rothermere's reach was greater in theory, as the Harmsworth Group represented the 'most complete newspaper combine' in the country, comprising 8 morning, 12 evening, 2 Sunday and 6 weekly newspapers by the late 1930s.¹⁰⁷ After the frenzied period of takeovers during the 'newspaper war' a decade earlier, Rothermere owned numerous local titles and he pledged to use these in the war against the Co-op. However, this was far easier said than done: the strength of the business and culture of co-operation tied his hands at the local level. Mass consumerism conferred power on working-class consumers as well as mass market capitalists and it exerted a democratising influence as J. B. Priestley famously observed in relation to Blackpool, which he considered 'a complete and essential product of industrial democracy', a cheap and accessible world open to all those who could pay or obtain credit.¹⁰⁸ Local papers controlled by the Harmsworth Group frequently reported news relating to co-operative societies, including sales events, the opening of new premises, quarterly meetings, annual festivals and sports days, outings and so on. This was hardly surprising when these associations played such a crucial role in the lives of many of their readers, and when co-operators often advertised in their pages. The Gloucester Society, which had 27,000 members in 1931, took out a whole page advertisement in the local paper that year trumpeting the advantages of mutual trading. The *Gloucester Citizen* splashed across its pages the arrival of Father Christmas at the local society's central premises three years later.¹⁰⁹ The *Hull Daily Mail* carried a full page advertisement to coincide with 'Hull Civic Week' in 1933 headed 'Co-operation – the Basis of Good Citizenship', which pointed out that the local society had provided a total of seven Lord Mayors. The membership of the

society grew by 25% between 1933 and 1935, rising to 50,000. When the American bandleader Roy Fox played Hull in 1936, the advertising manager of the local paper arranged for Fox and his family to visit the city's major shopping attractions. First on the list was the Co-op.¹¹⁰

The struggle over taxation was reported in detail by the local press belonging to the Harmsworth Group, and coverage was generally impartial. Ample space was devoted to the views of small traders and Chambers of Commerce, naturally. The *Gloucester Citizen* cited a leader of the Federation of Grocers' Associations at a meeting in the city who reckoned that traders, 'now have the Co-operative Movement on the run'. Similarly, the *Lincolnshire Echo* quoted Herman Kent, secretary of the Federation, who believed co-operators were aiming at 'the elimination of private enterprise and the substitution of a co-operative commonwealth.'¹¹¹ But the local press also reported co-operators' criticisms, including sometimes even most the radical views of activists such as Mr Marshall of the Hull Society, who lambasted the conduct of the 'biased press' in the campaign; and George Lansbury, who believed that the war revealed how the movement stood for 'a complete transformation of the hellish, competitive, capitalistic society in which we live.'¹¹² Anti-co-operative sentiment was not entirely excluded from the papers, however, but was worked in more insidiously. Attacks on the movement by local and national Conservative politicians were published next to editorials, in the *Derby Evening Telegraph*, for instance, which provided a platform for E. S. Riley, a member of the town council, to denounce 'the Socialist Co-operative movement'; and in the *Lincolnshire Echo*, where Walter Liddell, Tory MP for Lincoln, poured scorn on co-operators' protests against the tax.¹¹³ Moreover, as in the national press, conflicts within local societies were eagerly picked up on as were divisions

between ordinary 'non-political' members and the movement's 'socialist' leadership. Correspondence columns were an important means of moulding readers' views and anti-co-operative letters were regularly published.¹¹⁴ Whatever the press lords' intentions, their room to manoeuvre was limited clearly as local editors were careful not to totally alienate an important market.

VI

As the war against the Co-op was cooling, H. N. Brailsford published his brilliant prophetic work, *Property or Peace?*, which argued that the depression had 'smothered' parliamentary democracy in Britain. It had not been completely crushed as it had been in Italy and Germany, of course, but there had been 'a very remarkable departure' from normal democratic procedure nevertheless: an emergency election had been called to defeat socialism, parliament had been largely silenced – real power centralised in the hands of ministers and delegated bodies – and the Prime Minister had been 'exalted to the rank of a Duce.' All this achieved without fuss, in keeping with the national temper: 'The forms of democracy were preserved, but something also of the authoritative procedure of Fascism was attained, and that without the trouble of dressing in coloured shirts.'¹¹⁵ Although there was some truth in Brailsford's analysis, it also underplayed the continuing vibrancy of associational life and democratic practice in civil society, which recent historiography has been keen to recover. Developing this lead, this article has explored the vital role organised consumers played in popular political culture in the interwar period. However, it has also

emphasised how contested that political culture continued to be; protracted struggles occurred over the meaning of democracy and working-class consumers were in the vanguard of those struggles. Co-operative ideologists dismissed Beaverbrook and Rothermere's defence of small traders as mere cant, for the mass press as well as the political elite sided with monopolies. They regarded themselves therefore as the true defenders of democracy, fighting a just war against those groups in society led by the press barons who sought to engross economic and political power.

It remains to be considered why Baldwin and the Conservative Party resisted Beaverbrook and Rothermere's appeals, why they did not go further and tax the dividend, as many co-operators feared they would. There was some Conservative support for more punitive action as we have seen, but it was mainly confined to the backbenches of the party. It fell to Chamberlain to steer the unpopular tax onto the statute book but he was committed to the finality of the measure, confiding to his sister Hilda that he had a soft spot for the Co-op as did some other Conservative MPs – 'Ned Grigg told me he never had any trouble about Coops though there are a great many in Altrincham' – and even deluding himself that eventually co-operators would render him thanks 'for having given them the charter for their divi.'¹¹⁶ Significantly, Baldwin maintained a low profile during the campaign against the Co-op, refusing to speak on the issue and keeping away from the House during the vote. This enabled the Conservative leader to maintain his moderate persona, carefully crafted to help bind classes together and maintain national stability in a 'peaceable kingdom', in Jon Lawrence's terms.¹¹⁷ Baldwin had cultivated cordial relations with co-operators for years, visiting CWS warehouses in London and praising the movement as early as 1924.¹¹⁸ Taxing the divi would have been un-English, therefore, something that fascist regimes did. He also

understood very well indeed what much recent scholarship has explored in detail: the uneven and fractured nature of working-class consciousness. He knew that most ordinary co-operative members were not avowed socialists but continued to identify with the Liberal or even the Conservative Party in some localities and he did not wish to alienate these potential supporters entirely. During the parliamentary debate on taxation Commander Bower referred to the movement as an anti-socialist force and Baldwin shared this opinion.¹¹⁹ The assistant Cabinet Secretary Tom Jones recalled that Baldwin stated that he thought 'it may be possible to detach' the Co-operative movement from Labour because its members 'are small investors and proprietors and don't easily swallow Marxism.'¹²⁰ A good deal of evidence made such an objective appear reasonable. The Altrincham by-election that was won by Edward Grigg for the Tories in June 1933 was, according to the *Co-operative News*, 'a gross reflection' upon Co-operative and Labour voters, especially given the number of co-operative members in the area and the recent conflicts. The paper blamed defeat on the Labour Party's poor organisation.¹²¹ Baldwin's hopes for a rift between Labour and the Co-op seemed more feasible than ever after 1933, as relations between the producer and consumer wings of the labour movement continued to deteriorate.¹²² In short, Baldwin regarded the Co-op not as an enemy of the state but as a bulwark and did what he could to encourage this view in order to strengthen Conservative hegemony; Philip Williamson is correct surely to emphasise the ideological effort involved in securing support for 'conventional wisdoms' across classes at this time.¹²³

Baldwin had recognised the political importance of the consumer in the 1920s. He initiated the Royal Commission on Food Prices in 1925 to assuage mounting criticism of 'profiteering' and sought to address the interests of the consuming public, especially the housewife,

thereafter. Here, as in so many respects, Baldwin proved a true party leader.¹²⁴ Correctly intuiting the popular mood, he also inveighed against monopoly power (while doing nothing to halt its creation), stating in an interview published in the *People* the year before that the Conservative Party ought to distance itself from 'vested interests' and that it was imperative to 'break rings and trusts' in order to reduce the cost of goods paid by ordinary consumers. Moreover, like very many co-operators, Baldwin despised Beaverbrook and Rothermere, who tried to stymie then overturn his leadership of the party; in the same article he snapped the owners of the 'Trust Press' 'are both men I would not have in my house.'¹²⁵ He waited seven years to exact full revenge, however. In a speech delivered during a by-election at St George's, Westminster, in March 1931, Baldwin famously described the mass press as 'engines of propaganda for the constantly changing policies, desires, personal wishes, and personal likes and dislikes of two men.' Borrowing from Kipling, he went on to denounce the press Lords for seeking 'power without responsibility – the prerogative of the harlot throughout the ages.'¹²⁶ Co-operative ideologues pounced on the phrase 'engines of propaganda' during their protracted struggle with the mass press, employing it routinely.¹²⁷ If it seems unlikely that co-operators saw Baldwin as an ally, there is little evidence to suggest they saw him as an enemy either and this underlines the reach of Baldwinite Conservatism at this time. Certainly, co-operative politicians thought that the growth of big business and creeping authoritarianism at home were undermining British freedoms and they stressed the necessity of 'co-operative democracy' to counter these threats. The majority of members, however, were still to be totally convinced by such arguments, as they knew very well that despite profound domestic problems there was still a world of difference between the partial nature of British democracy and the totalitarian regimes that had found fertile soil on the continent. In Britain, at least, the organised consumer had still

some room for manoeuvre and could continue to build the Co-operative Commonwealth of the future.

Peter Gurney, Department of History, University of Essex, UK.

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- 96 Beaverbrook Papers, BBK F/30, F/31, F/33; letter to Gamblin dated 23 Mar. 1934.
- 97 *Daily Express*, 7 Feb. 1934, pp. 1, 4; 9 Feb. 1934, pp. 1-2; 14 Feb. 1934, pp. 1-2; 28 Feb. 1934, pp. 1, 8; Sue Lawrence, 'Moderates, Municipal Reformers, and the Issue of Tariff Reform, 1894-1934', in Andrew Saint (ed.), *Politics and the people of London: the London County Council, 1889-1965* (1989).
- 98 Redfern, *New History of the C.W.S.*, p. 475; Beaverbrook Papers, BBK F/34. Most Conservative MPs gave Beaverbrook's campaign short shrift, as the *Co-operative News* noted: 24 Feb. 1934, p. 1.
- 99 *Manchester Guardian*, 22 Mar. 1934, p. 11. The message of Empire Free Trade was given a more sympathetic hearing at the meeting.
- 100 *Daily Mail*, 23 May 1934, p. 10; 28 May 1934, p. 9. British fascists alternately threatened and cajoled co-operators. For the former see *Blackshirt*, 25 Apr. 1936, p. 3; 3 Oct. 1936, p. 3; 17 Oct. 1939, p. 3; and for the latter, *Action*, 24 Apr. 1937, p. 10; 15 Oct. 1938, p. 6; John Beckett and A. R. Thomson, *Private Trader and Co-operator: the Fascist Solution to the Problems of the Distributive Trades* (1935).
- 101 *Co-operative News*, 12 Sept. 1930, p. 2; 2 Apr. 1932, p. 1; 16 June 1932, p. 2; 22 Oct. 1932, p. 13; 10 Feb. 1934, p. 11; 10 Mar. 1934, p. 2.
- 102 *Ibid.*, 23 June 1932, p. 2; 13 Aug. 1932, pp. 1, 5; 9 Mar. 1935 (Supplement); 18 May 1935 (Supplement); 7 Dec. 1935, p. 1; Alfred Barnes, *Press Power for Co-operation*

- (Manchester, 1935); F. M. Leventhal, *The Last Dissenter. H. N. Brailsford and His World* (Oxford, 1985), p. 226.
- 103 Cole, *A Century of Co-operation*, p. 372.
- 104 *Co-operative News*, 18 Nov. 1939, p. 1; 13 Nov. 1943, p. 1; 23 June 1945, p. 9; Gordon Schaffer, *Baby in the Bathwater. Memories of a Political Journalist* (Lewes, 1996), p. 104. According to Schaffer, who joined the staff of *Reynolds's News* as a journalist in 1937, Beaverbrook flattered Elliott by telling him that his leader page was 'the best in Fleet Street'. Elliott was also tempted by the prospect of a greatly increased salary as well as frustrated by obstructive directors. See also Stott, *Forgetting's No Excuse*, pp. 56-7.
- 105 For the constraints on Beaverbrook and Rothermere see D. G. Boyce, 'Crusaders without chains: power and the press barons, 1896–1951', in James Curran, Anthony Smith, and Pauline Wingate (eds), *Impacts and influences: essays on media power in the twentieth century* (1987), pp. 106-10; 'Aitken, William Maxwell, first Baron Beaverbrook (1879–1964)', *Oxford Dictionary of National Biography* (Oxford, 2004); online edn, Jan 2011 [<http://www.oxforddnb.com/view/article/30358>, accessed 19 July 2014].
- 106 PEP, *Report on the British Press: A Survey of Its Current Operations and Problems with Special Reference to National Newspapers and Their Part in Public Affairs* (1938), p. 178.
- 107 PEP, *Report on the British Press*, pp. 97-9, 101; S. J. Taylor, *The Great Outsiders: Northcliffe, Rothermere and the 'Daily Mail'* (1996), p. 285-6.
- 108 Priestley, *English Journey*, pp. 266, 402-3. Priestley was ambivalent about the 'third England' represented by Blackpool, which was 'a bit too cheap...stamped on from

outside, probably by astute financial gentlemen, backed by the Press and their publicity services.'

- 109 *Gloucester Citizen*, 13 Nov. 1931, p. 8; 26 Nov. 1934, p. 10.
- 110 *Hull Daily Mail*, 9 Oct. 1933, p. 5; 8 Oct. 1935, p. 1; 4 Feb. 1936, p. 8.
- 111 *Gloucester Citizen*, 28 Apr. 1932, p. 8; *Lincolnshire Echo*, 12 May 1933, p. 5.
- 112 *Hull Daily Mail*, 23 Mar. 1933, p. 4; 2 May 1933, p. 5; 6 Mar. 1934, p. 5.
- 113 *Derby Evening Telegraph*, 20 Apr. 1933, p. 4; 29 June 1933, p. 4; *Lincolnshire Echo*, 28 Apr. 1933, p. 4. Liddell's majority was more than halved in 1935 and he lost his seat to Labour in 1945.
- 114 *Derby Evening Telegraph*, 31 Oct. 1933, p. 5; 14 Nov. 1935, p. 1; *Gloucester Citizen*, 12 Jan. 1931, p. 6; 15 Sept. 1931, p. 4; 7 Apr. 1933, p. 4.
- 115 H. N. Brailsford, *Property or Peace?* (1934), pp. 59-60. There is a useful discussion of this work in Leventhal, *The Last Dissenter*, pp. 236-9. Brailsford's views chime with Antonio Gramsci's concept of 'Caesarism'. See Quintin Hoare and Geoffrey Nowell Smith (eds), *Selections from the Prison Notebooks of Antonio Gramsci* (1971), pp. 219-23.
- 116 Self (ed.), *The Neville Chamberlain Diary Letters*, p. 396.
- 117 Jon Lawrence, 'Forging a Peaceable Kingdom: War, Violence, and Fear of Brutalization in Post-First World War Britain', *Journal of Modern History*, 75/3 (2003), pp. 557-89.
- 118 *The Times*, 8 Mar. 1924, p. 12; Redfern, *New History of the C.W.S.*, pp. 296-7.
- 119 *HC Debs.*, Vol. 278, 22 May 1933, cc. 843-5.
- 120 Philip Williamson and Edward Baldwin (eds), *Baldwin Papers. A Conservative Statesman 1908-1947* (Cambridge, 2004), p. 354.

- 121 *Co-operative News*, 24 June 1933, p. 1.
- 122 See Rhodes, *Co-operative-Labour Relations*, pp. 38-48; Smith and Ostergaard, *Constitutional relations between the Labour and Co-operative Parties*, pp. 10-13.
- 123 Williamson, *National Government and National Crisis*, p. 519; Stanley Baldwin: *Conservative Leadership and National Values* (Cambridge, 2007).
- 124 This theme is overlooked by David Thackeray in, *Conservatism for the democratic age* (Manchester, 2013), though note J. G. Fairfax's remarks cited on p. 179.
- 125 *People*, 18 May 1924, reproduced in Williamson and Baldwin (eds), *Baldwin Papers*, pp. 489-93.
- 126 *The Times*, 18 Mar. 1931, p. 17; Tom Driberg, *Beaverbrook. A Study in Power and Frustration* (1956), pp. 213-14; Williamson and Baldwin (eds), *Baldwin Papers*, p. 258, fn 59.
- 127 *Reynolds's Illustrated News*, 6 Mar. 1932, p. 9; 8 May 1932, p. 12; 15 May 1932, p. 12; *Co-operative News*, 3 Feb. 1934, p. 1; 10 Mar. 1934, p. 2.