THE CO-OPERATIVE SYSTEM.

The Great Labor Question Solved by Self-Help.

THE WORKINGMAN HIS OWN CAPITALIST.

History of the Co-Operative Movement in England and on the Continent.

What Is Being Done in This Country.

Dr. Rossbach, in his work on the "History of Political Economy," refers to the lamentable result which, with all its humanizing benefits, the progressing industrial development has wrought. It is, he says (on page 285), "a peculiarity of all highly civilized nations—a lamentable sediment of civilization itself—already complained of by Demosthenes and the prophets, which found expression in the exactions of Roman proconsuls and in the outcry of the starving masses, as whose patrons the Gracchi appeared, which is there represented in a Varro and here in a Catilina and which is found in the increasing wealth of the few and the impoverishment of the many. This impoverishment of the masses is the disease also of our day, the deepest social wound, preying on the life of the future and threatening the peace of the present—a wound to heal which England now already spends £8,000,000 sterling in useless effort, and which eats deeper and deeper into the life organism of society." And further on (page 399) the same author observes:—"From all that the present affords us we observe two great evils attending our industrial development—the one is insecurity of maintaining life, the other demoralization. The dependence of wages on the will of the employer, stoppage in the course of trade and manufacture, a crisis, an interruption of the great intercourse of the world expose the workingman to want and deprivation; his home and family life is destroyed, and moral degradation follows." "Capital, division of labor, factories, machinery, deprive the trades more and more of their independence and force the tradesman into poverty. Seeing his trade mercilessly lost he leaves his small workshop to earn a precarious living in the great workshop of the factory as a laborer. And thus we naturally come to another great question of our times—the labor question."

Dr. Rossbach is undoubtedly right in calling this one of the great questions of our times. The condition of the workingman, his relation to his employer as well as to society, as being gradually wrought out by the centralizing tendencies of modern age, are a sore spot on the industrial body politic. It is not, however a newly discovered disease. Only it is growing worse by the increasing development and is more and more felt. Hence the need of a check to this disease has also increased from year to year. And many were the projects proposed, and some actually attempted in practice, to ameliorate the condition of the workingmen, and in some instances even to rebuild on new foundations the whole system of human society. However well meant, however benevolent the spirit prompting these plans, most, if not all of them, were illusory, and therefore impracticable. Most of these had their origin in France and it is only required to refer to "Fourierism," "Cabetism," "St. Simonism," to show the visionary means adopted to cure the evil, the cure itself being worse than the disease. Even the *L'Union Ouvrière* (proposed in 1844, intending by the contribution of two francs annually by each manual laborer in France, estimated at five millions, and hence with a sum of ten million francs, or two million dollars annually, to establish and maintain a refuge for worn out and infirm workingmen under the name of *"Le Palais de L'Union Ouvrière"*) failed, for it was considered a wild scheme and derided; and by none more than by the workingmen themselves. While Louis Blanc was a member of the provisional government of France he carried his peculiar doctrines of the *"droit du travail"*—the right to work—and of the organization of labor into execution in the *ateliers nationaux*, or national workshops. But it did not last long, for the maintenance of the workingman at the expense of the whole people, turning the State into a great manufacturing agency, competing with and destroying private industry, soon became so odious that it died of its own monstrosity. But it is not the purpose of this article to detail the many plans and attempts made throughout the world towards elevating the condition of the workingman, and which successively failed. These form part of the social history of mankind, and any one curious to study the gradual progress of development in this regard and the great number of grievous mistakes which well intentioned people often make will find them recorded in the many works on political economy and social science. At present it is proposed to give an extended notice of the system of

CO-OPERATIVE SOCIETIES,

as these have come into vogue in Europe and here, showing its undeniable benefits and the dangers to which it is often exposed. This system has as yet found a more extended development in England and Germany. In France the rigor of the domestic administration of the Second Empire has rather proved a hindrance to the growth of these societies; and Italy and even Russia have lately begun to cultivate them.

THE ROCHDALE SOCIETY.

"Co-operation," says a writer on "Co-operative Societies" in *Blackwood's Magazine* for March, 1867, "for the purpose of offence or defence is as old as society, while co-operation for the purposes of trade is almost as old as civilization. Under the name of partnership the idea of co-operation has long been familiar." Not wishing to stop to critcise this too much matter-of-fact definition of the principles of co-operative societies, it is but just to quote the opinion of this high tory journal of England that the beginning made by some workingmen in Rochdale "was destined to have great results, not only on the fortunes of those who humbly and timidly inaugurated the movement, but on those of the working classes generally throughout the most populous industrial districts of the kingdom."

It is now generally conceded that this beginning in Rochdale was, in truth, the commencement of an eminently practical system for elevating the mental, moral and physical condition of the workingman, not by any outside aid or charitable assistance by the State or individuals or wealthy societies, but by cultivating in himself the habit of prudent self-reliance, which the *London Quarterly* for October, 1864, in speaking of workingmen's benefit societies, justly regards as one of the principal needs of our time, as "every individual, however humble his social position may be, is the better for knowing and feeling that his happiness necessarily depends in a great measure upon his own industry, economy and providence." And it is because these societies "are calculated to cherish the habit of genuine self-reliance and self-respect" that they are "considered eminently worthy of public encouragement." The grand and, in all truth, astonishing results following the remarkably small beginning at Rochdale only twenty-five years ago, and the evident benefits conferred by them upon the working classes wherever this system has been adopted fully justify this high commendation.

From the German work of Eugene Richter upon the history and development of co-operative stores a full knowledge of the difficulties and gradual rise of this first co-operative society may be gathered. It appears that in November, 1843, a number of weavers occasionally met at Rochdale to consult together as to the best means to better their condition. Some were for the usual resort of dissatisfied workingmen—that is, strikes. But this was discussed in every aspect and finally rejected by the more sensible men, who succeeded in prevailing upon a number of others to join with them and try whether they could not get higher wages, or make what they did get go further. When this was agreed upon as the underlying principle on which to proceed a paper was drawn up and twelve men signed their names, agreeing each to pay twenty pence per week into the common fund. They named themselves "The Rochdale Society of Equitable Pioneers." Soon after the programme of this new society was issued, substantially as follows:—

The object of this society is to devise such expedients as shall bring pecuniary profit to its members, and at the same time result to their advantage as individuals and as members of the society. In pursuance of this object the society collects contributions from its members with which to carry out the following designs:—First, the erection of a store for provisions, groceries and clothing materials; second, the building or otherwise procuring of a number of houses, where such members may dwell as find it more convenient to live together; third, the assistance of such members as may be out of employment, either on account of an unjust lowering of wages or from any other cause; fourth, to rent a farm or farms, likewise to furnish employment to such members as are out of work; and, fifth, the society will use every effort to increase its capital, to educate its members and their children and to advance their prosperity.

In the course of a year the society collected from its members the sum of twenty-eight pounds sterling, or about $140, and with this small sum they commenced work and opened their store in Toad lane, Rochdale, on the 21st of December, 1844. Thirteen pounds had been expended for rent, fixtures and furniture, leaving for the purchase of stock fifteen pounds, or seventy-five dollars. With this slender capital they laid in, at wholesale prices, a stock of the very best groceries and provisions, and as they were good judges of the articles to be procured, paid ready money for everything, and promised, if all went well with them, to be still better customers on the same terms, they had the pick of the market. Their fundamental rule of business was neither to give nor to take credit; and from this rule, though often sorely tempted, they never swerved. At first only the members of the society dealt at the store; but as, notwithstanding the sneers and opposition of the regular shopkeepers, they managed to satisfy the wives and families of the partnership by the plumpness of the weight, the genuineness of the quality and the cheapness of the articles supplied, the whole manufacturing population of Rochdale soon came to hear of the new association and thronged to its doors to purchase. As the managers of the store had to work during the day for their daily bread, like other members of the society, it was at first only possible to open the doors of the establishment at seven o'clock in the evening, when the ordinary labors of the day were over. But the trade increased so largely that it soon became necessary to appoint a paid superintendent to keep the place open all day long. This step in its turn led to an increase of business." (*Blackwood* for March, 1867.)

In 1845, being one year in operation, the number of members had increased to seventy-four, the share capital to £181, or $905. The amount of sales for this first year was £710, or $3,550, on which the profits were £32, or $160. So rapid was the success that five years later, in 1850, the number of members had increased to 600, the capital to £2,300 ($11,500), the sales to £13,179 ($65,895), and the profits to £880 ($4,440). Ten years later, in 1860, the members had increased to 3,450, the share capital to £37,710 ($188,550), the sales to £152,063 ($760,315), and the profits to £15,906 ($79,530). The last full report in detail, now before us while we write, is for the year 1866, published in 1867, and from it the following condition of the Society is given for that year:—Members, 6,203; share capital, £97,849, ($487,445); sales, £249,122 ($1,245,610), and profits realized, £31,941 ($159,705).

These figures certainly represent an astonishing success. But they do not give all. Connected with their groceries and provision store these Rochdale Pioneers established in 1851, a corn mill, which in 1865 was running fifteen stones, doing a business of £148,533 ($742,665), with a profit of £12,511 ($62,555). They also commenced the manufacture of clothing, to provide their members with meat and other articles, in which again a capital of £91,000 ($455,000), had been invested in 1865; the receipts of these branches for the last three months of 1866 are reported as follows:—£3,440 ($17,200) in the drapery department, £426 ($2,130), in the tailoring department, £537 ($2,685) in the shoemaking department, £5,966 ($27,980) in the butchers' department, and £2,103 ($10,515) in the pork butcher's department. Besides, this society maintains a library, a reading room, schoolrooms for the young, and a certain percentage of the annual profits are set apart for the Educational fund. The rapid increase of capital in this society is shown by a tabular statement in the "Social Science Tracts" of Messrs. Chambers, where, from the books of the Pioneers it appears that one man, who became a member in November, 1850, by the payment of one shilling and paying nothing additional, had standing to his credit in December, 1860, over £98 ($490), accrued interest and dividends on his share, after having drawn out £6 ($30) in 1856.

OTHER SOCIETIES.

As soon as the unexampled success of this Pioneer society became known, during the first few years of its existence, similar associations were formed in other places and soon all over England. In 1858 the "Rochdale Co-operative Manufacturing Society" was founded, declaring it to be their object "to improve the social and domestic condition of its members, and to encourage among them a spirit of honesty and fair dealing by raising from their voluntary subscriptions a fund * * * for carrying on in common the trades of cotton and woollen manufacturing." The nominal capital was fixed at £50,000, or $250,000, in shares of £5, or $25 each; but before this amount was subscribed they rented part of a cotton mill and began work, and in 1865 they sold of their own manufactured goods to the amount of £133,935 ($669,925), and their actual cash capital was £64,000 ($320,000), owning a mill built by themselves.

The "Halifax Workingmen's Co-operative and Provident Society," founded in 1849, is also in a very flourishing condition. The building erected by them for their uses, at an expense of £15,000, or $75,000, contains a butcher's, a provision, a boot and shoe, a linen draper's, a grocer's, a woollen draper's and a tailor's shop, all managed by the society. A paper read before the English Association for the Promotion of Social Science, in 1864, speaking of the storerooms and magazines for the storage of goods, of the coffee rooms for the male and female members of the society, the reading rooms, dining and smoking rooms and the offices of the managing committees of the society, says that everything is as dainty "as a committee room at the Reform Club. The secretary's offices are as convenient and substantial as a banker's; hot water pipes run through every room in the building; ventilation is everywhere provided for. Throughout the whole edifice there is no sign of poverty or makeshift—nothing is mean or second hand. Everything is as stately, as complete, as opulent as a railway or government office." This society, moreover, rents a large farm, about a mile from town, worked and operated by the members for their common benefit, and here they congregate every summer, with their wives and children, about 20,000 souls, and hold their convivial gatherings and picnics.

In 1863 an act of Parliament required all these co-operative associations to make a report of their rules and by-laws and of their yearly business in detail to the Registrar of Friendly Societies, who reports again to Parliament. For the year 1866 Mr. Tidd Pratt, the registrar, reported from the data thus furnished him, that there were in existence in the United Kingdom, at the close of that year, 678 of these societies, of which 240 had neglected to send in their report for the year. Of the 438 who complied with the law the following totals are made up:—Total number of members, 173,424; amount of share capital, £1,048,096 ($5,240,480); loan capital, £118,023 ($590,115); trade liabilities, £334,361 ($1,672,805); the amount of goods sold for cash, £4,455,596 ($22,277,980); the assets and property held by the societies at the end of the year was £4,009,249 ($20,046,245), and the cash on hand, £192,803 ($964,015). The whole expense of managing this vast amount of trade was only £235,454 ($1,177,270).

Since their report for 1866 it has been authoritatively stated that 264 additional co-operative societies have been formed in England, among them a wholesale store association for the north of England, placed under the management of the Rochdale Pioneers, who furnish the smaller societies the merchandise they need at wholesale and with a slight advance on the original cost. This association furnishes to 166 societies on an average about £300,000 or $1,500,000 of goods, with a successive increase of £50,000 or $250,000 per year. A still later account, not official, however, was made public by Professor Huber, a German, who travelled extensively in England, solely to inform himself of the condition of co-operative societies in that country for use in Germany, and he states the number of societies at about 1,000, their members at 240,000, with a cash working capital of £1,500,000 or $7,500,000, and an annual trade of about $25,000,000.

A system which can realize such marvellous results in the course of only twenty-four years, beginning on the 21st of December, 1844, with a capital of twenty-eight pounds or $140, must have all the elements of success within it and proves itself the best practical method yet discovered for the benefit of workingmen.

CO-OPERATIVE SOCIETIES IN GERMANY.

Outside of England the co-operative system has nowhere prospered to the same extent as it did in Germany, although in reality the co-operative principle has been transferred to another field, from which it seems to be excluded in England by acts of Parliament. A report was made by Mr. Herman Schulze, delegate to the Social Science Congress at Dresden, Saxony, in 1861, stating that there were 1,250 co-operative societies in actual working existence in Germany, with 350,000 members and a nominal capital of 31,000,000 thalers, or $21,700,000, doing an annual business of over 89,000,000 thalers ($59,500,000) and owning 5,600,000 thalers ($3,850,000) of private property. Among these many societies, with such vast capital and transactions, there are comparatively but few store societies, such as the bulk of them in England, not over 150 of the 1,250 being at the time mentioned (1863) consumptions vereine, or consumers' unions, the bulk being credit and labor associations, something in the nature of joint stock or deposit and savings banks, in which the depositors were alike the stockholders and the recipients of loan accommodations. Since then the number of these societies has largely increased, so that even the civil officers of the government at Vienna have formed a co-operative store society and maintain their grocery and provision stores in that city, having done a business during the year 1865 of 130,000 thalers ($91,000), which speaks pretty well for a beginning. Since 1866 similar societies have been springing up in every city and considerable village, and in many cities there are several—in Berlin alone over twenty-five—which together form a kind of branch of the great German Co-operative Union. In fact since the utter failure of the agitation begun in Germany by Ferdinand Lasalle, in 1863, in favor of State protection to labor—somewhat in the nature of the utopian plans of the French school of socialists—the system of co-operation in every branch of industry is making very rapid progress among the Germans, and at present there are in existence no less than 116 societies for the wholesale purchase of merchandise and its distribution to local societies.

IN FRANCE, ITALY AND RUSSIA.

The peculiar system of government which Napoleon III. has introduced in *la belle France* and the close-fisted tightness with which he maintains it prevent any development of the co-operative system originated, managed and maintained by workingmen exclusively in that country. This system requires for its growth freedom from excessive governmental restriction, from police espionage and surveillance. Mr. Casimir Perier, in his little work on "Les Sociétés de Co-opération," published in Paris in 1864, admits that much when he hints that the French workingmen have no such fair chance as the English of obtaining the blessing of a competence by free industry, claiming at the same time that his government must ameliorate the conditions of French agriculture and liberate industry from all restraints which place it in a position of inferiority. Based upon these admissions of Mr. Casimir Perier, the Edinburg *Quarterly Review* for October, 1864, comes to the conclusion that "if there are to be any prosperous co-operatives there (in France) and any emulation of the benefits which other countries derive from the rise and growth of a body of small capitalists in the laboring class, the French government must allow its respectable artisans and laborers to manage their own affairs in their own way." As this has not as yet been done to any extent the founding of successful co-operative societies was next to an impossibility. The Association Alimentaire, or Eating House Association, of Grenoble, which furnishes cheap meals to its members, is the only one of any consequence in France of which any notice has been had, and as it is merely an association to buy cheap food, cook and eat it in common, it has as yet but little importance for the great solution of the problem to elevate morally, intellectually and materially the condition of the laboring population of the country.

In Italy, under the present form of government, rather more progress has been made. In several cities co-operative stores have been opened, with meagre capital as yet and advancing slowly, but still maintaining a journal of their own at Genoa—the *Journal of the Italian Co-operative Associations*—advocating all measures connected with co-operation in its most extended sense, and tending to improve the habits of life as well as the minds and fortunes of the people.

Even Russia has, since the emancipation of the serfs has become *un fait accompli*, awakened to the importance of introducing the co-operative principle among the laboring class of that vast empire. Among the last statements made by Lord Brougham on the progress of social science was one to the effect that eminent men from St. Petersburg and Moscow had visited England for the purpose of studying and fully acquainting themselves with the operation of co-operative societies, that they might transplant the principle to their own country. "A rude kind of co-operative unions, termed *artelies*, had long existed," he said, "in Russia; but the change in the condition of the peasantry has enforced the expediency of introducing the complete system, with all its improvements."

It should be mentioned here that in Belgium co-operative societies found a better field and met with better success than in France. But there is one peculiarity in regard to the labor question in both these countries more developed than anywhere else, and this is the procurement of dwellings for laborers. The Cité Napoléon, for instance, cost 700,000 francs and furnishes habitations for 500 persons, and stock companies formed to build houses for work people and sell them at a moderate advance, with payment by small weekly and monthly instalments, are numerous, which companies are subsidized to the extent of about one-third of their capital out of the public treasury. All this in England is done by workingmen themselves by means of self-help.

IN THE UNITED STATES.

If we look over the field in the United States, where no obstacle or hindrance of any kind is placed in the way of the development of the co-operative system, it is surprising to see it so little availed of, and where by chance it is introduced it is so bungilingly done that it bears the seed of dissolution within it from its very inception. Nowhere in the world has the principle of association been carried into almost every branch of practical life as here. Every public and private enterprise, from electing a Senator or an Alderman down to laying out a town road or building a ten foot culvert over a creek, is sought to be managed by a confederated body of men; railroads, telegraphs, steamboats are projected and successfully carried through by companies, and even large commercial houses and manufacturing establishments form corporations, and thus increase and prosper.

Why is it that the workingmen in this country profit so little by the lessons taught them in Europe? Why are they so slow to comprehend what power there is in association, in co-operation on a sound basis? Why do they not recognize as the workingmen of Europe have done, at least in England and Germany, that through this system of association the laborer, however poor he be, may become his own employer and capitalist, earning not only the wages of his trade, but partaking, in proportion to his share, of the profits of the manufacture?

As an indication of what might be done in this direction let us take the financial condition of the savings banks. All the savings banks in this State, with hardly an exception, are stock corporations, where the profits earned over and above the interest paid to the depositors flow into the pockets of the stockholders. These banks held of deposits in February, 1867, in round numbers, $132,000,000 as deposits, with an excess of about $10,000,000 belonging to the stockholders, being the overplus of gains earned by the money of the depositors. What is the natural province of a savings bank? It collects, in the shape of deposits, for which it pays interest, the small earnings of petty traders and workingmen, which together make, as is seen above, an immense amount of capital, and throws it in large volumes into channels of productive enterprise, for which it receives a higher interest than it pays itself. For this purpose and on a large scale the savings bank takes exactly the same place as the middle man in commercial transactions—as the huckster, for instance, between the farmer and the consumer. The co-operative store societies in England strive to do away with the middleman, the huckster and retailer in the trade in necessaries of life. The co-operative credit and labor associations in Germany try to get rid of the middlemen, the savings banks, and become their own savings institutions, being the stockholders, depositors, and borrowers at the same time. It is not too much too say that more than seventy-five per cent of the money in the savings banks comes from our laboring population. The proportion to the whole amount on deposit in this State may be safely estimated at eighty millions, belonging to workingmen and their families, and if but half of that were invested in co-operative enterprises the whole material aspect of the country would be changed for the better in a very short time. The deposits in the savings banks of our own city foot up over eighty-six million dollars, sixty of which undoubtedly come from workingmen. What immense amount of good could be done with half of that money were it employed in co-operative associations, making the workingman his own capitalist, his own savings bank, his own employer, his own middleman between himself as a consumer and the producing and trading world, and between himself as a producer and the rest of the world as consumers!

Occasional starts have been made even here for the purpose of introducing the co-operative system. Of course, it is not intended to include here the "Rappites" in Pennsylvania, the "Owenites" in Indiana, the Shaker communities in different parts in this and other States. Religious fanaticism produced social incongruities, and though materially prospering, these secluded settlements, with their abnormal condition of society, stand only as isolated evidences of man's eccentricity. A much more determined and widespread attempt at introducing some sort of a co-operative system was made about 1848 or 1850 by a number of German societies, under the leadership of William Weitling. The central organization was in this city, where, as their organ, they published *Die Republik der Arbeiter*—The Republic of the Workingmen—and were calling to life branch societies in every large city in the country. They had their society bakeries, society tailor shops, society blacksmith shops, society grocery and provision stores, and they had even a farming settlement, the colony Communia, in the State of Iowa, some thirty-eight miles west of Dubuque. But they all ultimately failed, because the foundation on which they reared their structure was essentially wrong. It was the principle of communism which underlay the whole. There was no individual property, no interest of individual shareholders or participants. Each member joining disrobed himself, so to say, of his individuality and became but a working tool for the whole of this organized community without any individual interest in it himself. His labor and its earnings belonged not to him. He could not count the gains of his industry nor the losses of laziness. The labor, the property, the profit were owned undividedly by the "community" without any distinct individual shares or interest. This, of course, destroyed the habit of prudent self-reliance, the knowledge and feeling that one's happiness depends, in a great measure, upon one's own industry, economy and providence. And very soon, after flourishing for a short time, the several local organizations began to quarrel, fell asunder and the end of the enterprise was at hand.

The next step attempted was that of organizing co-operative building societies. Some at St. Louis, at Chicago and in other cities West and East, particularly at Washington, in the District of Columbia, flourished for several years and provided many with little homes at easy terms of payment. But neither their number nor the extent of their capital, formed of monthly contributions of the members, was such as to merit any more than this short reference.

Co-operative stores have also been tried in various parts of the country, and, lamentable to say it, with very poor success, as likewise co-operative manufacturing associations. The chief causes for their failure were, first, unskilful management, secondly, haste to start out on a large scale, and, thirdly, improper use of the funds contributed.

As to the first cause mentioned it needs only a close study of the progress of these societies in England and Germany to overcome it. To handle a new tool it is necessary to understand it. The "Rochdale Pioneers" publish now an annual almanac, in which they give the public from year to year the benefit of their own experience in managing their vast corporation. In one of their latest editions, under the title of "Hints," they modestly present their advice as follows:—

1. Procure the authority and protection of the law by enrolment (incorporation).
2. Let integrity, intelligence and ability be indispensable qualifications in the choice of officers and managers, and not wealth and distinction.
3. Let each member have only one vote and make no distinction as regards the amount of wealth any member may contribute.
4. Let majorities rule in all matters of government.
5. Look well after money matters. Punish fraud, when duly established, by immediate expulsion of the defrauder.
6. Buy goods as much as possible in the lowest markets; or if you have the produce of your industry to sell contrive if possible to sell in the highest.
7. Never depart from the principle of buying and selling for ready money.
8. Beware of long reckonings in societies' accounts. Quarterly accounts are the best, and should be adopted when practicable.
9. For the sake of security always have the accounted value of the "fixed stock" at least one-fourth less than its marketable value.
10. Let members take care that the accounts are properly audited by men of their own choosing.
11. Let committees of management always have the authority of members before taking any important or expensive step.
12. Do not court opposition or publicity nor fear it when it comes.
13. Choose those only for your leaders whom you can trust, and then give them your confidence.

These "Hints" contain simple and plain rules, particularly the seventh—never to adopt the credit system. Taking or giving credit has been the death-blow to more than one society. In England it has been generally found to work mischief, and societies which have succumbed or are kept in a languishing condition attribute the cause to the credit system. A general convention of German societies, held at Stettin in 1865, passed strong resolutions against it, and advised all who had adopted to abandon it. With this is connected closely the second cause of failure, as mentioned above. Most societies that have been originated in this country are in great haste to commence operation, and therefore, not wishing to wait till the subscriptions will gradually furnish the required capital, to open business with a less amount of ready cash and borrow the balance, either in money or goods, on time. Wherever this has been tried it brought losses and disasters, if not entire ruin. The third cause—improper use of the funds—is an incident to all human enterprises nowadays, but it may be guarded against by following strictly the "Hints" of the Rochdale Pioneers given above. If favoritism be abstained from and men be chosen only on account of their merits and ability, regardless of their personal distinction or wealth, fraudulent diversions of the society's funds will but rarely occur.

WHAT IS BEING DONE NOW.

There is at present a revival beginning among the workingmen of this city and neighborhood looking to a resumption of the co-operative movement on a more extended scale. The strike of the bricklayers last summer led to a sort of co-operative society among them through which they undertook contracts of building and thus became their own "bosses." Co-operative building societies have been formed with a purpose of furnishing to the laboring population homes in the environs of the city by the payment of a small semi-monthly instalment. The German cabinetmakers have associated themselves in this way, have secured the title to over 800 lots of ground in East Astoria, for which the members pay but two dollars weekly. Dwellings on these lots will be erected on the same plan, and those members who work on the buildings may have accounted a portion of their wages in payment for their own lot and dwelling. Co-operative stores are projected of almost every kind of merchandise, and some of them, it is said, will soon open and be in full operation, on a strictly cash basis, in buying as well as selling.

This is all right, so far as it goes. But if the full benefit of the co-operative system is to be experienced, then the efforts now making should not be frittered away in too numerous schemes of every conceivable and, in many regards, evanescent nature. All these efforts should be systematized, the best experience of Europe ought to be consulted and the systems of England and Germany united, to produce the effect they could work—the moral, mental and physical elevation of the workingman, not only in this city, but throughout the land; to render him independent of the constant fluctuations of what is called the labor market, independent of the monopoly of capital—make him, in reality, what every man is in theory in a republic, his own boss, his own master.

SHIPWRECKS.

The Collision in the Gulf of Smyrna—Loss of Over Two Hundred Lives.

In the English papers of the 5th instant we find the following details of the reported collision in the Gulf of Smyrna, the announcement of which appeared in the HERALD of December 25:—

Yesterday confirmatory intelligence was received in Liverpool of a terrible collision between two Turkish vessels, and the loss of 220 lives. The news comes from Constantinople by way of Havre, and is dated from the latter port, December 31. The following are the main facts, so far as can at present be learned, of this catastrophe:—About midnight on the 17th December, about forty-one miles from Smyrna, at a place called Carabournon, two steamers belonging to the Azizie Company, viz., the Galiloup and the Charkeich, came into collision. The force of the contact was dreadful, and the Galiloup foundered almost immediately, only thirty passengers out of 250 being saved. The Charkeich was so greatly damaged by the collision that she had to be run ashore at Chesme, two miles from Smyrna, to prevent her from sinking. The Galiloup had a very valuable cargo and a large quantity of specie on board when she foundered.

Loss of the Ship Southern Empire and All on Board.

[From the London Daily News, Jan. 6.]

Yesterday intelligence reached Liverpool of the foundering of the ship Southern Empire, with every soul on board. The Southern Empire, under command of Captain J. Dunlop, left New Orleans for the Mersey on the 11th of November, with a very valuable cargo, among which were 3,609 bales of cotton. The ship must have encountered very severe weather, for on the 22d December, in latitude 44 north, longitude 25 west, she was sighted by the ship Aurora Australis in a crippled condition, and sinking fast. The weather was fearful at the time, the wind blowing very hard and the sea running high. The Aurora Australis lay to during the night, but at daylight next morning nothing was to be seen of the Southern Empire, and it is believed that she foundered in a norwester during the night, with all on board. The bark Miranda, which has just reached Liverpool, when in latitude 45 deg. north, longitude 22 deg. west, on the 25th of December, passed several bales of cotton, evidently not long in the water, and on the following day the vessel also passed through a quantity of timber and wreckage. The Southern Empire was a comparatively new ship, having been built at Quebec in 1863 for Messrs. D. Cannon & Sons, of Liverpool. She was considered to be a very fine vessel, her tonnage 1,142, and she was classed A1 at Lloyds. Nearly every ship which reaches the Mersey encountered fearful weather in the Atlantic. The Expounder, which has just arrived from New Orleans, left that port on the 8th of December, and from that date up to making the Mersey she encountered a succession of heavy gales. The Expounder was compelled to bring on the New Orleans pilot, as it was impossible to land him, the weather being so tempestuous. On the 31st December, latitude 47 deg. north, longitude 18 deg. west, the wreck of a bark was passed; the decks were broken, the stern out, only stumps of main and mizzen masts standing. The vessel had painted ports and the figurehead of a man with a crown on the top. She appeared to be a vessel of about 400 or 500 tons. The bark Echo, which has just arrived at Liverpool, from Cardenas on December 10, fell in with the British brig Bocabee disabled and the boats washed away. The crew entreated to be taken on board the Echo, but as the sea was running so high it was impossible to launch the boats. The Echo lay to all night. On the 11th the weather was still rough and stormy, with heavy squalls accompanied by hail and lightning. The boat was got over the side and after several attempts, the crew, ten in number, of the brig were put safely on board the Echo. The crew of the Bocabee were in a most exhausted condition when rescued. On the 12th a tremendous sea boarded the Echo, disabling several of the crew, filling the cabin with water, shifting cargo, washing spars and tarpaulins overboard, lifting hatches, breaking ringbolts and winch from deck, stoved in long boat, washed away the galley cooking utensils, harness cask with meat and three casks of water. There only then remained 160 gallons of water for nineteen men, and one quart had to be served out daily. Encountered heavy gales during the remainder of the voyage, but succeeded in catching a cask of rain water, which, though brackish, was very acceptable.

[A despatch by cable received here last night from London announces that the captain and crew of the ship Southern Empire had reached the land in safety.]

UNITED STATES SUPREME COURT.

Government Certificates of Indebtedness and Treasury Notes Exempt from State Taxation—Decisions in the New York Bank Tax Cases.

WASHINGTON, Jan. 18, 1869.

The People of the State of New York ex rel. The National Broadway Bank vs. Donnelly et al. and three other cases.—These are appeals from judgments of the Court of Appeals of the State of New York. The facts of the controversy are briefly as follows:—On the 30th of April, 1866, the Legislature of New York passed an act directing the Board of Supervisors of the county of New York to refund to any bank such an amount of taxes paid in 1863 and 1864 as was imposed or levied in respect to any portion of capital stock invested in securities of the United States by law exempt from taxation, and for this purpose to cause to be issued county bonds for the amount of such claims, after they had been audited and allowed by the Board and approved by the Mayor and Corporation Counsel. The claims of such character were audited and allowed and approved, as required; but subsequently the objection was raised that such portion of the capital stock of the banks taxed as was invested in certificates of indebtedness issued under the acts of March 1 and 19, 1862, or in Treasury notes of the government, were not exempt from State taxation, because such certificates of indebtedness and United States notes were not "securities of the United States." This question was taken into the State courts and finally went to the Court of Appeals, where it was held that the certificates and notes in question were not exempt. From that decision appeal was taken to this court.

Mr. Chief Justice Chase now delivered the opinion of the court, reversing the judgment of the Court of Appeals, and holding that it is clear that these notes and certificates are obligations of the United States. There is no solid distinction between certificates of indebtedness issued for money borrowed and certificates given directly to creditors in payment of their demands; and such certificates issued as a means of executing constitutional powers of the government, other than of borrowing money, are as much beyond the control and limitation by the States through taxation as bonds or other obligations issued for loans of money. The principle of exemption is that the States cannot control the national government within the sphere of its constitutional power, for there it is supreme, and cannot tax its obligations for payment of money issued for purposes within that range of powers, because such taxation necessarily implies the assertion of the right of exercise of such control. The certificates of indebtedness in these cases are completely within the protection of this principle. The public history of the country and the acts of Congress show that they were issued to creditors for supplies necessary to the government in carrying on the recent war for the preservation of the country. They were received instead of money at a time when full money payment for supplies was impossible, and are as much beyond the taxing power of the States as the operations themselves in furtherance of which they were issued. As to the Treasury notes, the question involved in the case of the Bank of New York, the Court say, they bind the national faith, and are, therefore, strictly securities. They secure to the holders the payment stipulated by the pledge of the national faith, the only ultimate security of all national obligations, whatever form they may assume. The conclusion is that the notes are exempt, and that in respect to both the notes and certificates the judgment of the Court of Appeals must be reversed.

Decision in the Girard Will Case.

The Supreme Court to-day also rendered a decision in the case of W. A. Girard vs. the City of Philadelphia. This is the phase of the Girard will case, recently before the Court. It being claimed that the enlargement of the city of Philadelphia, by the consolidation act of 1854, had rendered the execution of the trust impossible, and that it must, therefore, fail and the property devised for municipal purposes revert to the heirs-at-law of the testator, the Court now affirmed the judgment below, Mr. Justice Grier delivering the opinion of the Court, which is an exact transcript of his opinion below, the views there expressed having been adopted by the Court.

Decisions were also rendered in the following cases:—

No. 1—Gaines et al. vs. Thompson et al.—Mandamus denied. Opinion by Mr. Justice Miller.

No. 51—Tyler vs. The City of Boston.—Petition against the infringement of all oil lamp patents. Cause on argument.

MARTIAL LAW THREATENED IN TENNESSEE.

The New York Capitalists and the Tennessee Ku Kluxes.

[From the Nashville Union (democratic), Jan. 15.]

The Senate yesterday, by a vote of seventeen to four, passed on its third reading the bill known as "The Ku Klux bill," which so amends the act of September 10, 1868, as to authorize the Governor to declare martial law in such counties and whenever he may choose to do so. The bill now goes to the House, and there can scarcely be a doubt that it will be passed by that body. The recent disturbances in several counties in Middle Tennessee are made the pretext for the passage of this bill. It is clearly the intention of the radical leaders to have militia quartered upon the citizens of several counties, and we are to have enacted in this State the scenes which have just been transpiring in Arkansas. When the effort was made to incorporate into the bill which became a law on the 10th of September last, the features embraced in the bill passed by the Senate yesterday it was seriously apprehended that the calling out of such a body of militia under a declaration of martial law in a number of counties would seriously impair the credit of the State in New York, and when the parties there who were upholding that credit protested that if the militia bill then pending before the Legislature, the features of which were precisely the same as the bill passed by the Senate will make the act of September 10, 1868, was passed and the militia called out, they could not sustain the credit of the State, we have reason to know that assurances were given these New York capitalists that the militia would not be called out. The authority to the Governor to declare martial law was stricken out of the bill, and in that shape it was passed, simply conferring upon the Governor the power he already possessed under the acts of February 1 and March 16. The New Yorkers were still afraid to trust Governor Brownlow with even this authority conferred upon him, and it is still fresh in the memory of the people of Tennessee that the Governor had to issue a proclamation staring that the militia would not be called out, but urging the organization of companies and regiments and to hold themselves in readiness in the event they should be needed. It is well known that the Governor was forced into the issuing of this proclamation to satisfy the New York capitalists before they would advance the money to pay the suspended July interest, then overdue several months. The money was advanced and the interest paid early in October. The same parties only a few weeks ago advanced what was needed to aid the Comptroller in paying the January interest, and the Comptroller had scarcely got home when the State was startled with reports of Ku Klux outrages in various portions of Middle Tennessee. It is remarkable that these outrages have commenced just after the State has got over its January interest trouble, and it is also remarkable that these outrages have not all been committed on "loyal citizens." No effort has been made by the civil authorities, so far as is known to the public, to arrest the parties who are committing these outrages. It is strongly suspected that if these law breakers should be arrested many of them would prove not to belong to the "disloyal classes."

Remarkable Address from Ex-Governor Neill S. Brown—He Protests Against Mob Violence.

The Nashville *Republican Banner* of the 15th inst. publishes the following remarkable letter from ex-Governor Neill S. Brown in regard to the Ku Klux troubles in Tennessee. It is addressed

TO THE KU KLUX ORGANIZATION:—

I have deemed it proper to appeal to you in behalf of the public peace and law and order. I have been persuaded to do so because I was once Governor of the State, and because, when the final breach became manifest between the North and the South, I thought proper to take sides with the South—the land of my birth and which covered the ashes of my kindred. I was not in favor of that breach. My whole course in politics for the twenty-five years preceding was against the policy of separation. But when events transpired which rendered disunion inevitable, as I thought, I was called upon to take sides. I did so, in sadness and sorrow, but in good faith. Whether I acted wisely or otherwise, is not now a matter of any importance to the public; and, at my time of life, is not likely to be a matter of much importance to myself. Certain I am that I have acted in good faith. I know and was conscious at the time that I was making a sacrifice of any hopes I might have had as a public man; but, under the circumstances, it was impossible for me to turn my back upon a people among whom I was born and bred, and who had honored me with their confidence merely because they were weak and I had disapproved of their course.

Since the war ended I have been sincerely and earnestly anxious for the restoration of government, both State and national, and especially for the restoration of real peace and harmony. To this end I have endeavored to act with all the means in my power. At all events I have been paying since the war the highest penalty that could have been inflicted on me—the loss of my franchise—to say nothing about my right to hold office; and still, and in despite of that, I have been laboring from month to month and from year to year to bring about a sentiment of toleration, conciliation and harmony among our people. We must have peace and law and order. Society would be a hell if every man were permitted to take the law into his own hands. There would be no security for life, liberty or property.

I do not know the purposes of your organization, nor am I aware of your numbers. I never saw one of your body to know him. I have heard a thousand and one stories of your outrages, very many of which I believed to have been exaggerated.

But whatever may have been your motives in the beginning, if you please, a sense of insecurity to life and property, and a purpose to protect both, I respectfully submit that the period in which any such idea may have been cherished has now passed away. Courts have been established in every county and are in full operation. If the law has not that full force which it had before the war it is rapidly acquiring it, society is regaining its lost ground, and the whole machinery of government, so long disturbed, is regaining its wonted vigor and force. I beg you to reflect that while I and thousands of others are struggling constantly to regain our lost privileges, we are thwarted at every step by continual reports of outrages upon