

THE STORY OF THE CIVIL SERVICE SUPPLY ASSOCIATION.

BY ONE OF THE ORIGINAL MEMBERS.

The Civil Service Supply Association is the oldest Co-operative Society in the Service, and it has been the model upon which all other London Co-operative Societies have been formed. Although barely eight years old, and in its commencement most humble, it is now selling goods at the enormous rate of £780,000 a year, and is fast revolutionising the retail trade, not only of London, but of the whole country. Surely the story of its rise and progress is worth telling.

The Association originated in the Post Office. The winter of 1864-5 (like many other winters, and for that matter summers too) found a good many of us Post-Office men engaged in a rather hard struggle to make both ends meet. Some of us had ventured to ask for higher pay, and had been favoured with the usual sympathetic but depressing reply, that it was regretted that the circumstances of the case would not justify any addition to our salaries, &c, &c.

Feeling, as we did sharply, the general rise in the cost of living, especially in the price of all articles of clothing consequent on the American War, one or two of us had already bethought ourselves of Co-operation as a means of lessening our difficulties. I, for one, being a liberal in politics (for there are some few Liberals in the Civil Service) had watched with interest the doings of the Rochdale Pioneers, but could not at all see how to apply their experience to our own case.

One day, however, two office friends came to me - it was, as I well remember, a foggy, gloomy day in November, enough to make one more than usually despondent - and declared once for all, that they must either have more to spend or manage to spend less. They had given up all hope of more pay, and as a last resource they proposed that we should try to spend less by means of Co-operation. Their idea was that we should induce a number of Post-Office men to procure their supplies of coal from some one coal-merchant, in the expectation that by the largeness of the united order, and by the payment of ready money, we should obtain a considerable abatement in price. Talking the matter over, we resolved to try buying on this plan; but we soon agreed that coal was not a good article for the experiment, and in the end we decided to make the beginning with tea. That very afternoon one of us on his way home called at a celebrated wholesale house (I even now withhold names for fear of the wrath of retail traders) and learnt that by buying half a chest at a time, and paying for it in ready money, we should save from 6d. to 9d. a lb. We therefore invited a few other office friends to join us. Each wrote down on a list the quantity he would take, at the same time handing in the money to pay for it. Some of the most cautious limited themselves to a single pound; others boldly co-operated to the extent of two pounds, a few rash men pledged themselves to three pounds, and we promoters had to take enough to make up the full order. The tea was bought, and after office hours we weighed and divided it among the purchasers. It proved to be excellent, and soon a demand arose for more. Other men in the office, who had heard of our successful venture, wished to join,

and this time there was no need for us promoters to take more than wanted. Someone now luckily discovered an empty cupboard in the office and here we locked up our second half-chest often till we could divide it amongst ourselves.

This cupboard was the original store of the Civil Service Supply Association.

More tea being very shortly needed, we prepared for a third purchase, and now so many joined us that we had to buy a whole chest. It was no joke to make up 100lbs. of tea into parcels of two or three lbs a piece, but we were lucky enough to find one who, like old Trapbois, was willing, nay eager, to undertake the task for a consideration. This was a funny little fellow, since dead, whose duties were very humble, and salary yet more so. Though nominally a clerk, he was regarded as a kind of cross between a clerk and a messenger. Poor fellow! While his small salary had no prospect of increase, his large family increased but too fast. His remuneration for this piece of extra service was the surplus tea, (some three or four pounds) contained in each chest, beyond the nominal amount,

Our success in tea led us on to buy coffee and each time that our list went round the office more and more men asked leave to join. Our poor cupboard soon became too small for our ever increasing stocks, to which, moreover, we thought of adding sugar and other groceries. With no small anxiety we found ourselves constrained to hire a store-room outside the building, a step that we felt could not be safely taken unless we formed ourselves into a regular association. Hence arose the Post-Office Supply Association, which, being afterwards extended to the whole of the Civil Service, in the end took the title of the "Civil Service Supply Association." Our first impulse was to call ourselves the "Post-Office Co-operative Society;" but even the boldest of us shrank from so hazardous an avowal—so strong only eight short years ago was the prejudice against Co-operation, regarded as it was by many as identical with Socialism. In a word, we took the thing but not the name.

A small committee of Post-office men was formed: and after much anxious deliberation they resolved and a daring step they thought it, to take a little room at a rent of twelve shillings a week, in the perhaps not over-fashionable neighbourhood of Bridgwater Square, Barbican.

The following is an extract from the original prospectus of the association, now a very scarce and highly prized document:

This Association has been formed for the purpose of supplying officers of the Post Office and their friends with articles of all kinds, both for domestic consumption and general use, at the lowest wholesale prices.

The advantages of the scheme are obvious, but its full benefits can best be secured by a general combination in support of it on the part of the officers of the various departments.

It is intended that the articles mentioned in the accompanying price list shall be purchased by the Committee and distributed amongst the members. Arrangements for the supply of all other articles have been entered into with the Firms named in the accompanying list.

Even when the Association was fairly started, and carrying on its business on its own premises, the Committee did not venture to order any goods without ascertaining from the members what quantity of each article was needed. The business soon outgrew the room in Bridgewater Square, and the Committee, in a fit of extra ordinary daring, engaged from a printer the upper floor of a small house in Bath Street, on the ground floor of which the worthy typographer carried on his business. The memorable house wherein the third store (counting the original cupboard) was carried on, has long since been pulled down to make way for the new Post-Office buildings, but those who went there to co-operate in these early days must have a vivid recollection of the narrow staircase where one was elbowed by printer's devils, and of the dark little rooms crowded with purchasers. Here, however, we stayed but a short time, the business growing so rapidly that within a very few months the Committee had again to seek larger premises, and this time, after making temporary use of some premises in Wood Street they took a really desperate leap. After many a hunt for a house big enough to meet any probable increase of business, two of our Committee discovered a suitable one in Monkwell Street, a very narrow, out of the way thoroughfare near Cripplegate Church, and filled with confidence by past success, they took it on their own responsibility at a rent of £400 a year. Great was the anxiety of the remainder of the Committee at this bold proceeding, though the intention was to sub-let the upper floor of the house to some Firm that should undertake to sell goods to the members at wholesale prices. Tenants were found in certain hosiers, relatives of one of the Post-Office clerks, and the arrangement worked fairly well for a time, but as soon as it could safely do so, the Committee regained possession of the floor, and undertook the sale of hosiery on its own account.

From this point the narrative, from being one of small beginnings, becomes the story of a large and rapidly increasing business.

First, the Committee obtained part of an adjoining house, then the whole of it, and after a time the other adjoining house, and part of a house on the opposite side of the street. A fresh house was taken in Villiers Street and subsequently a larger one in Long Acre, for the convenience of West End members. Before this time, a great pressure had been put upon the Committee to open a West End Store; but they would not then make the venture, and this, amongst other causes, led to the establishment of the sister Association, entitled 'The Civil Service Co-operative Society,' which had its stores in the Haymarket.

The City business of the Association will during the present month, be removed to a very large and handsome premises, near the Heralds College, in Queen Victoria Street, now building expressly for its use.

I have not mentioned the extreme difficulty which the Committee experienced in inducing wholesale houses to deal with the Association, especially when its doings found their way into print. Though ready money was always offered, together with good orders, most of the wholesale houses hung back, declaring that unless the orders are very large indeed, they should not feel warranted in encountering the fierce opposition of the retail trades. And now let us mark the consequences of this opposition. Very large orders being out of the question, so long as custom proceeded only from a limited number of persons, each of moderate income, and Civil Servants generally not yet joining in the movement, the Co-operators were obliged, in self-defence, to extend admission to quasi-membership beyond Civil Service bounds. Even this extraneous aid barely carried them through the struggle; the retailers having over and over again, succeeded in deterring particular firms from supplying them with goods. These quasi-members, however called by us "subscribers," were by no means admitted to any share in management, which indeed during the first year was strictly confined to a Post-Office Committee, though afterwards extended to representatives from the Civil Service generally. The exclusion of the general public from authority we have regarded as one of the chief causes of our success. Subscribers, however, by an annual payment of 5s., obtain all the commercial advantages enjoyed by all members except that their purchases are not delivered carriage-free. The full members become so by taking each a £1 share, of which, however ever, only 10s has been called up. No one is allowed to hold more than a single share, nor are shares saleable or transferable in any way. On a member's death his share is cancelled; and his deposit returned to his family. Until about a month ago any Civil Servant not below the rank of a clerk was eligible as a shareholder: but actual admission to the shareholding body required the approval of the Committee. The number of shareholders, which has largely increased during the past three or four years, is now about 4,200.

By the rules of the Association, any profits which may be made are to be spent in reducing the prices at which the goods are sold. Even in the outset, prices were not fixed higher than is deemed needful to cover the working expenses, which now amount to only 6 or 7 per cent on the wholesale purchase price; but, of course, the Committee, in its calculations has always taken good care to be well on the safe side. It is, perhaps, owing to extreme prudence in this matter, though, probably, still more to the need felt for a considerable working capital, that the Association has gradually accumulated the sum of about £75,000. The very magnitude of this capital has, however, proved a source of danger; for, without question, some persons have at different times obtained shares simply in the hope of breaking up the Association and getting a share of the spoil. Happily these unjustifiable attempts have hitherto always met with signal defeat, an overwhelming majority of the shareholders being determined to maintain the Association in honest and faithful accordance with the principles upon which it was founded.

At the half-yearly meeting of the Association in April, a proposal was brought forward to limit the shareholding body to the present number. After a prolonged and animated discussion, it was resolved to submit the proposal to the vote of the whole of the shareholders, which was taken by ballot. Out of the 4,200 shareholders only 1,200

voted, but of those who did vote there was a majority of 400 in favour of the proposal, which was accordingly carried. Of course, could the accumulated profits be divided, this limitation of the number of shareholders would give the shares a considerable value. Legal opinion, however, is of entirely against the possibility of thus disposing of any past accumulations, which by the rules can only be spent in reducing the prices of articles sold. It is expected that those who have thus obtained a limitation of the shareholding body, will now endeavour to carry such an alteration in the rules as will allow future profits to be devoted to a Widow and Orphan Fund, or to some such purpose. Any change in the constitution of the Association, having for its object the benefit of the Civil Servants as distinguished from their friends the subscribers, is viewed with much anxiety and disfavour by most of the earlier members of the Society.

The number of subscribers is now limited to 15,000. Whilst this number furnishes a clientele sufficiently strong to enable wholesale houses to disregard the retail traders, some check is placed upon the enlargement of the business, and consequent increase in the labour and responsibility of management.

The extraordinary rapidity with which the business has grown, will best be seen from the following table showing the amount of sales at the stores during each year of the Association's existence, viz:-

Date	Amount of Sales
1865	£5,000
1866	21,000
1867	83,000
1868	218,000
1869	345,000
1870	447,000
1871	646,000
1872	723,000

During the half year ended March 31st last, the sales reached £392,000, being, therefore, at the rate of £784,000 a year, viz.: for grocery and wine, £410,000; for hosiery and clothing, £192,000; and for fancy goods, stationery, &c., £182,000. At the present time about 8,100lbs of tea and about 15 tons of sugar are sold weekly.

The articles sold at the stores consist principally of groceries, cigars, and tobacco, wine and spirits, hosiery and drapery, stationery, books and music, watches and jewellery. But most of these articles, and, indeed, almost every other article of ordinary demand, can also be obtained by members and subscribers at low rates, though, of course, only for ready money, at all such warehouses and shops as have arrangements with us: The latest Quarterly Price List, which, from a single small sheet has grown to be a book of more than 200 pages, shows that the covenanting firms are not less than about 250, while the reduction promised in prices ranges from 5 to 25 per cent. It is believed that this additional business amounts, at least, to £800,000, and not improbably to as much as £1,000,000 a year. Contrary to what might be expected, this part of the system works

satisfactorily; for, though purchasers are invited to complain to the Committee if they ever have reason to suppose they do not obtain the full discount promised, few complaints are received. These, however, are all thoroughly examined, and whenever they prove to be well founded, the offending firm is struck off the list. Moreover, members soon learn from each other at what shops they are civilly and fairly treated, and act accordingly; so that some of the firms which have been connected with the Association from its early days, have gradually acquired a high reputation amongst us, are now doing a very large business with our members.

The members have the advantage of a tailoring department carried on in Bedford Street, Strand, which, however, was for a long time a source of great trouble to the Committee. Much difficulty was experienced in getting, and still more in keeping, good workmen, who left in a mysterious manner; and the work was frequently so badly done as to convince the Committee that the workmen were being bribed to spoil clothes entrusted to them, and thus to entail loss upon the Association. After a while, and by the exercise of great perseverance, these difficulties have all been overcome, and the tailoring department promises to be a great success.

Notwithstanding that the retail price of the articles sold at the Stores is on the average some 6 or 7 per cent above the wholesale price, it happens every now and then that, owing to a rise in the market price between the publication of the quarterly price lists, the market price becomes higher than the retail price at the Stores. Unless the article is one of large general consumption, such as tea, the Committee adheres to its retail price until the issue of the next Quarterly Price List. This sometimes leads to an attempt by retail traders to buy up - of course through some subscriber willing to play false to the Association - all the stock in hand. During the Franco-German war an attempt was thus made to buy up all the Champagne, and not many months ago a rapid rise in the market price of white pepper and of anchovies led to similar attempts with these articles. Large orders are never now executed without such inquiry as satisfies the Committee of their being made in good faith.

The Association directly employs about 400 people, and pays upwards of £48,000 a year in salaries and wages. The stores in Long Acre stand at an annual rental of £600, whilst for the new stores in Queen Victoria Street the mere ground rent is no less than-£1,400. The premises themselves we are about to purchase for £15,000, while a further rent of £200 a year is paid for a warehouse at Ward's Wharf ; where are kept large stocks of every article in the price list, and where are executed all large orders for goods. Something has been said as to the causes of our well-doing, but it seems desirable to inquire further into the reason of success so unprecedented. The Association is now one of the largest buyers and sellers in England, nay, in the world; and yet it was commenced and has been carried on by a body of men who in their ordinary employment neither buy nor sell. Moreover, the personnel of the Committee so changes, that at the present time there is left upon it but one of the original members, while every fresh Committee-man, of course, has to learn the very ABC of commercial business. For explanation, I believe one may fairly point first to the high sense of honour which pervades the Government service, and which always renders it easy to

find abundance of men whose integrity is above suspicion; - secondly, to the admirable training for business (viz., the adaptation of means to an end, as Mr Walter Bagehot happily defines it) which the Post-Office service affords; - and thirdly, to the corporate nature of the Civil Service. In the establishment of most every ordinary trading company, as it seems to me, the promoters aim at some advantage for themselves and their friends beyond what is avowed, getting perhaps a larger allotment of shares, or obtaining them on more favourable terms than the general public, or at least securing appointments for their nominees. Indeed, so general in this practice, that it would, I suppose, be impossible to persuade the public that a company had been formed on such a footing as to give equal benefit to every individual share-holder. On the other hand, when the Civil Service Supply Association was formed, not only did not the originators of it obtain any special benefit for themselves, but no one ever imagined that they did. During the eight years that the Association has been in existence, though nearly £2,500,000 have passed through the Committee's hands, there has been, so far as I know, no suspicion whatever of any dishonesty, or even of any questionable dealing.

As I have before stated, the Association originated and was organised in the Post Office - a department which, under the guidance and control of Sir Rowland Hill, had seen a great rise of able and energetic men. Even in earlier days, Post Office men had of course taken constant part in a vast and complex business; but the introduction of penny-postage had prodigiously enlarged this business in all its branches. Moreover, Sir Rowland's system of management - particularly his bold application of the principle of promotion by merit instead of by seniority - had not only advanced able men to important posts, but had brought out throughout the service powers previously latent. Mr Scudamore, in a recent lecture, stated that the indirect results of Sir Rowland's postal reforms have been even greater than the direct. Amongst these indirect results, as due to the general spirit of activity and enterprise thus engendered, may, I believe, be reckoned the establishment of the Civil Service Supply Association and the kindred societies which this has called into life.

Another main element of success is the corporate nature of the Post-Office and of the Civil Service generally. This provided a large business connexion, already linked together and accessible without the aid of advertisements, so soon as the value of the Association was proved. Moreover, there was a special guarantee for integrity. Every hone in the Post-Office either knows or can easily know something of every brother officer of whatever rank, and this holds good though perhaps in a lesser degree, of every Government department. Every Committee man has felt that his reputation as a Civil Servant was of far too great a value to be endangered by any unfair dealing in the affairs of the Association; the motive to rectitude being so strong, that to put men of even moderately good official standing on the Committee was to render it certain that the work would be honestly and diligently done. While, however, the Association has thus far succeeded so admirably, it seems to me that its future course is not free from danger.

The shareholding body, composed as it is of upwards of 4,000 Civil Servants from all branches of the Service, who have been admitted to membership without any reference

to their fitness for the position, has sometimes proved very unruly. Latterly, however, the introduction of the plan of voting by proxy has greatly reduced the power of the comparatively small fraction of shareholders who are disposed to be troublesome.

The pay of the Committee, too, for duties involving much sacrifice of well-earned leisure, considerable labour, and great responsibility, is very low, So long as salaries are limited to £80 or £90 a year, the Committee must remain a too changeable body, since capable men cannot be permanently retained on such terms. Hitherto the Association has been mainly served by men whose chief motives were pride in its success, and a desire to benefit their fellow officers, but of course this will not last. The time must come when the chief inducement to such service will to the desire of adding to income: nor should it be expected that the Association will be maintained in full vigour, unless the payment to the Committee be made sufficient to induce well qualified men to serve mainly as a matter of business.

A reduction in the shareholding body, with a limitation of it to suitable persons, is now out of the question. Many of us Post-Office men thought, and still think, that a great mistake was made in not resolutely retaining the control of the Association in the Post-Office service; though, of course, we quite approved of admitting the remainder of the Civil Service to all the other advantages of membership. I feel no doubt that should the present Association ever collapse, the Post-Office men would rapidly and successfully organise a new society on the plan of keeping the control in the hands of a number of trustworthy and reasonable men of their service.

About two years ago, when our Association limited the number of subscribers to 15,000, a new society entitled "The New Supply Association" was projected to take in those friends of Civil Servants and others who could not gain admission to the old. Several of the then members of our Committee joined the direction of the new Association, which is conducted upon the same general principles as our own. I see by the first annual report that the Association, which has its stores in Long Acre, has during the past twelve months sold £20,000 worth of goods to its members, so that it has made a good commencement.

I must mention, in conclusion, that I have never served, and certainly never intend to serve, on the Committee of Management myself, although I have had the opportunity of watching its work from the commencement to the present time.

A Post Office Man.
Cornhill.

As published in the Portland Guardian and Normanby General Advertiser, Victoria, Australia, 9 September 1873.

Corrections by Andy Macdonald (washboardmac at gmail.com) from an electronic conversion by <http://trove.nla.gov.au/>