Enclosure

Report on the Progress and Activities of the Gardner Island Co-operative Store for the year 1939.

During the complete absence of normal trading facilities, a Co-operative Store has been established on each of the islands in the Phoenix Group now occupied by the Gilbertese. It is important to understand that the use of the word "Co-operative" is, in fact, a misnomer. For want of a better word, these stores are known to the natives as "boboti", the plural form of a Gilbertese word meaning to collect, which, by modern usage, has now become a noun implying the meaning "Co-operative". In point of fact, these ventures are co-operative only in the sense that it is proposed that a part of any profit derived shall be used for the corporate benefit of the people of the island concerned. The entire capital of the stores, as well as buildings and fittings, are, at present, the property of the Administration. It is hoped that, by setting aside annually a certain percentage of the profits, the stores may, eventually, accumulate a reserve fund of sufficient size to provide their own capital.

2. The Gardner Island store was opened in January, 1939, and started operations under two very severe handicaps. No European officer was stationed on the island at that time and, although careful instructions were given to the Magistrate as to the importance of keeping proper records of all transactions, the task proved beyond his powers and the sub-accountant, on returning to the island some months later, was proudly presented with a mass of papers and books which had obviously been compiled at very great labour but which were also unfortunately, entirely meaningless. Government ration issue figures, rainfall statistics and sundry other items were so intermingled as to give staggering totals which bore no relations whatever to the affairs of the Co-operative Store. Fortunately, the Magistrate had no faith in his powers of keeping books and had arranged his cash in a number of tins, each labelled with the name of the article sold, so that, a check on the activities of the store was possible. It is a credit to the Magistrate that the error in his accounting was less than 1½% and the loss was certainly due to sales of sugar and flour - it being impossible to get, say, 50 separate pounds of flour out of a 50 lb. bag.

The second, and far more serious handicap which this store had to face was that invoices for goods landed in January did not reach the island until August. As a result of this, goods had to be sold without information as to their purchase price. Arbitrary sale prices had to be fixed and the standard chosen was that set in the Phosphate Commiasioners store at Ocean Island. When the invoices finally came to hand, it was discovered that the Colony Agents in Australia had purchased in the retail market and, in almost every case, goods/