

Extract

## **Bite Back! The Return of the Co-Operative**

***Johnston Birchall***

**First signs** There is evidence of co-operative tenant farming in Babylon and of burial benefit societies in Greece as early as 3,000 BC. Indigenous cultures in Africa, Asia and Latin America often placed great value on co-operative social structures. Gruyère cheesemakers formed a co-op at Desservilliers, Switzerland, in 1228. Various forms of mutual aid 'guilds' and 'leagues' were common in medieval Europe. 'Friendly societies' were set up to provide help in case of sickness. By 1600 communal granaries, shaso, were well-established in Japan.

### **Pioneers**

With the growth of industrial capitalism, and its ethos of ruthless competition, a co-operative movement soon emerged to contest it. Industrial capitalism started earliest, and grew fastest, in Britain. In 1821 the Co-operative and Economical Society published *The Economist*, the first newspaper dealing with co-operative ideals (*The Economist* of today, which has rather different ideas, was not founded until 1843). By 1830 there were 300 co-op societies and 12 co-op newspapers. Robert Owen in northern Britain and William King in Brighton experimented with similar ideas. Conditions in industrial towns became so appalling that in 1848 average life expectancy in Rochdale was just 21 years. In 1844 the

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Rochdale Society of Equitable Pioneers set up a consumers' co-op (followed by a housing co-op) that paid its members a 'dividend' on what they bought and was to become a model for the movement. By 1900 there were 1.7 million members of 1,439 different (mostly consumer) societies around Britain; by the beginning of World War One in 1914 the number had almost doubled.

### **Variations**

Elsewhere co-ops explored different territory. Credit unions were pioneered in Germany and Canada. Often promoted by parish priests, by 1905 there were 13,000 Popular Banks in Germany, one for almost every village. In 1900 Alphonse Desjardins began a mutual savings society in Levis, Quebec. By 1909 the Movement des caisses

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Desjardins had over 100 caisses populaires in the Quebec region, many of them, as in Germany, sponsored by parish priests. In Canadian mining districts co-op stores aimed to overcome the 'truck' system, which forced miners to spend their wages in company stores. Agricultural co-ops developed earliest in North America, Denmark and Japan. By 1867 there were 400 co-op cheese factories and creameries in the US.

A Danish delegation visited a co-op creamery in Philadelphia in 1876. In



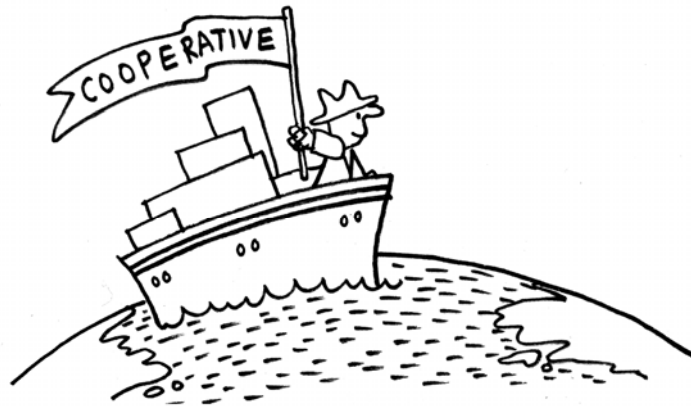
1882 the first one opened in Hjedding, Denmark. Co-ops of all kinds spread across Scandinavia, while Scandinavian migrants to North America (particularly from Sweden and Finland) stimulated the movement in return. In Japan, four agricultural societies were formed in 1878. By 1920 there were 13,442, 37 per cent of Japanese farmers belonged to them. Co-ops were important to industrial agriculture in Aotearoa/New Zealand from the outset.

Worker co-ops were pioneered in France, Italy and Russia. In France, Charles Fourier planned self-sustaining communities called

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philansteries. After the Paris Commune in 1871, JBA Godin encouraged workers to buy him out of his stove factory. By 1906 there were three large industrial societies, an iron foundry, a spectacle manufacturer and a cab-drivers' society, as well as 340 smaller ones. In Italy, the Associazione Artistica of glass-makers was set up in Altare in 1856. By 1906 there were 25 societies of bakers, 153 industrial societies and 454 labour and public service societies, mostly around Turin, Genoa and the industrial north. In Russia village communes and artels (labour associations) were common and represented nationally by a powerful federation, the Centrosoyus. As early as the 1820s some of Robert Owen's methods were tried in the Hunter Valley, Australia. The first consumer co-op in Australia was founded in Brisbane in 1859.

**Follow the flag**



Industrializing countries in Europe had been carving out empires for themselves around the world, taking the co-op idea with them. Co-ops were thought to be a useful way of organizing rural workers to produce for export. The French created the formal structure of the Society Indigine de Prievoiance with this in mind. In Tanzania the first co-operative laws were passed in 1925 and in Zimbabwe in 1926. In India 'registrars' were appointed by the British to regulate co-ops 'from the top down'.

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During the 1890s Sir Frederick Nicholson made his name as the 'Father of Indian co-operation', mostly by promoting credit co-ops. Indigenous forms of co-operation were inhibited. In 1892 a group that combined credit with land reclamation in Hoshiapur, Punjab, was disbanded. In the Caribbean they were swept away. After the abolition of slavery ex-slaves in Guyana bought 38 villages on 15,000 acres of land and ran them co-operatively, but the still-powerful plantation owners broke them up. The huge US-based United Fruit Company encouraged 'co-ops' in the Caribbean because they were more convenient to deal with than individual tropical-fruit growers. In the 1940s the Grenada Co-operative Nutmeg Association had only one representative on its board from its 6,000 growers.

### Turbulent times

The International Co-operative Alliance (ICA) was named at a meeting in Britain in August 1893. There was a strong vein of political 'neutrality' within the international co-op movement, but conflict proved impossible to avoid. Socialists in Europe were often critical of consumer co-ops (which wanted lower prices) and supported trade unions (which wanted higher wages). Co-ops became for 'consumers' what trade unions were for 'producers'. Then, following the revolution in Russia in 1917 and the rise of fascism in Europe and Japan, there was turmoil. Co-ops were attacked by fascists in Italy in 1921. Mussolini promoted his own form of 'fascist co-operation'. In Germany the Nazi Party also attacked co-ops, which were eventually taken over by the German Labour Front. There were similar developments in Japan. In Spain, anarcho-syndicalists promoted workers' co-ops vigorously, but they were crushed by General Franco after the end of the civil war in 1939. Co-ops in fascist 'Axis' countries were generally cut off from the ICA during World War Two.



However, the Centrosoyus in Russia had been a member since 1903, and it remained so after 1917, despite the subordination of co-ops to the

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Soviet system of state enterprises. After the revolution in 1949 enormous numbers of co-ops were formed in China, but they were isolated from the international movement.

### **Dinosaurs, giants and minnows**

As Cold War followed World War, the prospects for the international co-op movement began to look bleak. It was questionable whether independent co-ops could exist at all in the Soviet Union or China. In the West they were viewed as 'dinosaurs'. Even so, they began to compete directly, and often very successfully, with conventional businesses, inventing the chain store, among other things. In Spain the Mondragón workers' co-op became the biggest employer in the Basque region. By the mid-1980s almost 40 per cent of Japanese households had at least one co-op member. In Canada 12 million people now belong to at least one co-op, while 18 giant agri-food 'co-ops' rank among the country's top 500 businesses. Major US brands, like Sunkist and Ocean Spray, are agri-food 'co-ops'. Huge, wealthy co-ops like these became almost indistinguishable from conventional businesses. The British Co-op network went into sharp decline, from which, after an attempted takeover, it has now started to recover. In 1995 Consum in Austria was the first major co-op retailer to go bankrupt.

In the Global South, however, and particularly in Latin America, co-ops of all kinds began to flourish. There were only 175 in Argentina in 1930, but by 1976 there were 4,800 with seven million members. They grew, too, in Paraguay, promoted by Mennonites from Canada and the US, and in Mexico under the tutelage of the Institutional Revolutionary Party (PRI). In Chile they were active in the Popular Unity movement until it was crushed by a military coup in 1973, an ugly pattern repeated across the continent. In Africa, co-ops were often promoted by newly independent nation-states. Tanzania developed the ujamaa concept of multi-purpose village co-ops. Informal naam groups or youth associations became active in Burkina Faso. Farmers in Kenya were required by law to be in a co-op.

In a bizarre twist, the number of co-ops in the Soviet Union rose from 8,000 in 1987 to 220,000 in 1990, President Mikhail Gorbachev tried to graft them on to his 'opening up' of the Russian economy. Most were promptly privatized or dissolved in scandalous circumstances, within a few years they went from being minnows in the Soviet system to

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minnows in a privatized one. But here, as elsewhere, the instinct for co-operation persists, to take yet another shape in future.