

Co-ops: Resistance And Hope

by Ruth Caplan

The ebb and flow of the co-op movement reflects the struggle of people to build an economy based on the needs of the community in the face of the moneyed elite who use their wealth to hold onto power and exercise it for their own aggrandizement. Indeed, the cooperative movement emerged from 19th century struggles by workers and farmers for economic power in the face of growing corporate power. These struggles can inspire us today.

The cooperative movement began when textile workers in Rochdale, England emerged from an unsuccessful strike in 1843 determined to help themselves economically. They formed the Rochdale Equitable Pioneers Society and opened a store for their basic necessities like sugar and flour, as an alternative to the company store. Their cooperative principles still guide the cooperative movement today.

In the US, the Populists' Farmers Alliances mobilized to do away with the power of the company stores, the Eastern banks and railroad barons. They formed cooperative stores for purchasing farm goods and warehouses for storing grain until farmers could get a fair price. Spreading from Texas throughout the South and Midwest, these alliances created a

powerful movement in the 1880s and early 1890s. With their demise comes the cautionary tale from Larry Goodwyn, author of *The Populist Moment*, that, "The destruction of the cooperatives by the American banking system was a decisive blow, for it weakened the interior structure of democracy that was the heart of the cooperative movement itself."

From the ashes of the Populist movement emerged a less political cooperative movement. By 1920, there were 2,600 consumer co-ops in the United States with a combined sales volume of about \$260 million. They were almost all general stores, 80% of which were in towns with populations of less than 2,500. Yet most were out of business by the end of the decade as wholesalers couldn't service this far-flung network of small co-ops.

Then came the Great Depression, triggering another great wave of co-op organizing in cities and rural areas. This time it had political backing as part of Franklin Roosevelt's New Deal

and a vibrant labor movement.

The New Deal also led to the creation of rural electric co-ops, which are today the most highly capitalized form of co-ops. In 20 years they got electricity to 90% of rural farms, which had been ignored by the private sector. Although highly successful in enhancing the quality of life of rural America, these co-ops have not broadened out and in many ways have become quite entrenched with private electric utilities.

In the late 1960s and '70s the "new wave" of consumer co-ops was born out of the 1960s counter-culture to promote economic participation, healthy food and buying local.

Housing is the other major sector which has spawned co-ops. These were first established by ethnic and union groups forming self-help cooperatives to provide affordable housing. They got a boost through the federal funding of low-income cooperatives in the 1960s and 1970s. Today, there are about 376,000 dwelling units in affordable housing cooperatives in the United States. There are also very high-end co-op apartment buildings.

Given this variety, it is clear that not all cooperatives adhere to the values enunciated by the International Cooperative Alliance, including self-help, self-responsibility, democracy, equality, equity, and solidarity.

Co-ops and Our Future

So here we are today faced with an economic meltdown and able to draw on a rich history in the co-op movement. As we look at the potential of the cooperative movement, the International Cooperative Alliance definition is a good base: "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise."

The supporting institutions that have emerged to provide financing, expertise, and solidarity are important to the future of the cooperative movement, but equally important is a willingness to take on the monied interests. Will this movement embrace and promote alternative currencies and more community banks to create greater independence from Wall Street? Can co-ops operate on a larger scale like the rural electric co-ops without selling out? Do we have the courage of the Populists to stand up and create a real economy that serves we, the people?



Mondragón Co-ops

From deep in the valleys of the mountainous Basque country of Northern Spain, the growth of Mondragón worker cooperatives, begun in 1956, has been financed by the cooperative People's Worker Bank. Later consolidated as Mondragón Corporation Cooperativa, they have set up subsidiary companies across the globe in response to local market saturation. Now faced with the global economic downturn, the cooperatives provide job guarantees for their worker/members with losses at one company covered by the others. If a co-op does have to close, workers are guaranteed a job within a 30-mile radius. Workers at non-cooperative subsidiary companies, making up 2/3s of the workforce, lack such guarantees. This may soon change as Eroski, the largest of the coops, is offering all its workers a chance to become cooperative members. By 2010, the percent of cooperative member/workers may reach 75%. Meanwhile, workers in failed companies have asked Mondragón to help them buy their company and teach them how to run it cooperatively.