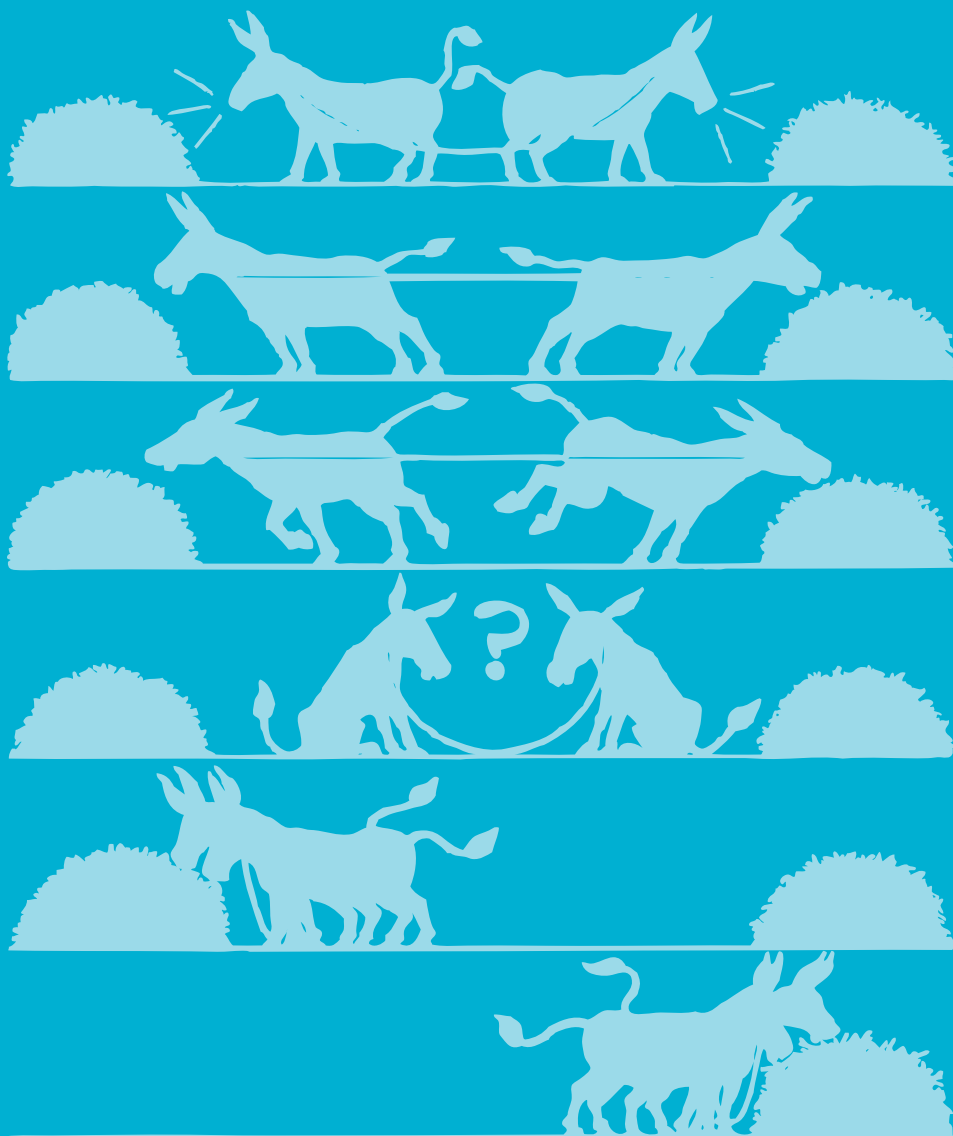


A short history of co-operation and mutuality

Ed Mayo



“A very thoughtful, deeply researched and original history of
cooperation and mutual aid.”

Frank Trentmann, Professor of History

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Cover image : the cover is an adaptation from an image that has been used over time as a fable of co-operation, originating in Quaker circles

Designed by Co-operatives UK member, Alpha Communication



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Preface

1844 – The birth of co-operation

You may know the story. In 1844, weavers and workers in Rochdale in the North of England started a food store in an extraordinary venture that has come to be seen as the first co-operative in the world.

There are hundreds of established histories of co-operative and mutual enterprise, whether biographies of individual businesses or analysis of wider co-operative sectors over time, national and international that point back to 1844. They tell an inspiring story and the co-operative sector is proud of its history, but at the same time, I hope to offer a gentle challenge to the entrenched co-operative worldview of ‘1844 and All That’.

My purpose is not to supplement or supplant the pioneers of Rochdale, by pointing to 1864 and the tradition of Friedrich Wilhelm Raiffeisen, the extension of these models outside of the circles of consumer retail and banking in which they started, or an earlier generation of weavers in the Scottish town of Fenwick in 1761. Instead, while fully recognising their achievements, I hope to acknowledge the risk of choosing one point or place as the start of everything that follows. In the words of historian Frank Trentmann *“the birth metaphor alerts us to the importance historians attach to origins, and to the tunnel vision this can produce.”*

There was co-operation before, and this is a short story of those roots of today’s co-operation and mutuality. A full history of co-operation and mutuality that weaves together the extraordinary ways in which the values of self-help and mutual aid have taken institutional form across cultures, is yet to be written. And it may be that, such is the breadth and diversity of co-operation over time, it would be a challenge to realise. This work is a sketch, no more.

Chapter 1

Co-operation and the human story

Co-operation is arguably at the heart of all social organisation over time. The human story over time is one, according to Samuel Bowles and Herbert Gintis, of a 'co-operative species' as from the earliest days there were increasing returns to scale from working together, for example in hunting, and developing patterns of co-operation, such as childcare and shelter, that could support that.¹ There was conflict between groups, for sure, but deep-rooted informal co-operation within them.

The extent of co-operation has been considered by anthropologists for some time. In 1937, Margaret Mead distinguished between primitive societies that she saw as primarily co-operative, competitive or individualistic. Mead considered that the Zuni Indians of New Mexico were the most co-operative society then known. She observed co-operation in working the fields, looking after sheep and building houses, in turn reflected in religious rituals and education. Wealth that was accumulated tended to be redistributed in gifts and ceremonies. Fifty years later, the anthropologist Douglas Bethlehem undertook the same exercise, with a wider list, particularly of hunter-gatherer groups in Southern Africa. For both, co-operation marked key occasions in the life of a group, such as catching large animals or building houses. Such co-operation was sustained by education and enforced by rules and sanctions.²

This concept of cultural patterns has been criticised by commentators and the approach taken by Bowles and Gintis goes well beyond this. They combine available evidence across different groups with the formulation of models of behaviour in line with contemporary approaches to game theory. What they find is not that co-operation emerges simply because people are willing to cast bread on the water,

hoping that it will come back. It is more:

- Within groups, norms of fairness emerge not just where the benefits are shared but where costs are incurred when they are not – i.e. where people take the trouble to enforce the rules, and punish others even at a cost to themselves.
- Between groups, trade and mutual exchange plays a role, evidenced in the spread of tools such as hand axes across large distances.
- Conflict between groups also plays a role, and this in turn further encourages co-operation within groups. If you don't co-operate with those around you, what you share is the increased risk of violence or death.

In the era of early human evolution, our predecessors were organised over long periods of time into small-scale stateless societies. Such conditions appear to have cemented co-operation in our patterns of social interaction. Social co-operation is not just as a way to get ahead in individual terms, but is something deeper that is fostered by institutions and in culture, internalised over time as a set of norms and realised as a set of social emotions, from shame to joy.³

Their conclusion - that our roots as a species are in co-operative action and it is these pro-social strategies rather than models of pure competition that explain survival and success - is echoed in other settings over the last three decades: in biology since Bob Trivers ('inclusive fitness'); in game theory by Elinor Ostrom and others; and in political science by Robert Axelrod. In a neat about-turn from his phrase 'the selfish gene', Richard Dawkins now points to models where 'nice guys finish first'.⁴ In the thirtieth anniversary edition of *The Selfish Gene*, he described how a less misleading title for the book could have been 'The Cooperative Gene'.⁵

In general, we practice social co-operation today when we walk through crowds or form a queue, or when we are in social institutions, such as friendship groups or family (the Hindu family for example that is traditionally 'joint in food, worship and estate').⁶ In a formal setting, our co-operation can be coerced or directed – soldiers in an army operate under instructions designed to coordinate how they should act together in the context of a battle. Most jobs can feel a little like that at times. Or co-operation can be voluntary, in forms of association and using formal institutions, which is our focus here.

Even here, co-operation can remain elusive. What, for example, is 'an institution'? Elinor Ostrom, the revered co-operative theorist and co-winner of the Nobel Prize for Economics in 2009, characterised institutions as the bodies that we use to organise repetitive and structured interactions – where those involved operate in situations shaped by rules and face choices as to what they do, with consequences

for themselves and others. One of her last books, looking back over a life of research on different governance systems for natural resources, was an attempt to provide a vocabulary of and set of design principles for institutions, in all of their diversity.⁷ That was complex and ambitious enough, but the challenge of understanding let alone classifying institutions is compounded when looking at history. The function of an institution may be evident to those who follow. Sometimes, if we are lucky, the rules are preserved (and we have a fair few rule books of nineteenth century co-operatives in the archives of the co-operative sector, two floors below my office of work in Manchester, UK). We typically have far less to go on when it comes to the other variables that Ostrom highlights for understanding institutions - the context and environment in which they participate and the characteristics of the community of which they are part.

The health warning therefore is that although I use relatively open terms such as co-operation and mutuality, any labels over time, across cultures and from the informal to the formal, can be problematic. They say as much about the author as story-teller as the story he tells. I will at least try to be cautious of applying a later label to an earlier phenomenon – the temptation which is the flipside of a ‘birth myth’, looking to create new legends before that birth by anointing this or that initiative, whether fourth century BCE China, first century Rome or eighteenth century Greece as the first ‘co-operative’.

At its simplest, co-operative and mutual action is about people working together equitably as members of a formal and open body that exists to meet their economic and wider needs. This is the working definition that I use in what follows.

Chapter 2

An ancient way of getting things done

As a formal model of organisation, mutual aid is clearly an ancient way of getting things done. Arguably, it predates the modern formal private and charitable sectors by perhaps a thousand years. Some of the earliest records of mutuality are from the Roman Empire. One of the practices was a variety of groups of artisans organised into ‘collegia’: formal membership associations. One authority, in the late Empire years, was St. Augustine of Hippo, the Algerian and Roman philosopher. He looked to set the ground rules for how mutual trade and exchange should operate, through the concept of a ‘just price’.

The term *collegia* (the root of the modern word ‘college’ of course) translates from Latin as ‘joined together’. Across the Roman Empire, *collegia* might be arts troupes or they might be groups of silverworkers, rag dealers or woodsmen. Some were burial societies, supporting members at a time of financial cost as well as religious and cultural significance. We know of associations from inscriptions, papyri and the writings of contemporaries in the Hellenistic period from the fifth century BCE. But the terms used, the members involved and the purposes set were extraordinarily varied – the number of different associations listed over the period stands at 2,500 on some counts and that is only the ones we know of today.⁸ Included would have been religious confraternities, chapters of priests, sodalities, Judean synagogai and, on some characterisations, the earliest Christian associations.⁹

We can paint an evocative picture of *collegia* through the example of one case study, a stone’s throw from the walls of Rome, the statutes of which are preserved in inscriptions. The *Collegium of Aesculapius and Hygia* was founded in around 153 AD by a wealthy Roman woman named *Salvia Marcellina*.¹⁰ She endowed a building on the Appian Way, to commemorate her late husband and this served as

a dining club for its members, and a burial society. With member subscriptions and an endowment, the college lent money to its members, using the interest to pay its expenses. The college itself was limited to sixty members. It admitted new members only when it needed to replace those who had died. As a member, you were guaranteed a burial, including all of the costs associated with a smooth passage to the after life - funeral rites at home, burials outside of the city, with a procession from one to the other.

The college had a President, the officers were curatores, or 'caretakers' and the body of regular members was termed the *populus*, 'the people'.¹¹ Just as later co-operatives and mutuals would come to be known in many countries as 'societies', we can sense that the ways in which *collegia* like this were set up were intended to echo a view on how the wider world should be structured. The *Collegium of Aesculapius and Hygia* and its ilk were self organising associations, concerned with equity among members but not necessarily or typically egalitarian - whether they were formed for banquets by groups of aristocrats or indeed burials by groups of slaves.¹² The sceptical views of Pliny the Younger in his letters might have held for many. As he put it, nothing could possibly be more "*distressingly inequitable*" than unflinching equality for all.¹³ Just as seats in the theatres in Rome were organised by rank (in Augustan times), so the *collegia*, whether based on trades or cults, whether with members of military veterans or diners and drinkers, tended to operate with levels of status and rank. Some boasted an elaborate array of punishments for transgressions.¹⁴

Beyond this, it is hard to generalise about the nature of the *collegia*. The nineteenth century German scholar Theodor Mommsen focused on *collegia* as burial societies, asserting that they were one of the few civil society organisations allowed to operate in Roman cities under the Emperors. In truth, first, burials were never universal across *collegia* and second, the relationship with the state was never so simple. Yes, there were crackdowns at times on civil organisation; Julius Caesar issued the *Lex Julia*, which appears to have included a prohibition on voluntary associations. Yet there was a loophole in the same law for those that were formally approved, longstanding or set up in the name of public service. Jonathan Scott Perry cautions that the evidence from inscribed documents is that Roman associations were widespread and unrestricted in practice.

Perry goes on to say in his book, *The Roman Collegia*, that even with the benefit of one hundred and sixty years of added academic research since Mommsen published his work, "*I despair of ever understanding the collegia in their full complexity, given the nature of our evidence and the frustratingly inadequate information that even several hundred texts can furnish*".¹⁵

Chapter 3

Craft and co-operation in Europe

The tradition of *collegia* across Europe may have been the seeds of what by the eleventh century had evolved into early craft guilds. With food production in the surrounding countryside benefiting from a more benign climate and the spread of techniques such as crop rotation, urban areas in the Rhineland, the Low Countries and Northern Italy were at the heart of developing medieval towns and cities. From here, the guilds emerged and from the thirteenth century, they spread across Europe, proliferating right through to the seventeenth century (and in some countries such as Sweden and Austria, reaching a high point in the eighteenth century).

Rather than Roman roots, though, it is also possible that these craft guilds may have drawn on other traditions such as the Germanic custom of sworn, voluntary association and self-governance. This emerged in contrast to the Roman model in which rights of association are ones granted by the authorities.

There was in any case a close overlap with religious societies. Guilds in Northern Spain, ‘*gremios*’, for example borrowed their rules from earlier ‘*cofradia*’, which were spiritual brotherhoods. Many guilds named a patron saint, with their officers selected on the annual Saint’s Day, with a feast to mark the occasion. In 1268, the Mayor of Paris compiled a book of trades, together with the statutes and by-laws that governed them. This tells us, for example, that the master goldsmiths and pinmakers of Paris gathered on the relevant day at an annual general meeting to elect their guild officials.¹⁶ For any membership body today, that sounds familiar.

Faith was woven into the models of guilds. As characterised by GDH Cole, a guild enthusiast in the early twentieth century, “*throughout the medieval period the predominant form of industrial organisation throughout the civilisation of Christendom*

*was the Gild or Guild, an association of independent producers or merchants for the regulation of production or sale. The medieval Gild was not indeed confined to industry: it was a common form of popular association in the medieval town. There were Gilds for social and charitable, and for educational, as well as industrial purposes; and every Gild, whatever its specific function, had a strong religious basis and an essentially religious form.*¹⁷

As a sign of faith, the guilds proved to be keen sponsors of stained glass windows in local churches and it is possible even today to guess which windows they might have been.¹⁸ Aristocrats and princes might want to be remembered as dutiful, such as in a solemn and reverential pose of prayer. The guild windows tended to show activity, of people in fields or at work. The records do not show who paid for them, but if you visit Chartres Cathedral in France, you can see in the windows the equivalent of an early thirteenth century documentary movie of medieval trade and crafts, created at a time when the fashion for stained glass was at a peak.

Guilds operated as a form of social and economic governance. Work was regulated in terms of the length of the week and trading days. The average day was eight hours – though this varied with the seasons – and night work was prohibited. The success of the guild system can be measured perhaps in the spread of public holidays. We have perhaps never had as many annual holidays as in the days of the guild, with work set aside on 40 to 50 feast days, varying from region to region.¹⁹ On Saint's Days, civic work was allowed, such as to construct the Cathedral, as was work to attend to the needs of the poor and elderly. Labour economist Juliet Schor argues holiday time in medieval England took up around one third of the year. France was reported to have guaranteed fifty-two Sundays, ninety rest days, and thirty-eight holidays.²⁰

Guilds therefore served purposes that were helpful to the authorities of town and crown. They organised the economy, maintained discipline and were sources of tax revenue. Over time, they became a conduit for the authorities too. This included moving from the election, or selection by lot, of key officials, such as the inspector who might check members for the quality of their work, to their appointment by the crown or the local state in systems of patronage. In countries with tighter central control, guilds tended to be issued with royal charters. In France, some guilds in the fifteenth century had become known as 'choses du roi' – things of the king.²¹

In Cologne and other German cities overseen by a more distant Holy Roman Emperor, where there were greater degrees of freedom, guilds were extensive. The same is true in Northern Italy, where cities had a long history of mercantile trade. In Florence, where the communal revolutions of earlier centuries still echoed, guilds

dominated local politics in the thirteenth and fourteenth century and they were seen as autonomous, organised on the essential principles of equality among members and collective self-governance. The smaller guilds in England also tended to be the more democratic ones. The rules of the Chester bowyers in 1370 for example set out that a journeymen had an equal vote to that of a master in elections.²²

So, what were the guilds? European craft guilds in the thirteenth and fourteenth century were membership-based enterprises that were relatively small in scale, but with explicit social obligations and duties set out in their member rules. Their members constituted the small companies of their day. The workshop was the unit of production for a wide range of crafts from butchers, bakers and blacksmiths to saddle-makers, cabinet-makers and locksmiths. Being small was efficient - technology was limited to hand held tools and there was relatively little need for business capital. The exception were the long distance merchant guilds and larger guilds of weavers reaching across to Tuscany and Flanders which produced cloth for export.

Each guild in a town was defined by sharing a common trade, or means of trade. The trade could be intellectual labour (e.g. lawyers, priests and scholars) or manual labour (e.g. butchers, bakers and hosiers). Beggars and prostitutes also had their own guilds in some cities in Europe and the system also spread beyond the town to fishermen, hunters and also serfs seeking freedom as rent paying peasants. In some countries, guilds were sometimes known as 'mysteries' (the origin perhaps of the modern words 'metier' in French and 'mestiere' in Italian - occupation or trade) as they owned and organised the specialist skills required for each different craft.

To become a master required that an apprenticeship first be completed. Depending on the trade, this could last anything from around two to seven years. 'Journeymen' were people who were paid by the day (*journée* in French). In England, they would be known as 'yeomen' (literally young men). The requirement then was that after finishing an apprenticeship, a 'masterpiece' be completed and passed for its quality by the respective craft guild.

The 'Dutch Masters' is a term we use today for the extraordinary generations of painters in the Netherlands whose paintings we still recognise as masterpieces. They were indeed masters in their own time: painters who were organised into entrepreneurial guilds. The great artists of the Renaissance too had been guild members - the poet Dante Alighieri, as with many of the painters, was a member of the guild of doctors and apothecaries. The patron saint for artists was St Luke. But with church patronage in decline in the Low Countries, in Calvinist times, the Guilds of St Luke turned instead to domestic customers, developing an extraordinary market for art. By 1660, the year that Vermeer died and Rembrandt completed his last etching,

45,000 paintings were estimated to hang on the walls of homes in Delft.²³

One master was immortalised in Wagner's nineteenth century opera, *Die Meistersinger von Nürnberg*. The historical character this was based on was Hans Sachs, born on November 5th 1494 and apprenticed at the age of fourteen in a guild of shoemakers. As Ivan Illich writes "*guilds set the curricula, prayers, tests, pilgrimages and hazings through which Hans Sachs had to pass before he was permitted to shoe his fellow burghers.*"²⁴ Although Sachs went on to become not just a master singer but a renowned poet and playwright, he continued as a guild member, and indeed to make shoes, all his life.

The test of a masterpiece was waived in some guilds for sons of existing masters, while in others, at least earlier on, privileges could not automatically be passed on from parent to child. A principle of modern co-operatives is of voluntary and open membership but for the majority of people, who were outside of those trades, guilds were exclusive. In those trades themselves, guild membership was typically an obligation as much as a choice. In addition, an extra qualification in most trades was the need to raise some capital to enter the guild and to acquire a shop.

Even so, most journeymen and apprentices could expect to become masters and, if they acquired the freehold for the shop, thereby 'freemen' of their town. In London being a master of the livery companies conferred not just the freedom of the city, but the right to wear forms of clothing, the livery, that marked out their status. In Chaucer's *The Canterbury Tales* the five guildsmen were "*a haberdasher and a carpenter, an arras-maker, dyer and weaver...clothed in similar livery, all of one sober, great fraternity*". Their wives liked to be called 'Ma Dame' by the others, to mark their status.²⁵

The guilds typically had masters, not mistresses, although there were variations over time and place. These were patriarchal times and the guilds reflected that. Yet there is evidence both of laws against women as members, in the guilds in Germany, and of those laws being flouted, as well as of initiatives to recognise women. The seamstresses in Paris in 1675, for example, set up a guild that entitled them to sew and sell clothes for women and children.²⁶ In other French towns, such as Rouen, Le Havre, Caen and Lyon, there is evidence of active female participation in guilds. In 1628, over forty women who were spinners broke into the city hall of Barcelona. They threw insults at the councillors in protest at the action of master drapers, who were sending wool to be spun outside the city.²⁷

Each craft had its own guild and together the guilds constituted something of a federal system. Each master might belong to two guilds within a town – first to his craft guild and second to the guild of guilds, which regulated jointly both the

commerce and social services of the town. The prices of goods were not set by an open market but by prices fixed by custom and practice, balanced with a close eye on quality. Inspections were common, weights and measures checked and poor practice or shoddy standards, letting down their customers, were punishable by fines.

The objects of the guild were enshrined in an oath made to each company member (including journeymen and apprentices) called the *conjuratio*. This oath was a commitment to both self-regulation and governance of their shared trade and to each other. Social needs for 'fair pay' and social security was a mutual responsibility. The welfare provision of many guilds included both funeral and disability insurance but also pensions as well, including responsibility for widows and almshouses. Indeed the modern English word 'owner' derives from the medieval word 'ower' where social responsibilities ranked alongside one's civic rights.

While on the origins of language, it is interesting to note that the term 'company' was associated with guilds. The word comes from the Latin, 'con panis', which means the taking of bread together. Craft workshops might be of one master, two journeymen and one apprentice. As the workshop and sales shop was also the master's house in the town, they all had lunch together.

To an extent, similar customs of mutuality also operated in a rural setting beyond the guilds. Up until the Reformation an important source of income for churches was for parishioners to come together and brew beer – and then sell it to each other. Indeed, the English word 'bridal' stems from one of these occasions, the wedding feast. On offer was bride-ale, brewed by the parishioners. In German cities, brewers came together in beer guilds. There was an emphasis on quality, but their produce, being boiled, might also have been a healthy option compared to some of the water on offer in town.

In urban contexts, in exchange for civic rights and freedom, guild members may have had extensive social responsibilities in the area of the town where they lived. In Northern Italy, medieval towns could be divided into quarters, where guilds in similar trades, such as making furniture for example, would group themselves in a particular quarter for ease of co-production. Some of these different guilds then might take joint responsibility for the development of their residential area via 'neighbourhood guilds', helping to establish the quarter's market square, water fountain, church and perhaps school, hospital and almshouse or their equivalents. Neighbourhood guild members took responsibility for street sweeping and maintaining the pavements and for volunteer policing on a rotation basis. Each guild might even be its own armed regiment to defend the town in time of war.

The contemporary writer Benedetto Dei charted the extent of guilds in the city of Florence in 1472. The town population was around 70,000 people. In the city could be found 270 workshops belonging to the wool guild, 84 wood-craft shops, 83 belonging to the silk guild, 66 apothecaries, 54 stonemasons and sculptors, 33 large banks “*possessing a table and carpet outside*”, 30 gold leaf and silver wire workshops, 44 jewellers, goldsmiths and silversmiths, 70 butchers and 8 poultry and game shops.²⁸

Such a pattern would be a peak of guild mutuality rather than its average expression, but the model of organisation through guilds was extensive across Europe. The underlying focus of trades together in urban quarters was and is an entirely natural process, for learning and exchange among producers and the ease of their customers. Nowadays, they would be termed ‘industrial clusters’. City areas today like the Jewellery Quarter in Birmingham, England, are marked deeply by the trades, and their families and associations that shaped the neighbourhood over time.

As Fernand Braudel puts it, more critically, inside the walls of such towns, “*everything was arranged for the benefit of the craft guilds... The ‘Six Corps’ (drapers, grocers, haberdashers, furriers, hosiers, goldsmiths) were the commercial aristocracy of Paris from 1625. In Florence, it was the Arte della lana and the Arte di Calimala.*”²⁹ The spread in London out of the traditional city boundaries in the eighteenth century was, according to a contemporary critic Sir John Nickolls, to escape the guilds: in pursuit of “*a clear field for every industrious citizen, while in its bosom London nourishes ninety-two of all sorts of those exclusive companies [guilds], whose members can be seen adorning the Lord Mayor’s Show every year with immoderate pomp.*”³⁰

A more working class guild was The Shore Porters Society, which dates back to 1498, formed by the Scottish porters, or ‘pynours’, working in the harbour at Aberdeen.³¹ One of the first members for whom we have a name is that of a woman, Megy Tod, in 1514. In a trade that required strength and skill, women could find a place – at least early on.³² The business still runs today, specialising in removals - a contemporary enterprise that continues in partnership and with the same competence, of heavy lifting, that it started with in the early days of the guilds.

The roots of the Shore Porters Society in fact probably stretch back even further. A copy of a 1707 royal charter of confirmation in the name of Queen Anne refers to the rights and privileges granted to porters by “*our most noble and illustrious predecessors William sometime King of Scotland*” – a King better known today in Scotland as William the Lion, crowned on Christmas Eve of 1165 and who reigned through to 1214.³³ Aberdeen boasts a Harbour Board of similar longevity, founded in 1136 and now a trust port - an independent statutory body.³⁴

The 1498 date, in fact, is the first reference to the society in the annals of the city authority. The city probably oversaw its operations at that time (later, for example, directing the porters periodically to clean the ‘middings’ - refuse - of the city roads). Around the same era, the porters, ‘naties’, in Antwerp also organised in a society, followed not long after by the porters, ‘vemen’, in the Netherlands. The Dutch guilds, on one analysis, apparently had many of the characteristics of modern co-operatives, such as one member, one vote, member subscriptions and the sharing of benefits.³⁵

So why organise together as porters? The society acted as a guild that had a monopoly for its members of acting as porters for the shore trade. The rationale for the city to approve this was that shipping does not come in on a steady basis, so to ensure a service when it did, you needed a sufficient body of porters, even if those porters experienced long periods of downtime - waiting or playing cards (drinking, later, was discouraged). Organised as a guild, rates for the service could then be set at a fair level (one penny Scots for a barrel from the Quay, two pennies if going beyond the Braid Gutter - Broad Street) and redress offered where things went wrong. It is tempting to roll barrels, but on the streets it wasn't a safe way to get barrels from A to B - society members were named in the records as paying for goods that were damaged.

While the connection through to the city authorities was always strong, in line with many medieval guilds, there is evidence of the society coming to act in a self-governing way. In 1531, Will Grant and a number of other members were named as standing as guarantors for the society as a whole. In 1546, we have the first record of Deacons, elected on an annual basis by the members (sometimes described as ‘warkmen’ and ‘warkwomen’) with an equal vote, to manage the property of the society and to chair meetings.³⁶

One member, one vote was not uncommon. The regulated companies set up by merchants in the England in the 15th century followed the one member, one vote rule and, according to Adam Smith, in *The Wealth of Nations*, also operated an open-door principle, where firms were obliged “to admit any person, properly qualified, upon paying a certain fine.”³⁷ Similarly, in France, the Compagnie de la Nouvelle France was formed with a royal charter in 1627 to pursue trade in furs with North America. With one hundred investors on equal terms (although one of the members, Cardinal Richelieu, could perhaps always have exerted greater influence), the venture became known as the Company of One Hundred Associates.³⁸ Jan Kuiper, who has made a focus of studying the early medieval guilds, says that “typically, guild members had the same rights and obligations and to that extent, could be said to have operated with a degree of democracy.”³⁹

A short history of co-operation and mutuality

The high point of the European guild system and its subsequent, slow unravelling was earlier than this and can tentatively be given a start date, which is 1348. The guilds were one of casualties of the Black Death around that year. This was an extraordinary disruption and one that changed the balance and the power of labour and class in the context of depopulation. But another factor was also changing the nature of the guild system over time, which was that of political power. The social and economic role of the guilds had always in effect been delegated in exchange for taxes. Political governance rested with nobility and royalty. From the sixteenth century, with laws such as the Statute of Artificers of 1562 in England, many of the delegations were withdrawn, in effect nationalising artisanal guilds. Lawyers, accountants and bankers were not affected, but working class guilds such as butchers, bakers and candlestick makers were. Elizabethan legislation in England also restricted civil society associations and banned in effect such meetings by transferring powers to magistrates.

Many of the guilds died out or were incorporated into new structures of organisation, but mutuality soon reappeared in new forms. But first, at a time in which European ships travel across the seas in search of trade, conquest and glory, we will step away ourselves from our focus on the continent of Europe to look briefly at traditions of co-operation elsewhere.

Chapter 4

Traditions of co-operation

This has been a Western European story so far. Other regions had their own experience of formal or informal mutuality. The Ahi ('brotherhood' or 'generous, open-handed') movement in Anatolia, modern Turkey was started in the thirteenth century by Pir Ahi Evran-e Veli, a master leather craftsman and scholar, born in Iran in 1169. He envisaged a world of guilds, connected and operating in a context of ethics and faith that could enable peaceful collaboration across the economy and society.

The context was warfare. People arriving in Anatolia from Turkestan were escaping Mongolian invasion (and indeed Ahi Evran himself would die at the hands of Mongols encroaching further in, in 1261). The vision was one of both enterprise and of faith. The formation of craft and commercial organizations was probably a practical way to maintain their solidarity, compete with local Byzantine craftsmen and to build the quality and reputation of their work. Nonetheless, they also integrated religious and moral precepts throughout.

The first leather workshop established by Ahi Evran was in Kayseri in Central Anatolia, a model that spread to other craftsmen and other towns. While the evidence is scanty, it appears that at its core was an economic base typical to guilds, such as controlling quality on the materials to be used and techniques for production, running inspections and setting prices. Trades, crafts and arts (thirty two of them, in a later classification) were grouped together in bazaars, each one given over to one profession (along with a baker and barbershop allowed for each) and each with its own symbol: an atlas quilt for quilt makers, a silver horseshoe for farriers, a gilded sugar cone for sweet makers.⁴⁰ Fatma Bacı, the wife of Ahi Evran, established

a bazaar for women, the Baciyani Rum, allowing them to group together and to sell the goods that they produced.⁴¹

Underlying this was a linked and rigorous faith and social philosophy – possibly in the form of the seven hundred and forty principles set by futuwwanamas (the constitutions of the guilds), originating from the Qur'an. People were expected to behave with values such as being honest, generous, modest, encouraging, forgiving, selfless and realistic.

The guild elder was the Ahi Baba – a title that found its way across to Jerusalem in later, medieval years.⁴² One story, which may be legend only, is that if the Ahi Baba found shoddy goods or corrupt practices on an inspection visit to a bazaar, he would take the shoe of the craftsman and fling it to the roof of the bazaar, letting all who were there know of what he had found.

The model of organisation developed over time. What started as nine levels to progress through for an errand boy to a master sheik were reduced over time. There was a vocational emphasis to support this, on the job and linked to local monasteries. There were pooled funds. Elections came in if they were not there from the start, while there was also a close link – perhaps being subsumed over time – between the guilds and the administrative and military organisation of the Ottoman state.⁴³

Similarly rooted in Islamic faith is the tradition of Takaful, an insurance concept said to have been practised in various forms for over 1,400 years.⁴⁴ The approach originates from the Arabic word *kafalah*, which means 'guaranteeing each other' or 'joint guarantee'. In a modern context, Takaful members contribute to a common pool, designed not to generate profit but to uphold the principle of 'bear ye one another's burden.'

Some scholars root the practice of *kafalah* further back, in systems run in the tribes of ancient Arab times. A settlement of 'blood money' (*al-diyyah*) was one used to compensate for the loss of life, paid out of the tribal fund collected from donations by members. It might be paid in cash, or in kind, such as camels. As a communal practice, in line perhaps with so many early forms of mutuality, this was "*social in character but economic in consequence*."⁴⁵ In the context of the law of equality and the commendation of forgiveness and mercy as opposed to retaliation, the practice of *al-diyyah* was supported with the advent of Islam – and was included, for example, in the first Islamic constitution of Medina.⁴⁶

In a rural context, most countries can point to traditions of formal or informal co-operation. In India, communities long collaborated to sustain local assets such as village tanks or forests. The "Phads" of Kolhapur saw farmers taking control of water resources collectively, for fair access, and collaborating around harvest and

the transport of produce to market.⁴⁷ In Karnataka, most of the rains that the state sees come in the monsoon season. If the rains fail, the effect of farming is crippling, so the rationale for rainwater harvesting has always been strong. An inscription dated to 1371 in Karnataka describes the contribution of villagers in Nanjapura in the form of the upkeep of four bullock carts, for the maintenance of a water tank.⁴⁸ In Central America and the Andes, there are also claims that collaboration such as around irrigation systems and seed banks were core to the culture of Aztecs and of the Incas in Peru.⁴⁹

In an urban context, most likely, there is an intriguing passing reference from an earlier age still in China. Sayings attributed to the Confucian Mencius, or Meng Ke, who lived in the fourth century BCE, in the book *Mencius*, talks to market traders who would exchange together, with officials to oversee the process.

Africa has its own long story of co-operation. As Julian Ellison has written, “*the caravans carrying gold, salt, steel swords and other goods from the Ghanian, Malian and Songhai empires across the Sahara to the Mediterranean in the European Middle Ages were organised cooperatively.*”⁵⁰ Core to the caravans, grouped together, were camels, without whom life in the desert would have been close to inhabitable and crossing it close to impossible. The fourteenth century scholar, Ibn Khaldun, states that there were caravans of 12,000 camels going from Sudan to Egypt.⁵¹ From the Niger to the Maghrib, caravans averaged 1,000 camels. Overland caravan routes went further too, to India and China, to Central Asia and Russia.⁵² The Caliph Umar declared that “*the Arab prospers only where the camel prospers*” and perhaps in reflection of that, the Arabic language is said by some to offer up to one thousand names for the camel, in its numerous breeds and life stages.⁵³

With commerce on the seas too, a range of partnership models for enterprise and trade emerged in the Islamic world, allowing people to co-invest and share returns on an agreed basis, to share losses including acting as surety for other partners and to act on a mutual basis across the partners. The term typically used, *Sharikah*, or *al-Shirkah*, means in effect a sharing, co-partnership. The most comprehensive form, *Sharikat al Mufawadah*, offered members equal rights in economic terms and an equal say in terms of the ability to act on behalf of the partnership. As one commentator argues “*some of the institutions, practices and concepts already found fully developed in the Islamic legal sources of the late eighth century did not emerge in Europe until several centuries later.*”⁵⁴

Back to Africa, Julian Ellison also points out that “*in the small kingdoms of the forest belt along the Gulf of Guinea there were informal cooperative labor exchanges and rotating credit associations known as esusu.*”⁵⁵ There are references in English to

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esusu from 1794.⁵⁶ The rotating credit association is still called susu in the Caribbean and in the Southern states of the USA, from early colonisation, it became known as the ring. The ring was one of the few forms of collective self-help and resistance potentially open to slaves. Operating as a private activity, it could be hidden from those attempting to suppress it.

The idea of lending circles can also be traced back to thirteenth century Japan, in the form of Ko or Mujin, where groups of rural villagers, between twenty and fifty people, pooled savings and took turns to win credit. These may have been adapted from, or adapted into the Hui model from Southern China. This was smaller scale but, similar in terms of running until all have saved and borrowed before closing. In rural Korea, Kye emerged in the sixteenth century, providing a similar function. Rotating savings and credit associations such as these have a long history by different names in different countries: Tontines in West Africa, Muzikis or Likelambas in the Democratic Republic of the Congo, Ekub in Ethiopia, Stokvel in South Africa, Mukando in Zimbabwe, Tandas and Cundina in Mexico, Chits, Kuries and Bhishies in India and Thong Thing in Cambodia.⁵⁷

Chapter 5

A friendly turn

In seventeenth and eighteenth century Europe, in line with the Quaker view that the 'greatest resource is friendship' and the practices of communities such as exiled French Huguenots, the earliest 'friendly societies' were formed for mutual insurance needs, including sickness and funeral costs.

Some guilds survived and were revived in this new form. In the seventeenth century, the Shore Porters Society, which we encountered earlier, branched out to pool funds for insuring members.⁵⁸ In Germany, voluntary societies and member associations emerged to provide mutual assistance for specific risks as varied as fire damage, death, shipwreck and the death of livestock. These were known as 'fire guilds', 'death guilds', 'brotherhoods' and 'fellowships'. The first recorded society was founded in Schleswig Holstein in 1537.⁵⁹ In the same century, Prussian miners formed thrift societies for mutual assistance.⁶⁰ In 1577, the first formal 'pious bank', Ostrołęcka Cheap Loan Foundation, was established, with church backing, in Poland to pool savings and extend credit to those in need.⁶¹

In rural Switzerland and the Franche-Comté region of France, cheese-making societies, termed *Fruitière* (ripening) started in the fourteenth century and spread to other European countries.⁶² From informal reciprocity, exchanging milk between neighbours, these developed into full mutual societies. Each round lasted for a year, starting in February with the first milk coming in March or April. The accounting system was in urns of milk – the farmer that took the cheese was then debtor to others who had contributed milk – and the product, and dividend from its sale, was the cheese. In these mountainous areas, it is possible to trace the lines of mutuality from these neighbourhood associations, present in different forms and with different

functions across medieval Europe⁶³, through the development of self-governing quality standards and charters, such as the Appellations d'Origine Protégée, to the co-operatives that are responsible for the production of Comté and Gruyère cheese today. Writing in the late nineteenth century, George Jacob Holyoake declared "*it is clear that Gruyère (sic) should be the favourite cheese of co-operators, as it is the first cheese made on their system.*"⁶⁴

In Poland, likewise, fishermen started self-help societies, Mashoperyas, in the fifteenth century. In Finland, neighbours in rural areas are recorded from the 16th century forming working unions, to do the cultivation of land and farming together.⁶⁵ A collective dairy farm was established in Osoppo, Italy in 1806, a few years before a number of garden and farmer societies were established in Luxembourg, from 1808. In 1816 Stanisław Wawrzyniec Staszic, a leading figure in the Polish Enlightenment, founded an agricultural society in Hrubieszów.⁶⁶ Such collaboration between farmers took particularly strong root in Scandinavia, emerging in new ways as the nineteenth century progressed. It then spread to America through migration as a new generation of formal 'farmer co-operatives'.

The British friendly societies had similarities to the medieval craft guilds. They were typically urban based. They attracted both skilled and unskilled artisans and labourers. The solidarity aspect they engendered became the root of a much wider range of mutual aid bodies. With legislation to support them, friendly societies achieved a legitimacy and social status for welfare provision that had profound implications. The historian E.P. Thompson talks of the cultural contribution that "*their language of 'social man' also made towards the growth of working class consciousness.*" This was in the context of rapid urbanisation in England. In 1750 the majority of the population was rural. By 1830, it was 50 per cent.⁶⁷

The migration to the industrial towns was not entirely by choice. Over the same period, Acts of Parliament enclosed 7 million of the 10 million acres of the remaining English Commons, with the clearances in the Highlands in Scotland and enforced and brutal process.⁶⁸ The privatisation of enclosure, implemented by hedgerow fencing, put an end to traditional subsistence agriculture and eroded the local market system of village life. As the Poor Rate system restricted welfare payments to labourers in their village of origin, those migrating to the industrial towns had as a consequence little choice but to develop their own urban, mutual insurance systems.

One such was the British Order of Ancient Free Gardeners, which started with advice and moved into health and life insurance for members. To be a member, you needed to be between 16 and 40 years of age and Protestant. Because of the

risks, miners and underground workers were excluded. At a more local level, cow societies formed for rural workers to pool subscriptions and insure their cow for a year. Seamen at Bo'ness in Scotland formed an early friendly society in 1634,⁶⁹ while in 1699, Newcastle keelmen who since the thirteenth century had loaded coal to take down the river Tyne, started to put aside funds *"to be a public fund or bank for the relief of themselves, their widows and children, and aged skippers"*.⁷⁰

The Friendly Society Act 1757 in Britain, and then again in 1793, legalised such self-provision by groups and the number of friendly societies soared to over 7,200 in 1801 with almost 650,000 working class subscribers. They were not immune to failure, far from it and legislation was in part designed to regularise societies. Societies themselves set rules to protect themselves. As E.P. Thompson describes it an examination of rules and orders of friendly societies in existence in Newcastle and district during the Napoleonic Wars *"gives us a list of fines and penalties more exacting than those of a Bolton cotton-master"* - from *"reflecting upon"* another member in receipt of sick money through to exclusion of benefits through *"any illness got by lying with an unclean woman, or is clap't or pox'd"*.⁷¹

In 1752 Benjamin Franklin founded America's first mutual, the Philadelphia Contributionship of the Insurance of Houses from Loss by Fire. This was modelled on one he had seen in his time in England, the Amicable Contributorship of London, to insure and protect buildings from the hazard of fire.⁷² A generation later, in 1787, Philadelphia also saw one of the first African American mutual aid societies founded - the Free African Society. According to W.E.B. DuBois, writing in the same city a century later, economic co-operation among black Americans was long-standing and commonplace, though often secret. In the case of sickness, members were covered with a small stipend. In the case of death, the funeral costs would be met, with help for any widow.

Alexis de Tocqueville later, in the nineteenth century, echoes this, describing 'associational life' in America as one of the 'democratic expedients', underpinning individual liberties: *"as soon as several inhabitants of the United States have taken up an opinion or a feeling they wish to promote in the world, they look for mutual assistance; and as soon as they have found one another out, they combine."*⁷³

In 1794, in Vienna, watchmakers came together to form a commercial association that was perhaps akin to a co-operative.⁷⁴ At a time of new ideas on society, on democracy, a time of revolution and military conflict in Europe, there is evidence of people in different countries and in different contexts banding together in friendship or mutuality to meet their needs. Or banding together to do something more subversive... to resist authority and to promote their dreams.

Chapter 6

From friendship to resistance

In Philadelphia, in 1791, carpenters went on strike. This was a democratic moment in time. The US constitution had just been ratified. No more than twelve months later, the first formal American trade union would be founded (by shoemakers in the same city). The carpenters called for a ten-hour day and while the strike was on, they formed a joint enterprise to work those hours and earn their keep. As in the case of journeymen tailors we will encounter in the next chapter, this was a ‘pop up’ co-operative only formed to last as long as the strike.⁷⁵

In Europe, in a context of repressive restrictions on workplace organisation, the relationship could work the other way around. Fraternal and friendly societies did more than serve their members; they acted as prototypical trade unions allowing workers to come together and, where needed, to take action. The life of John Gast can illustrate our story. John Gast was a shipwright, born in the port of Bristol, England in the eighteenth century. This was a city enriched by maritime trade, including a deep complicity in the slave trade. With his skills as a shipwright, Gast moved to London and worked for twenty eight years in one yard in Deptford on the south side of the Thames, close to where I live today. In 1793, his name was recorded as one of those involved in organizing the St Helena Benefit Society, recruiting those working in the shipyards along the river. That failed, but John Gast then championed a new society, the Heart of Oak Benefit Society. This was so successful that it not only provided the usual benefits, for sickness, accident and death but over time also funded the establishment of thirteen alms-houses for retired ship-wrights. Gast played a leading role in 1812 in a shipwrights’ strike (an emerging term that had naval echoes, of course, as when a ship strikes its sails) and when the Thames

Shipwrights Provident Union was founded in August 1824, John Gast was the first Secretary.⁷⁶

There is evidence of activism and organizing too in the earlier guilds. Journeymen had the least power but they found ways to come together. In Germany these were Gesellenverbände, journeymen brotherhoods. In France, they were known as compagnonnages or cabales.⁷⁷ The term 'cabal' has since had the connotation of sedition and conspiracy, but after all, what is seditious to those in power may be freedom to those without.

In 1588, Jean Philippe, the landlord of the inn, Le Capon Engraisié (the Fatted Capon) in Dijon was arrested after an alderman had found eight journeymen tailors in a room upstairs, playing cards and making stockings. By coming together, they could share information on which masters were offering which terms, and which masters were good, or bad, to work for. It wasn't the last time that Philippe was arrested for hosting journeymen and in 1599 he was banned from putting anyone up for more than one night.⁷⁸

In London, the equivalent of the Dijon inn was the Hole in the Wall pub on Fleet Street, home to printer compositors in the eighteenth century. When journeymen tried to organise to improve their wages, the master printers in Fleet Street, London, signed up apprentices to take their place. In turn, the journeymen looked to negotiate with their masters and limit the number of apprentices that could be taken on, going on strike when this led nowhere.

Five journeymen - Edward Atkinson, Luke Ball, John Turk, John Warwick, Nathaniel Lynham - were prosecuted at the Old Bailey on 4th July 1798. Summing up, the Judge concluded that the charge of worker co-operation represented "*a very heinous crime, and is properly so considered, because the consequences of it must be very fatal to society; nothing can be more injurious to society, than men meeting privately to do injury to large bodies of men.*"⁷⁹

Is it any wonder that those who turned to another heinous and seditious crime, piracy on the high seas, may also have been organised in surprisingly co-operative ways? This is the claim of one writer, Peter T Leeson.⁸⁰ His analysis of pirate ships is that the ever-present risk of mutiny meant that they operated in ways that allowed for both competitive action and democracy. On pirate ships, captains only earned twice the level of the rest of the crew, and could be replaced whenever they displayed cowardly behaviour or they failed to pursue a prize.

He quotes Captain Charles Johnson who writes in his General History of the Pyrates, published around 1726 – 28, as saying "*nature, we see, teaches the most Illiterate the necessary Prudence for their Preservation . . . these Men whom we term,*

*and not without Reason, the Scandal of human Nature, who were abandoned to all Vice, and lived by Rapine; when they judged it for their Interest . . . were strictly just . . . among themselves.*⁸¹

Occasionally, pirate ships would form a fleet for collective action where there was a big bounty to win. They had crew members of every colour and race, free men who participated at all levels, from crew to captain. The merchant marine, on the other hand, operated as something of a slave ship in comparison, with six-fold differences in rewards and a punitive approach to any breaches of discipline, above all that of mutiny. Pirate ships could operate with a constitution, to make clear the terms on which people participated, including the distribution of spoils. One constitution, drawn up for the crews of the Welsh pirate, Bartholomew Roberts, who claimed around four hundred prizes in his career, included the following injunctions “*every man has a vote in the affairs of the moment*” as well as “*to keep their piece, pistols, and cutlash clean, and fit for service.*”⁸²

Leeson is a political economist writing today, whose research is rooted in how to align incentives to allow for social co-operation. In his view, pirates solved that challenge with an emphasis on mutuality. As he puts it “*pirates could not use government to enforce or otherwise support cooperative arrangements between them. Despite this, they successfully cooperated with hundreds of other rogues. Amidst ubiquitous potential for conflict, they rarely fought, stole from, or deceived one another. In fact, piratical harmony was as common as harmony among their lawful contemporaries who relied on government for social cooperation.*”⁸³

Rodolphe Durand and Jean-Philippe Vergne endorse this claim, but explain levels of co-operation in piracy not simply as a result of economic incentives but also of the more egalitarian ideas that came from being on the fringe. The achievements of piracy, they claim, were that “*advances that took modern governments several centuries to institutionalize were established by the pirates of the Caribbean and Madagascar: democratic elections of leaders, separation of powers, equality between members, and an early form of social insurance.*”⁸⁴

There may always have been deep roots to maritime co-operation, where people are drawn together and dependent on each other in a challenging environment. George Jacob Holyoake, in his two volume late work, *The History of Co-operation*, comments that “*it is remembered now that Greek sailors in the Levant, American sailors engaged in the whale fishery and China trade, the Chinese traders in Manila... have long been either equal or partial participants in profits.*”⁸⁵

Chapter 7

Freedom and repression

As the story of co-operation and mutuality steps into more recent centuries, we gain a little more colour and context in the evidence for the ventures that we are looking at. The needs that they served were as varied as the contexts from which they were born. From trade and exchange to housing and sports, they were tools for and expressions of the freedom to organise. From time to time, those freedoms in turn prompted a response from those in power, in the form of repression.

In Britain, friendly societies were about mutual support, but not, as the law saw it, about strikes or about trading. For example, the law limited exchanges to those between members, refused the ownership of land or other property except through trustees, and limited the ability of societies to federate or to invest.⁸⁶ In reality, what were in effect trading co-operatives developed anyway. In Fenwick, East Ayrshire, weavers started a society on March 14th 1761, branching out to food and ‘victuals’ eight years later. A sack of oatmeal sat in the front room of weaver, John Walker, and the society sold the contents, sharing savings with the members, in a business that would last until 1873.

In a book, *History of Co-operation in Scotland*, published over one hundred years ago by Co-operatives UK (or, rather, the Scottish Section of the Co-operative Union), William Maxwell describes the box in which, in the spirit of friendly societies, the Fenwick weavers kept contributions from which they gave money to those in need. Box meetings were when the box was opened and its contents checked – there were no accounts to begin with, just counting in the open. In 1769, in hard times, they used all the money out of the box to buy food. Mutuality was about sharing gains,

but also about pooling risk.

The use of the box echoes the experience of other societies. In 1666, members of the Shore Porters Society asked permission of the Aberdeen Council to make a box with locks and keys, with each member contributing one penny a week to the Fund. The Council agreed, and helped to start it off with a gift of twenty pounds.⁸⁷

A box of a different form is an instrument of protection for men in the curious game of cricket. The oldest continuous organisation on the British register of co-operative societies today is Dartford Cricket Club, a sporting society which dates back to the start of the eighteenth century. When it comes to cricket, commented Robert Harley, First Earl of Oxford in his journal in 1723, *“of all the people of England, the Kentish folk are the most renowned for, and of the Kentish men, the men of Dartford lay claim to the greatest excellence.”* One of these was the farmer and grazier William Bedle, born in 1679 and in his sporting prime for Dartford from 1700 – 1720.⁸⁸ Returning to the theme of trading ventures, there was a Govan Victualling Society in Scotland formed around 1777 (and in England, the Oldham Co-operative Supply Company from 1795).⁸⁹

In Greece, a koine syndrophia (common association) was formed in 1780, or possibly earlier, in Ambelakia on the slopes of Mount Ossa in Thessaly. The main produce of the town, which was under Ottoman rule, was dyed cotton, in particular a characteristic red yarn that sold well in Germany. The rules for the association, from 1780 and, possibly starting afresh, 1795 have survived.⁹⁰ They paint a useful and illustrative picture of an enterprise that is perhaps typical in any analysis of early co-operation – one that had some but by no means all of the characteristics of a modern, formal partnership or co-operative.

It was certainly a mutual venture in the sense that producers were coming together in order to market their produce. The members were likely to be the father or eldest member of a family, rather than single individuals, where family members were also working as primary producers. There were minimum but also maximum shares that could be invested to become a member of the association - contributing no less than 5,000 nor more than 20,000 piasters to the common fund. This prevented the association being captured by the wealthiest members. The success of the association was such that the original capital increased over just two years from 600,000 to 1,000,000 piasters. The business closed in the challenging times of the Napoleonic Wars in 1811 – although one commentator, the traveller Edward Clarke who visited Ambelakia also pointed to the effects of competition from low cost, high quality British mill-spun cotton.⁹¹

The first mutual building society in Britain was formed in 1775 in the Golden

Cross Inn in Birmingham.⁹² We don't have the details or anything more indeed, but as I have been told and retell the story as a fiction, this may have been a group of labourers working on the canals in Birmingham ('navvies') – from out of town, possibly Irish, and charged high rents for living in the city. They were meeting in the Golden Cross Inn, a pub now pulled down, when the landlord Richard Ketley put down a jar that was empty, not full of beer and set a challenge. Each person was to put in a coin and repeat the same on a regular basis until the jar was full and they drew lots to see who would use the money to buy materials to build their own house. They all continued to fill the jar over the months that followed until all 20 people had completed their turn and built their own home.

This telling is only fictional, but the way that this model worked, a 'terminating' building society, is known from the records. At the point that all the members had had their turn, the building society, like the Mujin societies in Japan before, closed. Like a butterfly with a limited life, its work was done. This model of an enterprise having a limited life, which can then be renewed, rather than operating on a permanent basis is one that Shann Turnbull, a contemporary co-operative economist, has sought to revive in recent years – the pop-up and pop-down mutual. The permanent building society (or its equivalent in the USA, of 'thrifts') came over one hundred and fifty years later - offering a new, wider concept of mutuality by recycling money between lenders and borrowers who are not always the same people.

Similarly limited in life was a co-operative of tailors, which started in Birmingham two years later in 1777.⁹³ As with the Philadelphia carpenters fourteen years later, the tailors went on strike. In this case, it was in protest at attempts to move them from a day rate to being paid by the item, piecework. The venture was a way to sell their output while the strike was on.

As an aside, it is not surprising perhaps that Birmingham appears here as a city of early co-operation, because in those same years, it was also a city of dissent, both religious and political. The city enjoyed what one English contemporary described in the language of the day as the "*bunting, beggarly, brass-making, brazen-faced, brazen-hearted, blackguard, bustling, booby Birmingham mob*".⁹⁴ Within two decades, thanks perhaps to the imagination of mobs like this, there were more than twenty building societies around the Midlands. Later in time, the idea came of a permanent building society, such as the Southern Co-operative Permanent Building Society, established a century later, which in time became the Nationwide Building Society. It is intriguing too to reflect that the first building society was established in the year before Adam Smith published *The Wealth of Nations*, in 1776. Mutuality in effect

predates ideas of the free market.

The idea of a social market was not long in following. Resistance to land enclosures in Newcastle around this time led to proposals by Thomas Spence for 'parish land trusts', to hold land for common use.⁹⁵ In 1786, John Acland, who had been involved in setting up friendly societies in the friendly hotspot of Devon, called for a national scheme, for every adult to join. Those who didn't would be badged a 'drone' in his proposals.⁹⁶ His ideas were a forerunner perhaps for the national insurance schemes and welfare policies of later years.

A tract published in 1799 by the Society for Bettering the Condition of the Poor gives an account of one co-operative corn mill in Kent.⁹⁷ In the second half of the eighteenth century, it was shipwrights in the docks in Chatham and Woolwich - skilled artisans in the tradition of the guilds - who formed flour mills and a bakery. Where local mill owners and bakers conspired to form a monopoly, they could keep the price of bread high. Setting up a mill through local subscriptions meant cheaper, good quality flour. This was good for local people, but not for the other mill owners who had benefited from prices being high. The Woolwich mill was burned down, around 1759, with local bakers accused of arson. Over the decades that followed, there were at least 46 flour and bread societies established in Britain, but they faced similar odds. In 1801, angry mill-owners in Hull, where a subscription mill had been established seven years earlier, tried to have the enterprise indicted as a public nuisance. Thanks to the jury, they failed.⁹⁸

One of the first modern women's mutuals that I have found, was the Nether Stowey Women's Friendly Society, established in English county of Somerset in 1807.⁹⁹ The society banner is still paraded today for an annual village walk close to Midsummer Day. Tradition has it that the banner was created by Dorothy Wordsworth, while her husband William was writing lyrical ballads with Samuel Coleridge. It was in Nether Stowey that Coleridge wrote the poems *The Rime of the Ancient Mariner* and *Kubla Khan*.

The same strong growth of eighteenth and nineteenth century mutuality can be seen in France. The first Labour Exchange, a would-be worker co-operative, was formed in Paris, in 1790, at the height of the French Revolution. It was banned the next year under the *Loi Le Chapelier* - a prohibition that, covering trade unions as well, remained in place until 1884. Even so, mutuality emerged and spread in the first half of the nineteenth century. A society of carpenters was formed in Paris in 1831; followed by goldsmiths, stone cutters and bakers. Jean-François Draperi in his history of French co-operation, *La République Coopérative* - a term taken from Charles Gide, the leading nineteenth century French economist - cites data

that by the 1840s, there were 10,000 associations and over 400 mutual aid societies in France.¹⁰⁰ But this was a high point. In the three years following 1848, the year of revolutions, came a political backlash that saw 26,000 arrests and 10,000 people deported. By the end, less than twenty mutual societies were left, all operating in secret.

The repression mirrored the extensive and systematic attacks and seizure of assets that the co-operative sector was to see a century later in Hitler's Germany and Mussolini's Italy. In the wake of Kristallnacht in Nazi Germany, for example, co-op shops were firebombed. Hamburg had 163 co-op shops with their windows smashed. In 1933, stormtroopers were placed outside of co-op shops. All co-op 'propaganda' was banned. Nazi 'führers' were placed onto all executive committees. Between 1935 and 1941, there was a compulsory liquidation of the movement. Adolf Hitler was given a birthday gift of 1 million Reichsmarks of confiscated co-op funds. My predecessor, the Co-operative Union's general secretary R. A. Palmer was placed on Hitler's death list if the UK was invaded.¹⁰¹

The reverse – from repression to co-operation - holds true in the remarkable story of the Decembrists in Russia, in the early nineteenth century. It starts with a revolt. On the accession of Tsar Nicholas I, there was an uprising of arms and guards officers on 14 December 1825 in Senate Square, St Petersburg. The revolt failed and the rebels were sentenced to exile and hard labour in Siberia, with special orders from the Tsar to make life as hard as possible for them. *"You think you will be shot, so that you will become interesting... no, I will let you rot in a fortress,"* announced Tsar Nicholas I during the interrogation of the rebels, who became known as the Decembrists.¹⁰²

In Siberia, they were *"packed like herrings in a barrel"* in prison barracks, recalled Mikhail Bestuzhev. Nikolai Basargin, another of those exiled, recounted that *"each man had half a metre on which to sleep on the planks, so that in turning over onto one's side during the night one had necessarily to knock a neighbor – especially as we wore chains that were not taken off at night and which made an extraordinary noise and caused a perceptible pain with every careless movement. But is there anything to which youth cannot grow accustomed? What can it not endure? We all slept as well as in luxurious beds or on feather mattresses."*¹⁰³

There, driven by hunger and desperation, but with some connivance from the local authorities, they founded the Great Artel, a form of co-operative in effect, to get by together. They shared food parcels coming in, fenced off land next to the prison, started to produce clothing, footwear, saved money and offered credit and even did well enough to sell potatoes and beetroot to peasants in the area.¹⁰⁴ For the

prisoner, Dimitri Zavalishin, mutual support represented “*a revival of the Christian commune.*”¹⁰⁵ For Pyotr Svistunov, in a letter dated September 1831, it “*really is our Lilliputian state. Every year, by means of a majority in a secret ballot, we elect a ruler and a chancellor, who will enact the will of the Artel.*”¹⁰⁶

These arrangements allowed different talents to emerge among the prisoners. Nikolai Lorer recorded how “*craftsmen of all kinds appeared among us: locksmiths, cabinet-makers, whose work could really rival that of craftsmen in St Petersburg.*”¹⁰⁷ One of the great talents was Nikolai Bestuzhev, brother of Mikhail, who made clocks, shoes, toys, cradles and coffins, as well as painting a series of impressive portraits of the Decembrists and their wives (whose story alone is also a remarkable chapter of organisation and co-operation).

Not all, perhaps not any, of the Decembrists were saints, but they found a way to sustain a meaningful local economy on democratic lines for some years. The co-op in turn enabled them to survive and even allowed a few of them to live to taste freedom on the death of Tsar Nicholas in 1856.¹⁰⁸ Musing later on the death of his comrade Nikolai Muravyov, Sergey Volkonsky wrote “*it is not sad to die in Siberia, but it is a pity that there is not one single grave for the bones of all of us disgraced individuals... Separated we are like all people, specks of dust. But clustered together our bones would, with a bit of good fortune... be a worthy funeral feast for future generations.*”¹⁰⁹

In France, the Netherlands and Britain, as there in Siberia, examples of mutuality were frequently advocated and endorsed by social commentators looking for a new ways of organizing society. One was the Dutch author Peter Cornelius Plockboy, who wrote an essay in 1659 on how to bring happiness to the poor.¹¹⁰ A radical contemporary of his was John Bellers, a London-based Quaker with land in Pennsylvania settled by French Huguenots. He published *Proposals for Raising a College of Industry of All Useful Trades and Husbandry* in 1696 – a tract that was reprinted in 1817 by Robert Owen, often called ‘the father of co-operation’, who acknowledged the resemblance to his own experiment at New Lanark, Scotland, and later New Harmony in the USA. Owen’s contemporary, born a year after him, was the French utopian writer, Charles Fourier, who advocated the replacement of capital and competition with co-operation across the economy. Both had a way with words – Owen is credited with coining the term ‘socialism’, Fourier the word ‘feminism’.

It is true that much of the theory did not make it into practice. But in a period of sweeping social and economic change as we enter the nineteenth century, what did make it into practice was rarely isolated, often with connections of some form

to wider fraternal societies, activist journals or trade unions that were operating informally or in disguise (such as the Philanthropic Society formed in Manchester in 1818, named to escape the attention of the authorities). There was a motivating power not just to the organising techniques of mutuality but to the vision of a different way of organising society that lay behind them.

It was in this context of freedom and of repression and within this tradition of mutuality that the Rochdale Pioneers and others developed the modern co-operative model.

Chapter 8

Out of Rochdale

In 1821, George Mudie, a Scottish born printer, started a journal, the *Economist*. This was not the modern magazine, which started later in 1843. In this journal, Mudie argued that Owen's communities of 'unity and mutual co-operation' could start with the purchasing of provisions on the wholesale market. His scheme interested a group of London journeymen printers who set out to examine it. They concluded that *"as we continue to act on the isolated plan which we have hitherto pursued, we must ever be haunted by the painful apprehension of being engulfed in that vortex of pauperism which the decreasing demand for human labour is daily enlarging; and that it is only by associating together in the mode proposed that this catastrophe can be averted."*¹¹¹

A map of co-operatives in Britain before the Rochdale Pioneers, many inspired by the words and works of Robert Owen, was published as part of a slide set drawn up by GDH Cole, commissioned by the Co-operative Union in the early twentieth century (see Figure 1). The shaded areas – Lancashire, the West Riding of Yorkshire, the Midlands, the industrial belt of Scotland and London (with no fewer than 55 separate societies known to have been established before 1844) – show where co-operative formation was highest.¹¹²

Figure 1: Co-operative societies in Britain before 1844



Some miles south, Brighton was fast-growing and the most fashionable resort in Britain, patronised by George IV. It was here that co-operation seemed most likely to take off. Brighton physician Doctor William King championed the formation of a range of co-operatives, starting with Brighton's traditional residents, fishermen who formed societies to buy and run fishing boats, marketing the produce where they could through retail co-operatives set up under Doctor King's influence. One of the most enthusiastic of members for these was Lady Noel-Byron, wife of the poet, Lord Byron. They didn't last.

The same was true for the first experiments in Rochdale. In 1830 local flannel weavers decided to form the Rochdale Friendly Co-operative Society after a strike failed. Initially it concentrated on subscriptions for sickness benefits but in 1831 also developed a small library service. In 1833 a co-op shop was attempted as a more ambitious enterprise, along the lines that Mudie and others had promoted, and this traded successfully for two years but failed in 1835, as had a number of other early co-operatives, due to giving too much credit to its members.¹¹³

In 1843 after two years of another failing strike, two of the original co-op members decided to persuade other weavers to have another go. They drew lessons from the previous failure, raised twenty eight pounds in capital, one from each of twenty eight founders, collected at a rate of two pennies a week, and registered a new co-op with the Registrar of Friendly Societies in October 1844.¹¹⁴ These model rules, developed over time and published in the Rochdale Pioneers' Almanac in 1860, became legendary as a recipe for mutual action over the period to follow:

- Open membership
- Democratic control (one member, one vote)
- Distribution of surplus in proportion to trade
- Payment of limited interest on capital
- Political and religious neutrality
- Cash trading (no credit purchases by members)
- Promotion of education.

The Rochdale Pioneers emerged from a context of dramatic adversity. We know the state of the town, because the local Member of Parliament, Sharman Crawford, pulled together statistics for the town and these were recorded in Hansard, the parliamentary record in 1841. Most people earned the equivalent of around six pounds, in today's equivalent, per week. The majority of families had no more than one blanket – some only straw for beds with no coverings at all. Crawford reported that stories were common of weavers wearing rags, working sixteen hours a day and surviving on a meagre diet of oats, onion porridge, potatoes and treacle. Given all

this, it is a small wonder that the life expectancy for a town with 25,000 people was just 21 – six years less than for the rest of England at the time.¹¹⁵ The average age of the Pioneers when the store opened was twenty five.¹¹⁶

Every story needs a narrator. In the case of the Rochdale Pioneers, the story teller was George Jacob Holyoake. In 1857, he published a book *Self-Help by the People: history of the Rochdale Pioneers*. Like all stories, there was perhaps a modest degree of myth written in from the start - Holyoake was told off by one of the Pioneers, John Kershaw, for his account of the formation of the business.¹¹⁷ But in the six years that followed the publication of Holyoake's book, two hundred and fifty one retail co-operative societies were established across Britain – just under one new society every week.¹¹⁸ Year seven and a co-operative store was operating in the Cape of Good Hope, South Africa, one of many that emerged around the world.¹¹⁹

The idea flew fast. It was far from just Rochdale and just the one model of consumer co-operatives. There were parallel traditions elsewhere. Soon after but not long after, co-operative models were developed by Friedrich Wilhelm Raiffeisen, as Mayor in a village in Westerwald, Germany and Samuel Jurkovic in Slovakia to meet the credit needs of rural farmers and by Hermann Schultze-Delitzsch in his home town of Delitzsch, Germany, as buying groups for urban craftsmen - carpenters and shoemakers.¹²⁰ Schultze-Delitzsch, in a speech to the Reichstag, called co-operatives “*the guilds of the future*.”¹²¹ In the immediate years around the formation of the Rochdale Equitable Pioneers Society, before and after, there were also pioneering mutual enterprises in Austria, Brazil, Denmark, Iceland, Japan, Mexico and Spain, without connection that I am aware of to the weavers of Lancashire.¹²²

Together, these helped to inspire a spread of co-operative models across the world. There were also subtle differences of culture, context and reference and in many ways those characteristics still play out today in different models of governance and law, description and culture – including the strong distinctive tradition of Raiffeisen banks and the cultural and institutional split between co-operatives and mutuals in countries such as France, and arguably between co-operatives and wider member-owned associations, shading into the colourful complexities of different civil society traditions across the world. Rich traditions of co-operative development emerged over time and in different regions that are testament to the adaptability of co-operative form. Arizmendiarieta (Basque), Coady (Canada), Haas (Central Europe), Nicholson (India), Plunkett (Ireland), Toyohiko (Japan), Wollemborg (Italy) and Young (USA), to name but a few, all developed different approaches to the co-operatives that they fostered.

In many countries, the formation of the first co-operatives was based on an

adaptation, typically a painful or risky one, of existing legal forms and efforts by national pioneers soon turned to the introduction of co-operative laws. Prussia, England, France and Michigan in the USA developed provisions in the 1850s and 1860s.¹²³ In Argentina and Mexico, commercial codes in 1889 allowed for co-operatives to form.¹²⁴ In Canada, Alphonse Desjardins opened his first *caisse populaire* (or credit union) in Lévis at the end of 1900. In the fourteen years that followed, he helped to establish one hundred more across Quebec, each success spreading the word and inspiring others. With the input of Desjardins, seven bills for co-operative legislation were introduced in the Canadian Parliament in Ottawa between 1906 and 1911.¹²⁵

In turn, a number of political leaders such as Jawaharlal Nehru in India over time gave their backing to this. As WP Watkins argued, decades on, *“true co-operation draws its inspiration from realms where the state’s writ does not run. Co-operative movements are not created by legislation. Nevertheless, without an appropriate legislative framework, a co-operative movement in the form of a growing economic organism is not possible or even conceivable.”*¹²⁶

Co-operation and mutuality is wonderfully plastic and has been shaped to fit many different needs and contexts. However as this is intended to be a short story, and as the literature on co-operative models around the world after 1844 is so, so extensive, far more so than life before, I will not reproduce an account of the spread of co-operatives across different countries.

Instead, I will try to introduce the story of that growth after 1844, bridging into the twentieth century, through the tale of two case studies – one set in England in the south coast town of Plymouth and the second the story of the embrace of co-operation by a nation, Finland, in the cause of self-determination.

Chapter 9

After 1844: Plymouth and Finland

On Sunday December 25th 1859, two local craftsmen, John Slade, John Shovel met up with Charles Goodanew, a shoemaker, at his home in Tin Street to talk.¹²⁷ In their hands was *Self-Help by the People*. They left with a commitment to bring friends and family to a meeting two days later to set up a co-operative in their home town of Plymouth. That meeting was chaired by John Slade, sitting on a chair mounted on a table, in a tiny room behind Goodanews' shop. It led onto two further meetings, by which time, in mid January, they had formed a Board of Directors and raised a commitment from eighteen people to a subscription of a shilling each, with the aim of raising this to a pound in short order.

By the beginning of February, they had enough to start trading, selling flour, oatmeal, lard, dried fruits, tea and sugar from an upstairs room in Catte Street owned by John Slade, open at first only on Wednesday and Saturday evenings. The Plymouth Mutual Co-operative Society was born. After only seven weeks of trading, the members had grown from 18 to 72, the shop had extended to the ground floor, open all hours and a dividend was declared.

As the secretary, John Webb, wrote later *"no subsequent quarterly return gave so much satisfaction as that humble record of our early efforts: it came to us a mother's firstborn, a perfect promise of the issue that was to be, proving to us by the grand dividend of one shilling and two pence in the pound that we were on the high road to success."*¹²⁸

By the end of the first year, they had enlisted over one hundred members and turned over £700, enough to reinvest some of the surplus in the purchase of books and setting up of a library – a decision made at a celebratory tea party in Buckland Hall, Station Road, on Boxing Day, 1860.

Twenty years later, the co-operative was running: seven grocery stores; one butchers shop; a drapery and tailoring shop; a footwear store, as well as; two coal stores; a boot and shoe making factory; a bakery and; a grocery warehouse. The annual turnover had reached £100,000, of which £13,000 was in the form of surplus with a dividend of two shillings and fourpence returned to its 5,000 members. The Plymouth Co-operative was one of the major trades in the area and at the time one of the most successful co-operatives in the UK.¹²⁹

Two thousand five hundred kilometers away, not long after the formation of the Plymouth Co-operative, Hannes Gebhard was born in the town of Kemijärvi in Lapland, Finland. The key figure in the development of what is now perhaps the most extensive national co-operative sector in the world, it was not to Rochdale that Hannes Gebhard looked, but to Germany.

Travelling to research the needs of farmers across Europe, Gebhard discovered and promoted in his study of 1898, published in Bonn, the scope for co-operation. *“The watchword – if such it can be called – of the economics life of this century has been laissez-faire. Individual freedom of action has been widened in the name of free competition and the wealth of nations increased. However, unrestricted competition has allowed the accumulation of tremendous wealth in the hand of the few. And for those trampled under the feet of the mighty, the age of prosperity has meant enslavement.”*¹³⁰

Gebhard identified the role of rural co-operatives, that involved joint buying and selling by farmers and credit and insurance for farmers. While travelling, Gebhard noticed that the creation of one co-operative soon led to the formation of others, and that the real strength of the primary, local co-operatives was when they banded together in federations and central societies.¹³¹ Travelling in Ireland, he noted too how easy it was for freeholders to fall into the clutches of moneylenders.¹³²

On his return to Finland, there was a shock to come. The country had been operating as an autonomous grand duchy within the Russian Empire, ceded by Sweden ninety years before. On 15 February 1899, Tsar Nicholas II issued a manifesto that challenged the legal basis of that autonomy. The manifesto downgraded Finland from a grand duchy to a simple ‘locality’. Russian was made the language of administration, Russian currency the legal tender, the Russian Orthodox Church the church of state. Russia could rule Finland by edict. Legislation of the Finnish Diet was entirely subject to and could be overruled by the tsar’s will.

This electrified the countries cultural, political and economic leaders. The painting *Attack* by Edvard Isto that year symbolised the resistance to this ‘Russification’ – with a two-headed eagle, of Russia, descending from a darkened, thundering sky

to lock claws into the book of law held firm by a Finnish maiden. It also led to the conversation that started the Finnish co-operative sector, at Hattula, between Gebhard and his friend, the school inspector Mikael Soinen. The concept was to start a society that could allow the Finnish people to organise for economic self-determination.¹³³

This, the Pellervo Society (still operating today) was formed in Autumn 1899 and within two years, in 1901, the first Cooperative Societies Act was passed. On 14 May 1902, a central fund was started by the Pellervo Society, along the lines of the Raiffeisen model in Germany – called the Osuuskassojen Keskuslainarahasto Osakeyhtiö or OKO. This provided affordable loans for farmers on the basis of their joint liability to repay. By 1905, there were three other central associations for co-operatives. One was for dairies, which, however small to begin with, offered milk suppliers the chance of a regular income. A second was for retail societies (SOK, now the country's largest retailer, with roots around Tampere in Southern Finland). The third was for others, from forestry sawmills to farm machinery. By 1909, there were 1,800 co-operatives operating within these national federations.¹³⁴

Today, there are more member-owners of co-operative enterprises in Finland than there are people. The average adult is a member of two co-operatives; those in a rural setting, such as farmers, are likely to be a member of four. From Finland's high-tech businesses through to an extensive network of regional co-ops that ensure that there are banks, stores and other services within two miles of residents throughout the year, there are co-owned services in every sector stretching right across the country.

Chapter 10

Self-help and state sponsorship in the twentieth century

The experience of Plymouth and of Finland was echoed elsewhere. The spread of the co-operative sector in the nineteenth and twentieth centuries is charted by Professor Johnston Birchall in his 1997 book *The International Co-operative Movement*. Around the world, the example of pioneers from overseas was a prompt to action. Hans Christian Sonne visited Britain to find Rochdale, the principles of which he took to Denmark on his return. In early twentieth century India, the motto ‘find Raiffeisen’ was used to encourage rural credit co-operatives. But the spread of different co-operative models also represented a domestic response to domestic needs. In Denmark, the models sparked by Sonne were adapted and one of the world’s great rural co-operative sectors was born. In the cities of neighbouring Sweden and Norway, after the First World War, it was urban housing co-operatives that flourished. In 1930s Japan, farmer co-operatives branched out to meet the health needs of their members, urban and rural, inspiring a new wave, now worldwide, of health co-ops.¹³⁵

In many countries over the twentieth century, it was interactions with the state that proved influential. In Russia, a union of co-operatives was formed in 1898. The sector accelerated fast after the 1917 Revolution but soon faced co-option by the revolutionary state. As the American surgeon Dr. Warbasse, who founded the Co-operative League of the USA, put it, “*the greatest voluntary co-operative movement in the world was completely absorbed by a political state. As a voluntary movement, it disappeared.*”¹³⁶ In the USA itself in the 1930s, rural electricity co-operatives spread. They fulfilled a role played by the state in other countries, but they

were mandated by the state, with access to federal loans under the New Deal, to do so. In countries such as Argentina, India, Iran, Malaysia and South Korea, in the decades that followed, programmes of nationalist government promotion helped to foster and grow co-operative sectors.¹³⁷

Did public sector interventions create a problematic pattern of 'state tutelage'? Or did they help to enable and grow sustainable co-operative sectors? Different countries (or for much of the twentieth century, different empires and their colonies) offer up different answers... and sometimes, different answers at different times. After the confiscations of the Nazi state, described above, the post-1945 'social market' in West Germany drew on legacies of mutuality to encourage and later enforce worker representation in all larger companies.¹³⁸ Mutuality took its place as an organizing principle for the economy, just as in post-war Italy, where recognition and respect for co-operatives was cited directly in the constitution. Where state communism fell, in Eastern Europe, the co-operative sector was faced with a challenge of renewal. In Bulgaria, in 1991, the Grand National Assembly passed legislation to restore the rights of co-operatives over assets that had been nationalized, while closing state-sponsored farm co-operatives that had taken over private land after 1944.

The co-operative sector itself found its fortunes wavering at times. Yes, there were twentieth century success stories. The worker co-op nexus of Mondragon in the Basque Country developed to scale, with a focus on technology, innovation and the dignity of work.¹³⁹ The credit union sector developed in Ireland from the 1950s to become one of the most extensive in Europe. The kibbutz movement in Israel organised around ideas of co-operative communities.

Retail co-operatives, owned by their customers, had led the way early on in terms of economies of scale but they faced competition. In the 1980s and early 1990s, there were co-operative retail failures in Austria, Germany, France and Belgium. What had been their competitive strength – a pattern of small, autonomous, local societies served by a national wholesaler – had become a weakness. In the UK, in the second half of the twentieth century, the consumer co-operative retail sector saw its market shares decline from around 20% to around 4.4%.¹⁴⁰ In the Netherlands, most of the consumer-owned retail co-operatives merged into one society which then folded, sold off to the private sector in 1973.¹⁴¹

At the same time, a new co-operative retail success was being born. This was fair trade, largely from producer co-operatives in poorer countries. This took off when coffee farmers in a co-operative in Oaxaca, Mexico, the Union de Comunidades Indígenas de la Región del Istmo, teamed up with activists in the Netherlands to

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launch the first certified fair trade product, sold under the label of Max Havelaar. I was privileged to be one of the team that developed this into the Fairtrade Mark, now operating worldwide. There is no one single story of emergence, setback or renewal that can hold for all co-operatives across the twentieth century. The legacy is what we see today.

Chapter 11

The co-operative sector today

To mark the start of the United Nations International Year of Co-operatives a few years ago, I completed an analysis which looked at the spread of co-operatives today, compared to the spread of investor owned, listed companies.¹⁴² In financial terms, the co-operative sector was significant but relatively far smaller, while on a different measure, that of people, it is now a world leader. There are three times more member owners of co-operatives, I found, than individual shareholders worldwide. Despite only seven per cent of the world's population living in a country without a stock market, just 328 million individuals are direct shareholders compared with around one billion who are members of a co-operative enterprise.¹⁴³

In Europe, three countries have over half of the population in co-operative membership – Finland, Ireland and Austria. Among the faster growing 'BRIC' countries (Brazil, Russia, India and China) there are four times as many co-operative members as direct shareholders.

Across Asia and the Americas, the countries with the highest proportions of populations in co-operative ownership are India (242million) China (160million) and the USA (120million). One in five people across the Americas, north and south, are members of a co-operative. In Brazil, for example, the health co-operative Unimed, founded in 1967, brings together 110,000 doctors and medical practitioners, serving twenty million people.¹⁴⁴ In Africa, one in thirteen people are members of a co-operative, a figure six times higher than the number of shareholders.

Around the world, there are estimated to be 2.6 million co-operatives.¹⁴⁵ The International Co-operative Alliance publishes data on an annual basis with the research centre, Euricse. The Alliance itself was founded in London on 19 August 1895 during the very first international Co-operative Congress, with delegates from

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co-operatives across Argentina, Australia, Belgium, Denmark, France, Germany, Holland, India, Italy, Switzerland, Serbia, UK and the USA. The goals of the Alliance were to provide information, define and defend co-operative principles and develop international trade. The Alliance was one of the only international organisations to survive both World War I and World War II – a testament to the commitment of those involved to peace and democracy and their ability to act with independence and political neutrality.¹⁴⁶

The Alliance data compiled by Euricse suggests that there are 1,420 co-operatives worldwide with a turnover of over US\$100 million. The key sectors in which these operate are insurance (34% of overall turnover), agriculture and food (30%) and wholesale and retail trade (19%). The largest 300 of these co-operatives worldwide have a combined turnover of US\$2.5 trillion.¹⁴⁷

It is a pleasure to note that regions with a strong history of self-help through the guilds, such as Emilia Romagna in Northern Italy, are regions with a strong co-operative presence today. The province has the highest density of co-operatives in Europe. These are highly integrated networks of economic co-operation across sectors, operating both vertically (such as around supply chains or finance) and horizontally (such as around peer to peer learning or product development). Co-operatives generate close to 40% of economic production (GDP) in Emilia Romagna and notably, it is the region of Europe with the lowest social-economic inequality between the rich and the poor.¹⁴⁸ Harvard Professor Robert Putnam popularised the concept of 'social capital' – productive and co-operative networks of social relationships – in his research on life in Italy. Social capital, it seems, can reverberate down the generations. The history of co-operation can shape the present, just as the present can hope to shape the future.

Table 1 Business ownership worldwide – share companies and co-operative enterprise¹⁴⁹

Form of ownership	Numbers of people
Share owners – direct ownership	328m
Share owners – indirect ownership	565m
Member owners – direct ownership	1,000m

Table 2 Co-operative member ownership and share ownership as a percentage of population – by region¹⁵⁰

Region	Co-operative members	Indirect shareholders	Direct shareholders
Africa	7.4%	4.1%	1.3%
Americas	19.4%	16.7%	9.2%
Asia Pacific	13.8%	6.9%	4.4%
Europe	16.0%	12.9%	7.5%
Worldwide	13.8%	8.7%	5.0%

Chapter 12

Co-operation and mutuality over time: a conclusion

Social co-operation has always been core to human society. In Aristophanes' play from ancient Greece, Lysistrata organised women to act together to end war by refusing sex. Consensual sex itself is an act of social co-operation that dates back even further. As scientist Sarah Blaffer Hrdy puts it, the capacity of our line of apes to develop patterns of 'co-operative parenting' has been essential for success, from the earliest times in and out of Africa.¹⁵¹

This short history has tried to take a narrower view than sex or social co-operation, focusing instead on the economic domain. That is not an easy thing to do, even where we orient our attention to formal institutions for which there is evidence of some form and that approach the definition for our purposes: of people working together equitably as members of a formal and open body that exists to meet their economic and wider needs. The wider angle of association across societies and over time is vast. To take one place and one time to illustrate this, in the eighteenth century, one estimate is that there were a remarkable 25,000 clubs and societies meeting in the English-speaking world.¹⁵² These ranged from social clubs and arts societies through to debating clubs, book societies, alumni, freemasons, horticultural societies, music societies, sports clubs, professional associations, philanthropic and political societies, religious bodies, scientific and learning societies...

In this story of co-operation, I have tried to keep a pencil line through these that can be oriented towards the economic domain. Then, of course, the further one goes back, the less credible it tends to become to find an economic dimension that is separable to the wider bedrock of social organisation and belief. In the words of

Karl Polanyi, co-operation and mutuality in the economic sphere was 'embedded' in the social and environmental context of the age in which they operated.¹⁵³ Why look at the history of guilds, rather than that of monasteries, for example, when most guilds were organised around religious tenets and most monasteries were active participants in the economic life of their region? The precepts of St Benedict (480 – 550 AD) on communal life and work were, for example, intended for any Christian community and only taken up later in the form of monastic religious orders. Some argue, for example, that communities such as the Jesuit Reductions and Missoes with Guarani Indians in Latin America in the seventeenth and eighteenth centuries can be considered as akin to co-operatives.¹⁵⁴ Why look at the history of friendly societies, rather than that of scientific societies, when both were organised on schemes of membership that were probably comparable in terms of their degree of open and internal democracy?

My suggestion is that there can be a line drawn through, as long as drawing that line illuminates more than it obscures. If there was one common thread to that line of self-organisation, it is perhaps the golden thread of 'work'. As Ivan Illich wrote of the multiple expressions of guilds, "*all these trade associations are attempts by specialists to determine how their kind of work shall be done, and by whom.*"¹⁵⁵ A wider interpretation perhaps is the organising power of shared needs, drawing people together to defend their livelihoods or promote their consumption.

Where people come together to do this for their shared economic benefit, it can be transformative for them. But there are also challenges that are evident – or emergent over time – in many of the cases we have looked at. Challenges can come from those outside with power, wanting to extract value from or exert control through what they do. There can also be challenges from others outside *without* power – critics, competitors or innovators - who are locked out by the rules that are set up to or serve to exclude them. And then there are the internal challenges of conflict, cohesion and renewal over time.

HA Turner in *Trade Union Growth, Structure and Policy*, in the setting of early cotton trades unions, makes a distinction between 'closed' unions whose power to improve their wages and conditions derives from their capacity to control and restrict entry to their trades (their mysteries) and 'open' forms of union, whose members have lost that power and who therefore bargain over the price at which they sell their labour (their wages).¹⁵⁶ The extent, similarly, to which co-operatives are able to flourish may lie in the degree to which they benefit those on the inside while managing tensions with those on the outside. If so, not just the continuity but also the renewal of many of the co-operatives and mutuals we have looked at, over

time and as conditions change, is down to having the right 'fit' for the environment they inhabit of (internal) cohesion and (external) openness.¹⁵⁷

Voluntary and open membership is written, as one of the core principles, into the modern Statement of Co-operative Identity of the International Co-operative Association – perhaps for this reason, to distinguish co-ops from closed cartels. These principles were core to the co-operative models that emerged successfully out of Rochdale and elsewhere in the nineteenth century. It would have been convenient if we could have looked to stick to a tighter definition of co-operatives, based on these, and then simply apply these backwards over time. Of course, in practice the evidence simply doesn't exist to do this. Mutuals do not leave fossil bones with DNA that can lead us to construct an evolutionary tree or paint a picture of diets and daily life aeons ago. They leave references, rules and, in more modern times, plenty of minute books.

That evidence trail may be stronger, for the last one thousand years, in Europe, a factor reflected in the content of this story. But that shouldn't lead us to conclude that the co-operation underlying that was strongest there or strong only there. And what do rules and minute books tells us of the culture of co-operation in practice? Even today, some of the established co-operative principles represent an ideal more than always the reality. They are not always straightforward to apply. Membership that is open in theory for example can be subject to eligibility conditions in practice.

The research centre Euricse interviewed opinion leaders in the co-operative sector in 2013. They commented that while co-ops worldwide tend to be strict on their formal control and ownership structure, they are looser in terms of their culture. Many do not fulfill at least one of the seven co-operative principles – the least complied with being the commitment to education, training and information.¹⁵⁸ For today as much as for yesterday, we need to see that the constituent principles of being a co-operative offer a rich spectrum of possibility and not just a simple on-off co-operative identity, yes or no.

On that basis, what then do we conclude on the nature of co-operation? Looking back through time, I don't see that examples of co-operation and mutuality over time have had each and every one of those features (or even, for some, the character of incorporation and formality of rules) but rather the opposite. I conclude that there has been a diversity of co-operative and mutual institutions and practices which have succeeded in their own time, some briefly, some for long periods, with their own mix of characteristics.

As Raymond Williams argued in his book *Culture and Society 1780-1950*, the ways that so-called ordinary people have had of getting together in co-operation

are cultural achievements, to be taken as seriously as cultural products as paintings, plays and books.¹⁵⁹ This ‘moral art of association’ is as embedded in human needs and human nature as artistic expression and moral reflection.

And when do we imagine that this co-operation started? The Swiss historian René Roca writes that “the real cooperative principle might probably be as old as the human race, but written sources are missing.”¹⁶⁰ Similarly GDH Cole wrote in the mid twentieth century that “*there is no saying when, or by whom, the first attempt at co-operation was made.*”¹⁶¹

These seem right to me. Today’s co-operatives are therefore expressive of a pattern of mutuality that is deep and recurrent in the ways that people choose to organise over time. The roots of co-operation have a long reach, but also talk to the power across generations of its reinvention and renewal. Based on self-help and changing needs, co-operation doesn’t stand still.

The value of history is not to tell us what to think, but to open up our assumptions, by showing us their context. Co-operation is and always will be with us.

Annex 1

Rochdale Pioneers - Advice to Members of This and Other Societies¹⁶²

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

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A short history of co-operation and mutuality

When was the first co-operative or mutual? The spread of co-operatives in the nineteenth century is well-known and celebrated. Yet there are also precursors of co-operation and mutuality before this in countries right across the world. Ed Mayo brings together this rich story for the first time in this new book, *A Short History of Co-operation and Mutuality*. This is a fresh take on the origins of co-operation.

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