

Cooperative History



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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 became the first cooperative in the world.

Hundreds of established histories of cooperative and mutual enterprise, whether biographies of individual businesses or analyses of broader cooperative sectors over time, national and international, that point back to 1844. They tell an inspiring story, and the cooperative sector is proud of its history.

There was cooperative before; this is a short story about the roots of today's cooperation and mutuality. A complete history of collaboration and mutuality that weaves together the extraordinary ways self-help and mutual aid values have taken institutional form across cultures. It is yet to be written.

Co-operation and the human story

Cooperation is arguably at the heart of all social organizations 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. There was a conflict between groups, but deep-rooted informal cooperation within them.

Anthropologists have considered the extent of co-operation for some time. In 1937, Margaret Mead distinguished between primitive societies that she saw as primarily cooperative, competitive, or individualistic. Mead considered the Zuni Indians of New Mexico the most cooperative society. She observed cooperation in working the fields, looking after sheep, and building houses, which in turn, reflected in religious rituals and education. The 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 broader list, particularly of hunter-gatherer groups in Southern Africa. For both, cooperation marked critical occasions in the life of a group, such as catching large animals or building houses. Such collaboration was sustained by education and enforced by rules and sanctions.

Commentators criticized this concept of cultural patterns, and the approach Bowles and Gintis's approach goes well beyond this. They combine evidence across different groups with the formulation of behavior models in line with current guidelines to game theory. They do not find that co-operation emerges simply because people are willing to cast bread on the water, hoping it will return. 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 then, in turn, further encourages cooperation within groups. If you don't cooperate 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 organized over long periods into small-scale stateless societies. Such conditions appear to have cemented cooperation in our patterns of social interaction. Social cooperation is not just a way to get ahead in individual terms. Still, it is something deeper that institutions foster and, in culture, internalize over time as a set of norms and realized as a set of social emotions, from shame to joy.

In general, we practice social cooperation today when we walk through crowds, form a queue, or in social institutions, such as friendship groups or family. In a formal setting, our cooperation can be coerced or directed – soldiers in an army operating 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 association and formal institutions, which is our focus here.

Elinor Ostrom, the revered cooperative theorist and co-winner of the Nobel Prize for Economics in 2009, characterized institutions as the bodies that we use to organize 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. Whether fourth-century BCE China, first-century Rome, or eighteenth-century Greece as the first 'co-operative.'

At its simplest, cooperative and joint action is about working together equitably as members of a formal and open body to meet their economic and broader needs. This is the working definition.

An ancient way of getting things done

As a formal organization model, mutual aid is an old way of getting things done. Arguably, it predates the modern legal 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 organized 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.’

Across the Roman Empire, collegia might be arts troupes or groups of silver workers, rag dealers, or woodsmen. Some were burial societies, supporting members at a time of financial cost and 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 synagogue, and, on some characterizations, the earliest Christian associations.

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 afterlife - funeral rites at home, burials outside of the city, with a procession from one to the other.

Just as later co-operatives and mutuals would come to be known in many countries as 'societies,' we can sense that how collegia like this were set up were intended to echo a view on how the wider world should be structured.

Craft and cooperation in Europe

The tradition of colleges across Europe may have been the seeds of what evolved into early craft guilds by the eleventh century. With food production in the surrounding countryside benefiting from a more benign climate and spreading 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.

Rather than Roman roots, 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.

Throughout the medieval period, the predominant form of industrial organization throughout the civilization of Christendom was the Gild or Guild, an association of independent producers or merchants for regulating production or sale. The medieval Gild was not confined to industry: it was a common form of popular association in the medieval town. There were Gilds for social, charitable, educational, and industrial purposes; and every Gild, whatever its specific function, had a strong religious basis and an essentially religious form.”

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. On Saint's Days, civic work was allowed, such as constructing the Cathedral, as was work to attend to the needs of the poor and elderly.

Guilds, therefore, served purposes that were helpful to the town authorities and the crown. They organized the economy, maintained discipline, and were sources of tax revenue.

So, what were the guilds? In the thirteenth and fourteenth centuries, European craft guilds were membership-based enterprises that were relatively small in scale but with explicit social obligations and duties in their member rules. Their members constituted the small companies of their day. The workshop was the production unit for a wide range of crafts, from

butchers, bakers, and blacksmiths to saddle-makers, cabinetmakers, and locksmiths.

A principle of modern co-operatives is a voluntary and open membership, but guilds were exclusive for most people outside those trades. In those trades, guild membership was typically an obligation as much as a choice.

For sewists, sewists in Paris in 1675 set up a guild that entitled them to sew and sell clothes for women and children.

Until the Reformation, an essential source of income for churches was for parishioners to come together and brew beer – and then sell it to each other.

One member, one vote was not uncommon. According to Adam Smith, the regulated companies set up by merchants in England in the 15th century followed the one-member, one-vote rule.

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 movement in Anatolia, modern Turkey, was started in the thirteenth century by Pir Ahi Evran-e Veli. 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 vision was one of both enterprises and faith. The formation of craft and commercial organizations was probably a practical way to maintain their solidarity, compete with local Byzantine artisans,

and build the quality and reputation of their work. Nonetheless, they also integrated religious and moral precepts throughout.

People were expected to behave with values such as honesty, generosity, modesty, encouraging, forgiving, selfless, and realistic. In a rural context, most countries can point to formal or informal cooperation traditions. In India, communities long collaborated in sustaining local assets such as village tanks or forests.

In an urban context, most likely, there is an intriguing passing reference from an earlier age still in China. Sayings are attributed to the Confucian Mencius, or Meng Ke, who lived in the fourth century BCE.

Africa has its own long story of cooperation. Core to the caravans, grouped 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 from Sudan to Egypt. The rotating credit association is still called susu in the Caribbean and the Southern states of the USA; from early colonization, it became known as the ring.

The idea of lending circles can also be traced back to thirteenth-century Japan, where groups of rural villagers, between twenty and fifty people, pooled savings and took turns to win credit.

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.

In the seventeenth century, the Shore Porters Society, which we encountered earlier, branched out to pool funds for insuring members. In Poland, likewise, fishermen started self-help societies, in Finland, neighbors in rural areas are recorded from the 16th-century forming working for unions, to do the cultivation of land and farming together. 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. With legislation to support them, friendly communities achieved legitimacy and social status for welfare provision that had profound implications.

The Friendly Society Act of 1757 in Britain, and then again in 1793, legalized such self-provision by groups. The number of friendly societies soared to over 7,200 in 1801, with almost 650,000 working-class subscribers.

In 1752 Benjamin Franklin founded America’s first mutual, the Philadelphia Contributionship of the Insurance of Houses from Loss by Fire. This was modeled 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.

In 1794, watchmakers in Vienna came together to form a commercial association akin to a cooperative.

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.

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.

Freedom and repression

As the story of cooperation and mutuality steps into more recent centuries, we gain a little more color and context in the evidence for the ventures we are looking at. The needs that they served were as varied as the contexts in which they were born. From trade and exchange to housing and sports, they were tools for and expressions of the freedom to organize. From time to time, those freedoms 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, about strikes or trading. For example, the law limited exchanges to those between members who refused the ownership of land or other property except through trustees and limited the ability of societies to federate or to invest.

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, they used all the money out of the box to buy food in hard times.

The oldest continuous organization on the British register of co-operative societies today is Dartford Cricket Club, a sporting society that dates back to the start of the eighteenth century.

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.

A tract published in 1799 by the Society for Bettering the Condition of the Poor gives an account of one cooperative 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 –

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. by the 1840s, there were 10,000 associations and over 400 mutual aid societies in France.

The repression mirrored the extensive and systematic attacks and seizure of assets that the cooperative sector was to see a century later in Hitler's Germany and Mussolini's Italy.

In France, the Netherlands, and Britain, as in Siberia, examples of mutuality were frequently advocated and endorsed by social commentators looking for new ways of organizing society.

1817 Robert Owen, often called 'the father of co-operation,' acknowledged the resemblance to his experiment at New Lanark, Scotland, and New Harmony in the USA. Wen's contemporary,

born a year after him, was the French utopian writer Charles Fourier, who advocated the replacement of capital and competition with cooperation across the economy.

Indeed, much of the theory did not make it into practice. But in a period of sweeping social and economic change as we entered 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 informally or in disguise.

In this context of freedom and repression and within this tradition of mutuality, the Rochdale Pioneers and others developed the modern cooperative model.

Out of Rochdale

In 821, 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 purchasing provisions on the wholesale market. His scheme interested a group of London journeymen printers who set out to examine it.

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 the co-operative formation was highest.



Brighton was fast-growing and the most fashionable resort in Britain, some miles south, patronized by George IV. It was here that cooperation seemed most likely to take off. Brighton physician Doctor William King championed forming a range of co-operatives, starting with Brighton's traditional residents and fishermen. They formed societies to buy and run fishing boats, marketing the products they could through retail co-operatives under Doctor King's influence.

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 1843, two original co-op members decided to persuade other weavers to have another go after two years of another failing strike. They drew lessons from the previous failure, raised twenty-eight pounds in the 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 joint 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 states of the town because the local Member of Parliament, Sharman Crawford, pulled together statistics for the city, which were recorded in Hansard, the parliamentary record in 1841.

Every story needs a narrator. In the case of the Rochdale Pioneers, the storyteller was George Jacob Holyoake. In 1857, he published the 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. 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 organization every week. In year seven, a co-operative store was operating in the Cape of Good Hope, South Africa, one of many that emerged worldwide.

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, cooperative models were developed. 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.

Together, these helped inspire a spread of cooperative models worldwide. There were also subtle differences in culture, context, and reference; in many ways, those characteristics still play out today in different models of governance and law, description and culture.

Rich traditions of cooperative development emerged over time and in different regions that are a testament to the adaptability of suitable forms.

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 cooperative laws. In the USA, Prussia, England, France, and Michigan developed provisions in the 1850s and 1860s.

Co-operation and mutuality are wonderfully plastic and have been shaped to fit many different needs and contexts. However, as this is intended to be a short story, and as the literature on cooperative models around the world after 1844 is so, so extensive, far more so than life before,

After 1844: Plymouth and Finland

On Sunday, December 25th, 1859, two local craftsmen, John Slade and 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 hometown 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 to two further sessions, 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, to increase this to a pound in short order. Twenty years later, the co-operative was running: seven grocery stores; one butcher's 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.

While traveling, Gebhard noticed that the creation of one cooperative 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. The concept was to start an organization that could allow the Finnish people to organize for economic self-determination.

In the Autumn of 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 –

This provided affordable loans for farmers based on 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, 1,800 co-operatives were operating within these national federations.

Today, there are more member-owners of cooperative 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 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, co-owned services in every sector stretch across the country.

Self-help and state sponsorship in the twentieth century

The experience of Plymouth and Finland was echoed elsewhere. Professor Johnstoncooperativearts the spread of the co-operative sector in the nineteenth and twentieth centuries in his 1997 book.

In Denmark, the models sparked by Sonne were adopted, and one of the world's significant rural co-operative sectors was born. In the cities of neighboring Sweden and Norway, after the First

World War, urban housing co-operatives 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.

In many countries over the twentieth century, interactions with the state 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.

In the USA itself in the 1930s, rural electricity cooperatives 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.

The cooperative 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, focusing on technology, innovation, and the dignity of work.

At the same time, a new cooperative retail success was being born. This was a fair trade, mainly 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 A short history of cooperation and mutuality. To launch the first certified fair trade product, sold under the label of Max Havelaar. I was privileged to be one of the teams that developed this into the Fairtrade Mark, now operating worldwide. No single emergence, setback, or renewal story can hold for all cooperatives across the twentieth century. The legacy is what we see today.

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 examining the spread of co-operatives today compared to the space of investor-owned, listed companies. In Financial terms, the cooperative 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 percent 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 members of a cooperative enterprise.

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

Around the world, there are estimated to be 2.6 million co-operatives.¹⁴⁵ The International Co-operative Alliance publishes data annually with the research center, Euricse. The Alliance was founded in London on 19 August 1895 during the first international Co-operative Congress, with delegates from co-operatives across Argentina, Australia, Belgium, Denmark, France, Germany, Holland, India, Italy, Switzerland, Serbia, the UK, and the USA.

The goals of the Alliance were to provide information, define and defend cooperative principles and develop international trade. The

Alliance was one of the only international organizations 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.

Northern Italy is a region with a solid co-operative presence today. The province has the highest density of co-operatives in Europe. These are highly integrated networks of economic cooperation across sectors, operating vertically (such as around supply chains or finance) and horizontally (such as around peer-to-peer learning or product development). Co-operatives generate nearly 40% of economic production (GDP) in Emilia Romagna. 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 cooperative networks of social relationships – in his research on life in Italy. Social capital, it seems, can reverberate down the generations. The history of cooperation can shape the present, just as the gift can hope to shape the future.

Co-operation and mutuality over time: a conclusion

Why look at the history of guilds, rather than that of monasteries, for example, when most guilds were organized 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 Misses with Guarani Indians in Latin America in the seventeenth and

eighteenth centuries can be considered akin to co-operatives. Why look at the history of friendly societies, rather than scientific societies, when both were organized 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-organization, it is perhaps the golden thread of 'work.' As Ivan Illich wrote of the multiple expressions of guilds, A more expansive interpretation, perhaps, is the organizing power of shared needs, drawing people together to defend their livelihoods or promote their consumption.

When people come together to do this for their shared economic benefit, it can be transformative for them. But some challenges are evident – or emergent over time.

Voluntary and open membership is written, as one of the core principles, in the modern Statement of Co-operative Identity of the International Co-operative Alliance – perhaps, for this reason, to distinguish co-ops from closed cartels. These principles were core to the cooperative 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 backward 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 eons ago. They leave references, rules, and, in more modern times, plenty of minute books.

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

“the real cooperative principle might probably be as old as the human race, but written sources are missing.”

Today's co-operatives are, therefore, expressive of a pattern of mutuality that is deep and recurrent in how people organize 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, cooperation doesn't stand still.

Cooperative Start USA

Legend suggests that the initial structured cooperative business in the United States was the Philadelphia Contribution ship for the Insurance of Houses from Loss by Fire, a mutual fire insurance company established in 1752. This association's reputation is likely based on two factors. First, Benjamin Franklin was the organizer. Second, the business has been conducted so efficiently over the years that it is still operating.

Writers trace the origin of cooperatives from the Rochdale Equitable Pioneers' Society, an urban consumer cooperative organized in England in 1844. It sold consumer goods such as food and clothing. This list became one of the first sets of

cooperative principles, characteristics that distinguish cooperatives from non-cooperative businesses.

- Open membership
- One member, one vote
- Cash trading
- Membership Education
- Political and religious neutrality
- No unusual risk assumption
- Limitation on the number of shares owned
- Limited interest in stock
- Goods sold at regular retail prices
- Net margins distributed according to patronage

I. Forms of Homeownership

What is a Housing Cooperative?

More than 1.5 million families of all income levels live in homes owned and operated through cooperative associations in the United States. People of varying needs and desires have found ways to apply unified concepts to meet their housing needs.

Cooperative housing is not a new concept; the first housing cooperative in the nation was organized in New York City in the late 1800s. Today, there are over 1,500,000 units in cooperative housing communities throughout the United States, with large numbers located in major urban areas such as New York City, Washington, D.C., Chicago, Miami, Minneapolis, Detroit, Atlanta, and San Francisco.

Cooperative members own a share in a corporation that owns or controls the building and property in which they live; each shareholder is entitled to occupy a specific unit and has a vote in the corporation. Every month, shareholders pay an amount that

covers their proportionate share of the expense of operating the entire cooperative, which typically includes underlying mortgage payments, property taxes, management, maintenance, insurance, utilities, and contributions to reserve funds.

There are many benefits to cooperative ownership. Some of these include personal income tax deductions, lower turnover rates, lower real estate tax assessments, reduced maintenance costs, resident participation and control, and being the ability to prevent absentee and investor ownership.

Housing cooperatives come in many shapes and sizes; cooperatives include townhouses, garden apartments, mid-and high-rise apartments, single-family homes, student housing, senior housing, and mobile home parks. The purchase price of cooperative membership can be left to the market, or the cost can be maintained below the need to preserve affordability. All cooperatives share a standard set of principles adopted by the International Cooperative Alliance.

The critical aspect of any cooperative is democratic control by the members to achieve an agreed-upon common objective. Democratic control is typically accomplished through governance by volunteer boards of directors elected from the entire membership. In addition to the board, co-ops often have many committees, such as a membership committee, maintenance committee, activities committee, and newsletter committee. Most co-ops hire a manager or management company to perform management functions; smaller co-ops often have no paid staff or management but will have members handle all the maintenance and operations responsibilities.

The Development of US Housing Cooperatives – A Summary of Events

YEAR	EVENT
900	AD Pueblo Bonito/Pueblo Indians built cooperative homes
1827	(approx) New Harmony of Robert Owen, Indiana
1881	Barrington Apartments, NYC
1926	Amalgamated Housing Corporation, NYC—the first large, new construction-housing cooperative
1939	Internal revenue Code/Section 216
1950	(approx) United Housing Foundation, NYC 1951 Mitchell-Lama Act, NYC (tax abatement) FHA Section 213 of the National Housing Act Foundation for Cooperative Housing (1952) The National Association of Housing Cooperatives was formed
1952	Conversion of Greenbelt Homes, MD
1960	National Association of Housing Cooperatives was incorporated.
1961	FHA Section 221 (d)(3) and “BMIR”
1968	FHA Section 236
1974	FHA Section 8, GNMA Tandem Programs 25,27 FHA Section 203(n)
1978	Section 11(b) FHLBB Authority The National Cooperative Bank was created
1978-1979	FHLMC Authority Bates Act, California
1980	FNMA Authority
1989	Resolution Trust Corporation (RTC) created
1990	HOPE/HOME created Preservation/Prepayment created

Principles of the Cooperative Identity

Purposes

The primary purpose of a cooperative housing corporation and association is to provide its members with housing under mutual ownership or control, at costs they can afford, based on a need to satisfy everyday economic, social, and cultural needs and aspirations; cooperators volunteer to own jointly and democratically control the enterprise. By mutual effort, it is possible for people organized as groups of consumers to pool their resources and provide themselves with suitable housing through non-profit, non-speculative cooperatives.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The cooperative principles listed below are guidelines by which cooperatives put their values into practice:

1. Open membership without restriction.
2. Democratic control by member-owners-occupants.
3. Members contribute equitably to, and democratically control, the capital
4. of their cooperatives.
5. Cooperatives are autonomous, independent organizations controlled by
6. their members.

7. Cooperatives provide education and training for their members, elected
8. representatives, managers, and employees so that they may contribute
9. effectively to the development of the cooperative.
10. Cooperation among cooperatives.
11. Concern for Community.

Adopted by the International Cooperative Alliance Congress in Manchester, England. On September 23, 1995.

Reference

A short history of cooperation and mutuality

By Ed Mayo

Secretary General of Co-operatives UK,