

Humanizing the Economy

CO-OPERATIVES
in the AGE of CAPITAL

John Restakis

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we buy; in the utter lack of comprehension in the minds of those who, like Margaret Thatcher, truly believe that society is a fiction and nothing more than a collection of individuals; and most disturbingly, in the difficulty people have in imagining any alternative to the present system.

This inability to imagine an alternative is the final triumph of ideology. As William Leach put it so well, the enthronement of consumerism and the acceptance of corporate capitalism as its social mechanism has diminished public life, denying people everywhere “access to insight into other ways of organizing and conceiving life, insight that might have endowed their consent to the dominant culture...with real democracy.”³⁷ It is here that the most difficult, the most necessary work must be done to advance a more fully human vision of what economies might be and how such economies might be constructed.

Alternatives do exist. The effort to construct economic systems with a more human face has been attempted since the dawn of the industrial age. And the impact of these attempts on capitalism has been decisive in making our own market system more humane. For the task has been not only to construct a more humane alternative to the free market model, but also to humanize the model we do have.

The effort to socialize economics through the creation of collective models of production and exchange has been at the center of a reform movement stretching back for two and a half centuries. All these efforts, embodying the idea of socialism in some form, reflect the attempt to transcend the self-regulating market by consciously subordinating it to the needs of society through democratic means.³⁸

This book argues that the most enduring and the most promising of these efforts is the use of co-operation as a model for economic and social exchange and the use of reciprocity as the basis for both economic and social reform. The following chapters will attempt to show why this is true, how the co-operative experience is being played out in both advanced industrial societies and in developing ones and in what ways the co-operative movement worldwide is succeeding—and failing—in its mission to construct a humane alternative to free market capitalism.

The Materialization of Dreams

*England is a chopping machine,
and the poor man is always under the knife.*

— GEORGE JACOB HOLYOAKE —

When Robert Owen was assigned by the British House of Commons to coordinate the parliamentary commission of inquiry into the application of the Poor Laws in 1817, England was caught up in a transformation that was cutting loose the social moorings of an entire class in the name of progress. The small landholders of the English countryside, evicted by enclosures from land that had been used in common for centuries, were descending on the cities in their thousands to seek work in the factories and mills of the nation. Entire villages were depopulated as common land was turned over to raising sheep or large-scale farming that was more profitable to landowners. At the same time, the artisans and craftsmen of the towns were watching their livelihoods disappear as machine production used unskilled labor to replace the human skills that had been the foundation of the traditional craft economy. The destitution and misery that accompanied this process was on a scale unlike anything seen before.¹ It was the time of Dickens, the poorhouse, child labor, stalking hunger, and the swelling, festering slums populated by the displaced and the dispossessed.

The Age of Revolt

These were the years the modern workers' movement was born. In the years following the end of the Napoleonic Wars and culminating in 1848 a wave of revolution swept over Europe. In England in particular, the great social uprising of the Luddite movement that erupted episodically from 1808 to the 1830s involved hundreds of thousands in the struggle

to turn back the social wreckage prompted by automated production in the textile industry. At its height, the revolt was so strong and so well organized 12,000 men-at-arms were needed to put it down in a series of bloody battles. The popular impulse for social reform in these years also crystallized in other quite distinct forms — in the demand for popular suffrage by the Chartists, in the first stirrings of the movement for women's rights and in the many worker education and self-improvement societies that for the first time provided workers with the ideas and the organizational means to frame their own future and establish the foundations for an organized labor movement. A further outcome of these societies was their coalescence in the co-operative movement, given form and direction by the work and teachings of figures like Robert Owen, William Thompson and William King.

Robert Owen was already well known as a successful industrialist, one of the most prosperous men in England, but even better known for his advocacy of reforms to alleviate the desperate conditions of the poor. His charge for the British House of Commons was to report on these conditions and on the ways and means of addressing a host of afflictions that immiserated such a huge percentage of the English population. It was to be a turning point in the long and bitter struggle for social and economic reform in that country.

Owen was an improbable revolutionary. The son of a saddler and ironmonger, he was born in Newton, Wales, and at the age of ten was sent by his father to work as a draper's apprentice in Lincolnshire. At 16 he moved to Manchester to work in a large drapery firm, and by the age of 21 he was a manager in one of Manchester's largest spinning factories. A model of the self-made man, Robert Owen seemed destined to pursue the conventional destiny of a gifted and ambitious businessman caught up in the full flow of England's Industrial Revolution.

Owen had earned his reputation as a reformer by pouring his substantial wealth into the improvement of the nation's underclass and lending his unquenchable energy to a host of causes including the creation of Britain's first labor organizations, the reform of the child labor laws, the movement for universal suffrage and the creation of Britain's earliest childcare system. But it was in his *Report on The Poor* that Owen first outlined a comprehensive vision for a revolutionary reform of Britain's economic and social order as the only means of addressing the endemic social ills that accompanied the capitalism of his era. The report he

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drafted centered on the creation of "Villages of Co-operation" as the means to end poverty. And while his report was rejected by the House of Commons,² its co-operative ideals crystallized a movement that at its height spread through the length and breadth of the nation.

Owen's ideal socialist society was based on the establishment of co-operative communities and on the conviction that man's character was a product of his circumstances. His communitarian plans were encouraged by the success of the Shaker communities that forty years earlier had taken root in the United States as an offshoot of a small band of dissenting Quakers who were at that time disseminating their egalitarian teachings in Manchester. Owen believed the essential goodness of man was corrupted by the harsh ways in which he was treated and the dehumanizing effects of inhumane environments. In this he was close to French Enlightenment philosopher Rousseau. But instead of rejecting civilization as a corrupting influence on man's nature, Owen's solution was to create the external conditions that would remake human character and produce good, rational and humane people. More importantly, Owen linked this social formation of character to an economic model in which the social element was paramount. He refused to accept the division of society into an economic and political sphere and the social nature of the solution he proposed set him apart from his contemporaries.

Robert Owen saw in co-operation the key to both wealth creation and a just society. Unlike later Marxism, co-operativism did not reject the market as a source of social evil. Instead, Owen saw in co-operation a means of using the market to meet the needs of all members of society, not just the privileged few. As owner of Britain's largest spinning business, the Chorton Twist Company located in New Lanark, Scotland, he had the perfect opportunity to act on his ideas. Owen sought not just to run a successful business but to create also a new type of community. Owen's first concern was the molding of character through the transformative power of humanistic education. The creation of co-operative communities and humane workplaces was an extension of this primary principle. It was also the foundation for one of Owen's most signal contributions to England's social and cultural development—the rise of education, especially among adults, as a mechanism of social change.

When he arrived in New Lanark in January of 1810, over 2,000 people lived in the village. Among his first decisions, Owen ordered the building of a school and limiting the workday for children. He also

refused to employ children under the age of ten. At the time, children as young as five were working in the textile mills. Five hundred of these children had been taken from the poorhouses, primarily in Edinburgh and Glasgow, to work in the New Lanark mills. It was common practice for poorhouses to provide factory owners a regular supply of this cheap labor, to ensure employment for all their wards, children included, in order to prevent them falling into the vicious habits induced by idleness. This hateful philosophy was only one of the enduring evils promulgated by Methodism at this time.³ Stunted, many with deformed limbs, children were on their feet 13 hours a day, often sleeping beside the machines they served. One harrowing explanation for the appalling infant mortality rate among the working poor during this period—upwards of 50 percent for children to the age of 5—was the characteristic deformation and narrowing of the pelvic bones in girls who had worked since childhood in the mills.⁴ After serving an “apprenticeship” of six, seven, eight years, they were turned loose—uneducated and untrained—to take up their place in Britain’s permanent underclass.

Owen had hoped that his treatment of children and the other reforms he introduced at New Lanark, including a pension scheme for workers, would induce other industrialists to follow suit and he campaigned vigorously to promote his ideas. He was an indefatigable propagandist. Yet he did not succeed. His courting of powerful patrons and governments across Europe was to no avail, and his belief that the rich would eventually support his plans for the alleviation of poverty through co-operative communities proved entirely groundless. It was a product of an almost childlike faith in the persuasive power of reason and an almost total absence of political acumen. Owen had not an ounce of aptitude for political reality. As E. P. Thompson remarked in his treatment of Owen’s role in this period, Owen simply had a vacant place in his mind where most other men had political responses.⁵ Moreover, his attempts to engineer model co-operative communities from the standpoint of the benevolent patriarch drew suspicion and ridicule from many critics—some charging him for being a dangerous radical and a menace, others for not being radical enough. This was a time, let us remember, when the popular temper was long past expecting any favors from the rich. Among these latter critics was William Thompson, a fellow reformer and political philosopher who, even more than Owen, helped establish the intellectual foundations of the co-operative movement and early socialism.

Today, Thompson have been largely profound. His *Distribution of Wealth* 1824 when he was ism.⁶ Thompson one of the most After his father’s a landed estate in the role of absent to improve the children and into the figure of Leo in Russia a short to Thompson’s an ment after his de other branches of

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Today, Thompson is an obscure figure, someone whose achievements have been largely lost to the mists of time. In his day his influence was profound. His writings, in particular *An Enquiry into the Principles of Distribution of Wealth Most Conducive to Human Happiness*, written in 1824 when he was already 50, are among the foundation stones of socialism.⁶ Thompson was born in 1775 in Cork, Ireland, a son and heir to one of the most prosperous merchants of the Anglo-Irish aristocracy. After his father's death in 1814, Thompson inherited a trading fleet and a landed estate in Glandore, West Cork, where he promptly rejected the role of absentee landlord. He moved onto the estate and worked to improve the living conditions of the tenant families, educating the children and introducing innovations in agriculture. In this, he recalls the figure of Leo Tolstoy who attempted the same on his own estates in Russia a short time later. The parallels between the two even extend to Thompson's attempts to leave his property to the co-operative movement after his death, prompting the longest legal battle in Irish history as other branches of his family fought to have the will annulled.

Like Owen, Thompson was a friend and disciple of Jeremy Bentham. But his approach to utilitarianism and the problem of human happiness was entirely different. Unlike Bentham, Thompson saw happiness as a social phenomenon, not a personal pursuit. It arose as a consequence of specific social conditions and from the nature of one's relations with others. And whereas Bentham defended private property and social hierarchy as preconditions to liberty and security, Thompson was a fierce critic of capitalism and all forms of subordination. He argued for the principle of common property, claiming that private property was the basis of competition and the mechanism by which one person is pitted against the other. For Thompson the key to a just society, and to personal happiness, was the alignment of self-interest with the interest of society, not the subordination of one to the other. And unlike Bentham and Owen, Thompson fought for the practice of participatory democracy in social institutions. In this, Thompson was a prophetic forerunner of contemporary theorists of social capital. His explicit linking of happiness with social relations, and both with co-operation and the extension of democratic practice, established the moral and methodological foundations for a modern understanding of co-operation as a remedy to the corrosive effects of capitalism. These are key themes that we will explore in the concluding sections of this work.

By the time of his death from a chest affliction at the age of 58, Thompson's influence inside the co-operative movement had grown steadily and was beginning to overshadow that of Owen himself. Their differences, particularly on the questions of democratic practice and Thompson's belief that workers in co-operative communities should have ownership and control of the community's land and capital property, led Thompson to distinguish his more radical views from that of other Owenites by adopting the term "socialist." Thompson's use of "socialist" in a letter to *The Co-operative Magazine* in 1827 is the first documented use of the term.⁷

At the time, the rise of co-operative communities of one form or another was not restricted to Owen's experiment at New Lanark. Dozens had come into existence both in England and abroad, brought into being by a common impulse to forge an alternative and a growing class consciousness and self-confidence on the part of working people. All attempted to realize some socialized form of the ideal community. Eventually all failed, including Owen's own efforts to extend the New Lanark model to a new co-operative community called New Harmony in Indiana. Why did these efforts fail?

In Owen's case failure resulted both from the paternalistic (and, indeed, authoritarian) nature of his model and his philosophy of human nature. His cast of mind is illustrated in the tone of his writings. He wished (he said in 1817) to "...remoralize the Lower Orders" and the words most encountered in his early writings are "benevolent" and "provided for them." It would be hard to find a tone more perfectly calibrated to annoy the Radicals and the leaders of the emerging trade union movement. The notion of the working class advancing by its own efforts and toward its own goals was alien to Owen, even though he was eventually to find himself at the head of precisely such a movement.⁸ Owen's co-operative communities depended on his personal prestige, presence and philanthropic support. In New Harmony, when he left the leadership of the community in the hands of his son Robert Dale Owen, the community came apart, showing the degree to which his successes were dependent on his own considerable leadership gifts and charisma.

The second cause of failure was a fundamental flaw in Owen's philosophy. People are not simply passive creatures of circumstance. They are not born as blank slates. They carry something of their own into the

world and the individuality of the person is ultimately the interplay between what is social and environmental and what is inherent. Owen deserves great credit for understanding the contribution of environment, education and humane treatment to the formation of character. Unfortunately, his optimism concerning the effects of environment on people wasn't enough to overcome the differences and divisions among incompatible individuals that eventually undermined New Harmony. Nevertheless, his co-operative experiments helped to consolidate and give form to the new movement.

The third cause of failure was more prosaic — a simple lack of practical experience in the operation and management of co-operative enterprises. A great many of the co-operative societies that preceded the first success at Rochdale (estimated at some 250 in 1830) foundered on the mishandling of credit, a natural effect flowing from the propensity of those societies to extend credit to members who either had no money, or had little incentive to repay their loans. Another problem was the utter absence of any legal recognition or protection for the co-operative as a legal entity; its funds could be embezzled by anyone with total impunity. The legal obstacles to success were in themselves enormous.⁹

Despite these weaknesses and setbacks, Owen's ideas provided something indispensable to the rise of an organized working class movement for reform — the formulation of an organized system of thought, a *social theory* that could offer a counter vision to the capitalism of this time. Owenism was the first of the great social doctrines to grip the imagination of the masses in this period, both embracing and recasting the industrial epoch. What was at issue "...was not the machine so much as the profit motive; not the size of the industrial enterprise but the control of the social capital behind it."¹⁰ Owen's ideas were general and imprecise, but they lent themselves to adaptation and innovation. From their stock countless working class efforts were able to adapt the key notions of co-operation and self-help to suit their own purposes. *Owenism* — that great tide of economic and social reform that swept across England — in the end came to signify far more than Owen. Many working people had ideas about what needed to be done and took the initiative in their hands. Owen reflected this ferment and championed reform in polite society. But on the ground, co-operatives were among the most enduring creations of the workers themselves.

Rochdale

As so often happens, the ultimate realization of Owen's vision came in a form that he would not have predicted. The first successful market-based co-operatives did not even receive Owen's support. He rejected the commercial basis of the co-operatives arguing that the societies were "not the social system we envisage." His ideological opposition to private ownership in favor of a "pure" co-operative model based solely on communitarian principles blinded him from perceiving how co-operation could succeed in another form.

The breakthrough success of the co-operative model came in the form of a co-operative business, not a co-operative community. It was given impetus through the work of Dr. William King, a crucial transitional figure who bridged the co-operative ideals of both Owen and Thompson with the pragmatic task of making these ideals plausible in the real world of the marketplace. King had his own ideas about how a co-operative community should function and his greatest contribution was in applying his considerable talents of practicality and realism to the task at hand.

William King was born in Yorkshire in 1786, the son of a vicar. Unlike Owen, who was largely self-taught, King was a distinguished academic who studied political economy, moral philosophy and modern history at Cambridge and then became a doctor and Fellow of the Royal College of Physicians. He settled in Brighton and gained valuable experience as a doctor ministering to the poor, but went from doing charity work to organizing a friendly society that he hoped would eventually allow the poor to do without charity and to meet their own needs through mutual insurance. Friendly societies were at this time among the most important creations of working class communities, using mutual aid to provide for their members in times of sickness or other hard times. One of their key functions was to cover the cost of burials.

King believed in the ultimate aim of a co-operative community building its own homes, on its own land, and employing its own members in productive work. But unlike Owen (who had said a community might build a store, but a store could never build a community), King was a gradualist. He believed it was better to begin small, to accumulate modest victories, than not to begin at all. He also perceived that the working classes would have to do this work by themselves, and set about instructing them. He started a monthly publication *The Co-operator*,

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which sold at a penny and reached a circulation of 12,000 copies. In the pages of *The Co-operator*, King provided a systematic exposition of the co-operative philosophy and some realistic advice on how to set up and run a co-operative shop. This magazine became the textbook of the new movement.

In working out his co-operative philosophy, King responded directly to the dominant ideas of his time. Like Adam Smith, he accepted that in the "original state of things...the whole produce of the labour belongs to the laborer." Unlike Smith however, he did not accept that the growth of landlords and masters is inevitable, and that in a market society a laborer must get only a fraction of the value of his labor in the form of wages. He saw clearly that wages are determined not by the value of the product but rather by the ruthless play of competition between capitalists. Moreover, workers were trapped by the logic of a market in which they functioned as mere appendages to the machines they ran. Eventually, through overproduction, these same machines would put them out of work altogether.

How can the worker break out of this trap? First, King proposed that without labor, capital is nothing; capital is really only stored labor and has no utility until the worker makes use of it. But workers are prevented from taking all the value of their product because they remain dependent. While they are working to produce goods, they must also live. The capitalist merely advances capital in order to keep the workers alive. However, if the worker has enough capital to do this, then the value of the product would all go to the worker. The key for King was for workers to store up enough capital to gain control over their own labor. They must also generate enough of a surplus to be able to invest in their enterprise. Possessing both labor and capital the workers can then do away with the capitalist altogether. But co-operation is essential to this. Individual workers cannot do this on their own; there is too much risk, their condition is too fragile, and the time required to accumulate sufficient capital takes too long. It is crucial therefore, that workers learn to share their risk by co-operating to pool their capital.

How to start?

King advocated the establishment of a shop. Since people have to go to a shop every day to buy food and necessities, why not go to one they owned? The surplus from the co-operative shop would then go toward building the co-operative community that is the ultimate aim.

Ever the pragmatist, King proposed that capital be accumulated partly through weekly subscriptions (as in the friendly societies) and partly through the surplus generated from running the shop. Work can then be found for other members until all are employed. Finally, the co-op can afford to pay sickness benefits, pensions and schooling for the children; it can purchase land, build housing and keep unemployed workers in employment growing food. Eventually, a whole new society-within-society will emerge independent of both capitalists and welfare. The Owenite vision of a co-operative community is thus achieved gradually, from the patient accumulation of capital that comes from using the market in the interests of workers.

King's great achievement was not merely to present a vision of the future (at this time there was a surplus of utopian visions to choose from), but much more importantly a way to translate this vision into a reality. What was needed to make such a plan work? Unromantically, and at the most basic level, there was a need for rules on how such a co-operative shop should be run: no credit; the selection of three people to act as trustees; a weekly accounting of the business; acceptance as members only people that can be trusted; and the very wise advice that meetings be held in a room, not a pub, otherwise members will be tempted to drink the surpluses before they are earned. On this basis, (save the last — their directors, showing remarkable restraint, would meet in the committee room of the Weaver's Arms) a group of weavers and cobblers in the old industrial town of Rochdale created the seed from which the modern co-operative movement would grow. It was on account of King's practical and sage advice on the proper manner of running a co-operative business, especially on the importance of carefully limiting credit and a dividend system based on the amount of business that a member conducted with the co-op, that the Rochdale store succeeded where so many others had failed.

Much has been written about Rochdale and the name has now acquired a semi-mythical status in the co-operative corpus. All movements need their symbols and Rochdale is one. But it marks a milestone in the movement for economic democracy because the Rochdale story shifts the focus from the creation of socialized communities as the means to reform society to the transformation of market relations in the service of social ends.

With the guidance of King's rules for co-operation, Rochdale helped transform economics by formalizing reciprocity as an economic princi-

ple. When it proved successful, the model became the blueprint for the largest, most durable and most successful mass movement for economic reform in history. It was here that the modern conception of the cooperative as a democratically controlled enterprise took form.

Its beginnings were memorably (and very humorously) recorded by George Jacob Holyoake:

At the close of the year 1843, on one of those damp, dark, dense, dismal, disagreeable days, which no Frenchman can be got to admire — such days as occur towards November, when the daylight is all used up, and the sun has given up all attempt at shining, either in disgust or despair — a few poor weavers out of employ, and nearly out of food and quite out of heart with the social state, met together to discover what they could do to better their industrial condition. Manufacturers had capital, and shopkeepers the advantage of stock; how could they succeed without either? Should they avail themselves of the poor law? that were dependence; of emigration? that seemed like transportation for the crime of having been born poor. What should they do? They would commence the battle of life on their own account. They would, as far as they were concerned, supersede tradesmen, mill owners, and capitalists: without experience, or knowledge, or funds, they would turn merchants and manufacturers.¹¹

And so it was. The small shop, stocked with a tiny inventory of butter, flour, oatmeal, sugar and a few candles opened just before Christmas on 21 December 1844 for two days a week. It had a founding capital of 28 pounds sterling collected from its members on a subscription of two pence a week. It took the 28 founding members four months to pool the money. But despite these humble beginnings there was no dampening the reformist fervor of the society's founders. Included in the charter, along with the mission to open a shop and to build homes, was the following modest aim: "That, as soon as practicable, this Society shall proceed to *arrange the powers of production, distribution, education, and government*; or, in other words, to establish a self-supporting home-colony of united interests, or assist other societies in establishing such colonies." Not to neglect the moral side of things, the proposition followed: "That, for the promotion of sobriety, a Temperance Hotel be opened in one of the Society's houses as soon as convenient." It was a grand vision, founded on a two pence subscription. And while the rearrangement of the national

means of production, distribution and government had to wait a while longer, ten years later the British co-operative movement had grown to nearly 1,000 co-operatives. The original shop still stands preserved as a museum at 31 Toad Lane.

Located on the boundary of Lancashire and Yorkshire, Rochdale had a long history of activism and labor unrest. It was a tough political town. In 1808, a bitter strike resulted in the stationing of regular troops in the town, which remained there until 1846. In particular, Rochdale hand-loom weavers were a highly politicized group, born troublemakers, that could be counted on to lead the strikes and be key activists in organizing the community. Reform meetings often attracted ten thousand or more people.

Rochdale's woolen and cotton industries brought it within the influence of other textile districts like the West Riding of Yorkshire and South East Lancashire, both areas of social unrest, and seedbeds of various reform movements. The strategic importance of Rochdale was attested by the fact that a major effort to organize a National Trade Union took place here, and the town played a central role in both the Chartist movement and the Ten Hours movement.¹² The town became an important center for Owenite activity. In the midst of this tumultuous reform atmosphere there were concerted attempts at co-operation.

The 1840s were a grim time in Rochdale. Economic depression had hit the weaving town particularly hard. Hunger and privation among workers and their families left them vulnerable to disease and of those hardest hit five-sixths had scarcely any blankets to keep them warm, while over a hundred families had no blankets at all. Starvation was in the air. In 1837 for example, an average of one hundred eighty animals were killed weekly to provide for the town's food needs. In 1841 this number was down to sixty-five, a reduction of caloric intake of nearly 60 percent.

The conditions of most weavers from the 1820s to the 1840s and beyond were commonly referred to as "indescribable." But described they were. Here is an account from the evidence gathered by the Select Committee on Emigration (1827) of conditions in Lancashire where in the space of 20 years industrialization had driven weavers from relative prosperity to the edge of starvation:

Mrs. Hutton and myself, in visiting the poor, were asked by a person almost starving to go into a house. We there found on one side of the

fire a very old man, apparently dying, on the other side a young man about eighteen with a child on his knee, whose mother had just died and been buried. We were going away from that house, when the woman said, "Sir, you have not seen all." We went upstairs, and, under some rags, we found another young man, the widower; and on turning down the rags, which he was unable to remove himself, we found another man who was dying, and who did die in the course of the day. I have no doubt that the family were actually starving at the time...

In Rochdale, the economic backdrop to the crisis was the crumbling of the town's industrial heart. The new factory system had turned once proud and independent artisans into dependent outworkers for large manufacturers. Employers succeeded in ratcheting down wages while simultaneously defeating attempts to introduce a minimum wage. By the 1840s automation was putting handloomers out of business and the industries of cotton manufacturing and machine making were supplied by imported, cheap labor, composed mostly of desperate Irish workers fleeing famine back home only to face the hatred of the local townsfolk. The hat industry that used the felt produced in the town was in decline. Making matters worse, the cotton factories had to compete with imported cloth produced at a fraction of the cost with slave labor in the United States. Globalization then, as now, was linking the fates of workers half a world apart. These then, were the material conditions that immediately preceded the establishment of the Rochdale Society of Equitable Pioneers in 1844.¹³

But the factors that gave rise to the co-operative movement at this time and in this place extend far beyond immediate economic hardship; the deeper roots of the movement arose from the human qualities that made up the unique character of the weaver communities from which it sprang. Understanding this is more than a simple appreciation of historical conditions. It goes to the heart of what gave the co-operative movement its galvanizing power during the latter part of the 1800s and its continuing relevance to the conditions of globalizing capital today.

The weavers that led the Lancashire Radicalism of 1816–20 were a product of the clash between two conflicting ideologies and ways of life. One was the rising swell of industrial *laissez faire* capitalism which we have already described. The other was the disappearance of an ancient way of life that was characterized by the artisan tradition and the weaver

communities this tradition had woven¹⁴—a deep social egalitarianism, a spirit of independence, an immense pride in personal skill and a profoundly interdependent community life in which fate's fortunes were shared by all, in good times and bad. The sufferings of the weavers that resulted from the rise of industrial exploitation were those of the whole community. The deliberate erosion of trade union protections by the state, the loss of status and self-worth that came with de-skilling and factory production and the flood of unskilled labor that employers used to depress wages gave their resistance a particular moral force. The Owenite frame in which they voiced their protest appealed to essential rights and elementary notions of human fellowship rather than merely economic or sectarian interests.¹⁵ They demanded betterment as a whole community and Owen's ideas provided them the framework that would at one stroke recast the social architecture along lines that they already recognized. Their dreams, which also incorporated the political demands of Chartism, land reform and free trade unions, were centered on the protection of human dignity. They envisioned a mutually supportive community of independent small producers, exchanging their products without the manipulations of middlemen, free of the control of masters. At its heart, this is still the vision that speaks to the aspirations of millions caught in the exploitative web of capitalism today. It is very simply a vision that asserts the primacy of human and social values over those of commerce. And it was precisely these values that were unraveling as industrial capital consolidated its control in the middle decades of the 19th century.

A Brief History of Nowhere

Owenism was only one among a great variety of utopian visions that had been formulated in the political and social ferment that characterized the 19th century. What set this era apart from earlier periods, however, was that what were once mere dreams now found in the crucible of the industrial revolution the social and economic conditions that allowed them to be materialized in the real world. Their antecedents could be traced back through the late Middle Ages to the writings of Thomas More in his work *Utopia*—a Greek term meaning “no place” or “nowhere”—and Catholic philosophers such as Campanella and Ludovico Agostini in the 16th century. Much earlier, in the 4th century BC, Plato visualized in *The Republic* a utopian society in which the individual was wholly sub-

servient to the needs of society. In the Platonic Republic the individual was destined to live out his life in a strict caste system at whose apex was a class of aristocrat-warriors, with the whole governed by a philosopher king.¹⁶ Later medieval visions of an ideal society were based on the Christian concept of society as a mystic body through which the individual is united to God. This was formulated in St. Augustine's *City of God*, in which God's love, acting through the Holy Spirit, is the source of all social relations. This is why community, conceived as the fulfillment of God's grace, is so central to the mission of the church, to personal salvation and to the later evolution of liberation theology as a Christian injunction to fight for social justice.

Indeed one of the first and most successful versions of such a utopian Christian community outside the confines of monastic life was in the mission communities, portrayed in the 1986 film *The Mission*,¹⁷ that the Jesuits established in the early 1600s among the Guarani Indians in what is today Paraguay. In addition to winning souls these communities, called Reductions, were a remarkable attempt by the Jesuits to provide refuge against the enslavement and maltreatment of the Indian population by the Spanish and Portuguese colonizers of the region. Between 1609 and 1780, 32 Guarani Reductions had been organized into a "Christian Indian State" that, at its height, numbered over 100,000 souls. The economic and social foundation of the communities was a theocratic commonwealth in which all property was held in common, including the buildings and livestock. Tools for work were loaned from a common supply. In addition to allocations of private plots to the Indians for agricultural production, common plots were also set aside and cultivated by common labor to provide for the sick and needy, to collect seed for next year and to stock a common storehouse as a reserve food supply and as a means to exchange produce for European goods. A thriving socialist economy was built, including a highly developed craft industrial system, all under the watchful eyes of the Jesuit missionaries. This was a religious socialism, in which the whole community was understood as an expression of Christian teaching and whose members all attended Holy Mass and the evening devotions daily. This extraordinary chapter in Christian mission history came to a sad and bloody end when on 2 April 1767 Charles III of Spain signed the edict expelling the Jesuits from Spanish possessions in America and transferring the missions to Portuguese control.¹⁸

Ultimately socialism, for all its variety of forms, embodied two distinct and opposed conceptions of the relation between the individual and society, the one authoritarian, the other libertarian. The first stressed Utopia-as-order and was embodied in the systems of Plato and More and, later, in the theoretical system of Saint-Simon. The second focused on the ultimate value of freedom and found voice in the works of thinkers such as Rabelais, Proudhon and Fourier.

Almost all the socialist systems that were formulated in the early to mid-1800s as a response to early capitalism oscillated between one or the other of these two extremes.

The tension between authoritarian social order on the one hand and individual liberty on the other have continued to color the development of collectivist alternatives to market capitalism to our own day. In the twentieth century the two poles of socialism were epitomized in the state socialism established in Soviet Russia and Eastern Europe, while the more libertarian vision flowered for a brief time in Republican Spain before it fell to Franco's fascism. It is still present in the thriving co-operative economy of Mondragon in Spain's Basque region where a network of 200 worker co-operatives form part of COOPERATIVA Mondragon, Spain's largest industrial enterprise. Between these two extremes there developed the social democratic movement that was to have a lasting impact on the evolution of modern Europe, and the co-operative movement itself which took hold not within the formal institutions of state but in the organizations and institutions of civil society.

In their volume on the history of economic thought Ernesto Screpanti and Stefano Zamagni draw out the source of this polarity in socialist thought.¹⁹ In their view, it is rooted in ambivalence to the economic principles present in the social relation between labor and capital. In the traditional socialist view, the liberation of labor entails the abolition of this social relationship. But the project has two faces. On the one side it can be seen as a plan for the abolition of profit and capital. On the other, as a project for the liberation of wages and labor. In the first case emphasis is placed on capitalist exploitation while in the second on the alienation of labor.

Systems focusing on the exploitation of labor by capital aspire toward an ideal society capable of ensuring distributive justice (economic equality). Conversely, in models that focus on the alienation of labor the ideal society is one that maximizes individual liberty. Liberty is not a

value in the first case. On the contrary, once authority is freed from an association with arbitrary power as personified by the owners of capital, it becomes exalted and purified when related to a centralized organizing command whose purpose is to maximize equality based on merit. In the libertarian conception of socialism, economic equality is a negative value as it is associated with the suppression of natural difference and the unique aspirations of individuals on which a free society is based.

Needless to say, it is the first model of state domination over both the individual and economic life that most often springs to mind when socialism is mentioned. It is the model that dominated socialist philosophy and practice in the twentieth century. But it is not the only one. Libertarian and communitarian alternatives to free market capitalism have also been developed. The most instructive way to understand where a genuine alternative to market capitalism may lie in the long run is to look at how the co-operative model has addressed this classic tension between capital and labor.

Co-operativism and Socialism

The co-operative teachings of Robert Owen, William Thompson and others preceded Marxism as a system of thought advocating collective responses to the problem of wealth creation and distribution. And while the immediate source of the co-operative movement was the effort to redress the injustices of the Industrial Revolution, the overarching intent of the movement was the creation of an ideal society, one that was inclusive of all social classes and freed of the inequities associated with unbridled capitalism. It is for this reason that Marx and Engels coined the term Utopian Socialism to describe Owenism and the other precursors to the "scientific socialism" embodied in Marxism.

Despite their criticism, Marx and Engels respected Owen. Like Owen, Engels was himself an industrialist whose family owned spinning concerns in Manchester. When he arrived there in 1842 to serve his apprenticeship in his father's cotton factory, Engels became acquainted first hand with the desolation and misery that defined the living conditions of the working class in Victorian England. He chronicled his experiences in *The Conditions of the Working Class in England in 1844*, a classic of social anthropology and the foundation for what later came to be his long collaboration with Marx. It was in Manchester that Engels came in contact with Owen's co-operative work. Manchester at this time was the

epicenter of industrial England, its factories and mills the laboratories where the Industrial Revolution was invented. It was also here, during a visit to the city, that Marx encountered and was influenced by the ideas of William Thompson.

By this time, New Lanark had been operating for some 30 years. It had become a place of pilgrimage for reformers, educators, politicians and philosophers not only from England but from across Europe and the United States. It was on the itinerary of genteel tours that brought the curious and the socially concerned alike. Owen's followers had been propagating the co-operative message in a kind of religious zeal that included the building of Halls of Science where lectures on Owen's ideas were held along with the singing of socialist hymns. Engels visited one of these and was thereafter much influenced by the idea and practice of co-operativism. It was Engels who introduced Marx to the movement.

Marx and Engels initially saw the co-operative experiment as a practical and realistic step toward the realization of a socialist society. What they criticized was the absence of a class dimension to co-operativism. In its time, they thought, the co-operative idea was appropriate because the conditions for a class-based strategy for revolution were not fully developed. Once they were, by the time they wrote the Communist Manifesto, Marx and Engels considered Owen's co-operative vision obsolete. And so the distinction for them was one of methodology. The differences, however, ran far deeper and they centered on the concept of man and the place of social relations in economics.

In most respects, Marx accepted the operating premises of classical political economy. This included the manner in which the classical theoretical system was based on the analysis of classes and class conflict as depicted by David Ricardo and his contemporaries.²⁰ Marx followed the classical economists in defining man and classes in strictly economic terms. However, Marx argued, once the capitalist class had secured political power and had put down the revolutionary movements, the situation changed. For the capitalists the threat was no longer the landed aristocracy against which they had revolted, but the working class. This changing political dynamic was then reflected in the theoretical premises of classical economics.

Marx felt that after 1830 a shift in economic thought took place in which it was claimed that the Enlightenment goal of a free society had been achieved since exploitation had come to an end.²¹ Class conflict

now had no reason to exist. For Marx, the historical role of representing the interests of the whole of society had been betrayed by the bourgeoisie and the mantle of leadership had now passed to the working class and to the socialist economists that spoke for them. But it was a curious inheritance that Marx now claimed. Aside from the transposition of leadership for man's liberation from one class to another, the essential principles that defined the terms of this liberation — the subjection of social and individual reality to the iron rule of economic laws — had not much changed. The dictatorship of the proletariat, that brutal phrase, was only a distorted mirror image of capitalist society. Aside from that, one might ask what kind of liberation it is that subjects humankind to laws over which it has no control. This fatalism remains an enduring element of economics to our present day.

Marx, it turns out, was too alike his economist predecessors to offer a conception of man and society that was truly transformative and capable of humanizing economics. In effect, by upholding the viewpoint of opposing classes, liberals and Marxists stood for identical propositions.²² Marx's revolutionary manifesto was a mechanism for freezing forever, through the logic of class, the forces that subjected all human and social life to economics.

Marxism and co-operativism were to take two very different paths in the long march toward a truly social economics. Marxism, rooted in the ideas of historical materialism on the one hand and revolutionary class struggle on the other, rejected the market as an instrument of capitalist exploitation. In this, it broke radically from the liberal tradition. But it was a move that drove Marxism headlong into the authoritarianism that was later embodied in the state's centralized control over markets and its waging of a futile — one might say mythical — class war. The Marxist view of society as a battleground of permanently opposing, and mutually exclusive, classes was an apocalyptic vision that demanded the extinction of all opposition. Authoritarianism and class violence were, and remain, the twin plagues of Marxism as its ideology became flesh in the real world. Indeed, Marxism's claim that it was "scientific" was from the start an attempt to monopolize socialism. That terrible claim to absolute truth that was later to warp the hearts and minds of millions through ideology was also the rationale for the atrocities of Lenin, Stalin, Mao and countless other lesser tyrants. The ideological seeds of that unspeakable violence were there from the beginning. Marxism, and its various

anti-market derivatives, was never interested in democratizing economies. It merely dreamt of replacing the dictatorship of capital with a dictatorship of labor, as if having suffered exploitation conferred on labor an intrinsic virtue. It was yet another in the long chain of populist myths that deferred the hard, patient work required for making economics an open, democratic and ethical field for human endeavor.

The failure to understand the essential value of the social dimension by the later socialist projects that eclipsed co-operativism proved to be catastrophic when combined with the coercive power of the state. The devaluing of society as a whole in favor of class was a precondition for human suffering on a scale that exceeded the evils of the capitalism that socialism sought to replace. The contempt for the principle of democracy and the value of the individual also flowed from the adoption of a class-based ideology and this, in turn, justified the worst excesses of socialist totalitarianism.

The trajectory of the co-operative movement was entirely different. It was characterized by localized, smaller-scaled efforts to understand and control market forces toward social ends. Co-operativism viewed the market as an instrument equally amenable to social and communitarian control as it was to control by capital. Co-operativism, in general, stayed away from a program of political control. It had little interest in state power. Its focus was social and practical. But avoidance of confrontation with established power, the refusal to acknowledge the inevitable need to use force in the struggle for social change, the fatal evasion of the realities of political power which traced back to Owen himself, were signal weaknesses of the movement. They remain weaknesses still. Nevertheless, it was this more modest, pluralist, apolitical aspect of the movement that in the end carried it farther and made it more durable than Marxism's more militant strategy. At the time, it would have been hard to predict. There was an undeniable power and magnetism to the Marxist message that favored its ascendance during the political ferment of the time.

The appeal of Marxism lay ultimately in the compelling power and simplicity of its narrative. Marxism claimed to be a theory that seemed woven into the sinews of history. Historical materialism was a story in which the emancipation of the working class was a historical certainty. Capitalism was destined to collapse and the seeds of its destruction lay in the nature of the system itself, like a disease. History itself was on the side of the oppressed and their triumph was only a question of time. It

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was the millennial religious myth secularized and tethered to the operations of economics. This grand, unifying narrative provided a huge advantage over co-operativism which never produced an emancipation story on such a scale. Neither did the gradualist and pacifist quality of co-operativism answer to the primal lust for retribution. For those who required a redemption story and a rationale for action on an apocalyptic scale, Marxism was potent fuel for revolutionary fire.

The second advantage of Marxism lay in how its teachings lent themselves to a mass movement. It conceived of social reform as a phenomenon that transcended individual relationships and was played out as a titanic struggle between classes on the canvas of history. By contrast, co-operativism was a project of reform proceeding from the transformed nature of relationships between actual people. Its scale was of necessity local and communal, and required the interplay of face-to-face relationships. Even today, this is the one feature that represents the co-operative movement's greatest strength and also its greatest challenge in a global era.

Despite its ascendance to political power across geographic regions representing billions of people, the Marxist project failed. Today this failure symbolizes vindication for capitalism on the one hand, and an eclipse of hope for an alternative on the other. But neither is justified. Capitalism has entered an era of deep disaffection in the industrialized west where its sharpest critics have received in full measure what capitalism has to offer and, more urgently, in those developing nations where the struggle for alternatives echoes the same struggles that characterized the rise of capitalism at the dawn of the industrial age in England.

The reasons for socialism's collapse have been pondered over endlessly since the fall of the Berlin Wall. They are worth recalling here, in at least one version of them, if only to reflect on where the prospects for humane, lasting avenues for reform may lay for the future. And it is also worth remarking that unless such alternatives are found, socialism will not have collapsed for long. The rise of neo-socialist regimes in Latin America such as that of Hugo Chavez in Venezuela display all the familiar trappings of the authoritarian impulse — the rhetoric of class struggle, the military attire, the recasting of Cold War animosities. It would appear that if history has one lesson to offer it is that the sufferings of the past, no matter how appalling, are always preferable to the sufferings of the present.

The first cause for the demise of socialism was the demise of the working class itself. Contrary to Marx's prediction, the working class in industrialized nations did not grow — it morphed into a middle class that benefited from what capitalism offered. Traditional class divides blurred. And even as the distance between the rich and the rest grew to astronomical proportions, there arose a degree of mobility that was unthinkable in the Victorian era. True, the middle class was still a wage-earning class and a permanent underclass came into being as well. But the conditions of wage earners today are not those that sparked the revolutionary discontent of the 1800s and the early 1900s.

Second, society has changed and so have our ways of living. One of the most revolutionary aspects of the twentieth century was the individualization of society. People stopped seeing themselves as members of a class. Life came to be lived as a personal pursuit in which the individual controlled the outcome. The language of class no longer seemed relevant. What is more, individualization resulted in the rejection of conformism — a faral shift in attitudes that doomed a system that was based on crude paradigms of mass psychology.

Third, a spirit of anti-authoritarianism had steadily grown not only in industrial societies but also in socialist states. The suffocating control of the state became an unbearable, and ultimately unsustainable, psychological weight. The growing exposure of the socialist populations to the cultural products of the West proved to be a deadly corrosive to state control. They were banned but still seen and heard, all the while remaining tantalizingly beyond reach. (The Beatles' *White Album*, smuggled into the Soviet Bloc and listened to in clandestine gatherings, had a pivotal effect on the evolution of values that contributed to the fall of the Soviet Union.)

Finally, and perhaps most fatally, the socialist economies simply failed to produce the goods. The economies of the Soviet Union, the Eastern Bloc, China — they all failed to develop beyond the first machine age so long as they pursued the traditional socialist paradigm. Vast acreages of heavy industries churning out tractors, bad cars, exploding television sets,²³ and military hardware were not equipped to generate the transition to an electronic and digital world and the wealth that seemed to accompany it. People simply wanted what the West had.

In short, socialism in the Marxist mould became fossilized. It was unable to adapt to a world that was changing in ways its ideology could

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never have predicted. By contrast, capitalism proved to be infinitely more flexible, more creative, more adaptable to the changing conditions of the times. And this is not surprising. Most of these changes were prompted by the expansion and consolidation of capitalism itself. This capacity for self-reinvention and -regeneration remains among its greatest strengths.

The movement for social democracy, however, fared far better. It did so because, unlike Marxism, it recognized that markets had a role in economic and social progress, and because it accepted the possibility that common cause might be made with liberals and that through the democratic process a more humane economic order might be brought into being. It was a strategy that transformed and ultimately humanized the face of Europe.

Socializing Capital

The intellectual father of the movement for a peaceful or evolutionary path to social democracy was Eduard Bernstein. Born into a Jewish family in 1850 in Berlin, the son of a railway engineer, Bernstein was the first prominent socialist to question Marxist theory and subject it to a critique based on close observation and analysis of the actual economic and social conditions at the close of the nineteenth century. He too was a political exile, first from Germany and then from Switzerland, ending up finally in London where he became a close friend and collaborator of Engels and the Fabian socialists. Trusted implicitly by Marx and Engels, Bernstein was asked by Engels to edit a fourth volume of *Capital* after Marx's death.

The three were a study in contrasts. Marx, uncompromising, irascible, intellectually merciless and sectarian, was a natural leader and not a little tyrannical. He had no compunction about excommunicating anyone who didn't toe his line. Engels was far more affable. He was also more given to the comforts and pleasures of bourgeois life. He loved fine wine, women, pubs, horse riding, rifle-shooting, was an expert fencer — a sports enthusiast and bon vivant with means. He was also a bohemian, taking a mistress from the working class and ultimately marrying her. Engels was less doctrinaire than Marx and more open to the varieties of ways in which socialism might be realized, including the co-operative communities of Robert Owen. Bernstein was an outgoing, candid, genial man who was averse to violence, whether between nations or between

classes, and strove to seek common cause with opponents. Photographs of him reveal a slight, bespectacled, studious-looking man.

Bernstein was a careful observer of the growth of the co-operative movement, both in England and the Continent, and provided a perceptive analysis of the movement's dynamics and its prospects. Unlike the usual belittling treatment of co-operative societies in Marxist literature, Bernstein's analysis was far more objective. He saw in the co-operative movement a means of not only rendering real benefits to workers through the retail of affordable goods by co-operative stores, but more importantly, serving as a means whereby working people might participate in a form of socialism that was amenable to existing values and ideas. This was precisely what other socialists had criticized—the "bourgeois nature" of the movement. Co-operatives had salaried officials, their employees worked for wages, profits were made and dividends were paid out—the conventional trappings of bourgeois enterprises. But it was precisely this quality that made co-operatives accessible. Bernstein recognized that to expect the average working person to suddenly jump into an association that was radically different in its precepts and ways of operating than what he was accustomed to was in itself utopian.

Bernstein was equally perceptive on the failure of the co-operative societies to invest in new production facilities capable of extending the co-operative commonwealth into the wider economy. Unlike other commentators, he shows that lack of capital is not the issue. The British co-operatives were in possession of 24,000,000 pounds—a phenomenal growth in a little over 50 years from the time 28 pounds was invested to create the Rochdale store. This did not take into account the very substantial sums owned by the various friendly societies, mutual associations, building societies, and trade unions. The problem lay elsewhere:

... financial means alone will not solve the problem of co-operative work. It needs... its own organization and its own leaders, and neither are improvised. Both must be sought for and tried, and it is, therefore, more than doubtful whether a point of time in which all feelings are heated and all passions excited, as in a revolution, can be in any way conducive to the solution of this problem which has already proved to be so difficult in ordinary times. In human judgment the contrary must be the case.²⁴

The task of transforming the co-operative movement from one of merely local or sectoral influence to a force for broad economic transformation raised a problem of competent leadership, trained management, superior organizational capacity and, above all, an autonomous co-operative culture capable of inspiring leaders to lead and followers to follow. Hard enough in times of peace, such a work is unthinkable in times of revolutionary turmoil. It is a process that takes time and painstaking work. As Bernstein remarked, "Co-operative associations capable of living do not allow themselves to be produced by magic or to be set up by order; they must grow up. But they grow up where the soil is prepared for them."²⁵

Bernstein might have used these very words to warn against the forced establishment of co-operatives by socialist states in the years that followed. The effects were disastrous. Co-operatives depend for their existence on the willing and informed collaboration of their members for purposes of mutual benefit. Enforced co-operation is not just a contradiction in terms. It reveals either contempt for, or incomprehension of, the nature of freedom and reciprocity in democratic associations. In either case, the result is the destruction of the co-operative form and the collapse of the enterprise once state patronage comes to an end, as it always does.

Bernstein stood at the transition point between the end of one stage of the co-operative movement and the start of another. He was witnessing the first flowering of the co-operative ideal as a practical possibility.

Stages of Co-operation

The co-operative model, and the movement more generally, has always been in a state of evolution, adapting and transforming according to the conditions and contexts in which it finds itself. In its first stage, lasting from 1817–1840, co-operation was at the heart of a visionary social impulse.²⁶ Philosophers and activists struggled to develop the co-operative ideal of the good society and to put this ideal into practice. It was a period when many were persuaded that co-operation was the gateway to a new millennium, a kind of paradise on earth. To this end, hundreds of co-operative communities were established in a grand social experiment spanning countries and continents to discover a model for a just and humane society. Robert Owen was one of these pioneers and his own efforts to create a functioning co-operative community became the model

for others that followed in the United Kingdom, France and other parts of Europe, and the United States. Most of these efforts failed.

The second stage of the movement was marked by a shift from the ideal to the pragmatic and by the successful application of the co-operative idea directly to the market by groups like the Rochdale Society of Pioneers. This was in the period between 1844 and the turn of the century. It was at this time that large segments of England's working and artisan classes felt the impacts of the international commercial systems that were to form the first wave of a globalization process that has today become the dominant reality of world markets. Then, just as today, capital sought the cheapest means of producing goods through automation and by locating production in low cost areas, close to cheap labor and resources. The effect of this process on the textile industry in England was profound and the displacement of skilled weavers by machine production was the spark that ignited the start of the consumer co-op movement at Rochdale. Prior to World War I the Raiffeissen movement in Germany also took root, creating the co-operative credit societies that became a model for credit unions that spread around the globe.

The third stage of the movement was the period from World War I to the 1960s when the co-op model took root in countries the world over and expanded to fuel the creation of thousands of co-operatives in every sector of national economies. In the Netherlands and Scandinavia large sections of agriculture were transformed through co-operative forms of production that to this day maintain a major share of agricultural production. In France industrial worker co-operatives finally established a bridgehead in manufacturing and a sizeable consumer co-op movement also arose. In Italy the co-operative movement developed a unique capacity to bridge sectors and to transform the manner in which the mainstream capitalist economy functioned across entire regions of the country. It was at this time too that the credit unions, consumer co-ops and agricultural marketing co-operatives took root in the United States, English Canada and Quebec.

In most countries, the consumer co-op remained the most influential form of the model, followed by agricultural co-ops, credit unions and worker co-ops. As the co-operative movements grew, however, and the co-op form became more and more adapted to the market realities of specific industries, the original vision of a co-operative community and the creation of a co-operative commonwealth became marginalized by

the main currents of co-operative development. Co-op success in practical terms seemed to come with the sacrifice of the unifying and comprehensive vision of co-operation as a medium for a just economy on a societal scale. In many places, co-operative culture and practice reflected more and more the conventional attitudes and practices of firms in the industries where co-operatives operated. Instead of challenging and changing mainstream practice, many co-ops ended up borrowing from it. The regeneration of co-operative culture inside these organizations was stifled by the termination of co-op education programs, a mainstay of co-operative principles. In many industrialized nations, the co-operative movement entered a phase of conservatism.

Thousands of co-operatives were also created in countries like the Ukraine, Poland and Hungary before state socialism extinguished their autonomy and usurped the co-op model for state purposes. With the rise of centralized socialism in the USSR, Eastern Europe, Asia and parts of Africa, co-operatives became the instrument of choice to implement state policies for production and economic development. Voluntary co-operation was replaced by mandated co-operation. And so it came about that centralized socialism became far more damaging to the integrity of the co-op idea and the realization of its potential than capitalism itself. To this day co-operatives in many of these countries signify little more in the minds of the populace than instruments of state coercion. It is a tragedy of economic and human misuse whose negative effects are still being felt.

During the 1960s and after, the dominance of the consumer co-operatives was challenged by the ascendance of new co-op forms such as producer co-ops, and the vision of a new world order of a co-operative commonwealth gradually receded. In Canada a new openness to social intervention on the part of the state resulted in the creation of a co-op housing movement through skillful and determined lobbying on the part of Canadian co-ops and their allies in the labor and social justice movements. The co-operative movement experienced a new wave of growth as popular attitudes in the West become more open to alternative ways of viewing and being in the world. The rise of the New Left rejected orthodox socialist ideas and pushed for the creation of more democratic and inclusive alternatives in politics, economics, culture and social life. National co-operative movements became more diverse. In Canada and the US co-ops sprung up like mushrooms to open the way to whole new

industries in health food, organics and housing, and the original ideal of the co-operative community was recast in the form of communes, co-operative farms and the rise of the environmental movement. It was an era of experimentation and new divides opened up within the traditional co-operative movement that were both generational and attitudinal. At an institutional level, the lack of attention to new and emerging forms of the co-operative model slowed the development of co-operative theory and its relevance to changing times.

Beginning in the eighties a new stage emerged for the co-operative movement. It builds on the visionary roots of its founders, while moving beyond the industrial and retail models that had conditioned the growth of co-operatives as an alternative for the organization of enterprises. In the West, with the retreat of many governments from the support of public services that followed in the cost-cutting and privatization decades of the eighties and nineties, co-operatives arose to fill the gaps in human and social services. The provision of social care emerged as one of the fastest growing areas for new co-op development all across industrialized societies.

But the most significant feature of the current stage of the co-op movement's evolution is the rediscovery and reinvention of co-operatives in developing countries, often as a direct response to the destabilizing effects of globalization. Today, the co-operative vision is contending at a global level with factors that in many ways mirror the conditions of the early co-operatives of newly industrialized England. Like then, a single worldview in the form of the free market doctrine has come to dominate both the theory and practice of economics and public policy. Like then, individuals, communities and entire nations are subjected to the narrow interests of tiny elites with catastrophic consequences to individual lives, the environment and the well-being of societies. And like then, the effects of globalization are forcing communities and nations to seek alternatives that can make the market work for the many, not just the few. With the global economy in crisis and the old financial order in disarray, with the free market idea in disrepute and with the corruption bred by the absence of democratic institutions in the political and the economic arenas, viable alternatives to the free market myth have never been more urgently needed than now.