

**EVOLUTION AND STATUS OF COOPERATION AS AN ALTERNATIVE HUMAN,
SOCIAL AND ECONOMIC ORGANIZATION**

By

Vincent John Nii Ofei Dodoo

B. A. Political Science with Modern History (Ghana)

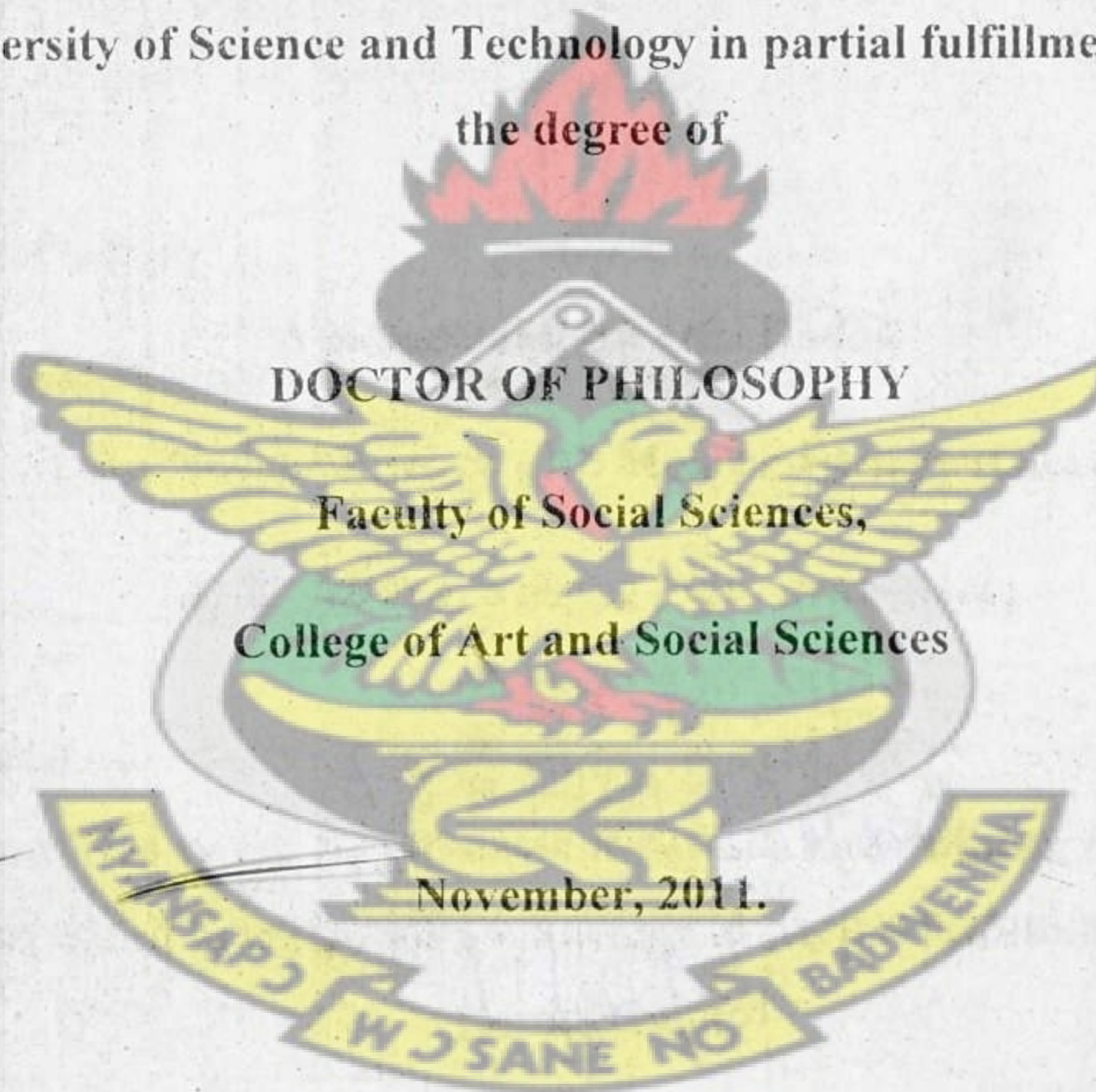
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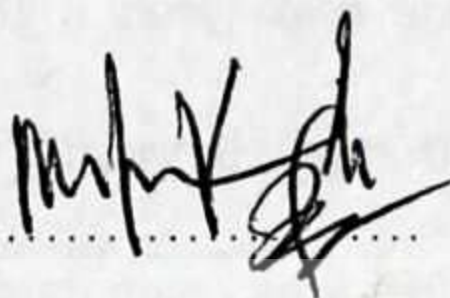
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Certification

I hereby declare that this submission is my own work towards the PhD and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

Vincent John Nii Ofei Dodoo



1st July, 2013

Signature

Date

Certified by:

Dr. Wilhelmina J. Donkoh



12th July, 2013

Representative of Examination Panel

Signature

Date

Certified by:

Dr. Kofi Osei Akuoko



12th July, 2013

Dean, Faculty of Social Sciences

Signature

Date

Summary of Thesis

The principal objective of Karl Marx in his studies was to speed up the process of the disintegration of the Capitalist State. To do this, he needed to understand the capitalist system itself and how it operated. In his search for answers he found out that the capitalist state actually emerged from the ashes of the feudal state and he projected that the demise of capitalism would witness the appearance of a new state apparatus which he called the Socialist/Communist State. Feudalism itself emerged from the ashes of a previous state apparatus given the name of Slave Society which also came from the previous state apparatus called State of Plunder, the successor state apparatus to the Primitive Communist State.

Having demonstrated conclusively these dialectical developments, it was not difficult to contend that capitalism would not be the last state formation but that it would also give way to a final state formation called the Communist State.

Karl Marx's efforts so far have not succeeded in bringing about the collapse of the capitalist state. However, the Great Depression of 1929-1940 and the meltdown of the Western economies in 2008 support the contention that capitalism is not inherently permanent. Again, the collapse of the Soviet Union in the 1990s also demonstrate clearly that those peculiar features of the world economy and society which require to be present for the transition to the harmonious society are not quite in place and the thesis advanced in this study is that there is one more state formation which will precede the appearance of the harmonious or communist state. This is the Cooperative State.

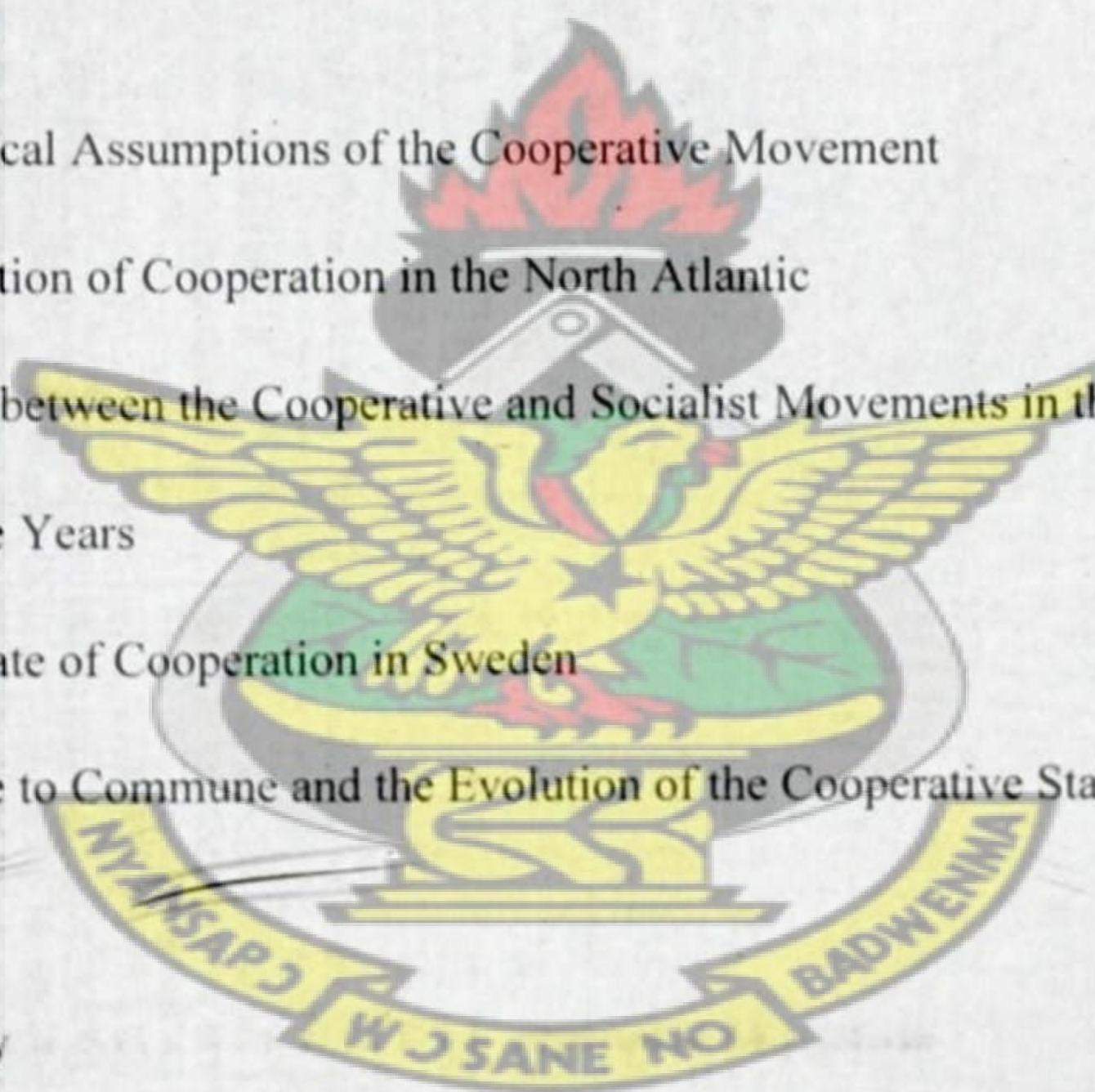
Synopsis of each state apparatus

1. The Primitive Communist State is supposed to be the original ordered society where people lived in common and shared everything in common. There was no hierarchical social class structures or capital accumulation (Engels, 1985; World Socialist Movement, 2006).
2. The State of Plunder emerged directly from the primitive communist state as a result of a certain tendency in the nature of man himself. He can be selfish and can misuse natural attributes to feed this selfish tendency. Not surprisingly, the strong societies would attack the weak ones and leave with the booty.
3. Slave Society was a logical outcome of the state of plunder since, over time, the beneficiaries of plunder decided to capture the male victims to work for them and also the women to satisfy male needs.
4. Feudal Society was a glorified and a more advanced organization of slave society where serfs and vassals now replaced slave labour (World Socialist Movement, 2006).
5. The philosophers of the 18th century challenged the foundations of feudal society and introduced the age of enlightenment which eventually saw the demise of feudal society by insisting that man should make use of his sense of reason to discover those existing natural laws which would guarantee human society progress. The result of their efforts was the emergence of Mercantilism which finally resulted in the appearance of the Capitalist State apparatus. (6)

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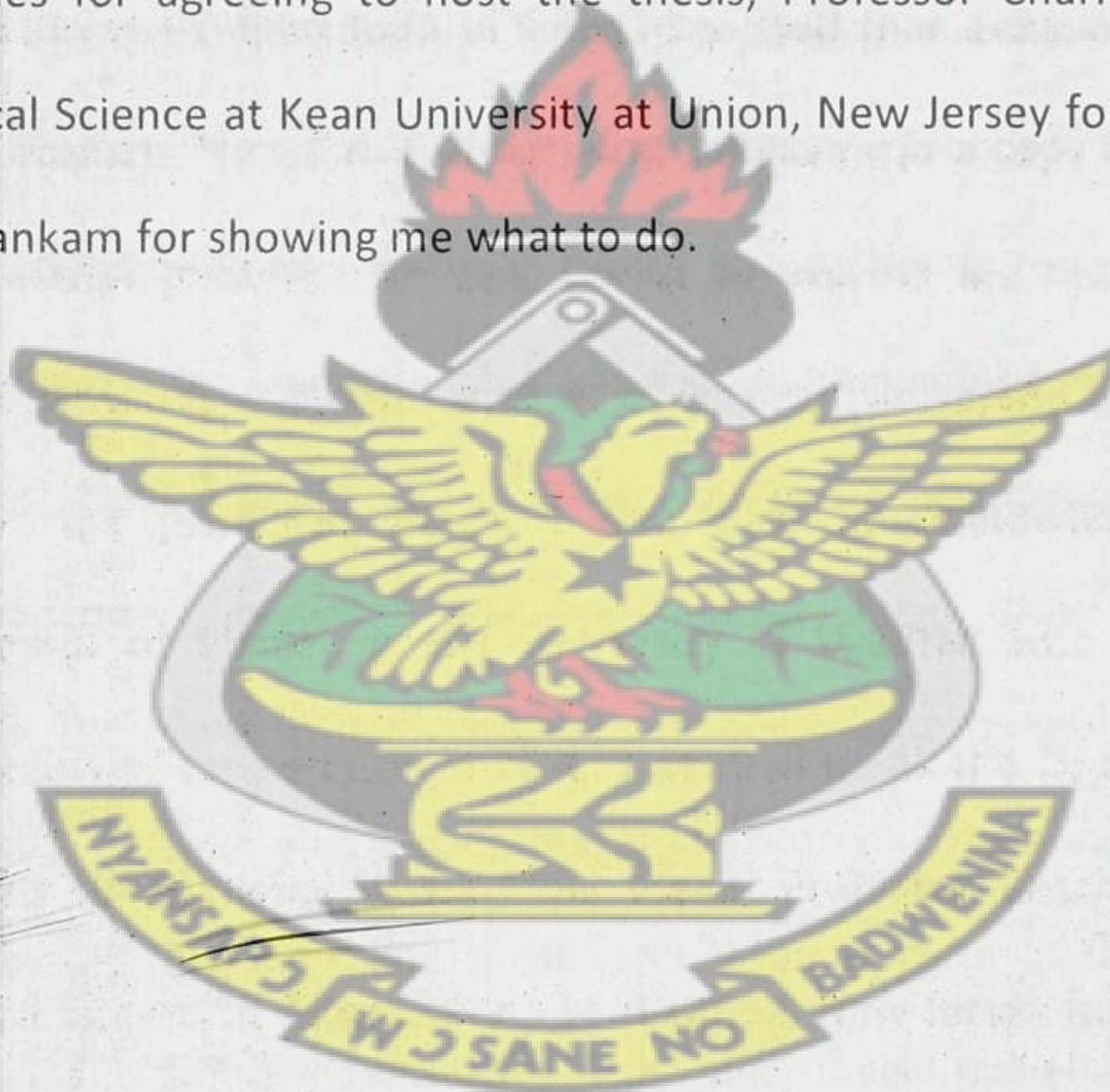
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In August, 2008 I submitted two articles to the International Journal for Humanities and Social Sciences (IJHSS) for consideration for publication through WASET (World Academy of Science, Engineering and Technology). This was on the advice of Dr. Hasan H. Aksoy, Guest Editor on Education for the two journals, IJHSS and IJSS (International Journal of Social Sciences). The two articles are:

1. Commune to Commune and the Evolution of the Cooperative State, and
2. The Tradition of Cooperation in the North Atlantic.

In September, 2008 I was notified by the WASET Secretariat that my papers had been peer-reviewed and accepted for publication but that I needed to present those papers at the WCSET (World Congress on Science, Engineering and Technology), in December, 2008 in Bangkok, Thailand. It was not possible for me to go to Bangkok, therefore, I asked to do the oral presentation in Paris in June, 2009. This was agreed to and in 2010 a third paper, Philosophical Assumptions of the Cooperative Movement, was processed for presentation in Paris in October, 2010. After this the WASET Secretariat in Paris invited me to send a full researched paper for oral presentation in Bangkok in March, 2011. I complied and sent the paper on "The Relations between the Cooperative and Socialist Movements in the Formative Years". After the acceptance of the fourth paper for oral presentation and subsequent publication, a colleague in the Department of Electrical and Electronic Engineering Department suggested that I could put my publications together for the PhD.

Another colleague from the Department of Physiology confirmed that this was possible since a colleague from the Department of Chemistry used that avenue. I approached the Dean of Graduate Studies. Prof. C.K. Kankam, and he gave me a copy of the Regulations. Section 2 (b) (iii) makes provision for this. I wish to express my sincerest gratitude to Professor D.E.K. Amenumey, senior Professor of History (University of Cape Coast) who agreed to look at the proposed thesis. I also wish to acknowledge Professor Ian Macpherson, Professor of History at the University of Victoria, who introduced me to research on the subject of cooperation in 1986. I want to thank the Department of History and Political Studies for agreeing to host the thesis, Professor Charles Adom Boateng, Professor of Political Science at Kean University at Union, New Jersey for serving as second reader and Prof. Kankam for showing me what to do.



GENERAL INTRODUCTION

The objective of this study is to identify the strengths of cooperation with the view to justifying the need for a new theory to elevate cooperation to a higher status and install it in its proper place in the growth and development of human institutional structures. The theory comprehends cooperation as one of the three major human, social and economic organizations in the modern era, the other two being the capitalist and the socialist approaches. These last two have comprehensive theories which explain what each is about. There is no comparable theory for cooperation. Secondly, while socialist theory explains itself in terms of capitalism and the latter's theory seeks perpetually to disprove the validity of socialist claims, the proposed theory explains the emergence of cooperation as a dominant social and economic force in terms of both. Preceding the theory are chapters (2, 3 and 4) which undertake regional case studies involving three selected areas with a view to preparing the ground for the general theory on cooperative evolution and development. First, there is an attempt to determine what the North Atlantic tradition of cooperation is and the true place of Rochdale in this. Second, cooperation and socialism have been closely related right from the beginning and their fate in the non-Western parts of the former Eastern Europe is pursued to define the character of the other model that cooperation assumed. Third, the Scandinavian region offers a third possible option and, therefore, the climate of cooperation in Sweden is discussed with the view to identifying some of the features which explain the maturity of cooperatives in this country which makes it approach the ideal desired. The introduction to the work is the chapter on philosophical assumptions of the cooperative movement. This chapter discusses the basic ideals of cooperation, namely, that cooperation has always sought to be a complete social, political and

economic system with an objective to reach the ultimate society. The chapter was conceived as an independent and separate paper and for that reason it will be noted that some material found in here is repeated in Chapter 2. The explanation is that both chapters have been published in their present form and that is why they appear in this thesis in the same format with the exception of minor changes such as the last sentence of the conclusion of Chapter 1 which is an addition to assist that chapter to smoothly dovetail into the second chapter. Finally, the dominant current state apparatus in the world is that of the capitalist state but this was not the first state apparatus which developed and there is no indication that it will be the last. The thesis advanced in this final chapter is that the cooperative state is the potential next state apparatus after the capitalist state. Karl Marx's studies revealed to him that the capitalist state would be replaced by the socialist state and he worked hard to speed up the process of change. It appears, however, that the socialist state will not immediately follow the disintegration of the capitalist state. The thesis is that the cooperative state will precede the socialist state and will be the transition period from capitalism to socialism. In the cooperative state, the basic instincts of man, namely, the competitive and the cooperative will be utilized to the maximum in the organization of structures of production and reproduction of material life. It is also demonstrated that it is in this cooperative state that the two contradictions will be resolved. But the resolution of this would also mean the dissolution of the cooperative state which would then pave the way for the emergence of the first harmonious socialist state.

CHAPTER 1

PHILOSOPHICAL ASSUMPTIONS OF THE COOPERATIVE MOVEMENT

Abstract:

A basic ideal of cooperation is the organization of self-help for a higher goal, that is, pooling together resources of disadvantaged groups for a better opportunity for all participating parties. Cooperation has always sought to be a complete social, political and economic system with a tradition based on the millennial aspirations of people who seek for a better order than what they have had to live under in their quest to reach the ultimate society. Three attributes are required of this ultimate society. These are the social-spiritual element, business sense and capital. The American communes had in abundance the social-spiritual element but lacked business sense and capital. The capitalist organization came along to accumulate these two attributes in abundance but lacked the social-spiritual element. The role expected of the modern cooperative movement is to assemble all three elements for the benefit of man.

Introduction:

The cooperative movement has grown from modest beginnings into a world phenomenon and will be found in both capitalist and socialist societies. Cooperatives were used by the First and Second worlds and are now increasingly being used by the Third world countries (the International Cooperative Alliance, ICA, currently has 230 member organizations from 89 countries involving 800 million people across the world). One question we must ask is whether cooperatives are the same all over the world or whether they mean different things to different peoples? Put another way,

would it make sense to speak of a capitalist cooperative or a socialist cooperative? Is the concept monolithic and as such beyond all ideologies?

The pursuit of answers to these questions will unravel the philosophical assumptions of the cooperative movement. There are many ways of doing this. One would be to find the origins of the Movement. A second would be to study the types in the different ideological climates. A preliminary guiding principle for the study should be that the presence of similarities in structures or traits must not be taken as a sign of the existence of a monolithic phenomenon. In the discussion and analysis which will follow, illustrations will be taken freely from developed countries around the world which make use of cooperative organizations. These would include Britain, Germany, Denmark, the United States of America, the former Soviet Union, Canada and Spain.¹

The Beginnings of Cooperation

A distinction is made between cooperation and the modern Cooperative Movement. The history of the latter is traced to the Rochdale Pioneers of 1844. These Pioneers appeared in Europe during a period which saw such polarized conditions in European society that it was christened the "Hungry Forties" According to G. D. H. Cole, the decade deserved the name not only because of the devastating famines which swept over Ireland when potato harvests failed but also because of the mass sufferings experienced by the working classes of Britain (Cole, 1944:1). However, the famine caused by the poor potato harvests was not limited to Britain alone. During the period, there were poor harvests in Flanders, in Netherlands and in Germany. Generally, this agricultural problem was only part of the economic factors which formed the basis of the 1848 revolutions, a series of revolutions which came about ultimately as a result of

the fundamental alterations in property relations within European society, a change which was spear-headed by the Industrial Revolution. The Industrial Revolution was simply the mechanization of production. This not only made possible vastly increased expansions in production, it also created room for the employment of more people in production. Thus, one of the prerequisites of the Industrial Revolution was efficiency in agricultural production which, in itself, meant mechanised agriculture. Mechanised agriculture freed labour for the factories and such labour began to congregate at the factory towns. Since the new "revolutionaries" were themselves adventurers, they were only prepared to maximise advantages for their projects and not all the factors of production. The main loser was labour and, when life became more difficult they had to organize to help themselves. One refuge they sought was the cooperative society.

The Industrial Revolution began in earnest in Britain because most of the conditions required existed here. This revolution, however, was merely the beginning of the capitalist system which clearly asserted itself between the years 1848 and 1875 (Hobsbawm, 1975). The horrors of capitalism began early and the Rochdale Pioneers' action was a response to the ills of this system. These ills, according to Cole '...still arouse bitter indignation when one looks back upon them from the vantage point of today. One sees a hard generation of employers grinding the faces of the poor and even making a merit of doing so...' (Cole, 1944:1).

Rochdale was born after the failure of a weaver's strike in 1844. By subscribing a few pence a week, the twenty-eight Pioneers eventually collected 28 pounds with which they rented a small store in Toad Lane, Rochdale. More importantly, the Pioneers formulated the seven principles which have become the

guiding principles for all cooperatives operating under the umbrella of the International Cooperative Alliance (ICA). These are open membership, democratic control, political and religious neutrality, promotion of cooperative education, distribution of surplus, limited interest (return) on capital and cash trading (Dreyfuss, 1973: 9-13). Ian Macpherson (1996) and CUNA (Credit Union National Association of the US) have updated versions of these principles which bring onboard, cooperation among cooperatives and concern for community. The former promotes cooperatives working together through local, regional, national and international structures. The latter re-emphasises the focus of cooperation which is about the individual and the community (CUNA, 2009).

The Cooperative Movement initiated by the Rochdale Pioneers was a consumer cooperative. However, as it turned out, it was not only the consumers who had a problem in the developing phase of capitalism. Some of the capitalist pioneers were also at the mercy of the newly developing system. The competition at this stage was naked and raw and those capitalists who could not survive were "scorched by the heat of competition" shedding away in the process "a large portion of their humanity" (Cole, 1944: 3). The numerous failures and bankruptcies forced such unsuccessful capitalist aspirants back into the ranks of the working class. Thus some of those failures soon realized that they needed the cooperative society as much as the workers and, despite the initial policy of co-operators like E. V. Neale to restrict the Movement to consumers, soon production became part of the objectives of cooperation, thereby transforming the cooperative sector into a self-contained entity (Backstrom, 1974).

This last point is important for understanding the total philosophical assumptions of the cooperative movement. It has always sought to be a complete system. Organizations which may appear to have the structure of a cooperative society but which do not have this end in view cannot truly belong to the cooperative tradition. When the matter is put this way, it becomes clear that, while the Rochdale Pioneers may be the forefathers of the modern cooperatives, they nevertheless belong to a tradition which is very old and which is based on the millennial aspirations of people who seek a better order than what they have had to live under. We are told by Cole that the Rochdale Pioneers initially set out '.... to create, not a mere shop for mutual trading but a cooperative utopia.. [where]... the members could live together on their own land, work together in their own factories and workshops and escape from the ills of competitive industrialism...' (Cole, 1944: 13).

This ideal had been pursued in Britain as early as the eighteenth century by government workers at the dockyards of Woolwich and Chatham who in 1760 founded corn mills on a cooperative basis as a check against high prices charged by the corn-millers who held the local monopoly. Thus for Cole, cooperation in Britain did not begin with weavers in 1844 but with flour milling and baking in 1760 (Cole, 1944: 13-14).

Secondly, the cooperative ideal was preached in Britain a whole decade before Rochdale by Robert Owen who is regarded as the father of Cooperation. Himself an entrepreneur from Manchester, Owen was a rebel against the prevailing notion that the workers of the era were entirely to blame for their moral shortcomings. On the contrary, he believed that character was shaped by the environment and that the evils

which moralists found in the poor were due to the degrading conditions under which they had to work. Thus he argued that a precondition for the good behaviour of the workers must be a complete overhaul of the environment in which they lived and worked. He also believed that education was the appropriate tool for redressing these shortcomings in society. In pursuance of this objective in 1816, he opened "The Institution for the Formation of Character" at New Lanark. This Lanark project, however, is not regarded as a true cooperative of industrial democracy but rather a benevolent autocracy. Owen, nevertheless, succeeded in demonstrating that it was still possible to make profit in an industrial enterprise without necessarily having to grind down the workers with low wages, long working hours and poor working conditions (Cole, 1944: 17-18). After failing to get Parliament to enact legislation to introduce reforms in the factories, Owen abandoned Britain for the virgin lands of America to put his ideas into practice. The end result of this trip was the establishment of the New Harmony Commune in the United States.

The Harmonious Communes of America

Owen's cooperative project in the Americas extends the discussion to other harmonious communes which sprang up in the United States (Albertson, 1973).² These communes were not all inspired by economic reasons. In fact most of them were motivated by religious reasons for just as Robert Owen left England in order to find a virgin land to practise his economic beliefs, other peoples from Europe left earlier in the face of religious intolerance to practise their views of "heaven of earth" in the New World. One such group, Amana (or the Society of True Inspiration) of New York, was first organized in Germany in 1714. This society which moved to New York in 1843

was made up of protesters within Protestantism, reformers reforming the Reformation and other idealistic groups. The Amana society maintained the family but ate in common. There was allowance for clothing but medical care and education were completely free. Despite initial progress, the commune could not last very long and soon a joint-stock company was registered to look after the economic needs of the community. Private property came to be encouraged but the Company was allowed to own all the larger industries. According to Albertson, despite these revisions, the Society had to switch over after two centuries to "cooperative capitalism" (Albertson, 1973: 384-387).

Another American commune was the Oneida Community. This Community detested all physical attractions such as love of utilities, economics and luxuries as the motive-power of Association. They believed in religion and the reconciliation of the sexes and expected that industrial reform and physical improvements would follow (Oneida Association, 1973: 7-8). The Oneida Community seriously regarded itself not as communistic but rather as a community with God for the security of individual rights (the family of God). They disputed the theory of terra nullius (that is, that all lands and goods of nature prior to their possession by man belonged to nobody) and contended rather that the original title belonged to God. Their explanation of the hyper-acquisitive instinct in man, which they called "grab-game" was that the original title holder had been ignored (article 2, Theory of Rights, Albertson, 1973). Like Amana, the Oneida Community came to an end after a while.

After a survey of these American mutualistic communities, Ralph Albertson came to the conclusion that poverty was not the prime motivation which drove these

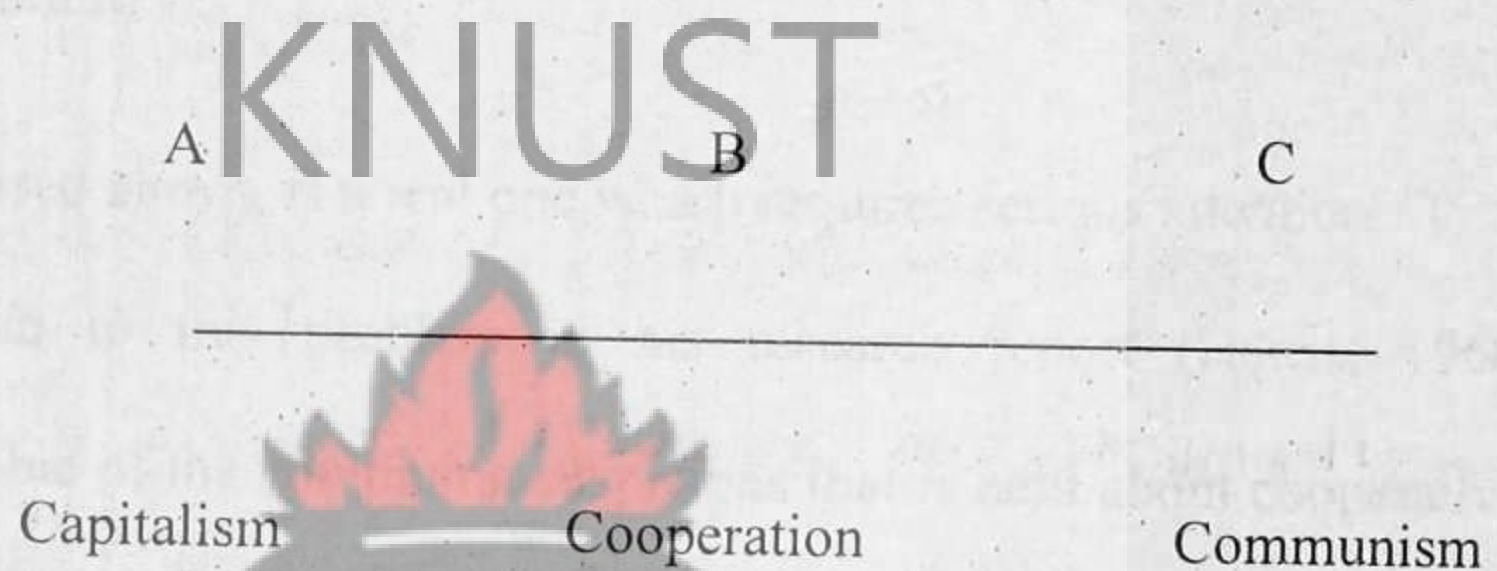
people towards communism and cooperation. He noticed that the social-spiritual element was quite compelling for people so desirous of attaining a perfect community. Thus all the communes had this social-spiritual element but lacked a business sense and also lacked capital. Capitalist organizations have come to accumulate these latter attributes – strong business sense and abundance of capital – while completely deficient in the social-spiritual element (Dreyfuss, 1973: 5-6). Any meaningful organization of society would have to assemble these three elements in sufficient quantities. Perhaps, this is the role expected of the modern Cooperative Movement. According to Ralph Albertson, non-availability of capital seems to have been the major factor which destroyed the communes. If they had access to more funds, perhaps some of the colonies would be in existence today. There is one last point which Albertson makes about the communes which is worth noting. According to him some of the communes had inhabitants who were not used to working on the land. In this connection, it is important to draw attention to some of the explanations of the Mondragon Cooperative in Spain. It is pointed out that the people in the Basque region of Spain, where the experiment was undertaken, were already used to working on the land and leading rough lives (Bradley and Gelb, 1983).

A general lesson we learn from the American communes is that in trying to escape from the excesses of capitalist competition, these mutualistic groups turned to cooperation. However, after attempting unsuccessfully to reach the ultimate society, they returned to adopt basic forms of economic organization which give more freedom to the individual. It has already been suggested above that, perhaps, the middle ground between the excessively capitalist individualism and the perfectionist community where everything would be held in common is cooperation.

Cooperation as Middle Ground between Capitalism and Communism

It is easy to say that the cooperative organization is the middle ground between capitalism and communism. But in practical terms what does this mean or imply? Suppose we take the world to be a linear continuum with capitalism on the left and communism on the extreme right, would the suggestion then be that

Linear continuum



cooperation which is centre B would be the appropriate recommendation for any society? Secondly, do we have a clear description of this optimum? Could the ICA position be classified as this optimum? Some writers have criticized the ICA position (Harris, 1968: 22). Indeed, it is safer to say that there is not one type of cooperation but different types of cooperation depending on the flavour – capitalist skewed or communist skewed. Thus in any bid to make any recommendation, the first task of the recommending institution should be to understand where to locate both the cooperative type and the host nation on the linear continuum. If this is not done the cooperative organization would continue to be weakened rather than strengthened.

Despite the hypothesis developed above, the world cannot be regarded as a linear continuum with all societies neatly ordered one after the other in the journey to utopia. It is necessary, therefore, that before recommendations are made, the host

societies are categorized to determine levels of industrialization, levels of westernization and the degree of traditional innocence which normally involves a measure of cooperative activity. Secondly, the cooperative type must also be clearly defined: is it communist skewed or capitalist skewed? Does it emphasize agriculture or is it principally concerned with industrialization? Does the type use the paternalist approach and, where it does not, does the democratic pattern agree with the patterns prevailing in the host nation?

The problem raised above, is a real one which requires serious attention. T. D. Harris makes reference to this problem in his research report (Harris, 1968). According to him: '...One of the continuing suspicions that is held about cooperatives is whether it is really compatible with a free market system or whether it is basically a methodology that aims at the transformation of society into something quite different ...'

The above quotation, together with the discussion before it, suggests that the cooperative organization may mean different things to different people and supports the argument that there is more than one cooperative type. Secondly, if cooperative models are going to be purely capitalist models or communist models and applied indiscriminately, then the failure of experiments carried out in the Third world countries should continue to be expected (Enriquez, 1986).³

Different Types of Cooperative Organizations

During the developmental stages of cooperation, the Cooperative Movement of Britain was based principally on the industrial workers⁴ and the Rochdale Pioneers had to channel their energies into the store movement. However, when it came to

extending the cooperative movement to Ireland, Horace Plunkett and his friends realized that the Irish peasantry and farmers did not require provision stores but rather help in marketing their produce, in improving their standards of cultivation, in buying farm requisites at fair prices and in getting credit to tie them over the period of production and sale. Accordingly, in planning for Irish Cooperation, Plunkett turned to Germany and Denmark⁵ rather than to Rochdale.

The intention of the questions I have raised and sought to answer above is also the subject of a paper written by Hans Munkner where he preoccupies himself with definitions⁶ of the cooperative movement (Munkner, 1979). In this paper, Munkner discusses some of the reasons why workers' productive cooperative societies could not develop successfully in the Federal Republic of Germany. He takes as his point of departure an attempt to distinguish Worker's Productive Cooperatives from both Labour Contracting Societies and Service Cooperatives. This step was necessary because of the confusion over definition of cooperative societies formed by workers with the aim of becoming independent of employers. Munkner demonstrates that the ICA is responsible for this confusion. He quotes an ICA document which basically bundles together industrial cooperatives, workers' productive cooperatives, service cooperatives and artisanal cooperatives into one bag which it calls "work cooperatives" (ICA, 1978). He points out that such an indiscriminate attitude makes it impossible to analyse in some detail the specific problems of the various forms of cooperatives and the conditions of success or failure of such cooperatives.

The Workers' Productive Cooperative is distinguished from the Service Cooperative in that in the former, production of goods and services is the main purpose

of joint activity with an additional objective of marketing the goods and services with the maximum of profit just like a commercial enterprise. Service Cooperatives, such as a consumer cooperative, on the other hand, may have their own production units like a bakery; but as a rule such production units do not come under the category of workers productive cooperatives because the owner of such units is the cooperative society. The workers in such units are employed by the cooperative society and the goods produced are used by the cooperative society to serve its members at cost price. In short, in the Service Cooperatives, production of goods is a means to an end while in the Worker's Productive Cooperatives, production is an end in itself (Munkner, 1979: 174).

Labour Contracting Cooperatives are distinguished from Worker's Productive Cooperative in that, while the latter has the object of eliminating the employer and becoming an entrepreneur, the former is based on the system of hired labour and as such presupposes the existence of an employer to take on the burdens of production. From these distinctions, Munkner draws some conclusions. The first is that the Worker's Productive Cooperative is a special type of organization which differs in its objectives, its structure and the position of its members in relation to the cooperative enterprise from the ordinary service cooperative. Secondly, he places Labour Contracting Cooperatives in between the Service Cooperatives and Worker Cooperatives and suggests that it is more of a service cooperative even though it shares some of the problems of the Worker Productive Cooperative (Munkner, 1979: 175). On the linear continuum, Worker's Productive Cooperatives and Labour Contracting Cooperatives should go to the left side of centre B while the Service Cooperative, which is the only closed-unit type, should go to the right side of centre B.

Munkner concludes his article by quoting statistics to support the failure rate of the Workers Productive Cooperative in the Federal Republic of Germany. In 1956, there were 30 such organizations affiliated to the German Cooperative Federation. By 1979, the number had dwindled to 12, with one in liquidation (Munkner, 1979: 182-183). Part of the explanation for this high failure rate is that the Worker's Productive Cooperative is a false capitalist company and, while it may contribute to keeping prices down while it lasts, ultimately it fails to withstand the strains of competition in an environment which heavily favours capitalist operations.

The cooperatives which operated in the USSR were, without question, service cooperatives. The Cooperative Movement here was a major mass-economic organization which was consumer oriented (Krasheninikov, 1980: 117-131). The Central Union of Consumer Societies of the USSR (Centrosoyuz) was the highest Cooperative body made up of district, regional, territorial and republican unions (known also as consumer unions). It is said that the guiding principle of the Centrosoyuz was democratic centralism. What this means is that election of all cooperative bodies of management and control was from bottom to top with a corresponding obligatory acceptance of decisions of higher bodies by the lower ones. According to Krashenninnikov,⁷ who was a member of the Board of the Centrosoyuz, all activities of the consumer cooperatives and their unions were done on the basis of developing in the members a strong sense of independence and initiative as well as socialist enterprise and ultimately attracting the public to function in cooperation and in cooperatives. As a result, the consumer cooperatives of the USSR provided trade services for nearly one half of the population and consumer goods at stable prices.

In terms of cooperative industry, bread-baking was the largest in the consumer cooperative accounting for one third of all bread and baked goods in that country. Funds for the consumer cooperatives in the USSR were formed from profits, entrance fees and membership dues. These were divided into two categories: General Economic Funds and Special Funds. The former were fixed assets and share payments intended for financing economic activities. The latter were used for specific measures such as capital investments, social and communal services, material incentives and other purposes (Krasheninikov, 1980: 126-129). Krasheninikov explains that the existence of different funds was because of the multi-branch activities of the Consumer Cooperative and the specific use of the means. The Soviets maintained that specific financing facilitated the management of resources and correct accounting.

In Denmark, there is a strong linkage between the labour organization and the cooperative societies. It is said that in the late 19th century when Danish workers in industry were fighting for security and the improvement in their standards of living, cooperatives were then unknown as both a price regulatory factor as well as a lever in the struggle for shared responsibility and better working conditions. The Danish Workers discovered this opportunity in 1907 at a meeting in Oslo of the Nordic Labour Movement. It was, therefore, this Congress which virtually determined the nature of the Danish Cooperative Movement (Stettner, 1979: 92). This Congress stated that the cooperative movement '...should be considered as an instrument in the workers class struggle and that cooperative enterprises, along with political and trade union organization created by the working classes, should operate as a means of giving workers insight into management of production and trade and increase their capacity to take over this function (Stettner, 1979: 92).

As a result of this historic move, the Danish Labour Movement ever since, has regarded itself as made up of three elements: the union to organize workers and bargain with the employers on their behalf; the Social Democratic Party to exert political pressure for the realization of conditions favourable to workers of the country and finally the Cooperative Movement with the duty of providing a form of economic organization, alternative to private enterprise, and which would give workers the opportunity to attain their economic objectives (Stettner, 1979: 92). In accordance with this fact, the Danish Labour Union finances practically all the worker cooperatives in the country.

The conclusion which can be made about the Danish Cooperative Movement is that the original goal set for its attainment was one where producers would be the sole beneficiaries of the fruits of their labour. This philosophical assumption identifies with the trend towards the attainment of a mutual society and as such the Danish Cooperative Movement qualifies to be placed to the right of Centre B on the linear continuum.

The Basic Ideals in All Cooperation

At this stage, it will be useful to return to basics and ask what the essence of cooperation is all about. A story is told of two men in a house which was in flames; one was blind and the other was disabled. According to the story-teller the blind man carried the disabled person who directed their escape from the building to safety. By pooling resources together, both men benefited. Thus Cooperation is simply defined as '..... a joint effort directed towards a common goal, where the individuals involved accomplish more than they could on their own ...' (Cheng and Rutkis, 1983:7). This

manual under reference identifies seven important factors which contribute to the success of any type of cooperation. The first of this is "Focus on a higher goal". This ideal which is another and, perhaps, more practical way of seeing mutualism or utopia is elaborated as follows:

'...When dealing with people who have various individual and organizational interests... the welfare of the public should be put forward as the first priority. Once this common goal is established it should be easier for each party to communicate and compromise their individual organisational goals to achieve the common goal...'

In this manual, the authors were only concerned with recreational projects. However, since the recommendations are a practically thought-out plan for establishing the basis of any integrated community, the suggestions are equally applicable to non-recreational projects such as economic cooperation at the local level. For in this area, honesty, trust, commitment, coordination and authority are also required to make the cooperative work. In the following paragraphs, I will concentrate on two of the lessons from the manual, "Self-help and a higher goal".

The Antigonish experiment can be used to illustrate the first. Bertrand Fowler points out in his book how in 1827, a few days before the celebration of the sixtieth anniversary of the Confederation of the Provinces in the Dominion of Canada, a small group of fishermen called on Dr. J. J. Tompkins with the question: why should we celebrate Confederation? What has the Dominion of Canada done for us? This question led to the despatch of a telegram to the seat of Government in Ottawa with the message: what are you going to do about the poverty among the fishermen of Nova Scotia? The end result of the process was the establishment of the extension

department of the St. Francis Xavier University with Dr. M. M. Coady as the Director and Prof. A. B. Macdonald as head of field work (Fowler, 1938). These men turned to the Cooperative Movement for a technique of economic action to save the fisher folk. They borrowed a cooperative banking plan from the United States. Coady and Macdonald had the vision of marketing services for farmers and fishermen, small factories and saw mills to be owned and controlled by the users and a home-industrial complex for the women. Underlying all these, however, was the adult education program. The problem with the Nova Scotian fishermen – and this applied to the farmers and artisans as well – was that in the early 20th century, they were still the victims of finance capital. The fisherman was a share-cropper of the sea, paying almost everything he earned to the merchant, who owned his boat and his gear. The result, we are told, was a soul destroying and horrible poverty. What Tompkins, Coady and Macdonald helped the Nova Scotians to attain was, therefore an economic democracy which placed the '.... common man in the driver's seat with his hand on the throttle of his own destiny' (Fowler, 1938: 14).

Elsewhere in Quebec, the Caisse Populaire, a local pioneer- work in small-scale financial banking by Alphonse Desjardins, succeeded in speeding up cooperative development in the central part of Canada. Thirdly, in the West, beginning with the Cooperative Commonwealth Federation (CCF) political movement, a strong cooperative centre came to be developed for the grain farmers of the prairies. The origin of Cooperation in Canada can thus be summed up: cooperative education from the east, cooperative banking from the centre and political direction from the west. Unfortunately, however, and despite these three analogous developments from the grassroots of Canadian society, A. F. Laidlaw warned of the shift of power base from

the farms to the Boardroom, thus undermining the common man's position behind the driving wheel (Laidlaw, 1977: 11). In view of the strong presence of the Canadian Cooperative Movement in international development, the logical question which must be asked is: if the higher goal of society is the pursuit of the welfare of the common man, how could Canadian models be used in other countries whilst at the same time avoiding the tendency of Boardroom control?

Boardroom Control

Boardroom Control is not a concluded subject because there are some people who still adhere to it while preaching the utopian ends of the Cooperative Movement at the same time. A. E. Dreyfuss must belong to this category because she thinks that the shift of the power base from the production centres, the farms and the fishing grounds, to the Boardroom is a natural thing, which must happen. While appreciating the pioneering role of cooperative organizers in the initial phase of the formation of the cooperative, she argues that they must '... give way to a board of directors once the cooperative has been established for the board of directors represents the membership and their wishes must have impact, otherwise the organisation is not a cooperative...' (Dreyfuss, 1973: 5).

This extract is quoted just to illustrate the confusion which exists in the minds of supposed proponents of a cooperatively controlled world economy as an alternative to capitalism. The reference in the above passage reminds one of the "Iron Law of Oligarchy". The problem is whether it is the Japanese management technique or the soviet cooperative type which she has in mind since the two are completely different organizations but both of which have a paternalist element. Secondly, both satisfy her

list of obstacles which impede the realization of the ideals of cooperation, that is, financial capacity (together with business sense) and social motivation. However, in the case of the USSR, it would appear that the tendency was to get the top hierarchy to implement the wishes of the members (within party direction) and not vice-versa. In the case of Japan, the management technique was not necessarily that used by Japanese cooperatives (Bradley and Gelb, 1983: 6; and Ouchi, 1982). Secondly, there is now the attempt to compare Western Z firms with both Japanese corporate organization as well as the Mondragon Organization, a clear indication that Workers Productive Cooperatives are not the ideal types of cooperatives which can propel the society involved into a self-contained entity. This tendency is also a vindication of the theory of H. H. Munkner.

The Mondragon Experiment

It has been argued many times that Marx probably underestimated the capacity of capitalism to adapt (Miliband, 1969). The Mondragon's organization, performance and potential is said to make it a useful laboratory for assessing alternative firm structures sharing many features of the new industrial relations (Bradley and Gelb, 1983: 2). Mondragon is thus an example of the resurgence of pluralism in Western industry. According to Bradley and Gelb, in the past Western industry identified the firm exclusively with the owners of the capital stock. Capital as a result became "personalized" as a factor of production and was given the sole right of organization. Labour, on the other hand was "depersonalized" with no measure of responsibility. Thus capital hired and fired labour but not vice-versa. While this trend is claimed to be changing, there is another growing reality. It is increasingly becoming difficult to

reconcile autocratic management practices within firms with democratic political structures outside (Bradley and Gelb, 1983: 4). Mondragon broke away from the traditional management techniques and became, perhaps, another alternative in Western Industrial Organization because like worker-owned enterprises, it sought to abolish the capital-labour distinction by establishing the conditions for integrated communal production processes (Bradley and Gelb, 1983: 4). Mondragon was so successful in this attempt that it influenced legislation in the United States (especially in Massachusetts) and it was considered for direct application in some depressed areas of Britain such as South Wales.

However, it must be pointed out that in the obsession to present Mondragon as an alternative industrial organisation in the West, we face the risk of complete distortion of the original Mondragon Organization. It should not be surprising if such revisionist Mondragon model applied to situations in the Third World – situations which have prevailing democratic patterns different from the West and which are also overwhelmingly rural rather than industrial – continue to yield poor results.

Conclusion

In conclusion, the modern cooperative movement which was started in Rochdale in 1844 began only as a consumer store. But in reality, cooperation has always sought to become a complete human and social organization comparable to the capitalist and socialist systems. Its ideals are based on a tradition which is very old and which is based on millennial aspirations of people who seek a better social order than what they have had to live under. From the humble beginnings at Rochdale, other forms soon developed – agricultural, workers producer, credit industrial cooperative,

among others. Various countries had their special emphasis but the one problem of management control within the modern cooperative organization was given a fresh booster by the Mondragon experiment in the Basque region of Spain. The features of the modern cooperative movement captured in the discussions in this chapter define the tradition of cooperation found in the North Atlantic which will be the subject for further scrutiny in the next chapter.

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Endnotes

1. It was Britain which took the lead in the Industrial Revolution and it was here that the Rochdale Pioneers created their co-operative. Secondly, the Plunkett Foundation is one of the strongest pillars of the modern World Cooperative Movement. However, when the cooperative movement was going to be extended to Ireland, the Irish did not see the need to copy Rochdale. Instead they borrowed from Germany and Denmark. Hence the inclusion of these two countries. The United States, while being the leading Western country, is also the one country which has seen more recent communes than any other. The choice of Soviet Union should be obvious. Its claim to be near the communist ideal requires a look at the nature of its cooperative movement. Spain houses the Mondragon organization which is widely regarded in the West as a possible alternative to western industrial organization.
2. There is a good survey of these communes by Ralph Albertson. A Survey of Mutualistic Communities in America (New York: Ams Press Inc. 1973). Was originally published in the Iowa Journal of History and Politics, Vol. 34, 1936.

3. See Charles G. Enriquez, Cooperative in Third World Development, (Antigonish, Nova Scotia: 1986). Actually, this is a compilation of workshops and case studies on how to make cooperatives work in third World countries.
4. The agricultural labourers had been crushed, according to Cole, with little surplus over absolute daily needs to make founding of cooperatives worthwhile for them. See Cole, op cit p. 241.
5. In these countries movements of agricultural cooperatives have been successful. In Germany the cooperative credit banks began by Raffeisen in 1862 had bailed the peasants out from money lenders. In Denmark, from 1882, the Cooperative Creameries have achieved success in raising standards of butter making and in securing for producers higher prices for quality products. Again, both countries had been successful in using cooperative for the purchase of farm requisites either through special societies or as an additional function of cooperatives formed mainly for marketing.
6. Improved definitions for cooperatives have been done for the FRG in two previous studies by G. Albrecht and E. H. Diederich in connection with preparation for cooperative legislation in 1958. For article see H.H Munkner "The Position of Workers Productive Cooperative Societies in the FRG" in Review of International Cooperation (vol. 72 no. 3, 1979) pp. 172-183
7. He was a member of the Board of Centrosoyuz and the Head of Department for International Relations.

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CHAPTER 2

THE TRADITION OF COOPERATION IN THE NORTH ATLANTIC

Abstract:

The state apparatus in the North Atlantic is that of the capitalist state. Its appearance is placed in the mid 19th century and it replaced the feudal state system. It is this capitalist state which currently accommodates the cooperative apparatus. But interestingly enough, modern cooperation began defining itself at about the same time that the capitalist state started emerging. This was in 1844 at Rochdale. The question is, is it possible for this sector to also grow into a distinct state apparatus? This chapter explores the question.

Introduction

There is a tradition of cooperation in the North Atlantic. This tradition has come to be regarded as springing up largely⁸ from the tradition of cooperation started by the Rochdale Equitable Pioneers. But the Rochdale cooperative system is also generally regarded as the traditional source of the modern cooperative movement. Hence, by deduction, the traditional source of the cooperation in the North Atlantic must be the same for the world cooperative movement. This world movement is, however, not monolithic. In fact, the world umbrella organization, the International Cooperative Alliance (ICA), does not have hundred per cent control over all the cooperatives since there are some cooperatives which do not seek ICA membership. Within the ICA itself, there was dissention between ultra-rightist factions and ultra-leftist factions.

Before 1917, this problem was not so acute. However, the Bolshevik Revolution in Russia came up with an altogether different approach for organizing cooperatives. The

debates sparked off by the Bolshevik cooperators within the world movement were not easily resolved. This is one reason why it is possible to speak of the traditional approach to the cooperative movement in the North Atlantic, an approach which is different from cooperatives organized in former Eastern Europe.

Before the end of 1990, there were three sets of countries in the world. These were the West, the East and others corresponding to the First, the Second and the Third worlds. These distinctions came about as a result of the consideration of certain factors such as standards of living of the people involved and approaches to development. Cooperative organizations were generally influenced by the dominant features in these different worlds. Also, the Scandinavian and certain Asian countries like Japan are grouped along with the First world countries. However, these countries have their own peculiarities which reflect in their cooperatives.

Rochdale Equitable Pioneers

Controversy abounds on the subject of the Pioneers, especially, their rightful place in the history of cooperation. At the bottom of all the controversy is the suggestion that the Pioneers owe their supreme image in modern cooperation to over publicization. There is the suggestion, for instance, that the early writers on the subject contributed to the myth by overplaying the importance of the Pioneers in general terms. One writer describes modern cooperation as a '... native British product with little debt to French social thought communicated through the Christian socialists...'. The problem with Margaret Digby is over simplification which results in obscuring basic facts. She maintains, for instance, that the Rochdale model '... was copied by industrial workers in other European countries and carried to Canada and Australia by British miners...' (Digby, 1970: 2). While it is correct

that the British working class were instrumental in transporting modern cooperation to the New World, parallel cooperative development on the mainland Europe played a significant role in spreading the movement on the continent. It is also true that the Rochdale model soon became the dominant model on the continent and influenced cooperative developments as far as Scandinavia and even Russia. Nevertheless, it must be remembered that the first cooperative stores in Russia were opened in the Baltic provinces by educated Germans using the Herman Schulze-Delitzsch model.⁹ Again, when the Irish cooperator, Horace Plunkett, wished to extend cooperation to Ireland, he borrowed not the Rochdale model which was basically a consumer cooperative, but rather models from Germany and Denmark, more suitable for agricultural cooperation. The Pioneers were not the first to start a cooperative enterprise, even in 19th century, England. G. D. H Cole has written '.... Altogether we know by name over 250 societies formed between 1826 and 1835 - the 10 years during which Owenite cooperation chiefly flourished..' We are further told that these societies were not limited to one place but scattered all over the country - from Aberdeen and Belfast and Dublin to Brighton and Southampton and Exeter. Again, Cole points out that as far as Britain is concerned, the beginnings of cooperation go beyond the 19th century to the 18th century and its originators were dock workers employed by the Government at Woolwich and Chatham. These workers, as early as 1760 had founded corn mills on a cooperative basis as a move against high prices charged by the local corn-millers (Cole, 1944: 13-14).¹⁰ Outside Britain, in France, Francois Buchez founded cooperative associations for cabinet makers and gold smiths between 1832 and 1834 (Moody and Fite, 1971: 2). In fact, Arnold Bonner claims that some of the pre-Rochdale cooperatives continued to operate in the 20th century (Bonner, 1970: 56).

Secondly, the Pioneers were not even the first to use the principles which have come to be associated with their name. They were not the first to employ the device of dividing profits according to purchases. According to Paul Lambert, when the Rochdale Equitable Society was registered on 24 October, 1844 Charles Howorth believed that he had invented the principle of the dividend. But we know that '....Holyoake had already attributed to Alexander Campbell of Glasgow the invention of the dividend principle in 1822 and its first practical application at Meltham Mills...' (Lambert, 1968: 559-561).¹¹ The first application of this principle was by the Lennoxton Cooperative in 1826. On the question of the democratic principle, Lambert asserts that this was of very long-standing application mainly in religious communities. But the application of the principle to an undertaking was an innovation to the pre-Rochdale cooperatives. Democracy was the rule in the friendly societies and the Rochdale statutes were inspired by one of them, the Manchester Rational Sick and Burial Society (Lambert, 1968). The Pioneers are further denied any initiative for the principle of freedom of membership and that of open membership. They might have practised it more extensively, but they were not the originators. Finally, the remuneration of capital by interest is attributed to Robert Owen (Lambert, 1968: 559-561).

In short, the place of the Rochdale Pioneers in the history of cooperation can neither be attributed to organizing the first cooperatives nor to originating the principles by which the movement is run today. This conclusion was hinted at by Cole in 1944 and has been drawn by many authorities on cooperation ever since, including Paul Lambert and Arnold Bonner. To find the actual contribution of the Pioneers, we have to look for some other quality which none of the earlier societies possessed. This quality is the founding of a movement as contrasted with the establishment of a simple cooperative society. It has been

pointed out by Lambert, Bonner and Clapham that no movement developed from the earlier societies and that even if some of them had lasted very long, theirs was a stagnant kind of life (Lambert, 1963; Bonner, 1970 and Clapham, 1952).¹²

The Pioneers had a vision which was not limited to their immediate locality and society; was beyond their time and generation and sought progress of a unified, coordinated, cooperative movement. Accordingly, they embarked on a program to establish societies elsewhere. A procedure was adopted for assisting new members who wished to open cooperatives stores. The Pioneers also made it a point to do follow-up work by visiting the new societies and accepting invitations to speak on how to establish new cooperatives.¹³ As a result of this outreach effort, within a short time after 1844 many societies sprang up to form the nucleus of the Rochdale cooperative system.

The Pioneers possessed another unique quality. Even though the principles predated them, it was the Pioneers who organized them into a coherent whole to have a form for ready application. In the opinion of Lambert, this is the major difference between the Rochdale Equitable Society and the earlier cooperatives for they played a decisive role in the evolution of cooperation both in Britain and in the world and that tradition is justified in regarding them as the founders of modern cooperation. For instance, the Sheerness Society was a closed society confined only to the workers in the naval dockyard. While this was not a limitation for either establishing or operating a cooperative, Lambert has argued that this limitation was not of a nature likely to enable the society to become a universal model for consumer cooperatives. This Sheerness Society did not distribute a dividend and on few occasions when it did so, it was in equal shares. Finally, it is pointed out that this particular society did not have any genuine educational aim outside its own

Society. A second, Meltham Mills is said to have paid dividends but there was no interest paid on capital and not surprisingly, this checked expansion of the society. The Ripponden Society which is said to have a clear education policy, unfortunately accumulated all its reserves and paid no interest on capital (Lambert, 1968).¹⁴ In short, the pre-Rochdale societies were not conceived beyond local needs and so they remained.

Indeed, cooperation had become very weak after 1830 and was still weak at the beginning of the 1840s. The Pioneers revived this dying cooperative spirit in a decisive way to signify the beginning of the new movement. However, they did not create this cooperative spirit. It was there to be revived. Again, they did not create the structures for cooperation out of nothing; the ingredients were already there even though not in an organized form. Thirdly, the Pioneers did not create the conditions which prompted them to act. Without the existence of such specific conditions, perhaps, there would not have been the compelling need to design the vehicle for addressing those problems. The fact that the materials required for erecting the vehicle were already available in their own society and surroundings endorses the one major characteristic of cooperation – a refuge that people turn to, to save themselves from the ruinous system or systems that they have created themselves. Thus with both “spirit” and “materials” available, all that was required of the Pioneers was a little ingenuity to mould together the materials around the central spirit to produce the vehicle. In other words, the Pioneers were architects of social organization. Their major contribution to cooperation was their ingenuity. The cooperative society they established and the movement which materialized after that are all testimony to this ingenuity

When the matter is presented in this light the important role of "conditions" and "spirit" as factors which explain the Pioneers' success become obvious. Therefore, in our attempt to unravel the Rochdale myth in order to establish what properly constitutes the North Atlantic tradition of cooperation, some purpose would be served if we spend some paragraphs looking at "conditions" and "spirit".

Conditions And Spirit

The Pioneers established their cooperative society in the decade known generally as the "Hungry Forties" in Europe. There was polarization in European society at this time and as the name implies affluence coexisted with abject poverty with the majority in the population belonging to the latter category. It is reported, for instance, that the 180 livestock slaughtered in Rochdale in 1837 dropped down to 65 in 1841 (Bonner, 1970: 44). This reality was not limited to Rochdale. Ireland was swept over by devastating famine caused by failure of the potato harvests and there were mass sufferings among the working class in Britain. Poor harvests were also recorded in Flanders, the Netherlands, in Germany, among others.

Generally, this agricultural problem was only part of the economic factor which formed the basis of the 1848 revolutions; a series of revolutions which came about ultimately as a result of the fundamental alteration in property relations within European society, a change influenced by the Industrial Revolution. This revolution which began in earnest first in Britain was merely the beginning of the capitalist system which clearly asserted itself between the years 1848 and 1875. The horrors of capitalism began quite early and the Pioneers' action was a response to the ills of this new system. These ills,

according to Cole, still arouse bitter indignation because of a hard generation of employers grinding the faces of the poor and even making a merit of doing so...'.¹⁵

It has been suggested that, perhaps, the immediate cause of the establishment of the Rochdale Cooperative Society was the failure of a weavers strike and the subsequent effort to start a flannel weavers' productive society. Following from this is an uninspiring theory that Rochdale is a weaver's story. A closer look at the writings on the subject and the facts show that there is something more. The weaver's story is suggested by William Cooper¹⁶ and is supported by Cole's article "Who Were the Pioneers?" which lists a significant proportion of the Pioneers as weavers. However, by 15 August, 1844 when the Society was formally established many of the weavers had lost interest in the Society (Cole, 1944: 402).

Secondly, it has been suggested that the Pioneers themselves might not have been all that poor as most of them were skilled artisans, comparatively well-paid while some even owned their own businesses. These two suggestions underscore the importance of the third factor in the establishment of the Society – the idealism and vision of a better society. Without this vision, perhaps, the society would never have been started in the first place. It would not have been possible to overcome the initial difficulties; and the strenuous efforts to promote the establishment of other societies would not have been pursued with such conviction.

In the opening chapter of Bonner's British Cooperation, the following paragraph is found:

The Cooperative Movement began with Owenism of the early 19th Century.

Out of Owenism came the ideals, doctrines, myths and much of the inspiration which are associated with the Cooperative Movement.

Instances of Joint Purchase and Production and of Community

Schemes and experiments can, of course, be found much earlier,

hundreds of years earlier, but these are of little, if any, concern to

the historian of the Cooperative Movement for they neither originated nor constituted any part of that movement.¹⁷

This passage illustrates the confusion which exists in the minds of one group of writers on cooperation. Arnold Bonner agrees that joint production and community schemes have existed in the past. He also accepts Owenist doctrine being the basis of modern cooperation. Nonetheless, he proceeds to his conclusion that such early schemes are of little concern to the historian of the cooperative movement without realizing the contradiction. One is forced to ask: where did Owen get his ideas from – divine revelation, intuition, spontaneous reaction to the condition of his time or all of these?

In the first chapter of Bonner's work under reference, he quotes M. Beer from his History of British Socialism to demonstrate the debt of modern British Socialism to the utilitarians. In the opinion of M. Beer '...Webb stands on the shoulders of J. S. Mill..... direct descendant of the last great utilitarians'. But this is not the point we wish to dwell on here. Instead we wish to point out that the chapter under reference is an attempt by Bonner to demonstrate how Owen stands on the shoulders of those who pursued the intellectual tradition which accompanied the structural economic change-over from the domestic

system of production to the factory system, otherwise known as the Industrial Revolution.¹⁸ In this Chapter, Bonner also shows the connection between the new economic system which came into being and the emergence of the intellectual thought reflecting the change in social conditions. Within the short period of its appearance, the factory had become a soul destroying prison house (Bonner, 1970). Before long people started questioning the social problems which came to be associated with this system. Concepts of natural rights and individual freedom and the belief in the superiority of natural law of government legislation all began to receive attention. Those who organized these ingredients into a philosophical persuasion came to be known as the utilitarians. They favoured both laissez-faire economics as well as state intervention and as such were the forerunners of the doctrine of collectivism. Since they promoted both free competition and individual self-interest, they ended up alienating certain groups of socialist thinkers. Owen was one of these.

Owen's reaction to the utilitarian doctrine was a negative one but he was influenced by it, nevertheless. His doctrine of the fair price has a utilitarian base. Bonner admits this and traces the subject as far back as the Middle Ages when this was an important part of Christian economic doctrine. Thus, on at least one question, Bonner is able to link Owen to groups so distant from his own days – from the Christians of the Middle Ages through the classical economists and utilitarians of the early 19th century to recent socialists including Marx himself, as well as that group collectively known as the "Early English Socialists".¹⁹ These are John Gray, T. R. Edmunds, John M. Morgan, Thomas Hodgskin and William Thompson. This last group held, in general, that labour had the right to his whole product. This did not happen because private property in the form of land and capital combined with the system of exchange to exploit labour; rent and profit being

extracted from the product by the land owners and capitalists and leaving the insignificant leftovers as wages for the labourer. This was injustice and Owen's remedy for it was his "village of cooperation".

Beginning at New Lanark in 1816, Owen succeeded in demonstrating that it was still possible to make profits in an industrial enterprise without necessarily having to grind down workers with low wages, long working hours and poor working conditions. After failing to get the British Parliament to enact legislation to introduce reforms in the factories, Owen abandoned Britain for the virgin lands of the United States to put his ideas into practice. The result was the establishment of New Harmony.

Going back then to our earlier question, Owen did not emerge from the skies. His thought derived from the conditions he lived in and was influenced greatly by the intellectual thought before him. Standing then on the shoulders of others to develop his theory, it would be strange how the history of what he influenced in later years can be written without reference to the thought of this early period. The fact that Bonner did not go further down the road does not mean it cannot be or should not be done.

What served as the major weakness of Owen's cooperation also turns out, probably, to be his strongest contribution to the movement. Owen and his followers drew up detailed plans for their projected communities like plans for machines. Karl Marx ridiculed the whole program as utopian for human society he maintained, cannot be constructed according to a plan but must evolve from the old. The fault of the Owenites was therefore their over zealousness and idealism. The Rochdale Equitable Pioneers, however, inherited this idealist spirit and applied it practically. Their ingenuity was also their revolution.

The Rochdale Revolutionaries

There are two distinctive aspects of what constitutes the Rochdale Equitable Pioneers. The first is the idealist-socialist side and the second is the practical-business side. Different forces within the group determined the different sides of this dichotomy. One side was responsible for the dream, and the other was responsible for the business society which serves as the tradition of cooperation in the North Atlantic. To explore this further, we have to recognize that the Pioneers were revolutionaries in their own way.

Long before the creation of the Rochdale Equitable Society, the town of Rochdale had clearly advertised itself as a progressive and revolutionary town. The opposition of the town, dominated by hand loom weavers, to the threat which the factory system posed was demonstrated by the several strikes which were recorded in the town prior to 1844. In 1808, one thousand and one hundred Halifax volunteers were brought into the town to help contain a strike action. This was followed with the permanent stationing of regular troops with the sole objective of keeping the town under control and they were there up to 1846. This action did not prevent another major strike in 1829 which was so intense that both cavalry and infantry soldiers had to stage combined action to suppress the revolt resulting in many casualties and the deportation of certain members of the town (Bonner, 1970).

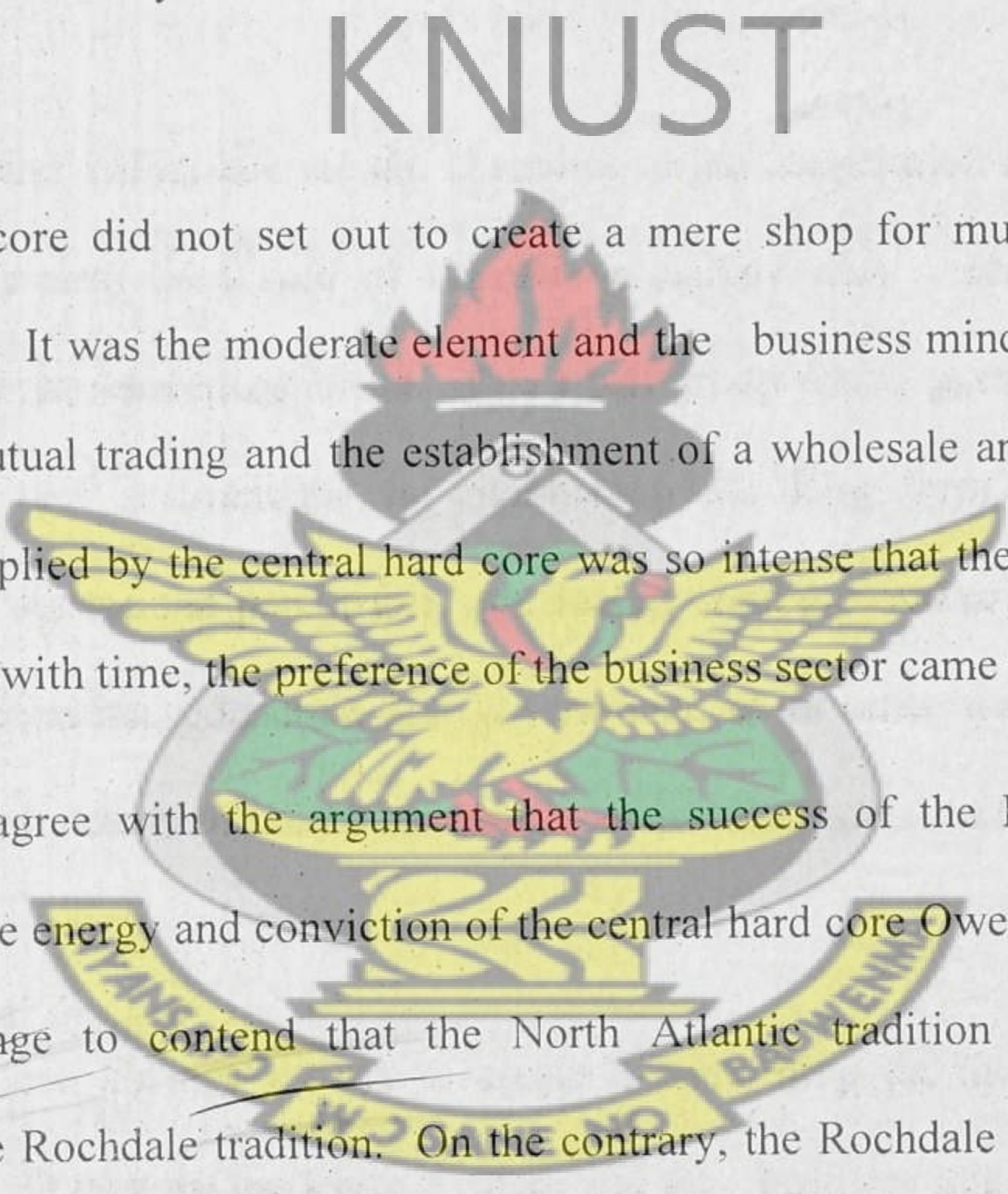
The standard of political consciousness in Rochdale was high enough to demonstrate that the confrontations with the authorities were not empty outbursts without any conviction and direction. Cole reports of a strong radical element in the town and a reform meeting held a fortnight before Peterloo attracted an audience estimated at, 13000 strong which was addressed by Tom Collier, uncle of John Collier, one of the original Pioneers. Rochdale is also reported to have played an important role in the attempt to

establish a National Trade Union as part of the Chartist Movement, producing in the process, free traders like John Bright and Richard Cobden, a one-time Rochdale representative in Parliament (Bonner, 1970: 41; and Cole, 1944: 49).

Despite the presence of vocal artisans and even strong free-traders, the town's radical strength lay largely in the socialists and the Owenites who managed to interest the weavers and chartists to undertake the cooperative enterprise. In fact, by 15 August, 1844 when the Society was formally established, out of the thirty possible members which Cole has constructed, fifteen were Owenite socialists, including such active and leading personalities like George Ashworth, John Bent, John Collier, William Cooper, James Daly, William Mallalieu, James Smithies, Joseph Smith, William Taylor, Charles Howarth and James Tweedale.

These then were the men, the material which made the difference between the early cooperatives and the 1844 model. They were men imbued with an ideal, with a love for society. In addition, they were practical and versatile enough to work with those who were not imbued with the same amount of idealism such as the artisans and the free traders.

Bonner was right when he wrote that idealism and the vision of a better social order were responsible for the establishment of the cooperative movement. He was wrong in thinking that the history of the movement can only begin in 1844. Cole was right in his admission that the Movement had its historic beginnings in the millennial aspirations – a revolt of despair based on the sense that nothing could be worse than what men were actually experiencing in 19th century Britain. Millennial aspirations do not spring up overnight. They have a long background into the history of man. This ideal or tradition has been carried on over the years in diverse forms and manners and it was eventually

passed on through the utilitarians via the Owenites to the cooperative movement. It was the small but convinced hard core of Owenite socialists who braved all the early difficulties to make the Movement stand. This small group which gave the Movement its ideals and myths was instrumental in establishing the long term objectives of the movement, that is: '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...'. 

This hard core did not set out to create a mere shop for mutual trading but a cooperative utopia. It was the moderate element and the business minded ones who were concerned with mutual trading and the establishment of a wholesale and production unit. The initial fire supplied by the central hard core was so intense that these moderates were carried along. But with time, the preference of the business sector came to the fore front.

If we do agree with the argument that the success of the Pioneers emanated principally from the energy and conviction of the central hard core Owenite socialists, then it would be strange to contend that the North Atlantic tradition of cooperation is synonymous to the Rochdale tradition. On the contrary, the Rochdale tradition is distinct from the tradition of cooperation in the North Atlantic.

The Rochdale tradition summarized as the long term ideal with the means for attaining it, education, required some context or "clothing" to function. What is now the North Atlantic tradition is the context rather than the soul within. Over the years, the context or clothing has become more padded and more expensive threatening to shut out entirely the emissions from the spirit within.

This context or clothing is a reference to the Western paraphernalia, the characteristic features which distinguish the western system from other systems. For instance, there is the definition of democracy which dictates the most appropriate manner of conducting politics. The one-man-one vote feature was western feature before it became a cooperative feature. This process itself has a long history which takes us back to the Greek city states where the idea was initially developed. It is no wonder then that the very problem which confronted the small city-states has to be dealt with by the modern cooperative.

In the Greek city states because of the small size of population, it was possible to have everybody gathered together at one location for decisions to be made. But even then, it was not the whole population since a distinction was made between citizens, women, visitors or foreigners and slaves. The population of the last two categories always outnumbered the first which had the political rights.

The evolution of the Western political system has gone through the problems associated with direct democracy and has come to accept what is generally regarded as the practical and workers solution, that is politics through representation. Whatever the shortcomings of this approach, and there are several, Westerners believe it is the most democratic system. This process of evolution is not foreign to the cooperative. In fact, the cooperatives in the Western world have had to deal with this reality and now there is general agreement that the principle of one man one vote is an absurdity when applied to unions or federations which have memberships comprising societies differing widely in sizes. For instance, it was the insistence on this rule in the Finish Cooperative Union (SOK) which largely explains the split in 1917 when a large group of societies seceded to

form the KK Union. Another problem coming out of the reality of one man one vote democratic process is the threat posed by an over expanding bureaucracy and, especially, boardroom control.

In addition to the features associated with the political process clearly visible in the cooperatives found in the Western world, there are also peculiar features relevant with the operation of the economy – freedom of choice, free market and freedom of competition. These features are all found in the North Atlantic cooperatives. In fact the tendency to imitate these features is part of the debate which is now taking place in the cooperative movement.

In sum, the tradition of cooperation in the North Atlantic is only a Western model of cooperation. It does not represent the total essence of cooperation as such, and not surprisingly, the weaknesses and strengths of the Western system are increasingly becoming the weaknesses and strengths of the cooperatives leading eminent cooperators to continually review the essence of cooperation. In the following sections, we shall look at the debate on the essence of cooperation by two personalities of the movement who have written on the subject, George Davidovic and W.P. Watkins.²⁰

Davidovic

In an article entitled “Reformulated” Cooperative Principles’ published in the Annals of Public and Cooperative Economy, Davidovic (1967), who is described by Paul Lambert as an “...authority on cooperative questions....”, undertakes a review of cooperative principles as they have evolved over the years, and especially, their interpretation by the ICA Commission of 1966. This article is of interest because another veteran cooperator, William Watkins, found the argument to be strange. Watkins identifies

two objectives which, though not stated, are pursued by the author, that is, '....appraisal of the work and recommendations of the [ICA] Commission and an indictment of communist doctrine and practice in regard to cooperation...'. He points out that Davidovic is overtaken by emotions which tend to distort his argument and falsify his appraisal of the Commission's work. Secondly, this article represents a restatement of the myth of Rochdale. Davidovic's obsession with the Soviets vindicates Watkins's criticism of his article as an emotional reaction. His stated opinion is that the reformulated cooperative principles of 1966 represent an abandonment of the traditional ICA policy.

Among the working questions that Davidovic sets himself are: what is the significance of the cooperative principles anyway and what was their evolution in the course of the years. The last question explains the style adopted in the article – a historical account of the evolution of the principles under the auspices of the International Cooperative Alliance, from 1895 -1966 when the Commission submitted its report at the Vienna Congress. On this question, the article is a very useful documentary for all students of cooperation. It is in connection with the former question that the difficulties of the article show up.

For Davidovic, the cooperative principles are a set of rules which govern the life and activities of the cooperative organization. 'Actually, they make the cooperative economy what it is..', he points out. This is the beginning of the ambiguity. Are the principles synonymous with "a set of rules" and is this set universal and applicable over time? Davidovic does not answer these questions. Watkins suggests that if the intention of the author is that the principles make the cooperative economy what it is, then there is no disagreement with the intention of the Commission's recommendations. On the other

hand, if the reference is to "rules" which make the cooperative economy what is, then, in the opinion of Watkins, a problem is created for the cooperative concept of economy makes the "rules" (Davidovic) and "practices" (Commission) what they are: 'Both the rules and the practices exist as a means of giving concrete reality to the cooperative idea and they are valid just in so far as they succeed in doing so. The Cooperative idea is not simple but is resolvable into other ideas, which are its true principles...' (Watkins, 1967: 235).

In other words, provided the true substance of cooperation is present, the form can be as flexible as the circumstances of any time and place will permit. This view is amplified by Prof. Georges Lasserre that the rising generation cannot be interested in the principles of the Movement unless it can also be demonstrated that cooperation is effective. These views then touch the heart of the matter – that cooperatives can differ from region to region depending on the cultural traits of the people, the level of civilization et cetera. For instance, a people who are unused to the ballot box form of democracy would have nothing but confusion when they have to operate a cooperative based on this method of democracy. On the other hand, it is quite possible that these people might have their own way of practising democracy. Imposition of an alien practice on them, would lead to the exercise failing not because the idea of cooperation is not good for them but largely because the form it is presented is not workable. In short, while democratic procedures may be the principles, the ballot box may only be a form of practising the democracy.

This argument may be extended to other rules and practices. The Pioneers had the practice of cash trading, for instance. But in a technical world with continually improving banking system and the availability of credit sales, cash trading has no relevance and Davidovic concedes this point. '...this principle could not be classified as basic any way, as

it cannot be applied to all categories of cooperatives....' Here, Davidovic may be thinking of cooperatives other than consumer cooperatives such as producer cooperatives.

It is, however, on the principles of Neutrality and Education that we perceive the confusion in the mind of Davidovic. He seems to take particular offence from the position of the Soviet delegation as well as other Communist delegations to the 1937 Paris Congress. This position may be briefly summarized as follows: that the fight for economic justice of the workers is also a political struggle and that it is not possible for the cooperatives to claim to be concerned with the former without getting involved in the latter. The Pioneers did not think it was wise for their cooperative society to associate itself with any of the competing political parties (nor for that matter with a religious group which action would imply automatic rejection of those with different religious callings as possible members). But they did not advocate political neutrality as an ultimate objective – this would contradict the dream of the hard core. In fact Davidovic appreciates the reason for the establishment of the British Cooperative party which was “to defend its interest” Thus if it is recognized that to be more effective, to protect its widespread interest, cooperatives have to engage in political activity, does it really matter what form this activity takes? And does this not undermine the objection raised by Davidovic? The cooperative organization is a microcosm of social organization – a self-sufficient or potentially self-sufficient social unit with the ability to produce and reproduce the material basis of its existence. Such production and reproduction would include education of the population and renewal of the population. Suppose the cooperative unit finds itself in the midst of a much bigger social organization, it would first require to consolidate itself and, thereafter, its expansion can only be gradual and can be at the expense of the larger social organization for its converts or new members can come from nowhere else.

The dilemma of cooperatives in the North Atlantic is precisely because the state which is Western controls the education of the youth and these cooperatives have to draw their membership from this prejudiced pool. It is not surprising that such cooperatives continue to wear the garb of the Western system. On the other hand, the state in the communist states controlled all the education and since the cooperatives were regarded as organically united with the soviet state apparatus, they did not have a problem of education as a means of attracting membership. If we look at the developing countries where in most cases the political systems are confused, the cooperative organizations are equally confused.

One option open to the cooperatives in the North Atlantic is to strive to take on the responsibility of controlling the education of its potential members from the time of infancy. To be able to do this, these cooperatives would need to gain control of a significant portion of the state apparatus. Unless this is done, cooperatives in the North Atlantic will remain third rate sectors and can only hope to achieve the dream of Laidlaw of merely coexisting with the more dominant systems.

William Watkins

The cooperative ideal is also the subject of the first chapter of Watkin's book (1967), Cooperative Principles, Today & Tomorrow. This chapter is actually an expansion of the rejoinder to Davidovic's articles. In it Watkins sketches some of the current problems that cooperatives have to deal with. He observes that cooperatives are now trying to survive in the environments they find themselves in at the expense of the principles of cooperation. These are either misunderstood, misinterpreted, diluted or perverted. The sad aspect of this tendency, for Watkins, is that, it has been the case for the whole period of the

Movement: 'As the Rochdale system.....became known in Europe... a few societies were formed by would-be cooperators who, failing to see that the system formed an integral whole practiced some principles, while rejecting others and still adding others which the pioneers did not practice ...At a late period, the good reputation of Cooperatives prompted unscrupulous individuals to foist on a too confiding public self-styled cooperatives which were thinly disguised private ventures hardly distinguishable from rackets...'

Watkins attributes such deterioration to the wear and tear of maintaining cooperatives in fiercely competitive market economies. Hence, the temptation to sacrifice consideration of principles in order to survive the aggressive methods of competition. One outcome of this tendency is the situation where cooperatives in Europe and North America attract managers proficient in business techniques but with next to no knowledge of cooperative principles. According to Watkins, this problem has been latent in the North Atlantic cooperatives especially as its material success became assured, its commitment increased and the pioneering era receded into the past. Accordingly, the maintenance and development of cooperative institutions in the North Atlantic has become an end in itself with the ultimate objective having been obscured as a result of '...gloss upon gloss, expedient upon expedient.....'

Conclusion

In his brief response to Davidovic's article, Watkins describes that article, in part, as an indictment of communist doctrine and practice in regard to cooperation. The above statement is clearly Watkins' own indictment of cooperatives in the North Atlantic and his conclusion in that brief response is equally applicable to cooperation in the North Atlantic,

with a slight revision. He submits that the Rochdale tradition can be honoured in more than one way. The easier way, he claims, is to piously copy the rules, forms and usages of the Pioneers as Davidovic clearly wants it. The more difficult but, probably, the more rewarding approach is to penetrate the fundamental considerations which inspired the Pioneers and then to work out the application of such conception afresh in terms of the challenges and chances of the Movement with regard to the time and place. This more difficult way is the true Rochdale tradition, the legacy of the hard core socialist elements. In fact, when at the ICA Congress of 1963 at Bournemouth, the soviet delegate A. P. Klimov, declared that the Rochdale principles were not universal, he was both right and wrong. He was right because what was presented as the Rochdale tradition was actually the North Atlantic tradition of cooperation. That was not universal. But he was wrong in that, the long term dream of the Pioneers is precisely what the soviet Government tried to accomplish without hundred per cent success. This is also what Watkins refers to as the more difficult approach to appreciating the Rochdale tradition and which, in this study, we acknowledge as the dream of the hard-core socialist elements among the Pioneers. The easier way may be illustrated by the attitude to cooperation which has emerged in the North Atlantic where the desire to piously copy the early Rochdale rules co-exist with the rampant disregard for the same as a result of gloss upon gloss and expedient upon expedient. The result therefore is a western brand of cooperation, the ingredients of which are:

1. the operation of the cooperatives within the free market environment and being conditioned by it
2. the gradual sacrifice of cherished cooperative norms for open-market norms

3. dependence on the "Western" educated population for the recruitment of its own members; and ultimately
4. the creation of the situation where cooperatives become the virtual appendages of the western system while at the same time professing to be independent.

This way, the criticism levelled against cooperatives in the planned economies are equally applicable to those in the North Atlantic and the two "flavoured" types become the extreme models out of which the neutral model can be fashioned.

Endnotes

8. For some time, it was believed within the cooperative movement that the principles conceived by the Pioneers, by Raiffeisen and by Schulze-Delitzsch were fundamentally different from each other. This position has changed and the cooperative principles have come to be widely known as the Rochdale principles, for the reason that they have been expressed most clearly and most vividly by the Rochdale cooperative system. For a discussion of this see George Davidovic ' "Reformulated" Cooperative Principles' in Annals of Public & Cooperative Economy, (no. xxxviii, July-September, 1967) pp. 219-232.
9. The first stores were opened at Riga and Revel in 1865 followed by ones at Derpt and Petrograd in 1866. Initially, it was a German affair but soon spread through the Russian population to leading cities like Kharkov, Odessa and Pscov.

10. G.D.H Cole maintains that (as a human and social organization) cooperation in Britain did not begin with weavers but rather with corn and flour millers and bakers at Chatham. See G.D.H. Cole, Century of Cooperation, (London: Allen & Unwin, 1944) pp. 13 and 14.
11. See Paul Lambert's reply to M. Hubbard's critique of Studies in Social Philosophy of Cooperation. The title of the article is "The Rochdale Pioneers as Originators" in Annals of Public & Cooperative Economy, (no. xxxix, October – December, 1968) pp. 559 – 561.
12. Prof. Clapham's views are expressed in an article with the title "Economic History of Modern Britain". See p. 56 of Bonner's British Cooperation.
13. We are told by Holyoake that with respect to imparting cooperative knowledge, the Pioneers were often found travelling thirty miles from their homes to honor such invitations. Those who sought such knowledge included Members of Parliament, political economists and some distinguished publicists.
14. For a list of these pre-Rochdale societies and a discussion of their shortcomings see articles by M. Hubbard and Paul Lambert in Annals of Public & Cooperative Economy, (no. 3, October – December, 1968).
15. The new capitalists or "industrial revolutionaries" were themselves new at what they were doing; they were adventurers and as such they were prepared to maximize advantages for their investments to the total neglect of the labour they had employed.
16. William Cooper's Letter, written in 1866 to one Prof. Fawcett is reproduced in Bonner op. cit. p. 519.

17. This view is of course becoming very unpopular. A recent textbook on cooperative principles published by Charles G. Enriquez of the Cooperative Studies Institute at Antigonish, Nova Scotia, traces the history of cooperative theory to the Old Testament days. Paul Lambert has done something similar in his Studies in the Social Philosophy of Cooperation.

18. In the domestic or cottage industrial system, the worker operated from his own home. He was not necessarily an independent worker but rather a wage earner working for a capitalist who provided the raw materials.

19. These are listed as John Gray, T. R. Edmunds, John Minter Morgan, Thomas Hodgskin and William Thompson. For the time they lived and the works they published, see Bonner op. cit. p. 13.

20. George Davidovoić wrote this article when he was the Research Director of the Cooperative Union of Canada. He is, however, a Yugoslavian who used to be the Secretary-General of the Yugoslav Cooperative Union. Mr. Watkins, who was one time President of the ICA, is described by Prof. T.F. Carberry of the University of Strathclyde as the best informed man on cooperative matters in the world during his days.

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CHAPTER 3

RELATIONS BETWEEN THE COOPERATIVE AND SOCIALIST MOVEMENTS IN THE FORMATIVE YEARS

Abstract:

Cooperation is by nature socialist and Lenin observed that the socialist society is one giant cooperative. The seeds of growth of both cooperation and socialism are traceable to Robert Owen and this was before the establishment of the first communist state. This chapter looks at the formative years of cooperation and socialism and then moves on to look at how the communist states, especially, the first communist state were able to relate to the cooperative society. Indeed, the first communist state would have found it difficult, if not impossible, to survive if it had not reached an early understanding with the Russian cooperative apparatus, an apparatus which was well established in 1917. Again, all the socialist countries of former Eastern Europe had significant cooperative sectors which handled the production and distribution network in the new states. Once an understanding was reached between the cooperative sectors and the new communist governments, these cooperative networks proceeded to support the new communist states, especially in Russia.

Introduction: The Nature of Cooperation

Ernest Poisson has observed that cooperation is by nature socialist. However, some cooperators will not agree with this view. Albin Johansson, for one, regards cooperation as “working capitalism”. This is contrasted with “finance capitalism” which according to Johansson leads to monopolies by interfering with the smooth functioning of the capitalist system. This contention is, however, debatable for what Johansson had in mind was not capitalism. The logical conclusion of that economy – defined succinctly as the economy of capital by capital for capital – is the control of that economy by those who own the capital (Lasserre, 1979: 69).²¹ But

where capital is owned by the majority of the people for the benefit of the whole society, that is something else. And this point is of relevance in our discussion of the relation between cooperation and socialism. The roots of socialism can be traced to the Industrial Revolution which happens also to be the context for the emergence of modern cooperation. According to one account, in 1844 when the potential pioneers were debating the way out of the plight faced by the working class, Charles Howarth suggested cooperation. Cooperation was, therefore, a compromise solution agreed upon by the hard core socialists, the Owenite socialists and the artisans (Bonner, 1970).

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Charles Howarth was not the only socialist. There had been a long tradition of socialism in England and France before the emergence of modern cooperation and the names usually associated with it are Robert Owen of England and Francois Fourier and Saint Simon of France. In fact, at one time, socialism in England was synonymous with Owenism.²² It is quite significant then that Robert Owen should be regarded as both the father of socialism and cooperation. Nevertheless, the man had to be purified to obtain the two philosophies of cooperation and socialism: the purification of his brand of cooperation led to modern cooperation whilst his socialism had to be subjected to a similar process for Marxism to emerge. Thus in looking at the relationship between cooperation and socialism, a word on Robert Owen and the early socialists will be in order.

Robert Owen and the Early Socialists

Owen is one of a series of thinkers and activists who are associated with socialism in the pre-Rochdale era. One major name in France was Francois Fourier. He was a contemporary of Owen, born a year after him in 1772. Though the two are said to have different characters and different social standings, both came up with similar programs for resolving the problems created in 19th century industrial Europe. Neither contemplated revolution as a means of attaining that

end, nevertheless, both programs were reformist enough to frighten their contemporaries. These programs were dominated by the notion that the environment was largely responsible for defects in character and accountable for the misery of the people. A way out of this was the creation of microcosm societies possessing all characteristics of the ideal society. Fourier's answer was the "phalanstery", Owen's was the community village New Harmony.

While the association of both Owen and Fourier to the social philosophies of cooperation and socialism is beyond dispute, the same cannot be said of the degree to which their projects – the phalanstery and the community village – are cooperative or socialist. Furthermore, this debate has not been limited to proponents and opponents of the two social philosophies but is found even within the ranks of the cooperative theoreticians. Charles Gide, for instance, distinguishes Owen the communist from Fourier the cooperatist. He argues that Fourier's communism applies to labour, to production, to housing and to daily life in general but never to capital. The phalanx was thus a joint-stock company to him; each member of the phalanx was the owner of his share of the capital and was to receive profits in the form of dividends at the rate of 40–50 per cent (Gide, 1974: 124). Other cooperators, however, think that Fourier's attitude to capital still falls within the definition of socialism. The argument is that even though he counts capital, he does so in a graduated manner in proportion to the production in the phalanstery. Any piece of production was divided into twelve parts. Work attracted 5/12; qualification (including qualified work) attracted 3/12 while capital was given 4/12. Secondly, the total proportion allotted to capital was the total due but was not necessarily what was paid out. To calculate this, a series of rules quite incompatible with capitalism were applied: for instance, Fourier took into account the origin of the capital and granted a higher dividend to the worker's savings than he did to other contributions. In view of these distinctions, Charles Gide is among those who recognize that Fourier's phalanstery was not a capitalist joint-stock company but a pro-socialist joint stock

company and that is why it is a cooperative, for the immediate purpose of the phalanstery, thanks to democracy, was not profit but the common good (Lambert, 1967). On the contrary, Owen was opposed to permanent profits which he regarded as the cancer of the social body and advocated the ultimate abolition of it in the community. Hence, Gide's acceptance of him as the true communist. Again beginning at New Lanark, Owen introduced widespread reforms. Four principles have been identified as common to the programs of Owen and Fourier. These are association, voluntary cooperation, democracy of enterprise and service instead of profit as the major aim of their enterprises. Both men succeeded in attracting numerous followers who assisted in shaping their ideas and programs from socialist doctrines into a workable cooperative form. The immediate ones were Dr. William King of Brighton for Owen and Michael Derrion of Lyon for Fourier.

Another pre-Rochdale socialist worth mentioning was Saint Simon. In 1830, he published the Doctrine of Saint Simon in which he condemned "unearned incomes", the explanation of the exploitation of man by man and advocated a distribution principle which would be based on ability and need. He disapproved of free competition and instead argued for associated work with the understanding that the whole society is a vast association of producers. Saint Simon did not have a direct connection with cooperation, but it was one of his followers, Philippe Buchez who used the idea of associated work as the point of departure for creating a systematic theory of producer cooperatives. In 1831, he set down the basic regulations for organizing autonomous producer cooperatives. He favoured a democratic republic and proposed the establishment of state banks to extend credit to workers associations in order to avoid industrial crisis. Buchez argued that through economic planning and state loans the latter could help production adjust itself to consumption (Lambert, 1967: 52). Thus via Owen and Saint Simon, the consumers and productive cooperatives became a reality.

One socialist thinker who cannot be ignored in any discussion of cooperation and socialism is Louis Blanc. He did not only propose a cooperative theory but he also actually had a chance in 1848 to put his cooperative workshop into practice. Even though, as organizer of such workshops, Louis Blanc was not exactly a success, his work of 1840, L'Organisation du Travail sets out some guiding principles for later worker's cooperatives. Thus Louis Blanc could be grouped together with Buchez as among the early theorists on the workers' producer cooperatives. There are several respects in which the two had similar views. Both recognized the role the state had to play in production to avoid depression and crisis. It has been pointed out that the great advantage of Louis Blanc was his recognition that in a completely socialist society, the state would still have to act as the coordinator of economic activities. The importance of Louis Blanc as a result, in the emergence of a strong public sector goes without saying. The planned economies also abstracted much from his theory. Louis Blanc's theory of the social workshop is weak in that it does not give a creative role to the consumer, an omission which it has been pointed out, would always lead to high cost of products, waste and low productivity. There is also the danger of compromising individual democratic rights with the state assuming the sole task of social transformation.

In short, pre-Rochdale socialism was of a particular brand and its interpreters and theoreticians almost always had a place for the cooperative ideal. Nevertheless, within the socialist ranks itself, there was a ferment which began to manifest itself from the second half of the 19th century when it became obvious that while the prevailing notions of socialism had clearly rejected the evils of the capitalist system, none of their programs appeared to be effective for dealing with the crisis in any decisive way. In fact, there seemed to be one characteristic which was applicable to all the early socialist doctrines – from Owen all the way to Louis Blanc. This was the failure to deal capitalism any significant blow. The diagnosis of Marx for the ineffectiveness of Owen, to some degree, could therefore apply to the others which collectively came to be known

as the utopian socialists. Owen and his followers took such pains with their plans for the new communities like plans for machines. But human society cannot be constructed according to a plan or established at will. Human society evolves and Marx held that a new order could only be generated by forces contained in the old (Bonner, 1970: 478). That whole question required an explanation. Such an explanation was offered with reference to laws which governed social evolution. Four theories were developed to offer this explanation: these are the materialist conception of history; a theory on religion and alienation; a theory on revolution and finally, a theory on surplus value. After this socialism, it was claimed, ceased to be utopian and became scientific. This was the beginning²³ of Marxism and its appearance signified new relations between cooperation and socialism.

The decade beginning from 1840 were years of expectation for the serious revolutionaries in Europe who were determined to find an answer to the exploitation of man by man, that is, the liberation of the working man. The earlier revolutions, especially, the 1830 revolutions had demonstrated the weaknesses and strengths of these revolutionaries and suggested what could be done to gain power for the workers. Thus as the years after 1840 went by, the socialist revolutionaries became less and less tolerant of groups and creeds which were not in a position to assist the imminent confrontation between the workers and the ruling classes. In fact, it has been claimed that prior to the launching of the Communist Manifesto in 1848, Engels had been in communication with Robert Owen and that, had it not been for police chicanery, he would probably have established a cooperative commune on Owenite lines in Germany in 1845 (Lambert, 1967: 46). After 1847, however, it was obvious that he had abandoned such ideas and the explanation was largely because Karl Marx and his followers came to the conclusion that cooperatives were the groups which could not assist the movement towards confrontation between the antagonistic classes.

Marxism

Karl Marx diagnosed the cooperatives '... as non-capitalist elements within capitalism...' which were incapable of assisting the prosecution of the work against capitalism. This view of Marx came to be the view of many of his leading followers, including Engels and Lenin. His concern was that by mitigating the suffering of the masses – a subject which was not in dispute by either the capitalists or cooperators themselves – cooperation was deterring wage earners from the urgent and by far the most critical task of assuming political power. Naturally, much hostility towards cooperation was generated among the early Marxists. Those Marxists who did not share such hostility were equally frowned upon as people of low intelligence (Dodoo, 1995). Such hostility and contempt translated into active opposition against the cooperatives. This attitude was, however, based on the assumption that the opportunities of the decade made class struggle the only means of gaining political power for the workers. By the end of 1849, however, the fire generated by the 1848 revolution was virtually spent. Thereafter, the Marxists began to show some flexibility towards other possible alternatives to achieving power for the workers. By 1864, therefore, Karl Marx was openly beginning to grant recognition to the cooperative organization, at least at the level of production. He came to accept the idea that modernized large scale production could take place without a class of employers employing a class of workers. This recognition of Marx was made public on 28th September 1864 in the manifesto adopted by the International Labour Association in London. That portion of the manifesto regarding cooperation was drafted by Marx himself. With that the theory proposed by Philippe Buchez thirty years earlier, and presented in a slightly different form by Louis Blanc, began to receive the attention of Marx. Henceforth, cooperation began to receive some positive recognition among Marxists. The task of actually incorporating the cooperative organization into a socialist society was to take place first in Russia and was the work of Nikolai Lenin. At first Marxism did not have a home in the

sense that there was no one state which was totally organized on the Marxist theory. This situation changed with the coming of the October 1917 Revolution in Russia.

Cooperation in Russia pre-dated the 1917 Revolution. In fact, by 1917 the cooperative movement in Russia had become so well established that but for the existence of this machinery for grassroots production, the soviet experiment would not only have been difficult to implement, it would certainly have taken a much longer time to accomplish.

The Russian cooperative movement was used to state intervention and control before the Bolsheviks took over. And this was due to the conditions under which the movement was established in the country. The conditions in Russia at the time of the introduction of the cooperative organization were not the same as in Western Europe when that type of organization emerged. At the time, Russia was still under feudal authority. The liberal attitude and the presence of varieties of new ideas which prevailed in Western Europe were not present in Russia and the cooperative organisation had to grow up gradually within confines and supervision established by the Czarist apparatus, a political apparatus that did not look kindly on any attempt to organize people within any part of Russia. Peter the Great's westernization drive and the wholesale introduction of industries into Russia in the early part of the 19th century created a new industrial climate in Russia. He established plants for the production of arms and shops for the manufacture of textiles. These factories were not only managed by the government but special decrees were passed in order to give concessions such as tax breaks and actual gifts of money to all businessmen who were willing to emulate the Government example and establish industries. The lavish inducements offered to foreign investors helped to solve the problem of skilled labour but did not solve the problem of labour since Russia did not have a proletarian class. The Government found a way out by using peasants living on crown lands to work in the government factories. The Russian gentry followed this example by establishing their own factories on their

estates and using the serfs on them to work in the factories. This was the beginning of factories operated by bonded labour. Such labour could easily be abused and this was precisely what happened resulting in confrontation with the management. Unfortunately in such confrontations, the peasants and serfs always expected the Government to intervene to help them. The opposite was usually what happened with the vicious suppression of such revolts by the state simply because it distrusted any coalition of people. After several such episodes, in which the workers were denied state support, the consciousness developed among them that the whole structure of government was on the side of the owners and the capitalists and that the only avenue opened to them for ameliorating their condition was in worker solidarity. With this conclusion drawn, the Russian people easily became amenable to new ideas for worker organizations such as the cooperative society (Blanc, 1924).

The modern cooperative idea began to develop after the emancipation of the serfs and grew as a bourgeois organization championed largely by the populists in the newly established administrative units or Zemstvos, who saw it as a way of helping the poor Russians. After failing to make headway with the moujiks or agricultural peasants, they turned attention to the kustars (industrial workers) who were mainly artisans. The first cooperative stores were however established under the influence of articles and pamphlets on western European cooperative stores. It is said that the Schulze-Delitzsch model was favoured to begin with since it was mainly educated Germans in Baltic provinces who founded such stores. The first workers consumers association was established in the Ural Region in 1870. In 1897, the Zemstvos and cooperative leaders prevailed upon the Government to issue "The Normal Articles of Association for Consumers Societies" which made it easier for new cooperatives to open. As a result by the close of the century about 800 consumer societies were in operation in Russia (Blanc, 1924).

Peculiar Characteristics of the Russian Cooperative Movement

The early cooperatives which sprang up in Russia were pure business and bourgeois organizations and had peculiar features dictated largely by the limitations imposed by the Czarist state. The first of these relates to membership of the cooperatives. In Russia, certain groups of people like students and soldiers and others whose civil liberties were limited by law were ineligible as shareholders. This attitude was adopted by the cooperatives because they strove to be on good terms with the police and, as such, could not have people under police supervision to join as shareholders. Secondly, unlike the cooperatives in the West, the cooperatives in Russia could never hold a meeting and discuss an agenda which had not been previously approved by the police. Again the mayor of the city and the governor of the province concerned had the power to order the liquidation of any cooperative society so much so that meetings of the cooperatives were always under the watchful eye of the police.

Furthermore, since the Czar distrusted large aggregations of people, the Russian consumer coöperatives were not allowed to amalgamate. As a result, unlike their counterparts in the West, advantages of large scale organization were not available to them. It was not until 1898 that societies in Moscow were able to come together on the privilege of private agreement. In January, 1908, a committee was formed to work out plans for a cooperative bank. This bank materialized and by 1931 the Moscow Narodny Bank was serving the whole national cooperative movement in Russia. In conclusion, the Russian cooperative movement was accustomed to state intervention and control before the Bolsheviks took over (Blanc, 1924: 80).

The Process of Incorporation

When the Bolsheviks took over the government in Russia, it was a government under immense pressure. But they moved very quickly to dismantle the older system and immobilise capital. They moved to reorganize industries and introduce economic and social reforms all through the country. Accordingly, a whole range of private concerns, both political and economic, were nationalized. Some major cooperatives were affected. However, after Lenin's realization of the uses to which he could put the cooperatives, his attitude to them changed completely and he became the champion and protector of the cooperatives.

Lenin's views, intentions and programs for the cooperative organization came through forcefully in, especially, two addresses which he made in November and December of 1918 to delegates of the workers cooperatives. In these addresses the view came across that Lenin regarded the cooperative movement as one large cultural legacy that Russia should treasure and make use of. Since it was a cultural legacy, Lenin intended from the outset to achieve a total absorption into the new system, that is, the merger of the tremendous good of the economic and the political achievements (Lenin, 1965: 333). The rationale was that all sections of the population fighting for their freedom must be merged into a single and strengthened union. He believed that the best way to achieve this was to bring everything under the Soviet Government and banish all illusions about sectional independence. Such thinking, he was convinced, was largely dictated by hopes of return to the pre-soviet era, a turn-around Lenin was not prepared to encourage. The cooperatives were placed in this category since they were mainly associations of petty bourgeois and middle peasantry background. Nevertheless, their ability to encourage popular initiative was recognized as the great service they rendered to the Russian society and Lenin was determined to utilise the latter quality while discouraging the bourgeois hopes.

With this recognition the Soviet Government approached the cooperative leaders with caution. These leaders also happened to be drawn from the Mensheviks, right social revolutionaries and members of other compromise and petty-bourgeois parties. Hence the further need to start any negotiations from the top political hierarchy. Accordingly, the matter was discussed thoroughly in the Council of People's Commissars. Following this, a meeting of the leaders of the non-Government Cooperative Movement met together with the Communist People's Commissars in April, 1918 at which agreement was reached between the two parties as to how best the cooperatives could be employed in the new system and under what terms.

The meeting of the Council of the People's Commissars of April, 1918, was exceptional for two reasons. First, it was the first time since the Soviets assumed power that non-party members were allowed to participate in a meeting of one of the very top political institutions of the new Government and on equal terms as the party members of that body. This Council of People's Commissars was comparable to the cabinet in the Western political system and its chairman had the same rank as that of the Prime Minister or leader of government business (Meyer, 1965).²⁴ The second reason was that it was the first time that this cabinet adopted a minority resolution – which happened to be that of the cooperators. Later on, Lenin explained that the communists decided on this course of action as a gesture of good will to the cooperators for the Council of People's Commissars recognized the need to employ the experience and knowledge of the cooperative apparatus. The decision of April 1918 has a background. After the conclusion of the Brest-Litovsk treaty, the Mensheviks, among others, decided that the Bolsheviks had sold out to German imperialism,. Subsequent events, however, caused them to change this attitude and cooperate with the Bolsheviks. The first of these events was the effect that the revolution in Russia had on other countries –revolutionary fever gripped the rest of Europe and soviets of workers parties were formed in Rumania and Austria-Hungary, among others. Secondly, the

ruthless manner in which the British and Americans treated the subdued Germany convinced the Mensheviks that these two countries were worse imperialists. Accordingly, the Menshevik Central Committee published an appeal to all working people urging them to place ideological differences aside and work together with the communists to oppose Anglo-American imperialism. Lenin quickly seized the opportunity and prevailed on the Soviet Government to meet the Mensheviks half way. Hence the invitation of the cooperative leaders to the meetings of the Council of People's Commissars for April 1918 and its outcome (Blanc, 1924).

Following this decision, a decree was passed and published in the Izvestia allotting considerable role to the cooperative movement in national production. The decree effectively made the cooperatives the major distribution network in the country and ordered the denationalization of all previously nationalized cooperatives and the return of their assets.²⁵ This was the first major effective step towards the eventual incorporation of the cooperative network into the soviet system. All parties gained something out of the arrangement. First, the Soviet Government was satisfied since it did not have its own supply and distribution apparatus. The cooperators were happy because they could keep the organisation they had toiled so hard to erect to become the leading one in the whole world at the time but also because of the added pride in being given such an important national assignment. In giving away so much autonomy to the cooperatives, they were also expected by the Soviet Government to use the people in the workers cooperatives with the objective of discovering talent irrespective of the literacy levels. Lenin was not particularly troubled by the new power given to the cooperative movement for two reasons. First, the whole question was temporary and was for transition only and secondly, because he conceived of the socialist society as one single cooperative.

Shortly after this agreement, the Soviet Government proceeded to plan for the merger of the two complementary bodies, the cooperatives and the Soviet Government. Some of the

arguments for this move are seen in Lenin's address to the Third Workers Cooperative Congress of 9 December, 1918. In this speech, he rejected the claim for total independence advocated by some people within the cooperative movement, affirmed the friction which was developing between cooperative organizers and communist functionaries as inevitable but maintained that such differences would disappear with time in the course of the revolution. He also took the opportunity to expatiate on the substance of another decree which had the object of merging the two bodies. The strategy eventually adopted was highlighted upon by Lenin in another speech of 3 April, 1919. The contents of this address were basically a consideration of the merits of two proposals – minority and majority resolutions. The majority resolution advocated fusion with the executive committees of the consumer cooperatives in a direct, decisive and revolutionary way. Lenin denied this resolution his support with the argument that the one lesson that their revolution had taught was that whenever attention was paid to prior preparation, good results always followed. But good results usually eluded them when the input was only revolutionary slogans. He gave his support to the minority resolution which suggested first, the intensification of communist work in the consumer cooperatives with the object of securing a majority within them. The principle here was that you first make ready the organs you wish to hand over before actually carrying out the handing over ceremony.

This then was the approach adopted in securing the merger of the two bodies. Such organized infiltrations soon turned the cooperative societies into organizations peopled largely by the new breed of communists who went on not only to help the merging process with the Soviet Government but to actually take up the matter of communist cooperatives recognition at the international level, that is, their acceptance into the International Cooperative Alliance (Blanc, 1924).

The Centrosoyuz and the International Cooperative Alliance

The process of transformation of the cooperative society in Russia had some implications at the international level. The rough tactics initially adopted by the Bolsheviks on assuming power in 1917 was scoffed at, as far as the cooperatives were concerned, outside of Russia. The Bolsheviks appointed a new Board which was pro-Soviet in place of the old Board which adhered to the "Principle of Neutrality". The ICA Executive continued to give recognition to the old Board and refused recognition to the newly appointed Board. This impasse was, however, overcome with the intervention of the then ICA Secretary-General, H. J. May, who made repeated trips to Moscow to resolve the misunderstanding. For one thing, the Centrosoyuz was the largest cooperative union in the world and for the other, the Soviet authorities were ready to cooperate with the ICA Executive. The attitude of the early days thus changed and soon Soviet cooperative delegations to ICA meetings became instrumental in reviewing the old regulations and principles based largely on Western experience.

Unavoidably, the ICA became a battle ground between those who wished the ICA rules to remain as they were and those who wanted changes to reflect the realities of the time. The Soviet representatives at the ICA requested tirelessly that the cooperative principles should be '...adapted to the conditions of the different political and economic systems...' (Davidovic, 1967: 224). They insisted, for instance, that cooperatives must abandon neutrality, play a political role and serve as an instrument in the preparation of the proletarian revolution. Eventually, the question of political and religious neutrality together with the other objectionable principles were brought to the 1937 ICA Congress in Paris for discussion. At this Congress, four principles were accepted as basic to the ICA with the principles of neutrality being downgraded to a less prominent position. The Congress stressed its validity in the report of the ICA special Committee, note being taken of the fact that 84 per cent of the organizations affiliated to the ICA actually

adhered to it. Interestingly, the other supposed principles like cash trading and education which were dropped from the list were not applied universally, in any event. The cooperatives in Russia, before the sovietization, were actually practising credit sales. Again, if education is extended to include propaganda, then no country can claim to do it better than the Soviet Union which carried on this function, as well, for its cooperatives. With respect to the four which were accepted by the Special Committee as representing cooperative principles, there were real concerns as to whether they were actual principles and not mere practices which aspire to capture the spirit of the principles (Watkins, 1967).

KNUST

The Soviet behaviour at the international level soon started generating interest in cooperators to consider the question as to whether it was really possible for genuine cooperatives to exist in all types of systems which spring up and, if not, whether any group or groups from obscure systems which profess to be cooperatives should be admitted into the ICA: such debates, especially, within the ICA took off seriously after 1937. After several of these debates, the consensus seemed to reflect an acceptance of the position where it would be more logical to insist on the creation of conditions for application of cooperative principles rather than their mutilation. In accordance with this thinking, in 1949 and 1950, the ICA Central Committee meeting in Paris and Helsinki ruled that: '... cooperatives organisations must be completely free and independent and must be able to take up a position in respect of all problems affecting their own interests and general interests independently of the state and public authorities as well as private organizations...' (Davidovic, 1967: 225). The Committee went on to state that countries which could not allow differing opinions and freedom of association could not claim to have true and independent cooperatives (Kirschbawn, 1980: 49-75).²⁶

The view contained in the recommendation was to the effect that it was impossible to have cooperatives as an organic part of a state system, irrespective of what state is in question.

But suppose the cooperatives had the same objectives as the state system, why could they not be organized as part of the single unit? The strength of the recommendation was, perhaps, the advocacy of a pluralist system. This was the weakness contained in the recommendation. In other words, as late as 1950, the ICA was still not ready to admit that it was possible to have organizations radically different from the Western models. The Central Committee ruling was thus directed against the Soviets or communist conception of cooperation. Not surprisingly, the Soviets waited impatiently for an opportunity to challenge this ruling. They had their opportunity at the 1963 ICA Congress at Bournemouth.

At this Congress, A. P. Klimov, the leader of the Soviet delegation argued that while the principles developed by the Rochdale Pioneers had played an important role in the development of cooperation, they were not universal for all types of cooperation. The Soviet delegation then went on to propose a resolution requesting the central committee to constitute a committee to study the rules and come up with principles suitable to modern times and which recognize the existence of varieties of cooperatives (Watkins, 1986). With objections from a few delegates like Marcel Brot, notwithstanding, the resolution was passed without much difficulty (Watkins, 1967). The outcome of the resolution was the short listing of the cooperatives which were subsequently adopted at the 1966 ICA Congress. To a large extent these principles are about the same that we have today. But generally, the idea came to be accepted that the communist countries had the right to organise their own cooperatives to suit their material conditions (Lambert, 1967).²⁷

Eastern Europe

The Soviets were the first to experiment with the new conception of communist cooperatives. However, cooperation in communist Eastern Europe did not begin in the Soviet Union but rather in modern Czechoslovakia. Secondly, though the Russian cooperatives followed the Rochdale model (with slight modifications) the communist countries argued that the

development of modern cooperation in this part of the world was independent of the West and that it was a spontaneous reaction to foreign domination and economic exploitation. The first of these was claimed to have been organized on 9th February, 1845, that is, only 50 days after the Rochdale Equitable Pioneers (21 December, 1844), in the small Slovak town of Sobotiste. It was in this town that a group of farmers and artisans under the direction of a local school master founded the "Spolok Gazdovsky" or the "Farmers Society". Kirschbawn does not tell us the detailed nature of this early society except that its structure and organization was similar to the modern credit union. He does argue, however, that fifty days may be too short for news to seep through to reach obscure Slovakia (Kirschbawn, 1980).

It is maintained (Manaster, 1968: 449) that the cooperatives which sprang up in central and Eastern Europe were of a particular brand since they emerged out of experiences so different from the situation which prevailed in Western Europe. J. M. Kirschbawn contends that the process seemed to follow that of Slovakia. Thus a look at the process of transformation from the bourgeois cooperatives to the communist model in Czechoslovakia should be adequate commentary on the pattern in Eastern and Central Europe to balance the account given of the Russian experience before we turn to look at the joint agenda for communist cooperatives in general.

The process here assumed two forms. First there was the enactment of a law transferring all financial control of the cooperatives to the Ministry of Finance. This law no. 181 of 20th July, 1948 gave institutional and policy control in addition to the financial control to the Finance Ministry. Such power included the right to order mergers, to dissolve institutions without previously liquidating any obligations and to approve the funding of new ones. By this one law, all credit and savings cooperatives in Slovakia were merged into credit cooperatives (Manaster, 1968: 449). The other strategy was the grouping of all non-financial associations into one Central

Cooperative Council to control all cooperative activities: from foundation, constitution to determining operating regulations. This was the Gleichschaltung (Laidlaw, 1980). In other words, the process of transformation to communist cooperatives was much more sudden and drastic than what happened in the Soviet Union.

Cooperation of the Socialist Countries

Concluding an impressive exposition on the Soviet Collective Economy, Albert Manasta notes: '...that alongside the questions of efficiency and output... must not be forgotten that every economy and its organs of command, should be at the service of man and should respect his personality...'. He points out further that this principle applied equally to both collectivist and market economies. Lurking in the above statement are both the factual and the philosophical basis for the debates about the two dominant systems which prevailed in our world before 1990. On the one extreme the assumption of the system was to give service to man. The process of implementation, however, did not enhance the personality of the individual. In the second instance, the whole rhetoric was about giving room for this personality to achieve his potential only for us to discover the erection of structures which glorify other things instead. The promise offered by alternative systems such as cooperatives, in the face of these realities, was therefore quite attractive. But then, we also realise that the cooperatives which emerged in the two environments were equally conditioned by the two systems and, therefore, neither could serve as an independent model for all to emulate.

The above view was certainly not the state of thinking when in preparation for the 1980 ICA Congress in Moscow, A. F. Laidlaw was invited to undertake a study that would project development in the world wide cooperative movement up to the end of the century. This assignment was undertaken and the results were made available for that Congress. The communist countries, however, were not satisfied with the report which came out of the study.

They protested that their approach to cooperation had not been given any attention in the study. Subsequently, they put together their own brochure projecting what the situation would be like for the cooperatives in the communist regions by the year 2000.

The Laidlaw's study was a one-man affair and it affirms at once the tendency of the West to give prominence to the individual. As a Canadian citizen, perhaps, the criticism that the views reflected purely Western attitudes, is not altogether unfounded. Nevertheless, Laidlaw was an international as well as a national activist in the cooperative movement and as such there was some credit in the decision to give him the opportunity to forecast the future of cooperation. On the other hand, one cannot regard his report as an analytical study. At best this was a series of well-founded observations, some statistics about cooperative growth and a couple of recommendations (Laidlaw, 1980).

Laidlaw's one man report is contrasted with the contribution from the cooperatives in the communist countries which was the work of a team. This point reinforces the opening statement of the report that cooperation in the socialist countries was an integral part of the whole system where coordination and team work took pre-eminence over individual contribution.

In this document, the first striking statement was the affirmation of the application of cooperative forms of management, ownership and democracy at all stages in the construction of socialism and communism. This was the suggestion that the communist economy was not a simple single economy but a complex economy. Cooperatives here were not distinct and autonomous within the system but were part and parcel of one national economy or economies with common goals with the entire, socialist society and direction from socialism's inherent economic laws including that of planned, proportional development' (Cooperation..., 1980).

In agreement with Manasta's point, this document states that another feature of the law of proportionality is the achievement of balance between individual spheres and branches of the economy. Ownership of the means of production was not therefore exclusively public; there was provision for cooperative ownership. The differences between the two forms of property rest in the level of the socialization of the means of production and exchange 'in specific ways of forming key and circulating assets and in methods of management'. The one assumption in such differentiated property is that as the socialist countries advance towards the communist stage, the development of cooperative property would approach gradual but higher levels of socialization and ultimately become state forms of property. This process was, however to be a long term development (Cooperation..., 1980).

In another section, the document deals with the communist cooperatives' long-term expectations by the year 2000. Such expectations are based on planning for the future. Examples of such planning foresights are given as the Soviet Union's comprehensive programme of Scientific and Technological Progress and its social and economic consequences till the year 2000. Another plan was the Comprehensive Program for Further Deepening and Improving Cooperation and Developing Socialist Economic Integration for all CMEA member countries. A third concrete plan was the Long-term Cooperation Program or the LSCP.

Going back to the complex nature of the socialist economy in which the cooperatives featured, agricultural production was singled out for illustration in the third section of the document; four basic types of production cooperatives differing according to the degree of socialisation are specified. First, there was the association of peasants for the joint cultivation of land which they owned. Second there was the socialization of only a part the basic means of production with the exception of land, which though used jointly, remained the property of the

members. In the third type, labour, land, productive cattle and other means of production were pooled together in the cooperative effort.

In the above type, income was distributed according to work done with the share of income increasing from the first to the third type. Correspondingly, depending on the quality or quantity of land contributed, the share of unearned income (land rent) decreased (Krasheninikov, 1980). In the fourth type of cooperative society, there was total socialization of land, all basic means of production and labour as a result of which income distribution was done only according to quality and quantity of work done. In this fourth type of cooperative there was no more private ownership of land and so land rent ceased entirely. All the other three types were expected to reach this stage to merge smoothly and without trace into the communist society to prove the dream of Lenin: that the socialist society was one giant cooperative.

Conclusion

As to the future of cooperation and socialism, this document projected that while socialist countries recognised the existence of two opposing systems, cooperatives from the socialist countries would contribute whole heartedly in attempts to resolve pressing world political and economic problems. Given the limits within which these cooperatives had to operate, it could not be argued that such cooperatives did not have any identity or that they were not successful.

Endnotes

21. In an article entitled "Cooperative Ethos" Prof. Georges Lasserre agrees with M. Gisclon that '... in cooperation, man is the beginning and man is the end...' This is contrasted with capitalism where money is the beginning and the end and men are but a means; and planned economies where the state appeared to be the beginning and the end of

production. For the articles see George Lasserre, "The Cooperative Ethos" in Review of International Cooperation (no. 2. Vol. 72, 1979) p. 69. Actually the quotation above belongs to George Davidovic who coined similar apt definitions for the cooperative and communist economies: 'an economy of the people by the people for the people' in the one instance and 'an economy of the state by the state for the state' on the other

22. In the index of the New Moral series dated 20th February, 1836, there is an entry as follows: "Socialism alias Owenism"

23. Other brands of socialism continued to exist. For example, it was Christian Socialists like E. V. Neale who worked hard to lay the foundation of the British Cooperative Movement. The official historian of the Movement during the early days, Holyoake himself was not Christian and this should explain some of the early internal disputes prior to the formation of the Cooperative Wholesale Society (CWS). For an insight into this, see the biography of E. V. Neale by Philip Backstrom.

24. In theory the Congress of Soviets was the sovereign decision-making body in the land. But with its thousands of members it could not be expected to function as a national parliament. Instead it set up a small All-Russian Central Executive Committee of about 200 members to undertake this task but be responsible directly to it. By article 30 of the Constitution, this Central Executive Committee was to be the "supreme legislative, administrative, and controlling body of the Russian Socialist Federal Soviet Republic." In turn, the Central Executive Committee appointed a cabinet to carry out the function of a national government. This was the Council of People's Commissars. Alfred G. Meyer's The

Soviet Political System, Random House. New York, 1965 is a basic text on Soviet Political System.

25. This decree, however, did not authorize the reopening of cooperatives which were closed down because they were the centres of counter-revolutionary activities. Hence, despite the new freedom for cooperative activity, the Soviet Government still maintained some control.

26. Interestingly enough this was the same conclusion that Stanislaw Kirschbawn arrived at after a study of the Cooperative Movement in Czechoslovakia. It is a point of view also held by Ladislav Feierabend. See Stanislaw Kirschbawn, "The Cooperative Movement in Socialist Slovakia" in Aloysius Balawyder ed. Cooperative Movements in Eastern Europe, (London: MacMillan, 1980) pp. 44 – 75.

27. Cooperative theorists have had differing and sometimes conflicting views about independence of cooperatives and Government assistance to same. Dr. King who campaigned against external funding for cooperatives, himself accepted a grant from Mrs. Shelley. Paul Lambert has discussed this.

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CHAPTER 4

THE CLIMATE OF COOPERATION IN SWEDEN

Abstract:

Although scholars argue that Sweden is merely a variant, albeit a highly developed variant, of the Western Tradition: it is, nevertheless, the best example of a country in which cooperatives have a clear and official role to play, distinct from state and privately-owned companies. The Swedes are conservatives. They are conservative capitalists and conservative socialists. That kind of satisfaction does not lead to the attainment of new things, therefore, in terms of the graduation from the capitalist state to the cooperative state, it is unlikely that this will happen in Sweden. Nevertheless, it remains the country which currently offers the best mirror of what that state apparatus could be like.

Introduction

Every modern country has a state apparatus. It is this apparatus which runs the government and manages the economy. But there is a history of the evolution of this state apparatus and some social theorists have traced the stages of its gradual evolution: from primitive communism through plunder, feudalism, mercantilism, capitalism to the final or ultimate society also called the communist state (Karl Marx in Bottomore and Rubel, 1975).

However, events in our time evidently demonstrate that there is a gap in the last two state apparatuses which has not been explored well enough and explained sufficiently. Marx allowed posterity to define the detailed nature of the period prior to the attainment of the

ultimate society. Lenin also did mention the intervening period after the collapse of capitalism and the emergence of the socialist state but he thought it would be the continuation of the moribund capitalist state (Lenin, 1943). Ernest Poisson wrote about this cooperative state and Guyana at one point legislated it into existence (Lutchman, 1970) only for it to sink quietly into oblivion because any long-lasting social change cannot be legislated into existence, it has to evolve from the old. The cooperative state belongs to the gap under reference and it is the one last state apparatus which will precede the arrival of the ultimate society. This thesis will discuss an aspect of the subject.

The Multiple Political System

There is no one system²⁸ in existence in any part of the world (Pluta, 1980:2-3). Instead, a dominant system co-exists with a minor system. Depending on the nature of the dominant system, the minor system is either tolerated or suppressed. By this theory, the capitalist system cannot be reconciled to the notion of an expanded public sector. But the reality in most Western countries, which are capitalist, is the presence of a large public sector in addition to a cooperative sector which may also not be insignificant. The extension of this argument is that in the communist systems, which were a type of public systems, the private sector would have no place. However, Gregory Grossman and others²⁹ have argued that a "second economy" existed in the former Soviet Union (Manaster, 1977:12-14). Again, agriculture in communist Poland, for instance, was largely based on private property and this was tolerated for pragmatic reasons (Pluta, 1980:2).

Dominant and minor systems are determined by the volume of resources under their control. Thus in a situation where the contending systems have equal parity in terms of resource control, the system is called a mixed economy. Sweden is one of the countries which falls into this category. In Sweden, the public, private and the cooperative sectors have parity in terms of the share of the economy each has under its control.

The Swedish Political System

In 1976, Per Ahlstrom, editor of the *Matalarbetaren* magazine published an article with the title, "Alternative Society". In this article, Ahlstrom argued that the cooperatives and trade unions in Scandinavia had succeeded in creating an economic and political atmosphere that was alternative to capitalism and that it was possible for an individual to live his entire life within the cooperative and labour movements unaffected by the capitalist society (Ahlstrom in Childs, 1980). This is an introduction to Scandinavian socialism which is sometimes referred to as the "middle way" or "mild capitalism". Sweden illustrates this best.

The Swedes are widely recognized to be very practical and down to earth people. The Swedish word IKEA which means "common sense"³⁰ is therefore an appropriate description of the people and the cooperative organization they built to survive. As a people, the Swedes do not believe in unbridled liberalism. On the contrary, they have this strong conviction that injustice of whatever form is intolerable and that the ills of a free society are curable. While they never pretend to seek perfection, they acknowledge

the frail nature of man which requires collective attention. Therefore, as a people, they detest the craving for profit inherent in private capitalism (Childs, 1936). These unique traits are manifested in the Swedish political and economic system. The country has a history of strong political involvement by ordinary people through its numerous popular movements (Folkrorelser), the most notable being the trade unions, the women's movements, the temperance movement and, in recent times, the sports movement (Wikipedia, 2011).

The story is told of the beginning of industrialization in Sweden. These early forms of industrialization pre-dating the industrial revolution of the rest of Europe were timber and iron-ore based industries and, as a result, were located in remote parts of the country. These industries were organized in tightly knit communal groups known as the "bruks", a patriarchal production unit where the headman was the owner as well as the production manager. Conditions in these isolated country communities were really harsh and while wages were low, the patriarchal boss normally accepted the paternal responsibility for the welfare of each member worker and catered for the sick, the old and the widowed so that none would starve ((Jones, 1976: 53).

This community instinct and the willingness for Swedes to look after one another is a characteristic which marks Swedish life to this day. It was demonstrated in a rather dramatic manner in 1931 when unemployment in the country reached the disastrous high of 32 per cent. The ruling Conservative Party lost the elections the following year and was not able to get power for a long time. The Social Democratic Party took over the

government in 1932 and, but for a short 100 days in 1963, remained in power either as the majority party or as the main party in the coalition government (Jones, 1976: 14). The Swedish political system, in terms of structure, is not too different from other Western systems. But there are major differences in the manner the Swedish system operates. After 1971, there was one house consisting of members elected for three-year terms. The administrative differences appear in the way the central government functioned. A cabinet minister such as the Minister of Labour determined policy only; he was not directly responsible for the day to day administration of the policy. Implementation was at two levels: the first was at the county level where government policy was carried out through administrative boards headed by government-nominated governors. The second was a centralized body with a board made up of members representing different interests and headed by a Director General who was also a government nominee. Within stated limits, this body was virtually autonomous. This system had advantages in that the uncertainty which usually accompanied frequent changes in ministers did not affect the work in the government department.

Another important aspect of Swedish political and economic system was the role of state planning³¹ the objective of which was the attainment of a balanced economy (Jones, 1976: 205). In 1932 when the Social Democrats took over the government, it was their major aim to eliminate unemployment. However, they did not want to achieve this at the expense of a reduction in the standard of living of the Swedish people. The way out of this was to increase national output and the credit for this initiative is attributed to the Finance Minister, Ernest Wigforss. He laid down the principles of a planned economy

with full employment as an objective, not just for social reasons but to use the private sector as well to create the wealth on which future prosperity depended (Jones, 1976: 16). The planned economy worked so well that all the political parties in Sweden accepted it and it became an effective definition of Swedish socialism.

The Swedes believed that it would be a mistake to tax the profitable and therefore efficient companies just to support the inefficient. There is therefore the tendency to "allow the goose the ability to lay more eggs". Thus while taxes on profits in Sweden were very high at around 54 per cent, there were several tax concessions for the companies to make use of (Jones, 1976).

The Swedish Confederation of Trade Union (LO) was another political and economic force in the country. With close relations to the cooperative movement, the LO supported the Swedish National Labour Board (AMS) philosophy of maintaining full employment at the expense of over manning. By 1966, the LO had accumulated E89 million as reserves. It is said that in any confrontation between the LO and the Employers Association, which was reputed to have similar savings, the Swedish economy could easily be wrecked. For this reason, the two avoid any confrontation in the nation's interest, another example of Swedish common sense and pragmatism. In fact, a chart illustrating the distribution of expenditure by the national unions in 1966, compiled by Bo Carlson, shows expenditure for strike action as virtually zero (Bo Carlson in Jones, 1976).

This then is the nature of the political and economic system which accommodated the cooperative system we are going to look at. We have already made reference to the cooperation between the labour union and the cooperative movement both of which have the aim of ‘...fighting for a better life for the worker...’. We have also noted that this political structure virtually came into operation in 1932. In looking at the nature of the cooperative system, we shall give attention to how it emerged and the role it played in Swedish society before the creation of the present system.

The Swedish Cooperative Movement

The cooperative movement in Sweden was an independent body; that was the way it started. In recent times, it has been criticized for having become a wing of the Social Democratic Party, the party in power. In this regard, we should point out that even a conservative party like the Centre Party had sympathy for the politics pursued by the SDP.³² The fact of the matter was that the Cooperative Movement (K.P), the Labour Union (LO) and the party in power (SDP) all had the same aim, that is, ‘...fighting for a better life for the [Swedish] workers...’, an objective which intimately all Swedes subscribed to. Hence, the unique political system. Thus while there was no legal union between the K. F and the SDP, there was a moral union between the two. This was not the position before 1932.

Modern cooperation began in Sweden very late in the 19th century long after it had taken root in England and on the continent. It was not surprising, therefore, when the Swedes

decided to follow the Rochdale model. However, the organization they created differed in several respects, and very substantially too, from the model developed from Rochdale.

In Chapter 2, an attempt was made to distinguish the long term objectives from the short term practical measures undertaken by the Pioneers to get their society off the ground. While the latter measures were described merely as the assumption of the garb of Western culture, the former was projected as the real basis of whatever Rochdale stood for.

Interestingly enough, the organization which evolved in Sweden was at variance with both aspects of the Rochdale tradition. First, the founders of the Swedish cooperative movement took every precaution to avoid reference to ambiguous long term objectives. Instead, they wished to concentrate on the present. On the second point, they tried to keep their stores free from the institutionalized character they had assumed on the continent. Consequently, the stores were open for trade to the public and although non-members did not qualify for the annual dividend, they could allow this dividend to accumulate towards the cost of their initial membership share, a clever device which attracted more members in the end (Childs, 1980: 2).

However, the practice which set the Swedish cooperatives apart from existing cooperatives was the decision not to sell at prevailing market prices. Swedish co-operators were interested in lower prices and high quality to be obtained first through distribution and later on, through production for use rather than for profit. Consequently,

an early objective of the movement here was to destroy monopoly. As time went by, they dared to fix their own prices at levels they considered reasonable (Childs, 1980). This was not the situation in pre-Rochdale England where attempts to undercut private sellers led to the destruction of the cooperatives involved. They were too weak for competition. Following from this experience, the Pioneers decided to start within the classical economic theory and sell at market prices. But this is also the explanation why the cooperative which emerged from this background continually imitated open market practices.

Apart from operational differences, cooperation in Sweden assumed an organizational form which was to be found only in the other Scandinavian countries (in addition to Switzerland). To begin with, individual societies began to establish in the towns and cities especially in the industrial area. Members who enrolled each subscribed a fixed amount of share capital in order to start the retail store. Such societies eventually came together in 1899 to form the Swedish Cooperative Union or the Kooperrativa Forbundet (K.F). It combined the functions of both the Cooperative Wholesale Society and the Cooperative Union in England. This was to signify rapid cooperative development in Sweden, for unlike the Cooperative Union, for instance, which embraced many different units carrying on different functions, the K.F started as a wholesaler, manufacturer, educator and propagandist (Childs, 1980). Several years later, in 1923, a virtual subsidiary of K.F, the Swedish Household Society (S.H.F) was established as a rescue department. A salvage squad maintained by the S.H.F was equipped to step in and direct

the business of any struggling society until the point when the local group could take charge again.

In 1981, the K.F was remodelled with a management council charged with final responsibility at the top. The 13 districts of the K.F elected 18 members to form the council which itself was divided into subcommittees, each responsible for a specific department. It was the Council which elected paid executives of the K.F and had the added responsibility of deciding on new ventures, purchase and sale of property and the investment of surplus capital.

Swedish cooperation attracted from the very beginning, men of talent and business sense unlike in the West where the profit motivation was more likely to attract the best business minds. These included Anders Orne, Ernest Persson, Axel Gjores and Albin Johansson. The last was to become the president of the K.F and the Swedish movement certainly owed him a lot for his ability and devotion. On a salary of approximately E5000 a year, he was said to be the least paid business executive in the country but at the same time one of the most efficient and capable.

Albin Johansson believed that cooperation was "working capitalism" and that capitalism was basically good. What was evil about it was the tendencies and interferences of the smooth functioning of this system leading to the growth of monopolies. Such tendencies he called "finance capitalism". His solution was to oppose such tendencies showing up in Sweden. Hence, his declaration of war on the monopolies and cartels in Sweden, a

move which soon won the support and sympathy of the Swedish people and forced the Government's hand in 1922 to set up a Commission to study the middleman's profit. By this time cooperation had become a significant political and economic force in Sweden.

The K. F first confronted the margarine cartel. This was one of the most powerful cartels operating in Sweden since margarine was a local staple. Unreasonable price raises convinced the K.F to enter the margarine business and it started off by purchasing a small factory for its own production. What followed is described as a bitter and ugly battle but eventually the giant cartel went down in 1911 when prices of margarine fell to levels they could no longer handle. This was a major victory for the new Union and soon the power wielded by the consumer became obvious to all Swedes. Henceforth, they would remain faithful to Johansson and the K.F as he moved ahead with his program of combating monopolies in sugar, soap, chocolate, rubber, flour, galoshes, among others (Childs, 1980).

The success of the K.F's price was not only due to the business sense and determination of people like Johansson but to a large extent also due to the role of the K.F's propaganda machinery. The K.F took this branch of its activities very seriously. It is said that its ~~weekly~~ magazine, *Konsumenbladet*, started off as one of the largest circulation periodicals in Sweden.

The quality of journalism was so high that cooperative news and propaganda were blended neatly with amusing articles and stories of the eminent writers in the country.

Quality reading materials means quality readership as well. As a result, the K.F had no difficulty reaching those who mattered with its arguments. This was demonstrated in the bitter war of the flour milling cartel.

In this particular war, the cartel started first by cutting prices to ridiculous levels so as to beat the K.F at its own game. But it was the propaganda section which managed to convince the members to continue to be faithful. When the cartel was eventually destroyed in 1925, the K.F was in control of 20 percent of the population (Childs, 1980).

One attitude of the K.F which eventually turned out to be a major source of strength was the policy not to court government assistance. As a result, the Organization grew up very confident and could compete on its own strength. One area where cooperatives in other countries have sought government exemptions was in taxation. But in Sweden, it was more lucrative, tax-wise, to register as limited companies rather than as cooperative societies. Like individuals, the latter were taxed proportional to income on a graduated scale which rose sharply. As a result in taking over new business, the K.F usually registered them as independent limited companies. It is said, for instance, that the Stockholm Retail Society organized its production branches as limited companies (Childs, 1980).

After the initial confrontations were over and the K.F had satisfied itself of the reasonableness of the prevailing level of pricing in the country, it entered into another phase of its evolution, that is, whenever it thought it wise to do so, the K.F started

collaborating with private business. Concern over this tendency was the subject of a debate at the K.F's 1934 Congress. A subcommittee appointed out of this congress concluded that it should be possible for the K.F to undertake ventures in the interest of the national economy since it had achieved so much power and capital. This was, however, subject to the K.F's continuing to rely solely on its own finances and furthermore that such external activities were never to be so extensive so as to overshadow the primary functions of cooperation which is to provide members with the goods they needed.

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This flexibility of the K.F is testimony to how easily it was able to adjust to the new system which came into existence in 1932. Swedish cooperative leaders, however, still continued to believe that in addition to distribution and production for the membership, the chief function of their movement was a check on the excesses of capitalism and to prevent monopoly and the concentration of wealth in few hands. This faith had been kept to this day. And perhaps, this is also the reason why Sweden is both socialist and capitalist. This also explains why Swedish cooperation is different from what we find in the North Atlantic and in the former socialist states: they hate bare-faced capitalism and they do not want any ideal communist society.

Conclusion

The strength of the Swedes turns out also to be their weakness. They are conservatives: conservative capitalists and conservative socialists. This kind of satisfaction does not

lead to the attainment of new things. This is why the cooperative state will not be attained in Sweden. Nevertheless, this is the one country which currently offers the best mirror of what that state apparatus could be like.

Endnotes

28. Nicos Poulantzas chooses the term social formations over the ordinary society to demonstrate the complex nature of most systems. See Leonard Pluta, "The Cooperative System and Central and Eastern Europe in the 19th century" in Aloysius Balawyder ed., Cooperative Movements in Eastern Europe (London: The MacMillan Press, 1980) pp. 2-

3.

29. These include Karl Eugene Wadekin who wrote The Private Sector in Soviet Agriculture and K. S. Karol who coined the term Conversations in Russia. Refer to Gregory Grossman, 'The "Second Economy" of the USSR' in Problems of Communism, (vol. 26 no. 5, September – October, 1977) pp. 25-40. This second economy comprised all production and exchange activity that fulfilled at least one of the following tests – being directly for private gain and being in some significant respect in knowing contravention of the existing law. It included perfectly legal private activity which was possible in the Soviet Union. Such private activity, though alien to the Soviet system was tolerated while illegal private activity was suppressed. This latter activity is a reference to internal corruption: theft from state resources, diversions by truck drivers of freight and black-market operations. But the "private plot" and the "garden plot" within Soviet thinking were regarded as part of the process of the evolution of the cooperative sector.

For more information on this subject see Albert Manasta, op. cit. p. 438; and Cooperation of the Socialist Countries in the year 2000, pp. 12-14.

30. Marquis Childs quotes a story from the *Konsumenbladet* which makes interesting reading. At Mellerud, a town in Sweden, a lecturer was engaged by the local merchants association to give a talk on cooperation. His negative comments stimulated lively discussion which is said to have lasted till the following morning when a resolution was adopted as follows: "We the undersigned 175 consumers... tender our sincere thanks to Lecturer Lein for his anti-cooperative address, which has so completely persuaded us that we decide here and now to form ourselves into a cooperative society". p. 12

31. In Sweden the productive private sector is regarded as the goose and it is encouraged by the Government to produce long-term planning with clearly defined goals. See Jones op. cit. p.205

32. In 1973 when there was a deadlock in the elections with the socialists and the anti-socialists all receiving 175 seats, the Centre Party which belongs to the latter had 90 of these seats. Therefore its support for the SDP (which had 159 seats in that election) was very significant. Anyway, after that deadlock the Swedes decided to reduce the number of seats in the Riksdag by one to avoid future deadlocks.

33. Engels concluded his study of the family by quoting from Morgan. Of civilization, Morgan says: 'It will be a revival in a higher form of the liberty, equality and fraternity of the ancient gentes.' Frederick Engels, Origins of the Family, Private Property and the State (Markham, Ontario: Penguin Books, 1985) p. 217

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CHAPTER 5

COMMUNE TO COMMUNE AND THE EVOLUTION OF THE COOPERATIVE STATE

Abstract:

The current dominant state apparatus in the world is that of the capitalist state but this was not the first state apparatus which developed and there is no indication that it will be the last. The thesis advanced in this chapter is that the cooperative state is the potential next state apparatus after the capitalist state. Karl Marx's studies revealed to him that the capitalist state would be replaced by the socialist state and he worked hard to speed up the process of change. It appears, however, that the socialist state will not immediately follow the disintegration of the capitalist state. The thesis is that the cooperative state will precede the socialist state and will be the transition period from capitalism to socialism. In the cooperative state, the basic instincts of man, namely, the competitive and the cooperative, will be utilized to the maximum in the organization of structures of production and reproduction of material life. It is also demonstrated that it is in this cooperative state that the two contradictions will be resolved. But the resolution of this would also mean the dissolution of the cooperative state which would then pave the way for the emergence of the first harmonious socialist state.

Introduction: Commune to Commune

If a commune is defined as a social, political and economic unit where the production and reproduction of the material basis of life is done together intimately without prejudice and exploitation of one party by another, then it can be said that

movement and change in the world is one giant progression from primary commune or communes to a more complex set of commune or communes.

A primary commune is defined as an intimate self-sufficient social group comprising one or more families (extended not nuclear) who cooperate for the production of their material basis of life and who own practically all the means of such production. These means are the very simple implements to assist them in hunting and gathering and the construction of living abodes. A more complex commune, on the other hand, is that self-sufficient intimate society where there is harmony between production and consumption and where the members of the society have practical control of the means of production. These means are the sophisticated machines and other forms of capital that modern economy has come to take for granted but which are largely owned and controlled by capital. In between these two typologies, Commune I and Commune II, is the history of material man. The movement from Commune I to Commune II, is a gradual transition in which the ingenuity and skills of man are tapped to the maximum for the creation of that society in which contradictions³³ in production and consumption relations are eliminated, '... a revival in a higher form... of the ancient gentes...' (Morgan, 1907 and Engels, 1985).

Social and political theorists, philosophers and historians of both the practical and idealist schools, have written about this transition period. The proposition here is part of the attempt to understand and interpret this transition period. Historical records of the past of man did not exist before 3000 BC (in Egypt), and in order to understand what actually transpired, historians and social scientists have had to rely on their intellect to recreate what was most likely to have happened. One such theory by Thomas Hobbes

seeks basically to recreate the life of man before the creation of civil society. What is presented is a society without formal controls in which the competitive and selfish instincts of man are well demonstrated. In this society, the strong ones used their advantage to get access to more than a fair share of whatever was available. But this was not all the activity. The weak ones in the system also used their initiative to outwit the strong in order to survive. The definition of strength as a result was not limited to physical strength alone but also to mental strength. By banding together, the weak ones in the system coordinated their little strengths together and thereby transformed what was a liability into an asset to offer a much stiffer opposition to the physically strong. In other words, there was some control, informal though, in Hobbes' pre-civil society (Hobbes, 1967).³⁴

The pre-civil society described by Hobbes is a fairly recent society. The evolution of human society has been divided into three phases: savagery, barbarism and civilisation (Morgan, 1907). Hobbes period can be placed just before the last category. The question to answer is whether to place the original society in the first category or prior to the third? Secondly, is this original society the same as the first commune? Answers to these questions will not be pursued in this limited proposition. Charles Gide in his *Communist and Cooperative Colonies* (Gide, 1974) has argued that judging by the attitude of early man, he must have been more of a cooperative being than a communist. This view seems to have a large following among modern anthropologists. Richard Thurnwald argues that the pervasiveness of individual attachment to property suggests that this was the practice for the whole society (Thurnwald, 1965: 192).

How far back, these references go is, however, open to debate. These deductions about primitive communities are largely based on recent communities. It is our view that the first commune was intimate and completely communalistic. This commune was developed around the family. Every activity in the society revolved around this unit: all production and consumption. The process of expansion of the unit or units affected bonds of blood which were gradually weakened. Splinter groups were dispersed all over and that was when the cooperative instincts in man became instrumental in keeping various groupings together. The next stage was the assertion of individual abilities and it was at this point that the competitive instincts in man began to dictate the pace of action. Most of the theories about man's original society seem to take this as their point of departure. Hobbes' pre-civil society belongs to this late period.

Ever since the departure from the intimate commune, the two instincts of man have been charting two different and separate courses. The competitive which has become the dominant, has been dictating the pace of progress but doing so in such a fast manner, it has been leaving in its wake strife upon strife and crisis upon crisis. The cooperative instinct of man, on the other hand, has been moving slowly and conservatively receiving the achievements made in the former and serving as storage centre for these human achievements as well as a place of solace for those who get scorched by the heat of competition. This latter course is the evolutionary path of the cooperative organization. In other words, the cooperative organization is not alien to man. It has been an alternative organization from the early days of man.

The evolutionary path traced by the cooperative organization, after the departure from the intimate commune, has been linear in its progression and will remain as such

until it has stored enough achievements of the competitive drive, to be transformed from a mere storage tank into a dynamic to take over the pace of development.

The Subject of the Cooperative State

Life is made up of apparent opposites, apparent because the two opposite sides are required to make a whole and Man has two distinct qualities, spiritual and material. Each quality is fundamental to his nature. The former is his link with nature while the latter is the explanation of his continued material existence. Marx revolutionised the history of man by the development of the Materialist Conception of History. This theory has a place for the spiritual but explains it only as a consequence of the material. Before Marx, Hegel had maintained that history presupposes an abstract or absolute spirit which develops in such a manner that man is merely the mass which housed this spirit and consciously carries it along. In other words, Hegel's conception of history explains the material as a consequence of the spiritual. '... within the framework of empirical exoteric history, Hegel introduces the operation of a speculative esoteric history ...', a brand of "the march of God in the world" (Gardiner, 1966: 58-73).

The short-coming of Hegel's theory is that it ignores the day to day existence of the principal subject, Man. His material life does not have much room in this theory; instead all the attention is focused on the abstraction of which he is supposed to manifest. Marx's Materialist Conception of History corrects this imbalance by explaining human history in terms of his material life (Gardiner, 1966 and Bottomore and Rubel, 1975). Men are distinguished from animals because they produce their own means of subsistence, an activity which their physical constitution makes possible. In other words,

according to this theory, indirectly, it is man who produces his actual material life. This revolutionary discovery implied several things. It became clear, for instance, that the manner in which men produce their means of subsistence depends, among others, on the nature of the existing means which they have to reproduce'. This mode of production is not regarded simply as the reproduction of the physical existence of individuals but that it is already a definite form of activity of these individuals, a definite way of expressing their life, a definite mode of life. As individuals express their life, so they are. What they are therefore coincides with their production, with what they produce and with how they produce it. What individuals are therefore depends on the material conditions of their production (Gardiner, 1966: 126).

This conception of history is therefore based on an exposition of the actual processes of human production. This begins from the simple material production of life and on the comprehension of the form of intercourse connected with and created by this mode of production namely civil society in the various stages as the basis of all history and also in its actions as the state. From this sub-structure, all other forms of consciousness, religion, philosophy, ethics et cetera are explained (Gardiner, 1966: 126).

In short, for both Hegel and Marx, the object of history is to penetrate the past of Man to the beginning of his existence and to explain it as a continuous movement. For them history is a method, a vehicle for understanding and explaining the past of man. The method makes it possible to penetrate the past as much as possible to create the documents, written as well as unwritten, that short-sighted and limited definitions of history are pre occupied with. By these theories, then, history virtually begins in the indefinite past and ends in the indefinite future, infinity to infinity. These theories assist

the development of the current thesis, that is, Commune I to Commune II. For Hegel, it was the Philosophy of History.³⁵ Marx called his the Materialist Conception of History.

There are natural laws which govern social evolution. And according to the Materialist Conception of History, human society evolves and as such a new order can only be generated by forces contained in the old. This conception of history helped Marx to identify the stages of human social organizational development. These are listed as primitive communism, plunder, slave society, feudalism, mercantilism or early capitalism, capitalism (in all its manifestations) and finally socialism or its most advanced form, communism. The last is described as the last possible stage in the evolution of the human social organization, a stage which the state, defined as the dynamic agency with a class bias, will wither away with the corresponding society becoming stateless and classless. It is this aspect of Marx's theory which has not been realized so far and there is no indication that this will take place in the foreseeable future.

The Materialist Conception of History is only an aspect of the totality which constitutes Marxism or scientific socialism. There are three other ideals corresponding to three theories. These are a theory on religion and alienation, a theory on revolution and a theory on surplus value. The major preoccupation of Marx was to explain capitalism, what it is and how it thrives. The last theory was devoted to this. He was, however, not the first to write on value. The subject had preoccupied thinkers as far back as the Christian economists of the Middle Ages (Bonner, 1970: 13).³⁶ Nevertheless, Marx's theory on value is very thorough demonstrating what combinations are involved in production, how the capitalist makes his super profits and why labour is the sole loser in the arrangement. The whole system was so offensive to the dignity of Man that Marx felt

it was necessary to speed up the process of transition to the next stage of evolution of the human social organization which is socialism. His theory on revolution was the means for attaining that objective. One result of this was the emergence of the communist states. The existence of the capitalist system, supreme yet truncated, side by side with the communist system, which could only claim limited success in certain limited cases but which increasingly adopted Western habits,³⁷ suggested that there is a missing link in the transition from capitalism to socialism. The submission here is that this missing link is the cooperative state. There are reasons to support this claim. Everything in our time and experience seems to support the contention that the transition to the ultimate society is taking a longer time to realize because the conditions required do not exist now. First since capitalism strives to glorify the fittest in the society, the tendency and impact is the creation of polarized societies with resources increasingly being shifted from the sources of supply for use and benefit by people far removed from these sources and without obtaining fair compensation. Resources are appropriated by the "fittest" not only locally, but nationally and internationally. Hence, the situation where a small percentage of the people in the world control and use most of the resources in the world and attempts to reverse the pattern are resisted.

On the contrary for socialism to thrive, a certain standard must be taken for granted for all unit components for the system. Unlike capitalism, a basic principle of cooperation is to address the needs of the membership. Production is therefore dictated and satisfied from within and not otherwise. This particular characteristic is indispensable for developing local talent and resources for broad-based and grass roots development. It is therefore a vehicle for attaining socialism. Thirdly, cooperatives

distinguish between the producer, the consumer and the citizen but recognize that the three are embodied in the same person. Also, while the cooperative state will emphasize cooperation, cooperative societies do not rule out competition. There is cooperative competition where producers and consumers bunch together to produce and consume what the society requires. The producers would own their means of production and the consumers would have purchasing solidarity. In other words, worker-producer cooperatives and consumer cooperatives will dominate the economy. Not until the time when the means of production are completely taken over by the worker producer cooperatives, the trade unions would continue to feature to protect workers' interests. This situation will continue until the distinction between capitalist skewed cooperatives and communist skewed cooperatives is removed. Finally, while the ultimate end of the cooperative state and the socialist state are the same, the former must precede the latter, hence, the need to encourage the development of the features which manifest the appearance of the cooperative state.

The last point is required to reassure cooperative theorists like H. H. Munkner³⁸ that while a proper definition of cooperative is needed, the emergence of certain types of cooperatives which are clearly false cooperative societies in that they do not meet all the criteria of cooperatives but have the quality of worker-ownership and control, are not altogether undesirable for the attainment of the cooperatives state. In fact, they are the means for the attainment of that state (Munkner, 1979: 172-183). They will be the major participants in the early phase or transition period to the cooperative state. For capitalism itself must phase out gradually into the cooperative state. Indeed, the absolute

manifestation of the cooperative state, which will be without “false participants” will be the first phase of the socialist state.

Human Nature and the Political Theorists

A discussion of human nature will always be a basis of any discussion of schemes to improve human social organizations. Invariably, what these organizations represent are visible attempts of Man to grapple with problems of survival in his habitat; a translation of his basic nature (cooperative and competitive) and his basic qualities (spiritual and material) into structures namely, human social structures. Democracy is not a quality of Man but it is a “thermometer” for measuring the fairness of the human social organization which comes about as a result of the translation of Man’s tendencies, the good and the selfish, into structures. It follows that this search for fairness will continue until it has been attained. The thesis is about the transition to Commune II.

While democracy is not a quality of man as such, it is a quality of his social organization. The interpretation and application of “fairness”, however, differs from people to people, from one clime to another and even over time. Nevertheless, most people agree that as an accepted vocabulary of human social organization, any appropriate interpretation of discussion of democracy cannot occur without reference to the original formulators of the word as an ideal worth pursuing, the Greeks. E. H. Carr, however does not think that such reference is absolutely necessary since the modern notion disagrees fundamentally with what the Greeks practised (Field, 1956: 6-7). In dismissing the feeble attack on him by the unknown M. Bastiat, Marx admits the ability

of Aristotle as a thinker but in the same breath, he speaks of his limitations as a universal thinker on the subject of slavery (Bottomore and Rubel, 1975).

Both Carr and Marx are here preoccupied with the short comings of the Greek social organizations which recognized two main sets of people and their corresponding "worlds". The citizens who were described and treated as people and the slaves who were treated as if they were non people. Carr's objection seems to be that there cannot be any discussion of democracy if it does not apply to all in the community. Similarly, Marx wants producers of the wealth in any community to come into the picture in any discussion of democracy.

Unfortunately, this is something which was alien to the ancient Greeks. One cannot argue that human nature in ancient Greece, therefore, differed from what it is today. Human nature is constant: it is the manifestation and interpretations which differ from one age to the other and it is the interpretations which reflect the corresponding social organization.

Human nature is basically divisible into two – whether Man is basically good (selfless) or whether he is basically bad (selfish). There have been several theories to explain this nature. But the summary would appear to be as follows: that innately Man is good but requires checks and balances to exhibit this nature. On the other hand, without any checks and balances, Man is basically acquisitive, selfish and crude. This is the theme of the theory which Hobbes developed to explain the origins of civil society. His Leviathan signifies the recognition of the goodness in Man, namely, that he is capable of entering into arrangements to guarantee his ultimate best interests. The Leviathan was

supposed to be the impartial arbiter in the society. But over the years, there have been challenges with this impartial arbiter and the state in the capitalist society was described as “an instrument of class oppression”.

Despite these problems and tendencies, no one has ever argued that life for Man would be better outside civil society rather than within it. Thus the pursuit of progress has taken the form of attempts to perpetually change for the better, the relationships within the society with regards to production and consumption, the material basis of life. Aristotle in his Ethics argues that the “city” exists for the sake for the good life. And Socrates, through, Plato in Gorgias says that the true test of a statesman is whether he leaves the citizens better than he found them,. This is the ideal expected. And while there have been isolated cases of thinkers who have denied (Field, 1956: 6-7) the moral end of the community, it is the general view that the good life is within the community. All these philosophers assume the selfish nature of man but argue that it is within the community that this nature can be controlled, making room, for the moral side to flower.

The Cooperative Advantage

The fact that most past theorists and philosophers have accepted the basis of civil society itself is a vindication of the validity of the evolution of human society. Attempts to understand how human society has evolved to the present day can, therefore, never be a futile task. Civil society, however, suggests organization. Nevertheless, the literature on the origins of Man does not suggest that civil society is synonymous with the first human beings who lived on the earth. On the contrary, the suggestion is that there was a time lag between the appearance of Man and the creation of civil society (Morgan, 1907).

This is why it is natural, in investigating the past organizational structures of man, to begin with the family. Early theories which began with the unit family (that is, man, wife and children) as the nucleus have been rejected by the opposite view that the family has evolved from the large, clannish, kinship conglomerate to the monogamous tendency of today (Morgan, 1907 and Engels, 1985). How this clannish conglomerate survives should be the starting point of our investigation of evolution of the human social organisation.

“The world is just beginning to be ready for the higher work of the Cooperative Movement” (Laidlaw, 1980 and Dodoo, 1995).³⁹

This “higher work.....” has to do with the attainment of the cooperative state. All the available literature which deals with the beginning of life, where they do not expressly pursue the matter, are not opposed to Man as the lord of the earth, of all the other creatures and vegetation. Despite this lordship, man had to toil in order to survive in his habitat; to hunt, to gather, to fish and to build; the activation of human energy for the realization of specific ends. This is called labour-power or work and was from the beginning an activity which brought out the nobility in Man to continue as lord of the earth. Some of this labour-power over time became accumulated and externally stored to assist Man to do more work with more ease and more efficiency. This accumulated, externally stored labour-power is what is known as capital. Capital, therefore, is nothing more than a device or devices to ease, simplify and improve the efficiency of man as a worker, the expression of the nobility within him to better appreciate his role as lord of the earth.

Since the term Man employed here refers to plural man rather than singular man, it follows that “accumulated externally stored labour-power” belongs to plural man and not singular man. This is also the reason why it makes sense to speak of man “hiring” capital to produce or to do more work.

Let us suppose the existence of two units of man. One unit expends two hours of his labour-power on a piece of rock and ends up shaping that piece into a cutting device for dressing game. The other unit uses the two hours to hunt and capture a game. This second unit will have the option of dressing his game with his bare hands, which will not be an easy task or, alternatively, he can rent the cutting edge to assist him do a neater and faster job on the same game. Among the options opened to unit I are either to agree that his tool or capital be hired in exchange for a portion of the carcass or to go into the wild and start all over doing what unit II has already completed. From this simple illustration, it should be obvious that there is nothing inherently evil about the principles of division of labour and exchange. Let us suppose, once more, that Unit I decides to stick exclusively with the making of stone knives. Over time he is able to accumulate a whole range of such cutting devices. He continues to “hire” out his implements in exchange for food and survives on this arrangement until his death. Unit II also dies and both are succeeded by their heirs. Now while Unit II's heir will have to continue to do a two-hour hunting to bring home a game, that of Unit I may not have to do any work but to continue to live off the toil of Unit I. Here the social concern will then be: is it just for the heir of Unit II to labour for the heir of Unit I to enjoy while at the same time not do any work? The latter can argue that he is providing a service by administering the implements. The other extreme deduction is that the heir of Unit II is working not for the

heir of Unit I but rather for the capital he possesses. Unit I's heir will therefore be gaining benefits not from Unit II's heir but from the capital in his possession.

Several questions arise from this illustration. The first relates to the way the society is organized. If it is a society with a strong community sense, the chances are that the interests of the community will be placed before the interests of smaller units within the community. On the other hand, if the society is one where the component units have a strong sense of independence, then the chances are that the smaller units can control what ultimately happens in the entire community. In such a case, it will be possible for one unit to practise behaviours which can adversely affect the whole unit in the long term. On the other hand where the community interests is dominant, capital can easily be socialized to become the property of plural man. The cooperative commune has this feature.

An experience of one of the 19th century American Communes may be used in support of the above point. In 1821, a former member of the Harmonists (1804-1900), Eugene Miller sued the society with the objective of recovering wages and services rendered. He lost the suit because the court held that those who secede lose all property rights, separate from the colony (Wooster, 1974: 5). The principle of community ownership over individual claims was decided with some finality by the Nachtrieb case in the matter of communes in the United States. The case which started in 1849 lasted seven years. But eventually, the Supreme Court decided in favour of the colony (Wooster, 1974: 5). An illustration may be taken from the modern cooperative society itself which requires in its principles that those who decide to secede cannot take with them the collective property of the society. In cases where societies decide to wind up altogether,

the entire property is normally to be passed on to another cooperative society. These examples demonstrate man's attempts to maintain his position as lord of labour and not become a slave of his environment.

Another deduction relates to the organization of the family. Here it does not necessarily follow that capital bequeathed to a heir can turn out to be a problem for the society. The issue may have something to do with the nature of the family itself. Suppose the whole society is one big family, the heir may then be somebody within the family with the ability to administer the capital for the benefit of the whole society. Problems in the society begin when undue attention is given to the nuclear family to the neglect of the rights of the society as a unit. But then, the family itself may assume different forms. Herodotus' reference to the matrilineal Lykkians is said to be probably the first suggestion of this (Linton, 1968: 277-295). Further it has been generally accepted that the married couple is not essential for a family to exist. The Nayar of the Malabar district of India did not have it and yet they prided themselves of having a family. The nature of the family tends to correspond to the nature of the society. Among the Asante polygamy was practised and the man raised more children because the more wives and children meant more prosperity. But this was also a society where kinship bonds were strong. Hence, the matrilineal form of inheritance.

Today, the world population is placed at 7 billion (Rosenberg, 2011) but this was not the case when life began on earth in the rift valley in East Africa (Leakey, 2011) which would give some credence to the "old man theory" (Linton, 1968: 279). At this point the resources in the world out-numbered Man so much so that there was humanics instead of economics. However, with the multiplication of the species, the pressure on

the natural resources increased and as a result competition for these resources among the inhabitants also intensified. It seems plausible that it was at this time that efficiency in resource production and use became paramount. This was the point when economics came to replace humanics. This means that henceforth, people became more conscious of what they produced, how they produced it, and more importantly, they became conscious of the value of work. For instance, with the realization that two-hours of work could lead to the production of an implement with the potential for possible freedom from future work, more people would go into capital production instead of hunting thereby transforming the knife industry into a very attractive area. Also depending on the nature of the control mechanism already in place in the society, more people would be tempted to shift from the production of materials needed for the society but whose value could not assure them long term prosperity. The implication of this would be people becoming more pre-occupied with long-term planning. The nature of competition would accordingly change and with it the appearance of the first "casualties" in the society.

The casualties of competition would have the choice to start all over again or they could change course altogether to operate in less polarized environments. According to Cole during the early phase of capitalism, "... there were... numerous failures and bankruptcies, forcing the unsuccessful aspirants to the status of the capitalist back into the ranks of the working class..." (Cole, 1944: 3).

Not all the pushing capitalists of the Industrial Revolution acquired fortunes. Many went to the wall and those who managed to survive did so at the expense of shedding away "a large portion of their humanity". Cole says that those capitalist aspirants who could not make it found their way into the cooperative movement. Alfred Marshall also makes

reference to the same types of capitalist casualties (Dodoo, 1995). But unlike Cole, he does not tell us how these casualties got rehabilitated into the process of production. He does, however, congratulate the cooperative movement for making use of the otherwise “waste products” of the society (Dodoo, 1995). The point of the matter, however, is that those who are not able to withstand the heat of brutal competition, after several unsuccessful attempts eventually turn to something more moderate, more humane and ready to deal with the “human side of enterprise” (Melville, 1972: 12).⁴⁰

These casualties often turn to cooperation. More importantly, this attitude is not true of the capitalist period alone, it has been so throughout the ages when the first intimate commune began to witness a divergence in the two instincts in Man with the competitive assuming the dominant role and dictating the pace of progress. The cooperative instinct of Man was not killed after this divergence, it merely took the “back seat” recording the advances made by the former. It became a shelter but it will not remain like that forever.

Thus what happened in 1844 was a specific instance of Man’s retreat to seek refuge in the cooperative community. Otherwise the history of Man is replete with such occasional withdrawals, right from the time of early man to modern Man. Such periodic regrouping as communities, interestingly enough, are governed by the laws of the dialectic. For this reason each successive stage of realization of the cooperative commune is not totally identical to the previous one or ones. While the bonds of community are displayed, the later manifestations of the ideal tend to be qualitatively higher than the previous ones.

Parallel Progression

To put the matter differently, the progressions of human social organizations and institutions have been doing so on two levels. This is the parallel progression. On the one level, the upper level, there is the purely competitive individualistic instincts of Man dominating and dictating the pace of development and formation of the appropriate institutions and structures. On the second and lower level, there is the cooperative society-conscious, community-centred instincts at play. The former is the fast lane while the latter is the slow-but-sure avenue. It does not follow that there are no cooperative instincts at work in the fast lane, and vice-versa. It means that these traits are dominant in their respective spheres. There is also a relationship between the two levels. It is already noted that both natures were in intimate union in the early commune before the point of departure of divergence. It is also stated that the cooperative organization has not only been a shelter for casualties from lane I but is also a recorder for the achievements in the same lane. But more importantly, both lanes are subject to the laws of the dialectic. Otherwise, the two progressions are separate and parallel. This will not be forever.

The ultimate manifestation of the fast lane is the creation of the capitalist state, something which occurred by the mid 19th century. By the 20th century, that state apparatus had started showing signs of decline with the strong emergence of the public sector placing checks and balances on the unbridled, individualistic and blind capitalism of 19th century Europe. The plunge downwards still continues. On the other hand, the absolute manifestation of the cooperative dominance is yet to be attained. The evolutionary process is still taking place in this second lane and the eventual result will

therefore be an achievement of cumulative practice which span the entire life of man. The, otherwise, passive recorder carries the potentials of assuming an altogether different identity and becoming a dynamic instead of a mere recorder tagging along. This is the point when the parallel progression will come to an end because it will witness the gradual ascent of the lower level to meet the capitalist plunge downwards. In other words, the cooperative organization as a dynamic human social organization will then begin to progress at the expense of the capitalist state.

The 1844 Rochdale project with its principles and conscious accounting practice was certainly superior to any cooperative commune set up in Europe in the previous century. In the same way, the present organization of the cooperative society will make 1844 look very pale indeed. Nevertheless, it should also be mentioned that in the 20th century certain rejections of the competitive state apparatus have been extreme so as to take the "protestors" several centuries back into cooperation. An almost total return to the primitive cooperative organization may be perceived in the Hippy colonies, for instance. These shun all modern technologies and choose to stay as close to nature as possible.

The suggestion then is that the evolution of the cooperative organization has not been one simple linear progression: different peoples and different parts of the world have attained and continue to achieve different levels and stages in this evolution process. Secondly, in the regions which have witnessed the high level of achievement in this process, it is still possible to have groups from here to reject the whole system (level I) and return to the primitive organization. In other words, the evolutionary process is

linear but complex, recording forward and backward progressions. However, the high point of development is never lost and the next higher phase takes off from here.

These illustrations aside, it seems very evident that the downward plunge of the capitalist state would meet the emergent cooperative state at a point which would be the take-off point for the journey into the classless, stateless society that the early theorists have projected and which is described as Commune II in this study.

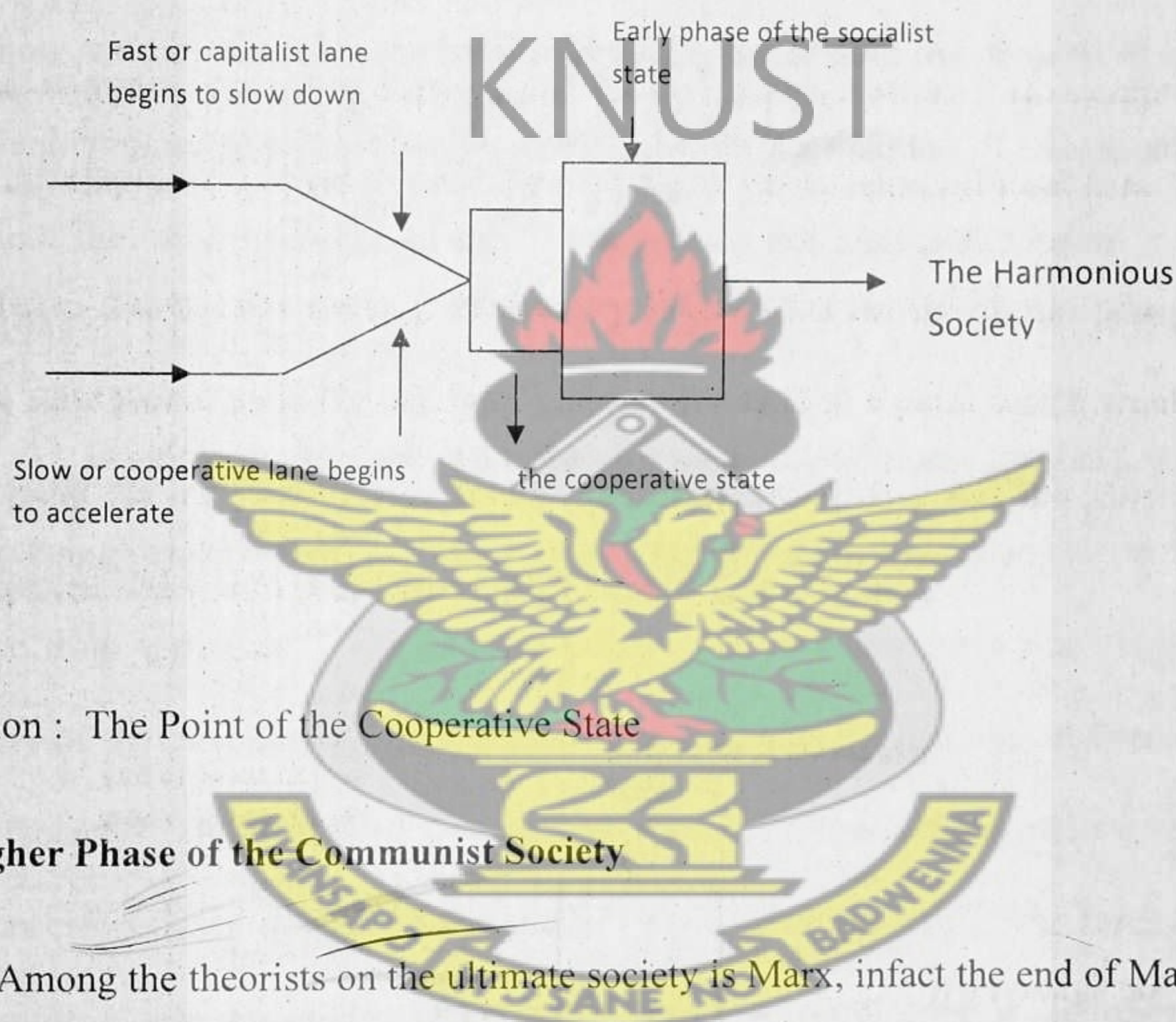


Illustration : The Point of the Cooperative State

The Higher Phase of the Communist Society

Among the theorists on the ultimate society is Marx, infact the end of Marxism is this ultimate society. The projection, as already indicated was from capitalism to socialism, its highest point being communism. Nevertheless, Marxist writings indicate that there are phases within communism. In other words, the dialectical process does not stop at the beginning of the communist state. Hence, the talk about the "higher phase of communism."

It must be stressed that neither Marx nor his immediate followers like Lenin were entirely sure as to what the period just before the realization of the “higher phase of communism” would be like. In the *State and the Revolution*, Lenin makes this admission:

‘...We have the right to say, with the fullest confidence, that the expropriation of the capitalists will inevitably result in a gigantic development of the productive forces of the human society. But how rapidly this development will go forward, how soon it will reach the point of breaking away from the division of labour, of removing antagonism between mental and physical labour, of transforming work into the “first necessity of life” – this we do not and cannot know...’ (Lenin, 1943).

In addition, the early Marxists did not know with any precision what form the intervening period would be like. The assumption was that the transition to socialism would be from capitalism. The early Marxists were thus not aware that there was the possibility of the development of one more state apparatus before the realization of the ultimate society. They did have a vague idea that there would be an intervening period but it was erroneously assumed that it would only be an extension of the capitalist state. Accordingly, Lenin felt there was nothing wrong in concentrating attention on the ultimate society:

‘...Consequently, we have a right to speak solely of the inevitable withering away of the state emphasising the protracted nature of this process and its dependence upon the rapidity of development of the “higher phase of communism leaving quite open

the question of the lengths of time or the concrete forms of withering away, since the material for the solution of such questions is not available...' (Lenin, 1943).

The intervening period spoken of here, is the time frame when the cooperative state will materialize. Before the attainment of the "higher phase of communism" there must first be the unification of the two parallel progressions. This point of unification will be the starting point of the cooperative state and it will be a distinct state apparatus. Initially, the dominant features of both capitalism and socialism will be reflected in this state apparatus which will serve as the grinding mill to reduce all contradictory features of the productive process which have not been resolved under capitalism but which the socialist states rushed into implementing only to discover that they could only maintain such gains by police force.

During the early phase of the materialization of the cooperative state, the contradictions between freedom of the individual and of the state will continue to exist. However, at the realization of the cooperative ideal, these contradictions will cease. And it is only in this sense that it can be assumed that the materialization of the cooperative state, will also be the first stage of the commune ideal, the beginning of the journey into the higher phase of Commune II.

Conclusion

In conclusion, it should be stated that, hitherto, the application of the dialectical process to the evolution of human social organization has only been at the upper level. The Materialist Conception of History and the stages of evolution it has specified largely apply in this upper level only. The evolution of the cooperative

organization as a human social organization has in this respect, been ignored precisely because it has traced a totally different path of its own but, nevertheless, it is still governed by the dialectical process. This is, perhaps one reason why its presence eluded the eminent theorists.

Endnotes

34. The Leviathan was written with a motive, an argument for the need for a more powerful king, especially, in England. Hobbes was born and he lived in a Europe rife with strife and turmoil: The Spanish Armada invaded his country, England, shortly after his birth in 1588. For most of his childhood, a civil war raged in nearby France between the Catholic crown and Protestant Huguenots. During his adult years, between 1618 and 1648 all Europe was involved in the 30 years war. Between 1642 and 1649, England was plunged into civil war. Cromwell waged war against Scotland, Ireland and Holland during his protectorship. Two other wars erupted between England and the Netherlands in 1665 and 1672. During the same period, Holland joined in the European coalition of Austria, Spain and "Germany" against France. Such political turmoil convinced Hobbes that people were creatures who required strong checks and balances to avoid doing harm to one another. Hence, his argument for absolute sovereignty to rest in the King. There were, however, contemporaries of Hobbes like George Lawson who while agreeing with the need for strong sovereign felt this should rest in the Parliament. For a detailed study of the historical context of Hobbes argument see Jean Hampton, Hobbes and the Social Contract Tradition, (Cambridge: Cambridge University Press, 1986).

35. He defines his philosophy of history as not merely a philosophical reflection of history, but history itself raised to a higher power and become philosophical.

36. Bonner says that the conception of a just price was an important part of Christian economic doctrine in the Middle Ages. He adds: Adam Smith, in his *Wealth of Nations* held that labour was the source, the determinant and the standard of value, that in the early and rude state of society which preceded the accumulation of capital and the appropriation of land the whole produce of labour belonged to labour, but with the advent of the capitalist and the landowner, the produce of the labourer was divided into wages, rents and profits. Ricardo refined Smith's theories but his theory of value was also a labour theory and he showed how capital whose cost went into the cost of production, the buildings, the machinery, materials were themselves the embodiment of past labour. Extract taken from Bonner op. cit. at p. 13.

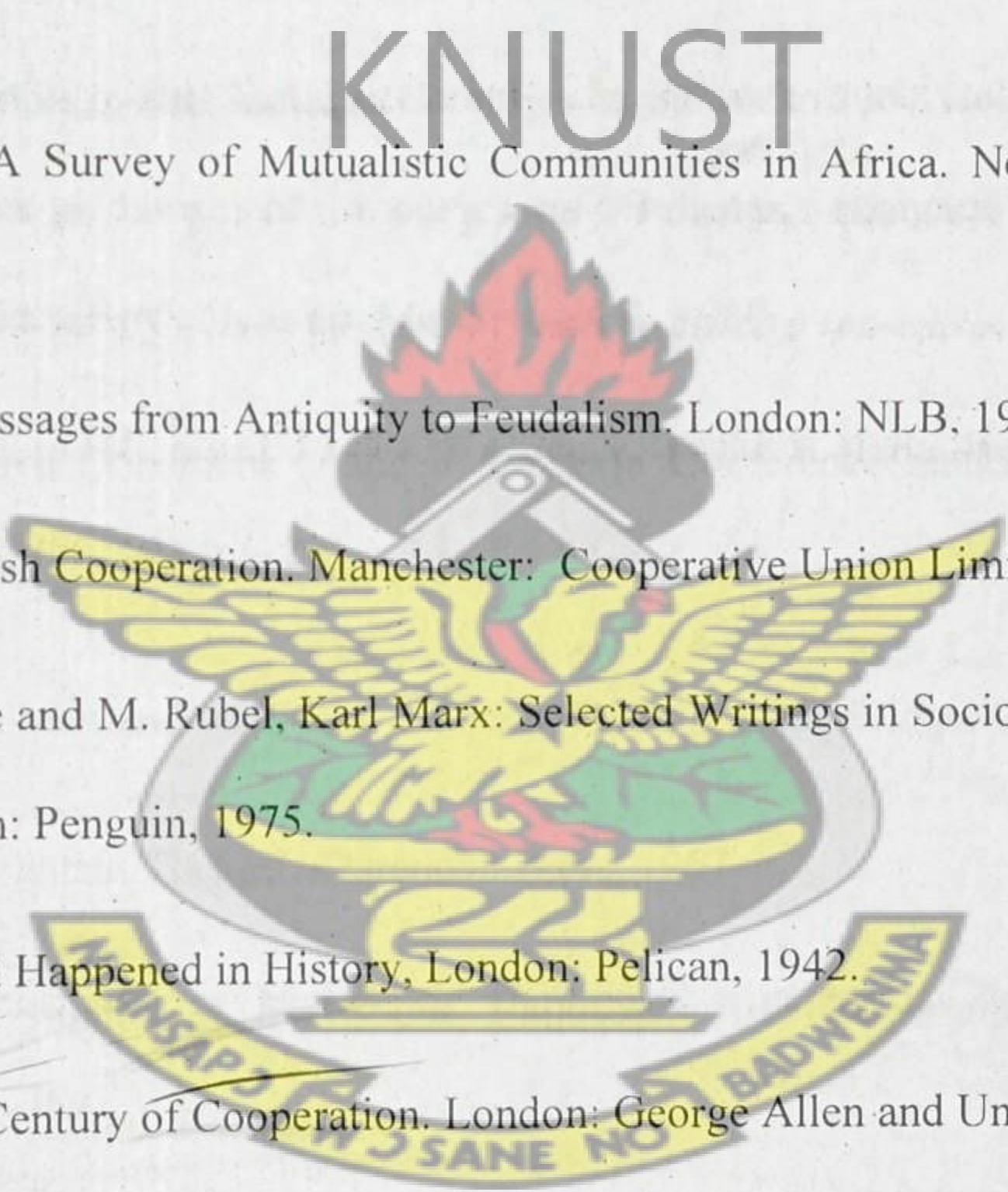
37. It will not be easy to imagine what would have happened to the Soviet Union if somebody other than Stalin had taken over after Lenin. In China, the work of Mao was undermined by new leaders like Deng Xiaoping to the point that there was talk about "Red Capitalism". A short article which was published by the Los Angeles Times in June of 1988 carried this paragraph: "Perhaps the most prominent of these Red Guards-turned-capitalist is Wan Runnan, who in 1984 left his academic position to found the Beijing Stone Group... Wan has turned stone into China's premier privately owned company..." this company is said to have recorded \$138 million in sales in 1987.

38. Munkner was displeased with the ICA "Conclusive Document of the ICA world conference on Development and Industrial Cooperatives, 1978". This Document basically bundled together industrial cooperatives, workers productive cooperatives, service cooperatives and artisanal cooperatives all into one bag which it called the "work cooperatives". Munkner's objection is that such an indiscriminate attitude makes it impossible to analyze in some detail the specific problems of the various enterprises. However, it is only his service cooperatives which will qualify as true cooperatives. Nevertheless, all the other categories: Worker's Productive Cooperatives and Labour Contracting Societies can function well in the early phase of the Cooperative State. For the article, see H. H. Munkner, "The Position of the Workers Productive Cooperatives' in the FRG in Review of International Cooperation," (vol. 72 no. 3, 1979) pp. 172-183. Other improved definitions for cooperatives had been done for the FRG in two previous studies by G. Albrecht and E. H. Diederich in connection with preparation for cooperative legislation in 1958.

39. This statement made 45 years after the establishment of the Rochdale Equitable Society was again quoted by A. F. Laidlaw to conclude the study he was commissioned by the I.C.A. to undertake in preparation for the Moscow Congress of 1980. According to Laidlaw, world trends of the nineteen eighties have convinced many that Marshall was right. For more details about the grounds for Laidlaw's optimism and the occasion for Alfred Marshall statement, see Dodoo, 1995.

40. Aaron in Melville's Counter Culture recounts why he went to join the Commune; first because it was a refuge: '...I got to the point where I couldn't advocate social change, I had to live it.... This is where I have to start if I want to change the whole system.' See Melville, Communes in the Counter Culture: Origins, Theories, Styles of Life, (New York: William Morrow and Co., 1972) p. 12.

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GENERAL CONCLUSION

Capitalism, Cooperation and Socialism including Communism have had to relate to one another for the past one hundred and seventy years in one form or another – denial, acceptance or coexistence. Nevertheless, it is not in doubt that the dominant state apparatus which controls the forces of production in today's world is the capitalist state. In his study, *Age of Capital*, Eric Hobsbawm demonstrated conclusively that the capitalist state apparatus assumed control of production relations in the world between the years 1848 and 1875. The argument is not that the capitalist state suddenly emerged on the world stage in 1848. Instead there was a long gestation period prior to that period in time at which point the capitalist mode of production clearly replaced the feudal mode of production.

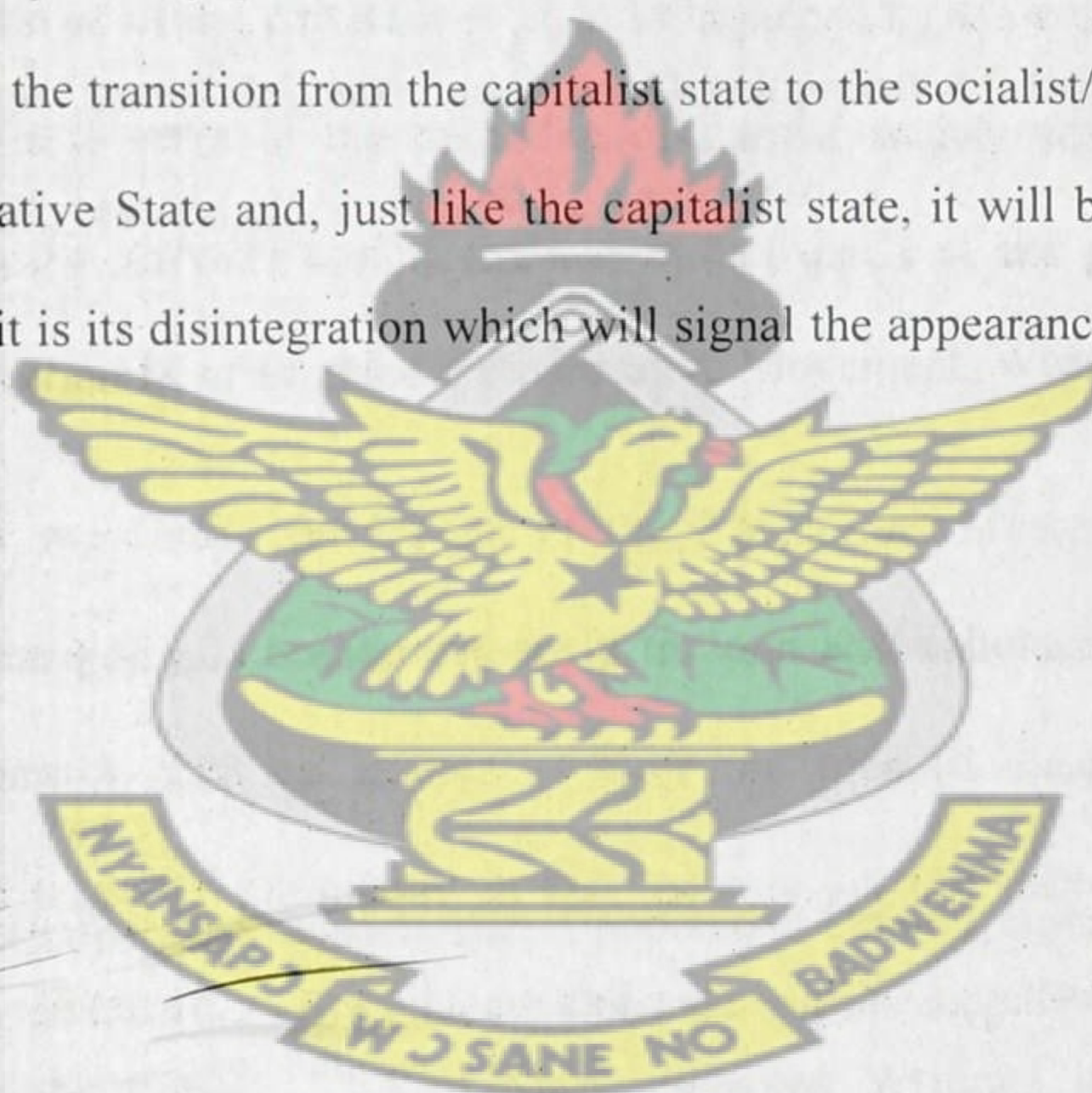
The story of the Rochdale Pioneers also began in 1844 and there is no suggestion that those Pioneers introduced the cooperative mode of production in that year. Instead cooperation had been in existence long before the appearance of those Pioneers. What they did was to fine-tune the practice of Cooperation as a mode of production. Indeed, the Pioneers did not set off to establish just a cooperative store but rather to found a movement which would introduce an alternative mode of production, distribution and appropriation distinct from the capitalist mode of production. Cooperation has always sought to be a complete social, political and economic system with a tradition based on the millennial aspirations of people who seek a better order than they have had to live under in their quest to reach the ultimate society.

The beginnings of the Capitalist state were not pleasant for all the players in the field. The competition was raw and rough even for the pioneer entrepreneurs. Not surprisingly, some of these pioneer entrepreneurs became scorched by the heat of competition and had to fall by the wayside. The Cooperative Society then easily became an alternative method of production for such failed pioneer capitalist entrepreneurs. Again, the cooperative mode of production ensured that the users of its products are also the owners or entrepreneurs of the production. These characteristics of the Cooperative Society initially alienated the Marxist Socialists who were angered by its activities since they felt such activities did not encourage workers to come together for the prime task of confronting and defeating the capitalist state.

It is instructive also to note that the Communist Manifesto was actually launched in 1848 to call on all workers of the world to come together to defeat capitalism and install the socialist state. The ills of capitalism which the Marxist socialists were against were also observed by other socialists of the period such as Robert Owen (1771-1858) Charles Fourier (1772-1837) and Louis Blanc (1811-1882). However, their approach for dealing with the problem was dismissed by the Marxists as unrealistic and utopian. Instead, Karl Marx outlined an elaborate program for solving the capitalist problem. First there was the need to understand the capitalist state and its origins; second, there was the need to understand how the capitalist made his "super" profits (surplus value); there was also the need to understand the effects of the capitalist mode of production on the workers and finally there was the need to have a designed strategy for the confrontation. Accordingly, he developed four theories to deal with each of these four realities. These theories were the Materialist Conception of History, the theory on surplus value, a theory on alienation,

and a theory on revolution. The combined effect of the application of these theories was to accelerate the demise of the capitalist state to be replaced by the socialist/communist state which is the last stage in the evolution of human society from the primitive communist state to the ultimate society defined in this thesis as the progression from Commune I to Commune II.

Unfortunately, 160 years after the launch of the Communist Manifesto, there is no indication that we are going to see the demise of the capitalist state sooner or later. The thesis developed here is that the attempt to force the socialist state to succeed the capitalist state was probably pre-mature in that there is yet one more state apparatus which will serve as the transition from the capitalist state to the socialist/communist state. This is the Cooperative State and, just like the capitalist state, it will be a distinct state apparatus and that it is its disintegration which will signal the appearance of the Ultimate Society.



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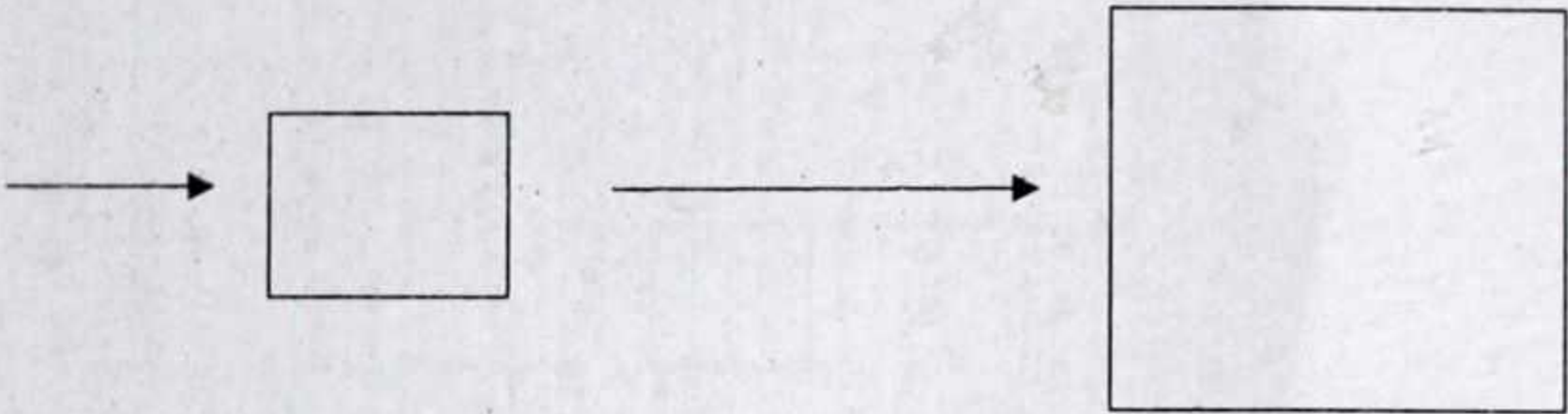
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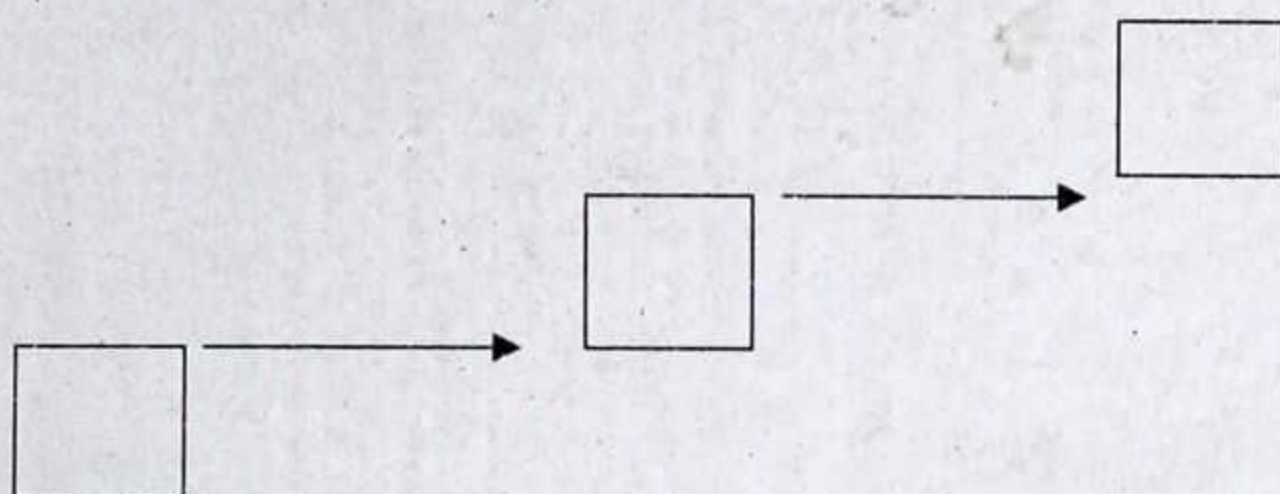
ADDITIONAL ILLUSTRATION I



KNUST
Commune to Commune



ADDITIONAL ILLUSTRATION II



KNUST

Diagram showing the qualitative development of the cooperative organization



ADDITIONAL ILLUSTRATION III

COMMUNE I

COMMUNE II

