

History of World Co-Operatives

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Abstract

Co-operation is one of the important tools of social transformation not resorting to revolution but a process of mutual co- operative effort. World Heritage Encyclopedia refers that a worker co-operative is a co-operative owned and managed by its workers. A co-operative enterprise may mean a firm where every worker-owner participates in decision-making in a democratic fashion or it may refer to one in which management is elected by every worker-owner and it can refer to a situation in which managers are considered and treated as workers of the firm. Though cooperatives play significant role in every sector of the economy such as agriculture, finance, energy, housing, healthcare, and digital platforms yet main objective of co-operative movement was making breakthrough in the stagnation of poorer classes especially the vast majority of agriculturists who were groaning under the heavy weight of indebtedness. Hence, Agriculture sector generally found the Co-operative movement more attractive as farmers use this mechanism for pooling their meager resources for solving common problems relating to credit, supplies of inputs and marketing of an agricultural produce. The objective of the review paper is to understand the history of cooperatives and its spread all over the world and future scope of cooperatives.

Keywords: Co-operative, Society, Movement, Organisation

1. Introduction: A co-operative form of life has been in existence since dawn. Co-operatives have a long history. The practice of repairing drains, opening the gates of reservoirs at proper time so that neither too little nor too much water turned-on farmers' land used to be an organized system in ancient Mesopotamia or Mediaeval Holland. Russian Mir and Serbian Zadruga are less specialized kind of co-operation. The custom to make cheese in French and Swiss Alps in Middle Ages is another form of co-operation. Burial clubs, Mutual insurance societies, Workers' Guilds are examples of urban co-operation. (1948 Digby)¹

2. Origin of Co-operative Societies

At international level the earliest co-operative were established among the weavers, workers in cottage industries. In 1498 world's first co-operative society "The Shore Porters Society" in Aberdeen was established which was later demutualised to become a private partnership. A group of porters called 'Pynours' on Aberdeen harbour joined together for mutual protection. In 1498 the Burgh i.e. municipal corporation records mentioned about Pynours for the first time as a recognized body of community the customs which had legal force.(1887, Bulloch, John)².

3. Co-operative Movement

First documented consumer co-operative was established on March 14th, 1761 i.e. Fenwick Weavers society in the East Ayrshire Fenwick.

The society originated as Lennox town mill in 1780 where the father of co-operative movement Robert Owen who was born in 1771, opened a store in New Lanark, Scotland in early nineteenth century.

3.1 Co-operative Movement in Nineteenth Century

In 1812 Lennox town Friendly Victualing Society was found in Glasgow.(1920 William, Reid)³. Dr. William King early supporter of modern co-operative movement formed Co-operative

¹ Digby Margaret, The World Co-operative Movement, Hutchison & Co.1948) pg 11-12.

² Bulloch John ,The Pynours- Historical Notes on An Ancient Aberdeen Craft, Aberdeen J.& J.P. Edmond & Spark 1887,p3

³ William,R., History of United Co-operative Banking Society: Fifty Years' Record 1869-1919,1920,pg 8)

Trading Association in July 1827and advised people to purchase necessities from cooperative stores. The association flourished and members of association were ambitious. Dr. King recognized that obstacle in the way to success was ignorance. To overcome this obstacle he founded a monthly periodical 'The Co-operator' in 1st May, 1828. (1922 Mercer, T.W.)⁴.

In the United States, William Bryan formed a co-operative store near Hudson and Leroy Streetat New York in 1830. From 1830 to 1840 several hundred co-operatives emerged. Many congresses were held. In one such congress at Birmingham on Oct. 4th, 1831 an establishment of wholesale society was decided upon (1921, Gide Charles).⁵

Lockthurst Lane Co-operative Society (1832) and Gala shields and Hawick Co-operative Societies(1839) merged with 'The Co-operative Group' still trade today.

3.2 Modern co-operative movement

Modern co-operative movement in the world dated from foundation of Rochdale Equitable Pioneers' Co-operative Store at end of 1844 which became a model to set up over a hundred stores in Serbia. (1917, Coventry Co-operative Society Ltd.)⁶

In Sweden, the first well known co-operative named Lagunda and Hagunda District commodity buying company of orsundsbro was started in 1850.According to an article 'Kooperativa Forbundet' published in World Heritage Encyclopedia by 1899 the 41 local consumer co- operatives formed a federation in Sweden known as KF i.e. 'Swedish: Kooperativa Forbundet' means 'Swedish Cooperative Union'.

Urban co-operative movement originated in Germany when Franze Hermann Schultze Delitzsch formed credit society in 1852 for the benefits of artisans in the cities.

In Italy, the General Workers' Union setup a "provident store" in 1854 which was considered to be the first enduring consumer co-operative in Italy. Co-operative societies spring up even under the most adverse circumstances as compared to speculative capitalism which trained the workers and managers as co-operation is inherent character of the people.⁷(1923, Por Oden)

⁴ Mercer,T.W.,Dr.William and The Co-operator 1828-1830,The Co-operative union Limited, Holovake House,Hanover Street,1922,pg. xxii

⁵ Gide Charles, 'Les Societds Cooperatives de Consommation' English translation 'Consumer Co-operative Societies' by The Staff ,Co-operativereference Library, Dublin T.Fisher Unwin Ltd. 1921,Pg 13

⁶ Coventry Co-operative Society Ltd., The Jubilee History 1867-1917, Press of Birmingham Printers Ltd.1917 pg 17.)

⁷ Por Oden,Guilds and Co-operatives in Italy, Translated by Townshend, The Labour Publishing Company,London,1923 pg 3)

In U.S. after the conflict of 1867, a great rural organization 'Grange' was found on December 4th, 1867 at Washington D.C. Grange was a secret fraternal order of Patrons of Husbandry designedto improve the status of the farmer in America. It influenced the cooperative efforts of the farmers& many cooperative grain elevator companies were formed. From 1895-1900 one hundred and thirty three companies reported to Federal Trade Commission as having been organized.⁸(1901, Butterfield)

The co-operative movement in Israel is in many ways unique in character. Unlike most co- operative moments, it is not engaged in transforming an existing economy, but in creating an economy and society from the beginning.

Approximately three hundred individual cooperatives across Yorkshaire and Lankshaire merged together to form North of England Co-operative Society in 1863. Later on it was known as Co- operative Wholesale Society (CWS) in 1872. The idea of co-operative bank was first discussed inGreat Britain in about 1870.

The year 1883 can safely be termed as fruitful hatching period for co-operation as Sir Henry Storks made a pioneer

attempt by making himself the spokesman before the Government of India advocating co-operative credit which yielded no result. However an experiment was carried out in 1892 by Sir Edward Macglan and Captain Crosthwaite in Panjwar in Punjab where common land was handed over to a trust with the motive of paying off the debt of co-sharers from profit earned. In the same year Lord Wenlock the Governor of Madras assigned Sir F. Nicholson the duty to enquire the working of Co-operative in Europe. The report of this enquiry was published in 1895. This report advocated introduction of co-operative credit societies based on Raiffeisen model of Germany. Sir Charles Bernard, Sir Arthur Cotton is prominent names to carry on a good deal of confabulation and correspondence in the area of co-operation.⁹(Wolff, Henry W., 1919)

During last two decades of nineteenth century many cooperative elevator companies were organized and failed due to competition, poor management or other reasons. Federal Trade Commission made a survey in 1918 thirty nine were still operative.¹⁰ (1914, Refsell)

3.3 Twentieth Century Co-operatives

⁸ Butterfield, Kenyon L., Forum, Vol.3, pp.231-242 (April, 1901)

⁹ Wolff, Henry W., Co-operation in India, London W. Thacker and Co., Thacker, Spink and Co., Calcutta and Simla, 1919).

¹⁰ (Refsell, The farmers' Elevator Movement p 874 in Journal of Political Economy vol.22 (Nov. 1914)

In the beginning of Twentieth century CWS absorbed many consumer societies such as Leicester Hosiery in 1903, Huddersfield Brushmakers in 1904, The Co-operative Credit Societies Act 1904, a turning point for Co-operative movement in India, Desborough Corset Manufacturing Society in 1905, Rochdale Flour and Star Flour Mill, Oldham in 1906, Keighley Ironworks, Dudley Bucket and Fender and Birtley Tinplate in 1908 and Halifax Flour, Sowerby Bridge Flour, Colne Valley Flour and Unity Cutlery Store in 1915. By 1990s the viability of co-operative model came to doubt CWS's share of the market declined.¹¹ (1921, Sidney & Webb, Beatrice) In Finland about 150 students delivered lectures in different parts of the country for popularization of co-operative ideas. Many existing provincial agricultural societies assisted the movement by distributing reading material, sending their instructors to help set up new co-operative undertakings. Print media published articles on the subject. As a result the number of cooperatives emerged during 1901-1914.¹² (1916, Gebhard, Dr. Hannes)

Credit unions were established in U.S. by 1908. Raiffeisen and Schultz-Delitsch developed a co-operative model in Germany which reached United States in 1910. Farmers organized themselves in the form of credit unions or Raiffeisen banks. In 1913 there were approximately 16,000 Raiffeisen banks only in Germany which created a credit up to 560,000,000 Mark Der i. e. DDR.¹³ (1921, Howe, F.C.)

The International Labour Organisation has a cooperative Division. By 1930 Swedish co-operative movement expanded rapidly during the management of Albin Jahanson. By 1970 KF was leading retail stores in Scandinavia.

Louis Kelso of US found an alternative method of employee ownership by introducing a Bill - Employee Stock Ownership Plans. In 1979 a bill was introduced relating to compensation plans, pension plans and ESOP.¹⁴ (1979, Staff Joint Committee on Taxation United States Senate). By 1990s the viability of co-operative model came to doubt CWS's share of the market declined

The cooperative movement reached another level when a global research effort was initiated in 1992 on the research design by John Rouse Senior Co-operative Officer of The United Nation Food and Agricultural organization which financed the research in collaboration with J.D. Von Pischke financial analyst world Bank. The field of research was countries like Hungary,

¹¹ (Sidney & Webb, Beatrice, The Consumers' Co-operative Movement, Green and Co., London 1921. Pg. 93)

¹² (Gebhard, Dr. Hannes, Co-operation in Finland Edited by Smith Lionel, William and Norgate, W.C. 1916, pg 56-57)

¹³ Howe, Frederic C., A Co-operative Commonwealth, Brace & Company, New York, 1921, pg 190)

¹⁴ Staff Joint Committee on Taxation United States Senate, Description of Bills relating to Deferred Compensation Plans, Pension Plans and Employee Stock Ownership Plans, U.S. Govt. Printing Office Washington, 1979, pg 1)

Gautemala, India, Kenya, Poland and Slovakia. The members of Committee for Promotion and Advancement of Co-operatives were International Cooperative Alliance (ICA), the International Labor Organization, the International Federation of Agricultural Producers, the International Union of Food, Agricultural, Food, Restaurant, Tobacco and allied Workers' Associations, the United Nation and World Council of Credit Unions. The Institute of Rural Management in Anand India, the Kenya National Federation of Cooperatives, the Finnish Cooperative Centre and University of Missouri, USA actively participated in the research. In 1995 Recommendations of findings of research

were published in 1995 and were revised in 1997 as cooperatives had changed greatly. ¹⁵(2004, Pischke, J.D. Von & Rouse, John G.)

3.4 Twenty First Century Co-operatives

The Cooperative sector in the 21st century has been facing major challenges in modern world. This sector has started evolving and adapting modern ways of life, while still adhering to the ideals of mutual cooperation, democratic management, and shared economic benefits. Since 2008 about 80000 cooperative enterprises have started throughout the world indicating at growth of cooperatives.

The world has shifted to the theory of shared value. The cooperative entrepreneurship has been taking place of competition. It has been argued that the competitiveness of an enterprise and the health of the communities in which they exist are mutually dependent. (Porter, M., 2011)¹⁶

With the passage of time the privileges of cooperative sector decreased and regulations put them on competitive disadvantage. KF i.e. 'Swedish: Kooperativa Forbundet' is left with only 39 consumer cooperatives in 2012. China provide a strong base to world cooperatives as there were more than 730,000 Food Cooperatives registered in 2013 catering to more than 54 million rural households adding 10,000 cooperatives each month. The data available on cooperatives at global level is insufficient; it is difficult to portray complete picture. According to World Cooperative Monitor at least 12% persons on the earth belong to three million cooperatives in total.

4. Conclusion

The 2025 United Nations International Year of Cooperatives (IYC2025) theme will be 'Cooperatives Build a Better World' aiming at sustainable development goals by 2030.

¹⁵ (Pischke,J.D. Von & Rouse, John G.,New Strategies for Mobilizing Capital in Agricultural Cooperatives, Food and Agriculture Organisation of United Nations,2004)

¹⁶ Porter, M. (2011) Creating Shared Value. Harvard Business Review; Jan/Feb volume 89, issue 1/2: 62-77

The shift theory has given new dimensions to the cooperative sector for future. International Cooperative Alliance has suggested digitalization of cooperatives, improvement in membership, and enhancement in efficiency by exploring opportunities in e-commerce, digital banking, and tech-driven cooperative solutions. To encourage youth participation, training on local levels etc. are the factors which can impact the society and help achieve sustainable goals.

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