

Minding Our Own Business:
Community, Consumers and Cooperation

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ABSTRACT

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The 20th century Cooperative Movement emerged out of a need for people to gain some control over the enormous social and economic changes sweeping the country in the first half of the century. While industrialization and corporate consolidation that occurred during this period offered a range of new opportunities for people who had the means to take advantage of them, entire sectors of the population – farmers, workers, immigrants and African Americans – suffered economic disenfranchisement that severely restricted their ability to participate in the expanding marketplace. Some members of these groups believed the cooperative movement might provide the means to manipulate the emerging political economy to serve their needs by modifying the conventions of individual agency through collective action.

Cooperatives, largely organized by the economically disenfranchised groups, promised protection from exploitation (such as price gouging, the passing off of inferior products, and unfair hiring practices) on the part of an increasingly powerful corporate capitalist elite. Cooperators believed that by withdrawing their money from the national market and redirecting excess capital back to the consumers of their communities they could use their acquired power to safeguard local political, social and economic interests.

While the economic and political benefits of self-empowered consumers helped knit together large numbers of like-minded individuals, what truly sustained the cooperatives was the

fact that they almost always emerged among groups of people that shared significant connections above and beyond economic need. For example, cooperatives tended to form among communities of people with similar backgrounds, defined by characteristics such as ethnicity, language, and race. These community connections, fostered through social and cultural activities, rooted individuals within the historical experiences of a cohesive group and made it possible for cooperatives formed by such groups to command the loyalty of their members.

When cooperative leaders, however, tried to launch a national effort to broaden the scope and power of the cooperative movement, they failed to foster the local, grassroots community connections that had made cooperatives successful in the first place. As a result, the movement faltered. This dissertation contributes to the history of working class, local activism around consumerism and highlights the importance of community connections in the success and failure of cooperatives.

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For Soren Paavo Tammi Stearns,
Whose cooperative nature inspires me every day

INTRODUCTION

Cooperatives are all around us in these early decades of the twenty-first century: food co-ops, insurance cooperatives, book-selling coops – institutions structured to save individual consumers money by creating specific economies of scale. In 2009, the United Nations even declared that 2012 would be the International Year of Co-operatives. “Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility,” explained Secretary-General Ban Ki-moon.¹ Cooperatives emerged in the debates about healthcare reform that roiled U.S. politics that same year. Senator Kent Conrad, D-N.D., argued a national health care cooperative would be in the nation’s best interests. “I really believe that the cooperative approach is a superior one...it will provide very strong competition to the for-profit insurance market..., is politically viable,...[will] get the votes...is a model that has worked very well for many years in this country...[and] its membership-run, membership-controlled [approach] has a special way of connecting with the people it serves.”² Others concurred with Sen. Conrad’s views; “I like the small community feel,” said Darla Andrews, a member of HealthPartners in Minnesota, a health insurance cooperative founded in 1957, “It’s more personal attention.”³

Cooperators today thrive within the dominant capitalist system and identify themselves as a cost-saving strategy for savvy consumers. Shopping at a cooperative grocery store, using cooperative insurance or owning a cooperative apartment are competitive advantages for

¹ *International Year of Cooperatives 2012*, accessed August 1, 2011, <http://social.un.org/coopsyear/>.

² Charlie Rose Show, *Transcript*, August 3, 2009, accessed August 2, 2011, <http://www.charlierose.com/download/transcript/10533>.

³ Chris Welch, *Dissecting a Health Care Co-op*, CNN, August 19, 2009, accessed August 2, 2011, http://articles.cnn.com/2009-08-19/health/health.care.coop_1_healthpartners-health-care-health-insurance?_s=PM:HEALTH.

individuals, means for lowering unit costs and conserving personal capital.⁴ Contemporary cooperators see their co-op participation as an alternative to capitalist business, not a direct threat to it. Cooperators of an earlier era, however, thought differently about the possible power of their collective consumer action.

Cooperatives have been in existence since the rise of industrialization in Europe, Japan and the United States, where they represented the promise of collective power over individual vulnerability to big business, a dedication to social responsibility and community values. Cooperators believed cooperation was a pragmatic response to the economic and political inequities associated with the increasing concentrations of wealth and power spawned by corporate capitalism. And prior to 1940, cooperators in the United States believed it might be possible for cooperation to not only counteract but also to overturn capitalism.

In the early 20th century, cooperation was a movement, a social and political response to ascendant capitalism, as much as it was an economic strategy. Participants in the Cooperative movement of that era understood their efforts to organize consumer behavior were not only a means to navigate economic difficulties but also a direct and deliberate threat to what they believed to be an inequitable and undemocratic capitalist hegemony. While never a particularly large movement – cooperative business captured at its height only between 1-3% of the market – cooperatives did garner enough interest in the 1930s and 1940s to prompt the federal government to take notice and provoke a group of for-profit businesses to consider them dangerous.⁵ The

⁴ For example, the mission statement for the Park Slope Food Cooperative in Brooklyn, New York, identifies the co-op as an “alternative to commercial profit-oriented business” but focuses mostly on the regional socio-political impact of belonging to a cooperative rather than any widespread socio-economic threat. Rather than replacing capitalism, the Park Slope Food Cooperative touts its positive environmental impact and the value of local, “organic, minimally processed and healthful foods” that it makes available to its members. Park Slope Food Co-op, *Mission Statement*, accessed September 1, 2011, <http://foodcoop.com/go.php?id=38>.

⁵ See Chapter 5 for a discussion of the 1930s.

latter even formed a lobbying organization, the National Tax Equity Association, to combat cooperative activities on a national level.

The potential power of cooperators was possible because of the ascendance of the 20th-century consumer. As Robert and Helen Lynd identified in their 1929 sociological study of Muncie, Indiana, “[t]he American citizen’s first importance to his country is no longer that of citizen,” an editorial in the leading Muncie newspaper proclaimed, “but that of consumer.”⁶ The emergence of this new personae brought with it attempts by various constituencies to define the powers and limitations that the new consumer might possess. On the one hand, there were the corporate interests that celebrated the consumer as the key agent in the new economy; “informed” by advertising, “aided” by the proliferation of shopping options and enabled to spend beyond their means with credit and lay-away plans. At the other extreme were radical reformers and would-be revolutionaries who saw in consumerism new methods for exploiting the working class and enriching elites.

Somewhere near the radical end of this spectrum, was the modern cooperative movement. Cooperatives were, and are to this day, a business venture based on a set of voluntary principles that dictate economic behavior. The principles have a long history stemming back most directly to a group of weavers in Rochdale, England; but in the United States, cooperation took on a distinct American character, grounded in democratic ideals of self-determination, self-sufficiency and community action. Unlike in Europe, where cooperatives emerged as industrialization took root, and tended to form in factory towns among the working class, U.S. cooperatives mostly formed in rural communities and small towns or in homogenous ethnically or racially defined urban neighborhoods. And while they clearly identified with the working-

⁶ Robert Staughton Lynd and Helen Merrell Lynd, *Middletown: A Study in American Culture* (San Diego, California: Harcourt, Brace Jovanich, 1957), 88.

class struggle, many quite consciously opened up their memberships beyond the ranks of the working poor. Not only were American cooperatives more inclusive in terms of class, but the rhetoric supporting cooperation was, perhaps ironically, connected to some traditional notions of American exceptionalism: liberty, equality, individualism and populism.⁷ While individualism may seem antithetical to cooperation, in the case of American consumer cooperative rhetoric, the success of American individuals could be assured only by collaboration with neighbors, colleagues and compatriots.⁸ In other words, individualism was something to celebrate as long as people realized that individual success and prosperity in a truly democratic society relied inherently on community and cooperation, not on laissez-faire capitalism.

Most cooperators, at the same time however, also eschewed what was often posed as the logical alternative to Capitalism: Socialism. Charles Gide, a French cooperative thinker and economist, argued that the cooperatives fit into a unique place within the business model: Cooperators, unlike free market capitalists and unlike socialists,

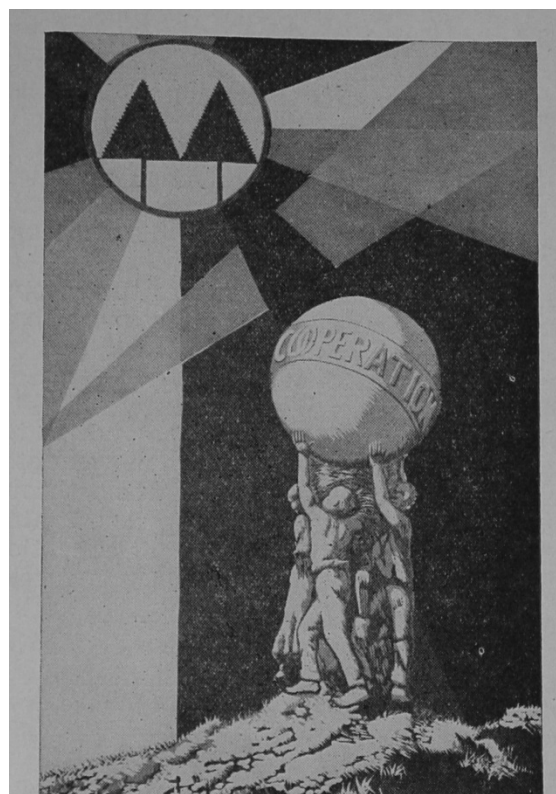


Figure 1 - “Propaganda Poster designed by the cooperative artist, Henry Askeli, for use as an advertising and publicity medium for cooperative picnics, entertainments, and other educational occasions.” [Pamphlet Collection Box 60, University of Wisconsin Cooperative Library]

⁷ Seymour Martin Lipset, *American Exceptionalism: A Double Edged Sword* (New York: W. W. Norton & Co., 1997).

⁸ Leonard Kercher, *Consumers' Cooperatives in the North Central States* (Minneapolis, MN: University of Minnesota, 1941), 134.

argued that cooperation was *the practical* solution to economic and social inequities.⁹ In the United States, cooperators believed that once the nation embraced cooperation – as they would surely do once they understood its superior benefits – Americans would finally achieve their true democratic social and economic potential. At the center of it all would be modern consumers, organized, empowered and liberated citizens of a cooperative commonwealth that not only embraced individual freedom but relied, at the same time, on the qualities of community.¹⁰

This dissertation examines how 20th-century cooperators in the United States sought to realize this vision, the struggles they endured and obstacles they overcame, as they sought to supersede corporate capitalism. The tale ends poorly for those who imagined cooperation, but in their stories lie important insights about agency, idealism, community, identity and the limits of democratic control that remain instructive in the 21st century.

Chapter One traces the origins of cooperation in the United States, dating back specifically to the nineteenth century. During that era, cooperatives emerged among various working class organizations that considered cooperatives a useful tool in a broader effort to secure economic, political and social rights for its constituents. Utopian visionaries also embraced cooperatives during this time in the hopes of creatively avoiding the inevitable industrialization of the country and to escape the inherent inequalities of laissez-faire capitalism. The cooperatives of the nineteenth century, however, were short-lived ventures that died out when the organizations and movements they were connected to fell apart. However, their history helped to guide people interested in cooperation in the twentieth century. For this reason,

⁹ Charles Gide, *Consumers' Cooperative Societies* (New York: Alfred A. Knopf, 1922).

¹⁰ Alexis de Tocqueville recognized this when he traveled through the United States in 1831, remarking that “personal interest is identified with the interest of the community.” Alexis de Tocqueville, *Democracy in America* (London: Saunders and Otley, 1835), 1: xxviii.

understanding something about nineteenth-century cooperation is helpful in understanding the cooperative movement of the twentieth.

Chapter Two explores the kinds of people who turned to cooperation in the twentieth century. Cooperation appealed on a local, grassroots level to workers and farmers, immigrants and African Americans who were economically, and often socially and politically, disenfranchised in their communities. They formed cooperatives, more often than not, amidst racially and ethnically homogenous communities, as a way to help themselves carve out better lives for themselves and their families.

Chapter Three documents the rise of a cooperative movement in the twentieth century. It looks at the various progressive reformers and socialist activists who believed that cooperators could be organized nationally to challenge capitalist hegemony. Specifically the chapter highlights the leadership of members of the Cooperative League of the U. S. A. as the important catalyst for a national movement. However, its leadership was not without challenges. In the latter half of the 1920s, the Communist Party of the U. S. A. tried to usurp control of the cooperative movement from the Cooperative League of the U. S. A. Chapter Four looks at how the Cooperative League managed to eradicate the Communist threat and regain control over the movement.

By the mid 1930s, with the communists no longer causing divisions within the movement, the leaders of the Cooperative League of the U. S. A. believed they had achieved enough momentum and support to launch an organized national effort. They thought the time had come when they would be able to convince Americans that cooperation was a more democratic, more American, economic system than capitalism. However, as Chapter Five reveals, the cooperative movement was doomed to disappoint because the leaders failed to take

into account the fact that cooperatives were successful because of local, grassroots organizing among homogenous communities of people. A national, top-down effort that tried to force heterogeneity was antithetical to cooperative organization; cooperators stopped feeling connected to their local cooperatives. The decreasing sense of loyalty to the cooperatives, combined with the economic recovery during WWII and the subsequent market growth of goods and services, cooperators simply started to shop elsewhere.

CHAPTER ONE:

American Community and a Response to Capitalism

LESSONS LEARNED

Cooperatives, by definition, are businesses owned and operated by their members. There have been, and continue to be, four main types of cooperatives in the United States:

- Marketing cooperatives, in which goods are sold collectively by farmers or manufacturers (Sunkist is a contemporary example);
- Consumer cooperatives, which are stores or services that sell goods to their members and return all surplus revenue back to their members (REI is the largest of these in the U.S. today; but other examples include credit unions, grocery stores, cooperative apartment buildings and health insurance);
- Producer cooperatives, in which goods are made by workers or farmers collectively (today, one example is Land O'Lakes);
- Worker cooperatives, in which employees run and own their business (examples today include Alvarado Street Bakery in California, Red Emma's Bookstore Coffeehouse in Maryland and The Hub Bike Co-op in Minnesota)

Across these variations, cooperatives generally share a set of guiding principles that include one vote per member, political neutrality, cash-only transactions, dedication to educating members and the broader community about the virtues of cooperatives, and systems by which all profits (after expenses) are returned to members based on how much business a member did at the cooperative rather than on the number of shares owned. These principles highlight the differences between cooperatives and for-profit businesses.

While an organized cooperative *movement* (as in a collective of people with a shared agenda interested in challenging the social, political and economic status quo with a particular set of alternative principles) existed in the United States *only* during the 20th century, these fundamental principles and cooperative types have roots in the 19th century. Those experiences, successes and failures, of cooperative activity informed and helped to shape the movement that eventually developed after World War I. The earlier cooperatives provided practical lessons about the importance of money management; the consequence of affiliating with other organizations that had multiple agendas; the financial and political advantages of consumer cooperatives over producer cooperatives; and, in particular, the necessity of engaging and maintaining the interests of families and communities in all aspects of cooperation. The examples provided by their predecessors became foundational guidelines for the leaders of the 20th century Cooperative movement.¹¹

The motivations for 19th-century cooperators sprang from the tremendous changes brought on by the Market Revolution of the late 18th and 19th centuries, from developing class dynamics in the United States and from the way people related to work and leisure and to one another. Technological advances in transportation spurred rapid economic growth during and after the American War of Independence. Better roads, a network of canals and, eventually, railroads significantly improved the means for manufacturers and farmers to get their goods to market; they opened up the landscape to development and enabled a newly mobile citizenry. Improvements in manufacturing techniques allowed manufacturers to produce goods faster and at lower cost, which in turn made consumer goods cheaper and more readily available to a burgeoning population.

¹¹ J. P. W. [James Peter Warbasse], "Vital Issues: What Publicity Can Do for Co-operation," *Co-operation* IX, no. 10 (October 1923): 163-164; Oscar Cooley, "Consumers' Cooperation in the United States," *Cooperation* XIX, no. 2 (February 1933): 24-27.

Many people embraced the tumult of the marketplace, the goods, labor and services it provided. But it made others nervous and fearful, stoking concern that industrialization and spreading commerce would compromise personal liberty erode community and dissolve cherished ways of life.¹² Middlemen and monopolies – and especially the unjustified profits that many farmers and workers believed they enjoyed – became popular bugaboos of the Federalist Era. Bertram Fowler, a freelance writer and editor for the *Christian Science Monitor*, explained those concerns succinctly in his book *Consumer Cooperation in America* (1936): “Middleman monopoly, by its overhead charges in the shape of profits, set up a system drainage that gradually took from the farms the substance upon which they were built...bought from the farmer at the lowest possible price, that it might exact another toll from the city consumer.”¹³ In the ascendant economy of the early 19th century, farmers and workers often got the short end of the stick, while middlemen reaped huge rewards.

To circumvent this unjust system, wage workers and farmers turned to cooperatives in hopes of reclaiming some control over essential industries and services. From labor organizations before and after the Civil War, to farmer associations such as the Grange toward the end of the century, examples of cooperative activity flourished alongside increasingly sophisticated institutions of American capitalism.

One of the earliest examples of cooperative activity in the United States was a utopian community established in New Harmony, Indiana, in 1825 by Welsh-born textile mill operator, Robert Owen.¹⁴ Owen believed goods should cost no more than what they cost to produce; he

¹² Alan Brinkley, *Voices of Protest: Huey Long, Father Coughlin, and the Great Depression* (New York: Vintage Books, 1983), xi-xii, 144, 146, 166; Meg Jacobs, *Pocketbook Politics: Economic Citizenship in Twentieth-Century America* (Princeton, NJ: Princeton University Press, 2007), 4.

¹³ Bertram B. Fowler, *Consumer Cooperation in America: Democracy's Way Out* (New York: The Vanguard Press), 18.

¹⁴ Benjamin Franklin's Philadelphia Contributionship for the Insurance of Homes from Loss of Fire, formed in the 1750s, was the first known cooperative in America. William Bryn was the first person to establish a consumer

was convinced that the new economic order was inherently selfish and individualistic, and thought it pointless to attempt to reform it from within. His alternative was to create a more ideal organization of society and manufacture, one that eschewed profit. In this new community, no one would lack for material necessities and so crime, poverty and unemployment would vanish, he believed; educational, economical and social equality would flourish.

The Owenite families – many of them scientists and educators from Philadelphia – established themselves as self-sufficient agriculture workers and lived in single-family apartments with shared public kitchens and dining rooms. The Owenites assumed that when others outside of the community witnessed the moral superiority of their way of life they would be eager to join the cause. But despite the grand, hopeful vision of a cooperative society espoused by Owen and his followers, a shortage of capital and sound business experience, coupled with the impossibility of eliminating the basic individualistic needs and desires of its members, the experiment collapsed within a few years and New Harmony ceased functioning as a cooperative community by 1829.¹⁵ Yet a hundred years later the idealistic rhetoric embraced by the members of the 20th-century Cooperative movement echoed not only the same kind of concerns about the intrinsically selfish and individualistic nature of capitalism, but also the conviction that others would eventually succumb to the superior logic of their more ethical and

cooperative in the US. He did so in New York City in 1830. See Jack Shaffer, *Historical Dictionary of the Cooperative Movement* (Lanham, MD: The Scarecrow Press, 1999). See also John Curl, *For All the People: Uncovering the Hidden History of Cooperation, Cooperative Movements, and Communalism in America* (Oakland, CA: PM Press, 2009): 33-34.

¹⁵ Ewell Paul Roy, *Cooperatives: Today and Tomorrow*, 2nd ed. (Danville, Illinois: The Interstate Printers & Publishers, Inc., 1969), 69-72; Ellen Furlough and Carl Strikwerda, *Consumers Against Capitalism? Consumer Cooperation in Europe, North America and Japan, 1840-1990* (Lanham, Maryland: Rowman & Littlefield Publishers, Inc., 1999), 7-8; Albert Fried, ed., *Socialism in America: From the Shakers to the Third International* (1970; repr., New York: Columbia University Press, 1992): 6-7; Eric Foner, *The Story of American Freedom* (New York: W.W. Norton & Company, 1999), 62; John Rogers Common, *History of Labour in the United States* (New York, MacMillan Co., 1918), 511; Philip S. Foner, *History of the Labor Movement in the United States Vol. I From Colonial Times to the Founding of the American Federation of Labor* (New York: International Publishers, Inc., 1947), 173; Gerald & Patricia Gutek, *Visiting Utopian Communities: A Guide to the Shakers, Moravians and Others* (Columbia, SC: University of South Carolina Press, 1998), 114; For other examples, see Common 514, 568-572.

morally sound cooperative system and join them in changing society.

A less utopian version of 19th-century cooperation emerged in the wake of the Owenite experiment, among journeymen laborers in New York and Philadelphia during the 1830s. In a world in which capital accumulation and mechanization were becoming the engines of economic progress, journeymen in trades like carpentry and other skilled crafts who had once considered their destinies bound up with the artisans for whom they worked, felt their interests diverge from those of their employers. The artisan bosses, for their part, started to cut wages in response to the economic demands placed on them by middlemen and merchants to provide cheaper goods in order to compete with European products. Ambitious employers proclaimed a free market was the essence of liberty and so dictated that labor could be bought sold like any other commodity. Incensed workers questioned the right of employers to control workplace conditions and the profits derived from their labor. Disadvantaged by the new socio-economic order, journeymen organized unions to protect their interests and challenge the growing power of the emerging capitalists.

These early unionized workers thought that if they eliminated the privilege and monopoly associated with the new economic order, American society could return to an apocryphal “golden era” during which they believed independent farmers and artisans prevailed. They would eliminate wage labor, free workers from the yoke of economic dependence and restore the democratic, egalitarian ideals of the Revolutionary generation. Through organized, collective effort they hoped to stem the tide of change and preserve their traditional rights and liberties as producer citizens.¹⁶ Most importantly, they sought to protect their *individual* rights, but believed

¹⁶ Kim Voss, *The Making of American Exceptionalism: The Knights of Labor and Class Formation in the Nineteenth Century* (Ithaca, NY: Cornell University Press, 1993), 27-36; Bruce Laurie, *Artisans Into Workers: Labor in the Nineteenth-Century America* (Urbana, IL: University of Illinois Press, 1997), 63-64; Christopher Clark, *The Roots of Rural Capitalism: Western Massachusetts, 1780-1860* (Ithaca, NY: Cornell University Press, 1990),

they could only do so through *collective* action. This notion turns on its head Adam Smith's theory that a nation is best served by free enterprise fueled by individual self-interest. These journeymen activists and cooperators argued individuals instead thrived best in communities that addressed the shared values of their members. And this belief that a healthy, robust collective benefited each of its individual members would survive as a core value of the Cooperative movement a century later.

Groups of journeymen, suffering high inflation and low wages, flexed their collective strength by striking in the industrial and commercial strongholds of the Northeast, such as New York and Philadelphia. To bolster their organizing efforts, the various localized unions came together in 1833 and 1834 to form a regional organization called the General Trades Union (GTU) and a national one called the National Trades Union (NTU).¹⁷ On the national level, the unionists confronted the dilemma that their tactics could not sustain the movement indefinitely and therefore required them to determine the next step beyond the strike. "Radicals worried," notes historian Bruce Laurie that "the militancy of 1835-46 risked becoming an endless cycle of strikes that deflected attention from the larger purpose of social reconstruction – arresting the competitive frenzy and constructing alternatives to the institutions of capitalism."¹⁸ NTU members looked for ways to redirect the power of striking workers toward more productive and enduring ends.

Their solution was to promote the formation of producer cooperatives.¹⁹ Cooperative worker-owned shops would eliminate the middlemen, argued the NTU members, meaning

195-196; Richard Hofstadter, *The Age of Reform* (New York: Vintage Books, 1966), 30; John R. Common, *History of Labour in the United States* (New York: The MacMillan Company, 1918), 154-155, 177, 366.

¹⁷ Foner, *The Story of American Freedom*, 58-62; Foner, *History of the Labor Movement in the United States*, 1:114; Laurie 64, 84-85; Common, 424-425.

¹⁸ Laurie, 89.

¹⁹ A producer cooperative is one in which farmers or workers cooperatively buy and share materials and machines to aid them in production.

consumers could enjoy direct access to goods at fair prices while workers retained the profits and preserved their self-respect. Social and economic parity would be a virtuous by-product of such arrangements. But problems soon clouded this vision.

Cooperatives appealed mainly to journeymen in small workshops, such as cabinet makers, tailors, handloom weavers and shoe makers, that did not require significant start-up capital for things like expensive machinery.²⁰ It left out the swelling ranks of unskilled factory workers in textile and metal manufacturers where such capital was a prerequisite. Even more importantly, the NTU leadership could not convince local members to alter their constitutions and allow money to be set aside to fund the start-up costs of the cooperatives. As a result, the NTU cooperatives did not survive the depression of 1837.²¹ This kind of poor economic planning was something the 20th century movement would struggle to avoid. Over and over, the later Cooperative movement leaders admonished members to put some of their capital in reserve to protect the institutions and their members from economic downturns, as well as to enable expansion of cooperative efforts when conditions were more favorable.

Other examples of cooperative responses to social and economic change from this period include a “protective union” that Florence Parker of the U.S. Department of Labor Statistics later described as the first known consumer cooperative organization in the United States. A tailor living in Boston, John Kaulback, suggested to fellow workers that they collectively purchase household goods in order to secure a cheaper price. Their first purchases included a box of soap and a partial box of tea. But despite their humble beginning, they opened a store in 1845 and by

²⁰ Joseph G. Knapp, *The Rise of American Cooperative Enterprise: 1620-1920* (Danville, Illinois: The Interstate Printers & Publishers, Inc., 1969), 10; James Peter Warbasse, *Co-operative Democracy* (New York: Macmillan Company, 1923), 305.

²¹ Laurie, 90-91. For other examples, see Foner, *History of the Labour Movement in the United States*.

1847 had twelve groups organized into the Working Men's Protective Union.²² Protective Union members anticipated that one day they would expand their efforts to include the establishment of wholesales and thereby eliminate middlemen. They even hoped that eventually, as a result of this system, employers, middlemen and traders would be forced to accept a classless society. They experienced some early success in growing their movement. According to historian Philip Foner, the Protective Union eventually counted 800 stores throughout the U.S. and Canada. Nevertheless, private merchants managed to undermine their efforts by offering goods at lower prices and providing credit, while the Protective Union leaders made several internal mistakes, all of which caused it to decline in the mid-1850s.

Despite the failure of these early cooperative enterprises, their mere existence illuminates the discomfort and distress experienced by many Americans as society was transformed by the new markets and the capitalist economy, even as early as the 1820s and 1830s. They also provide examples of initial attempts to tilt economic advantage toward consumers, well before the rise of consumerism in the United States. And they served to warn the 20th-century successors in the Cooperative movement to be vigilant against private retailers' efforts to undermine their ideal.²³

The rhetoric of freedom, democracy and republicanism that emerged after the Civil War only enhanced the appeal of arguments on behalf of cooperation that had been made by workers of the 1830s and 1840s. In 1869, for instance, a small group of garment cutters in Philadelphia, frustrated over their inability to set their own wage rates and unsuccessful at trying to force the

²² Florence E. Parker, "Consumers Cooperation in the United States," *The Annals of the American Academy of Political and Social Science*, vol. 191 (May, 1937): 91.

²³ Foner, *History of the Labour Movement in the United States*, 181-183; Steven J. Keillor, *Cooperative Commonwealth: Co-ops in Rural Minnesota, 1859-1939* (St. Paul, MN: Minnesota Historical Society Press, 2000), 15; Horace M. Kallen, *The Decline and Rise of the Consumer: A Philosophy of Consumer Cooperation* (New York: D. Appleton-Century Co., 1936), 23.

hand of their craft union, formed the Knights of Labor. One of the founders, Uriah Stephens, foresaw that workers needed to come together in larger numbers if they hoped to pose any real challenge to the power of Capital. Workers united, he declared, could force upon capitalists the changes previously sought by a disorganized welter of craft unions. Evoking the patriotic idealism of the Civil War, Stephens proclaimed that through this newly formed organization workers would be delivered from “wage slavery.”²⁴

The Knights began as a secret society in order to avoid employer blacklisting; but with increased labor activity during the late 1870s – primarily around railroads – the Knights emerged from secrecy and attracted large numbers of both skilled and unskilled workers to join the movement. The membership continued to grow into the 1880s, ballooning from around 28,000 members in 1880 to 729,000 workers in 1886.²⁵ Successful labor battles, effective member recruitment efforts and valuable member social events such as picnics and poetry clubs helped attract new loyalists. Recruiters encouraged a diversified membership, something Stephens argued was important if the Knights hoped to be a particularly strong union. As a result, members included both skilled and unskilled workers as well as adherents of divergent political movements like socialists and nationalists. They recognized that women’s participation in activities such as boycotts was vital to the success of their efforts because if the women who shopped for their households did not honor these actions they would be ineffective.²⁶

Besides organizing strikes, boycotts and social activities, the Knights also formed cooperatives. One of the tenets of the Knights of Labor, according to historian Robert Wiebe,

²⁴ Steven Leikin, “The Citizen Producer: The Rise and Fall of Working-Class Cooperatives in the United States,” in *Consumers against Capitalism?: Consumer Cooperation in Europe, North America, and Japan, 1840-1990*, ed. Ellen Furlough and Carl Strikwerda (Lanham, MA: Rowman & Littlefield Publishers, Inc., 1999), 96; Voss, 73-75; Laurie, 150-161.

²⁵ Nell Painter, *Standing at Armageddon: The United States, 1877-1919* (New York: W.W. Norton & Company Ltd., 1987), 44.

²⁶ Voss, 73-75; Laurie, 150-161.

was the desire to preserve community and its needs. The Knights believed that while capitalism destroyed “opportunity, equality, and brotherhood,” producer and consumer cooperatives could preserve it.²⁷ The Knights of Labor used consumer cooperative stores as a means to help striking workers afford basic necessities. Similarly, female members created cooperative daycare centers and bakeries in order to alleviate some of the household burdens on women. In addition to such practical considerations, the Knights also had a much more idealistic reason for establishing cooperatives. Historians Kim Voss and Nell Painter both agree that the Knights of Labor established cooperatives to challenge the theoretical underpinnings of capitalism. They did not want to unseat the capitalists by revolutionary means, but instead hoped to erase the most offensive material qualities of capitalism (such as the wage system) and replace them with the values of a cooperative commonwealth. “Cooperatives were seen [by the Knights] as a way to ‘republicanize’ industry,” argues Voss, “that is, as a way to reorganize work so that all workers – skilled and unskilled alike – would have an equal voice in deciding what to produce and how to produce it.”²⁸ Painter explains that the Knights “hoped to replace capitalism’s wage system (rather than merely to raise wages) by creating an economy in which all workers would abolish the conflict between employees and owners because workers would be their own employers.”²⁹ The connections to the earlier cooperatives, such as those associated with the NTU, are fairly transparent and revolve around concerns about capitalism and its implications for freedom and democracy for workers, as well as practical concerns for the availability and affordability of household goods and services. While there is no official count for the number of cooperatives formed by the Knights of Labor, at least one source suggests that they numbered into the

²⁷ Robert H. Wiebe, *The Search for Order 1877-1920* (Canada: Harper Collins Canada Ltd., 1967), 67-68.

²⁸ Voss, 84-85.

²⁹ Painter, 45; Leikin, “The Citizen Producer,” 108; Voss 85.

thousands.³⁰

In the end, however, the Knights of Labor cooperatives did not do well. The unwillingness of the national arm of the Knights of Labor to financially support the cooperatives proved to be a major disadvantage, while the locals themselves rarely had the means or the know-how to organize a successful cooperative. The Knights also failed to establish a set of rules for cooperation, so that when questions arose about what to do with profits or what sort of role the unions should play in the formation and running of the cooperatives, the Knights tended to argue among themselves. Ultimately, however, the deterioration of their parent organization in the late 1880s sounded the death knell for these efforts. The Knights of Labor membership declined precipitously due to mismanagement, unsuccessful strikes, tensions between the craft and industrial union workers and the increasingly successful repression of labor organizations by the forces of Capital. Dwindling membership and revenue from dues in turn sapped the financial stability of the cooperatives.³¹ But while the Knights of Labor cooperatives did not last long, their inclusion of family members in co-op activity proved a valuable lesson for the 20th century cooperators, demonstrating the benefits of engaging every member of the household, rather than just the workers themselves. Women, in particular, would move to the center of cooperative strategies when 20th-century leaders concluded they were responsible for 80 percent of the household shopping; without their participation, the Cooperative movement could not succeed.³²

In the latter half of the 19th century, the concept of cooperation also expanded beyond the ranks of wage workers and their families. While the Knights of Labor recruited wage workers to join their ranks, the Grange, or Patrons of Husbandry, began to organize farmers. The Grange

³⁰ Leikin, "The Citizen Producer," 93n16.

³¹ Dana Frank, *Purchasing Power: Consumer Organizing, Gender, and the Seattle Labor Movement, 1919-1929* (Cambridge: Cambridge University Press, 1994), 41; Leiken, 95-97, 108-109; Laurie, 155; Voss 84-85.

³² "What the Co-operative Movement Means to Women," *Co-operative Builder* 7 (December, 3, 1932): 2.

formed in Washington, D.C., during the late 1860s, originally to provide a social outlet for isolated rural farmers and their families, but in bringing themselves together, the Grangers soon realized they shared more than rural isolation. They recognized common adversaries such as the railroad monopolies, middlemen who operated grain elevator and bankers – all of whom tended to gouge farmers for essential services. Railroads charged very high rates to ship farm goods to market. Grain elevators put excessive premiums on storage and distribution. And banks imposed high interest rates for loans and high service fees. Thus, like the NTU and Knights of Labor, the Grangers looked to find ways in which to stave off these inequities.

While not a political party, the Grangers did lobby to get various Grange members and people sympathetic to Grange interests into public office so that they could influence laws that regulated railroads and grain elevators. They also, like the NTU and Knights, concluded that cooperation might bolster their cause.³³ At their 1874 convention, the Grangers decided to encourage their locals to form buying and selling cooperatives to enable the farmers to work cooperatively against the exploitation of their various nemeses. They would combine resources to purchase farm tools and machines directly from wholesalers and collectively bargain with the railroads to reduce freight rates. They also established cash-only cooperative stores in which farmers could buy goods at fairer prices than goods sold by private merchants.

The Grange enjoyed several years of growth and success, peaking in 1877 with 2.5 million members. But their cooperatives struggled because farmers found it difficult to follow the central principle of functioning on a cash-only basis. Disappointment about the court reversal of the “Granger laws” that regulated grain elevator and railroad freight rates, internal political disagreements and an economic upturn in the late 1870s, contributed to a decline in overall

³³ Hofstadter, 46; Painter, 60.

Grange membership. Abandoning many of their cooperative ventures, the Grange went back to being primarily a social outlet for farmers.³⁴

The Granger legacy of a social organization working for economic justice nevertheless became an important aspect of 20th century cooperation. Movement leaders learned from the Grangers how social connections could help maintain a sense of community within the cooperative and thus help to solidify its importance among families. In late 1918, for example, Scott H. Perky, secretary of the Cooperative League of America (the national organizing arm of the Cooperative movement), returned from touring various local cooperatives, including a Finnish-American co-op in Fitchburg, Massachusetts, and reported back excitedly, “Here we get at the secret of co-operative success – the grouping of the various life-interests, economic in the main but increasingly, though often unconsciously, social, into thoroughly mutual, absolutely non-exploitive organizations which yield the members an ever growing community of interest.”³⁵ While the Grangers had proved that social ties alone could not sustain a cooperative venture, the early 20th century cooperators did understand (though they seemed to forget this lesson in later years) that without the social ties, members tended to be less committed to the movement.

Farmers’ interest in cooperation did not expire with the decline of the Grange. The Farmers’ Alliance emerged in Texas during the late 1870s, for the purpose of alleviating the crop-lien system of credit and, like the Grange, limiting the power of the railroads.³⁶ They believed bankers, railroads and the credit system kept farmers impoverished by forcing them to buy overly-

³⁴ According to Horace Kallen, however, the Grangers continued in their cooperative work into the 1880s. He based this on a report given at a Grange conference in 1884 by the Committee on Cooperation. “Cooperation in the Grange means equal rights and advantages to all. So that the dollar of the poor man shall buy as much as the dollar from the rich.” Kallen, 218-221; Carl C. Taylor, *The Farmers’ Movement, 1620-1920* (New York: American Book Company, 1953), 129-130; Lawrence Goodwyn, *The Populist Moment: A Short History of the Agrarian Revolt in America* (New York: Oxford University Press, 1978), 32; Roy, 58; Keillor, 33-88; Painter, 60.

³⁵ Scott H. Perky, “The Co-operative Societies of New England,” *Co-operative Consumer* VI, no. 10 (October 1918): 150; Joel S. Torstenson, “The Development of an Institution: A Case History of Midland Cooperatives Incorporated.” PhD diss., University of Minnesota, 1958, p. 129-130.

³⁶ It remained the strongest in the southern US.

priced goods and supplies on credit until they harvested their crops. Stores and landowners charged high interest rates on that credit so that by the time the farmers harvested their crops, their high debts severely limited their ability to profit. To end this cycle of debt and exploitation, the Farmers' Alliance recommended that farmers establish buying clubs in which they could collectively purchase supplies like fertilizer and machinery directly from wholesalers.

But while the Alliance was initially successful because it appealed to farmers' immediate economic needs as well as their desire for community connection (they also sponsored social programs to reinforce family participation and reinforce community identification), their cooperative efforts ultimately failed. Merchants, manufacturers, cotton buyers and banks fought against the cooperatives by making it very difficult for farmers to put together enough capital to sustain the cooperatives. Eventually, the Farmers' Alliance dropped its cooperative activity and turned its attention toward political and legislative change in the 1890s. However, according to historian Lawrence Goodwyn, cooperatives served as the impetus for the Alliance to turn to politics in the first place. Experience taught them that laws and the monetary system needed to be reformed if the cooperatives were to succeed. So the Farmers' Alliance became the People's Party in the early 1890s,³⁷ and 20th-century cooperators learned from them the importance of keeping an eye on state and federal legislation. Though they never formed a political party, the Cooperative movement engaged in on-going attention to lobbying and legislation.³⁸

By the end of the 19th century, the failed cooperative ventures associated with the Knights of Labor, the Grange and later the Farmers' Alliance eroded popular confidence in the promise of

³⁷ Lawrence Goodwyn, *The Populist Moment* (New York: Oxford University Press, 1978) 27-30, 86, 111; Keillor, 147-168; Painter, 61.

³⁸ See for example: Warbasse, *Co-operative Democracy*, 169-170; H. V. Nurmi, "Let the Forgotten Consumer Organize and Act," *Cooperation* XIX, no. 11 (November 1933): 188-189; "The Roosevelt Order," *Cooperation* XIX, no. 12 (December 1933): 198-201; John Carson, "Capital Letters," *Consumers' Cooperation* XXVIII, no. 3 (March 1942): 46-47; "First Subscriber," *Co-op* 1, no. 1 (January 1945): 9.

cooperation. But cooperatives did not go away entirely. Farmers and workers continued to patronize the few cooperatives that remained in operation; while others, mostly newly-arrived immigrants, set up independent cooperatives to tackle local purchasing hurdles.³⁹ The new generation of cooperators concluded from the legacy of their predecessors that if cooperatives were to succeed, they needed to exist independent of any other labor, farmer or political organization. The cooperatives that emerged on the coattails of the NTU, the Knights of Labor, and the Grange had relied too heavily on the success of the parent organizations; when those organizations lost power, the cooperatives failed.⁴⁰

The new cooperators also learned of the importance of educating members about how to run businesses cooperatively.⁴¹ Many of the earlier co-ops struggled with poor management even before the failure of their parent organizations; many required practical help with book-keeping, management techniques and future planning. And while they had no ill will toward producer cooperatives (in fact, some consumer cooperators also belonged to producer cooperatives), 20th-century cooperators sought to find a less capital-intensive model of cooperation, one that was not limited to a particular trade or business. They found their model in consumer cooperatives, which not only could exist independently of other organizations, but by their nature welcomed everyone

³⁹ According to Florence E. Parker, a study was done in 1906 (by whom she does not say) that counted 343 cooperatives in the United States. They were located primarily in California, the Mid-Western states and a few New England states like Massachusetts and New York. Parker, "Consumers Cooperation in the United States," *The Annals of the American Academy of Political and Social Science*, 92; See also Kathleen Donohue, "From Cooperative Commonwealth to Cooperative Democracy: The American Cooperative Ideal, 1880-1940," in *Consumers Against Capitalism*, ed. Furlough and Strikwerda (Lanham, MA: Rowman & Littlefield Publishers, Inc., 1999), 120.

⁴⁰ Warbasse, *Co-operative Democracy*, 429; Knapp, *Rise of American Cooperative Enterprise*, 39; Curl, 140-141; "What Publicity Can Do For Cooperation," *Co-operator* IX, no. 10 (October, 1923): 163; Cooley, "Consumers' Cooperation in the United States," 24.

⁴¹ This is not to suggest that all of the cooperatives in the 20th century learned these lessons. Those functioning on their own, without the oversight of the Cooperative League of the USA, sometimes fell prey to the same mistakes. For example, the New Cooperative Company in Dillonvale, Ohio, formed by coal miners in 1908, realized their mistakes in 1927 after a failed strike "in not educating [their] members" and instead "putting them to sleep with rebates." After the failed strike, "in place of sticking together when it is impossible for [the coop] to pay rebates, the members quarrel[ed] among themselves and [bought] from the chain store." "New Co-operative Company," *First Yearbook, The Cooperative League of the U. S. of America* (New York: The Cooperative League, 1930), 274-275.

– farmers, workers, men and women – because all were consumers in the new economy. The movement therefore believed it had enormous potential for growth and power.⁴²

Leaders of the 20th century cooperative movement in the United States drew on a pioneering British model of cooperation, the roots of which dated back to the 19th century.⁴³ In 1844, shortly after the NTU formed its cooperatives in the U.S., a group of twenty-eight handloom weavers working in cotton mills in the textile-town of Rochdale, England, became frustrated with their low wages and the high prices of goods. They suffered from periods of unemployment (in part because power looms had begun replacing handlooms), which made the high cost of goods sold by local merchants a great burden. For this group, violent or revolutionary action was out of the question, striking had proven ineffective for long-term change and legislative pressures had been futile. Instead they turned to cooperation. Their plan entailed pooling the little bit of money they had together to open a cooperative store where they could buy food more cheaply. Any profits earned would help to finance cooperative housing and, eventually they hoped, production. This producer cooperative would then provide employment to the members, and thereby protect them from the difficult work conditions at the textile mills. The finished goods could be sold in the cooperative store. The group decided to govern themselves by following a list of principles upon which they all agreed. These principles ensured equality, democracy and financial protection: anyone could join; each member was allowed one vote no matter how much capital they had invested; they forbade credit; insisted on political neutrality; distributed excess capital back to the members based on a fair system; and to guarantee that

⁴² Warbasse, *Co-operative Democracy*, 11, 26-29, 314-315; “Co-operation and Producers,” *Co-operative Consumer* 1, no. 3 (July 1914): 17-19; James Peter Warbasse, “The Destiny of the Co-operative Movement,” *Co-operative Consumer* II, no. 12 (December 1916): 89-92.

⁴³ A variety of examples of cooperative experimentation existed in Britain in the early 19th century, including Chartists, Owenites and the Rochdale cooperators whose history I am about to explain. Their influence led to the creation of the Co-operative Wholesale Society (C.W.S.) in 1863, which by the 1920s counted 1,209 affiliated cooperative societies. The CWS is still in existence today under the name The Co-operative Group. See Warbasse, *Co-operative Democracy*, 388-390; Furlough and Strikwerda, 6-10.

everyone understood these principles, they promised to continue educating themselves and new members. They could become self-sufficient if they abided by these principles and followed through with the economic steps. As historians Ellen Furlough and Carl Strikwerda explain, the “Rochdale Pioneers...formulated ‘self-help’ in collective rather than individualist terms, and envisioned cooperation as a practical strategy for the achievement of a new order of society and economy.”⁴⁴ It was the Rochdale cooperators that defined the principles of cooperation, mentioned earlier in this chapter, upon which the 20th century cooperative movement based its organization strategies.

While the Rochdale group never followed through with all of their plans for an all-inclusive cooperative community, their store did succeed. The cooperative grew in just five years from 74 members in 1845, to 600 by 1850. Eventually they established both a producer cooperative (where they wove their goods) and a cooperative wholesale (through which they bought directly from farmers and thereby eliminated the middleman). The Rochdale cooperative is important to the history of the Cooperative movement, both in the U.S. and abroad because their successes, their principles and organization strategies helped to inform future cooperative methods.⁴⁵

A NEW ERA

To the consumers, who are everybody, with the hope that they will organize to supply their needs, and ultimately create a cooperative democracy through which to control and administer for mutual service those useful functions now performed by profit-business and by the political state.⁴⁶ – James Peter Warbasse, founder of the Cooperative League of the U.S.A.

⁴⁴ Furlough and Strikwerda, 9.

⁴⁵ Furlough and Strikwerda, 7-10; Shaffer, 347-348; Bertram B. Fowler, *Consumer Cooperation in America: Democracy's Way Out* (New York: The Vanguard Press, 1936), 5-10; Fowler, *The Co-operative Challenge*, 12; Clarke A. Chambers, “The Cooperative League of the United States of America, 1916-1961: A Study of Social Theory and Social Action,” *Agricultural History* 36 (April 1962): 59; Roy, 52-55; Kallen, 224.

⁴⁶ Warbasse, *Co-operative Democracy*, dedication.

The histories of the NTU, the Grange and the Knights reveal that while cooperatives existed in the 19th century in the United States, they never coalesced into a unified movement and tended to be relatively short-lived ventures. But as the urban-industrial America of the 20th century eclipsed the rural-producer America of the past, consumers acquired greater importance and cooperative activity gained renewed relevance.

A variety of factors led to the emergence of a new consumer culture. These include the mechanization of industry that made goods considerably faster and cheaper to produce; an increase in wage work associated with those business, which led to a rapid move to urban areas in search of those jobs; the growth of cities, in turn, forced working people to become increasingly reliant on store-bought goods and on the wages they earned at those jobs. These factors not only affected how people dressed, ate and lived; they it also influenced the way in which they perceived themselves, and asserted themselves, as citizens. Just as citizens relied more and more on manufactured goods, industry was increasingly dependent on active and interested consumers. As Cooperative League of the USA president James P. Warbasse explained in a NAACP *Crisis* essay, it is for the consumer that “business takes off its hat to the workers; bows, flatters and smirks, and licks the dust from their shoes.”⁴⁷ As a result, the role played by average citizens in fueling the business cycle became a significant factor in the economy. What people bought, and how often they bought, directly affected successes and failures in the business world.

Leaders such as Herbert Hoover and Calvin Coolidge proclaimed this new economy was putting an end to poverty in the 1920s. In many areas that was a plausible assertion. Industrial production, driven by the consumer goods industries, almost doubled in the 1920s.⁴⁸ The Gross

⁴⁷ “Co-operation,” *The Crisis* 15, no. 1 (November 1917): 9.

⁴⁸ William E. Leuchtenburg, *The Perils of Prosperity* (Chicago: University of Chicago Press, 1993), 178-185.

National Product rose 26 percent in the span between 1917 and 1931.⁴⁹ Workers in general enjoyed higher wages and a reduction in hours.⁵⁰ But while some celebrated the change in the economy, others experienced dire repercussions. The distribution of wealth became increasingly unequal. In 1929, 71 percent of families earned incomes of less than \$2,500 annually, which the Bureau of Labor Statistics calculated was the minimum standard of living for a family of four; 42 percent earned less than \$1,500 a year.⁵¹ And while many workers experienced a rise in their standard of living – generally better work conditions and benefits – wage increases remained below the rate of economic growth. This was especially true for unskilled workers, many of whom were immigrants and African Americans.

The same technological changes that helped to increase profits for businesses did so by displacing or reducing the amount of manpower required; unemployment hovered between seven and twelve percent. At the end of World War I, war-industries jobs dried up and African Americans, many of whom had relocated from the south to the north, found themselves the first to be fired. Unions tended to be weak and were therefore not able to help many workers.⁵² On top of these hurdles, those living on the socio-economic margins – workers and farmers, immigrants and African Americans – also faced problems such as price gauging, market manipulation (especially with the growth of chain stores), access to goods (because of location), quality of the goods and racial or ethnic bigotry. To some of these consumers, forming or joining cooperatives seemed a pragmatic choice; less risky than short-lived protests, and burnished with the prospect of

⁴⁹ U.S. Bureau of the Census, “Historical Statistics of the United States: Colonial Times to 1970, Bicentennial Edition, Part 1,” (Washington DC: U.S. Government Printing Office, 1975), 231. Other statistics given for this period include Melvyn Dubofsky et. al. explaining that after the 1921-1922 recession, the GNP went from 78.9 billion to 104.4 billion by 1929 – a per capita increase of \$755 to \$857 – over 16 %. Melvyn Dubofsky, Athan Theoharis and Daniel M. Smith, *The United States in the Twentieth Century*, (Englewood Cliffs, NJ: Prentice-Hall Inc., 1978), 160.

⁵⁰ Leuchtenburg, 178.

⁵¹ Leuchtenburg, 193.

⁵² Leuchtenburg, 193.

a long-term solution to the need for reliable and affordable access to necessities like food, petroleum products and farm implements. Such organizations provided the means for self-determination among disparate groups of people who had at least one thing in common: their status as consumers. For these reasons, the 20th century appeared to promise consumer cooperators potentially unlimited economic power, especially to those who recognized how a national movement of consumers could become a viable challenger to modern capitalism.⁵³

DEFINING THE AMERICAN CONSUMER

As soon as consumers emerged as a force in America, historians began studying them. The widespread development of a consumer consciousness in the United States, as Walter Lippmann identified almost a hundred years ago, necessitated that consumers as a group needed to be understood.⁵⁴ What did it mean for American society that its citizens were, first and foremost, consumers?

Some have argued the rise of the consumer meant the loss of agency and a political voice because consumers are inherently selfish and prone to manipulation. Stewart Ewen's take on consumers is a mid-century example of this perspective. Ewen argues in *Captains of Consciousness* that the locus of power in a consumer culture lay with the corporate elite and advertisers, who colluded, if not conspired, to manipulate popular passions and tastes for profit. The desire that merchandising created among the masses for consumer goods, claims Ewen, marginalized independent thinking and consequently subverted any possibility that a working-

⁵³ As Furlough and Strikwerda point out, this was something that British cooperative theorist, Beatrice Potter Webb, argued. She proclaimed that consumer cooperatives, rather than producer cooperatives, had the potential to "transform the economy as a whole." Furlough and Strikwerda, 14.

⁵⁴ Lippmann predicted that consumers would become a more important political power than either labor or capital. See Walter Lippmann, *Drift and Mastery* (New York: Mitchell Kennerley, 1914), 71.

class consciousness might emerge.⁵⁵ In a similar vein, Christopher Lasch's *The Culture of Narcissism*, asserts that consumer culture breeds political apathy, turning legitimate social interests inward "to the dead end of a narcissistic preoccupation with the self."⁵⁶ Such historians lament the rise of mass consumption and culture, seeing in the proliferation of goods and service the ruin of any hope for collective consciousness.⁵⁷

Other scholars have challenged that premise and instead argued that workers and other consumers, many of whom lived on the margins of society, used the new economic structure to redefine their futures in myriad ways. James Livingston points out in *Pragmatism and the Political Economy of Cultural Revolution, 1850-1940*, for example, how corporate capitalism and consumerism presented new opportunities for ordinary people to re-imagine themselves and their circumstances. No longer strictly tethered to classifications of race, gender, class, place or work status, these consumers – be they workers, farmers, women, immigrants or African Americans – could construct new identities and identify new sources of power in ways unthinkable in more traditional economic paradigms. They were, Livingston says, able to move "beyond the categories of necessity, production and class, andauthorize the articulation of alternatives to modern subjectivity."⁵⁸

Lizabeth Cohen touches these new kinds of opportunities in her book *Making a New Deal: Industrial Workers in Chicago, 1919-1939*, when she discusses how consumerism affected

⁵⁵ Stuart Ewen, *Captains of Consciousness: Advertising and the Social Roots of the Consumer Culture* (New York: McGraw-Hill, 1976).

⁵⁶ Christopher Lasch, *The Culture of Narcissism: American Life in an Age of Diminishing Expectations* (New York: W.W. Norton, 1979), xv.

⁵⁷ See also Robert S. Lynd and Helen Merrell Lynd, *Middletown: A Study in Modern American Culture*, (San Diego: Harcourt Jovanovich, Publishers, 1929); T. J. Jackson Lears, *No Place of Grace: Antimodernism and the Transformation of American Culture, 1880-1920* (New York: Pantheon Books, 1981); James B. Gilbert, "Popular Culture," *American Quarterly* 35, issue 1-2 (Spring-Summer 1983): 145; Tom Bottomore et. al., eds. *A Dictionary of Marxist Thought* (Cambridge, Massachusetts: Harvard University Press, 1983), 111.

⁵⁸ James Livingston, *Pragmatism and the Political Economy of Cultural Revolution, 1860-1940* (Chapel Hill, NC: University of North Carolina Press, 1994), 80-82, 85.

the socio-economic position of African Americans during the 1920s: “[M]ass culture – chain stores, brand goods, popular music – offered blacks the ingredients from which to construct a new, urban black culture.”⁵⁹ As consumers, African Americans might achieve relative parity with whites by buying standardized goods in chain stores. They could also refuse to spend money at various places either in protest (sometimes related to employment practices at various stores) or simply to channel their money to preferred businesses (such as black-owned stores).⁶⁰ In these ways, consumers could use their buying power to directly affect social, economic and political conditions. Historians such as Lawrence Glickman, Tera Hunter, Paula Hyman and Kathy Peiss, to name just a few, have also demonstrated the various ways workers and farmers, women and men, asserted real power as consumers – through demands for a family wage, by asserting individuality and freedom in their consumption habits, or by boycotting businesses that overcharged customers or underpaid workers – to challenge capitalist hegemony.⁶¹ Meg Jacobs refers to these behaviors as “pocketbook politics” and marks their genesis as the moment when “consumption [replaced] production as the foundation of American civic identity.”⁶² Consuming became an exercise of power; explains Charles McGovern in *Sold American*; and consuming self-consciously and with purpose, many believed, could help Americans become better citizens and make the United States a better, more equitable society.⁶³

⁵⁹ Lizbeth Cohen, *Making a New Deal: Industrial Workers in Chicago, 1919-1939* (Cambridge: Cambridge University Press, 1990), 148.

⁶⁰ Cohen, *Making a New Deal*, 148-149.

⁶¹ See Lawrence B. Glickman, *A Living Wage: American Workers and the Making of Consumer Society* (Ithaca, NY: Cornell University Press, 1997); Kathy Peiss, *Cheap Amusements: Working Women and Leisure in Turn-of-the-Century New York* (Philadelphia, PA: Temple University Press, 1986); Frank, *Purchasing Power*; Alice Kessler-Harris, “Treating the Male as ‘Other’: Redefining the Parameters of Labor History,” *Labor History* 34 (Spring/Summer 1993); Tera W. Hunter, *To ‘Joy My Freedom: Southern Black Women’s Lives and Labors After the Civil War* (Cambridge, Massachusetts: Harvard University Press, 1997); Paula E. Hyman, “Immigrant Women and Consumer Protest: The New York City Kosher Meat Boycott of 1902,” *American Jewish History* LXX, no. 1 (September 1980).

⁶² Meg Jacobs, *Pocketbook Politics*, 2.

⁶³ Charles McGovern, *Sold American: Consumption and Citizenship, 1890-1945* (Chapel Hill, NC: University of North Carolina Press, 2006), 3.

Histories that focus specifically on cooperatives document specific varieties of these kinds of responses to economic, political and social change in the 20th century. While most books written about cooperatives in the United States were written during the cooperative movement's heyday in the 1920s, '30s and '40s, in recent decades a number of scholars have begun to reexamine the cooperators and their place in the U.S. history. Dana Frank's *Purchasing Power*, which looks at Seattle's General Strike of 1919, helped renew an interest in cooperatives. Frank describes how cooperatives, consumer boycotts and union-label purchasing enabled the workers to creatively bolster their ability to strike for longer periods of time. Co-ops helped channel Seattle workers' limited wealth back into their own communities at a time when it was most needed, when purchasing power was one of the only kinds of power they had at their disposal. Frank defines their actions as innovative, even though short-lived: They soon became subsumed by workers' desire for personal profit over the more idealistic goal of creating a cooperative commonwealth.⁶⁴

Several recent studies carry the history of cooperatives in the United States a bit further – connecting them to the scholarly discourse about the relationship between consumption and citizenship. Lizabeth Cohen's *A Consumers' Republic* – which ultimately links changes in social, economic and political conditions after the end of WWII-era price controls to the demise of progressive, New Deal era consumer politics – explores how the Great Depression ushered in a range of consumer activism, including the formation of cooperatives.⁶⁵ Many citizens, especially African Americans, used cooperatives as a means to define and engage in issues of citizenship. Harsh economic circumstances spurred innovation in navigating a troubled capitalist society. For Cohen, cooperatives represented a viable method of managing the unique economic

⁶⁴ Frank, 65.

⁶⁵ Lizabeth Cohen, *A Consumers' Republic* (New York: Vintage Books, 2003), 48-52, 129.

strains and racial inequities faced by African Americans, and provided the means for turning consumption into an act of political power.

Tracy Deutsch adds to this story of consumer activism by looking at the rise of chain stores in the United States. Her *Building a Housewife's Paradise* shows that while cooperative activism, rooted in a desire for a more equitable, democratic society, was limited by the prevailing sexism of the era, it nevertheless initiated a conversation among consumers about what sort of society people, and especially women, wanted to inhabit.⁶⁶ Together, Frank, Cohen and Deutsch begin to reveal the various ways workers, women, immigrants and African Americans used cooperatives to articulate an alternative to the status quo political economy of the United States. They outline a history of American consumers who sought self-determination and societal change through the power of their purchases and organizing activities.

This dissertation takes up the threads of this narrative in order to better document how some citizens actively sought to reshape the economic, social and political realities they confronted in mobilizing a cooperative movement in the United States during the 20th century. “Purchasing power” or “pocketbook politics” was both a pragmatic tactic – helping consumers stretch their dollars – and an idealistic strategy, a concept of collective action and progressive change (at least in the early stages of the movement.) My research demonstrates that the cooperative movement existed in its own right, not just as an adjunct to a labor action or the Civil Rights Movement. The cooperative movement did not subside when strikes or boycott campaigns ended, but rather its leaders pushed on in hopes of eventually realizing the kind of elusive cooperative commonwealth that had excited cooperators for many generations. They

⁶⁶ Tracy Ann Deutsch, “Making Change at the Grocery Store: Government, Grocers and the Problem of Women’s Autonomy in the Creation of Chicago’s Supermarkets, 1920-1950,” PhD diss., University of Wisconsin, 2001, 115-131.

struggled toward the goal, that is, until their efforts succeeded in undermining the very values of community that had underpinned the movement.

SEEKING ECONOMIC DEMOCRACY

Cooperative activity in the first half of the 20th century existed across the United States, but was focused in four primary centers: among northern-European immigrants of the Northern Midwest; along the West Coast; in the coal mining, petroleum producing and farming areas of the Central States; and in portions of southern New England (primarily Massachusetts and New York), where it attracted northern European immigrants, progressive philanthropists, Jewish and German socialists. The types of consumer cooperatives that succeeded in these areas included stores, bakeries, creameries, housing, restaurants, credit unions, insurance organizations and eventually oil cooperatives.⁶⁷ The area with the highest concentration of stores at the height of the Cooperative movement was the Midwest.⁶⁸

The Cooperative movement never realistically threatened to eradicate capitalism. At its height, it accounted for roughly between 1-3 percent of retail business in the United States, compared with 12 percent in Great Britain and 40 percent in Scandinavia. But it was large enough to provoke private businesses to engage in lobbying efforts in Washington, DC aimed at putting them out of business.⁶⁹ The cooperative movement itself – which did not include all of the cooperatives in the country – counted as many as 2,175 affiliated cooperative societies with

⁶⁷ *Report of the Proceedings of the First American Co-operative Convention* (New York: The Co-operative League of America, 1919), 251-253; “The Co-operative League of the U.S.A: Affiliated with the International Co-operative Alliance,” *First Yearbook The Cooperative League of the U. S. of America* (New York: The Cooperative League, 1930), 51.

⁶⁸ Cedric Long, “Consumers’ Co-operation in the United States of America,” *First Yearbook The Cooperative League of the U. S. of America* (New York: The Cooperative League, 1930): 53-54, 58.

⁶⁹ Thomas F. Conroy, “Consumer ‘Co-ops’ Show Steady Rise,” *New York Times*, April 7, 1935, F9; Florence E. Parker, *The First 125 Years* (Superior, WI: Cooperative Publishing Association, 1956), 354-358; “Some Help for Dispersing the NTEA Smoke Screen,” *Co-op Magazine* 1, no. 6 (June 1945): 27; “NTEA Asked for It,” *Co-op Magazine* 1, no. 9 (September 1945): 7; John Carson, “Labor-Taxes-Surpluses,” *Co-op Magazine* 1, no. 10 (October 1945): 18-19; Richard Giles, “Attacks on Co-ops Intensified,” *Co-op Magazine* 3, no. 4 (April 1947): 16-17.

approximately 1,116,000 members during its most active period.⁷⁰ These members, especially those that founded the cooperatives, tended to be drawn from the socio-economic margins, people whom the new era of manufacturing and mass-consumption left out. They were farmers and miners, underemployed manufacturing workers, African Americans and immigrants. As consumers, they resented the increasing concentration of power and money among the capitalist elites, which they believed was responsible for much of their suffering. The economy, they held, should serve the consumer and cooperation would provide a way for that conviction to become reality; their success would mean the democratization of capitalism.⁷¹

Cooperative literature from this period is filled with accounts of what different experiences led communities to turn to cooperation. Finnish immigrants in Maynard, Massachusetts, in 1906, felt they had been mistreated by the local English-speaking “American” store and so decided to form their own cooperative store as an alternative. Low on resources and unable to pay staff because unemployment was rife, cooperators took turns running the store as volunteers. Loyalty to the cause, buoyed by mutual interest and the fellowship of working alongside other members of their community, kept the venture viable for years.⁷² The store bought flour directly from local mills, potatoes from farmers in Maine and bulk dry goods directly from local wholesalers, cash on the barrelhead. Patrons of the co-op did not always save

⁷⁰ Parker, *The First 125 Years*, 164. Parker’s numbers come from her calculations in 1940. Warbasse reported that during the early 1940s, approximately 6,500 cooperatives existed in the United States with 2,000,000 members. He says the cooperatives associated with the League at that time amounted to only 1,500 societies with about 500,000 individual members. James Peter Warbasse, *Three Voyages* (Superior, WI: Cooperative Publishing Association, 1956), 192. It is difficult to pinpoint the exact number of cooperatives in part because the numbers fluctuated with cooperatives opening and closing. In addition, I suspect that it was difficult to get a fair count of the number of cooperatives in the country that were outside of the League’s membership because there was no central organization to easily turn to for those numbers. At one point Warbasse even estimates that there were closer to 12,000 cooperatives in the United States. See *Third Yearbook: The Cooperative League of the United States of America* (Minneapolis, MN: Northern States Cooperative League, 1936), 16-18.

⁷¹ Hyman I. Cohn, “Democratized Capitalism,” *Co-operation* X, no. 12 (December 1924): 209.

⁷² United Cooperative of Maynard actually survived into the 1970s, beyond the decline of many other cooperatives and certainly beyond the Cooperative movement itself. “Calendar United Cooperative Society,” in Maynard Historical Society Archives, accessed September 1, 2011, <http://collection.maynardhistory.org/items/show/854>.

much money, but they enjoyed a means to get high-quality goods at fair prices from people who spoke their language and shared their customs and concerns. And those qualities made a world of difference to co-op members.⁷³

Cooperators viewed the chain store as a nefarious institution that employed spurious claims and misleading advertising to separate consumers from their money. Promises of easy credit (“One dollar down!” “Open an account today!” “Your credit is good”), superior service (“We deliver!” “Your money back if not satisfied!”), and unprecedented value (“The best ever made!” “98-cent special!” “Prices slashed”) amplified their suspicion that customers were being hoodwinked.⁷⁴ K. E. Grandahl, a member of the United Co-operative Society in Fitchburg, Massachusetts, claimed the chain stores often tricked the consumer into thinking their prices were lower than elsewhere, whereas in reality the chains sold only 8 percent of their goods at a loss, 40 percent at cost and 52 percent at profit. He reported proudly that one cooperative in Fitchburg managed to put the local chain store out of business by figuring out which goods they sold at a loss and organizing its members to purchase only those goods from the chain, while buying the rest of their goods from the co-op.⁷⁵ In this instance, organized and determined cooperators out-maneuvered a more powerful competitor and reclaimed the local market for themselves.⁷⁶

⁷³ H. Haines Turner, *Case Studies of Consumers' Cooperatives* (New York: Columbia University Press, 1941), 43-138.

⁷⁴ Colston E. Warne, “The New Capitalism in its Relation to Co-operation – Can Co-operation Survive?” *First Yearbook: The Cooperative League of the U. S. of America* (New York: The Cooperative League, 1930), 18.

⁷⁵ “Competition of the Chain Stores,” *First Yearbook: The Cooperative League of the U. S. of America* (New York: The Cooperative League, 1930), 88.

⁷⁶ For other stories, see “Chain Store Atrocities,” *Co-operation* IX, no. 1 (January 1923):16; “Competition with Private Business: How to Meet it,” *Co-operation* VII, no. 3 (March 1921): 43. Another example of claiming the private profit stores cheated the consumer: “Don’t Ask Too Much of the Store,” *Co-operation* VIII, no. 1 (January 1922): 3-4. See also “Food For Thought,” *Co-operation* VIII, no. 5 (May 1922): 75. The article reported that in England one cooperative was started when the consumers in the area finally discovered that the local private merchant had been sickening people in the community by placing plaster of Paris in the flour.

Merchants who offered credit were a particularly vexing challenge to the cooperators, who felt that it preyed on the most vulnerable consumers. Credit enticed the cash-poor workers and farmers in the rural towns, but it often led to crippling debt and further exploitation in the form of being forced to accept inferior goods (overripe fruit or damaged sacks of flour), having wages garnished or property seized.⁷⁷ Often consumers in rural or remote areas had no alternative to buying on credit, save the possibility of organizing their own cooperative store.⁷⁸

Consumers were not the only ones who suffered in these unbalanced transactions. Farmers in small towns also needed to sell goods like timber, eggs or produce to nearby merchants. But they found themselves unable to get what they felt was a fair price from some businesses, which then turned around and charged them excessive prices for the thing they needed to purchase. In Brantwood, Wisconsin, a group of such farmers became convinced that merchants purchased their timber for less than it was worth and then arbitrarily subtracted money for various unlisted reasons. When they formed a cooperative in 1906, it not only served as a buying club, but also as an agency to more fairly market the goods they produced.⁷⁹

Unionized workers likewise engaged in cooperative activities as a means to bolster their protests. United Mine Workers in Clarence, Pennsylvania, for example, formed a cooperative after they discovered during a 1919 strike that the private storekeepers in their community had conspired to fix prices and refuse credit to the striking miners. When the strike ended, the miners cobbled together enough capital to start their own cooperative store. With approximately 135 families participating, they opened in May 1920 with over \$4,500 in capital. Through subsequent strikes, the community kept the store going; by 1924 it was not only debt free, but

⁷⁷ Turner, 168.

⁷⁸ "Columbia's Country Journal: Broadcast over the Columbia Broadcasting System's network, Saturday, October 19, 1940," *12th Biennial Congress of the Cooperative League of the USA 1940*, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, Wisconsin.

⁷⁹ Turner, 168.

flush enough that the cooperators were able to buy their building, give \$13,000 to their local union as a gift, and still pay out dividends to co-op members.⁸⁰

These examples demonstrate that ostensibly vulnerable consumers in the early 20th century were neither necessarily satisfied nor complacent. In some cases, representatives of the most hard-pressed populations discovered the will and the means turn consumption to their advantage, subverting consumerism by making it their own.

COOPERATION AND AMERICAN CHARACTER

The history of the cooperative movement in the United States is woven from familiar threads of American history. It encapsulates not only economic, but also political and social developments as experienced by groups of workers and farmers, immigrants and African Americans, as well as middle-class reformers from both rural and urban backgrounds. It is rooted in context of small local enclaves and in national and even international movements as well. It is in this way a very American story.

And yet, it was a movement seen by many Americans at the time as anti-American, as the rejection of a popular faith in intrepid individualism, Manifest Destiny, and laissez-faire capitalism. But U.S. history, as modern scholars have shown again and again, is hardly as one-dimensional as conventional wisdom might make it seem. As Herbert Gutman explained so well in his seminal *Work, Culture and Society in Industrializing America*, historical myths serve to restrict the examination of facts and distort our understanding of historical experience.⁸¹ There is

⁸⁰ “How They Spell Success at Clarence, PA,” *Co-operation X*, no. 3 (March 1924): 43-44. For another example of cooperative efforts among union members see “New Co-operative Company,” *First Yearbook – CULSA*, 274-275; Parker, “Consumers Cooperation in the United States,” 93.

⁸¹ Herbert Gutman, 4.

indeed another side to the American character, exemplified by those who chose to rely on their neighbors, friends and family, co-workers, colleagues and co-religionists, ethnic and racial compatriots to survive and prosper in the United States. Even the Pioneers, commonly extolled as the quintessential American individualists, often reached out and cooperated with others to raise barns, harvest crops or negotiate difficult winters, as documented by the originator of the “frontier thesis,” Frederick Jackson Turner.⁸² The Underground Railroad could not have succeeded in spiriting slaves away from Southern slavery without the brave cooperation of neighbors and strangers who shared a vision of a more just society. Immigrants newly arrived in the United States typically gathered in communities of fellow countrymen in order to facilitate housing, employment and social acceptance in an unfamiliar place.⁸³ Despite the widespread veneration of individual values and self-made success, the fact is that Americans have cooperated with one another throughout the nation’s history to contend with social, economic, political and cultural challenges. The following account of the rise and fall of the cooperative movement in the United States is of a piece with that tradition.

That is not to say that individualism and self interest do not figure in this history. Indeed, individualism is simply the other side of the cooperative coin. Even as they urged group effort and shared risk among neighbors, cooperators held to the belief that they benefited as individuals by collaborating with others. Cooperatives strove to be an egalitarian and practical gathering of equals; rather than sublimate the individual to the will of the collective, cooperators expressed their individual self-interest by joining the movement. An examination of the cooperative movement in the years covered by this dissertation, illustrates how these seeming polarities are in fact complementary.

⁸² Frederick Jackson Turner, *The Frontier in American History* (New York: Henry Holt and Company, 1921), 349.

⁸³ Herbert G. Gutman, *Work, Culture & Society in Industrializing America* (New York: Vintage Books, 1977), 43-45.

This an account of a movement that sought to change the prevailing discourse about citizenship, freedom and opportunity in the United States and how institutions should be reformed to ensure their viability. It tells the stories of people who believed collective action could bring them relief from their hardships and preserve the integrity of the communities they held most dear, but also that their cooperative movement represented a powerful alternative to the hegemony of free-market capitalism and its supporters. For them, cooperation was simultaneously a defense of fundamental American values and a rebellion against the ascendant socio-economic order. They believed, for a time at least, it was possible to persuade their fellow citizens to take a different path and discover a more equitable version of the democratic ideal.

CHAPTER TWO:

“The Consumers, who are everybody”⁸⁴

One of the most striking impressions I gained on this trip is the great variety of races, colors, creeds and backgrounds that we have in the movement. Truly, cooperation is a melting pot.⁸⁵
– Oscar Cooley, CLUSA Secretary

The individuals and communities that embarked on the cooperative path in the early decades of the last century were a diverse lot, as Oscar Cooley’s 1932 remark above suggests. What they shared in aggregate was a degree of faith in the value and viability of the cooperative ideal. But the qualities that defined them as individuals and member communities were numerous as the varieties of ethnicity, race, background, trade and lifestyle that characterized the great American “melting pot” of that era.

They were workers and farmers seeking more equitable access to the expanding consumer marketplace. They were African-Americans battling the legacy of racism and institutions of Jim Crow to secure a measure of economic and social justice in a rapidly changing and increasingly mobile society. They were immigrants from Northern and Southern and Eastern Europe contending with obstacles of language, prejudice and corruption determined to simultaneously make their way as new Americans and also preserve the integrity of their familial and cultural traditions. They were progressive-minded middle-class reformers, intellectuals and philanthropists hoping to soften the hard edges of industrialism and urbanization by leading the charge for economic, social and political reform.

The diversity that Cooley celebrates, however, is only evident when we consider cooperatives in the aggregate. Individual co-op societies tended to be more homogenous than the familiar “melting pot” metaphor suggests. Indeed, most cooperatives during the first half of

⁸⁴ Warbasse, *Co-operative Democracy*.

⁸⁵ Oscar Cooley, “With the League Secretary on the Road,” *Cooperation* XVIII, no. 5 (May 1932): 87.

the 20th century formed within communities of people of similar backgrounds and experiences: Finnish immigrants in lumber-producing towns of the upper Midwest, for instance, or African-American neighborhoods in northern cities and southern farmlands. The records show cooperators, for the most part, found it easier to form stores within these regional, racial or ethnic groupings because it was easier to recruit and rely on people with whom they already shared relationships of familiarity and trust. Proximity ensured a degree of organizational stability in the long run, because among neighbors, organic bonds like language, custom, religion or race could thrive and help members feel connected to the stores by something greater than convenience and price. Affective and customary connections with the membership (equivalent to clannishness in many cases) enabled the stores to become vital social hubs for the local population, helping to sustain positive attitudes about community identity, while at the same time preserving loyalty to the broader cooperative cause. In this way, the individual co-ops and the cooperative movement reinforced one another.⁸⁶

This connection between shared identity and loyalty to cooperation caught the attention of movement leadership. Similar dynamics contributed to the success of mutual-benefit societies in the late 19th and early 20th centuries, and to labor unions' organizing tactics within immigrant communities. Union organizers who spoke the local language and understood the customs of different groups of workers tended to be more effective. Employers also understood the power of such connections, and they often preferred to hire a heterogeneous workforce in order to deter unionization along ethnic or community lines. Workers who did not speak the same language or share the same culture were less likely to find common ground on which to

⁸⁶ Turner, 72.

organize.⁸⁷ As one of the founders of the cooperative movement in the U.S. explained in 1918, cooperatives “take advantage of the organization of people who have common needs, groups of people who already have some ties to bind them, such as labor organizations, racial affiliations, or society memberships.”⁸⁸

Community ties were especially valuable, for example, when chain stores tried to lure customers away from co-ops by undercutting prices or offering a greater selection of goods than the co-ops. Cooperators who felt bound to their community demonstrated that loyalty by patronizing their co-op, even if it meant foregoing the financial benefits of shopping at the chains. For these consumers, the personal benefits of the free market did not necessarily override the loyalty they felt to their communities and fellow members.⁸⁹ Similar factors influence patrons of local- or organic-food movements today, in which some shoppers sacrifice choice or savings to obtain products they believe are better for themselves and their families, as well as for the planet.

Understanding who was attracted to cooperatives (specifically immigrants, African Americans and women), why co-ops especially appealed to their needs and ideals (merging economic, social and political reasons) and how such communities employed cooperation to meet what ends can tell us much about the importance and scope of cooperative activity in the United States. It also paradoxically reveals the cooperative movement’s Achilles heel: a fundamental reliance on local communities.

⁸⁷ Gutman, 24-26, 40-45; Cohen, *Making a New Deal*, 3-4, 21, 24, 28-31, 36, 38, 40, 45-48, 55, 58, 65, 68-69, 75, 80-81, 94-95; John Bodnar, *The Transplanted: A History of Immigrants in Urban America* (Bloomington, IN: Indiana University Press, 1985), 85-116.

⁸⁸ James Peter Warbasse, “The Theory of Co-operation,” *The Crisis* 15, no. 5 (March 1918): 222.

⁸⁹ See for example a story about a cooperative in Stafford Springs, Connecticut. “New England Mill Workers Co-operate,” *Co-operation* XIII, no. 8 (August 1927):142-143.

ETHNICITY: CUSTOMS AND CULTURE

Immigrant groups of various ethnicities gravitated to cooperative activity in the United States in the early 20th century.⁹⁰ Many were northern European immigrants like Finns and Scandinavians, but there were others: Slovaks, Poles, Jews and Italians.⁹¹ These cooperators, like so many immigrants in the United States, tended to settle in relatively self-contained, homogenous communities. Many gravitated to northern regions where job opportunities were most abundant. Within their ethnically defined communities, such immigrants not only lived and worked side by side, but often also belonged to the same political or religious organizations, unions and social groups, forming complex webs of affiliation and habit that in turn made it possible to organize and recruit successful cooperatives.⁹²

Clerks and buyers who spoke the local tongue and understood community mores easily gained the trust of their patrons; stores that stocked familiar ethnic foods and other goods helped ensure members' loyalty.⁹³ Amid recurring eruptions of nativist and racist sentiment, comforts such as these sustained immigrant community morale. Cooperative bakeries like the Workmen's Circle cooperative Bakery in Worcester, Massachusetts, provided the familiar *challah* for its predominantly Jewish member base, for example, while co-op groceries like the one in Stafford

⁹⁰ Knapp, *Rise of American Cooperative Enterprise*, 102, 394-395; Florence E. Parker, *The First 125 Years* (Superior, WI: Cooperative Publishing Association, 1956): 39; Warbasse, *Co-operative Democracy*, 435-436; "Lithuanian Co-operators in the United States," *Co-operation* X, no. 10 (October 1924): 175; "Two Streams," *Co-operation* XVII, no. 7 (July 1931): 145-146; "Cooperative Supersedes Private Business," *Consumers' Cooperation* XXI, no. 6 (June 1935): 109; W. Warinner, "City Cooperatives," *Consumers' Cooperation* XXII, no. 12 (December 1936): 177.

⁹¹ For nice summations of this diversity as portrayed by a member of the movement, see "Better Oil Through Cooperation," *Co-operation* XVIII, no. 5 (May 1932): 87; M.W. Cheel, "A Cross-Country Cooperative Journey," *Co-operation* VII, no. 10 (October, 1921): 162-164.

⁹² Albert Rees, "Labor and the Co-Operatives: What's Wrong?" *The Antioch Review* 6, no. 3 (Autumn 1946): 330-331, 336; Gutman, 24-26, 40-45; Cohen, *Making a New Deal*, 3-4, 21, 24, 28-31, 36, 38, 40, 45-48, 55, 58, 65, 68-69, 75, 80-81, 94-95; Bodnar, 85-116.

⁹³ Cooley, "Consumers' Cooperation in the United States," 24-25; C.L., "Two Streams," *Co-operation* XVII, no. 8 (August 1931): 145-146; Keillor, *Cooperative Commonwealth*, 176-177; Cohen, 25; Turner, 26-27, 51-54, 194-208.

Springs, Connecticut, stocked pastas, oils, cheeses and cookies for its Italian immigrant membership (profits from cookie sales alone paid for that store's monthly rent).⁹⁴



Figure 2- “The Bakery at Worcester, Massachusetts, pictured above, has what is probably the most consistent record of financial success over the last six or eight years of any of the Jewish cooperatives in New England. This is the new building they moved into on the tenth anniversary of their cooperative organization. The manager, Louis Widoff stands in the doorway.” [*Co-operation* XV, no. 2 (February 1929): 21.]

⁹⁴ “The Workmen’s Circle Cooperative Bakery of Worcester,” *Co-operation* XV, no. 2 (February 1929): 22-24; “New England Mill Workers Co-operate,” *Co-operation* XIII, no. 8 (August 1927): 142-143; Oscar Cooley, “With the League Secretary on the Road,” *Co-operation* XVIII, no. 3, (March 1932): 51.



Figure 3 – “Interior of the store at Stafford Springs, Conn. Though the picture was taken when a former manager and other clerks were presiding, the store itself has not changed in appearance. A high class of goods is stocked, and the place is kept neat and clean, with an efficient layout and easy handling of merchandise.” [“New England Mill Workers Co-operate,” *Co-operation* XIII, no. 8 (August 1927): 143.]

But cooperatives in immigrant communities served as more than sources of familiar foodstuffs. They also became the vehicle by which cooperators fostered and celebrated their ethnic heritages. Through their cooperative affiliation, members interacted with each other in a variety of ways beyond buying and selling consumer goods.⁹⁵ The Russian Workers Co-

⁹⁵ Comments by prominent African American cooperative leaders such as W.E.B. DuBois suggest African American cooperators may have shared this agenda. DuBois said, “[I]t is the race-conscious black man cooperating together in his own institutions and movements who will eventually emancipate the colored race, and the great step ahead today is for the American Negro to accomplish his economic emancipation through voluntary determined cooperative effort.” See David Levering Lewis, *The Solutions of the 21st Century* (New York: Henry Holt and Company, Inc., 1995), 558.

operative Restaurant in Chicago, Illinois, for instance, formed for many of the same reasons the Italians in Stafford Springs created their store: to provide customary staples like borscht, kasha and Russian tea at affordable prices to the Russian immigrant community that formed its membership. The restaurant also served as a gathering space where neighbors could meet, read their copies of the *Daily Worker* and discuss politics.⁹⁶ In Finnish immigrant towns like Cloquet,

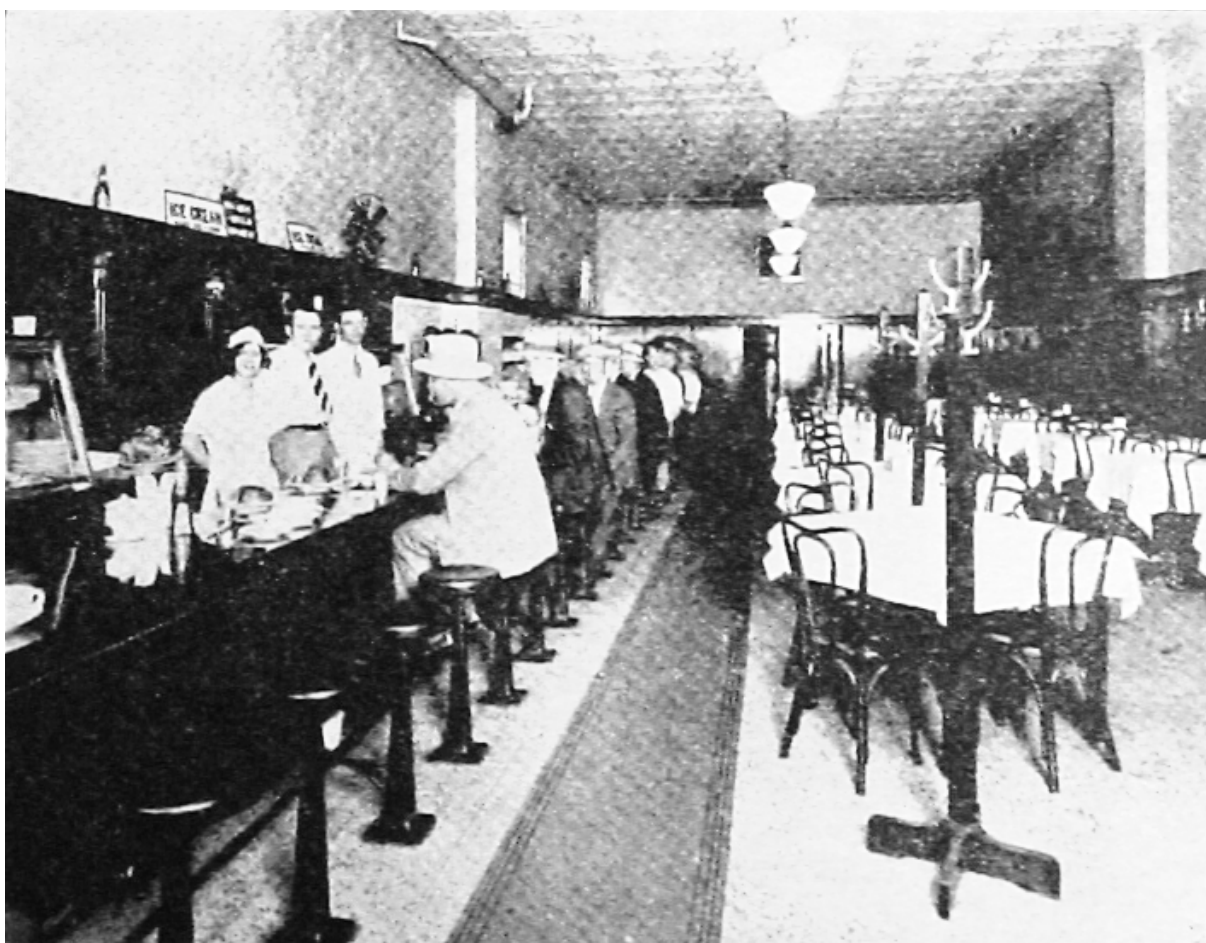


Figure 4 – “Russian Workers Cooperative Restaurant of Chicago. They say it serves the largest [sic] quality meat to be found in the city. Its increasing popularity seems to bear out the reputation. Any cooperator who has ever eaten there will certainly be quite ready to believe it. [“Russian Workers Cooperative Restaurant of Chicago,” *Co-operation* XV, no. 1 (January 1929): 5. According to the *Encyclopedia of Chicago*, the restaurant was located on West Division and was frequented by the more radical members of the Russian immigrant community, accessed March 28, 2011 <http://www.encyclopedia.chicagohistory.org/pages/1104.html>.]

⁹⁶ John Drury, *Dining in Chicago* (New York: The John Day Company, 1931), 177.

Minnesota, the co-op store was closely associated with the town's Finn Hall – a political and cultural center in which local Finns gathered to celebrate holidays and festivals, hold dances, perform Finnish-language plays, conduct community meetings and listen to political speeches.



Figure 5 - Cloquet Co-op Women's Guild performing play at Finn Hall (no date). [Cooperative Collection, Carlton County Historical Society, Cloquet, MN]

In fact, in 1918, after the first cooperative in Cloquet, Minnesota, burned down, the local cooperators resurrected the store down the street in the same building that housed their local community social hall; store and hall worked in tandem for years thereafter. Not only did cooperators meet at the hall for their annual membership meetings, but also supported

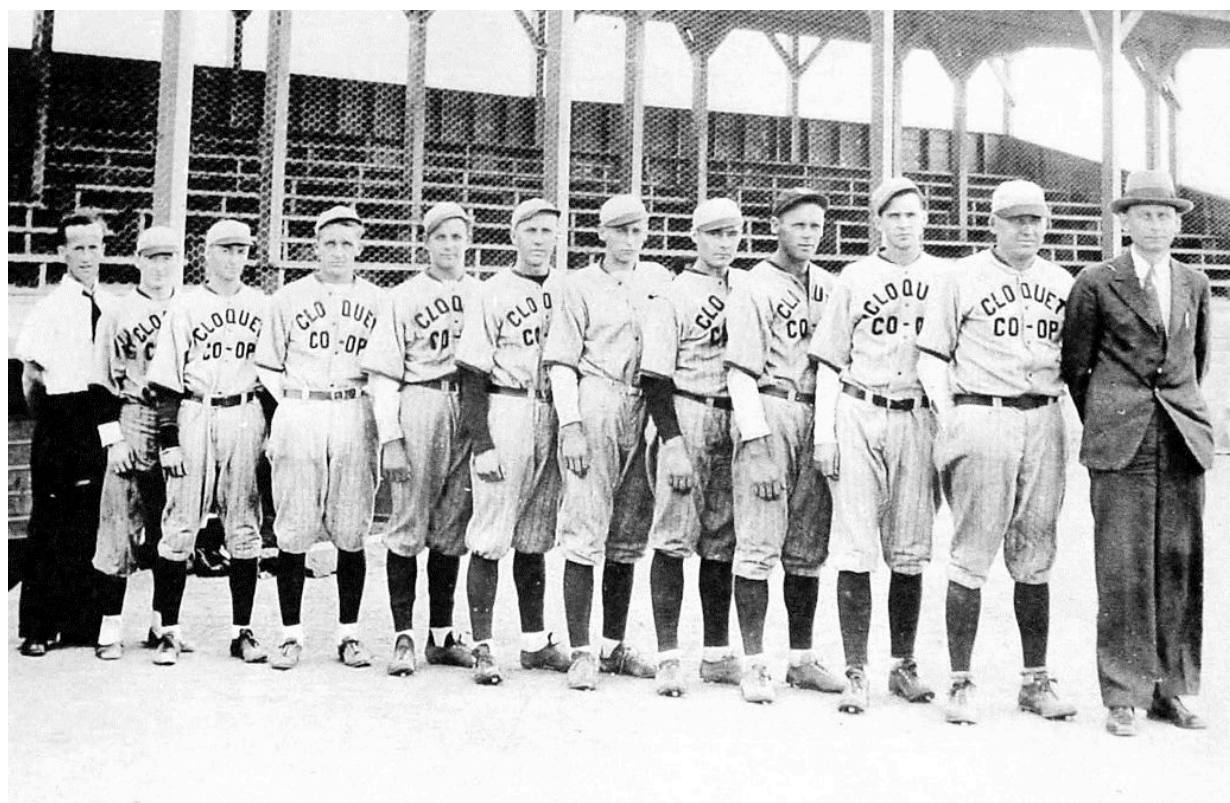


Figure 6- Cloquet Co-op baseball team (no date). [Cooperative Collection, Carlton County Historical Society, Cloquet, MN]

recreational and social groups in the forms of baseball and bowling teams, theatrical groups and women's guilds.⁹⁷ A report on education in the 1936 *Central Cooperative Wholesale Yearbook* explained, "native culture and recreation [were] of paramount importance not only as far as furtherance of co-operation [was] concerned, but in the building of any intelligent and competent mass movement." "Self-culture" and a "healthy morale" fostered through "self-activity in

⁹⁷Helmi Paven, "Tar Paper, Overalls, and Dancing Slippers," undated newspaper article, Carlton County Historical Society, Cloquet, MN. There are other references to the halls and cooperatives functioning in the same buildings. For another example, see "Log hall at Brimson, part of Finnish Community Center contained Co-operative and Finnish Hall, Brimson," ca.1912, Photograph Collection, Minnesota Historical Society, St. Paul, MN.

education, culture and recreation,” helped reinforce the cooperative efforts within the various communities.⁹⁸ For populations struggling to make their way in an unfamiliar and rapidly changing nation, these kinds of connections enabled the cooperatives to bridge differences



Figure 7 - “The band, one of the many social features of the Waukegan society.” [*Co-operation* VXII, no. 7 (July 1931): 123. The Waukegan society consisted of many Finnish cooperators.]

between the new and the old worlds, while simultaneously reinforcing faith in the cooperative mission. “These future citizens,” explained a 1924 *Co-operation* article about immigrant cooperators, “under the pressure of a strange and sometimes unfriendly environment, in their

⁹⁸ *Central Co-operative Wholesale Year Book 1936* (Superior, WI; Cooperative Publishing Association, 1936), 32; Fannia M. Cohn, “Meeting Our Problem,” and “Live...” Pamphlet Box 126, Folder “Labor and Laboring Classes,” University of Wisconsin Center for Cooperatives, Madison, WI; See also Daniel Katz, *All Together Different: Yiddish Socialists, Garment Workers, and the Labor Roots of Multiculturalism* (New York: NYU Press, 2011).

common bond of language and customs offer the unifying element so favorable to sound co-operative organization.”⁹⁹ In other words, as cooperatives served vital community desires and needs, they also deepened connections with the wider cooperative movement.

CASE STUDY: Kaleva Co-operative Association, Maynard, Massachusetts

The history of the Kaleva Co-operative Association in Maynard, Massachusetts, serves as



Figure 8 - United Cooperative in Maynard, Massachusetts, was originally named the Kaleva Co-operative Association. The name was changed around 1919. [“United Cooperative of Maynard, MA,” *Third Yearbook: The Cooperative League of the U.S. of America* 1936 (Minneapolis, MN: Northern States Cooperative League, 1936), 131.]

a useful illustration of how these various complex strands of the immigrant cooperative experience worked together. Finnish immigrants formed the Kaleva Co-operative in 1906. Finnish cooperatives in the United States, in general, tended to be quite prolific. In 1924, for example, of the seventy-six cooperative stores in the Northern States region of the U.S., sixty-seven identified as Finnish while the remaining nine considered themselves as

“American”.¹⁰⁰ The following year, a November 1925 article in *Co-operation* identified eighty percent of cooperative restaurants and boarding houses in the U.S. as Finnish.¹⁰¹ Finnish

⁹⁹ “Lithuanian Co-operators in the United States,” *Co-operation* X, no. 10, (October 1924): 175.

¹⁰⁰ “Fourth Annual Convention of the Northern States League,” *Co-operation* XI, no. 8 (August 1925): 156-157.

cooperatives emerged among small farming and mining communities in the Iron Range of Minnesota, Wisconsin and Michigan, as well as within larger industrial communities in Massachusetts, Connecticut and New York during the early 20th century.¹⁰² A few developed during the first decade of the century, but most formed within the second.

These mostly first- and second-generation immigrants turned to cooperation as a means of combating exploitation by the mining, lumbering and manufacturing companies that ran the towns and services where they lived. Cooperation also became a way to avoid discrimination by local English-speaking “American” stores that in some cases sold inferior goods to the immigrants, pushed them to buy on credit, overcharged them for purchases, harassed striking workers and underpaid local farmers for their products.

On a day-to-day basis, the co-ops stocked an array of necessities ranging from farm supplies like feed, seed and fertilizer to groceries, meat and clothing. Cooperators bought produce and meat from local farmers, produced some of their own goods and created, in most regions, a wholesale organization from which to purchase the canned, milled and out-of-season fruit products. The cooperative wholesales served as an additional buffer of support and protection to the cooperatives because they helped the stores avoid discriminatory mainstream wholesale businesses that sometimes came under pressure from other clients – often larger retailers – not to sell to cooperatives.¹⁰³

¹⁰¹ “Co-operative Restaurants,” *Co-operation* XI, no. 11 (November 1925): 204. For further corroboration of the prevalence and success of the Finnish cooperatives, see these additional articles: S. Alanne, “Brief History of Societies Affiliated with the Co-operative Central Exchange,” *Co-operation* IX, no. 8 (August 1923): 134-137; V.S. Alanne, “Trends of Today in the Finnish Cooperatives,” *Co-operation* XVIII, no. 6 (June 1932): 113-115.

¹⁰² The Iron Range was an area roughly 500 miles east to west and 100 miles north to south with a population in the 1930s of close to 1,200,000. About 150,000 Finnish-Americans (foreign-born and American-born) lived on the Iron Range at that time. Lowell Dyson, *Red Harvest: The Communist Party and American Farmers* (Lincoln, NE: University of Nebraska, 1982), 51; Turner, 149.

¹⁰³ Turner, 43-164; Arnold Alanen, “Development and Distribution of Finnish Consumers’ Cooperatives in Michigan, Minnesota and Wisconsin, 1903-1973,” in *The Finnish Experience in the Western Great Lakes Region: New Perspectives* eds. Michael Karni et. al. (Turku, Finland: Institute for Migration, 1975), 11; Douglas J. Ollila, “A

Maynard, Massachusetts, located 25 miles west of Boston, was a mill town of about 6,000 citizens dominated by one company – the Assabet Mills of the American Wool Company.



Figure 9 – [“Aerial View of Mill Complex and Town,” *Maynard Historical Society Archives*, accessed May 30, 2012, <http://collection.maynardhistory.org/items/show/1955>.]

The American Wool Company controlled the water- power rights in town and thus managed to exclude other industries. The mill was such a commanding presence, in fact, it inspired H. Haines Turner, a scholar in economics and labor studies who published a study on consumer cooperatives in 1941, to remark that the “mill dominate[d] the main street with its shops, as the

Time of Glory: Finnish-American Radical Industrial Unionism, 1914-1917,” *University of Turku Institute of General History Publications* (Finland) 9 (1977): 45; Patrick H. Mooney and Theo J. Majka, *Farmers’ and Farm Workers’ Movements: Social Protest in American Agriculture*, (New York: Twayne Publishers, 1995), 12, 39; Albert Joseph Gedicks Jr., “Working Class Radicalism Among Finnish Immigrants in Minnesota and Michigan Mining Towns” (Ph.D. diss., University of Wisconsin, 1979), 164; Carl Ross, *The Finn Factor in American Labor, Culture and Society*, (New York Mills, MN: Parta Printers, Inc., 1977), 80, 121, 133-135; Peter Kivisto, *Immigrant Socialists in the United States: The Case of the Finns and the Left*, (New Jersey: Associated University Press, 1984), 170; Michael Karni, “Finnish-American Cooperativism: The Radical Years, 1917-1930,” in *Self-Help in Urban America: Patterns of Minority Economic Development*, Scott Cummings, ed., (Port Washington, NY: Kennikat Press, 1980), 10; Dyson, 52, 66; “United Co-operative Society of Maynard,” *Co-operation* XIII, no. 4 (April 1927): 64.

castle of a feudal manor towered above the little houses crowded beneath its walls.”¹⁰⁴ In 1936, approximately 1,800 families lived in Maynard; the mill employed 1,700-1,800 members of those families. Before the Depression, the number was even higher: the mill employed 2,400 workers. Overall, Turner estimated that about two-thirds of the families in town depended on the mills for income.¹⁰⁵

Maynard’s population was comprised primarily of immigrants from Finland (the most numerous immigrant population in Maynard), Poland, Russia, Lithuania, Italy and Ireland. Tensions existed within and among these immigrant groups. The Irish, the town’s oldest immigrant group, resented the newer arrivals. Differing political ideologies – the politically conservative, pro-temperance and church-going first-wave Finnish immigrants who arrived prior to 1900 versus the Finnish immigrant socialists who arrived after 1900 – caused strains within the Finnish immigrant community in Maynard.¹⁰⁶ This ethnic and political diversity, compounded by language barriers and the animosity that existed among the various groups, benefited the mill owners in their efforts to suppress unionization efforts. As a result, the magnates effectively dictated wage scales and permitted them to hire or fire workers seasonally, significantly affecting annual incomes for many workers and forcing immigrant women to seek work at the mills as well.¹⁰⁷ Based on the Massachusetts Unemployment Census of 1934, Turner estimated that 940 women either worked at the mill or hoped to out of 2,200 women of working age.¹⁰⁸

¹⁰⁴ Turner, 36.

¹⁰⁵ Turner, 36. For more on Maynard, MA, see Jan Voogd, *Maynard Massachusetts: A House in the Village* (Charleston, SC: The History Press, 2007).

¹⁰⁶ Turner, 46, 55.

¹⁰⁷ C.L., “Maynard, A Town in New England,” *Third Yearbook CLUSA*, 131; “United Co-operative Society of Maynard,” *Co-operation* XVII, no. 4 (April 1927): 62-64; Turner, 37-38.

¹⁰⁸ Turner, 40. The number of women of working age was Turner’s estimate.



Figure 10 - "Assabet Mills Looking Up Walnut Street, 1910." *Maynard Historical Society Archives*, accessed May 30, 2012, <http://collection.maynardhistory.org/items/show/609>. The writing on this postcard is Finnish.]

Prompted by low incomes and other factors, members of the second wave of Finnish mill workers met in a basement on River Street in Maynard in 1906 to discuss forming a cooperative. Like the cooperators of the 19th century, they needed to find a more affordable and practical way to purchase their household goods.¹⁰⁹ It is possible that some of these Finns arrived in the U.S with previous experience in cooperation. A Finnish law passed in 1901 gave official government recognition to cooperatives; and by 1903, more than 18,000 Finns belonged to cooperatives. In

¹⁰⁹ "United Cooperative Society of Maynard," *Third Yearbook CLUSA*, 131; Turner, 47.

1904, a Finnish Cooperative Wholesale Society formed; and by 1944, more than half of Finland's citizens belonged to some kind of cooperative organization.¹¹⁰



Figure 21 - “Looking down Nason Street from Co-operative Hall, Maynard, Mass.”

[“Riverside Cooperative Building,” *Maynard Historical Society Archives*, accessed March 28, 2011, <http://collection.maynardhistory.org/items/show/344>. The storefront in the building on the corner, facing Nason Street, is that of Riverside cooperative.]

¹¹⁰ There are a variety of theories about how Finnish immigrants first came into contact with cooperation. In the case of the Maynard cooperators, there were examples in town. However, Finnish immigrants in other areas of the country were also forming cooperatives. Some people claim that Finnish immigrants were aware of cooperatives before immigrating. It may be the case with some who arrived well after the turn of the century when cooperation was already well-established in Finland. It is also possible that they heard about cooperation through letters and newspapers sent to them from Finland after they immigrated. See Arnold Alanen, “The Development and Distribution of Finnish Consumers’ Cooperatives in Michigan, Minnesota and Wisconsin, 1903-1973,” *The Finnish Experience in the Western Great Lakes Region: New Perspectives* ed. Michael Karni et.al., (Turku, Finland: Institute for Migration, 1975), 113; J. Hampden Jackson, “How Finland Solved the Farm Tenancy Problem,” *Consumer’s Cooperation* XXVII, no. 5 (May 1941):110, 112.

Another co-op in town, the Riverside Cooperative, may also have inspired Maynard's Finnish immigrants. Formed around 1882, it supplied groceries, meats, milk and general merchandise to the English-speaking workers of the community. Two additional cooperatives also existed in Maynard by the time the Finns formed the Kaleva Cooperative Association: the International Co-operative Association that served the Polish, Russian and Lithuanian population with groceries and bakery goods and the First National Co-operative Association that served the church-going Finnish population.¹¹¹



Figure 12 - "Milk Bottle Cap First National Co-operative Association," ["Milk Bottle Cap First National Co-operative Association," Maynard Historical Society Archives, accessed March 28, 2012, <http://collection.maynardhistory.org/items/show/1030>.]

The town's second-wave Finnish workers lamented the high prices and inferior goods they found at those preexisting co-op stores. They complained that the other cooperatives, including the Finnish cooperative, pushed them to buy on credit, and once they had accumulated credit, felt pressured to shop at that store, regardless of price or service. They were at a disadvantage, they said, because clerks could get away with selling them inferior goods and charging them more for the privilege. Finns struggling to learn English felt vulnerable to exploitation at the hands English-speaking clerks. The final affront came when the Riverside Cooperative leaders rebuffed a request that they hire a Finnish clerk. When a small group of Finnish workers subsequently gathered in that River Street basement in 1906, they were

¹¹¹ C.L., "Maynard, A Town in New England," *Co-operation* XIII, no. 8 (August 1922): 133-134; Turner, 52, 55.

determined to organize a cooperatives own store where they could trust and understand the clerks, obtain affordable, familiar foodstuffs and shop free of bigotry.¹¹²



Figure 13 - "Kaleva Employees, Kaleva Cooperative Association, United Cooperative Society,"
[Maynard Historical Society Archives, Item #947, <http://collection.maynardhistory.org/items/show/947>
(accessed March 28, 2011).]

By the winter of 1907, despite the prevailing meager wages, organizers convinced 106 people to buy shares in their new cooperative. Those shares raised \$1,600 for the venture – an impressive sum in a town where a mill-worker's average wage was between \$8 and \$10 a week.¹¹³ They used the money to rent out a small shop and ran the store cooperatively themselves. In the first year, they made a profit of about \$600. Rather than hand out dividends, they chose to reinvest the money back into the store. A spate of unemployment in 1908 made

¹¹² Turner, 51-53.

¹¹³ Turner, 52.

conditions at the co-op difficult, however, because it forced some of the members to leave Maynard in search of work elsewhere. The store lost money that year. Somehow, those who remained managed to keep the co-op afloat and by 1911, Kaleva members saved enough money



Figure 14 – “Kaleva Cooperative Association building on Main Street, Maynard, Massachusetts, 1914.” “Kaleva Cooperative Association United Cooperative Society,” *Maynard Historical Society Archives*, accessed March 28, 2011, <http://collection.maynardhistory.org/items/show/940>. According to the Maynard Historical Society, this was the building purchased in 1911 on Main Street. In 1916, the group opened a dining hall on the second floor.

to buy a brick building on Main Street. They used the top floor as a meeting place and hosted ever-important social events such as dances at other times. By 1917, the group managed to open a branch store and a bakery to produce Finnish breads and cakes; they recorded nearly \$150,000 in sales that year alone. In 1935, they reported 1,000 members, owned two grocery stores with

meat markets, a soda fountain, luncheonette, grain and feed departments and a paint and hardware store. They reported doing \$392,000 in business that year.¹¹⁴

How did Maynard's socialist immigrant mill workers, earning meager wages and living in relative isolation from the rest of the town (and even at odds with the earlier Finnish cohort)



Figure 15 -- Geo. D. Elson Maynard, Mass., “Interior View Riverside Co-operative Association - c.1920,” [Maynard Historical Society Archives, accessed May 30, 2012, <http://collection.maynardhistory.org/items/show/2646>.]

organize and operate such a successful cooperative? The question is especially pertinent because while the Kaleva Co-op (renamed United Cooperative in 1919) grew, the Riverside Cooperative Association serving the local English-speaking workers declined, losing sales and members while their Finnish rivals

prospered.¹¹⁵ Townspeople at the time claimed chain-store competition ultimately sank Riverside's fortunes: it had over-extended itself during prosperous times, permitted its members to pay on credit in an attempt to keep from migrating to the local chain and created an expensive delivery system. The chain store, meanwhile, had operated on a more prudent cash-and-carry basis and charged lower prices; the co-op could not compete and finally closed in 1936.

¹¹⁴ “United Cooperative Society of Maynard,” *Third Yearbook CLUSA*, 1936, 131; Turner, 53-56.

¹¹⁵ United did well enough, in fact, that the cooperators were able to expand the business throughout the teens and twenties. They added a coal department, milk distribution and eventually, by the mid-1920s, a furniture and kitchen-ware department. “United Co-operative Society of Maynard,” *Co-operation* XIII, no. 4 (April 1927): 62-63; <http://collection.maynardhistory.org/items/browse/5?collection=3> (accessed June 28, 2011).

Factors unrelated to poor management and wily competition also contributed to Riverside's decline. Had the chain store been the sole determining factor, it should have had a similar effect on United. However, unlike the Finns who operated United, Riverside's leadership failed to cultivate membership loyalty or educate them about cooperative values and goals; they did not promote social and cultural connections among neighbors; nor did they encourage every member of the family to participate in co-op activities such as youth groups, choirs or women's guilds. Because they ran Riverside as a store, rather than as community institution and expression of the cooperative spirit, it could not compete with the economies of scale and aggressive marketing tactics employed by mainstream retailers.¹¹⁶

The United cooperators approached their venture with a more holistic perspective on their mission. They understood success depended on workers and farmers regarding the cooperative as something more than a place to shop. Members needed to feel socially, culturally and/or politically connected to the enterprise and the community that sustained it.¹¹⁷ At United, not only did the clerks speak Finnish, but also shoppers could find traditional Finnish staples such as hardtack (hard, dry bread made from rye). Members felt confident that they received quality goods at fair prices because the other members of the cooperative were neighbors, fellow workers and union mates who shared the same heritage and cultural values.¹¹⁸

Food was only one of the ways members formed affective bonds with their cooperative. Other activities such as music, dance, theater, and other social events that took place on the Union Cooperative's top floor also helped knit members to the co-op and its mission. Turner explained, "[T]hese activities threw the Finnish cooperators into frequent companionship, added

¹¹⁶ Turner, 60.

¹¹⁷ Turner, 51; "Co-operative Baking at the Daily Loaf," *Co-operation* XI, no. 8 (August 1925).

¹¹⁸ Waldemar Niemela, "Consumers Cooperative Retail Stores," *Co-operation* XXI, no. 2 (February 1935): 34.

to their mutual self interests, and increased their group loyalty and their ability to work together in harmony.”¹¹⁹

In late 1918, Secretary of the Cooperative League of America Scott H. Perky, returned from a tour of various local cooperatives, including a Finnish-American co-op thirty miles northwest of Maynard, in Fitchburg, Massachusetts,¹²⁰ and reported back excitedly, “Here we get at the secret of co-operative success – the grouping of the various life-interests, economic in the main but increasingly, though often unconsciously, social, into thoroughly mutual, absolutely non-exploitive organizations which yield the members an ever growing community of interest.” Pesky witnessed directly how cooperators in Fitchburg interacted and relied on one another; co-op members lived, worked, ate and played as a community. “With their co-operative and socialist organizations, their picnics and meetings, their mass contributions to work they all have at heart, their plans for the development of their societies and their mutual outlook towards the future, these Finnish-Americans are fast becoming not only economic co-operators but *co-operative men*, for the production of whom evolution and all the good will of the world are sedulously working.”¹²¹ Because the cooperatives allowed immigrant communities to be economically self-reliant, they also strengthened cultural bonds.¹²²

¹¹⁹ In Maynard the cooperators were so closely associated with the socialists, they used the socialists’ hall and park for cooperative social gatherings. See Turner 138.

¹²⁰ The United Cooperative Society of Fitchburg, Massachusetts, like Maynard, served a community primarily employed by cotton mills. And like the Maynard cooperators, the United Co-operative in Fitchburg was formed by the Finns in the area because they felt that the local Finnish private merchants, who tended to be unsupportive of the labor movement, failed to offer quality products at reasonable prices and shopping from American businessmen posed language problems. They also need the cooperative because their wages were low and they wanted to find a way to lessen the cost of living. They struggled at the beginning (the first one failed) but the Fitchburg cooperative, like Maynard, did quite well by the end of the 1920s. For example, in 1921 they reported sales of \$117,035.61 and a net profit of \$2,244.91. In 1929 they reported sales of \$372,955.00 and a net profit of \$17,885.00. See F.J.S., “United Co-operative Society of Fitchburg,” *First Yearbook – CLUSA*, 256.

¹²¹ Scott H. Perky, “The Co-operative Societies of New England,” *The Co-operative Consumer* VI, no. 10 (October 1918): 150.

¹²² Aili Jarvenpa, ed., *In Two Cultures: The Stories of Second Generation Finnish-Americans*, (St. Cloud, MN: North Star Press of St. Cloud, Inc., 1992), 1, 4, 17, 26, 29, 35, 40, 116, 147; Inkeri Väänänen-Jensen, “Excerpt from the Memoir of Inkeri’s Journey,” in *Sampo the Magic Mill: A Collection of Finnish-American Writing* Aili Jarvenpa



Figure 16 – “Main Store and Office Building of the United Cooperative Society of Fitchburg, Massachusetts.” [United Cooperative in Fitchburg, MA, *First Yearbook – CLUSA 1930*, 256.]

While some economists and historians argue that consumers are inherently selfish, individualistic and even myopic based on economic needs alone, these and other cooperators of the early 20th century testify to the fact that consumers are also social beings, that consuming is an affective and social act as well. As Turner aptly put it: “patronage of a store in a small town such as Maynard involves not only the economic bargains he makes there, but the person or persons with whom he makes the deals...[therefore] social or group prejudice is an important factor in a consumer’s buying habits.”¹²³

It is important to note that while culture and language drew in some consumers, the homogenous character this kind of cooperative could also repel those who were not from the

& Michael G. Karni, eds. (New York: New Rivers Press, 1989), 162; “From Finnish to English,” *Cooperative Builder* 4, no.8, (August 1929): 235; Chambers, 62-63; Karni, *Self-Help in Urban America*, 153; Turner, 175-203; Kivisto, 170.

¹²³ Turner, 122-123.

same community. An Italian gasoline station attendant in Maynard, for example, complained of the bigotry of the Finns; they not only took business away from his gas station, but clerks at the Union co-op served fellow Finns first, regardless of who might be next in line. “The Finns want everybody else’s business,” complained the Italian, “but they wouldn’t give ‘a white man’ any.” A Polish grocer in Maynard likewise disparaged the Finnish cooperators as “Socialists and Anarchists and all kinds of fellows.”¹²⁴ Member solidarity, therefore, could benefit one community while at the same time alienating other consumers who did not share the same ethnic, linguistic or cultural background. Building alliances across social, cultural and political divisions to unite all consumers behind the cooperative movement could prove daunting.

RACE: COOPERATIVES ‘DEVELOP BEST AMONG RACIAL GROUPS’¹²⁵

While immigrant cooperators drew strength from the ethnic, cultural, linguistic and political conventions they carried with them from their former homes, some African Americans found cooperatives provided the means to construct a kind of safe haven *within* their country (but a country that did not treat them as full citizens). Like their immigrant counterparts, blacks tended to cluster in neighborhoods that afforded some economic protection, but also reinforced shared social, cultural and political interests. Cooperatives became one of many ways that African Americans tried to deploy their purchasing power to thwart discrimination long before the Civil Rights Movement. As Robert E. Weems, Jr., explains in *Desegregating the Dollar*, “[H]istorically, African Americans have withdrawn their economic support of white-controlled enterprises ... to respond to extreme acts of white racist violence... to protest against humiliating differential treatment based on race [and] demeaning images of blacks in their

¹²⁴ Turner, 124-125.

¹²⁵ J. L. Reddix, “The Negro Finds a Way to Economic Equality,” *Consumers’ Cooperation* XXI, no. 10 (October 1935): 173-176.

advertising,...[and] in order to better support African American entrepreneurs.”¹²⁶ Cooperatives followed that tradition.

Civil-rights leader W.E.B. DuBois demonstrated an interest in what cooperation could do for African Americans as early as 1918. That year he formed the Negro Co-operative Guild in the New York City offices of *The Crisis*, the purpose of which was to help teach African Americans about cooperation and provide them with the tools necessary to form cooperatives.¹²⁷ DuBois believed that if political, social and economic integration with whites was impossible, African Americans should instead “cooperate among themselves in groups of like-minded people and in groups of people suffering from the same disadvantages and the same hatreds.”¹²⁸ The shared experience of discrimination and want could provide a basis for organizing people with the aim of addressing those very hardships. DuBois believed such an attempt might yield a powerful, cross-class alliance capable of challenging an oppressive status quo.¹²⁹ “We have an instinct of race and a bond of color,” argued DuBois, “in place of a protective tariff for our infant industry.” Cooperation, he argued, could free African Americans from the inequities of the white-dominated capitalist system and as a result, they would “...become in truth, free.”¹³⁰

¹²⁶ Robert E. Weems Jr., *Desegregating the Dollar: African American Consumerism in the Twentieth Century* (New York: New York University Press, 1998), 3-4.

¹²⁷ “The Negro Co-operative Guild,” *The Co-operative Consumer* IV, no.11 (November 1918): 165.

¹²⁸ Lewis, 557-559, 563-570; Rudwick, 527; W.E.B. DuBois, “Co-operation,” *The Crisis* 15, no. 1 (November 1917): 9-10; W.E.B. DuBois, “Roddy’s Citizens’ Co-operative Stores,” *The Crisis* 19, no. 2 (December 1919): 50; W.E.B. DuBois, “Postscript,” *The Crisis* 35, no. 6 (July 1928): 240; W.E.B. DuBois, “Postscript,” *The Crisis* 40, no. 4 (April, 1933): 93-94.

¹²⁹ Lewis, 564-565.

¹³⁰ W.E.B. DuBois, “PostScript” *The Crisis* 40, no. 4 (April 1933): 94.

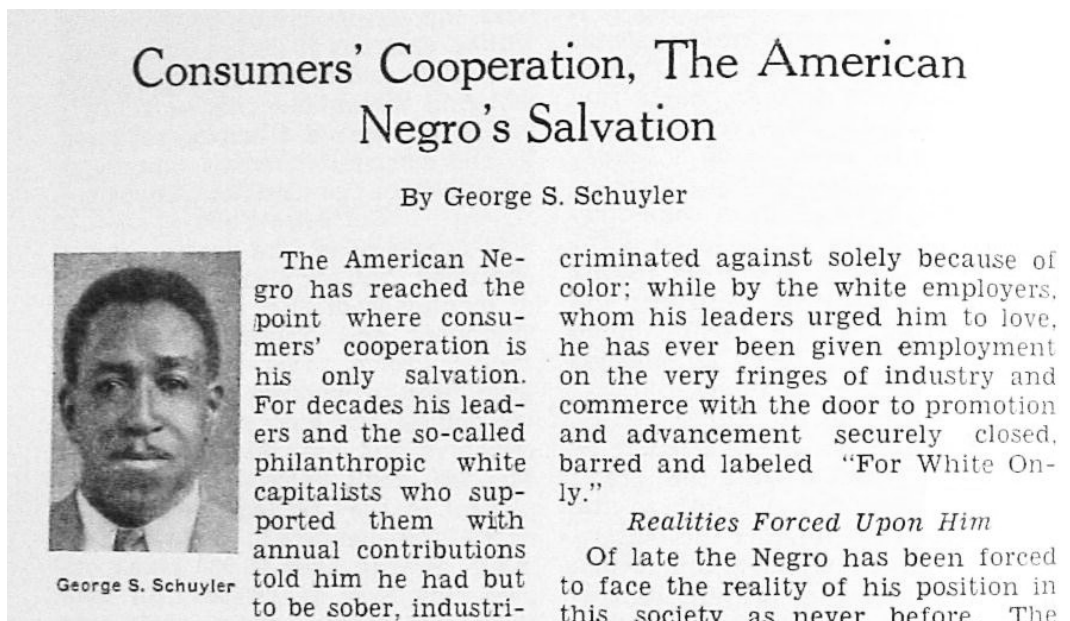


Figure 17 - George S. Schuyler, "Consumers' Cooperation, The American Negro's Salvation"
[Co-operation XVII, no. 8 (August, 1931): 144.]

Journalist and intellectual George Schuyler, who founded the Young Negro Cooperative League in the 1930s, agreed. He championed the cooperative movement as *the* revolutionary answer for impoverished African Americans, and in 1936 proclaimed that cooperation would free African Americans economically. "This is the only movement I know of among Negroes," he said, "that is actually offering some hope to our bewildered young brothers, sisters, cousins, nephews and nieces, who eagerly come out of school with absolutely no hope of employment commensurate with their education."¹³¹ For such leaders, cooperatives clearly represented more than just a cost-saving tactic for beleaguered consumers. Rather they were a strategic tool for liberating Black people from the injustices of racism, economic and political deprivation and social isolation.

¹³¹ Joanne Grant, *Freedom Bound* (New York: John Wiley & Sons, Inc., 1998), 30.

CASE STUDY: Consumer's Cooperative Trading Company, Gary, Indiana

Black cooperatives tended to organize in urban areas such as New York, Pittsburgh, Cleveland and Philadelphia, where African Americans had migrated seeking industrial jobs between 1910 and 1930.¹³² As with many cooperative



Figure 18 - Vice-President Henry A. Wallace Visits Negro Co-op in Chicago. [*Co-operation* XXIX, no. 10 (October 1943): front cover.]

ventures of the era, these cooperatives often began as small buying clubs. In January 1932, for example, a group of Black steel workers met at a high school in Gary, Indiana to discuss what to do about the economic crisis swamping their community. Gary was a single-industry town that suffered grievously from the economic effects of the Great Depression. Steel mills had shuttered and only one of the city's banks remained open; nearly half of its African American citizens relied on public assistance (compared to roughly 1-in-8 among the local white population).¹³³

The steelworkers discussed the potential benefits of cooperation in their initial meetings and agreed to send local high-school teacher J. L. Reddix to attend a district meeting of the

¹³² J.L. Reddix, "The Negro Finds a Way to Economic Equality," *Consumers' Cooperation* XXI, no. 10 (October, 1935): pg. 173-176; Bertram B. Fowler, "Consumers' Cooperation 'Goes to Town'," *Consumers' Cooperation* XXII, no. 1 (January 1936): 20-23; Benson Y. Landis, "Federal Council of Churches Seminar on Consumers' Cooperation," *Consumers' Cooperation* XXII, no. 2 (February 1936): 24-25; "Whites Don't Know the Half of It," *Cooperation* XX, no. 2 (February, 1934): 22-23; "Cooperation Cuts Waste," *Co-operation* XX, no. 1 (January 1934): 8; Fowler, *Consumer Cooperation in America*, v, 104-107. There are examples of African American cooperatives in the South as well though they tended to be less prevalent or successful.

¹³³ John Hope II, "Rochdale Cooperation Among Negroes," *Phylon* 1, no. 1 (1940): 40.

Central States Cooperative League (a regional arm of the CLUSA). Reddix returned to the group excited about what he had learned, and eager to put cooperation to work on behalf of his neighbors. He persuaded the group to form a buying club, and they collected \$24 in seed money to get things started.¹³⁴ They put one of their members in charge of ordering for the entire group, hoping to save money by purchasing goods at lower bulk-rate prices. By the end of the year they had raised enough money to rent a storefront, hire a clerk and a manager, and convinced a member who owned an old Ford truck to take charge of deliveries.

Like their immigrant counterparts, the Gary cooperators started out with very little stock. In its first year, the co-op sold only about \$200 worth of goods per week.¹³⁵ In order to grow patronage and build trust within the local black community, Reddix offered to teach an adult-education course on cooperative economics at Roosevelt High School in the fall of 1933. The class soon boasted the largest attendance of all of the courses offered by the evening school and inspired community members to join Gary's Consumers' Cooperative Trading Company. By 1935, the co-op had more than 400 members, seven full-time employees and \$35,000 in annual sales.¹³⁶

¹³⁴ According to Economic History Services http://eh.net/hmit/ppowerusd/dollar_answer.php on 03/08/2006 \$24 in 1932 had the same purchasing power as \$344 in 2005; Elsie C. Sinclair, "The Story of Consumer Co-operation in Indiana," *Indiana Magazine of History* 33, no. 1 (March 1937): 49.

¹³⁵ According to Economic History Services http://eh.net/hmit/ppowerusd/dollar_answer.php on 03/08/2006 \$200 in 1932 had the same purchasing power as \$2866 in 2005; John Hope II, "Rochdale Cooperation Among Negroes," *Phylon* 1, no. 1 (1940): 40.

¹³⁶ According to Economic History Services http://eh.net/hmit/ppowerusd/dollar_answer.php on 03/08/2006 \$35,000 in 1935 had the same purchasing power as \$498,491 in 2005; John Hope II, "Rochdale Cooperation Among Negroes," *Phylon* 1, no. 1 (1940): 41.



Figure 19 - “Cooperative Grocery Stores,” [Pamphlet Collection Box 60, Wisconsin Cooperative Library, University of Wisconsin, Madison, WI. Undated.]

For this group, the cooperative movement represented more than simply a way to reduce grocery costs; it became a vehicle for community improvement and racial uplift. “It has been an inspiring sight,” Reddix reflected in 1935, “to see the new spirit that comes to a lowly people when a cooperative is developed among them.” He believed cooperation was the means to a “permanent solution to the racial problems in America” since, as the Gary cooperators had proven, cooperatives “develop best among racial groups.”¹³⁷ DuBois, Schuyler, and other black leaders recognized that the pigmentation that put African Americans at a disadvantage in so

¹³⁷ J. L. Reddix, “The Negro Finds a Way to Economic Equality,” *Consumers’ Cooperation* XXI, no. 10 (October 1935): 173-176; Fowler, *Consumer Cooperation in America*, v, 104-105.

many ways also bound them together and enabled their cooperative efforts to succeed. Like their immigrant counterparts, the African Americans of Gary relied on their shared experiences, circumstances and mutual affinities to unite themselves in a cooperative enterprise to address urgent economic, social and cultural challenges.

A similar example emerged in Harlem in the 1940s. After gathering information from CLUSA-affiliated Eastern Cooperative Wholesale, a group of 20 African Americans organized themselves into a small buying club and began working out of a member's basement. "The first few weeks were hectic," explained Charlotte Crump in her 1941 article in *The Crisis*. There were "members rushing home from work to put up shelves, build bins, arrange, argue and hold weekly business meetings."¹³⁸ As was the case with most cooperatives in this period, the members did everything in their spare time. The group grew quickly, and in 1941, they abandoned their basement storeroom and replaced it with a storefront on 150th Street. "No young parents with their first-born were more proud than the Co-ops were that day," said Crump of the Modern Co-op Inc. Headed by Mrs. Thurgood Marshall (wife of then Chief of Counsel to the NAACP and future U.S. Supreme Court Justice), the Harlem cooperative went from stocking a mere 23 products to carrying an assortment of 280 items that included automobile tires and vacuum cleaners.

The cooperative movement was not, however, an immigrant-only or race-specific movement. It also attracted what movement scribes referred to as "Americans": native-born, English speaking, white consumers. These individuals and groups joined the movement for the same reasons immigrants and African American cooperators did: because it provided a way for the economically disadvantaged (farmers and workers) to take part in the benefits of contemporary consumer culture. Their cooperatives, however, tended to be smaller and/or less

¹³⁸ Charlotte Crump, "The Co-op Comes to Harlem," *The Crisis* 48, no. 10 (October 1941): 319 & 330.

community-oriented than the others. And as co-op members, they worried first and foremost about the business end of the ventures. Some American cooperatives resembled the immigrant model – organized slowly from the grassroots up, within tight-knit, relatively homogenous communities, subscribing to the Rochdale method of cooperation, and expressing interest in building a larger movement. But most of the native-born cooperators simply wanted access to higher-quality products at lower prices. Some of their stores carried groceries and other



Figure 20 – “The Farmers Union Co-operative Association of Clarkson, Nebraska” – [*Co-operation* XI, no. 7 (July, 1925): 121. a typical store and grain elevator of the Farmers Union State Exchange. This co-op has grain, lumber and coal for sale.]

household items; the most successful, however, tended to concentrate on feed, seed, oil, coal and fertilizer.

Nebraska was the only state with a significant number of these cooperatives. Omaha’s Farmers’ Union Exchange was the central wholesale, serving 150 cooperative societies and several thousand individual members.¹³⁹ Approximately 600 of these types of cooperatives existed across the country by 1933. They distributed gasoline,

¹³⁹ Cedric Long, “Consumers’ Co-operation in the United States of America,” *First Yearbook, Cooperative League of the U.S. of A.* (New York: The Cooperative League, 1930), 53; “Farmers Union Exchange Unites with the League,” *Co-operation* VXII, no. 6 (June 1931): 102-104; Edmund E. Alubowicz, “Learning Consumers’ Cooperation by Cooperating,” *Consumers’ Cooperation* XXII, no. 1 (January 1936), 7-8.

oil in bulk, tires, batteries and various accessories.¹⁴⁰ In general, however, the farmer cooperatives with native-born American memberships were more parochial and less durable than the examples discussed above. Like the River Street Cooperative in Maynard, Massachusetts, they had weaker bonds with their constituent communities than did their immigrant or African American counterparts. As Oscar Cooley, the Cooperative League Secretary reported in 1933, because they had become members primarily for the convenience and cost-savings, native cooperators only “cooperate as long as it pays them to, and don’t when it doesn’t.”¹⁴¹ They lacked the kind of community perspective and necessity rooted in “outsider” status that animated members of other co-ops in immigrant and African Americans settings, and thus were less likely to remain dedicated to the cooperative movement with the same conviction and persistence.

WOMEN: POWER OF THE PURSE



Figure 3 “The ‘Red Star’ Chorus Girls in the ‘Co-operation’ Feature,
First Yearbook: The Cooperative League of the U. S. of America (New York:
 The Cooperative League, 1930), xiv.

¹⁴⁰ Oscar Cooley, “Consumers’ Cooperation in the United States,” *Co-operation* XIX, no. 2 (February, 1933): 27.

¹⁴¹ Oscar Cooley, “Consumers’ Cooperation in the United States,” *Co-operation* XIX, no. 2 (February, 1933): 25-26. See also Oscar Cooley, “Consumers’ Cooperative in the United States,” *Co-operation* XIX, no. 6 (June, 1933): 105.

Beyond the bonds of racial and ethnic experience that sustained many cooperatives, the most effective organizations also relied on the participation of everyone in the member families, especially the women. Women tended to organize the social events that energized the co-op community; they educated the youth; and, most importantly, they did most of the household shopping. Observers at the time often noted that women, because they made 80 percent of household purchases, had it within their means, “to say how things shall be made and sold, and under what conditions those who make and sell the things she needs shall work.”¹⁴² Cooperative leaders charged wives and mothers with responsibility for avoiding overcharges or unscrupulous merchants, since workers’ wages were “pitifully insufficient” and the household budget required vigilance.¹⁴³ In very practical terms, women patrolled the front lines of consumer policy in cooperative societies.

Significantly, these early-twentieth-century women seized upon



Figure 22 - "Co-op Store United Cooperative Society,"
[Maynard Historical Society Archives, accessed March, 28 2011, <http://collection.maynardhistory.org/items/show/950>.]

¹⁴² “What the Co-operative Movement Means to Women,” *Co-operative Builder* 7 (December 3, 1932): 2.

¹⁴³ “Women’s Cooperative Guilds,” Central Cooperative Wholesale Papers, Series IV, Sub series 5, Box 28, Folder: Northern States Cooperative Guilds and Clubs (NSCGC), Immigration History Research Center (IHRC), University of Minnesota, St. Paul, MN.

the potentially transformative power of consumption precisely at a time when advertisers were celebrating modern consumerism as purely an agent for *individual* empowerment, modernity and identity re-formation, particularly for middle-class, urban women. As Nancy Cott notes in *The Grounding of Modern Feminism*, “modern merchandizing translated the feminist proposal that



Figure 23 – “The Time for Action.”

[Box 5, Folder 6, Cooperative League Education Programs Study and Action, 1944 Wisconsin Historical Society, Madison, WI.]

women take control in their own lives into the consumerist notion of choice.”¹⁴⁴

Cooperators, however, turned this idea on its head, insisting that women’s power as consumers could and should serve the interests of the collective, rather than individuals. This recalls James Livingston’s argument regarding the imagined new identities that became possible with the rise of consumer capitalism.¹⁴⁵ The “consumerist notion of choice”

was for women a means to take control of their own lives in innovative ways. For their own part, women cooperators concluded, “[e]ach one of us alone is helpless against [the problems of insufficient pay and exploitation by individual profiteers], our individual strength and buying power too weak to solve them. But *united* we can use our combined buying power and organization for our own benefit...”¹⁴⁶ The choice to “shop cooperatively” was thus pregnant with meaning, potential and practical power.¹⁴⁷

¹⁴⁴ Nancy Cott, *The Grounding of Modern Feminism*, (New Haven, CT: Yale University Press, 1987), 172. See also Charles McGovern, *Sold American*, 79, 81, 83.

¹⁴⁵ Livingston, 80-82, 85.

¹⁴⁶ “Womens’ [sic] Co-operative Work in Our District,” *Co-operative Pyramid Builder* 4 (March 1929): 67-68. Italics in original.

¹⁴⁷ “Women Workers Have a Buying Power of Over Five Billion,” *Co-operative Builder* 7 (January 2, 1932): 7; “To the Delegates and Friends Assembled at this 38th Annual Meeting of the Central Cooperative Wholesale, April 12, 1955,” Northern States Cooperative Guilds & Clubs Records (NSCGC), Box 3, Folder: unmarked, IHRC,

Shopping, however, was just one aspect of women's crucial role in developing the cooperative movement. Women also formed cooperatives on their own initiative, and did so for the same reasons their male counterparts did – to ensure better access to quality, affordable goods. In Deer River, Minnesota, for instance, a few women approached their local Farmers' Exchange store in 1932 and asked the manager to order Red Star (co-op) Coffee. When he refused, they organized to pressure the store to create a grocery department stocked with the products they sought. Several years later, these women proudly report, "we have one of the best co-operative store buildings, and our store has many departments."¹⁴⁸ Finnish-American housewives in Illinois, joined forces in 1915 when the local supplier announced a price hike of more than thirty percent in the cost of milk. The women hired a horse-drawn milk wagon and began buying their milk as a collective, directly from area farmers. The effort was so successful they were soon able to open a small store that grew into the Co-operative Trading Company of Waukegan, Illinois – allegedly "one of the largest and most successful cooperatives in the country."¹⁴⁹



Figure 24 – Red Star Coffee can. [Richard Hudelson, "In the Days When the Northland was Red," *Duluth News Tribune* (February 26, 2010), accessed via <http://www.duluthnewstribune.com/event/article/id/161466/> (March 28, 2011). Image use courtesy of Land O' Lakes.]

University of Minnesota, St. Paul, MN; Hilma Erickson to Eva Erickson, 2 March 1931, Hilma Erickson Collection, IHRC, University of Minnesota, St. Paul, MN.

¹⁴⁸ Maiju Nurmi, ed., *10th Anniversary Album: A History of the Northern States Women's Co-operative Guild* (Superior, Wisconsin: Northern States Women's Co-op Guild, 1939) in NSCGC, Box 3, IHRC, University of Minnesota, St. Paul, MN.

¹⁴⁹ Fowler, *The Co-operative Challenge*, 81; "Co-operative Education to the Forefront," *Co-operative Pyramid Builder* (November 1926): 130. Whether it was actually true that Waukegan was one of the largest and most successful in the country or not is difficult to verify but it is clear that Waukegan was one of the most successful cooperatives of the CLUSA cooperatives.

Similarly, in 1930s Harlem, African American women in the Dunbar Housewives' League formed Harlem's Own Cooperative. Milk was their primary product as well; but they eventually added other goods to the co-op's stock.¹⁵⁰ Ella Baker – who would become an NAACP field secretary in the 1940s, help lead the SCLC in the 1950s, and serve as the non-student advisor to SNCC in 1960 – served on the Board of Directors of Harlem's Own Cooperative in 1930 and became the National Director for the Young Negro Co-operative League in 1932.¹⁵¹ According to historian Joanne Grant, Baker was inspired by George Schuyler's enthusiastic proclamation that cooperation promised “to be the most truly revolutionary [action] the Negro race has launched in its entire history.”¹⁵² Baker toured the country as a Young Negro Co-operative League representative to help teach others of the “ENORMOUS POWER that is his as a consumer, and [how] it will act as an antidote to some of that hopelessness with which the inarticulate masses of Black Americans face the question, ‘After the Depression, What?’”¹⁵³ Importantly, Baker made sure that as an organization the YNCL sought specifically to recruit women to the cause and that they be treated equally with the men who participated.

In these and other examples documented in the records of the cooperative movement, women initiated cooperative organization in order to bypass excessive markups by middlemen, take control of the quality of goods they purchased and protect themselves, their families and neighbors from various sorts of discrimination. These efforts engendered a sense of self-

¹⁵⁰ Joshua K. Bolles, *The People's Business: The Progress of Consumer Cooperatives in America* (New York: Harper & Brothers Publishers, 1942), 115.

¹⁵¹ George S. Schuyler, “The Young Negro Co-operative League,” *The Crisis* 39, no. 1 (January 1932): 456, 472; Harvard Sitkoff, *The Struggle for Black Equality, 1954-1980* (New York: Hill & Wang, 1981), 91-93; Steven F. Lawson, *Running for Freedom: Civil Rights and Black Politics in America Since 1941* (New York: McGraw-Hill, 1991), 67-71; William H. Chafe, *Civilities and Civil Rights: Greensboro, North Carolina, and the Black Struggle for Freedom* (New York: Oxford University Press, 1980), 21; Henry Louis Gates and Evelyn Brooks Higginbotham, eds., *African American Lives* (New York: Oxford University Press, 2004): 38.

¹⁵² Grant, 30.

¹⁵³ Grant, 35.

determination and agency that made them feel vested in their communities. For these women, organizing cooperatives went beyond traditional forms of protest such as marches or boycotts. It challenged the hegemony of the predominantly white, male capitalists and asserted ownership of their status as consumers.¹⁵⁴

Arguably, though, the most important role women typically played in the cooperative movement was to organize cooperative social activities and educate. The ways in which cooperators interacted with one another when they were not shopping was just as important as



Figure 25 – “Some of the employees of National Cooperatives and the Cooperative League stepping off the figures of the Virginia Reel at a monthly party and educational meeting, exemplify the play approach to relaxation, social integration, and group cooperatives discussed by Dr. Overstreet in the accompanying article.” [Harry A. Overstreet, “Laboratory for Freedom,” *Co-op Magazine* 1, nos. 7-8 (July-August, 1945): 11.]

how they combined for economic advantage. Social and cultural activities tied cooperators to one another, to their store and to the community in which it developed. Men sometimes organized these activities as well, but women much more

frequently took charge. They organized sports teams, music groups, dances and picnics. In so

¹⁵⁴ For example, see Hyman, “Immigrant Women and Consumer Protest: The New York City Kosher Meat Boycott of 1902,” 91-105; Kathryn Kish Sklar, “Two Political Cultures in the Progressive Era: The National Consumers’ League and the American Association for Labor Legislation,” in *U.S. History is Women’s History*, Linda Kerber, ed. (Chapel Hill, NC: The University of North Carolina, 1995), 36-62; Dana Frank, “Housewives, Socialists, and the Politics of Food: The 1917 New York Cost-of-Living Protests,” *Feminist Studies* 11, no. 2 (Summer 1985): 255-286.

doing, they helped make cooperation a vital core of community life. After all, one cooperative leader explained, “people are interested in recreation as the next most important matter after the

vital hungers.”¹⁵⁵

Members of the Central Cooperative Wholesale in Superior, Wisconsin, concurred: “Recreation is an important educational force because it is a direct experience in cooperative living,” read one of the official publications. “The untapped social energies of the people will be reached not so much through the head as through the heart. Get people in a group singing, dancing or playing a game and they just naturally work together.”¹⁵⁶ Community building, recreation and entertainment helped members share and spread community principles indirectly.

Records chronicling the activities of many local cooperatives



Figure 26 - Two views of co-op gatherings that attest to the ability and eagerness of women to participate. Above: A study group session, Cambridge, Minn. Below: A membership rally, Union County, Ohio. [W.A. Anderson, “Why Don’t We Tell the Women?” *Co-op Magazine* 2, no. 2 (February 1946): 10.]

¹⁵⁵ Warbasse, *Cooperative Democracy*, 464.

¹⁵⁶ “Recreation,” Central Cooperative Wholesale, Folder 1, Box 28, IHRC, University of MN, St. Paul, MN. See also Ellen Linson, “Recreation and the Cooperative Movement,” *Rochdale Cooperator* XII, no. 2 (February 1, 1943): 11.

indicate the effectiveness of these efforts. Testaments to the importance of picnics, dances and dramas, choral groups, orchestras and bands fill cooperative movement propaganda from the first half of the 20th century. In 1926, for example, the Franklin Cooperative Creamery in Minnesota reported that it had organized a band, as well as a male chorus, and claimed that both had “helped immeasurably in building and holding good-will for the Association.”¹⁵⁷ Thanks to such activities, the Creamery explained, each member felt connected to the store and the community. The Cloquet, Minnesota cooperative boasted men’s and women’s co-op basketball teams, baseball and bowling teams. A Columbus, Ohio, cooperative reported to the 1936 annual CLUSA convention that their recreational program instilled solidarity among their membership.¹⁵⁸ And one woman explained in a 1921 article in the *Co-operative Consumer*, that while most cooperatives form because of bread-and-butter issues, they do not survive without community spirit; cooperators needed to feel a sense of belonging so that they would work together. “When cooperators find that they need a little mucilage to keep them sticking together,” she continued, “what do they do? Why, bless them! They try a little socialibility!”¹⁵⁹

Educational programs – one of the Rochdale principles in which many cooperatives found guidance – provided another way that cooperators interacted socially. Usually organized as women’s guilds, female cooperators took control of educating themselves and their communities about the philosophies and practical benefits of cooperation. They sponsored summer training institutes and vacation camps for women, sometimes funded by refreshment booths at local fairs where the women promoted co-op products. Guild members brought in speakers and held roundtable discussions on the history of cooperation and merchandising. One

¹⁵⁷ *Third Yearbook CLUSA*, 201.

¹⁵⁸ *Third Yearbook CLUSA*, 144.

¹⁵⁹ Genevieve Fox, “Fun in the Co-operative Movement,” *Consumers’ Cooperation* VII, no. 4 (April 1921): 80.

Finnish cooperative guild in Minnesota established an evening school that taught English, but with lesson themes that revolved around cooperative issues.¹⁶⁰

The guilds also took responsibility for teaching children about cooperation in order to perpetuate the cooperative legacy. Cooperators considered it a natural job for women since

“[w]omen are most

directly responsible for

the ideological, as well as

physical upbringing of the

rising generation.”¹⁶¹ One

facet of this principle was

the summer camps they

organized for children,

which featured

cooperatively run stores

and lessons in labeling,

grading and taste-testing

co-op food products.

Along with all of the usual

activities like swimming

and sing-a-longs,



Figure 27 - "The Bosses." Real bosses in the Co-op movement are the women, whose buying dictates what goods shall be handled. In the CCW area, the women have their own organization, the Women's Co-operative Guild, which brings them together to discuss consumer and economic problems. The cameraman, being a man, got only a tiny peek in at this typical Guild meeting." ["Behind the Bricks and Mortar... the Story of the Central Co-operative Wholesale," p. 19, Pamphlet Box 67, Wisconsin Cooperative Library, Madison, WI]

¹⁶⁰ Some cooperatives also established men's cooperative clubs. Both functioned as auxiliaries to the cooperatives. See Maiju Nurmi, ed. *10th Anniversary Album: A History of the Northern States Women's Co-operative Guild* (Superior, WI: Northern States Women's Co-op Guild, 1939) in NSCGC, Box 3, IHRC, University of MN, St. Paul, MN. For African American women's similar efforts see Samuel A. Rosenberg, "Democracy—American Style," *Crisis* 50 (April 1943): 110.

¹⁶¹ "The Opportunity of Co-operative Women to Guide the Youth," *Co-operative Builder* 8 (September 2, 1933): 6.

guildswomen made sure that several hours were dedicated each camp day to teaching courses with titles like “The Principles of the Working Class Movement,” “The History of the American Labor Movement,” “Co-operation,” “Economics” and “Sociology.”¹⁶² One camper described learning how to combine cooperation with social activities:

In connection with Co-op Studies we held a campfire ceremonial Wednesday evening in the Council Ring. [We lit] our campfire with the lighted torches representing the Seven Rochdale Principles. We roasted wieners in the embers of the fire and sang some songs. It was the most impressive ceremonial we had ever witnessed.¹⁶³

The idea was to make sure that the children understood the movement’s guiding principles, but at the same time make both camps and co-ops enjoyable.¹⁶⁴ The guilds also helped organize Youth Leagues because, as an article in the *Co-operative Builder* warned, youth were “subjected to the propaganda of the capitalist class at all turns [and were]... demoralized with anti-labor prejudices.”¹⁶⁵ The women’s work with children and youth was thus crucial because it engaged that segment of the community the cooperatives would most need to carry their struggle into the future.¹⁶⁶ The failure of Maynard’s Riverside Cooperative is a good example of what happened to co-ops that did not instill this interest in future generations.

¹⁶² “A Successful Summer Camp,” *Co-operative Pyramid Builder* 5 (August 1930): 207.

¹⁶³ “Co-op Studies and Practices,” *The Camp Prowler, Nesbit Lake Forest Camp, Sidnaw, Michigan, June 22-29, 1947*, NSCGC, Box 2, IHRC, University of Minnesota, St. Paul, MN.

¹⁶⁴ Enfield, “The Importance of Women for the Cooperative Movement,”; “Camp Bulletins,” NSCGC, Box 3, IHRC, University of Minnesota, St. Paul, MN; “A Successful Summer Camp,” 207; Velma Hakkila Dolby, “Two Cultures, Both Me,” in *In Two Cultures: The Stories of Second Generation Finnish-Americans*, ed. Aili Jarvenpa (St. Cloud, MN: North Star Press of St. Cloud, Inc., 1992), 60.

¹⁶⁵ “The Youths Must Organize,” *Co-operative Pyramid Builder* 5 (September 1930): 232. The “youth” generally referred to teenagers and young adults. Ella Baker, Civil Rights activist, was the national director of the Young Negroes Cooperative League when she lived in Harlem in the 1930s. See Schuyler, “The Young Negro Co-operative League,” 456, 472.

¹⁶⁶ “Guild Sectional Conferences,” *Co-operative Builder* 6 (December 21, 1931):5; “Women’s Participation is Necessary,” *Co-operative Builder* 7 (January 2, 1932): 5.

Even beyond the more formal organizing role women played, women also simply socialized with their co-op friends. Amidst earnest discussions of the principles of cooperation, female cooperators, often within women's cooperative guilds, exchanged gossip and discussed



Figure 28 – “Fun Night, Hyde Park, 1950s?” [From the Hyde Park Cooperative Society Library, courtesy of the Hyde Park Historical Society.]

things like the latest fashions or recent events; reminisced about their modest weddings and shared sewing patterns; shared canning, casserole-making and infant formula ideas. Carefully prepared guild scrapbooks reveal that many women dreamed

of traveling to new places, living in newly decorated homes and preparing meals in modern kitchens. They organized picnics, held socials and staged flower shows, concerts and plays.¹⁶⁷ Such social activities, judging from the attention afforded them in guild and cooperative publications and meeting minutes, were every bit as important to the life of the cooperative women as teaching and organizing. They were, in fact, complimentary. One observer noted in 1931 that, “the centering of educational and social activity in a community around the local co-operative thru [sic] the women’s guild has created an interest in the movement greater than ever

¹⁶⁷ “News Flashes,” *Co-operative Builder* 8 (October 7, 1933): 6; Maiju Nurmi, “The Value of the Guild,” *Co-operative Builder* 14 (July 29, 1939): 8; “Minutes of the N.S. Co-op Guilds & Clubs Central Committee Meeting, June 8th, 1942,” NSCGC, Box 2, IHRC, University of Minnesota, St. Paul, MN.



Figure 29 – “Coop Picnic, 1956, Hyde Park,” [From the Hyde Park Cooperative Society Library, courtesy of the Hyde Park Historical Society.]

before.”¹⁶⁸

Fellowship and
friendship – the
social connections
– helped sustain the
women’s sense of
community and
dedication to the
cooperative

movement.¹⁶⁹

On an even more practical level, the cooperatives empowered co-op women to not only help themselves, but also other women in their communities. The various ways in which women used the cooperatives as instruments for tending to community needs reveal the vital connection between local interests and cooperative action. The Moose Lake, Minnesota, cooperative women’s guild, for example, held a bake sale to raise money to build a restroom at the store (the only one in the area), because they recognized a need for it among the rural women members who often travel long distances, often with their children, to shop at the co-op. In Superior, Wisconsin, cooperative guildswomen encouraged each member to buy a homemade

¹⁶⁸ “Women’s Co-operative Work,” *Co-operative Builder* 6 (December 21, 1931): 5.

¹⁶⁹ As was explained in CLUSA’s *First Yearbook*, “entertainments [sic] always create a better feeling and understanding, and establish a closer harmony and good fellowship among members and friends. Co-operation and friendship is, ever has been, and always will be the main function of the Guild.” Quoted from “Women’s Co-operative Guild,” *The First Yearbook: The Cooperative League of the U. S. of America* (New York: The Cooperative League, 1930), 183.



Figure 30 – Cloquet Co-op Finnish Women's Guild (1933) [Cooperative Collection, Carlton County Historical Society, Cloquet, MN.]



Figure 31 – “Cloquet Co-op English Women's Guild (1933)” [Cooperative Collection, Carlton County Historical Society, Cloquet, MN.]

apron from a woman in town who desperately needed money to feed and provide heat for her two children during the Depression.¹⁷⁰ In Chicago, cooperator Mary Blake organized a protest of unfair hiring practices at the Silvercup Bakery, from which the co-op regularly purchased bread. The bakery had refused to hire Blake when it learned she was black; so in return, the African American Altgeld Gardens Co-op Food Store boycotted the bakery. As an *Ebony* article reporting on the incident proclaimed, “when Negro rights are threatened, the Altgeld Co-op sticks its chin out.”¹⁷¹ Their efforts put sufficient pressure on the bakery owners to persuade them to change their hiring practices.

Cooperative women also functioned as organizers and merchandisers for cooperative stores. They canvassed neighborhoods door-to-door, recruiting others to join the movement. They welcomed new neighbors by dropping by with propaganda and free samples from the local co-ops. They hosted Tupperware- like parties at which they introduced other women to the the benefits of cooperation. As one 1939 article explained,

Each family or housewife invites as many neighbors and friends as can be made comfortable in the home. A hospitable housewife always serves a lunch; usually the co-operative store furnishes the coffee and the hostess furnishes what she serves with it... The first discussion should be about the local co-operative store and how to interest more people to understand what benefits they obtain by purchasing there.¹⁷²

¹⁷⁰ “Minutes of Women’s Co-operative Guild of Superior, Wisconsin, December 12, 1932,” NSCGC, Box 3, IHRC, University of Minnesota, St. Paul, MN; “Northern States Cooperative Guilds & Clubs Executive Meeting Minutes, September 10, 1935,” NSCGC, Box 2, IHRC, University of Minnesota, St. Paul, MN; “Northern States Cooperative Guilds & Clubs Executive Meeting Minutes, March 27, 1940,” Box 2, IHRC, University of Minnesota, St. Paul, MN; “Welcome, Convening Guildswomen!” *Co-operative Builder* 11, no. 10 (May 16, 1936): 12; M.N. Chatterjee, “The Co-operative Way,” *Co-operative Builder* 14, no. 38 (September 23, 1939); “A Gala Day at Moose Lake Store,” *Co-operative Pyramid Builder* 5, no. 11 (November 1930): 299; “Minutes of the Regular meeting of the Women’s Co-operative Guild of Superior, Wisconsin, Held December 3, 1930, at the Superior Workers’ Hall,” Box 3, IHRC, University of Minnesota, St. Paul, MN.

¹⁷¹ “Altgeld Co-op Wields Buying Power to Win Job Equality Too,” reprinted article from *Ebony* (September 1946), OF Cooperative League of the USA, Tamiment Library, New York University, New York, NY.

¹⁷² LydiaKaipainen, “Education in the Guilds,” *Co-operative Builder* 14 (December 16, 1939): 4.

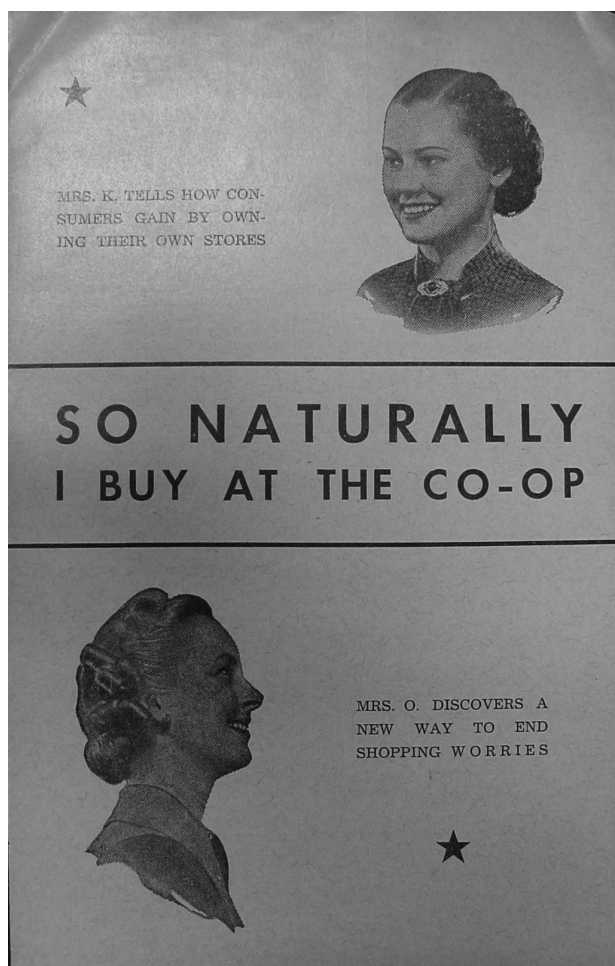


Figure 32 – “So Naturally I Buy at the Co-op,” [From the Hyde Park Cooperative Society Library, courtesy of the Hyde Park Historical Society.]

The idea was that women would be more open to participating in cooperatives if they could learn about them within the comforts of a female-only environment.

Women also participated in the taste testing of new co-op products, either in official

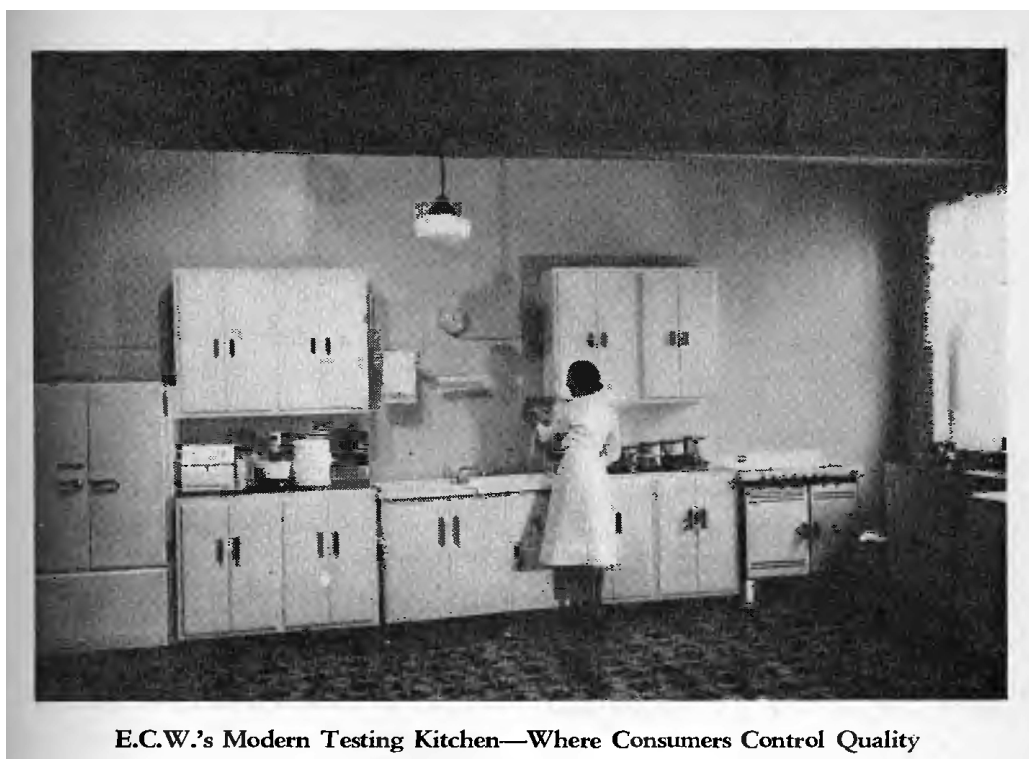


Figure 33 - George Tichenor, "E.C.W.'s First Ten Years," [*Consumers Cooperation* XXV, no. 8 (August 1939): 119.]

cooperative taste-testing kitchens or among themselves in their homes.¹⁷³ By engaging in such activities, women made concrete the abstract idea of cooperation; in doing so, they brought together members of their community to consider changing the terms of consumption. Such efforts helped the women recognize the co-op as something more than "just another store." It was *their* store.

¹⁷³ Box 3 Folder "Annual Reports", NSCGC; Box 7, Folder "Convention Minutes", NSCGC; C. J. McLanahan, "Here's An Idea – For Bringing in the Customers," *Consumers' Cooperation* XXVIII, no. 9 (September 1942): 138-139; "Cooperative Coffee," *Co-operation* XIII, no. 12 (December 1927): 234; "Beyond Ordinary Merchandising," *Coop Magazine* (April 1947): 15.



Figure 34 - Wallace J. Campbell, “Consumer Cooperatives in America” [(New York: The Cooperative League of the U.S.A., nd) Pamphlet Collection, Box 55, Wisconsin Cooperative Library, University of Wisconsin, Madison, WI. Photo is of the co-op testing kitchen at the Eastern Co-op Wholesale in Brooklyn and the Pantry in the Co-op House, Long Island.]

power to win a New World.”¹⁷⁵

A group of African American housewives in Detroit, members of The Housewives League, for example, founded a co-op when they embraced the idea that cooperation could ease competition within their community by distributing profits equally among the community

Beyond these more-or-less traditionally female-centered roles, co-op women engaged in the politics of cooperation. As women’s spending power increased during the Depression because more of them worked for wages outside of the home, so too did the ways cooperative women took on roles within the larger cooperative movement. Many believed that if properly united, their movement would eventually do away with capitalism and create a more equitable political economy.¹⁷⁴ They argued that, “through the Co-operative movement, women have in their own hands the instrument of their emancipation from a life of anxiety and drudgery and want.” They blamed capitalism for rampant unemployment, low wages and poor housing. Through cooperation, they asserted, women had “the

¹⁷⁴ “Womens’ [sic] Co-operative Work in Our District,” *Co-operative Pyramid Builder* 4 (March 1929): 67;

“Women Workers Have a Buying Power of Over Five Billion,” *Co-operative Builder* 7 (January 2, 1932): 7.

¹⁷⁵ “What the Co-operative Movement Means to Women,” *Co-operative Builder* 7 (December, 3, 1932): 2.

members. Joining the cooperative movement, they argued, enabled African Americans to do ‘triple duty’ with their dollars: buy what they wanted, support their neighbors and receive dividends at the end of the year.¹⁷⁶ By utilizing their buying power within the Black community, they reasoned, African Americans might eventually obtain for themselves what the existing institutions had failed to deliver. Even discounting their inflated rhetoric, it is clear that women saw their roles within the movement as central to the larger struggles of their social class, racial and ethnic communities. While it is true that many of their activities centered on traditionally female-identified positions (guild members and educators rather than co-op store managers), they were not just serving in an ancillary role to the men. Co-op women did not consider themselves simply the movement’s helpmeets, but rather full partners in the struggle for a more equitable society.

Dana Frank’s study of women’s roles during the labor unrest in Seattle between 1918 and 1921 provides a counter-argument to this depiction of women’s co-op activities. Her research indicates that cooperative societies often marginalized women. She notes that women’s contribution to the co-ops was generally restricted to “homelike” responsibilities such as caring for children and preparing food.¹⁷⁷ Women’s participation in educational and social activities hardly pushed the boundaries of traditional gender roles, and women rarely held significant leadership positions with either the cooperative stores or the broader cooperative movement in the United States.

It is nevertheless worthwhile to consider such conclusions in light of Temma Kaplan’s essay, “Female Consciousness and Collective Action: The Case of Barcelona, 1910-1918,” which sheds a different light on power dynamics in a consumer society. “[T]he teleological view

¹⁷⁶ Weems, 58.

¹⁷⁷ Frank, *Purchasing Power*, 60.

that consciousness exists only if it leads to the seizure of power,” Kaplan argues, “telescopes all other forms of collective action and associational life into a single ‘prepolitical’ stage, which cannot reveal the changes that arise out of developing consciousness.”¹⁷⁸ Frank’s skepticism about the degree to which co-op membership helped transform women’s roles is justified; but it is also important to acknowledge how those women’s status as essential, motivated and community-minded consumers did represent a new kind of power. Given the alternative options available to them as more mainstream, individualistic consumers, the choices these women made and the actions they took to engage the marketplace collectively demonstrates a keen awareness of how consumer capitalism functions and what might be done to influence its evolution. While they may not have controlled the management or strategic thinking that guided the cooperative movement, women did ensure the movement’s success at the grassroots level with their proactive and self-conscious embrace of cooperative principles. Without their active contributions, the movement lacked foundation; and when the movement neglected its roots in local communities, it was destined to fail.

Simply put, for the cooperation to succeed, community and co-op had to unite and families had to participate at many levels, not just purchasing goods. The question remained, however, whether those homogenous local stores could come together, en masse, to challenge corporate capitalism and create meaningful change on a national scale. A group of progressives and labor leaders came together in the middle of the 1910s to test the idea and mobilize cooperators for societal change. They formed the Cooperative League of America (later the Cooperative League of the USA), whose purpose was twofold: to provide guidance to individual cooperatives as they formed and functioned, and to unite the disparate cooperatives in the hopes

¹⁷⁸ Temma Kaplan, “Female Consciousness and Collective Action: The Case of Barcelona, 1910-1918,” *Signs: Journal of Women in Culture and Society* 7, no. 3 (Spring 1982): 545-566.

that collectively they could transform the social, political and economic structure of the United States. The next chapter is the story of this organization and how its leaders pursued those goals.

CHAPTER THREE:

National Oversight

Co-operative Democracy is to be reached not by voting, not by sabotage, not by the general strike, nor through revolution or the class struggle, but by putting into operation co-operative democracy – first on a small scale, and then ever increasing and expanding.¹⁷⁹ – James Peter Warbasse, CLUSA President

In the spring of 1916, a small group of progressive reformers gathered at the Brooklyn home of Dr. James and Agnes Warbasse for the first of what became a series of meetings that led to the creation of the Cooperative League of America (renamed the Cooperative League of the USA, or CLUSA, in 1922).¹⁸⁰ Like the workers and farmers then forming cooperatives around the country, they were concerned with what they considered to be the corrosive effects of corporate capitalism on the political economy and the social structure of the United States. They complained that corporate capitalism eroded



Figure 35 - Original CLUSA logo.

The 1922 convention replaced it with the twin pine symbol that remains to this day the symbol for cooperatives in the United States. [Report of the Proceedings of the First American Co-operative Convention, 1918 (New York: The Co-operative League of America, 1919), Title Page, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI]

democracy, exacerbated class tensions, privileged individualism and diminished community.¹⁸¹

As James Warbasse explained in one of his books on cooperation, “Well-wishers of mankind are aware of the defects of the profit-motive in industry...[and in response] running through all of

¹⁷⁹ Warbasse, *Co-operative Democracy*, ix.

¹⁸⁰ I will refer to the Cooperative League of America from here on out as the Cooperative League of the USA, the name used by the group the longest just to maintain clarity and consistency.

¹⁸¹ For examples of these kinds of critiques of the social, political and economic systems that dominated the US and cooperation as a solution, see Warbasse, *Co-operative Democracy*; Fowler, *Consumer Cooperation in America*; Fowler, *The Co-operative Challenge*; Leonard C. Kercher, Vant W. Kebker, Wilfred C. Leland Jr., *Consumers' Cooperatives in the North Central States* (Minneapolis, MN: The University of Minnesota Press, 1941), 15-16.

society [there] is a sense of revolt against certain of its injustices, and a hunger for something better....”¹⁸² In typical progressive form, Warbasse and his cohorts believed cooperation was the solution to these social, economic and political ills. They claimed that it would usher in “a new social structure that [would] be capable of supplanting both profit-making industry and the compulsory political state....”¹⁸³ Aware that cooperatives already existed in the United States, CLUSA founders believed that missing was a central organization that could help local cooperatives more effectively function and, importantly, support each other by sharing ideas.

The concept of a national cooperative organization that would federate local cooperatives was not new. Similar organizations functioned in several European countries by 1916. Cooperators in Great Britain, for example, formed The Co-operative Union in 1868 to educate members, propagandize the movement and protect co-ops from outside economic and political forces. The organization claimed as members almost all of the cooperatives in Britain, and by the time cooperators in the U.S. considered doing the same thing, it embraced roughly five million families – nearly one third of the British population.¹⁸⁴ Finland boasted two cooperative federations with approximately 788 member societies and over 335,000 individual members.¹⁸⁵ Warbasse and the other CLUSA founders hoped to mimic that kind of success by forming a national, centralized institution of their own that could distribute products, educate individual co-

¹⁸² Warbasse, *Co-operative Democracy*, 10.

¹⁸³ Warbasse, *Co-operative Democracy*, 10-11.

¹⁸⁴ Warbasse, *Co-operative Democracy*, 388-389. By the mid-1960s, while the percentage had decreased, consumer cooperatives in Britain still claimed that about 25 percent of the population belonged to cooperatives. See Roy, *Cooperatives: Today and Tomorrow*, 101.

¹⁸⁵ Warbasse, *Co-operative Democracy*, 410. Finland’s population around 1917 consisted of just over three million people, therefore just over eleven percent of the population belonged to the cooperatives at that time. See http://www.stat.fi/tup/suomi90/joulukuu_en.html (accessed July 14, 2011). Other countries in Europe, by the time CLUSA formed, had functioning cooperative federations as well. For example, Swedish cooperators formed the Kooperativa Förbundet (The Cooperative Union and Wholesale Society of Swedish Consumer Cooperatives) in 1899 and Germans formed the German Central Union of Distributive Societies in 1903. See Shaffer, 197, 235, 237, 281; Gide, 122-140.

ops on best practices and assist in organizing new cooperatives and expansion of existing societies.

League founders wanted to ensure that modern cooperation in the United States would not peter out as it had done in the last century. They established a Cooperative League of the USA that almost immediately began to distribute training materials and took over distribution of the monthly journal, *Co-operative Consumer*, which had been founded by Albert Sonnichsen in 1914.¹⁸⁶ Their hope, as explained by William Kraus, one of the founders and business manager for *Co-operative Consumer*, was that the benevolent oversight of CLUSA would enable extension,

[of] the one [co-op] store to a chain of [co-op] stores, which would eventually be supplied by factories and farms also owned and controlled by the organized consumer, until the system became universal and merged into a co-operative commonwealth.¹⁸⁷

The corrosive whirl of competitive capitalism, they believed, would be overwhelmed by the benevolent, catholic logic of mutual interest and aid. Methodically and carefully, as Warbasse's quote at the beginning of this chapter outlines, true democracy would be restored, privilege undermined and swept away. The successes of CLUSA efforts during its first twenty years, and the attention the movement received nationally during the 1930s, made their goals seem reachable. This chapter examines the Leagues' formation and the League leaders' attempts to help cooperatives function and thrive, to foster the conditions necessary for a cooperative commonwealth to blossom in the United States. The eventual effect of their ambitions will be discussed in Chapter 5.

¹⁸⁶ "Anniversary Greetings to Cooperation," *Co-operation* XVII, no. 1 (January 1931): 2; Kallen, 259. The *Co-operative Consumer* also went through several name changes. It was also known, over the years, as *Co-operation* and *Consumers Cooperation*.

¹⁸⁷ *The Co-operative Consumer* 1 (May 1, 1914), unpaginated; William Kraus became interested in cooperation after reading an article in the *Saturday Evening Post* entitled "The Consumer Behind the Counter". See William Kraus, "How We Made Our Start," *Cooperative Consumer* 1, no. 1 (May 1914): 6.

THE FOUNDERS

The primary instigators of the CLUSA – reformer and journalist Albert Sonnichsen, socialist Hyman Cohn, and physician James Warbasse – were not new to cooperation.¹⁸⁸ Indeed, their individual stories reveal years of trial and error with cooperative societies and memberships prior to 1916, experiences that would provide a useful foundation of knowledge that helped inform plans to launch a national cooperative movement at that fateful meeting in Warbasse’s Brooklyn home.



Figure 36 – Albert Sonnichsen [“In Memoriam,” *Co-operation* XVII, no. 9 (September, 1931): 168.]

Sonnichsen was an American-born son of a Danish consul to San Francisco, California, and had traveled widely as a young adult. He fought in the Spanish-American War and was taken prisoner in the Philippines. He worked as a foreign correspondent for the *New-York Evening Post*, during which time he learned about Marx and socialism. In late 1906, while making his way back to New York after covering the Balkans for the *Post*, he went to England, where he became acquainted with the consumer’s cooperative movement.¹⁸⁹

¹⁸⁸ Other founding members included Mr. and Mrs. Scott Perky, William Kraus, Emerson P. Harris, Ferdinand Foernsler, Charles F. Merkel, Dr. Louis Lavine, Max Heidelberg, W.J. Hanifin, Isaac Roberts, Peter Hamilton, Walter Long, Mr. and Mrs. Ernst Rosenthal, Rufus Trimble, A. J. Margolin. See “Constitution & By-Laws Approved March 18” *Cooperation* XXVII, no. 3 (March 1941): 45.

¹⁸⁹ “ALBERT SONNICHSEN, THE AUTHOR, SUCCUMBS: Writer Had Thrilling Career” *New York Times*, 17 August 1931.

Inspired by the English example, Sonnichsen returned home and persuaded twelve other New Yorkers (mostly recent college graduates) to join him in forming a Cooperative League of America.¹⁹⁰ This League, unlike the one formed in 1916, functioned as a cooperative store rather than a nationalizing organization; the two shared a name, and some of the same founders, but little else. The group raised almost \$100 in early 1907 and opened a cooperative grocery store in the Bronx. The store's membership was diverse – it purportedly included a policeman, a postal worker, a Catholic and an African American.¹⁹¹ This heterogeneity was atypical of individual cooperatives but representative of what the movement as a whole later attempted to achieve.¹⁹² The group met regularly throughout 1907 to discuss and learn about cooperation; but their efforts were foiled by the 1907 economic panic, when the society was forced to close the store. The League disbanded and Sonnichsen went to work for the U.S. Immigration Commission.¹⁹³

This New York cooperative included among its original members, Hyman Cohn, a stocky, heavy-browed Russian-Jewish immigrant, who had arrived in the U.S. at 25 in 1895. He peddled produce, dry goods and used clothing on New York's Lower East Side until he learned enough English to allow him step out of the streets to work in a store. Either because of his socialist leanings or the fact that he was a voracious reader (perhaps both), at some point during this period he read Beatrice Webb's work on the cooperative movement in England.¹⁹⁴ He was

¹⁹⁰ Kallen, 252-253; "In Memoriam," *Cooperation* XVII, no. 9 (September 1931): 168.

¹⁹¹ Kallen, 255.

¹⁹² In 1931, 17 years after he began the cooperative journal *Co-operation*, Sonnichsen reminisced, "The trouble with practically all big social movements is that they are too much philosophy and too little practice. The Consumers cooperative movement is unique in being exactly the opposite; all practice and no theory; a great, huge body without a head. *Co-operation*, so far as I know, is the only journal which is trying to rationalize the movement to its own members; the only publication preaching a simon-pure Cooperation as a remedy for the anarchy of capitalism. The day will come, I think, when its pages will be studied more thoughtfully than they yet have been. Talking to a generation perhaps yet unborn is a thankless task, but it bears fruit nevertheless." "From the First Editor of Cooperation," *Co-operation* XVII, no. 1 (January 1931): 2.

¹⁹³ Kallen, 254-255. Fowler, *Consumer Cooperation in America*, 85-86.

¹⁹⁴ Beatrice Webb, an English socialist and reformer, wrote *Cooperative Movement in Great Britain* in 1891. She advocated forming consumer cooperatives stocked by cooperative wholesales rather than worker cooperatives,

so inspired by Webb that he sought out and joined Sonnichsen's League. After the organization failed in 1907, Cohn continued to talk to people on the Lower East Side about the virtues of cooperation, hold informational meetings (with limited success) at the University Settlement Society on Eldridge Street; his tenacity earned him the neighborhood nickname "Cooperative Cohn". It was at one of these settlement-house meetings that Sonnichsen was reunited with Cohn in 1910. He already had about a hundred people interested in forming a new league and invited Sonnichsen to be the secretary.¹⁹⁵

One of Cohn's contacts was a partial owner of a small hat factory and introduced the group to the idea of creating a cooperative hat store. Supported by their friends and socialist papers like *The Jewish Daily Forward*, the hat store they opened on Delancy Street was a success. Buoyed by the initial results, the group decided to take over the hat factory and expand the retail business by opening two additional stores. Their business plan was overly optimistic, however, and they were soon overstocked with a surplus of hats and insufficient sales to sustain three stores. Private businesses pressured the socialist press to stop supporting the cooperative venture by threatening to pull their advertising, further dampening patronage. The League failed for a second time, but the setbacks did not dissuade Cohn and Sonnichsen from the cooperative cause.¹⁹⁶ They revised their approach and went on to form what would eventually become the successful national organization CLUSA.

which had for the most part failed in England at that time. Her work was read and referenced often by cooperators in the United States during the cooperative movement heyday.

¹⁹⁵ Kallen, 254-255; Ruth Broan Farnsworth, "Your Work is Prized," *Consumers' Cooperation* XXVII, no. 5 (May 1941): 117-118.

¹⁹⁶ Kallen, 254-256. I have been unable to verify the exact dates the hat store cooperative functioned, except that it was launched sometime around 1910, after Sonnichsen and Cohn reunited. Kallen suggests the hat store was still struggling into 1915 but finally closed that year after the dinner held at the Greenwich House, described in the next paragraph.

James Warbasse, a surgeon, first learned about cooperation while he was engaged in post-graduate work in Germany. Cooperatives had existed in Germany since the 1840s, but in



Figure 37 - James Peter Warbasse:
[*Co-operation* XXVII, no. 3 (March 1941):
Front Cover.] Agnes Dyer, ten years younger
than James Warbasse, was just the kind of
woman he sought: "Healthy, attractive, smart,
creative and educated, and "in possession of
some property." [See Chambers, 64].

the 1890s, when Warbasse lived in Gottingen in Lower Saxony, a new cooperative movement was emerging. Industrialization, urbanization, economic expansion and the rise of the Social Democratic Movement had contributed to the resurgence of consumer cooperation in Germany.¹⁹⁷

The cooperative ideal appealed to Warbasse because it coincided with his interest in finding pragmatic and long-term solutions to poverty.

Cooperation, rather than simply a "palliative" solution to poverty, laid the groundwork for a "complete transformation of the economic

system."¹⁹⁸

In 1903, shortly after James returned to New York, he married the daughter of a wealthy Massachusetts manufacturer, Agnes Dyer, a women's suffrage activist and social reformer.¹⁹⁹

During the early years of their marriage, James attended meetings of the International Cooperative Alliance, an organization founded in 1895 that brought together cooperative members from all over Europe in an effort to promote cooperation. What he liked about the

¹⁹⁷ Brett Fairbairn, "The Rise and Fall of Consumer Cooperation in Germany," in *Consumers Against Capitalism*, ed. Furlough and Strikwerda (Lanham, MA: Rowman & Littlefield Publishers, Inc., 1999), 278; Donohue, "From Cooperative Commonwealth to Cooperative Democracy," 124; Warbasse, *Co-operative Democracy*, viii.

¹⁹⁸ Donohue, "From Cooperative Commonwealth to Cooperative Democracy," 124; Warbasse, *Co-operative Democracy*, viii; Kallen, 256.

¹⁹⁹ Shaffer, 408; MRS. WARBASSE DEAD; AIDED COOPERATIVES *New York Times* 4 February 1945.

cooperative model emerging in Europe under the direction of the ICA was the focus on the consumer (as opposed to the producer). Unlike European cooperation, however, he did not define consumers as only members of the working class. Instead, he believed there was much greater potential in broadening the cooperative movement to encompass all consumers.²⁰⁰

When the Warbasses encountered the idea of cooperation domestically, in 1915, at a dinner party organized by Sonnichsen at the Greenwich House in New York, they were intrigued.²⁰¹ William Maxwell, a visiting Scottish cooperator, spoke eloquently that evening about cooperation and inspired Warbasse to begin collaborating with Sonnichsen and Cohn.²⁰² Warbasse saw this as an opportunity to implement cooperation and bring about the kind of change he had always hoped might be possible in the U.S. without the violence of revolution and strikes, sabotage and class struggles. “Voting may bring a political change; sabotage may drive capitalist owners from industry; the general strike may bring industrial upheaval; but not one of these,” he explained, “will bring a permanent economic change.”²⁰³ Cooperation also coincided with Warbasse’s desire to socialize medicine in the United States, so that even impoverished people could have access to health care.²⁰⁴ So taken by these ideas, he did not hesitate when Sonnichsen and Cohn asked he and his wife to host organizational meetings with the intent of resurrecting the League yet again.²⁰⁵

²⁰⁰ Shaffer, 259; Donohue, “From Cooperative Commonwealth to Cooperative Democracy,” 124.

²⁰¹ The Greenwich House was a settlement house located in the Greenwich Village area of New York City. The mission of the Greenwich House was to make improvements in living conditions for the lives of the mostly immigrant population of that area.

²⁰² “Tells How English Live More Cheaply; William Maxwell Explains the Working of the Cooperative Alliance,” *New York Times* 16 June 1911, p. 9; Kallen, 258.

²⁰³ Warbasse, *Cooperative Democracy*, ix.

²⁰⁴ Theodore M. Brown, “James Peter Warbasse,” *American Journal of Public Health* 86, no. 1 (January 1996): 109.

²⁰⁵ J.P. Warbasse, *A Brief History of the Cooperative League of the United States of America* (NY: The Cooperative League, ND), 2 (pamphlet) The Tamiment Library & Robert F. Wagner Labor Archives, New York University, New York, NY.; Hyman I. Cohn, “What Democracy did for Me,” August 3, 1939, Harry S. Truman Library, Cooperative League of the United States of America Papers Box 5, Folder “Biographies of Co-op Leaders”; *First Yearbook*, 59; Kallen, 251-260; “Agnes Warbasse Obituary,” Records of the Washington Office of the Cooperative League of the USA, 1936-1939, Biographies of Begengren to Bowen, E., The Harry S. Truman Library; Chambers, 60-63; “The

Unlike past efforts, however, the organizers meant the new League to be an organizational and educational center. They hoped it would provide the kind of national cohesion in the U.S. that some European cooperatives, like those in Great Britain, enjoyed.²⁰⁶ Founding member Peter Hamilton would later recall sitting at meetings in the Warbasse's library and noted how the League, from its beginning, managed to bring together "every shade of radical opinions of the periods.... There were socialists and syndicalists [sic], labor agitators and direct actionists and a saving number of those who believed in the beneficent [sic] possibilities in the gradual development of Consumer Cooperation."²⁰⁷



Figure 38 - Peter Hamilton. ["The Co-operative League of America," *The Co-operative Consumer* II, no. 7 (April 1917): 49]

After several successful meetings, the members agreed to form the Cooperative League of the U.S.A. (first named the Cooperative League of America), and tapped Warbasse to be the organization's first president. Writer Scott Perky (the only child of Henry Perky who invented shredded wheat in the late 1890s and who himself went on to develop his own cereal product in 1920 called Muffets) became the first secretary. Perky was drawn to cooperation by an interest in preserving community and his notion of mutual aid as

Co-operative League of America," *The Co-operative Consumer* 11, no. 7 (April 1916): 49-50; "Advisory Council," *Report of the Proceedings of the First American Co-operative Convention, 1918* (New York: The Co-operative League of America, 1919), Cooperative League of the U. S. A. Papers, Wisconsin Historical Society, Madison, WI, 4, Cooperative League of the U. S. A. Papers, Wisconsin Historical Society, Madison, WI; Shaffer, 184, 366, 408; "The Cooperative League of America," *Cooperation* XXVII, no. 3 (March 1941): 50-51.

²⁰⁶ The founders included James P. Warbasse, Agnes Warbasse, Scott Perky, Mrs. Perky, William Kraus, Emerson P. Harris, Ferdinand Foernsler, Hyman Cohn, Charles F. Merkel, Dr. Louis Lavine, Max Hiedelberg, W. J. Hanefin, Isaac Roberts, Peter Hamilton, Walter Long, Ernst Rosenthal, Mrs. Rosenthal, Rufus Trimble, A. J. Margolin, and Albert Sonnichsen. "The Co-operative League of America," *The Co-operative Consumer* II, no. 7 (April 1916): 49.

²⁰⁷ Peter Hamilton, "As I remember," *Cooperation* XXVII, no. 3 (March 1941): 50.

counterpoint to what seemed to be a societal move toward individualism.²⁰⁸ Peter Hamilton, who believed cooperatives could help lower food costs, became the League's first treasurer.²⁰⁹ Sonnichsen remained editor of the *Cooperative Consumer*.

The new League's Advisory Council included a number of labor activists, socialists and progressive reformers, including John Dewey, Frederick C. Howe, Florence Kelley and Walter Lippman.²¹⁰ Cooperation likely caught the attention of these reformers because it touched on issues such as poverty, immigration and loss of community – reform issues with which many of the advisory board members were already deeply engaged. However, the Advisory Board was eliminated as an official committee within a year or two of its formation, and League records show scant evidence that these distinguished advisors were directly active in CLUSA for long, if at all.²¹¹ Of them, only Howe, who became Cooperative Advisor in the Department of Agriculture and Consumers' Counsel of the Agricultural Adjustment Administration under President Franklin Roosevelt continued to be involved, tangentially, with CLUSA.²¹² The rest disappear from the organization's records after that first year.

Early on, League leaders decided against any official affiliations with other organizations, in order to avoid the problems cooperatives had faced in the 19th century when

²⁰⁸ Scott Perky lived in Batavia, New York. He wrote, in an anniversary edition of *Cooperation*, "we all live in communities and depend in large measure for our happiness upon the conditions of community life; and it is in the community that democracy stands or falls. The development of cooperative machinery within our community is something that each of us can encourage; and organized self help, together with the spirit of mutual aid which makes it possible, is our only warrant that we shall achieve freedom and suitable government." "From the League's First Secretary," *Cooperation* XVII, no. 1 (January 1931): 3. For information on Perky's background, see Scott H. Perky, "Letter to Editor," *Time* January 21, 1929. <http://www.time.com/time/magazine/article/0,9171,732150,00.html> accessed October 9, 2011.

²⁰⁹ Peter Hamilton, "What Cooperation Can Do and Is Doing in Lowering Food Costs," *Annals of the American Academy of Political and Social Science* 74 (November 1917): 268-280.

²¹⁰ "Advisory Council," *Report of the Proceedings of the First American Co-operative Convention, 1918* (no publisher) CLUSA Papers, Wisconsin Historical Society, Madison, WI.

²¹¹ I was unable to find anything that specifically discussed the elimination of this council but the lack of any information after 1918 suggests it was dissolved within the first couple of years. See the various Cooperative Congress reports at the Wisconsin Historical Society.

²¹² J.P. Warbasse, "Cooperation Impresses Washington," *Cooperation* XIX, no. 12 (December 1933): 202.

they joined cause with Labor and other movements. Members would be permitted to belong to any social, economic, political, ethnic or religious organizations they desired; but their cooperative activity needed to remain relatively separate. Exceptions were made though, for organizations and movements that the Cooperative League leaders believed sympathized with the cooperative ideal. Labor organizations and farmer movements, socialists and others dedicated to economic reform could function in a “fraternal” capacity. As a result, League leaders were free to pursue their own directives, without making tradeoffs for other agendas. It allowed the CLUSA to remain independent and focused on cooperative efforts.

COOPERATIVE IMPULSE

Regardless of their determination to remain free of ties with other movements, the “cooperative impulse,” later identified by historian Clarke A. Chambers, was rooted in familiar schools of thought, such as “democratic socialism, ...reform social Darwinism, ...[and] progressive reform...”²¹³ These ideologies, as manifested during the first two decades of the 20th century, offered sustained critiques of contemporary society that had much in common with those of the cooperators. Reformers and socialists concerned themselves, for example, with the elitism of corporate capitalism, corruption in government, the erosion of democracy and a sense of loss of community. By reforming laws and institutions, they believed such problems could be corrected and society improved. With sufficient organization and effort, they hoped to bring about political, economic and social parity. Their preferred tactics ranged from establishing settlement houses to enacting labor legislation, from passing local voting laws that allowed for direct democracy to agitating against the ascendance of corporate capitalism. Like the cooperators, other progressive reformers of this era shared the belief that with the right approach,

²¹³ Chambers, 62.

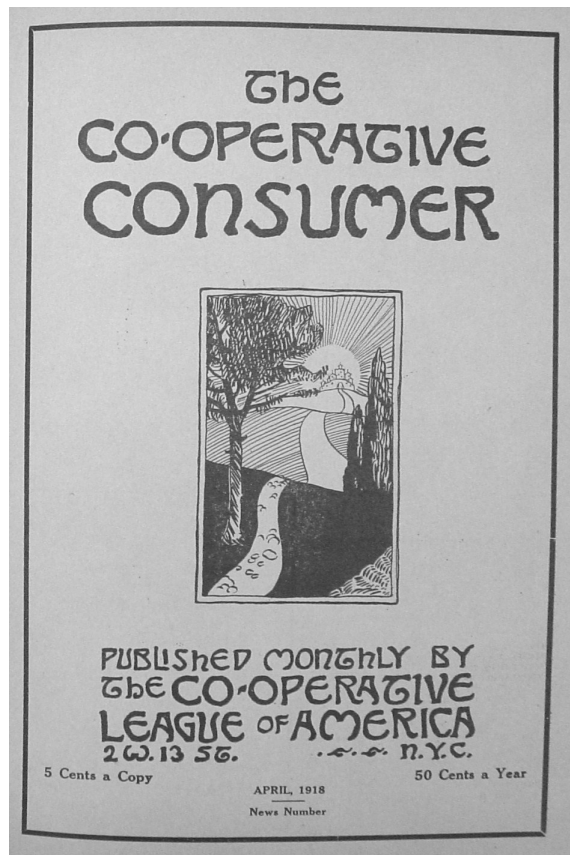


Figure 39 - A cover of *Co-operative Consumer*
 [*Co-operative Consumer* IV, no. 4 (April 1918)]

society could be changed for the better.

The men and women who founded the CLUSA were often veterans of other reform movements. Before settling on consumer cooperation as the best means by which to remedy society's ills, James Warbasse experimented with a variety of other approaches including eugenics and the single tax. Agnes Warbasse worked on behalf of women's suffrage and helped establish the New School for Social Research.²¹⁴ In final analysis, the founders of the CLUSA and their reformist peers agreed: Capitalism was the crux of the problem. Capitalism fostered divisiveness, they said, pitting employee against employer,

manufacturer against distributor, consumer against retailer. But cooperators believed that by harnessing the power of consumerism, capitalism's inequities could be remedied. "Co-operation would substitute humanity for the capitalist," Warbasse explained in his 1923 book *Co-operative Democracy*.²¹⁵

American society had been transformed into a consumer society by the time the CLUSA entered the fray. Citizens were increasingly reliant on store-bought goods. On some level, virtually every American consumed, and therefore could find common cause with other

²¹⁴ Chambers, 64.

²¹⁵ Warbasse, *Co-operative Democracy*, 27.

consumers; Warbasse and his cohort believed a truly democratic society would result if society could be organized around consumer cooperation. “In all of this movement, the beginning and the end remain out among the people – the ultimate consumers,” explained Warbasse. “Not the shop, the factory, or the counting house; but the home, the playground, the club, the restaurant, the park – wherever people consume and absorb and express themselves...”²¹⁶ Organizers of CLUSA believed that successful, ubiquitous consumer cooperatives – as opposed to producer and marketing co-ops – were the key to a successful national cooperative movement.²¹⁷

Consumer cooperatives engaged people from a variety of social, political and economic backgrounds, not simply in a struggle to cut costs, but in a sustained strategy to directly influence the nature and meaning of consumption. Just as many of the most important struggles and events of the 19th century centered on control of production, CLUSA leaders argued the 20th century would be defined by the control of consumption. If properly organized, consumers could, as Warbasse explained in the dedication to his book *Co-operative Democracy*, “create a co-operative democracy through which to control and administer for mutual service those useful functions now performed by profit-business and by the political state.”²¹⁸ Thus realized, the collective power of organized consumers was immense. If consumers collaborated to address their common interests, the market could be used to democratize society socially, economically and politically.

As envisioned by League leaders, the change would take place without a violent revolution – a point of vital importance to their worldview.²¹⁹ The lead article in the June 1914 edition of *The Co-operative Consumer* summed it up this way: “Cooperation does not mean to

²¹⁶ Warbasse, *Co-operative Democracy*, 27.

²¹⁷ Warbasse, *Co-operative Democracy*, 26-29; Fowler, *Consumer Cooperation in America*, 93-94.

²¹⁸ Warbasse, *Co-operative Democracy*, dedication.

²¹⁹ Chambers, 62.

blow the capitalists' brains out; it does not even abuse him. But it pierces him in a more vital spot than his brains; his pocket book." The article further argued that it was more revolutionary to drink tea purchased from a co-op than it was to "bash a policeman's helmet over his ears." It was also more effective, because while capitalists had the means to suppress violence, they were defenseless in the face of consumer evolution.²²⁰ Sonnichsen echoed that sentiment when he explained that cooperation did not intend to "destroy capitalism." Rather, once Americans came to understand cooperation's manifold benefits, they would naturally choose it, rendering capitalism obsolete, and with it, class rivalries and even war.²²¹

While at first glance cooperation might appear the mirror opposite of American individualism, CLUSA advocates contended it embodied reverence for American values because at its root was the conviction that individuals could help themselves by working with others to advance shared interests. Cooperation embodied familiar modes of neighborly reliance that had been fundamental in American society since Jamestown and proliferated everywhere until competitiveness and dependence on the State began to undermine it. More than corporate capitalism, they argued, cooperation drew on native American values and practices that only needed to be tapped and organized effectively. Warbasse went so far as to predict that once cooperative democracy replaced selfish individualism, social service would become the new patriotism.²²²

²²⁰ "The Spirit of Co-operation," *The Co-operative Consumer* I, no. 2 (June 1914): 9.

²²¹ Chambers, 61-62, 65.

²²² Warbasse, *Cooperative Democracy*, 87, 228. Chambers, 65.

Cooperatives would require a centralized, national organization to guide this evolutionary change, however. Warbasse and his colleagues intended the Cooperative League to fill that role. With an initial membership of approximately twelve cooperative stores from the New York and greater New England area (representatives of which had been at the organizational meetings in 1916), Warbasse and his colleagues opened an office on Fifth Avenue in New York City.²²³ They eventually established permanent offices in a “modest four-story private house,” on W. 12th Street in Greenwich Village – conveniently less than a block from the New School for Social Research, an institution that shared an interest in cooperation.²²⁴ Dues from participating cooperative organizations alone could not sustain the League in these early years, so Dr. Warbasse financed it with his own resources (primarily Agnes Warbasse’s inheritance). He became so engaged in running the

League, he stopped practicing medicine in 1918 and dedicated all of his time to advancing



Figure 40 – Cooperative League House
[First Yearbook: *The Cooperative League of the U.S. of America* (NY: The Cooperative League, 1930): unpaginated]

²²³ Kallen, 259.

²²⁴ “Our Movement: A Home for the League at Last,” *Co-operation* VIII, no. 4 (April 1922): 62. John Dewey, one of the founders of the New School, served on the Advisory Board of CLUSA in its first year of existence. Horace Kallen, another founder of the New School, wrote extensively on cooperation and helped institute an experimental cooperative learning program at the school. “A New Co-operative School,” *Co-operation* IX, no. 6 (June 1923): 103.

cooperation. Warbasse officially ended his career as a physician that same year after the Medical Society of Kings County expelled him from their membership rolls in response to his public criticism of compulsory military service. In a letter published in the *Long Island Medical Journal*, Warbasse disdainfully pointed out that while the wealthy could use medical-disability excuses to escape the war in Europe, the poor could not. The society accused him of being unpatriotic and promptly dismissed him. In 1930, the society offered him an official apology and reinstatement, but Warbasse declined. He never returned to medicine.²²⁵

Warbasse would serve as president of CLUSA for twenty-five years and continue on as a director for an additional sixteen years. He believed passionately that the League's mission was to educate Americans on how to run successful cooperative enterprises; to recruit new participants into the cooperative movement; and, eventually, to bring about a cooperative commonwealth once people understood *en masse* why cooperation was superior to capitalism.

To that end, he articulated a specifically American version of cooperation intended to make it more palatable to a wide cross-section of his fellow citizens. European cooperators tended to define the cooperative movement as consumer-based, but fundamentally working-class movement, which resonated in countries like Great Britain or Germany where class associations were explicit and accepted. But Warbasse insisted that in the United States, the working class was only one group of consumers – albeit an important one because of its size and exploited status. Workers would need to recognize and embrace their shared interest with consumers of other classes in order for the movement to bring about real, substantial change. Historian Steven Leikin writes that this philosophy “was both allied with and opposed to the labor movement,” and while it was an “economic system based on property, self-interest, and individualism,” it was

²²⁵ “Expelled Doctor to Fight,” *New York Times*, April 18, 1918, 10; Brown, 109.

nevertheless “the antithesis of capitalism.”²²⁶ Warbasse also recognized that a successful cooperative movement should center on families rather than individual workers. By doing so, the movement would rely on women (who managed most household consumption), and would, in turn, improve the lives of both genders.²²⁷

For forty-one years, Warbasse wrote, lectured and traveled around the country to proselytize this vision and promote the success of the CLUSA. He personally funded the organization from its inception into the early 1930s, after which the League was able to sustain operations on the dues collected from participating cooperatives.²²⁸

Devoted though he was, Warbasse nevertheless engendered controversy among some circles within the movement. Many on the far left – especially cooperators in the northern areas of Minnesota, Wisconsin and Michigan, many of whom were Communist Party members or sympathizers – considered him an elitist whose inordinate power within the CLUSA was anti-democratic.²²⁹ A majority, however, realized the movement needed not only Warbasse’s expertise and passion, but his money to function. He managed to garner enough respect within the League and without, to maintain his role as president without interruption until he retired in 1941.²³⁰

EARLY YEARS

The CLUSA dedicated its first few years to cataloging existing cooperatives across the United States and advising local societies on how to operate successfully. Warbasse described

²²⁶ Leikin, “The Citizen Producer,” 124.

²²⁷ Leikin, “The Citizen Producer,” 125.

²²⁸ Warbasse, *Co-operative Democracy*; Wallace J. Campbell, “Founder of the Cooperative League, James Peter Warbasse,” *Great American Cooperators*, Joseph G. Knapp, ed. (Washington D.C.: American Institute of Cooperation, 1967), 520; Kallen, 258-260.

²²⁹ Warbasse was president of CLUSA from 1916 until 1941. The leftist contingent of cooperators who criticized Warbasse’s role in the movement will be further explained in Chapter 4.

²³⁰ Kallen, 259-260; Fowler, *Consumer Cooperation in America*, 86.

the League as “an organization which collects all possible information concerning Co-operation in the United States; makes surveys of failures and successes; publishes information; gives advice; standardizes methods; creates definite policies of action; prepares by-laws for societies; drafts bills for legislation; sends out advisors to societies; provides lectures; prepares study courses; conducts a school; publishes books, pamphlets and periodicals; and in every way possible promotes practical Co-operation.”²³¹ League leaders believed basic information about the principles and best practices of cooperation had to be socialized widely before a viable national movement could be launched.²³² Local co-op members needed to internalize things like proper accounting practices and the cooperative ethos in order to establish a solid foundation for the movement’s growth. The U.S. Department of Labor Statistics Bureau’s survey of cooperatives in 1925 substantiated such convictions: Uneducated and unaided cooperatives tended to fail. According to the BLS report, most failed cooperatives lacked sufficient capital because they had over-extended credit, borrowed money and/or suffered when prices declined.²³³ With proper guidance, League leaders argued, such problems could be avoided, or at least handled more adeptly.

League leaders knew the many co-ops that functioned independently seldom recognized the part they would play in helping to bring about economic democracy nationally. As cooperative historian Bertram Fowler explained, “Individual ambitions and hopes were still prevalent in many of the cooperatives. Racial and language groups still felt themselves in air-tight chambers. [In order for] Cooperation as a philosophy... to permeate the thinking of the

²³¹ Warbasse, *Cooperative Democracy*, 437.

²³² “The Co-operative League of America,” *The Co-operative Consumer* II, no. 7 (April 1916): 49.

²³³ U.S. Department of Labor. “Cooperative Movement in the United States in 1925,” *Bulletin of the US Bureau of Labour Statistics*, no. 437 (March 1926): 99-101.

masses...there were barriers [that needed] to be broken down first.”²³⁴ The CLUSA worked to break down those barriers and provide the means for sharing cooperative strategies and opening up avenues for reliable information. The League successfully assisted many cooperatives in overcoming problems such as sharing strategies for retaining members, helping to fight chain stores, adopting proper accounting methods and preserving capital.²³⁵ By helping to form and maintain healthy cooperatives, and by exposing local cooperatives to the idea of a visionary social movement, League leaders believed they were laying the groundwork for the eventual launch of a national cooperative campaign.

In the summer of 1918, two years after its founding and prompted by the Central States Cooperative Society in Illinois, the CLUSA sent out a call to all consumer cooperatives in North America to attend a conference in New York City. According to their records, the League invited six-hundred consumer cooperatives; but they also cataloged a total of nearly three-thousand cooperatives in the U.S. –consumer, producer and marketing– with over two million cooperative families engaged in some version of cooperation.²³⁶ There is no way to verify their estimate. But in 1922, following a post-war economic downturn the Bureau of Labor Statistics conducted its own survey, and discovered approximately 775,000 cooperators in the U.S. who were conducting about \$285 million annually in cooperative business. The survey also found most cooperators – two-thirds of all societies and three-fifths of all members – lived in rural areas, with the largest concentration in the Midwest.²³⁷ Public interest in cooperation was surging: According to Kallen, “The office of the League was flooded with inquiries from all

²³⁴ Fowler, *Consumer Cooperation in America*, 86.

²³⁵ U.S. Department of Labor. “Cooperative Movement in the United States in 1925,” *Bulletin of the US Bureau of Labour Statistics*, no. 437 (March 1926): 99-101.

²³⁶ *Report of the Proceedings of the First American Co-operative Convention, 1918* (no publisher) CLUSA Papers, Wisconsin Historical Society, Madison, WI..

²³⁷ Parker, *International Labor Review*, 920-921.

sections of the population – government employees, trade-unionists, college professors, farmers, even politicians” in search of additional information on how to operate or launch cooperatives.²³⁸

The *New-York Evening Post* reported those in attendance at that first CLUSA conference included Finnish, Italian and Polish cooperators along with business men, mine workers, lawyers and college graduates.²³⁹

During its first few years, the CLUSA allowed delegates from every “true” cooperative to attend and vote at conventions; it later changed policy and allowed only delegates from CLUSA-member societies to vote. Many of the topics and issues discussed and debated at the first convention in 1918 resonated in succeeding years. Leaders and delegates debated the merits of affiliating with Labor; the need to educate women about cooperation because they did so much of the shopping; and the importance of persuading cooperatives to adopt proper organization and management techniques. They brainstormed about how to fight the chain stores; warned about the problems associated with allowing credit; and shared methods to ensure cooperative store loyalty not only with quality products, fair pricing and simple honesty, but also community events, recreation and music. They argued about how political the cooperative movement should be; warned members to watch for spurious cooperative enterprises; and discussed their relationship to the international cooperative movement. In subsequent conferences, the range of topics expanded to include cooperative housing, credit unions, bakeries, restaurants, laundries and supportive state and federal cooperative legislation. They pushed local cooperatives to

²³⁸ Kallen 260-261; Fowler, *Consumer Cooperation in America*, 3, 86.

²³⁹ “First National Co-operative Convention in the United States, An Historic Event,” *Report of the Proceedings of the First American Co-operative Convention* (New York: The Co-operative League of America, 1919), 17.

standardize their management and accounting methods and repeated year after year that centralization and collaboration were the keys to the success of the cooperatives.²⁴⁰

In order to strengthen and expand the cooperative movement, League leaders worked to verify the legitimacy of the various cooperative societies around the United States. Poorly managed and shady co-ops reflected poorly on the cause. Their efforts uncovered numerous ventures that either failed to follow proper cooperative practices or, more seriously, claimed to be cooperatives, but upon closer examination proved to be fraudulent. Joseph Mierzynski of Chicago, Illinois, for example, reported at the first CLUSA-sponsored convention in 1918 that about fifty Polish cooperatives around the country were failing because of poor management and the failure to follow proper cooperative methods such as giving dividends to members based on shares owned rather than on goods purchased.²⁴¹ Two years later, at the second convention, the League heard numerous complaints about the Pacific League in California and National Cooperative Association of Chicago, Illinois. The Pacific League, formed in 1913 sought to educate cooperators and help dues-paying Pacific League members purchase merchandise at wholesale prices. Chicago's National Cooperative Association (incorporated in 1919 in Wisconsin) similarly provided wholesale goods to its store members. Beyond functioning as wholesales, however, both organizations opened cooperative branch stores (a top-down approach to cooperative retail activity). They offered to collect money on behalf of cooperators interested in opening new co-ops and promised, in turn, to help allocate the money and organize the

²⁴⁰ Warbasse, *Cooperative Democracy*, 437; *Report of the Proceedings of the First American Co-operative Convention, 1918* (New York: The Co-operative League of America, 1919), Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI; *Report of the Proceedings of the Second American Co-operative Convention, 1920*, (New York: The Co-operative League of America, 1920), Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI; *Report of the Proceedings of the Third Cooperative Congress, 1922* (New York: Cooperative League of America, 1922), 24-45, 86-90, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

²⁴¹ "Co-operative Education," *Report of the Proceedings of the First American Co-operative Convention, 1918* (New York: The Co-operative League of America, 1919), 106-108.

building of new stores. Both organizations were overly optimistic about their capabilities; they not only established more stores than their organizations could sustain, they also found themselves in deep financial trouble when the national recession hit in 1920. As a result, their members – individual consumers and cooperative stores that had joined Pacific and National – lost money that they had invested.²⁴²

Seeking some sort of retribution for the failure of these organizations, cooperators from Arizona, Louisiana, Idaho and Washington turned to CLUSA. Henry A. Scott of Hillyard, Washington (now a Spokane neighborhood), wrote to CLUSA complaining that the Pacific League had told the Rochdale Co-operative Association – a buying club – to gather money from members and place it in a trust that would later be used to buy stocks when the association was ready to become a permanent organization. But the Pacific League instead borrowed from that trust; and when the cooperators demanded repayment, they were rebuffed. One Alaska cooperative claimed to have sent the Pacific League \$2,500 to pay for goods that were never sent.²⁴³

Isabella Wilson from Perth Amboy, New Jersey, alleged the National was no better. She stood up at the convention and warned CLUSA members to “beware of the National Wholesale [sic], for what they have done is a shame – took the hard-earned money from men and women and we saw nothing from it.”²⁴⁴ She said the organization had taken all of the money she and other women had collected going door to door – a total of \$1,200– for the purpose of setting up

²⁴² Knapp, *The Rise of American Cooperative Enterprise*, 410-416.

²⁴³ *Report of the Proceedings of the Second American Co-operative Convention, 1920*, (New York: The Co-operative League of America, 1920), 40-41, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

²⁴⁴ *Report of the Proceedings of the Second American Co-operative Convention, 1920*, (New York: The Co-operative League of America, 1920), 48-49, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

local cooperative bakeries and butcher shops. The shops were never established and the women did not get their money back.

W. D. Hontz of Lehighton, Pennsylvania told his own story of how the National Cooperative Association cheated railroad workers in his community. The workers raised about \$11,000 to use toward building a cooperative store; the National eventually did establish one store, but the materials used and the goods stocked only amounted to about \$4,500 and the rest of the money remained unaccounted. The workers were determined, said Hontz: “[T]o keep that store in operation our boys went down in their pockets and handed over money, and five or six of the men stood good with the beef companies and we got our supplies, and that is the way our store did its business.” But the manager sent by National was incompetent; profits made at the store, which should have been returned to members as savings, went back to National not to the consumers; and National leaders then audaciously claimed that the store owed National money. The Lehighton cooperators had sent Hontz to the CLUSA conference specifically to raise an alarm about National. “Maybe I am wrong,” he lamented, “but if that is what you call Co-operation, I am going to get out of it.”²⁴⁵

The exposure and documentation of such spurious cooperative ventures helped legitimize the League’s work. To offset such tales of woe and further bolster the League’s reputation, Laura G. Collins of Hornell, New York, testified about how her cooperative followed the advice of the Cooperative League of America and found success. Railroad engineers in Hornell had set up a cooperative store, but were stymied when it was looted in the middle of the night. Meager wages, unpaid co-op bills and depleted stock after the crime brought hardship to the group. “We could not have gone into any labor organization and said, ‘Give us \$10 each and we will put it

²⁴⁵ *Report of the Proceedings of the Second American Co-operative Convention, 1920*, (New York: The Co-operative League of America, 1920), 49-52.

over for you,” explained Collins. Nevertheless, four years later the community decided to try again and spent a year educating themselves with materials they got from the League. When they were finally ready, the “men went to the store and put up the shelves and bought second-hand equipment and put it up themselves; they know how every cent of money is being spent. We make some small mistakes now and then,” she reported, “but no serious mistakes. It is really remarkable to know what the working people can do with an effort.”²⁴⁶ Collins and other loyalists lauded the sincerity, expertise and vision the Cooperative League of America brought to the cause of cooperation in the United States.

GROWING INTEREST

The growth of CLUSA-affiliated cooperative societies and the establishment of local cooperatives offered further testament to the League’s success. When first formed in 1916, it had a mere twelve affiliated societies; by 1926 that number had grown to 152, and by 1936 it jumped to 1,500.²⁴⁷ The statistics demonstrated the CLUSA’s increased influence on the progress of cooperation in the United States. The areas of the country where the League operated did not change much in that time, however. The northern states of Michigan, Minnesota and Wisconsin; the central states of Illinois, Ohio, and Indiana; and the eastern states of Massachusetts, Connecticut and New York had long been the places most open to cooperation and as the numbers grew, growth was concentrated there.²⁴⁸ Significantly, cooperatives

²⁴⁶ *Report of the Proceedings of the Second American Co-operative Convention, 1920*, (New York: The Co-operative League of America, 1920), 61-62, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

²⁴⁷ “Cooperative Movement in the United States in 1925,” *Bulletin of the U.S. Bureau of Labor Statistics*, no. 437, March 1926 (Washington), 1; *Third Yearbook CLUSA*, 18. Take note that the number of associated societies did go up and down at various times. In fact, in 1920 the number of affiliated societies was 290. (see *Second Cooperative League Congress 1920*, 102). The League’s numbers ebbed and flowed to some extent because of a variety of factors such as national economic trends and internal League politics.

²⁴⁸ *Third Yearbook CLUSA*, 23, 252-255.

associated with the CLUSA did well during the economic difficulties of the 1930s. The League reported some store closings, and the sale and profits of many co-ops dipped or remained stagnant; but most made it through the most difficult-trials of the Depression and some even opened new branch stores and expanded into other merchandise during that time.²⁴⁹ By 1934, most cooperatives within the League saw an increase in sales and profits. In February of that year, for example, The People's Cooperative in Superior, Wisconsin, reported their assets were four times as great their liabilities. In 1935, Thomas F. Conroy reported in *The New York Times* that "retail authorities at the Boston Conference on Distribution" believed that the cooperative movement was "destined to receive a 'new impetus' in the U.S." The League told Conroy the number of cooperatives had grown by 40 percent between 1929 and 1934.²⁵⁰ CLUSA president Warbasse, writing a few years earlier, argued the Depression portended the imminent fall of capitalism and therefore presented a unique opportunity for the emergence of a cooperative commonwealth.²⁵¹ The Depression prompted people to seek not only financial relief, but also economic and social alternatives to the beleaguered status quo.²⁵² The League

²⁴⁹ For reports on how cooperatives performed during the Depression, see: V.S.A., "How Northern States Co-ops Are Faring," *Cooperation* XVIII, no. 3 (March 1932): 56-57; "How the Franklin Creamery is Weathering the Depression," *Cooperation* XVIII, no. 4 (April 1932): 68. For examples of cooperatives expanding: "Dillonvale Opens New Branch Store – Starts Paper," *Cooperation* XVIII, no. 6 (June 1932): 106; "C-A-P Oil Association Makes Good Record," *Cooperation* XVIII, no. 7 (July 1932): 127; "Proof of the Pudding," *Cooperation* XVIII, no. 8 (August 1932): 149; "Cloquet Report," *Cooperation* XVIII, no. 12 (December 1932): 230; "Opens New Store," *Cooperation* XIX, no. 2 (February 1933): 31; "News from Waukegan," *Cooperation* XIX, no.4 (April 1933):78; Oscar Cooley, "Consumers' Cooperation in the United States," *Cooperation* XIX, no. 5 (June 1933): 87-92; "Central Wholesale May Buy New Bakery, Take Over Bank," *Cooperation* XIX, no. 6 (July 1933): 104; Oscar Cooley, "Consumers' Cooperation in the United States," *Cooperation* XIX, no. 7 (July 1933): 123-126; "Midland Makes Progress," *Cooperation* XX, no. 7 (July 1934): 106.

²⁵⁰ Thomas F. Conroy, "Consumer 'Co-ops' Expected to Grow," *New York Times* Sept. 29, 1935, F9.

²⁵¹ J.P. Warbasse, "My Point of View," *Cooperation* XVIII, no. 9 (Sept. 1932): 177-178. Also see articles in *Cooperation* XVIII, no.12 (December 1932) and J.P. Warbasse, "Cooperation in Washington," *Cooperation* XX, no. 3 (March 1934):37-38.

²⁵² Fowler, *Consumer Cooperation in America*, 88. He argued that the Depression also helped cooperative members organize themselves because they realized the importance of education and centralization for their own success and for possible future opportunities.



Figure 41 – The People’s Cooperative Store [*Co-operation* XX, no. 3 (March 1934), 33.]

leaders always believed this moment was inevitable; that Americans would eventually understand the flawed character of capitalism, and enable it give way eventually to a more just, democratic and rational cooperative paradigm.

Public political support and curiosity about cooperation during the Depression sustained CLUSA leadership in its belief that the time had come for a truly national movement. Prominent interested parties included philosopher-reformer John Dewey, who placed cooperation on the platform of his League for Independent Political Action, and Upton Sinclair, whose End Poverty in California (EPIC) movement recommended cooperation as a way out of the Depression.²⁵³

Henry A. Wallace, FDR’s Secretary of Agriculture, also thought cooperation might be an answer

²⁵³ “John Dewey’s Party Approves Cooperation,” *Co-operation* XVIII, no. 3 (March 1932): 46; Upton Sinclair, “Immediate Epic: the Final Statement of the Plan,” (California: End Poverty League, 1934) *Social Security Administration Historical Archives*, <http://www.ssa.gov/history/epic.html>, accessed July 12, 2011.

to the rising poverty in the country – especially self-help cooperatives. In an article for *Scribner's*, he declared that cooperation could protect democracy from fascism and communism. “The Cooperative way of life must pervade the community,” Wallace argued, “and this means there must be consumers’ cooperatives as well as producers’ cooperatives and ultimately industrial cooperatives.”²⁵⁴

A sign of how cooperation had entered mainstream political thought came in 1933, when Warbasse accepted an invitation to serve on the Consumers Advisory Committee of the National Recovery Administration, despite his conviction that no government action could truly solve the nation’s economic problems.²⁵⁵ He played a significant role on this committee when the NRA considered legislation outlawing the right of cooperative members to not be taxed on yearly savings – known as dividends, refunds or rebates. Working with other government officials sympathetic to cooperation – such as old CLUSA friend Frederick C. Howe, who at that time was serving as the Consumer’s Counsel for the Agricultural Adjustment Administration; Harry Hopkins, Federal Relief Administrator; and perhaps most importantly the chair of the Consumers Advisory Committee, Mary Rumsey, founder of the Junior League and proponent of cooperatives – Warbasse helped persuade President Roosevelt to specifically exempt cooperatives from the Codes of Fair Competition.²⁵⁶

²⁵⁴ “Consumers’ Cooperatives in Action,” *Consumer’s Cooperation* XXII, no. 8 (August 1936), 124.

²⁵⁵ “Dr. Warbasse on Consumers Advisory Committee,” *Cooperation* XIX, no. 8 (August 1933): 133-134; J.P. Warbasse, “The Consumers and the National Recovery Act,” *Cooperation* XIX, no. 9 (September 1933): 152-153.

²⁵⁶ J.P. Warbasse, “How the Cooperative Consumers May Interpret the Codes,” *Cooperation* XIX, no. 11 (November 1933): 186-187; O.C., “The Roosevelt Order,” *Cooperation* XIX, no. 12 (December 1933): 198-200; “Dr. Warbasse on Consumers Advisory Committee,” *Cooperation* XIX, no. 8 (August 1933): 133-134; “Mary Harriman Rumsey, 1905,” <http://barnard.edu/archives/history/notable>, accessed October 10, 2011. Warbasse also heralded the decision of the Roosevelt government to create Consumers’ County Councils to work under the County Emergency Councils that answered to the NRA. See J.P. Warbasse, “The Consumers’ Opportunities,” *Cooperation* XX, no. 1 (January 1934): 5-7.

The President himself considered cooperation worthy of his attention in 1936, when he sent a commission abroad to study the cooperative movement in Europe.²⁵⁷ First Lady Eleanor Roosevelt also showed personal interest in cooperation. She wrote various articles on the subject for cooperative presses and visited the Cooperative League offices in December 1937. In 1945,



Figure 42 - First Lady Eleanor Roosevelt (right), Dr. J. P. Warbasse (center) and E. R. Bowen (left) at CLUSA headquarters. [*Consumers' Cooperation*, Vol. No. (February 1938): 19]

she would even join a co-op herself, in Greenwich Village, near her New York apartment.²⁵⁸

All of this national attention helped to publicize and legitimate the cooperative movement. The CLUSA felt confident in its role as the official vanguard of cooperation on the

²⁵⁷ "Roosevelt Orders Cooperative Study," *New York Times*, June 24, 1936, 12; "U.S. Again Eyeing Cooperative Store," *New York Times*, Jan. 4, 1937, 59; "The 'Co-op Idea Takes Root,'" *New York Times*, Sep. 13, 1936, SM10; "Consumers' Cooperatives in Action," *Consumer's Cooperation* XXII, no. 8 (August 1936): 124; E.R. Bowen, "Report of the General Secretary," *Cooperation* XXII, no. 11 (December 1936): 168.

²⁵⁸ Eleanor Roosevelt, "My Day," *Consumers' Cooperation* XXIV, no. 2 (February 1938): 19; "New National Recognition for the Cooperatives," XXIV, no. 4 (April 1938): 58; "1938 - An Unusual Opportunity," *Consumers' Cooperation* XXIV, no. 3 (March 1938): 32; Letter to Mrs. May Hall James of State Teachers College in New Haven, Conn. From Frederic C. Howe Special Advisor, Office of Secretary December 5, 1936. Box 2329 - Cooperatives -cooperative Agreements 1936.[Row 6/19/4] Records of the Office of Agriculture General Correspondences of the Office of Secretary, National Archives [RG No. 16 Stack Area 170] File: Cooperatives; Wallace J. Campbell, "What's news with the Co-ops," *Co-op Magazine* 1, no. 4 (April 1945): 22-23.

national stage and believed that the time had come to assert their organizing powers and make a calculated move toward establishing a cooperative commonwealth in place of capitalism.

HOW TO MOVE FORWARD?

Despite the Cooperative League's substantial successes, the growth and self-confidence of the movement and its member societies, the percentage of cooperatives in the country affiliated with the League remained consistently small. In 1920, the CLUSA reported they had 290 affiliated-member societies, of an estimated total of 1,000 U.S. cooperatives – approximately 29 percent. By 1936, the League could claim 1,500 member co-ops, but the estimated total had also grown – to roughly 12,000 cooperatives across the country.²⁵⁹ Proportionally, therefore, the CLUSA represented only about 13 percent of American cooperatives at the very moment when its leaders believed their vision of national change had arrived. If the League was going to realize its ultimate goal of replacing capitalism with a cooperatively-managed, consumer-controlled political economy, the leadership had to figure out how to bring a much larger share of the nation's co-ops under their wing.

The leaders knew such a project would not be easy. Not only was the population of cooperators very diverse; but as explained in Chapter 2, they tended to live in homogenous communities and the memberships of individual cooperatives tended to reflect that homogeneity.²⁶⁰ And before they could even attempt a national cooperative surge, the League first needed to eliminate a formidable competitor for leadership of the movement: the Communist Party. Co-ops loyal to the Communist Party existed throughout the Midwest region.

²⁵⁹ *Report of the Proceedings of the First American Co-operative Convention, 1918* (New York: The Co-operative League of America, 1919), 6, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI; *Third Yearbook CLUSA*, 18.

²⁶⁰ Warbasse, *Co-operative Democracy*, 430-431; Florence E. Parker, "The Consumers' Cooperative Movement in the United States," *International Labour Review* (Geneva) December 1922 Vol. 6, pg. 918.

Many of the most prominent stores, in fact, tended to have many communists in their ranks; because of their prominence and success, the League tolerated a loose affiliation with the Party. But when the CP leadership decided to assert a more public role in the cooperative movement, however, the CLUSA fought back.”

CHAPTER FOUR:

Fighting for Control

We cooperators are not interested in political revolutions... -- *The Co-operative Consumer*²⁶¹

When considering all the factors, the time is ripe for the party to take some action in the co-operative field. – George Halonen²⁶²

From its inception in 1916, the leaders of the Cooperative League of the USA considered the cooperative movement in the United States to be a non-violent alternative to class warfare. They believed it could bring about social change that would impact politics, but change would be driven by economics first and foremost. Warbasse and others understood that individual co-op members had allegiances to existing social and political movements – especially socialism; but they believed cooperation was the single most moral *and* practical answer to the ills of American society.²⁶³ Once cooperation took hold among consumers, the rest of the economy, politics and society would fall into place. CLUSA leaders argued that the only way this could happen, based on cooperation's notable failures in the 19th century, would be for the movement to remain independent of any other political, economic or social struggles.

This assessment, however, did not represent the opinion of all cooperators, even among those whose societies had readily joined and supported the League. Many believed the cooperative movement should not remain aloof, but ultimately serve as a helpmeet to other causes. This represented an inherent fissure between the League's leadership and those rank-

²⁶¹ "Are We Revolutionists?" *The Co-operative Consumer* II, no. 4 (September 1915): 26.

²⁶² George Halonen, "Confidential General Report on Co-operative Movement in the United States of America submitted to C.E.C. of the Workers (Communist) Party of America and the Co-operative Section of the Comintern" Superior, WI, November 10, 1925, CPUSA Papers, Library of Congress (Reel 36, Delo 535).

²⁶³ "Cooperation and Other Forces," *The Co-operative Consumer* II, no. 2 (June 1915): 9-11; "Are We Revolutionists?" *The Co-operative Consumer* II, no. 4 (September 1915): 25-27.

and-file cooperators who pledged primary loyalty to trade unions, political parties or other organizations.

The most significant contender for many cooperators' allegiance was the Communist Party of the USA (CPUSA), which considered cooperation a natural extension of *its* aim to politically empower the working class. The CLUSA had always made clear that it subscribed to the Rochdale Principles, which dictated that the cooperative movement was not only open to all races, religions and ethnicities, but was also politically neutral and thus indifferent about members' private political affiliations. This meant that organizations like the CLUSA should not have a political or social agenda beyond establishing and managing cooperative societies, and instead follow its lead in such matters. The CPUSA did, however, set out to covertly politicize cooperation in the U.S., with the assistance of communist co-op members, by supplanting the CLUSA as the guiding national organization for the cooperative movement.

This posed a direct challenge to the leaders of the League and their ambition to establish a cooperative commonwealth in the United States. On the one hand, the CLUSA could not afford to alienate its communist members because they tended to dominate some of the most powerful and successful cooperatives in the U.S. On the other hand, it could not allow the CP to simply enlist cooperatives in the service of launching a proletarian revolution. For the CLUSA leaders, direct engagement in political revolution would negate the movement's fundamental commitment to neutrality and would effectively drive away co-ops and individual members aligned with other political parties or ideologies. And indeed, the contest between the CLUSA and the CPUSA would eventually split the cooperative movement. This chapter looks at the struggle for power that ensued between these two organizations as they attempted to claim leadership of the burgeoning cooperative movement in the United States during the 1930s.

IN THE HANDS OF COMMUNISTS

The Communist Party's interest in U.S. cooperatives emerged around 1924, roughly five years after the establishment of the CPUSA, and just three years after the creation of the Worker's Party of America, the legal, above-ground political party of the CPUSA. At the helm of the connection between the League and WPA was George Halonen, Secretary of the Cooperative Fraction of the Workers' Party of America (WPA).²⁶⁴ He immigrated to the United States from Finland in 1912, at the age of 21, and worked for various labor newspapers until 1924, when he became Educational Director of the Central Cooperative Exchange (CCE) – a very successful regional wholesale in the upper Midwest formed and operated largely by Finnish Americans.²⁶⁵ Halonen, described by his fellow cooperators as “one of the younger men in the movement,”²⁶⁶ was a CCE leader through the 1930s, and held other significant roles in the movement as well. He founded and served as the first editor of the CCE's popular organ the *Co-operative Pyramid Builder* and eventually became a director of



Figure 43- George Halonen
[“Fifth Co-operative Congress,” *Co-operation* XII, no.11 (November 1926): 204.]

²⁶⁴ According to the Central Cooperative Wholesale Yearbooks, it is clear that Halonen was Educational Director at least through the 1930s. It is unclear when he actually stepped down. By 1940, however, there was a new Educational Director – E. A. Whitney.

²⁶⁵ The Central Cooperative Exchange was renamed the Central Cooperative Wholesale in mid-1931. At the same time, the Wholesale decided to change the emblem it used to label its merchandise from a red star to the twin pines emblem used by the CLUSA. “News and Comment: Annual For Central Exchange,” *Co-operation* XVII, no. 6 (June 1931): 108.

²⁶⁶ “Fifth Co-operative Congress,” *Co-operation* XII, no. 11 (October 1926): 204.

the CLUSA from 1930 to 1938.²⁶⁷ While serving in these various leadership roles, Halonen believed the Communist Party should infiltrate the cooperative movement and eventually displace it.

In 1925, a year after becoming the CCE's educational director, Halonen sent a long report to Moscow making a case for the CP to become more involved with cooperatives in the United States. He explained that local cooperatives, through the efforts of savvy local organizers and the



Figure 44 - Warehouse and offices of Cooperative Central Exchange, Superior, Wisconsin. “A few years ago there was so much room to spare in this building that many apartments were rented out to private families, and the Exchange bakery was operated on the first floor. Now the bakery is house in another building and all apartments have been converted into warerooms or offices.” [*Cooperation* XV, no. 5 (May 1929):83]

CLUSA, realized that in order to compete effectively with the ascendant chain stores, they had to find a way to centralize purchasing, cut costs and expand their presence in the market.²⁶⁸

²⁶⁷ “Famous Co-op People through the Ages,” International Cooperative Information Center publication, September 13, 1995, [cited 12/11/04]. Available from <http://www.wisc.edu/uwcc/icic/def-hist/history/famous.html>.

²⁶⁸ Warbasse, *Co-operative Democracy*, 17-19; Knapp, *Rise of American Cooperative Enterprise*, 412-413; “The Convention,” *Co-operative Consumer* 1, no. 6 (October 1914): 41-43; “A National Union,” *Report of the Proceedings of the First American Co-operative Convention 1918*, pg. 18, CLUSA Papers, Wisconsin Historical Society; “Vital Issues,” *Co-operation* XII, no. 3 (March 1926): 44-45; “Vital Issues,” *Co-operation* VII, no. 11 (November 1921): 171; Mabel Watson Cheel, “How to Meet Some Store Problems,” *Co-operation* VII, no. 6 (June 1921): 93-93; “Extracts from President’s Address, Dr. J.P. Warbasse,” *Consumers’ Cooperation* (November-December, 1934): 172, 183; “Confidential General Report on Co-operative Movement in the United States of America submitted to C.E.C. of the Workers (Communist) Party of America and the Co-operative Section of

Halonen saw an opportunity for the Party to step in and take control. If James Warbasse, who Halonen described as elitist and centrist, could be marginalized within the CLUSA, the path would be open for the CP to fill the vacuum. He pointed out that CLUSA did not yet have the majority of cooperatives within its membership. Out of approximately 2,500 cooperatives in the U.S., only about 350 were associated with CLUSA.²⁶⁹ The weakness of the CLUSA, explained Halonen, represented an opportunity for the CPUSA. Halonen knew that the most successful cooperatives within CLUSA were in the Midwest, which also happened to be where the Communist Party had its greatest concentration of co-op-member supporters, and where Halonen himself was based. CP members had founded the Northern States Cooperative League (NSCL), a regional league that serviced Minnesota, Wisconsin and Michigan. The members of local cooperatives affiliated with the NSCL tended either to be Communist Party members or sympathetic to communism. The co-ops themselves did not affiliate openly with the CP because they did not want to alienate the so-called “American Cooperatives” – otherwise known as English-speaking cooperatives – which they intended to indoctrinate over time.²⁷⁰ The membership of the CCE in Superior, Wisconsin (the NSCL regional wholesale) similarly leaned left politically; Halonen claimed seven out of its nine board members, and one out of every eight co-op members, were Communists. He stressed that the importance of the CCE should not be underestimated despite its regional nature because it was one of the most successful, and

Comintern, 1925,” Opis 1 Reel 36, Delo 535, Records of the Communist Party of the United States of America, 1914-1944, Library of Congress Manuscript Division, Washington, D.C.

²⁶⁹ Halonen’s assessment coincides with CLUSA’s calculations as well. See “From the League Office,” *Consumer’s Co-operation* XI, no. 3 (March 1925): 53.

²⁷⁰ “Confidential General Report on Co-operative Movement in the United States of America submitted to C.E.C. of the Workers (Communist) Party of America and The Co-operative Section of Comintern, 1925,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 36, Delo 535, Library of Congress Manuscript Division, Washington, D.C. The regional leagues functioned like CLUSA but on a more local level. They provided educational materials and helped local cooperatives organize. The regional leagues (and there were others such as the Eastern Cooperative League and the Central Cooperative League, to name a few) were also members of CLUSA.

therefore influential, wholesales in the country. As Warbasse himself noted in 1925, “there is none that is devoting more funds and more energy to educational work than the Central Exchange, none that gives even a small part of the support to the national movement that comes from Superior and vicinity.”²⁷¹ The CCE had sixty consumer cooperatives (one out of every five CLUSA co-ops) affiliated with it and did an extended business with approximately one-hundred-twenty cooperative stores and buying clubs.²⁷² Most importantly, argued Halonen, these



Figure 45 - Management Committee of the Cooperative Central Exchange Wholesale at Superior, Wisconsin. “From left to right they are: Ivan Lanto, Peter Kokkonen, Henry Koski, Secretary Oscar Corgan, President Matti Tenhunen, Eskel Ross, General Manager, George Halonen, Educational Director. This Committee is appointed by the Board of Directors to exercise close supervision over the affairs of the Exchange.” [*Cooperation* XV, no. 5 (May 1929): 81]

organizations could serve as the means to socialize the CP message to people who otherwise would never be open to hearing it. The CCE’s speakers’ circuit, for example, gave CP members an opportunity to talk to people about issues and concerns of importance to the Party under the

²⁷¹ “Co-operative Unity in the North Central States,” *Co-operation* XI, no. 12 (December 1925): 223.

²⁷² “Confidential General Report on Co-operative Movement in the United States of America submitted to C.E.C. of the Workers (Communist) Party of America and The Co-operative Section of Comintern, 1925,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 36, Delo 535, Library of Congress Manuscript Division, Washington, D.C.; “Co-operative Unity in the North Central States,” *Consumers’ Cooperation* XI, no. 12 (December 1925): 222.

guise of the cooperative movement. It allowed access to areas where known communists would not normally be welcome and appealed to workers and farmers by addressing their economic concerns.²⁷³

Halonen assured the CP leadership that they could covertly influence the movement through educational work in cooperative-training schools like those in Wisconsin and Minnesota.

These schools were generally run

by CP members to train

managers, clerks and

bookkeepers, but also offered

classes on labor history and

activism. Co-ops across the

country were eager to hire the

graduates; and even Warbasse

praised the schools and their

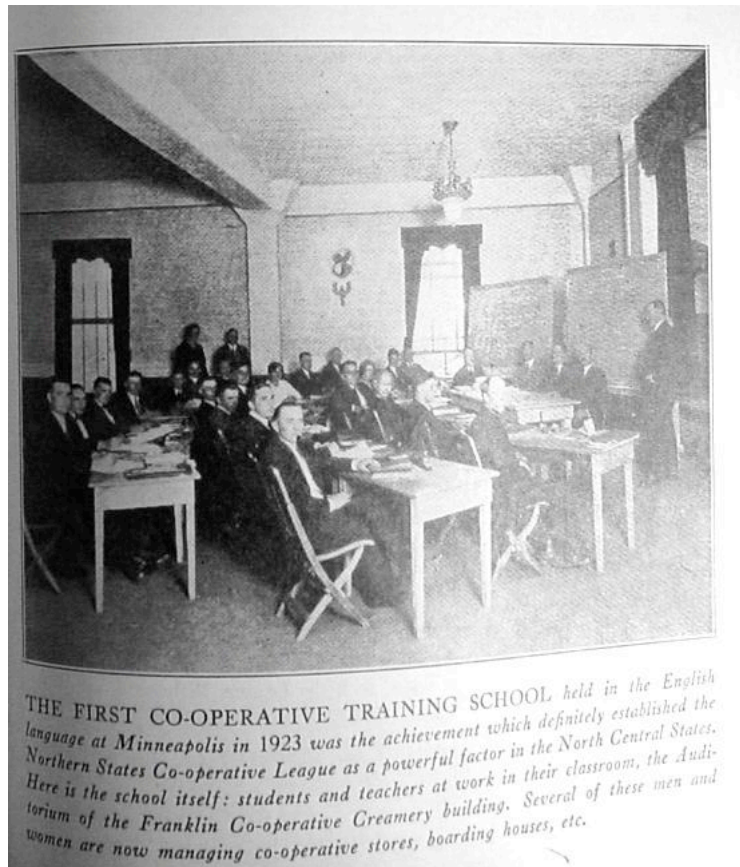
alumni.²⁷⁴ “This ‘employment

office’ in the hands of

communists,” Halonen explained

to Party leaders, “is very valuable

and should be developed further.”²⁷⁵



THE FIRST CO-OPERATIVE TRAINING SCHOOL, held in the English language at Minneapolis in 1923 was the achievement which definitely established the Northern States Co-operative League as a powerful factor in the North Central States. Here is the school itself: students and teachers at work in their classroom, the Auditorium of the Franklin Co-operative Creamery building. Several of these men and women are now managing co-operative stores, boarding houses, etc.

Figure 46 – The First Co-operative Training School, [Co-operation XI, no. 12 (December 1925): 221.]

²⁷³ “Confidential General Report on Co-operative Movement in the United States of America submitted to C.E.C. of the Workers (Communist) Party of America and The Co-operative Section of Comintern, 1925,” Records of the Communist Party of the United States of America, 1914-1944, Opus 1, Reel 36, Delo 535 Library of Congress Manuscript Division, Washington, D.C.

²⁷⁴ See for example, “Co-operative Unity in the North Central States,” *Consumers’ Cooperation* XI, no. 12 (December 1925): 222-223.

²⁷⁵ “Confidential General Report on Co-operative Movement in the United States of America submitted to C.E.C. of the Workers (Communist) Party of America and The Co-operative Section of Comintern, 1925,” Records of the

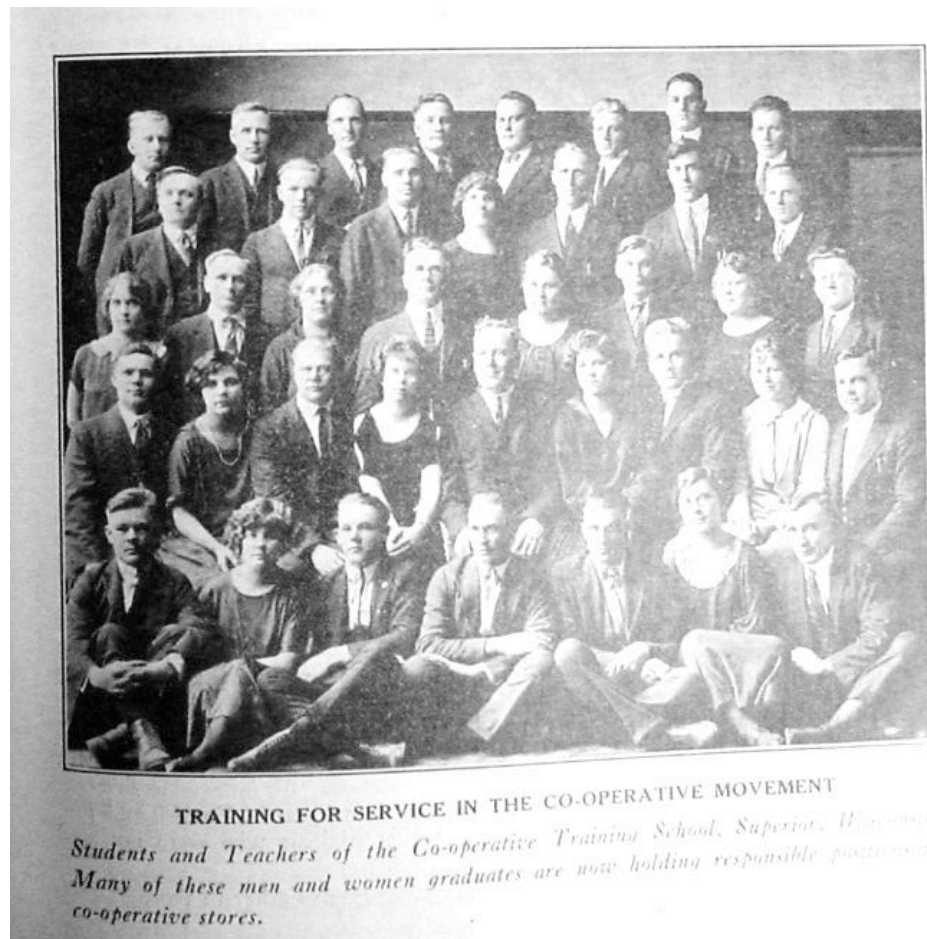


Figure 47 – Training for Service in the Cooperative Movement, [*Co-operation* XI, no. 6 (June 1925): 100.]

In a similarly covert effort to indoctrinate cooperators, Halonen and other CP operatives launched a monthly newspaper, *Cooperative Pyramid Builder*, which became the official organ of the CCE. Halonen served as editor and made sure that it not only covered cooperative issues, but also worked to surreptitiously get the CP message across by including articles that discussed the labor movement and the economic plight of farmers. Articles referencing labor and the working class, with titles such as “May First – the day of the working class!”²⁷⁶ and “Fascism

Communist Party of the United States of America, 1914-1944, Opis 1, Reel 36, Delo 535, Library of Congress Manuscript Division, Washington, D.C.

²⁷⁶ *Co-operative Pyramid Builder* V, no. 4 (April 1930): 65.

Destroying Co-operatives”²⁷⁷, filled the paper in the early years of its existence. Other articles in the *Builder* included updates on the Sacco and Vanzetti case, news about the USSR and images of workers and farmers toiling.²⁷⁸ Halonen explained that the newspaper would encourage cooperators to think politically – beyond the cooperatives – and thereby help to weaken Warbasse’s influence.²⁷⁹ Later that summer Halonen boasted to CP leaders of the paper’s success and proudly stated that farmers requested it by name.²⁸⁰ In June 1926, shortly after sending in his letter, the Party, perhaps responding to Halonen’s enthusiasm, put him in charge of cooperatives in the U.S. on behalf of the Communist Party.

But despite Halonen’s enthusiasm and express optimism about the potential power of the Communist Party over the cooperative movement, he also demonstrated caution. He warned the CP not to move too quickly or appear too radical lest it might alienate cooperators who were on the fence about communism. The “American” cooperatives troubled Halonen and he pointed out that among the more traditionally left-leaning Finnish cooperators existed political conservatives as well. He cited the example of the largely Finnish Crystal Falls Cooperative Society, where the leadership refused to distribute the Northern States Cooperative League’s journal because they found its approach too leftist and not reflective of their own business-orientated (as opposed to labor-oriented) interest in the cooperative movement.²⁸¹

²⁷⁷ *Co-operative Pyramid Builder* I, no. 1 (July 1926): 16.

²⁷⁸ *Co-operative Pyramid Builder* II, no. 5 (May 1927): 135, 139, 142, 145; *Co-operative Pyramid Builder* I, no. 2 (August 1926): 49; *Co-operative Pyramid Builder* II, no. 1 (January 1927): 16; *Co-operative Pyramid Builder* II, no. 2 (February 1927): 43; *Co-operative Pyramid Builder* II, no. 5 (May 1927): 142.

²⁷⁹ “Letter to Ruthenberg from Halonen, May 10,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.; “Letter to Halonen from Ruthenberg, June 16, 1926,” *Records of the Communist Party of the United States of America, 1914-1944* Opis 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.

²⁸⁰ “Letter to Halonen from Ruthenberg, June 16, 1926,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.; “Letter to Ruthenberg from Halonen, September 3, 1926,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.

²⁸¹ “Confidential General Report on Co-operative Movement in the United States of America submitted to C.E.C. of the Workers (Communist) Party of America and The Co-operative Section of Comintern,” Records of the

More troubling, during the summer of 1926, around the time that Halonen took charge of the CP's cooperative efforts, members of the large and successful Franklin Cooperative in Minneapolis, Minnesota, began agitating at the NSCL convention against the mainly communist

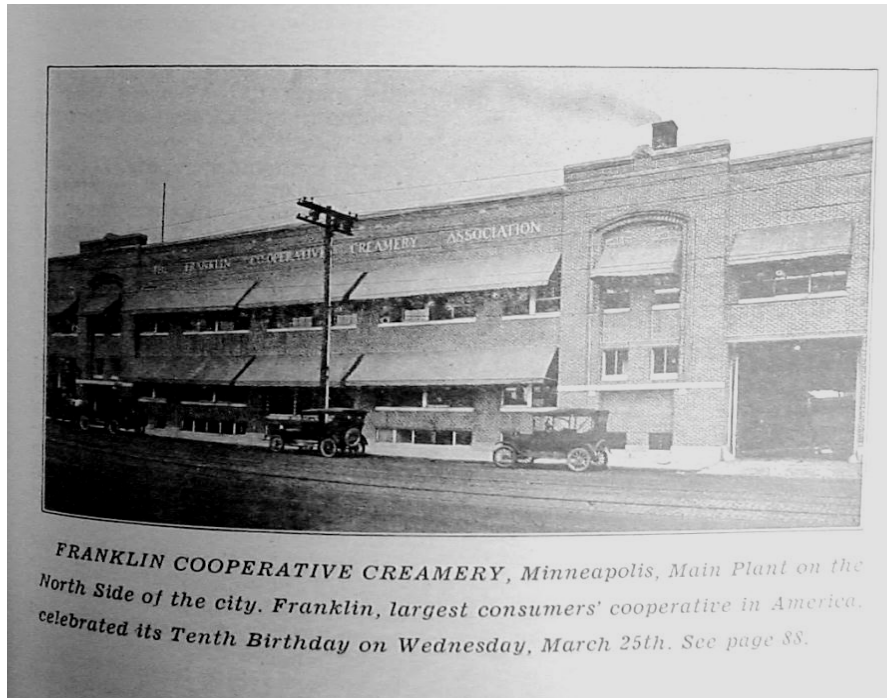


Figure 48 – Franklin Cooperative Creamery, [“Franklin Creamery,” *Co-operation* XVII, no. 5 (May 1931): 101.]

resolution proclaiming the NSCL's political neutrality. Franklin Cooperative

Creamery, a co-op described as a “hybrid” by historian Steven Keiller, functioned as both a producer and a consumer cooperative because it both processed and delivered milk products. A few members of Local 471, a milk-wagon driver's union, formed it in 1920.²⁸² Its members

cooperators from Superior, who they feared (with some justification, as it turned out) planned to take over the League on behalf of the Communist Party. In order to counter the perceived threat, some of the Franklin delegates wanted to present a

Communist Party of the United States of America, 1914-1944, Opis 1, Reel 36, Delo 535, Library of Congress Manuscript Division, Washington, D.C.

²⁸² Steven J. Keiller, “A Remedy Invented by Labor: Franklin Co-operative Creamery Association, 1919-1939,” *Minnesota History Magazine* Fall 1989, (Minneapolis, MN: Minnesota Historical Society Press, 1989): 261-265.

always maintained a close connection to the labor movement – as did many co-ops during this



Figure 49 - “Minneapolis and Its Many Co-operatives,” [*Co-operation* XII, no. 10 (October 1926):183.]

era – but, unlike the situation in the northern regions of Minnesota, Wisconsin and Michigan, communist sentiments did not dominate at Franklin.²⁸³ After a heated debate, pro-CP members managed to vote the proposal down and replace it with a

compromise resolution that identified the cooperative movement as a working-class cause established in opposition to the profit system. This resolution also recognized the importance of uniting the working class in order to change that system.²⁸⁴ While Halonen reassured his comrades that the Party had prevailed in this particular instance, the events also confirmed the pragmatism of his recommendation that the CP proceed cautiously. Conversely – and, perhaps more significantly in terms of the long range effects on the cooperative movement – it revealed how much the cooperatives feared losing their autonomous character and focus on local interests.

The usually discreet undercurrent of communist activity within the cooperative movement also surfaced within the Cooperative League. Some delegates at the November 1926

²⁸³ Working with the labor movement interested the Cooperative movement leaders but they did not consider cooperatives subservient to labor. They were fellow travelers. The Communist Party, on the other hand, considered itself the voice of the working class and therefore expected all other working-class efforts to follow their lead. The Cooperative movement leaders, those running CLUSA, did not want to be subservient to any other movement and therefore always remained very cautious about any CP activity associated with the cooperatives.

²⁸⁴ “Letter to Ruthenberg from Halonen, July 22, 1926,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 51, Delo 721 Library of Congress Manuscript Division, Washington, D.C.

CLUSA convention in Minneapolis, Minnesota, accused the “terrible Finns” of being directed by the Soviet Union with plans to take over the League. Despite the overt antagonism, Halonen told WPA General-Secretary Charles Ruthenberg, that pro-CP delegates once again managed to reverse some of the negative sentiment toward the Party by proving their ability and interest in brokering compromises at the conference. In so doing, he explained, the CP cooperators managed to assuage suspicions that they were intent on pushing their own political agenda.²⁸⁵

For communists within CLUSA, their moment to shine came when the AFL-affiliated co-op members seized an opportunity to propose a resolution in the spirit of the movement’s affinity with Labor that requested cooperatives buy only AFL union-label goods. The pro-CP delegates worried such a resolution might alienate workers who belonged to non-AFL-affiliated unions. Communists sitting on CLUSA’s Resolution Committee suggested a compromise proposal that *recommended* buying union-label goods in general, rather than directing people to pledge loyalty to any one particular labor group. The AFL members became angry and threatened to withdraw their support from the Franklin Creamery (the host cooperative of that year’s conference) if the committee adopted the alternate proposal. This worried representatives of Franklin Creamery because the creamery could not afford to lose that business. The communists, in turn, worried about losing the support of the Franklin Creamery, which served as an important connection to the English-speaking (or “American”) cooperators who they hoped to eventually convert to the proletarian cause. In order to dispel the crisis, the CP delegates withdrew their proposal and focused on redirecting the discussion by suggesting the conference proclaim its support of the labor movement in general and leave it at that, similar to what had happened at the NSCL

²⁸⁵ “Letter to Ruthenberg from Halonen, November 7, 1926,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.

convention months earlier.²⁸⁶ To the relief of the CP cooperators, not only did the compromise pass, but the AFL delegates, apparently realizing that they had overreacted, also voted in its favor. According to Halonen, not only was the committee's vote unanimous in spite of grumbling from some "reactionaries", but other, more political proposals – calling, for instance, for the release of political prisoners from U.S. jails, and a resolution critical of fascism in Italy – also passed. Furthermore, when a delegate from New York questioned a resolution condemning mining companies for failing to provide safe work conditions for miners, asserting that only issues related to cooperative should be addressed at the convention, the other delegates shouted him down. The communists saw it as another victory for Labor and, therefore, for the Party.

By the conclusion of the 1926 convention, Halonen reported to the Party leaders, pro-CP cooperators had convinced the rank-and-file delegates of their good intentions.²⁸⁷ Even the Franklin delegation, which had been so concerned about the leftist influence of the CP members at the NSCL convention the previous summer, he said, admitted "that this congress has been a big revelation," and they had come to see the communists as "regular fellows." In a final triumph, even Warbasse was "compelled to admit in his speech at the end that these 'terrible Finns' are real co-operators" and had been "diplomatic".²⁸⁸ "In some other organization this

²⁸⁶ "Proceedings of the Fifth Congress of the Co-operative League, Nov. 4, 5, 6, 1926," 10-11, 5th Cooperative Congress CLUSA 1926 & 6th 1928, Cooperative League of the U. S. A. Collection, Wisconsin Historical Society, Madison, WI; "Letter to Ruthenberg from Halonen, November 7, 1926," Records of the Communist Party of the United States of America, 1914-1944, Opus 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.

²⁸⁷ According to Halonen's letter, the CP cooperative delegates had considered submitting another resolution regarding official recognition of Russia. However, after the fight broke out regarding the NSCL resolution, the members decided it was not a good time to raise the issue of Russia. In hindsight, Halonen and others realized they were right to refrain. Had they proposed it they believed that it could have been used against them. "Letter to Ruthenberg from Halonen, November 7, 1926," Records of the Communist Party of the United States of America, 1914-1944, Opus 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.; "Confidential Report to the CEC of the WPA of the Cooperative Section of CI of the 5th Cooperative Congress of CLUSA," Records of the Communist Party of the United States of America, 1914-1944 Opus 1, Reel 59, Delo 821, Library of Congress Manuscript Division, Washington, D.C.

²⁸⁸ "Letter to Ruthenberg from Halonen, November 7, 1926," Records of the Communist Party of the United States of America, 1914-1944, Opus 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.;

result would not be much,” Halonen admitted. “But when we know what this movement has been, what its League has been, we consider it a big victory, won without being isolated and averting even talk of a split.”²⁸⁹ The communist cooperators savored their success, despite the fact that their victory ensured the least amount of change possible.²⁹⁰

PROBLEMS CONTINUE FOR HALONEN

Right after the convention, however, Halonen found himself enmeshed in an internal problem. Oliver Carlson, a CP member who once served as the national organizer for the Young Communist League of America,²⁹¹ and who had just been appointed as the founding educational director for the Cooperative Trading Company in Waukegan, Illinois (a cooperative formed by left-leaning Finns in 1911), wrote an article for the *Daily Worker* reporting what took place at the recent Cooperative League convention. The article, which Carlson failed to send to the Steering Committee of the Communist Fraction of the Cooperative Congress for vetting, identified which cooperatives pro-CP cooperative members ran and which they did not. Committee members, including Halonen, were livid; Carlson had exposed communists within the cooperative movement. In response, they issued a letter of reprimand declaring, “We are unanimously of the opinion that thru [sic] your signed article in the *Daily Worker*...you committed suicide as a co-operative worker among non-communist co-operatives.”²⁹² By identifying fellow CP loyalists, Carlson had jeopardized the Party’s work. “You have to take into consideration that the co-

“Proceedings of the Fifth Congress of the Co-operative League, Nov. 4, 5, 6, 1926,” 22, 25-26, Cooperative League of the U. S. A. Papers, Wisconsin Historical Society, Madison, WI. WHS.

²⁸⁹ “Letter to Ruthenberg from Halonen, November 7, 1926,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.

²⁹⁰ “Confidential Report to the CEC of the WPA of the Cooperative Section of CI of the 5th Cooperative Congress of CLUSA,” Records of the Communist Party of the United States of America, 1914-1944 Opis 1, Reel 59, Delo 821, Library of Congress Manuscript Division, Washington, D.C.

²⁹¹ www.marxisthistory.org/subject/usa/eam/ycleague.html 2/12/2008. Original information came from “H. Edwards” [Oliver Carlson], Report to 2nd World Congress of YCL, “NARA M-1085, reel 939, doc. 122.

²⁹² Emphasis original to text.

operative movement in America is still in a nebulous state of formation,” they explained.²⁹³ To successfully advance the CP’s agenda, organizers needed to move slowly and build the movement from the ground up. Carlson argued the Party should take over the cooperative movement as soon as possible. Exasperated, the steering committee members berated Carlson: “There are hundreds of co-operatives which are outside of CLUSA. They are afraid to join the League, even when Dr. Warbasse is in control. Do you think that the chances to get them into the movement are better when we openly proclaim that the communists are in control? Do you think that the non-communist societies who are members, and who sent delegates, will fall in love with us, when we openly state through what tactics the communist leadership was able to control the [League conference]?”²⁹⁴ The letter concluded by suggesting Carlson take their criticisms seriously and warned that if he disagreed with their position, they would involve the Central Executive Committee (CEC) of the WPA. Unbowed, Carlson rejected their position and challenged the committee to go ahead and escalate the matter to the CEC. While Workers’ Party chief Ruthenberg ultimately agreed with Halonen’s committee, the CEC nevertheless invited Carlson to submit his ideas about how the CP should take control of the cooperative

²⁹³ “Letter to Oliver Carlson of the Cooperative Trading Company in Waukegan, Ill from The Steering Committee of the Communist Fraction of the Co-operative Congress, O. Corgan, G. Halonen, H.V. Nurmi, E. Ronn, M. Tenhunen and signed by George Halonen, November 16, 1926,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.

²⁹⁴ Ibid.

movement.²⁹⁵ Carlson replied that part of the problem rested with the vagueness of the Party's directives regarding cooperation and asked Ruthenberg for more guidance. Ruthenberg deferred explaining that Halonen was handling everything, prompting Carlson to retort that putting the future of the CP and the cooperative movement in Halonen's hands was a mistake. He criticized Halonen's penchant for compromises, condemned him and the party for tiptoeing when everyone knew who was a communist and who was not, and insisted the Party take the cooperative movement more seriously. "[A]s a result of the experiences [at the Cooperative League conference] I am firmly convinced that the Party must pay far more attention to the policy and tactics to be pursued within the Co-operatives," Carlson warned. "Some of the actions and speeches made by our comrades in our fraction meetings indicate to me, at least, a serious right danger, which if permitted to continue without correction will lead not to our Party 'capturing' the Co-operatives, but rather to the Co-operatives 'capturing' us."²⁹⁶ In his own defense, Halonen countered that "Com. Carlson's statement, that our 'tone and tenor' was 'Hush, hush...try to deny that you are a communist,' is pure nonsense. Com. Carlson," he wrote, "simply did not know what was going on." The strength of the communists at the congress



Figure 50 - V. S. Alanne
["Leaders," *Cooperation* XX, no. 1
(January 1934): 3]

²⁹⁵ Ruthenberg said that the two editors who should have caught the letter before it was printed had been away on speaking tours. Ruthenberg suggested to Halonen that he write an article for the *Daily Worker* focusing on how the CP was pleased with the cooperative movement's support of the labor movement and Halonen did so. See "Letter to Oliver Carlson of the Cooperative Trading Company in Waukegan, Ill from The Steering Committee of the Communist Fraction of the Co-operative Congress, O. Corgan, G. Halonen, H.V. Nurmi, E. Ronn, M. Tenhunen and signed by George Halonen, November 16, 1926," Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 51, Delo 721, Library of Congress Manuscript Division, Washington, D.C.

²⁹⁶ George Halonen, "Report to C.E.C. of W(C)PA on Co-operative Congress, November 24, 1926," Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 59, Delo 821, Library of Congress Manuscript Division, Washington, D.C.

“intoxicated him so that he did not understand the real situation,” accused Halonen. “It seems that he would have wanted us to holler communism like the salvation army [sic] preachers, whose every second word is glory hallelujah!”²⁹⁷ Halonen reiterated that the Party’s approach in the cooperative movement was to make sure not to alienate anyone on the fence so that they might be open in the future to the communist perspective.

Halonen pushed, sending Carlson “proof” that his article had damaged the CP’s efforts in the cooperative movement and accused Carlson of red baiting.²⁹⁸ His evidence was an article written by Vieno Severi Alanne²⁹⁹ in the December 1926 edition of *Northern States Cooperator Magazine*, in which Alanne, Executive Secretary of the Northern States Cooperative League, reported growing division among cooperators in the wake of the Fifth Cooperative Congress in November and Carlson’s article in the *Daily Worker*. He identified two distinct camps within the movement: a “right” wing of people who believed cooperatives should affiliate with no political party, and a “left” wing that believed that cooperatives should affiliate with a single party, namely, the CP.³⁰⁰ Alanne sided with the right wing despite his historic connections with socialism, and argued the cooperation was a movement in and of itself and should not affiliate

²⁹⁷ George Halonen et. al., “To C.E.C. of W(C)PA, Answer to Com. Carleson’s Criticism of the Policy and Tactics pursued at the Co-operative Congress,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 59, Delo 821, Library of Congress Manuscript Division, Washington, D.C.

²⁹⁸ Ibid.

²⁹⁹ Vieno Severi Alanne served as the Executive Secretary of the Northern States Cooperative League from 1922-1937. *Cooperation* XIV, no. 10 (October 1928): 191; “Consumers’ Cooperatives in Action,” *Consumers’ Cooperation* XXIII, no. 11 (November 1937): 174. He was born in Hämeenlinna, Finland on October 23, 1879. Before immigrating to the United States he earned a degree in Chemical Engineering and studied Organic Chemistry in post graduate work. According to a brief biography of him in the January 1934 edition of *Cooperation*, while studying socialism, Alanne’s attention turned to Cooperation. He became active in the Cooperative movement in 1920. He served as the Educational Director for the Cooperative Central Exchange as well as Franklin Cooperative Creamery Association. *Cooperation* XIV, no. 10 (October 1928): 191. Alanne explains “my views have gradually developed from that of a Socialist-Cooperator and Communist-Cooperator toward that of a ‘Cooperatorist’, with strong working-class (Socialist) leanings.” His two children became involved in the movement as well – his son as a “junior auditor” for the CCW and his daughter as a cooperative stenographer. He was described in another article in *Cooperation* as short and stocky with a well-groomed mustache and “always good-humored.” “Leaders,” *Cooperation* XX, no. 1 (January 1934): 3.

³⁰⁰ The right wing, in the case of the cooperatives, did not mean conservative but rather was more defined as anti-CP.

with others, even if it did sometimes solicit assistance from groups with similar interests. Alanne invoked the lessons of 19th-century cooperatives, and pointed out that while many worked toward similar goals, the contemporary movement must stand on its own and not be dominated. He vowed to do his part to see that it remained politically independent and ensure that the Northern States Cooperative League “not be contaminated by an element which has not become sufficiently Americanized to allow them to fully understand the peculiar requirements of an American movement.”³⁰¹ He continued the nativist attack against the CP by asserting that those who attended the convention and advocated not remaining neutral had “developed a certain psychology of their own that greatly differs from the psychology prevailing among the Americanized sections of our movement.”³⁰² Although Alanne himself was a Finnish immigrant with previous socialist ties, he represented a significant faction of the cooperative mindset that grew increasingly centrist.³⁰³ Cooperators like Alanne identified with the working class but argued that cooperatives existed for all consumers, while the CP believed they served specifically the working class – a clear division in philosophy.

But Halonen’s problems did not end with Alanne. In another article, J.D. Dahlstrom, a career cooperator, who graduated from the NSCL Training School in 1927 and thereafter managed several stores in Minnesota, questioned whether or not the working class itself should be affiliated with one political party.³⁰⁴ “Do the workers, as a class, belong to a certain political party or to a certain church? Of course, they do not. Or does [sic] the majority of the workers

³⁰¹ V.S.A., “Reflections on the Fifth Cooperative Congress,” *Northern States Cooperator* II (December 1926), Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 59, Delo 821, Library of Congress Manuscript Division, Washington, D.C.

³⁰² V.S.A., “Reflections on the Fifth Cooperative Congress,” *Northern States Cooperator* II (December 1926), Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 59, Delo 821, Library of Congress Manuscript Division, Washington, D.C.

³⁰³ See *fn* 299.

³⁰⁴ “Miscellaneous News Items,” *Cooperation* XV, no. 1 (January 1929): 9; “News from the Field” *Cooperation* XV, no. 3 (March 1929): 51.

belong to the same political party or religious denomination? Again the answer must be: no! ...Especially is this the case in America...” Dahlstrom concluded by arguing that cooperators should wait to affiliate politically until they could form their own cooperative party.³⁰⁵ Again, Halonen blamed Carlson for sowing dissension with this premature public discussion of the Party’s activity within the cooperative movement. The underlying problem, not fully articulated by anyone at the time, was that cooperation encompassed a diverse population with diverse interests. As groups like the Communist Party worked to undermine the local character of the various cooperatives in order to advance its political agenda, many cooperative members reacted defensively.

IT WAS JUST THE BEGINNING

During the next three years, between 1927 and 1930, the internal CPUSA debate and the CLUSA’s efforts to diminish the communist influence on the cooperative movement grew more heated. The tensions forced all sides to muse openly about the future of both the individual co-ops and the movement’s national aspirations.

Halonen had warned his comrades that as the CP exposed itself to the cooperatives, a backlash by CLUSA would be inevitable. He pointed out that at the controversial 1926 convention CLUSA leaders had allegedly met secretly to plot how to expel the Central Cooperative Exchange and its member societies, which had many communist party members. They failed, explained Halonen, only because the CCE had already “gained the confidence of the

³⁰⁵ J. D. Dahlstrom, “What Should Our Co-operative Policy Be?” *Northern States Cooperator* II (December 1926); Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 59, Delo 821, Library of Congress Manuscript Division, Washington, D.C.

majority of delegates.”³⁰⁶ The CLUSA leaders also sought to diminish CP control in the northern states by trying to force a reorganization of the Northern States Cooperative League, which like the CCE had many communist members.

To thwart Warbasse’s actions, the communist Cooperative Fraction met and drafted a letter to CLUSA’s board members asking them to withhold their decision about supporting a reorganization of the NSCL until the NSCL had an opportunity to state its own position on the matter; they granted the request. The NSCL board decided that the best way to avoid a forced reorganization was to demonstrate the sort of unity among its members that the League leadership claimed did not exist and therefore necessitated reorganization. Since the primary complaints against the communists revolved around their lack of neutrality and interest in making the cooperative movement a subsidiary of the Worker’s Party, they drafted what they called a “Unity Resolution” stipulating that, as long as the movement supported working-class political parties in general, the organization itself would remain neutral. “[T]he co-operative movement should seek co-operation of all workers’ and farmers’ movements,” it stated. “[T]his does not mean that the co-operative movement should be a ‘one-party-affair,’ but being an organization composed of all kinds of different opinions, the movement must be neutral towards these different parties.”³⁰⁷ The CLUSA board unanimously adopted the resolution and Halonen reported to Party leaders that the League’s attempt to split up the NSCL had been thwarted: “We are sure that for that time being, there will be no question about expelling the communists from the national organization. Our tactics made them weaponless and too weak to press this subject

³⁰⁶ “Confidential Report on the Co-operative Work of the C.E.C. of the W.(C).P. of A. and the Co-operative Section of the C. I., April 22, 1927,” Records of the Communist Party of the United States of America, 1914-1944, Opus 1, Reel 83, Delo 1112, Library of Congress Manuscript Division, Washington, D.C.

³⁰⁷ The resolution went on to say that no one in the NSCL should engage in personal attacks publicly. Furthermore, any articles that might be controversial should be submitted to a special committee elected by the NSCL board before publication.

further... We may say that the first organized attempt in the history of American Co-operative Movement to expel communists from the organization was a failure, and that through this controversy we gained new sympathizers, strength, and learned valuable tactical lessons.”³⁰⁸

The NSCL’s Unity Resolution did not, however, put an end to concerns among communist cooperators that other challenges would emerge to threaten their ambition to direct the future of the cooperative movement. Just over a year later, in March 1928, members of the Franklin Cooperative Creamery Association, still uneasy about the perceived threat of undue communist influence, collaborated with the Consumers Cooperative Services of New York (CCS), on a new resolution requesting that *individual* cooperatives within CLUSA pledge to maintain political neutrality. This was a significant step beyond any of the previous resolutions, because it effectively dictated terms to which the individual co-ops should adhere, rather than simply clarify the policy of that of a national or regional confederation. The resolution established that in regards to the practical application of cooperative principles (mainly economic), all cooperators agreed. Cooperators also seemed to concur about the need to reclaim democratic hegemony in the United States (arguing that big business had too much of a hand in government). It verified the logic of eliminating private profit from trade and commerce. And it concluded, “It is only when one or another group of members tries to commit the entire membership to the support or endorsement of some outside organization or to some other philosophy that we split.”³⁰⁹ The League leadership readily concurred with the proposal, arguing that neutrality was in the best interest of the cooperatives and the movement as a whole, following the legacy of the Rochdale cooperators in the previous century.

³⁰⁸ “Confidential Report on the Co-operative Work in the U.S.A. to the C.E.C. of the W.(C) P. of A. and the Co-operative Section of the C.I., April, 22, 1927” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 83, Delo 1112, Library of Congress Manuscript Division, Washington, D.C.

³⁰⁹ “A Referendum to Societies Affiliated With the League,” *Cooperation* XIV, no. 6 (June 1928): 113-114.

The resolution proposed by the Franklin Creamery and the New York CCS was intended to stop attempts by certain factions of the cooperative membership from “trying to jam through any resolutions committing the entire membership to doctrines in which only a part of the membership believes.” It aimed “to put a stop to this growing tendency toward sectionalism... which would give us in America two consumers’ cooperative federations.”³¹⁰ The CLUSA Directors were not unanimous, but a majority (12 of 17) voted in favor and the resolution passed. Four of the five dissenters were CP members: Eskel Ronn, O.E. Saari, A. Wirkkula and Matti Tenhunen. While Wirkkula, General Manager of the Eastern Cooperative Wholesale, made no comment, Ronn, Manager of the Cooperative Central Exchange, called the matter foolish and said that the cooperators should not hide from controversy. “The Cooperative Movement is not a Sunday-school picnic, but a fighting movement in the interest of the large masses of toilers in the industries and tillers of the soil,” he complained. “To say that these masses have not the right in their own movement to discuss their vital problems without being dictated to by the Board... simply means throttling the life out of the movement. I am for a real movement with a courage to tackle with the realities of life and therefore I disapprove of the resolution.” Saari, a cooperator from Norwood, Massachusetts, dismissed the resolution, saying it would not protect the movement from controversy. And Tenhunen, a member of the Central Cooperative Exchange, asserted that it represented an attempt to nullify the previous resolution that had affirmed the cooperative movement’s ties to the labor movement; it threatened the democratic tenor of cooperation, he warned.

³¹⁰ Cedric Long, “How May Disruptive Controversies in The League Be Avoided?” *Cooperation* XIV, no. 6 (June 1928): 107-108. Resolution “RESOLVED that in the interest of harmony and unity, The Cooperative League hereby directs, by action of its constituent societies, the exclusion from discussion at its congresses of these two fields of divisive, controversial opinion: 1. Communist, Socialist, and other political or economic theories, 2. The attitude cooperators and the cooperative movement should take toward such other political or economic programs and movements. AND BE IT FURTHER RESOLVED that the Board of Directors be authorized and instructed to apply this resolution and to define what constitutes such divisive or controversial discussion.” *Cooperation* XIV, no. 6 (June 1928): 114.

The range of responses in favor of the resolution indicates the issue was far from resolved among the majority either. V.S. Alanne, who had decried communist influence in 1926, qualified his approval with the caveat that it should be only a temporary precaution; as soon as the “present crisis” passed, controversial discussions should be once again welcomed. Alanne’s conditions suggest a fear that the cooperative movement might be derailed not only by the designs of the CP, but by those of the CLUSA as well. Alanne would resign as NSCL Executive Secretary later that same year, because he believed CP agitators had sown divisions within the ranks. Their presence and actions, he argued, were not only leading the movement toward a split but also scaring away potential new “American” cooperators from joining. Alanne felt he could do nothing to combat the problem in his region since communists largely staffed the CCE, the wholesale in his NSCL district.³¹¹

J.H. Walker, president of the Illinois Federation of Labor, showed the most enthusiasm for the resolution. He even wanted to go a step further, arguing, “The League should have the right to discuss and act on political matters to the extent of having the right to eliminate from its membership communists and fascists.” He knew from experience, “that [the communists] have for their purpose the destruction of every movement that means betterment of the workers, except the communist or fascist movements, through which they expect to usher in through revolution, a dictatorship, establish a despotic rule of the Proletariat, giving executives whom they select the same powers as the Czar had during his regime.”³¹²

By November 1928, at the next CLUSA conference, Warbasse quietly asked CP members to leave the movement in a purportedly “friendly way.” Failing at that, Warbasse

³¹¹ “Report on the Convention of the Northern States Co-operative League, 1928,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 104, Delo 1370, Library of Congress Manuscript Division, Washington, D.C.

³¹² “A Referendum to Societies Affiliated With the League,” *Cooperation* XIV, no. 6 (June 1928): 113-116.

became increasingly agitated by their attempts to challenge his authority, clashing with communist delegates several times during the conference. CP members tried to diminish Warbasse's long-standing authority to appoint various committee members; accusing him of being undemocratic, insisted delegates be empowered to vote on committee membership. The communists proposed several amendments to that effect but each failed in sometimes close votes. Their final attempt to gain leverage occurred during a discussion of which delegates would be chosen to attend the next International Cooperative Alliance (ICA) meeting, to be held in 1930. Traditionally, the Board of Directors chose these delegates. But now the CP delegates suggested members of the Congress elect the delegates. A heated debate ensued, ending with Warbasse declaring that if the decision was not left up to the Board, then the League had reached a point where it must split.³¹³

Faced with an ultimatum, the communists huddled outside the meeting room to work out their response. They knew they would remain relatively isolated beyond the mostly Finnish cooperatives of the upper Midwest until they could suppress anti-communist sentiments and infiltrate the "American" cooperatives more successfully. As they had done before, the CP members determined the best way to avoid a schism, ease their isolation and reaffirm their commitment to building a unified, democratic working-class cooperative movement was to compromise. But meanwhile, the greater Cooperative Congress delegates had voted in favor of the CP recommendation that delegates should have the right to vote on the ICA representatives. Still deliberating over their response to Warbasse, the communists missed that vote; but they quickly issued a statement claiming that some of them had refrained from voting on the ICA issue because the tenor of Warbasse's speech made them worry about the consequences if such a

³¹³ "Sixth Co-operative Congress of the Co-operative League of the USA Report to the C.E.C. of W.C.P. and the Co-operative Section of C.I.," Records of the Communist Party of the United States of America, 1914-1944, Opus 1, Reel 130, Delo 1693, Library of Congress Manuscript Division, Washington D.C.

measure proceeded. They portrayed themselves in a good light, as members more interested in preserving the movement than procedural matters. Warbasse responded to the ploy with anger and declared that a split was imminent. Outgunned, the CP cooperators backed down and the conference ended without major incident.³¹⁴

IN-FIGHTING

While Halonen was preoccupied putting out fires set by CLUSA leaders and “right-wing” cooperators, he found himself increasingly criticized within CPUSA ranks. Fellow Party members labeled as bourgeois his 1926 “Unity Resolution.”³¹⁵ They accused Eskel Ronn, fellow CP cooperator and manager of the CCE, of betraying bourgeois tendencies when he accepted an invitation to a 1926 reception hosted by the Chamber of Commerce in honor of President Calvin Coolidge. Ronn justified his behavior by explaining it had been better to accept the invitation than refuse, cause a stir, and thereby draw unwanted scrutiny of communists within the cooperative movement. Like his ally Halonen, Ronn believed communists must operate delicately in order to avoid isolation. But despite his familiar defense, the CP expelled him.³¹⁶

³¹⁴ Ibid. Also see The Delegates of the Central Co-operative Exchange, “Statement to the Co-operative Congress,” *The Proceedings of the Sixth Congress of the Cooperative League of the U.S.A.* Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI; “Report of Voting on Resolution Initiated by Franklin Cooperative Creamery Association and Consumers Cooperative Services in May, 1928,” *Cooperation* XIV, no. 11 (November 1928): 216-217.

³¹⁵ “Plan of Campaign Against the Right Wing in the Co-operative Movement,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 83, Delo 1112, Library of Congress Manuscript Division, Washington D.C.

³¹⁶ Eskel Ronn was the Manager of the CCE from 1922. According to the October 1926 edition of *Co-operation* during that time (between 1922 and 1926) he managed to increase annual sales of the CCE from approximately \$200,000 to approximately one million. He also served as a Director for the Northern States Cooperative League since its organization and as a Director of the Co-operative League since January 1925. *Co-operation* XII, no. 11 (November 1926): 204; “Statement of the Co-operative Fraction Committee on Com. Ronn’s Case,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1 Reel 36, Delo 535, Library of Congress Manuscript Division, Washington, D.C.

That same year, under pressure from the Party to be more aggressive, pro-CP cooperators agitated to send their own delegates to the ICA conferences in Moscow and Stockholm. Halonen balked and questioned how he could justify the additional expense of sending communist representatives to supplement the official League delegation. The greater cooperative



Figure 51 - Eskel Ronn and Matti Tenhunen, “Fifth Co-operative Congress,” [*Co-operation* XII, no. 11 (November 1926): 204.]

community would have to be levied for funds, unless the Communist Party could pick up the costs. And an overt appeal for such financial assistance would make the CP presence in the movement that much more obvious, Halonen reasoned.³¹⁷ Matti Tenhunen,³¹⁸ another Finnish cooperator and ardent communist -- he was one of the official delegates at the founding convention of the Worker’s Party of America in 1921 as well as president of the CCE and a CLUSA director), concurred with Halonen and Ronn that the CP should tread carefully within the cooperative movement. He went even

further, directly criticizing the WPA leadership for failing to lead the cooperatives effectively

³¹⁷ George Halonen to Ruthenberg, January 4, 1926, Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 51. Delo 721, Library of Congress Manuscript Division, Washington, D.C.

³¹⁸ Matti Tenhunen served as the President of the Cooperative Central Exchange since its organization in 1917; functioned as the manager of the Työmies Publishing Company for more than twelve years (described as a “labor paper co-operatively owned”); and became a Director of the Cooperative League in 1925. See *Co-operation* XII, no. 11 (October 1926): 204. From “Twenty-five Years of Co-operation in Superior, Wisconsin. The Story of the People’s Co-operative Society,” Author unknown, article published in 1940, article found via The Genealogical Society of Finland (<http://www.genealogia.fi/emi/art/article296e.htm> on 12/11/2004) -- Tenhunen was an original founder and member of the first board of directors of the People’s Co-operative Society in Superior, WI. A local Finnish-American community formed it on January 24, 1915. Tenhunen was also one of 94 official delegates at the convention that officially formed the Workers Party of America in NY in December 1921 see Auvo Kostiainen, *The Forging of Finnish-American Communism, 1917-1924* (Finland: Turin Yliopisto, 1978).

and accusing them of being cliquish and power-hungry. He admonished them for allowing factional struggles to persist and for punishing CP members brave enough to criticize the leaders, saying it “destroys the best progress of the Party”. Even when the Party claimed to seek the opinions of its members, Tenhunen complained that those opinions rarely mattered. “When have our higher Party organs ever arranged for our membership discussion meetings and participation in decisions so that the opinion of the membership had been truly desired?” he asked. “Haven’t they always been arranged around some political resolution needed by the leadership, which resolution has been necessary as a proof to the CI [Communist International] of the strong support of the membership – and all methods available, all the way to trickery and hiding of actual facts, used to secure that strong support[?]”³¹⁹ As for the cooperative movement itself, Tenhunen found that the Party simply disregarded it. Luckily, however, comrades active with the cooperatives nevertheless managed to do well and were gaining ground. It was the more impatient party members – those who considered the centrist approach too passive – who Tenhunen claimed stymied their progress. The only effect of their agitation, he complained, was that communist cooperators were forced to waste valuable time explaining themselves to the Party.³²⁰ Tenhunen, Halonen and Ronn had not persuaded Communist Party leaders to suppress negative accusations hurled at the CLUSA by other communists. Instead, the CP pushed for more aggressive action on the part of U.S. members, including those in the cooperative movement.³²¹

³¹⁹ Matti Tenhunen, “Statement in View of the Situation in the Workers Party,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 119, Delo 1567, Library of Congress Manuscript Division, Washington, D.C.

³²⁰ Matti Tenhunen, “Statement in View of the Situation in the Workers Party,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 119, Delo 1567, Library of Congress Manuscript Division, Washington, D.C.; “To CI Rep. NYC. Feb. 20, 1929,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 119, Delo 1562, Library of Congress Manuscript Division, Washington, D.C.

³²¹ “Dear Comrades, March 5, 1929,” Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 119, Delo 1567, Library of Congress Manuscript Division, Washington, D.C.

Criticism of CP efforts with cooperatives continued to mount. Karl Reeve (District 9 Organizer for the WPA, and a 1930 Minnesota gubernatorial candidate), for example, listed the various ways in which communist cooperators were failing in a report he submitted to the Communist Party sometime in late 1929.³²² He cited Ronn's "bourgeois" concession to the Chamber of Commerce and President Coolidge; Tenhunan's refusal to take Warbasse to task for the CLUSA's lack of support for the USSR; Halonen's drift away from publishing working-class



Figure 52 – [First Yearbook The Cooperative League of the U.S. of America, (New York: Cooperative League, 1930), 352.]

articles in the *Builder* and his inability to get a Chisholm, Minnesota co-op manager to remove a Boy Scout poster from a store window; and the audacity of a co-op store to put up, without protest from Halonen or anyone else within the cooperative movement, both Democratic and Republican party ads in its windows.³²³ And if that were not enough, Reeve reported hearing that the Central Cooperative Exchange planned to get rid of the "Hammer and Sickle" label associated with communism from its packaged goods and replace it with the twin pines emblem of the Cooperative League of the USA. The cooperatives, he argued, had become more focused on business and compromise than on

³²² The report is undated in the Communist Party records but two things indicate that this report was submitted in late 1929. For one, Reeve mentions specific activities in earlier 1929 and then also mentions the upcoming CLUSA conference in October 1930. Additionally, within the CP records is a letter from Max Berdacht to William Weinstone, then living in Moscow, dated November 19, 1929. That letter is a summary of the information Reeve provided in the report. See To Weinstone from Berdacht, November 19, 1929, Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 119, Delo 1567, Library of Congress Manuscript Division, Washington, D.C.

³²³ Karl Reeve, "The Struggle Against the Halonen Opportunists," Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 161, Delo 2120, Library of Congress Manuscript Division, Washington, D.C.

class struggle and the Party's agenda.³²⁴

In response to accusations of right-wing activity like this, Party leaders warned party functionaries who were not doing their jobs properly that more serious members interested in furthering the working-class agenda would replace them. Specifically, they asked Halonen to give up his leadership role in the Party's efforts to take over the cooperative movement. He stubbornly refused, arguing that only his approach would enable communists to sustain a meaningful connection to the cooperatives. The Party's



Figure 53 - With permission from the Carlton County Historical Society, Cloquet, MN.

status within the movement was tenuous and therefore required them to move slowly. He suggested subtle tactics that would further the working-class cause, without jeopardizing future options. They could, for example, promote and sell Red Star coffee and urge discussion in cooperative publications and meetings of the ways in which private stores rob the working class. They could also establish cooperatives in areas of notorious capitalist exploitation such as Gastonia, North Carolina, where the recent Loray Mill Strike epitomized workers' embattled condition. It would take time for the true merits of communism to imbue and be accepted by a majority of cooperative societies. For all of these reasons Halonen refused to resign from his position or accept any punishment the Party might mete out. Halonen further warned CP leaders that if they chose to expel him, it would split the cooperative movement.³²⁵

³²⁴ Ibid.; To Weinstone from Berdacht, November 19, 1929, Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 119, Delo 1567, Library of Congress Manuscript Division, Washington, D.C.

³²⁵ Karl Reeve, "The Struggle Against the Halonen Opportunists," Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 161, Delo 2120, Library of Congress Manuscript Division, Washington, D.C.

THE SPLIT

In July 1929, leaders of the Workers' Party of America quietly requested the Central Cooperative Exchange to grant the organization a loan of \$5,000.³²⁶ The cash-strapped WPA truly needed the funds, but its leaders also sought to test how dedicated CCE members were to the communist cause. The Cooperative Fraction Committee denied the loan and managed to keep the request itself a secret for several months.³²⁷ Party leaders interpreted the rejection as tantamount to open rebellion on the part of Halonen and his ilk and they finally expelled him from the Party altogether. The WPA, under the illusion that it had real power over the cooperatives, also demanded Halonen be fired from his positions at the CCE, but the CCE Board refused.³²⁸ In November, word of the CP loan request somehow became general knowledge among members of the CLUSA and confirmed latent suspicions that the communists had long harbored designs to seize control of the cooperative movement.³²⁹

Such confirmation of the CPs intentions served to exacerbate the growing rift between those who supported the Party and those who did not. Over the next several months the partisans fought it out in the cooperative newspapers. In the midst of all the strife, the CCE board members, according to historian Michael Karni, "posed as the injured innocent, unable to understand why former friends of the cooperative movement, the communists, now seemed bent on ruling the movement or ruining it."³³⁰ The CCE tried to offer a middle ground, Karni explains, by arguing that there was room for anyone willing to fight the exploitation of

³²⁶ Michael G. Karni "Struggle on the Cooperative Front: The Separation of Central Cooperative Wholesale from Communism, 1929-1930," in *The Finnish Experience in the Western Great Lakes Region: New Perspectives* eds. Michael Karni et. al. (Turku, Finland: Institute for Migration, 1975), 187, 195.

³²⁷ According to historian Michael Karni, the issue did not emerge in the CCE Board minutes until October.

³²⁸ Karni, "Struggle on the Cooperative Front," 195.

³²⁹ Puro to Heikkinen and Wick, November 30, 1929," Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 119, Delo 1567, Library of Congress Manuscript Division, Washington, D.C.; Board of Directors of the Co-operative Central Exchange, "The Unity of Our Movement in Danger," *Co-operative Pyramid Builder* IV, no. 11 (November 1929): 323-325.

³³⁰ Karni, "Struggle on the Cooperative Front," 195.

capitalism, as long as they allowed the movement itself to remain politically neutral.

Meanwhile, the communists accused Halonen and his followers of selling out workers and being primarily interested in capitalist gain.³³¹ For Halonen, this marked the turning point; he could no longer support the Communist Party. In the future, he would make cooperation his life's work and align himself with Warbasse and the others he had previously denounced as centrist and bourgeois.

On November 27, 1929, these tensions erupted into a physical confrontation between the two sides, prompting the CCE to publicize its interpretation of the CP request for money in the next edition of the *Cooperative Pyramid Builder*. The planned article criticized the most strident

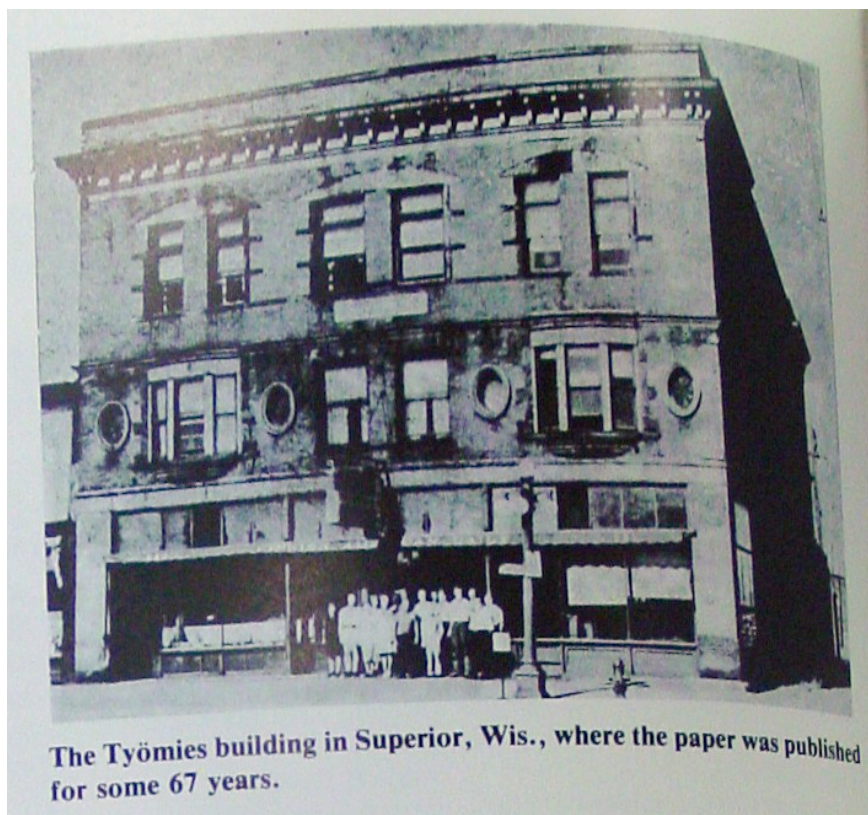


Figure 54 - Kerttu Van Ermen, "Hats Off to Työmies-Eteenpäin Senior Citizen!" [*Työmies-Eteenpäin* 85 1903-1988, Carlton County Historical Society, Cloquet, MN.]

local communist members and their organ *Työmies* ("The Worker"). When the *Työmies* board heard about the upcoming article, they tried to stop it, claiming they had asked to meet with the CCE Board in the hopes of working things out "peacefully and in accordance with the interests of the workers."

Other accounts claimed the

Työmies members broke into the *Builder* offices and tried to destroy the already printed-and-

³³¹ Karni, "Struggle on the Cooperative Front," 196.

bound copies; in truth, they managed to burn nearly half of them before CCE members arrived to stop them. Before it all ended, the two sides were brawling.³³²

Meanwhile WPA members sent a telegram to Moscow declaring that Tenhunen was openly criticizing the Party while Halonen organized fascist attacks against CP interests. Tenhunen and others also sent a telegram to Moscow asking for intervention because the local WPA leadership had refused to hear their side of the events.³³³ Despite attempts by both sides to limit the damage done to their reputations and relationships within communist circles, each succeeded in fracturing irreparably the communist commitment to cooperatives.

As the WPA was riven by these disputes, and despite an attempt by the Comintern to intervene, local cooperatives began to take sides.³³⁴ Almost half of the CCE's affiliated societies officially chose to align themselves either with or against the Communist Party. Of the forty-two that reported in their allegiance to the CCE by early January 1930, thirty-five societies representing 10,400 co-op members opted to stay with the CCE, while seven representing nine-hundred members sided with the CP.³³⁵ At the annual CCE convention in April 1930, seventy-five percent of the membership voted against aligning with the CP.³³⁶ And by August 1930, the CP acknowledged that the Cooperative movement would likely split into two factions. Party

³³² "The Communist Party resorts to Mob Violence" *Raivaaja* no. 278 (November 29, 1929).; "Statement of the Board of Directors..."; Puro to Heikkinen and Wick, November 30, 1929," Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 119, Delo 1567, Library of Congress Manuscript Division, Washington, D.C. See also "Secretary Voolo to the Komintern, Western Union Telegram, Dec. 22, 1929," and "Tenhunen, Kantola, and Rasi to Moscow, telegram," Records of the Communist Party of the United States of America, 1914-1944 Opis 1, Reel 119, Delo 1562, Library of Congress Manuscript Division, Washington, D.C.

³³³ "Western Union Telegram sent from NY by Secretary Voolo to the Komintern on Dec. 22, 1929," and "Tenhunen, Kantola, and Rasi to Moscow, telegram," Records of the Communist Party of the United States of America, 1914-1944 Opis 1, Reel 119, Delo 1567, Library of Congress Manuscript Division, Washington, D.C.

³³⁴ "Plan of Campaign Against the Right Wing of the Co-operative Movement," Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 130, Delo 1693, Library of Congress Manuscript Division, Washington, D.C.; "Announcements of the Co-op. Central Exchange No. 1" and "Extract of John Miller's Letter, November 18, 1929," Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 119, Delo 1567, Library of Congress Manuscript Division, Washington, D.C.

³³⁵ "Further Controversy at Superior," *Cooperation* XVI, no. 2 (February 1930): 26.

³³⁶ "Northern States Cooperative League," *Cooperation* XVI, no. 6 (June 1930): 111.

members forced out of local cooperatives vowed to form their own societies.³³⁷ In early October, Karl Reeve recommended the Executive Committee of the Communist Party allow the split to occur, with the expectation that more people would join the communist cooperatives than those of the CLUSA. Splitting from the larger cooperative movement, he assured them, would not isolate the CP members because their support was strong enough to withstand the blow.³³⁸

The issue came to a head at the end of November 1930, when the League held its seventh biennial conference. Reeve stood up to openly lambast Warbasse and his “followers,” then dramatically stormed out of the conference, taking his CP supporters with him. Their departure

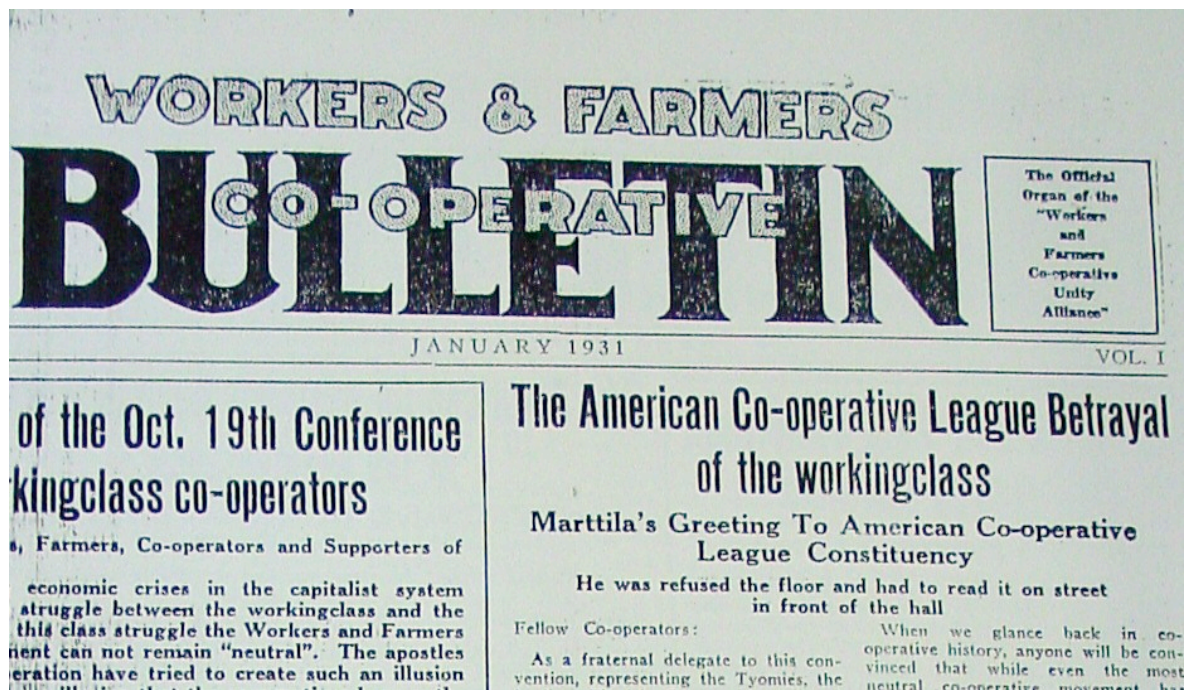


Figure 55 – [Workers & Farmers’ Co-operative Bulletin 1, no. 1 (January 1931), Carleton Historical Society, Cloquet, MN. This was the publication of the newly formed Workers and Farmers Co-operative Unity Alliance.]

³³⁷ "Letter to Puro from Martela, August 29, 1930," and "Minutes of the Cooperative Fraction Meeting, August 28," and "Letter to Comrade Puro from Karl Reeve, October 6, 1930," Records of the Communist Party of the United States of America, 1914-1944, Op. 1, Reel 154, Delo 2013, Library of Congress Manuscript Division, Washington, D.C.

³³⁸ "Letter to Comrade Puro from Karl Reeve, October 6, 1930," Records of the Communist Party of the United States of America, 1914-1944, Op. 1, Reel 154, Delo 2013 Library of Congress Manuscript Division, Washington, D.C.

led to the formation of the Workers and Farmers Cooperative Unity Alliance (WFCUA) – a centralizing co-op organization under the auspices of the CP. Communist cooperators considered it a rival to the League and hoped it would eventually displace CLUSA.³³⁹ In the

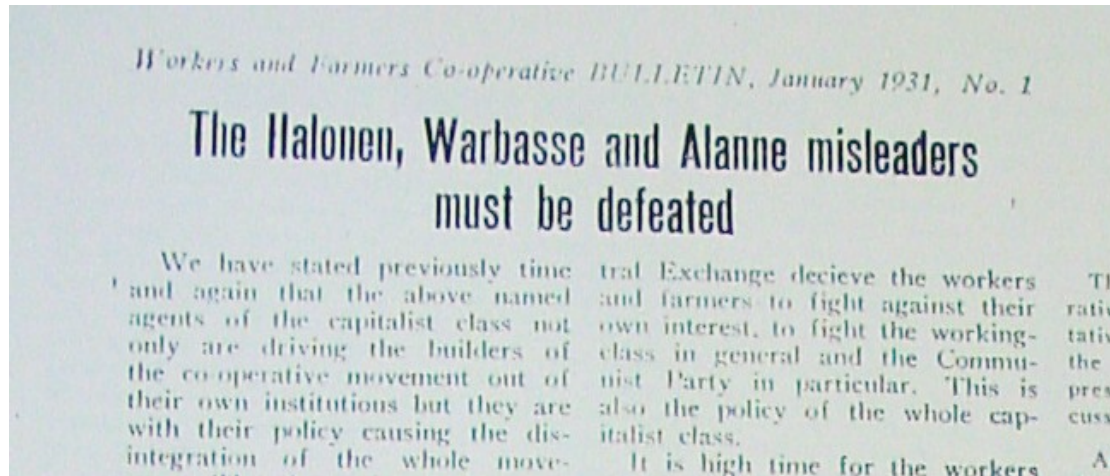


Figure 56 – [Workers & Farmers’ Co-operative Bulletin 1, no. 1 (January 1931), Carleton Historical Society, Cloquet, MN. This was the publication of the newly formed Workers and Farmers Co-operative Unity Alliance.]

short term, the WFCUA allowed the pro-CP co-ops to function as they had wished, unhindered by the CLUSA’s insistence on maintaining political neutrality. But eventually, it proved to be a fatal mistake for the Party’s hopes of influencing cooperatives in the U.S. The CP never gained the following that Reeve had predicted, and instead devoted nearly ten years of struggle to keeping their co-ops in line and financially viable.³⁴⁰

³³⁹ “Minutes of the Coop Conference of the CPUSA held in the Central Office during Central Committee Plenum, November 27, 1930” and “Resolution Adopted at Coop Conference, November 27, 1930,” and “Letter to all District Organizers from the Cooperative Department of the Central Committee of the CPUSA, December 24, 1930, Karl Reeve,” Records of the Communist Party of the United States of America, 1914-1944, Opus 1, Reel 154, Delo 2013 Library of Congress Manuscript Division, Washington, D.C.

³⁴⁰ For more information about the existence and subsequent failure of the WFCUA, see the “Minutes of the Workers & Farmers’ Co-operative Unity Alliance Fraction Buro Meeting,” dates from January 7th, 1931 through October 25, 1932 in the Records of the Communist Party of the United States of America, 1914-1944, Opus 1, Reel 195, Delo 2592 & Reel 235, Delo 3048, Library of Congress Manuscript Division, Washington, D.C.; “Minutes of the Workers’ and Farmers’ Co-operative Unity Alliance Executive Board Communist Fraction Meeting,” dates from September 19th, 1931 to March 18, 1936 in the Records of the Communist Party of the United States of America, 1914-1944, Opus 1, Reel 288, Delo 3719-3720 & Reel 305, Delo 4051 & Reel 260, Delo 3383, Library of Congress Manuscript Division, Washington, D.C.; “Letter from Matti Wiitala to the Executive Committee of the Communist International April 15, 1933,” Records of the Communist Party of the United States of America, 1914-1944, Opus 1, Reel 260, Delo 3383, Library of Congress Manuscript Division, Washington, D.C.; “Letter from Harju to All

The communists' departure from the Cooperative League marked a significant victory for Warbasse and the founders of the CLUSA. It clarified the goals of the national movement and in many ways validated CLUSA as the legitimate vanguard of cooperation. CLUSA could finally move ahead with its vision at the head of what could now really be identified as the American cooperative movement, rather than one tethered to Moscow's interests. The objective of moving the U.S. away from a capitalist system run by elites toward a truly democratic, consumer-managed commonwealth could now proceed without political distraction. Most cooperatives in the League endorsed the goal. Many sent organizers out to nearby towns to found new co-ops with the idea that the spread of cooperative practices would lay the foundation for a "new social order," one that would, in turn, strengthen local cooperative efforts.³⁴¹

But some still questioned whether the approach made sense. They feared national ambitions would threaten the existence of their individual, grassroots co-ops. In 1932, in response to discussions about establishing a national wholesale in Chicago, one cooperator (prophetically) warned that, "Anything in the organizational set-up that might work toward limiting or handicapping the freest development of consumers' cooperation either locally or on a district and national scale could not but lead to ultimate disaster."³⁴² Some local communities worried that if the movement excelled on the national level, it might lose touch with its base.

Communist Fractions in the Co-operatives February 23rd, 1934," and "Letter to the Central Co-operative Wholesale and all other Cooperatives from the Workers & Farmers' Cooperative Unity Alliance Executive Council, April 8th, 1933," and "Letter from WFCUA to Comrades July 18th 1934," Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 288, Delo 3719-3720, Library of Congress Manuscript Division, Washington, D.C.; "Mass Co-operative Company Statement on the Central Co-operative Wholesale Annual Meeting and the United Front by Bernhard Raisanen, President and Adolph Silta, Secretary of the Mass Cooperative Company," and "Letter to the Central Co-operative Wholesale Board of Directors from WFCUA March 20, 1936," Records of the Communist Party of the United States of America, 1914-1944, Opis 1, Reel 305, Delo 4051, Library of Congress Manuscript Division, Washington, D.C.; Turner, p. 217.

³⁴¹ This message is found throughout the cooperative literature. See for example, "Women's Co-operative Work," *Co-operative Pyramid Builder* 5 (October 1930): 5; "Cloquet Conference Urged to Support Work of the National Guild Committee" *Co-operative Builder* 8 (September 2, 1933): 7.

³⁴² "The Foundation Is All-Important," *Co-operative Builder* 7 (December 17, 1932): 4.

And to a certain extent, that is exactly what happened. In the end, the CLUSA gained the upper hand; but what neither it, nor the Communist Party, realized at the time was that nationalizing or centralizing the primarily local consumer cooperative efforts proved antithetical to how the cooperatives formed in the first place and actually pushed the cooperative movement into relative obscurity.

CHAPTER FIVE:

The Beginning and the End

“Where the members are ignorant or indifferent, there the co-operative will be deserted by them. Where directors are incapable of administering its affairs, there the co-operative will go on the rocks of dissension, mistrust and stagnation. Where employees lack co-operative integrity and technical ability, there the co-operative will experience the ills of incompetent management, false representation and inability of members to recognize the co-operative as their own. And where the sons and daughters of co-operators are allowed to drift away without receiving the education and inspiration whereby they also may seek a place in the movement, we may predict there the co-operative will ultimately fall prey to dry rot and anemia.”³⁴³

The 1930s ushered in a decade of great accomplishment for the cooperative movement. With fifteen years of organizational history and recruitment success behind it, and with the Communist Party no longer a threat, leaders of the Cooperative League of the USA grasped the moment and worked to extend their reach. The timing was fortunate: Cooperatives held a special appeal for consumers struggling with the hardships of the Great Depression. According to cooperative scholar Jack Shaffer, between World War I and World War II, “the U.S. cooperative movement moved toward becoming numerically one of the largest in the world.”³⁴⁴ According to Schaffer, at its height in 1945, the consumer-cooperative movement in the United States encompassed 9,100 stores with approximately 350,000 members.³⁴⁵ As interest in forming new cooperatives ballooned in the mid-1930s, some CLUSA leaders asserted that it was time for the League to shift strategy and prepare a nationalization campaign. These leaders, many of whom had not been around when the Cooperative League was formed in 1916 had a fresh vision of the

³⁴³ A.J. Hayes, “A Comprehensive Co-operative Education Program,” 12th Cooperative Congress 1940, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

³⁴⁴ Shaffer, 397.

³⁴⁵ Shaffer, 399. As I mentioned earlier in the dissertation, these numbers are difficult to confirm. Florence Parker claimed that in 1940 there were 2,175 Cooperative League affiliated societies with 1,116,000 members. What does not seem to be in dispute is that the height of the cooperative movement was in the 1940s and experienced decline in the 1950s. Parker, *The First 125 Years*, 164.

movement's future and believed that the time had come to make a concerted bid to expand the CLUSA's base and compete directly with the ever-expanding chain stores.

Among the new breed of cooperators were figures such as E. R. Bowen, a former farm-machinery executive, who became the General Secretary of the CLUSA in 1935. Murray D. Lincoln's first job after college was as an agricultural agent in Connecticut, traveling around the Northeast encouraging farmers to help each other by working cooperatively. He became a member of the Farm Bureau and in 1934 convinced its directors to join CLUSA; Lincoln became president of the League in 1941. Wallace J. Campbell graduated with a Master's Degree in sociology from the University of Oregon in 1934 and began working for the CLUSA, serving as Director of the New York and Washington offices from 1934 to 1960. Toward the end of World War II, Campbell recognized the enormous challenges Europeans would face in post-war period and proposed a program to send packages filled with useful supplies to needy communities. He developed the concept into what came to be known in 1945 as the Cooperative for American Relief Everywhere (CARE), serving as its president for eight years and a member of its Board of Directors for forty. Men like Bowen, Lincoln and Campbell, with experience in both for-profit businesses and consumer cooperation, became leaders in the League at a propitious moment in the movement's history and they seized the opportunity to redirect the CLUSA's agenda.³⁴⁶

The traditional ground-up approach of focusing on local societies had proved useful when the movement was in its infancy, they claimed, but times had changed and conditions were right for the movement to scale more efficiently in both structure and finances. Cooperatives would need to diminish regional and local differences and demonstrate a willingness to listen to top-

³⁴⁶ Davis Douthit, "Cooperative Missionary, Murray Danforth Lincoln," *Great American Cooperators*, 280-283, 565; Wolfgang Saxon, "Wallace J. Campbell, 87, a Founder of CARE," *New York Times*, 13 January 1998, US Section.

down directives in order to take cooperation to the national level.³⁴⁷ Their determination to centralize and grow the movement -- perhaps unavoidable given long-standing aspirations for cooperatives to compete decisively in the expanding retail market and enable even broader social change -- nevertheless proved to be a tactical error. In the end, cooperators would be denied an opportunity to celebrate the dawn of a cooperative commonwealth or even see cooperation become a viable threat to capitalist hegemony. The reorganization of the League and its strategy converged with similar, dramatic changes in U.S. political, social and economic conditions during the 1940s and 1950s, which estranged the cooperative movement from its roots in local communities and propelled it into decline. This chapter traces these changes and their consequences for the cooperative movement.

THE GOLDEN YEARS

Recovering from the organizational stumbles and political infighting of the first two years of the Depression, consumer cooperation began to expand and flourish around 1931, in part because economic necessity drove many Americans to seek alternatives to the devastated mainstream marketplace. Cooperatives promised not only financial relief for struggling communities, but also hinted at political and social solutions to what appeared to be a failed capitalist paradigm.³⁴⁸ Cooperatives offered essential goods at affordable prices, but without the

³⁴⁷ "Join National Directors Meeting -- Cooperative League, Cooperative Finance Association, National Cooperatives, January 30 -- February 1, 1946," Box 49, File National Directors' Meeting, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO; C. J. McLanahan, "A Proposal for a Method of Distribution That Would Meet Present Interest of Organized Labor," Box 11, File Campbell, Wallace -- Speeches, Folder 2, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO; E. R. Bowen, "History of the Co-op League, 1934-1946," Box 50, Wallace J. Campbell Papers, Harry S. Truman Library, Independence, MO.

³⁴⁸ Florence Parker, "Consumers' Cooperation in the United States, 1920-1936," *Monthly Labor Review* 38 (August 1938): 231.

familiar demons of capitalism: monopoly, plutocracy, corruption, dictatorship and fascism.

Cooperation, it seemed, might usher in *true* economic democracy and peaceful social change.³⁴⁹

Appealing to real needs for financial relief and more utopian hopes for remedy of the political economy, cooperators made strides in expanding the movement; membership numbers and sales figures soared. The CLUSA recorded increases in the number of individual members in League-affiliated co-ops from 77,826 in 1927 to 1.65 million in 1935, and 2 million by 1940 – growth of more than 200 percent and twenty-one percent in those respective periods.

Cooperative retail trade went from \$14 million in 1927 to \$365 million in 1935 (2507 percent growth) to \$600 million in 1940 (more than sixty-for percent incremental growth). The 1927 retail trade numbers, unlike the data gathered for the 1935 and 1940 reports, are skewed by the fact that the data did not take into consideration the trade done by cooperative credit and insurance societies; further, those figures were tallied prior to the merger of CLUSA and National Cooperatives Inc. (a federation of cooperative wholesales), which significantly increased the amount of trade among CLUSA-affiliated cooperatives.³⁵⁰

³⁴⁹ “Join National Directors Meeting – Cooperative League, Cooperative Finance Association, National Cooperatives, January 30-February 1, 1946,” Box 49, File National Directors’ Meeting, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO; “Protect and Build Democracy thru a Co-op,” Pamphlets, McLanahan Papers, Box 3, Folder 19, Wisconsin Historical Society; E. R. Bowen, “America’s Road – Cooperation: The Democratic Alternative to Capitalism, Communism, Fascism,” Box 8, Folder Bowen, ER Sept-Nov 1941 Folder 1, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO. The 21st century is seeing a slight resurgence in cooperative interest. The National Cooperative Business Association, the name by which CLUSA functions today, was contacted by members of Congress such as Senators Kent Conrad a Democrat from North Dakota and Jay Rockefeller a Democrat from West Virginia, in 2009 regarding whether cooperative health care may be an alternative to the health-care insurance issues the country currently faces. See David Morrison, “Health Care Debate Raising Cooperative Profile,” *Credit Union Times*, August 3, 2009, accessed July 15, 2011, <http://www.cutimes.com/News/2009/8/Pages/Health-Care-Debate-Raising-Cooperative-Profile.aspx#>; Robert Pear and Gardiner Harris, “Alternate Plan as Health Option Muddies Debate,” *NYT*, August 18, 2009, New York Edition, A1; “NCBA’s Statement in Response to Senator Conrad’s Proposal to Reform Health Care,” NCBA Press Release, June 11, 2009, accessed July 20, 2011, <http://www.reuters.com/article/pressRelease/idUS213335+11-Jun-2009+PRN20090611>.

³⁵⁰ See “The Congress of the Cooperative League,” *Co-operation* XIV, no. 11 (November 1928): 203; “Co-op Congress News,” 12th Biennial Congress of the Cooperative League of the USA, Wisconsin Historical Society, Madison, WI; J.P. Warbasse, “A Brief History of the Cooperative League of the U.S.A.,” and “The National Cooperatives, Inc.,” *Third Yearbook CLUSA*, 18, 63.

Despite this qualification, the federal government corroborated the League's observation that the cooperative movement was expanding precipitously. The United States Department of Labor reported that between 1929 and 1939, the number of cooperative retail associations multiplied six times (from approximately 400 to 2,400, or 500 percent). In the same period, their sales increased seven times, net earnings grew ten times and patronage refunds multiplied by twelve.³⁵¹ In 1935, the Central Cooperative Wholesale compared average sales increases for cooperatives with those of commercial retail grocers; During the first six months of 1935, it found cooperatives experienced an average increase of 24 percent while the National Tea Company saw only 1.2 percent growth, Kroger Grocery sales inched up 1.8 percent, while the more successful Jewel Tea Company grew sales by less than twelve percent and the Safeway Stores by almost nineteen percent.³⁵² In sum, it appeared that cooperatives were coping with challenges of the Depression much more successfully than private retail stores.³⁵³

Cooperation became a topic of conversation, publications and speeches during the 1930s, as Americans surveyed possible solutions to their economic woes. *Forum* magazine, for instance, featured a numbers of articles on cooperation during those years, while a member of the Brookings Institute argued that consumer cooperation consisted of "sound economics".³⁵⁴ "[N]ever before had the future of consumer cooperation looked brighter," *Time Magazine* reported in 1936. "Interest in co-operatives ...[was] undeniably rising...[and] there was no doubt

³⁵¹ "Consumers' Cooperatives, 1939," *Monthly Labor Review* (October 1940): 16. See also, "53 Retail Co-ops Show Million Dollar Gain in 1934," *Consumers Cooperation* XXI, no. 5 (May 1935): 102; "Midland Cooperative Wholesale Business Increases 70%," *Consumers Cooperation* XXI, no. 8 (August 1935): 152.

³⁵² "Cooperative Stores Continue to Best the Chains," *Consumers' Cooperation* XXI, no. 12 (December 1935): 213-214.

³⁵³ Deutsch, 190-192, 225-231.

³⁵⁴ Torstenson, 92.

that the New Deal was showing a sudden interest in co-operation.”³⁵⁵ *Time* also surveyed Protestant ministers and Jewish Rabbis about what sort of economic system most reflected the ideals of Jesus: ninety percent of the respondents said that the cooperative commonwealth came closest. And Supreme Court Justice Louis Brandeis, a staunch supporter of cooperation, proclaimed cooperation would “bring new freedoms to America.”³⁵⁶ Cooperation had become a legitimate figure in the nation’s discourse on organizational solutions to the current crisis.

Most significantly, the U.S. government took serious notice of cooperatives during the 1930s. Members of the Roosevelt Administration seeking creative solutions to reviving the economy and stimulating consumption investigated the potential benefits of cooperation.³⁵⁷ The Department of Labor published an informational pamphlet in 1933 outlining how to establish a consumer cooperative.³⁵⁸ That same year, the National Recovery Administration (NRA) did the same and established a Consumers Advisory Board, to which CLUSA president Warbasse was appointed. For his part, Warbasse praised Roosevelt for working constructively with the cooperative movement: “This is the first federal administration this country has ever had that

³⁵⁵ “Co-ops,” *Time* 13 July 1936, Folder Cooperative League of the USA (Releases) 1936, Box 111, Records of the Federal Emergency Relief Administration, Records of Division of Self-Help, Cooperatives 1933-37, National Archives, Washington D.C.

³⁵⁶ Torstenson, 92. Toyohiko Kagawa from Japan connected Christianity with cooperation, claiming that cooperation applied love to industry. His work was read throughout the cooperative movement in the US. See for example, “New Light from the East,” *Consumers Cooperation* XXII, no. 3 (March 1936): 38-41; Miss Helen Topping, “Kagawa and Cooperation in Japan,” *Consumers Cooperative* XXI, no. 1 (January 1935): 18-22. The Catholic Rural Life Conference also connected with the cooperative movement during the 1930s and 1940s. See “Regional inter-Faith Study Conference on Religion and Consumer Cooperation,” Series 1, Folder 8: Nov.-Dec. 1941, Southeastern Cooperative League Records, Wilson Library, University of North Carolina, Chapel Hill, NC; “Co-ops,” *Time* 13 July 1936, Folder Cooperative League of the USA (Releases) 1936, Box 111, Records of the Federal Emergency Relief Administration, Records of Division of Self-Help, Cooperatives 1933-37, National Archives Building, Washington D.C. Other publications covered cooperative activity such as the *Saturday Evening Post*, *Christian Century*, *Catholic Rural Life*. See Hayes Beall, “Converted Advocate,” *Great American Cooperators*, 81.

³⁵⁷ Deutsch, 157.

³⁵⁸ Thomas F. Conroy, “Consumer ‘Co-ops’ Expected to Grow,” *The New York Times*, 29 September 1935, Box 111, Folder Cooperative League of the USA (Releases) 1935, Records of Federal Emergency Relief Administration, Records of Self-Help Cooperatives 1933-1937, National Archives Building, Washington, D.C.

aggressively promoted cooperation and continued to favor cooperation in the face of the hostility of the special interests.”³⁵⁹

In 1935, FDR announced he would send a presidential commission abroad to study cooperatives in Europe. A group of six, including Jacob Baker, Assistant Administrator of the Works Progress Administration, set sail on July 1, 1936. Their charge was to study cooperative activity in Europe to determine whether it might be used as one aspect of the federal government’s programs for getting out of the Depression. Over the course of three months, the commission visited cooperatives in Scotland, Ireland, England, France, Sweden and Norway, among other countries. They returned with positive reports about the success of European cooperatives: Co-ops there helped restrain monopolistic activity; represented relatively secure investments for members; maintained low operating costs; functioned efficiently; offered quality products; and provided a sense of social cohesion among members. But the commission also detailed the challenges peculiar to the cooperative movement: Societies needed to compel members to spend a larger percentage of their consumer-goods’ budgets at the co-op store; persuade local co-ops to rely more heavily on their cooperative wholesales for stock; ensure co-ops reinvested funds back into their stores; and maintain democratic practices within the larger cooperative confederations.

Baker, the commission’s chair, declared that the most important facet of the cooperative experience was the social connection it fostered among the cooperative members. Based on their observations, the group concluded that the reason American cooperatives lagged behind their European counterparts, was that Europe otherwise could not match the efficiency and effectiveness of conventional retailing methods in the United States; because European co-ops

³⁵⁹ J.P. Warbasse, “A Brief History of the Cooperative League of the U.S.A.,” *Third Yearbook CLUSA*, 18.

did not face the same competition from established department and chain stores. or from mail-order businesses they had a more open field to develop a large base of active consumers. With that in mind, the commission recommended that the government survey cooperatives around the country and then establish a federal agency to provide information and guidance to consumer cooperatives in the future.

They also brought back a strong message from the leaders of the European cooperatives: Cooperatives only succeed if they are built from the ground up; they cannot prosper when attempts are made to direct them from the top down. The reason was simple: Cooperators must maintain direct interest in and connection to their co-ops in order to ensure their continued patronage and active participation in the success of their store. (Not heeding this advice, as will be obvious by the end of this chapter, proved a fundamental error on the part of the CLUSA).

Under the New Deal, the U.S. government supplied loans to some “self-help” cooperatives (which functioned mainly by bartering) under the Federal Relief Administration’s (FERA) Self-Help Cooperatives Program; and it helped organize electricity cooperatives under the Rural Electrification Administration (REA) and the Tennessee Valley Authority (TVA) during the New Deal era. But beyond that, the federal government did little more to support the cooperative movement than distribute information about co-ops upon request. U.S. authorities had no interest in replacing capitalism. Still, the fact that the federal government paid as much attention to the cooperative movement as it did helped to pique public interest in cooperation at a crucial time in the nation’s history.³⁶⁰

³⁶⁰ J. H. Kusner, “Review: Cooperative Enterprise by Jacob Baker,” *Bulletin of the American Association of University Professors* 24, no. 6 (October 1938): 546-548; Torstenson, 312; “3 Members of Roosevelt’s Comm Sail for Europe,” *New York Times*, 2 July 1936, 24; “Board Named by Roosevelt for Study for Co-ops,” *Chicago Daily Tribune*, 24 June 1936, p. 26; “Consumers Cooperatives in Action,” *Consumers’ Cooperation* XXII, no. 8 (August 1936): 124; “Digest of Report on Inquiry on Cooperative Enterprise in Europe,” *Consumers’ Cooperation* XXIII, no. 5 (May 1937): 66-70; Paul H. Appleby to Mr. Charles H. J. Mitchell, 1 August 1936, Records of the Office of

Interest in cooperatives was also evident at the state level during the 1930s. Many state governments passed laws protecting the right of cooperatives to operate, and the Wisconsin Legislature went a step further by passing a law requiring the state-university system to teach courses on cooperation.³⁶¹ At the local level, cooperative members used improved sales results to invest in training schools, conferences, lending libraries and newspapers. They hired more staff and diversified by expanding into other types of cooperative activity.³⁶² In the late 1930s for example, Midland Cooperative Wholesale (a petroleum cooperative organized by Minnesota farmers) added grocery stores to their cooperative ventures.³⁶³ Some societies, like the Cooperative Trading Company of Waukegan, Illinois, also expanded during the 1930s by establishing new branch stores; a branch grocery store it opened in 1935 reported business of \$500.00 on its first day.³⁶⁴ The increased national, state and local interest – from outside the

Agriculture, General Correspondences of Office of Secretary, Box 2329, National Archives, Washington, D.C.; H.A. Wallace to Frank H. Foy, 30 July 1936, Records of Office of Agriculture, General Correspondences of Office Secretary, Box 2329, National Archives, Washington, D.C.; J.D. LeCron to R.V. Fitzgerald, 12 December 1936, Box 2329, File Cooperatives, Cooperative Agreements 1936, Records of the Office of Agriculture, General Correspondences of the Office of Secretary, National Archives, Washington, D.C.; R.M. Evans to George C. Wittreid 7 December 1936, Box 2329, File Cooperatives, Cooperative Agreements 1936, Records of the Office of Agriculture, General Correspondences of the Office of Secretary, National Archives, Washington, D.C.; Norman D. Markowitz, *The Rise and Fall of the People's Century: Henry A. Wallace and American Liberalism, 1941-1948* (NY: Free Press, 1973), 1-2, 19; Curl, 168-174, 183; J.P. Warbasse, "A Brief History of the Cooperative League of the U.S.A.," *Third Yearbook CLUSA*, 18; J.P. Warbasse, "The Tennessee Valley for Consumers' Cooperation," *Consumers' Cooperation* XXI, no. 4 (April 1935): 81-83.

³⁶¹ "Fourteen Recent Major Achievements of the Movement," *Third Yearbook CLUSA*, 29; "Wisconsin First State to Require the Teaching of Consumers' Cooperation," *Consumers' Cooperation* XXI, no. 10 (October 1935): 181; By 1935, 38 states had laws in effect to protect the right of credit unions to function. See Roy F. Bergengren, "Cooperative Credit Unions and Banking," *Consumers' Cooperation* XXI, no. 3 (March 1935): 54.

³⁶² Staff at Midland, for example went from two in 1927 to 100 in 1938. See Torstenson, 49. See the various local and regional organization reports in the *Third Yearbook CLUSA*. Not every cooperative saw growth but overall the CLUSA felt very confident about its position in the country and the ability of its affiliated cooperatives to if not just weather the Depression, to excel.

³⁶³ Florence E. Parker, "Consumers' Cooperation in the United States, 1936," *Department of Labor, Bulletin No. 659*, August 1938 (Washington DC: US Government Printing Office, 1939): 4, 31; "The Cooperative Stores are coming," *Consumers' Cooperation* XXIII, no. 4 (April 1937): 51; Iver Lind, "From Gasoline to Groceries," *Consumers' Cooperation* XXIII, no. 7 (July 1937): 102-104; Wallace J. Campbell, "Cooperative Highlights of 1939," *Consumers' Cooperation* XXVI, no. 1 (January 1940): 10-14; Torstenson, 96, 101-109.

³⁶⁴ "Cooperators in Action," *Consumers' Cooperation* XXI, no. 6 (June 1935): 117. Other examples exist in "Cooperators in Action," and "Co-op Grocery Opens in Minneapolis," *Consumers' Cooperation* XXI, no. 7 (July 1935); "Cooperators in Action," *Consumers' Cooperation* XXI, no. 8 (August 1935): 150; "Cooperators in Action," *Consumers' Cooperation* XXI, no. 9 (September 1935): 165.

movement and within – along with the dire economic conditions of the Great Depression, aided co-op recruiting efforts and helped raise awareness of the cooperative movement.

Despite such successes, however, cooperatives failed to capture more than one to three percent of the U.S. consumer-goods marketplace. In comparison, the A&P chain stores commanded ten percent of the retail food trade in the United States.³⁶⁵ Faced with unimpressive market share, but unprecedented public interest in cooperation and generally low regard for the state of capitalism, the CLUSA's leaders set out to adjust the organization's strategy around a long-range nationalization campaign.

TIME FOR CHANGE

At the CLUSA Biennial Convention in 1934, Warbasse began his presidential address by lauding the successes of U.S. cooperatives up to that point. The United States, he said, boasted approximately 6,600 consumer cooperative societies with about 1.8 million members.³⁶⁶ Of that number, the Cooperative League claimed 1,450 affiliated societies with 500,000 individual members after only 20 years of existence. But while Warbasse celebrated the movement's remarkable growth and the League's success, he also delivered a sober reminder to the delegates that their ultimate goal was to bring all of the nation's consumer co-ops under the League's umbrella. "It is a cooperative principle that individuals shall unite to help one another and to be helped by one another; and it is equally a cooperative principle that societies shall do the same,"

³⁶⁵ The reports varied but never exceeded 3%. Florence Parker, "Consumers' Cooperation in the United States, 1920-1936," *Monthly Labor Review* 38 (August 1938): 231; "Operations of Consumer Cooperatives in 1944," *Monthly Labor Review* 61 (September 1945): 471-472; Thomas F. Conroy, "Consumer 'Co-ops' Show Steady Rise," *New York Times*, 7 April 1935, F9; Dick Carlson, "Cooperatives and the Need for Modern Management," 18th Biennial Congress Cooperative League of the U.S.A. 1952, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI; Deutsch, "Making Change at the Grocery Store," 196-204, 224.

³⁶⁶ Of those, about 500 were stores, 2100 were banking societies, 1500 were oil societies, 1600 farmer's supply societies and the rest participated in various other forms of consumer cooperation like housing, bakeries, milk supply services etc.

he scolded. “For a society to stand aloof and assert its competence to get along alone is justified in the world of cooperation only to the same degree as it is for an individual to hold himself out of the society.” He went on to warn that, “a cooperative movement does not exist in any country where the societies are not federated, no matter how many societies there are, nor how large their membership, or turnover.” Co-ops that did not share this perspective were cooperatives in name only: “Cooperative societies not thus federated for world cooperation are not a part of the cooperative movement,” he declared. “They are local, private businesses.”³⁶⁷

At that convention, the League endorsed a proposal made by its new National Secretary, E.R. Bowen, for an eighth Rochdale Principle to be added to the values by which cooperatives functioned. The previous seven, established by the Rochdale cooperators in Great Britain during the 19th century, had been the guiding ideology of the cooperative movement nationally and internationally for nearly a century. They included: 1) open membership; 2) democratic control; 3) patronage dividends; 4) independence; 5) education; 6) neutrality and, 7) cash transactions only. The proposed eighth principle would be “continuous expansion.” It was not enough for cooperatives to form and succeed as local societies, Bowen reasoned, they also needed to keep in their sights the future of the greater movement.³⁶⁸ Bowen’s motive for suggesting the addition was his conviction that the time had come for the cooperative movement in the U.S. to reform its approach and pursue larger ambitions. The relatively hands-off policy the League had followed heretofore suited the early period of cooperative formation in the U.S., but by the mid-1930s, the League had built up a significant following and was therefore in a position to become more aggressive – and it needed to do so before the fledgling movement became too entrenched in its

³⁶⁷ Dr. J.P. Warbasse, “Extracts from President’s Address, Dr. J.P. Warbasse,” *Cooperation* XX, nos. 11-12 (November-December, 1934): 172.

³⁶⁸ “American Cooperators Suggests Eighth Rochdale Principle, *Cooperation* XX, nos. 11-12 (November-December 1934): 183; “Eugene R. Bowen,” *Cooperative Hall of Fame*, accessed on August 14, 2010, <http://www.heroes.co-op/inductees/bowen.html>.

ways, Bowen and others felt. Who knew when, or if, consumer and corporate capitalism would again be as vulnerable to alternatives as they were at present?³⁶⁹

Bowen became the leading visionary behind restructuring the movement. He had joined the CLUSA in 1934, after twenty-five years as a farm-machinery executive, serving various roles



Mr. Bowen

Figure 57 - E.R. Bowen, "The Staff Reports and Recommends," [*Co-op Magazine* 2, no. 11 (November 1946): 29.]

such as advertising manager, sales manager and vice-president. He had grown increasingly uneasy with the inequities of capitalism and eventually quit his job to spend a year looking for a career that would benefit society in some way. While researching his options, he met Paul H. Douglas, an economics professor at the University of Chicago and later U.S. Senator from Illinois. At the time, Douglas was helping to establish the Hyde Park Cooperative near the university. Douglas introduced Bowen to the cooperative movement and its principles, and eventually suggested Bowen contact Warbasse. When he did, Bowen discovered that the CLUSA was in search of a new General Secretary, and he

expressed surprise when League leaders offered him the job even though he had no previous experience with co-ops. They candidly confessed that others refused the job and Bowen was the best candidate they had left (he found out later that the others declined because the required workload was quite daunting).

Undeterred, Bowen accepted the position and almost immediately began to work on overhauling the movement.³⁷⁰ He recommended to Warbasse and the other League officers a

³⁶⁹ E. R. Bowen, "History of the Co-operative League from 1934 to 1946," Box 50, Campbell History of Co-op League, 1934-1946, Wallace J. Campbell Papers, Harry S. Truman Library, Independence, MO. See also, Hayes Beall, "Converted Advocate," *Great American Cooperators*, 79; E. R. Bowen, "National, Regional, District, and Local Cooperative Staff Organization," *Organization of Consumers' Movement*, Box 9, File Bowen, E.R., Reports and Papers, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

new approach to unifying the movement called “centralization.” which entailed a more top-down approach: CLUSA directors, for example, would no longer represent the locals, but rather the regional organizations (like the wholesales) and the national organizations (like those representing cooperative health care, life insurance, housing, credit unions, etc.). Accordingly, the local co-ops would report up to regional and national organizations, which would then report to the League; at the same time, planning and decision making would trickle down from the CLUSA directors, to the regional and national groups, and then to the local – the League would place itself firmly at the helm of the movement.³⁷¹ Bowen explained in an internal report that while democracy emerges from the grassroots, there are times when certain functions that the “lower unit cannot successfully perform within itself,” must reside with the top leadership.³⁷² He used a familiar metaphor to illustrate his logic, pointing out that, over time, society had determined that it was prudent for families to hand over certain powers to the community, the community to the state and the nation; in the same way, the cooperative movement in the United States had reached a decisive turning point in its own evolution.

While Bowen began his campaign for reform of the movement in the mid-1930s, no significant shifts in organizational structure and policy emerged until the 1940s. First, the League needed to deal with the growing conservatism of the U.S. population at the time, which colored perceptions of cooperation outside of the movement itself. The League’s strategy would only succeed if the membership and geographic distribution of cooperatives continued to grow.

³⁷⁰ Hayes Beall, “Converted Advocate, Eugene R. Bowen,” *Great American Cooperators*, 79-83; E.R. Bowen, “History of the Co-op League, 1934-1946,” Box 50, Wallace J. Campbell Papers, Harry S. Truman Library, Independence, MO.

³⁷¹ E.R. Bowen, “History of the Co-op League, 1934-1946,” Box 50, Wallace J. Campbell Papers, Harry S. Truman Library, Independence, MO.

³⁷² “Organization of the Consumers Cooperative Movement,” Box 9, File Bowen, ER, Reports and Papers, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.; E.R. Bowen, “History of the Co-op League, 1934-1946,” page. 27. See also “National Cooperative Structure,” 15th Cooperative Congress Cooperative League of the U.S.A. 1946, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

If average citizens viewed cooperatives as too leftist or anti-American, potential new members would likely spurn the movement. Even more fundamentally, Bowen still needed to convince those cooperative leaders who remained skeptical of his plan – in particular, League founder and longtime president, James Warbasse.

GROWING CONSERVATISM

Bowen and the others needed to ensure that the public image of co-ops and the movement in general, corresponded favorably with the country's prevailing socio-political mood. At the end of the 1930s and into the 1940s, mounting public anxiety about communism and the rise of fascism in Europe drove many Americans rightward. Cooperative leaders sought to actively distance themselves from the movement's historic roots in progressive political ideologies like socialism and communism and establish an alternative legacy – ideally, one that highlighted the cooperative movement's essential "Americaness."

One approach was to address the specters of communism, socialism and fascism head on. In 1940, for example, Bowen told the 12th Biennial Congress that cooperation itself would "eventually uproot the weeds of Communism and Fascism in America."³⁷³ Four years earlier, in an interesting twist of prevailing logic, Secretary of Agriculture and cooperation proponent Henry A. Wallace, had similarly warned, "If democracy is to be saved from Communist or Fascist dictatorship, free competition must be abandoned in this country in favor of cooperatives of consumers, of producers, and ultimately industries."³⁷⁴ Illustrations of the Cooperative

³⁷³ E. R. Bowen, "Cooperators! Build Faster: Secretary's Report and Recommendations, Twelfth Biennial Congress, 1940," 12th Biennial Congress of CLUSA, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI. See also Perry L. Green, "National Cooperative Finance Association," 12th Biennial Congress of CLUSA, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI; "Report of the President, National Cooperative Congress, Sept. 9, 1946," 15th Biennial Congress of CLUSA 1946, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

³⁷⁴ As quoted in Deutsch, diss., 194.

League's commitment to advancing democracy and freedom filled co-op journals and propaganda.³⁷⁵

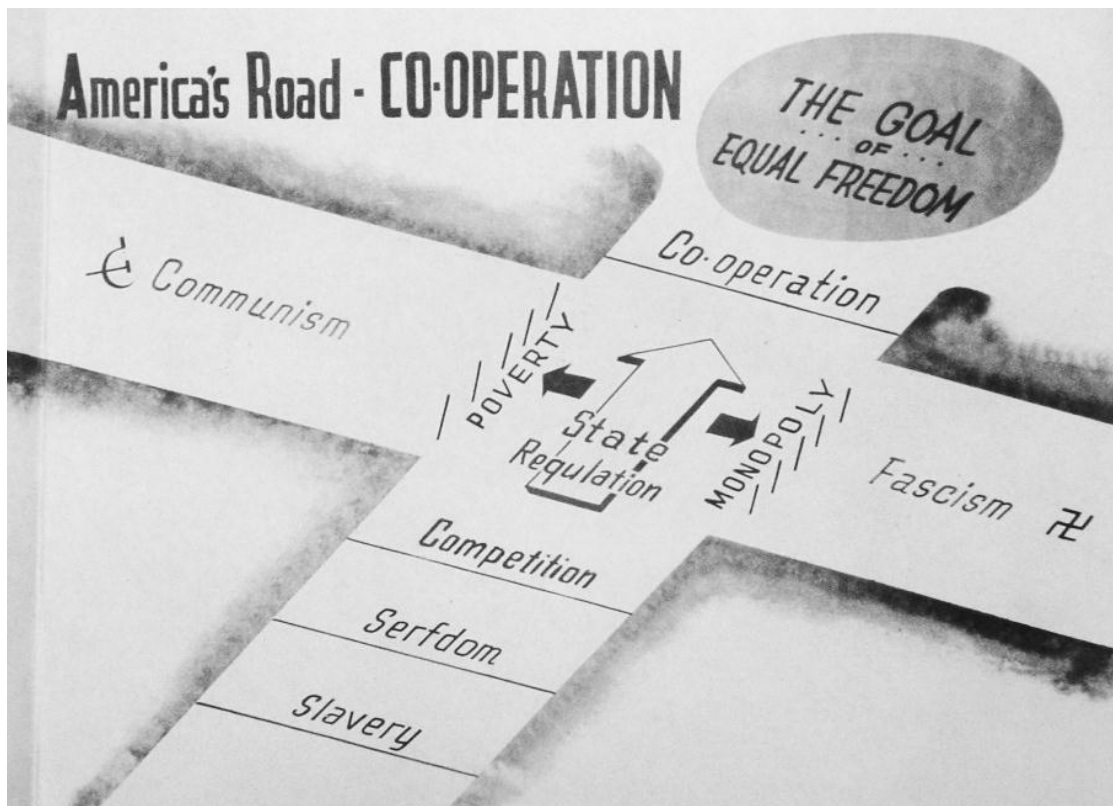


Figure 58 – [E.R. Bowen, “America’s Road – Cooperation: The Democratic Alternative to Capitalism, Communism, Fascism,” Box 8, Folder Bowen, ER Sept-Nov 1941 Folder 1, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.]

Accusations of communist infiltration from some government agencies validated the fears of League leaders. In 1941, co-ops became the focus of a House Committee on Un-American Activities investigation. Formed in 1938 and chaired by Texas Democrat Martin Dies, it was charged with rooting out alleged disloyalty and subversive activities, especially anything having communist or fascist ties. In one instance, a Dies Committee investigator, after

³⁷⁵ See for example *The Cooperative Centennial Congress Book October 8 to 13, 1944* (Chicago, IL: The Cooperative League of the U.S.A., 1944); *1945 Yearbook: Central Cooperative Wholesale* (Superior, WI: Cooperative Publishing Ass’n, 1945); “Fifty Years of Service,” Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI; *Co-op* I, no. 2 (February 1945); “Rochdale Cooperation and American Democracy,” *Consumers’ Cooperation* XXIX, no. 12 (December 1943): 130.

accusing a CLUSA-affiliated cooperative bookstore in Washington, D.C. of being a Communist front, had the bookstore raided. During the raid, as the inspector attempted to remove a box containing a list of the co-op's 1,200 members, Mrs. Charles W. Putnam, president of the Washington Cooperative League, grabbed the box and tried to run away with it. She was quickly apprehended and the box recovered. Rather than rally to the bookshop's defense, CLUSA leaders demanded co-op members answer to accusations of disloyalty, fearful that any connection to communism would have negative consequences for the cooperative movement as a whole. Bookshop leaders denied that they belonged to a particular political party and dropped their CLUSA membership in protest.³⁷⁶

As anti-communist rhetoric grew and spread after World War II, cooperatives came under increasing scrutiny. In 1947, members of the House Committee on Small Businesses claimed they would go "after these communistic and socialistic consumer cooperatives."³⁷⁷ And in 1948, the Hyde Park Cooperative in Chicago warned its members that simply belonging to the co-op might be perceived by federal officials as equivalent to communism.³⁷⁸ Hoping to provide guidance to cooperators for dealing with such charged accusations or the threat of them, League director John Carson, issued a press release quoting labor, religious and farm leaders who backed the cooperatives.³⁷⁹ But it was difficult for the cooperatives to shed the taint of subversion during a period when fear of communism was practically viral, when images of sophisticated

³⁷⁶ "Dies Agent Seizes Roster," *Washington Post*, 7 May 1941, Box 59, File Dies Committee, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO. See also "Dies Committee Agent Seizes Bookshop's Membership List," *Washington Evening Star*, 17 May 1942, Box 59, File Dies Committee, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

³⁷⁷ John Carson, Press Release Draft, 1947, Box 52, File Washington Office Correspondence, Folder 1, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

³⁷⁸ Deutsch, diss., 303.

³⁷⁹ Truman appointed John Carson to the Federal Trade Commission in 1949; John Carson, Press Release Draft, 1947, Box 52, File Washington Office Correspondence, Folder 1, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

stores filled with free-spending individuals buying a dizzying array of consumer goods were seen as emblematic of what separated American Freedom from Communist Oppression.³⁸⁰

Figure 59 - "Iowa Farmers Use Full-Page Newspaper Ads to tell the truth about co-ops," [Co-op Magazine I, no. 2 (February 1945): 22.]

a competitive threat as much as an ideological foe. They lobbied Congress to revise the tax laws adopted in 1940 that had given cooperative dividends special tax-free status. That law classified those refunds as savings rather than income and therefore ruled they could not be taxed.³⁸¹ The

Amplifying negative perceptions of cooperatives became the mission of one group of U.S. business owners who formed a lobbying organization intent on diminishing the power of cooperatives. The National Tax Equity Association (NTEA), formed in 1943, in Chicago, Illinois, specifically targeted the recent growth of the cooperative movement. Its membership consisted of people from the oil, lumber, grain and hardware industries for whom co-ops represented

³⁸⁰ McGovern, 4-5.

³⁸¹ Deutsch, 204-205.

NTEA insisted that cooperatives functioned like any other business and therefore did not deserve special tax status. The NTEA not only fought the cooperatives on legal issues, but also tried to discredit them by insinuating that by avoiding income taxes cooperators were not paying their fair share of the war effort and therefore were unpatriotic. Cooperatives, the businessmen argued, undermined “the American Way of Life.”³⁸²

Cooperators responded with a campaign to prove the “Americanness” of the co-ops. Cooperation, they claimed, was the embodiment of core American values like individualism, patriotism and freedom. Cooperators argued that co-ops were a means to ensure a free society; that democracy and freedom could only be found through cooperation; that cooperation provided ownership to all participants and thereby promoted the existence of truly free citizens.³⁸³ They harped on these themes, turning on its head conventional rhetoric about individual ownership to assert that ownership by everyone was more American than ownership by a few. Cooperators even managed to associate cooperative activity with the nation’s pioneering, frontier past. In 1944, Harry Overstreet, a retired psychology and philosophy professor from City College of New York, pointed out how Americans had always worked and played together, celebrating activities such corn husking, quilting bees, county fairs, band concerts, baseball games, picnics, clam bakes, church socials and Fourth of July parades and fireworks as hallmarks of American life and values. Through such communal activities Americans found ways to express together

³⁸² Torstenson, 237-250; “NTEA asked for It,” *Co-op Magazine* 1, no. 7-8 (September 1945): 7; John Carson, “Labor—Taxes—Surpluses,” *Co-op Magazine* 1, no. 10 (October 1945): 18; “NTEA Offensive,” *Co-op Magazine* 1, no. 5 (May 1945): 23; “Editorially,” *Co-op Magazine* 1, no. 6 (June 1945): 26; “Some Help for Dispersing the NTEA Smoke Screen,” *Co-op Magazine* 1, no. 6 (June 1945): 27; “How Kansas Co-ops Stopped the Co-op Enemies,” *Co-op Magazine* 1, no. 5 (May 1945): 8-9; “Iowa Farmers use Full-Page Newspaper Ads to Tell the Truth about Co-ops,” *Co-op Magazine* 1, no. 2 (February 1945): 23; “NTEA Barks Again,” *Co-op Magazine* 1, no. 6 (June 1945): 25; “How Congress Will Decide Whether to Tax Co-op Savings,” *Co-op Magazine* 1, no. 12 (December 1945): 5-6. For other negative responses to cooperatives by retail stores, see Deutsch, 193.

³⁸³ E.R. Bowen, “Cooperators! Build Faster!,” Secretary’s Report and Recommendations, 12th Biennial Congress of CLUSA 1940, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI; A.J. Smaby, “Build Cooperative Capital,” 12th Biennial Congress of CLUSA 1940, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI; E.R. Bowen, “Why Cooperatives?,” 12th Biennial Congress of CLUSA 1940, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

the meaning of freedom. “People who could stomp through the calls of the square dance – sweaty, laughing, shouting – would not be likely, the next day, to be ugly, back-biting, and absorbed with secret maneuvers,” he said. “People who could pack up the old truck with picnic baskets and all of the available children and grown-ups could not help but have certain gusto for life. Such people would have in them the stuff out of which freedom could be made.” Without such activities, he continued, “Citizens of a democracy...miss the chance of really knowing one another. They suffer the danger of splitting up into sets, cliques, classes and castes.”³⁸⁴

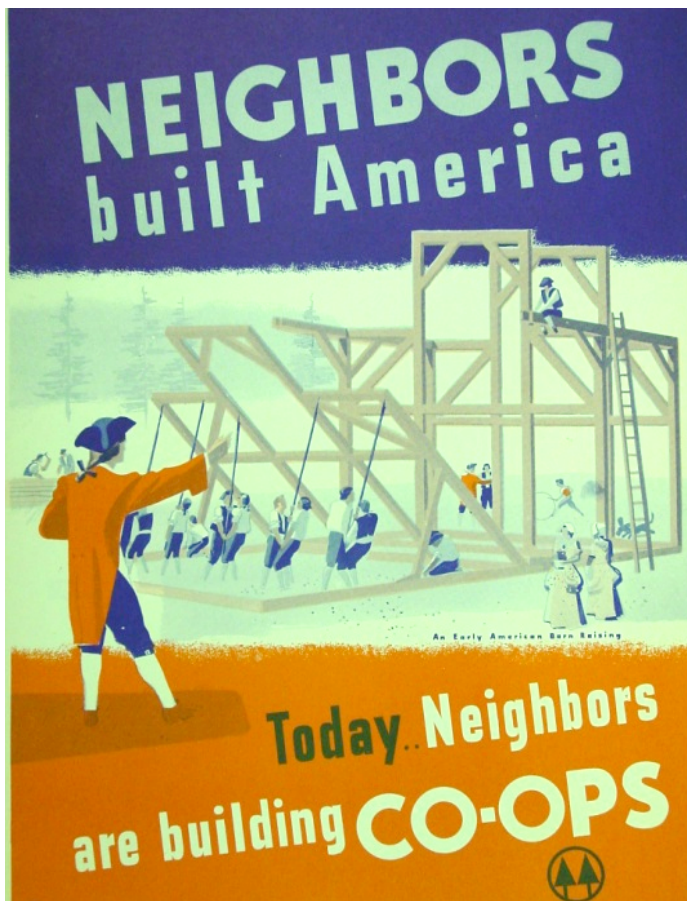


Figure 60 – [Pamphlets, McLanahan Papers, Box 3, Folder 19, Wisconsin Historical Society, Madison, WI.]

Cooperation, Overstreet concluded, protected and fostered essential, American connections among citizens.

Cooperative League leaders looked for other ways to further convey a pro-American image of cooperation and thereby validate it as a patriotic movement. They quoted academics who supported the movement, such as Dr. Horace M. Kallen, one of the founders of the New School, who proclaimed “cooperation is in harmony with faith in the infinite value of the individual,;” and Economics Professor Theodore J. Kreps of Stanford University,

³⁸⁴ Harry A. Overstreet, “Recreation – New Obligations – New Approaches,” 10th Annual Chicago Recreation Conference November 22, 1944, Box 11, File Campbell, Wallace – Personal Folder 1, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

who explained “Cooperators are simply free citizens exercising their right in a free economy to go into business for themselves on a cost-of-doing basis.”³⁸⁵ They evoked America’s past by suggesting that if King George III had been the yoke suffered by Americans in the 18th century,

then chain stores and big

businesses were contemporary

yokes burdening Americans in the

20th century.³⁸⁶ Subtle changes in

the way the movement described

itself also revealed this patriotic

bent: Cooperatives

emerged *from* the people, *for* the

people; they were the

manifestation of a democratic,

self-reliant, people pulling

together for themselves and their

neighbors in “the Old American

Way...”³⁸⁷ In other words,

cooperatives *were* the real America.

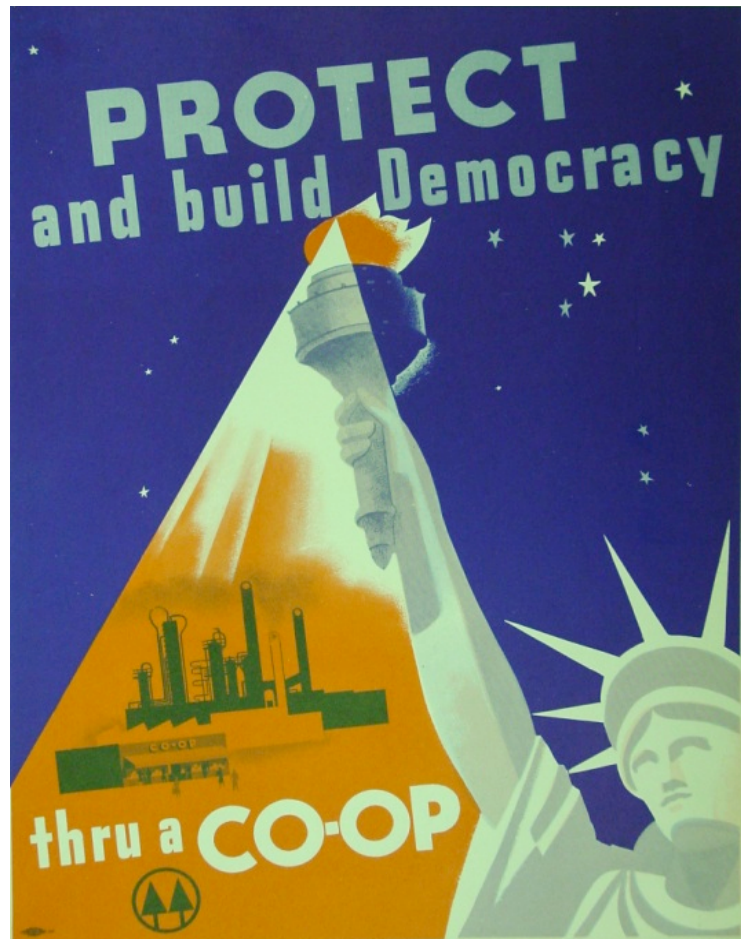


Figure 61 - Pamphlets, McLanahan Papers, Box 3, Folder 19, Wisconsin Historical Society, Madison, WI.]

³⁸⁵ “Digest of Speech by Dr. Horace M. Kallen,” 17th Biennial Congress of CLUSA 1950, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI; Professor Theodore J. Kreps, “Cooperatives: A Bulwark of Free Competitive Enterprise,” 18th Biennial Congress 1952, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

³⁸⁶ Dr. M.M. Coady, “Role of Cooperation in Our Day,” 18th Biennial Congress of CLUSA 1952, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

³⁸⁷ Torstenson, 131. Torstenson points out that cooperatives lauded the fact that they had practiced all along what the government had asked of its citizens during the war – they maintained conservative credit policies, worked to keep prices in check, supported conservation, fought against profiteering and sought to extend democracy. There was nothing more American, they argued, than cooperatives. See Torstenson 132, 139.

Such rhetoric helped the cooperative movement survive WWII intact. The patriotic feelings expressed in the cooperative literature and propaganda had substance, and cooperators



Figure 62 - Leonard Brocco, "Make Store Routines Efficient,"
[*Co-op Magazine* 1, no. 10 (October 1945): 12.]

were heavily involved during the war in promoting war bonds, sending CARE (Cooperative for Assistance and Relief Everywhere) packages to needy Europeans and imagining how they might help rebuild once the war was over. Co-op women offered advice on how to navigate shopping and cooking under food rationing and encouraged the planting of Victory

Gardens in order to decrease pressure on the public food supply.³⁸⁸ Economically, too, the co-ops fared well during the war; membership and sales numbers continued to rise.³⁸⁹

With what appeared to be sound and successful propaganda efforts underway, and economically healthy cooperatives, Bowen felt confident about his plan for post-war change in CLUSA. But one important task remained: He had yet to finish convincing colleagues, such as Warbasse of the necessity and integrity of the plan.

³⁸⁸ Howard A. Cowden, "Next Steps in Cooperative Business," *Co-op Magazine* XXVIII, no. 11 (November-December 1942): 208-209; C.W. Harmeling, "Co-ops or Fair!," *Co-op Magazine* 1, no. 5 (May 1945): 15; "What Makes a Rival Power Co-op Tick," *Co-op Magazine* 1, no. 4 (April 1945): 6; John Carson, "Capital Letters," *Consumers' Cooperation* XXVIII, no. 4 (April 1942): 60-61; Edith W. Rennecker, "We Must Make Price Control Work," *Co-op Magazine* 1, no. 7 (July-August 1945): 9; "Four Steps toward Permanent Peace," *Consumers' Cooperation* XXVIII, no. 6 (June 1942): 84-85.

³⁸⁹ "Operations of Consumer Cooperatives in 1944," *Monthly Labor Review* 61 (September 1945): 471-472; Deutsch 190-191; Philip J. Dodge, Ed., *1954 Co-op Yearbook* (Superior, WI: Cooperative Publishing Association, 1954). See the various reports in this yearbook. The reports compare change over time and show that the cooperatives generally increased in sales and members during WWII.

BUMPS IN THE ROAD

Bowen acknowledged to a colleague in 1941 that while the cooperative movement was on its way toward centralization, he feared that some within the movement leaders continued to err on the side of “too great decentralization rather than centralization of all functions – Recreation, Education, Finance and Business.” He felt that the “Cooperative Movement was too individualistic” and found it “astounding...that cooperation should start and end in local communities.”³⁹⁰ In fact, central figures such as Warbasse believed precisely that: Cooperatives *should* start and end in the local communities.

Warbasse adhered to Petirim Kropotkin’s Mutual Aid principle, which challenged Charles Darwin’s Survival Of the Fittest theory by asserting that human society survived because of neighborliness, mutual assistance and cooperation. Fostering that neighborliness in local communities was essential to cooperatives.³⁹¹ As late as 1943, Warbasse insisted that cooperatives form best in small communities where members are neighbors and know one another. These small, community-centered cooperatives should control the regional and national organizations and not the other way around, he warned, “[o]therwise its democracy is lost and sooner or later its cooperation disappears.”³⁹² In other words, while Warbasse had faith that eventually American society would embrace cooperation on a national scale, and that the CLUSA should lead the way to that end, he feared plans for unification through centralization would ultimately prove destructive to the cooperative movement.

Similar disagreements could be found among regional leaders and members. As Bowen acknowledged in his own history of the period, “there was murmuring among some of the older

³⁹⁰ Bowen to Carson, 5/26/1941, Box 7, File Bowen, E.R., April-June 1941, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

³⁹¹ Torstenson, 111-113.

³⁹² James Warbasse, “The Small Community – the Hope of Civilization,” *Rochdale Cooperator* XII, no. 12, (December 1, 1943): 70.

cooperators, who were not familiar with modern... methods [and] there were many disagreements.”³⁹³ E.G. Cort, founder and General Manager of Midland Cooperative Wholesale, for example agreed with Bowen that cooperatives had an important part to play in the national and international arenas. Other Midland members sided with Warbasse, holding that the local members, first and foremost, should be the benefactors of Midland’s resources. These members primarily worried about their savings year to year and only secondarily about the future of a larger movement; they preferred to accept the status quo because it worked for them. Others insisted on the importance of home grown, local cooperative leadership because it made cooperators feel connected, loyal and assured that someone they knew paid attention to their interests.³⁹⁴ Both groups feared the loss of such connections should CLUSA act on Bowen’s plan.

While Warbasse always believed that cooperatives should federate under the influence and assistance of CLUSA, he did not intend for the League to direct the cooperatives from the top down. Reacting to Bowen’s plan to change the structure of the organization, and using tactics similar to these he had deployed to get rid of the communists, Warbasse tried to oust Bowen from the League by encouraging the directors to vote his position “vacant” in 1937. According to Bowen, a few directors on the board requested the issue be tabled until after the upcoming 1938 Biennial Congress. Bowen considered resigning at that time, but chose to stay on and face the challenges ahead.³⁹⁵

³⁹³ E.R. Bowen “History of the Cooperative League from 1934 to 1936,” 20 & 23, Box 50 Campbell History of the Co-op League, 1934-46, Wallace J. Campbell Papers, Harry S. Truman Library, Independence, MO.

³⁹⁴ “Toward a New Cooperative Community,” Box 4 Folder 1 Midland Co-op Wholesale, District Meetings, 1937-1943, McLanahan Papers, Wisconsin Historical Society, Madison, WI.

³⁹⁵ E.R. Bowen “History of the Cooperative League from 1934 to 1936,” Box 50 Campbell History of the Co-op League, 1934-46, Wallace J. Campbell Papers, Harry S. Truman Library, Independence, MO.

Delaying the vote until the 1938 convention served him well. When Bowen joined CLUSA as General Secretary in 1934, he had suggested that farmers' purchasing cooperatives be allowed to join CLUSA as full members. He reasoned that farmers' purchasing cooperatives were as much a part of the consumer-cooperative movement as the grocery stores and meat markets. Bowen succeeded in convincing enough directors that this was a good idea, and by the 1938 Congress, power had shifted somewhat within the leadership; the presence of the farmers' purchasing cooperatives helped dilute concerns of the older, more traditional cooperators. Not only was Bowen allowed stay on as National Secretary, but the delegates also accepted his plan to shift the directors' roles so that they represented the regional and national organizations rather than the local co-ops.³⁹⁶

Bowen's maneuvers forced the leadership to reevaluate plans for the future of the cooperative movement. As the editor of the *Midland Cooperator* observed in 1943, "We must decide whether we are more interested in cooperation as a social movement or cooperation as a method of doing business. On this decision rests the ultimate value of cooperation as a major influence on the economic and social life of our nation."³⁹⁷ Bowen's 25-year-plus background in private business influenced his take on that question: CLUSA needed to act more like a business.³⁹⁸ He got a couple of lucky breaks in the early 1940s: Warbasse retired as president of the League in 1941, though he continued to stay involved in the movement; this gave Bowen more latitude to push through the changes he envisioned. And in 1944, Warbasse finally agreed

³⁹⁶ E.R. Bowen "History of the Cooperative League from 1934 to 1936," Box 50 Campbell History of the Co-op League, 1934-46, Wallace J. Campbell Papers, Harry S. Truman Library, Independence, MO.

³⁹⁷ Torstenson, 122-125.

³⁹⁸ E.R. Bowen "History of the Cooperative League from 1934 to 1936," Box 50 Campbell History of the Co-op League, 1934-46, Wallace J. Campbell Papers, Harry S. Truman Library, Independence, MO.

to stop fighting centralization efforts when it became clear that the majority of directors of the League now favored them.³⁹⁹

With everything in place, Bowen and others got to work. They pushed for smaller cooperatives to merge with each other so that the locals could be run more efficiently. They also encouraged stores to modernize and standardize their methods. Co-ops needed to compete with the growing chain stores and supermarkets, CLUSA leaders argued, and the way to do that was to mimic some of the ways those stores functioned. The cooperative journals began to fill with articles about improved business methods.⁴⁰⁰ Wholesales and regional cooperative organizations began to consolidate. These basic changes helped pave the way for changes in the overall structure of the movement. Finally, in 1946, the League embraced Bowen's new organizational approach. He wrote to League leaders Lincoln, Campbell and Carson exclaiming with glee, "[T]he League is to be transformed into what it never has been except in theory and that is the real overall organization of the Movement."⁴⁰¹ The changes would, Bowen believed, enable the

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³⁹⁹ E.R. Bowen, "History of the Co-op League, 1934-1946," Box 50 History of the Co-op League 1934-1946, Wallace J. Campbell Papers, Harry S. Truman Library, Independence, MO.

⁴⁰⁰ H.O. Sanders, "The Need for Cooperative Advertising," *Consumers' Cooperation* XXIX, no. 6 (June 1943): 86-88; Harvey Sanders, "Developing a Local Co-op Sales and Advertising Program," *Consumers' Cooperation* XXIX, no. 8 (August 1943): 131-132; William V. Torma, "Clean Up and Paint Up, Be A Noticed Co-op," *Co-op Magazine* 1, no. 4 (April 1945): 18-19; "Let's Look Our Best!," *Co-op Magazine* 1, no. 10 (October 1945): 13; "Advertise to Educate," *Co-op Magazine* 1, no. 10 (October 1945): 21; "Do You Mix Cosmetics with Shoe Polish?" *Co-op Magazine* 2, no. 3 (March 1946): 8-9; "Toward Scientific Progress," *Co-op Magazine* 2, no. 8 (August 1946): 33; William V. Torma, "This New Patronage Record System Builds Co-op Business," *Co-op Magazine* 2, no. 11 (November 1946): 6-10; H.C. Fledderjohn, "From Old Mill to Modern Co-op Store," *Co-op Magazine* 3, no. 1 (January 1947): 6-7; O. B. Jesness, "How Are We Doing?" *Co-op Magazine* 3, no. 3 (March 1947): 5; "Merchandise Ice Cream," *Co-op Magazine* 3, no. 3 (March 1947): 14-15; "Beyond Ordinary Merchandising," *Co-op Magazine* 3, no. 4 (April): 14-15.

⁴⁰¹ E.R. Bowen to Lincoln, Campbell and Carson, 1946, Box 8, Folder Bowen, E.R., Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO. For a similar response, see "Report of the President, National Cooperative Congress, Sept. 9, 1946," 15th Cooperative Congress Cooperative League of the U.S.A., Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

⁴⁰² This is an example of the kind of structure Bowen was trying to implement for the cooperative movement. "Joint National Directors' Meeting – Cooperative League, Cooperative Finance Association, National Cooperatives, January 30-February 1, 1946," Box 49, File National Directors Meeting, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

cooperative movement to expand geographically, diversify the types of cooperative ventures and

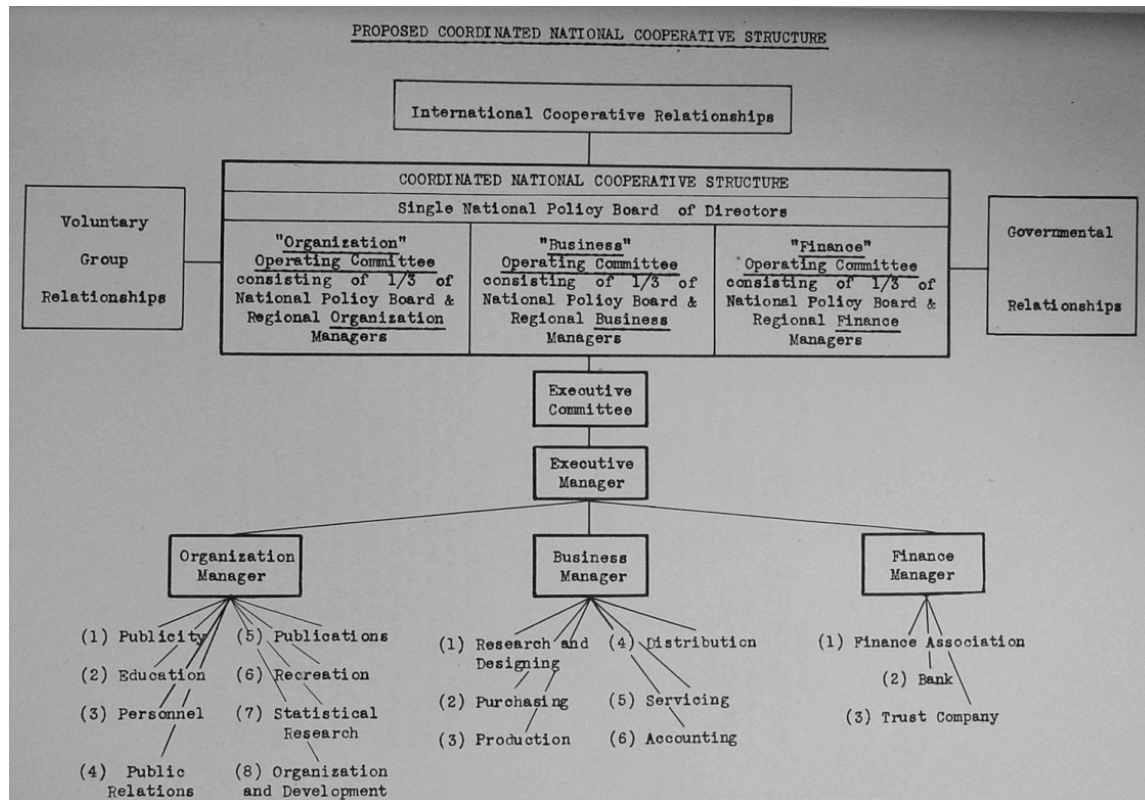


Figure 63 –“Joint National Directors’ Meeting – Cooperative League, Cooperative Finance Association, National Cooperatives, January 30-February 1, 1946,” [Box 49, File National Directors Meeting, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.] This is an example of the kind of structure Bowen was trying to implement for the cooperative movement.

establish itself competitively in the national marketplace.⁴⁰³ “The long dreamed-of and worked-for-day has finally arrived in our national cooperative evolution.” He proclaimed it “a great day in both Cooperative and American history.”⁴⁰⁴

Some of the Midland cooperators noticed that a move toward centralization had begun even before the movement leaders made their official decision in 1946. Already by this time, some observed that the “local associations were more and more accepting the advice and

⁴⁰³ “National Cooperative Structure,” 15th Cooperative Congress Cooperative League of the U.S.A. 1946, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

⁴⁰⁴ E.R. Bowen, “Report and Recommendations of the Staff of the Cooperative League,” 15th Cooperative Congress Cooperative League of U.S.A. 1946, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI. See also Wallace J. Campbell, “Consumer Co-ops, Now Billion Dollar Business, Report Record Year ‘Organization’ Key Note of 1946,” *Cooperative News Service Press Release January 5, 1947*, Box 49, File National Directors Meeting, Harry S. Truman Library, Independence, MO.

supervision of the staff of experts”.⁴⁰⁵ Local cooperatives had begun to transfer some of the work previously done on the local level to regional organizations.⁴⁰⁶ Even *Business Week* noticed as early as 1938 that the cooperative movement had begun to focus more intently on “practical business and management methods.”⁴⁰⁷ These changes, compounded by the vote of CLUSA officers at the 12th Cooperative Congress in 1940 that established unification as the top priority, probably influenced Warbasse’s decision to surrender to what by then seemed inevitable. “Nearly all agreed that the League should unite its component parts into a single, well-ordered, hard-hitting organization,” Jack McLanahan, then the Education Director of Midland Cooperative Wholesale, reported from the 12th Congress.⁴⁰⁸

Apart from CLUSA, the manner in which other participants in the movement conducted themselves revealed the level to which cooperators accepted the concept of centralization. Cooperators began to turn to professionals for advice on topics ranging from how to properly encourage recreation among members to modern management techniques. Ellen Linson, Secretary of the Cooperative Society for Recreational Education, appeared to represent a trend when she explained that, “cooperative workers must make a more scientific approach...” Linson’s expertise was recreation, in which instructors taught co-op members the theory behind the methods of play so that they might “recognize the significance of the social values created in these arts.”⁴⁰⁹ What had once been home-grown fun sponsored by the local members— picnics,

⁴⁰⁵ “Unit No. VII The Structure of the Midland Cooperative Wholesale Nature and Purpose,” Box 3, Folder 20, C. Jack McLanahan Collection, Wisconsin Historical Society, Madison, WI.

⁴⁰⁶ C. J. McLanahan, “A Proposal for a Method of Distribution That Would Meet Present Interest of Organized Labor,” Box 11, File Campbell, Wallace – Speeches, Folder 2, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

⁴⁰⁷ “Co-ops Plan United Front,” *Business Week* (October 22, 1938): 33-35.

⁴⁰⁸ Jack McLanahan, “Summary of Group Discussion on Officers Reports and Recommendations at the Twelfth Biennial Congress of the Cooperative League,” 12th Cooperative Congress Cooperative League of the U.S.A. 1940, Wisconsin Historical Society, Madison, WI.

⁴⁰⁹ Ellen Linson, “Report of the Cooperative Society for Recreational Education,” 15th Cooperative Congress 1946, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

plays, sports and music – had become a scientifically designed leisure program to “help” cooperators work together. CLUSA leaders, eager to make sure cooperative-movement members did not miss out to a growing assortment of capitalist-run amusements, such as movie theaters, felt they could no longer rely on the locals to create for themselves the *right* kinds of recreation. Like local members, League leaders knew that when cooperators socialized and played together it fostered attachments to the co-op and the cause. By seeking out experts, rather than local members, to direct these kinds of activities, the League only managed to alienate its base. Sociologist Francesca Poletta validates the logic of the kind of bottom-up organizing preferred by the locals in her study of American social movements, *Freedom is an Endless Meeting*. Poletta shows that loyalty reinforced by recreation and education has helped sustain strong democratic movements.⁴¹⁰ What CLUSA leaders failed to understand at the time was that the bonding activities that most animated cooperators were relatively spontaneous, or at least organic, games and events that originated with the communities themselves.

Bowen’s top-down, professionalizing approach guided the CLUSA and its affiliates through the 1940s. Leaders brought commodity and merchandising specialists – a reversal of the movement’s previous stance that any sort of merchandising at stores was misleading and potentially nefarious because it tended to dazzle rather than educate consumers.⁴¹¹ Midland Cooperative established an advertising department and by the 1950s completely eliminated the once essential role of the educational field man, who had been responsible to informing

⁴¹⁰ Francesca Polletta, *Freedom is an Endless Meeting: Democracy in American Social Movements* (Chicago: IL: University of Chicago Press, 2002), 32.

⁴¹¹ Dick Carlson, “Cooperatives and the Need for Modern Management,” 18th Biennial Congress Cooperative League of the U.S.A. 1952, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.; “Grocery Conference,” Box 49, File Grocery Conference, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO. Representatives from Eastern Cooperatives Inc., Consumers Cooperative Association, Farm Bureau Cooperative Association, Central Cooperative Wholesale, Midland, Central States Cooperatives, National Cooperatives, Chicago Consumers Cooperative, and CLUSA attended; Torstenson discusses how Midland eschewed advertising in the 1930s. Torstenson, 126.

consumer choices since the co-op's formation.⁴¹² A. J. Smaby, chairman of the 15th Cooperative Congress in 1946, echoed the new sentiment when he said that even though it was important for individual members to feel they had a voice, too much local autonomy represented a weakness for the movement; local societies sometimes lacked the knowledge or training to effectively establish and operate modern cooperatives.⁴¹³ Four years later, Murray Lincoln, then president of CLUSA, informed the opening session of the 17th Biennial Congress that there was nothing inherently wrong with profit or private ownership. Free enterprise, he conceded, was not going away any time soon, and instead of fighting capitalism by condemning it as greedy, cooperators should exploit the abundance of the post-war years and help to redirect it so that more people might benefit from the bounty.⁴¹⁴

The expansion of the retail grocery business prompted another arena in which Cooperative League leaders sought to centralize and coordinate their approach. As Tracey Ann Deutsch explains in her 2001 dissertation "Making Change at the Grocery Store," even though chain stores and supermarkets suffered through the Depression, they took advantage of the slump to plan for future growth. Even as they closed stores to save money, chains expanded and remodeled others. They continued to innovate throughout the 1930s and 1940s, building bigger stores and offering a wider selection of goods.⁴¹⁵ If cooperators hoped to compete with these

⁴¹² Torstenson, 172-177.

⁴¹³ A.J. Smaby, "Cooperative Distribution Plans," 15th Cooperative Congress 1946, Cooperative League of the U.S.A., Wisconsin Historical Society, Madison, WI.

⁴¹⁴ Murray D. Lincoln, "President's Report," 17th Biennial Congress of CLUSA 1950, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

⁴¹⁵ Tracey Ann Deutsch, "Making Change at the Grocery Store: Government, Grocers, and the Problem of Women's Autonomy in the Creation of Chicago's Supermarkets, 1920-1950" (Ph.D. diss., University of Wisconsin, 2001), 221-257, 266. According to Deutsch, by 1948 supermarkets enjoyed a third of the marketplace in grocery business. See also Ann Satterthwaite, *Going Shopping: Consumer Choices and Community Consequences* (New Haven, CT: Yale University Press, 2001), 41-42.



Figure 64 – “News about Commodities,” [*Co-op Magazine* 2, no. 4 (April 1946): 15.]

existing co-ops, was in their minds the only way to do it.

In 1947, to corroborate that assessment, the CLUSA hired Washington, D.C. management-consultant Werner Gabler to give his perspective on how the cooperatives should

proceed in this new era.

Gabler observed that cooperatives struggled with four issues: bad management, the distance between co-op organizations, a lack of coordination in goods distribution and a lack of general cooperation between members and stores. To alleviate these problems, Gabler recommended

new stores, leaders like Bowen believed, it was essential to meet them and beat them at their own game. Centralization and standardization, along with professionalizing and modernizing the local

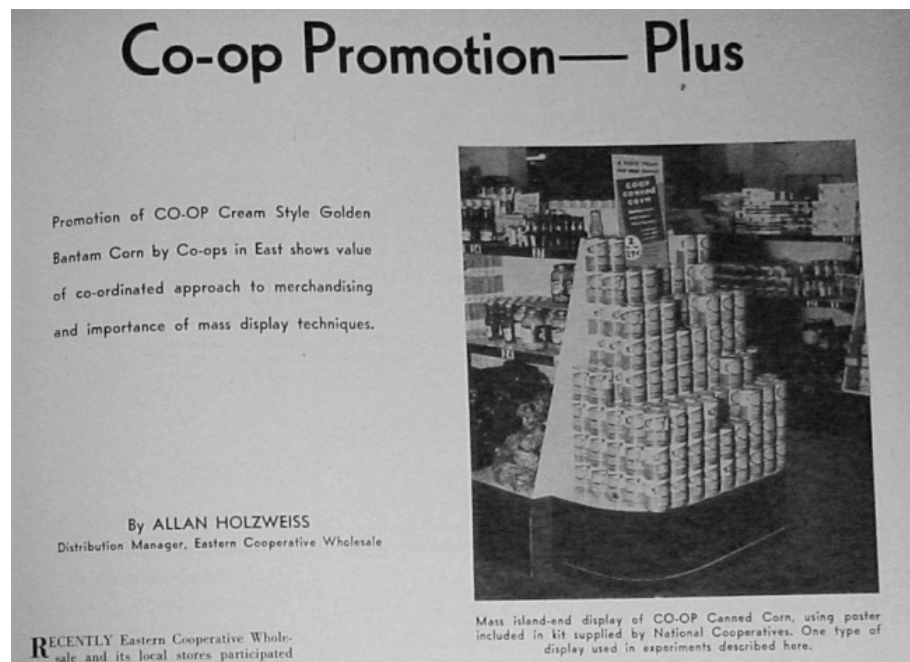


Figure 65 – Alan Holzweiss, “Co-op Promotion – Plus,” [*Co-op Magazine* (August 1946): 5.]

modeling the U.S. government structure. In this model, the cooperative movement would have a strong central authority, making decisions and recommendations like the U.S. Congress did, while regional and local cooperatives would implement them just as state and local governments did in the political sphere. To do this, however, the movement would have to be upended. As Bowen concluded a decade before, instead of governing from the bottom up, cooperatives would need to take direction from the top down.⁴¹⁶ Gabler insisted this change would preserve the democratic nature of cooperatives, but others feared it would have the opposite effect.

IT IS MORE THAN A GROCERY STORE

Small, homogenous, grassroots-born and community-bound cooperatives encouraged feelings of belonging and shared interest. Members of these kinds of co-ops felt a complex sense of ownership; like stockholders, they had a vested financial interest in the store's success; but just as importantly, these institutions also reflected their connections to place and culture. Members had a voice in *their* stores and in the future direction of *their* movement; the co-op was at once a locus of identity and an instrument of democracy.⁴¹⁷ Donald Wirtanen reminisced in an article he wrote for a commemorative booklet honoring the Finnish socialist newspaper *Työmies-Eteenpäin* that the cooperative stores "became the center of the community."⁴¹⁸ Helvi Paven, a native of Cloquet, Minnesota, remembered how "The cooperative was first in their hearts and

⁴¹⁶ "Merge for Efficiency," *Co-op Magazine* 4, no. 2 (February 1948): 3; "Grocery Conference," Box 49, File Grocery Conference, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

⁴¹⁷ Cooperators were not alone in these feelings that big organizations and big business eradicated the power of ordinary citizens and threatened community. Historian Alan Brinkley, for example, points out that Huey Long and Father Coughlin argued that centralized power, the loss of community and the ability of individuals to determine their own destinies were threatened by free market capitalism. Alan Brinkley, *Voices of Protest*, xii, 144, 146, 164-166.

⁴¹⁸ Donald Wirtanen, "Remembering the Finnish-American Coops" *Työmies-Eteenpäin 85 1903-1988 Cooperative Collection*, Carleton County Historical Society, Cloquet, MN.

thoughts,” and in fact at times “almost took precedence over the home and family.”⁴¹⁹ As the local cooperatives grew and expanded, as regional organizations like Midland increasingly took over various aspects of the business, such feelings of responsibility and connectedness diminished. Most importantly, when the CLUSA launched its nationalization campaign it began to push standardization and professionalization onto the member societies, further eroding the sense of ownership that had once been so dear to local cooperators. Locals complained of feeling pushed aside by managers of a “higher type” brought in by the League to assist them.⁴²⁰ Increasingly, the loyalty and general camaraderie that had previously been a selling point for the cooperative experience began to ebb away. Warbasse was not the only cooperative leader who expressed concern about upsetting this delicate balance. Laurie Lehtin of Central States Cooperatives, a regional wholesale, warned that the top-down approach made “the local feel that they are being deprived of some of their democratic rights.”⁴²¹ A.J. Hayes of Central Cooperative Wholesale, and even John Carson of CLUSA, expressed similar worries about disempowering the local societies.⁴²² In 1943, a report from one of the Midland district members stated emphatically that the cooperatives could not succeed without homegrown leadership; feelings of connectedness and loyalty relied on the active participation of the membership. “Experts and city planners can never substitute for common action.”⁴²³ The report reminded the CLUSA leaders that despite their earnest good intentions, they must ensure that cooperators felt a personal stake in their communities and their stores.

⁴¹⁹ Helvi Paven, “Tar Paper, Overalls, and Dancing Slippers,” unknown newspaper clipping, [1950], Cooperative Collection, Carlton County Historical Society, Cloquet, MN.

⁴²⁰ “Program in Action,” Box 49, File Co-op League Program of Action, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

⁴²¹ “Grocery Conference,” Box 49, File Grocery Conference, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO.

⁴²² “Grocery Conference,” Cooperative League of the U.S.A. Papers, Box 49, File Grocery Conference, Harry S. Truman Library, Independence Missouri.

⁴²³ “Toward a New Cooperative Community,” Box 4, Folder 1, McLanahan Papers, Wisconsin Historical Society, Madison, WI.

The concerns expressed by people like Warbasse and Lehtin did in fact play out on the local level. Cooperative memberships decreased and co-ops shrank or disappeared altogether. As early as 1948, Hyde Park Cooperative in Chicago reported that for the first time the number of new members joining the co-op had fallen below the number of those who had left.⁴²⁴ The Hyde Park educational secretary claimed that a significant drop in patronage refunds caused less progressively minded members to simply leave the society. Patronage refunds dropped because the modernization program pushed by CLUSA and its hired specialists required stores to invest more of their capital back into the store itself, rather than return it to their members as dividends. Without the accustomed monetary rebates, members interested primarily in the financial benefits of cooperation no longer had as much reason to belong. Appeals to member loyalty based on “old American values” were not sufficiently compelling to offset the material savings that could be attained by shifting patronage down the street to a chain or grocery store.⁴²⁵

Efforts by the CLUSA to distance itself from its leftist past also served to offend many old-timers’ allegiance to the movement. In 1947, cooperator Caroline Mayer wrote a letter to John Carson criticizing him for suggesting the subversive nature of Socialists – no one hated the Communist Party more than the Socialists, she admonished him. Mayer warned that such an approach would not sit well with her or any other “fair minded liberal cooperator for that matter.”⁴²⁶ While most cooperators had become relatively moderate by this time, the alienation of the more leftist stalwarts still active in the movement proved problematic in that it widened a

⁴²⁴ “Memo to W.S. and A.A., June 25, 1948,” Hyde Park Board of Directors Minutes, 1948, Hyde Park Co-op Library, Hyde Park Co-op Market, Chicago, IL.

⁴²⁵ “Report of Education Secretary, August 28, 1948,” Hyde Park Board of Directors Minutes, 1948, Hyde Park Co-op Library, Hyde Park Co-op Market, Chicago, IL.

⁴²⁶ Caroline Mayer to John Carson, 9 September 1947, Box 51, File 5, Cooperative League of the U.S.A. Papers, Harry S. Truman Library, Independence, MO .

divide between the contemporary membership and the very people who had made cooperation successful in the 1930s.

The increasingly business-like organization of the cooperatives especially alienated the movement's old guard. Midland Manager Smaby commented in the *Minneapolis Sunday Tribune* that the price competition of the chain stores and independent stores, which had forced the co-ops to become more business-oriented, weakened the member loyalties, especially the founders.⁴²⁷ Displaced by the more formal business structure of the post-war societies, isolated by the gradual disappearance of more colloquial ways of interacting, such as meeting over meals or in members' homes, many movement veterans lost their former enthusiasm. The Central Cooperative Wholesale's 1949 Yearbook wistfully remembered the early days of their cooperatives when "their educational and social functions to a large extent were accomplished with more closely-knit community and neighborhood groups (hall associations, educational societies) than seem applicable under today's changed environment."⁴²⁸

Sociologist Joel Torstenson, in his 1958 dissertation on the Midland Cooperative Wholesale, identified evidence of this decline just ten years after Gabler had delivered the report that validated the CLUSA top-down reforms. Torstenson described it as a problem inherent to organizations that try to maintain democratic principles and at the same time tries to expand and grow. He argued that Max Weber's theory that mass democracy inevitably demands bureaucracy, and economist Robert Michels' contention that bureaucracy then forces organizations to become more conservative held true for cooperatives as well.⁴²⁹

⁴²⁷ Torstenson, 139, 146-148, 150-152.

⁴²⁸ *Central Cooperative Wholesale Yearbook* (Superior, WI: Cooperative Publishing Association, 1949), 16.

⁴²⁹ Torstenson, 1-6. Torstenson says "in the process of developing the necessary bureaucratic power structures to implement the social changes for which a movement has been launched, it becomes increasingly wary about revolutionary ideas. In this sense power is always conservative, he argues. As the organization increases in size it

NO LONGER OUR BUSINESS

At the 1956 Biennial Congress of CLUSA, Jerry Voorhis, then the Executive Director of the League, proclaimed that the organization had come of age. He meant by this that cooperators in the United States, finally and truly recognized the League's leadership. They no longer waited for local members to debate League decisions, but instead turned to the League for guidance on how best to implement policy. "I can remember when League membership was a sort of duty paid to the cooperative idea, and a matter of loyalty to cooperative principles, rather than a privilege to be sought after," Voorhis explained. Cooperative societies had considered their connection to the League the outlet by which they could help build a national movement; but they did so as individual cooperatives, not as organizations that considered the League the first and last word in cooperation. Voorhis believed that the atmosphere had changed. Now, local cooperatives carried out League directives unquestionably and sought the assistance and expertise of CLUSA.⁴³⁰

But despite that sunny report, others at the conference voiced concern about the ways in which the cooperative movement appeared to be ailing. Murray Lincoln, League president at that time, pointed out that cooperative stores had struggled in the mid-1950s to open up ten new stores a year, in contrast to the 2500 new chain stores that appeared on the scene annually.⁴³¹ Some thought resources simply needed to be redirected; if they could just get the grocery stores

needs to embrace more heterogeneous and increasingly differentiated interests. The struggle for the principles which motivated the pioneers under such circumstances becomes impossible. (8-9)

⁴³⁰ Jerry Voorhis, "Report of the Executive Director to the 20th Biennial Congress of the Cooperative League of the U.S.A.," 20th Biennial Congress Cooperative League of the U.S.A., 1956, Torgerson Cooperative Library, University of Wisconsin Center for Cooperatives, Madison, WI.

⁴³¹ "Mr. Murray D. Lincoln, President Cooperative League of the U.S.A. and Nationwide Insurance Companies, Columbus, Ohio," 20th Biennial Congress Cooperative League of the U.S.A., 1956, Torgerson Cooperative Library, University of Wisconsin Center for Cooperatives, Madison, WI.

on the right track by providing more guidance to the successful ones, like the one in Hyde Park, Chicago, the movement would come together.⁴³²

Resource allocation, however, was not the problem. The problem lay within the very program created to grow the movement. CLUSA was losing the small, local cooperatives that had been its foundation when it launched the nationalization and centralization efforts in the late 1930s. Warbasse and members of FDR's commission to Europe had predicted this outcome years before. And in 1948, the William C. Whitney Foundation also concluded that cooperatives needed to be "in" a community and engage local families for the movement to function.⁴³³ Families needed to feel that they had a stake in the co-op, that the store belonged to them as members of a community. The process of founding and operating cooperatives shaped the way its members felt about it. "The cooperative society," the Whitney Foundation report noted, "is more than a grocery store, it is a social tool fashioned by the community itself and with the intelligent leadership it can be used as more than a way to save some money on a can of vegetable soup."⁴³⁴ At the Cloquet Cooperative in Minnesota, long time co-op employee Rudolph Beltt, whose father had been hired as the co-op's bookkeeper in 1913, lamented that the consolidation process took "control of the membership away from the (individual) members." The movement, in his opinion, had lost its bearings and become indistinguishable from any other retail business. "To make a long story short, " he said bitterly when asked by his son what

⁴³² "Message from the Cooperative League to Semi-Annual Meeting of Hyde Park Cooperative Society, April 1954," Hyde Park Board of Directors Minutes, 1950-1957, Hyde Park Co-op Library, Hyde Park Co-op Market, Chicago, IL.

⁴³³ They reported to the newly formed council for Cooperative Development, a joint venture between the cooperative movement and labor (reportedly 10 internationals were involved) that was to help facilitate the building up of urban cooperatives. See C.J. McLanahan, "The Council for Cooperative Development," 17th Biennial Congress Cooperative League of the U.S.A., 1950, Cooperative League of the U.S.A. Papers, Wisconsin Historical Society, Madison, WI.

⁴³⁴ "For: Board of Directors, William C. Whitney Foundation, November 5, 1948," Box 6, Folder 4, McLanahan Papers, Wisconsin Historical Society, Madison, WI.

caused the downfall of the Cloquet Cooperative, “the original purpose of the co-ops was good, just like unions; but when they get too big they were no good for anyone including themselves.”⁴³⁵

Midland Cooperative Wholesale provides a good lens into how cooperatives experienced centralization. Midland members complained of the dictatorial nature of the regional Midland leaders toward the local cooperatives. The locals felt as if the Wholesale threatened their freedom. Even the way that locals referred to Midland as “they” revealed the growing disconnect between the regional organization and the locals.⁴³⁶ A top executive at Midland confided in Torstenson that, “‘Old Timers’ feel that the organization has lost the ‘old family spirit’.” While the rhetoric supported the notion of family and working together, the co-ops no longer really functioned as local institutions.⁴³⁷ A Midland field man also complained about growing tensions in an article in the *Midland Cooperator* in 1941: “There have been many signs in the past of a conflict between the interests of the Midland as an institution and the interests of the local cooperatives,” he explained. “This has been especially evident from the propaganda in the *Midland Cooperator* for more centralized control; it is evident in the personnel policies of Midland; it is evident in the attitude taken by the department heads and fieldsmen toward practices and policies by local managers and boards; it is evident in the attitude of the central office; the attitude of – ‘we alone knoweth’!” He warned that “The administration of Midland – that includes the general manager, the board of directors and the department head – must

⁴³⁵ Glen Beltt, “Cloquet Cooperatives,” Cooperative Collection, Carlton County Historical Society, Cloquet, MN.

⁴³⁶ Torstenson, 211-213.

⁴³⁷ Torstenson, 215-216.

someday come to the conclusion that changes and improvements do not necessarily have to come from the central office to be any good.”⁴³⁸

Torstenson similarly detected alienation among cooperators as soon as consolidation began to take hold. In 1948, the editor of *Midland Cooperator* had alluded to it: “It is disturbing to hear a local co-operative leader here and there refer to their Midland Cooperative Wholesale as ‘they’, and seem to look upon their wholesale as some adversary or opponent of local co-ops.”⁴³⁹ CLUSA did not help matters when it began to pressure local co-ops to expand their memberships to other ethnic groups and races so that the co-op memberships did not remain static. Such top-down pressure was often met with resistance at the local level from the members. The younger cooperators – second and third generation members – were exceptions. For example, some of the immigrant communities began to lobby their locals to change the language spoken at meetings and in the stores to English. In Superior, Wisconsin, at the People’s Co-op, after a debate on the subject and a subsequent vote, which determined that the co-op’s official language would change from Finnish to English, a cooperative veteran named John Tarkiainen, “asked for the floor [and] in a shaky voice said, with tears streaming down his cheeks, ‘It is the beginning of the end of People’s Co-op, now that control has been handed over to the ignorant non-Finns’.”⁴⁴⁰

The cooperative movement went from a grassroots, generally leftist movement in which farmers and workers, immigrants and African Americans, formed cooperatives in their local communities to protect themselves financially, socially and politically, to an expanding politically-centrist business organization. By the 1950s, the propaganda coming out of the

⁴³⁸ Torstenson, 222.

⁴³⁹ Torstenson, 213; *Midland Cooperator* XV, no. 23 (July 7, 1948): 2.

⁴⁴⁰ Donald Wirtanen, “Lake Superior’s Finnish Co-ops: Social Change at the Corner Store,” *Lake Superior Magazine* (September-August 1992): 41. Another good example can be found in Turner’s research, 73-80.

leading cooperative organizations – CLUSA, National Cooperatives, Inc., and the regional wholesale organizations like Midland – began to identify cooperation as similar to, rather than opposed to, the capitalist system.⁴⁴¹ Midland even defined itself as a “privately-owned, tax-paying, democratic institution’ committed to strengthening the traditions of free enterprise.”⁴⁴² All of these efforts to build up the movement, however, had the effect of eroding local autonomy; diminishing neighborly interactions; and making local cooperators feel unnecessary and unimportant.⁴⁴³

E.R. Bowen and others failed to understand that when they sought to reorganize the movement, cooperators who were most loyal to their cooperatives would feel alienated. The most successful cooperatives also tended to be homogenous. Sharing similar backgrounds and cultures made it relatively easy for the members to work together and make group decisions, and for leaders to engage members in local issues and neighborly events. In other words, it made grassroots democratic participation accessible. But somewhere along the line, leaders and cooperators alike, forgot *how* essential it was to the success of the movement overall. The shift to the top-down structure eliminated the very things that made cooperatives beloved, and therefore successful.⁴⁴⁴

Once the movement stopped fostering the bonds of community and the local values that made cooperation so enticing in the first place, it lost much of its potency as an agent of social and economic change. As the cooperative movement’s national and international aspirations grew, it served less to unite all consumers according to their shared interests as consumers, but

⁴⁴¹ Torstenson, 295-296.

⁴⁴² As quoted in Torstenson, 404.

⁴⁴³ Torstenson, 394, 401.

⁴⁴⁴ Midland Manager A. J. Smaby reported to the *Minneapolis Sunday Tribune* that the competition from chain stores had forced the cooperatives to “act more like other businesses.” John A. Wickland, Editorial, “Midland Co-op Replaces Sentiment with Salesmanship Techniques,” *Minneapolis Sunday Tribune*, 12 June 1955, Business Section, p. 1.

rather to erase the elements of cooperation – social, cultural *and* economic – that had endeared them to their members and in turn gave them strength.

Outside factors added to the troubled position of the cooperative movement. The economic upturn the U.S. experienced after WWII made cooperation less economically necessary. Having weathered the Depression and then the war and rationing, people finally had the money and the desire to have new things. As William Chafe points out, “most Americans could hardly wait to spend their accumulated savings on automobiles, washing machines, electrical appliances and housing.”⁴⁴⁵ Not only did people have more money but the numbers of consumer goods – and the choices –surged by in the 1950s. The cooperatives could not keep up and the argument that shoppers did not need choice, but rather simply needed the one best version their money could buy, was not enticing enough to keep co-op members shopping at their co-op store. The shift in social-economic ideology the U.S. experienced in the post-war decade proved to be just as detrimental. The politicization of shopping during the Depression and WWII largely revolved around the need for the consumer to be a careful shopper: prudent and smart. After the war, with the rise of Keynesian economics and the belief that the American economy relied on consumers to drive it, the consumer was encouraged by the government and by manufacturers to celebrate shopping. In other words, consumption was no longer suspect, but was something to seek out and enjoy. It was also touted as patriotic. Government officials often took visiting dignitaries on tours of the well-stocked supermarkets that, in turn, became the symbols of American prosperity.⁴⁴⁶

According to historian Tracey Ann Deutsch, by 1954, fifty-five percent of all grocery sales were made in big stores; by the middle of 1960s, that number had increased to seventy-one

⁴⁴⁵ William H. Chafe, *The Unfinished Journey: America Since WWII* (NY: Oxford University Press, 1986), 112.

⁴⁴⁶ Deutsch, “Making Change at the Grocery Store,” 319-323.

percent of all grocery sales.⁴⁴⁷ During the same period, sales at cooperatives continued to decline. By the 1960s, the leaders of CLUSA began to admit that their efforts to sustain the movement, let alone expand it, were failing. League president Murray Lincoln, in his 1962 address to delegates gathered at the biennial convention, pointed out how local cooperatives no longer responded to CLUSA directives and policy decisions. “When has the local membership, local cooperatives and members, ever in large part gotten behind a position taken by the League?”⁴⁴⁸ They did not, Lincoln claimed, really support the League. CLUSA’s Executive Director, Jerry Voorhees, recommended that CLUSA focus on the cooperatives that already existed and were successful.⁴⁴⁹ He summed up the feeling of resigned desperation when he told delegates “most Americans simply do not know what cooperatives are, why they have been formed, or what values and benefits they can bring to American life.”⁴⁵⁰ The great centralization effort had failed to beat the chain stores, and ultimately contributed to the decline of the 20th century cooperative movement in the United States. As Alan Brinkley argues in *The End of Reform*, the culture of consumption superseded the progressive politics of the 1930s. This held true for the cooperative movement as well – the pragmatic desire to obtain goods the easiest way possible trumped the idealism and affective ties that had animated the earlier cooperative movement efforts. It was, in the end, at the root of its demise.

⁴⁴⁷ Deutsch, “Making Change at the Grocery Store,” 319.

⁴⁴⁸ Murray D. Lincoln, “Reflections of the Past as a Guide to the Future,” 23rd Biennial Congress Cooperative League of the U.S.A., 1962, Torgerson Cooperative Library, University of Wisconsin Center for Cooperatives, Madison, WI.

⁴⁴⁹ CCW reported in 1963 that 56% of their affiliated associations experienced sales decreases compared to 31% the year before. About 1/3 of all the oil associations had decreases compared to ¼ the year before. And ½ of the creameries had sales decreases compared to 1/3 the year before. Between 1952 and 1962, CCW went from 119 stores to 108 stores. *Central Cooperatives, Inc., 1963 Yearbook* (Superior, WI: Central Cooperatives, Inc., 1963), 6, 33.

⁴⁵⁰ Jerry Voorhis, “Report of the Executive Director to the 22nd Biennial Congress of the Cooperative League of the USA,” 22nd Biennial Congress of CLUSA 1960, Torgerson Cooperative Library, University of Wisconsin Center for Cooperatives, Madison, WI.

EPILOGUE

The 20th-century cooperative movement was born in a period of rapid urbanization and corporate consolidation of economic and political power when progressive reformers feared the loss of community identity and democratic control. Many progressives worried, perhaps more prophetically than Richard Hofstadter acknowledged in *The Age of Reform*, “that the great business combinations, being the only centers of wealth and power, would be able to lord it over all other interests and thus to put an end to traditional American democracy.”⁴⁵¹ They believed it was imperative to find and champion alternative means for organizing economic authority; they set out to challenge the ascendant powers; and they offered solutions to the inequities and other caustic effects of modern capitalism. For those who held that cooperation was the answer, communities of workers and immigrants, farmers and African Americans could find solidarity, social benefits and economic leverage in communitarian notions of management rooted in the egalitarian values and experiences of frontier self-sufficiency and cooperation.

Unfortunately, the cooperative ethos proved no match for the truly revolutionary transformations advanced by corporate capitalists and their allies.⁴⁵² The new corporate entity enabled organization of capital and political influence in ways that not only outstripped the ambitions of rival forms like co-ops and, eventually, labor unions; but more fundamentally, it changed the economic landscape. Unlike co-ops or unions, corporations existed for the sole purpose of profiting their shareholders and perpetuating their own existence. Unlike cooperatives, which drew their strength from the bonds of location, ethnicity and the shared

⁴⁵¹ Richard Hofstadter, *The Age of Reform* (New York: Random House, 1955), 227.

⁴⁵² Martin J. Sklar, *The Corporate Reconstruction of American Capitalism, 1890-1916* (New York: Cambridge University Press, 1988); Alfred D. Chandler, Jr. *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA: Harvard University Press, 1977).

interests of member communities, corporations were fettered by little more than technology and the law, both of which could – and would – be modified to suit the needs of those in power.

Consumer cooperators found it increasingly difficult to keep pace with the competitive might of corporate capitalists, in no small part because such competitive thinking was antithetical to the cooperative ethos.

But even more limiting was the fact that at a time when corporations were consolidating wealth and influence, the CLUSA and the cooperative movement as a whole was mired in decades of internecine struggle with the Communist Party. By the time the CLUSA leadership could neutralize the CP challenge it was in the hands of pragmatic, anti-communist figures like Bowen, who were resolute in adopting the techniques and principles of more mainstream business and trade associations. Like the corporate retailers and wholesalers the CLUSA had once opposed, U.S. cooperatives after 1950 endured mergers and consolidations that left the surviving institutions larger, less local and indistinguishable from conventional businesses. The leaders of the Cooperative League of the U.S.A. abandoned the dream that a cooperative commonwealth would usurp or even seriously challenge the hegemony of corporate capitalism in North America.

Rather than retreat altogether, however, the CLUSA recalibrated its ambitions and continued on the more pragmatic path advocated by Bowen and later leaders. In the post-war years, the League more readily aligned itself with mainstream American values that included anti-Communism and direct participation in the competitive marketplace. Small cooperative stores closed while the League worked to foster the growth of larger, modern cooperatives that might be able to compete with chains and corporate retailers. They joined the managerial revolution by hiring professionals to run various departments such as public relations, finance

and management. As Francis Parker, of the U.S. Bureau of Labor Statistics explained, by 1954 “it had been apparent ... that, if cooperatives were to hold their own in present-day competition, they must have well-qualified personnel, especially for the top-level jobs and must make use of expert consultative and technical assistance.” She went on to declare that the “day of the well-meaning amateur was gone.”⁴⁵³ From the mid-1950s on, the League’s goals focused on encouraging friendly cooperative legislation on the national level; expanding cooperative aid efforts abroad; supporting development of rural farmer cooperatives in the U.S.; and helping cooperatives navigate technological change.⁴⁵⁴

The movement’s gradual transformation from a radical if “evolutionary” force to one bent on accommodation with the mainstream was complete by the time the organization changed its name to the National Cooperative Business Association in 1985. By the turn of the 21st century, the University of Wisconsin Cooperative Extension department’s literature concluded modestly that, “cooperatives are clearly not a panacea for every economic problem and they may not be the best choice for every business opportunity.”⁴⁵⁵ No longer did cooperation represent a morally superior, alternative political economy capable of sparking the passions of a combative working class. Instead, modern consumer cooperatives would be satisfied to function competitively within niche markets, supplying organic, natural and/or local foods to clusters of consumers in urban areas like Minneapolis, Seattle or Park Slope, Brooklyn and small towns like St. Peter, Minnesota, Great Barrington, Massachusetts or Santa Cruz, California. According to

⁴⁵³ Florence E. Parker, *The First 125 Years* (Superior, WI: Cooperative Publishing Association, 1956), 185.

⁴⁵⁴ National Cooperative Business Association, *Our History*, accessed October 23, 2011, <http://www.ncba.coop/ncba/about-ncba/history>; National Cooperative Business Association, *Steppin’ Up: Paul Hazen is Leading NCBA*, accessed October 23, 2011, <http://www.rurdev.usda.gov/rbs/pub/jul98/stepping.htm>.

⁴⁵⁵ Kimberly A. Zeuli and Robert Cropp, *Cooperatives: Principles and Practices in the 21st Century* (Madison, WI: Board of Regents of the University of Wisconsin System, 2004), 78; Parker, 186.

one industry magazine, *Cooperative Grocer*, an estimated 550,000 Americans belonged to food co-ops in 2011; another 88,000 are members of approximately 4,000 buying clubs.⁴⁵⁶

This history of lapsed visions and frustrated challenges to the status quo may be read as simply another chronicle of radical idealists failing to see the big picture and ending their days in factions and on the margins of history. But more important than the fates of Warbasse and the others is what their experiences suggest about what role, if any, democracy plays in the modern American political economy. Does democracy mean something more than “freedom of choice” among products and services, or the rights of individuals and groups to accumulate wealth and power? If so, how do communities exercise meaningful influence over the systems that distribute goods and services? How can consumers protect their shared interests vis-a-vis those of manufacturers, retailers and financiers? Is it significant that one small town succeeds in preventing construction of a big-box retailer in their area, while others compete to offer the same corporation tax and zoning breaks to lure a new store in their direction? Do legislative arguments about the merits of lowering taxes versus strengthening business regulation represent the 21st-century equivalent to the kind of institutional and ideological challenges once posed by the cooperative movement?

When I began researching and writing this dissertation, Americans were still enjoying a technology bubble that brought jobs and stock-market growth. The success of the modern “free” market brought confidence in capitalism’s ability to provide for the common good and that as a result, the deregulation of banks and corporations would do no harm to society. After the technology bubble burst, tax cuts, continued deregulation and promises of a new “ownership society” spurred a housing bubble that sustained popular faith in the inevitability of capitalism.

⁴⁵⁶ Zeuli and Cropp.

Throughout this period, I found it hard to imagine that Americans might consider ways to challenge capitalism as they had in the first half of the 20th century.

But financial crises, the skyrocketing of unemployment, instability abroad and a stagnant economy at home have prompted many Americans to once again raise serious questions about not just the fairness, but the fundamental viability of the prevailing political economy.⁴⁵⁷ The autumn of 2011, in particular, has witnessed roiling conflicts over the unfettered power of the corporate elite, the wealthy “1%” who control 42 percent of the nation’s wealth.⁴⁵⁸ The Occupy Wall Street movement that has sprouted actions far beyond the confines of lower Manhattan, for example, harkens back to the Progressive Era concern that wealth and power, rooted in laissez-faire capitalism, would usurp and destroy American democracy. Similarly, American consumers successfully rallied in opposition to the Bank of America when it proposed charging its customers for their use of ATM services, forcing Bank of America to back down when faced with online petitions and calls via social media for consumers to move their money out of banks and into credit unions.⁴⁵⁹ Even more to the point, a town of 5,000 in northern New York managed to stop a Wal-Mart franchise from opening in its community by opening a cooperative department store to fill the consumer demand that the Wal-Mart would have filled. The Saranac Lake Community Store opened in November 2011 after selling enough shares to fund the business.⁴⁶⁰

Such stories, along with renewed interest in (and controversy over) the merits of cooperative health care, are signs that the history of the cooperative movement in the United

⁴⁵⁷ U.S. Bureau of Labor Statistics, accessed November 15, 2011, <http://www.bls.gov/cps/>.

⁴⁵⁸ Jeffrey D. Sachs, “The New Progressive Movement,” *New York Times*, November 13, 2011, New York Edition, SR6.

⁴⁵⁹ Tara Siegel Bernard, “Bank of America Drops Plan for Debit Card Fee,” *New York Times*, November 2, 2011, New York Edition, A1.

⁴⁶⁰ Amy Cortese, “Buying Underwear, Along with the Whole Store,” *New York Times*, November 13, 2011, New York Edition, BU1.

States in the 20th century remains relevant to the challenges faced by the working middle class in the 21st. The record is clear about the obstacles faced by the cooperative challenge in the context of corporate capitalism and, at the present, it seems unlikely that cooperation will emerge from the footnotes to claim a dominant place on the front page. Nevertheless, as recent developments in the U.S. and global economies suggest, it does seem at least possible that history will yield a new, and perhaps similar, movement aimed at improving the fate of average consumers, empowering “the 99%” by organizing citizens around shared interests, community values and economic necessity.

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