



Rochdale Set Pattern for Modern-Day Co-operatives

Brett Fairbairn, Saskatoon *StarPhoenix*, 14 October 1994

Can we find an answer to many of the world's problems by following the example of a working-class association 150 years ago?

Rochdale, England, is known by millions for one reason: a handful of labourers established a co-operative there in 1844. The co-operative was adopted as the inspiration and model for a movement that now includes early 700 million people around the world.

But what did Rochdale mean? Why is it considered so important?

The labourers who organized the Rochdale co-operative were people suffering from the social dislocations of the Industrial Revolution. They struggled to survive unemployment, low pay, unhealthy cities, and dangerous workplaces. They had no social benefits. They were dependent on merchants who were sometimes unscrupulous, who exploited the poor by selling at high prices, by adulterating goods, or by trapping customers with offers of credit.

And the Rochdale labourers faced these challenges in a time and place when they had no vote, no democratically elected government to represent them, no interventionist state to protect them.

Their answer to social problems was a special kind of self-help — mutual self-help, by which they would improve themselves by aiding each other. They used their own small savings to set up a co-operative store that would sell reasonable foods at fair prices and return some of the profits to themselves. It was a small start to a large international movement.

They called their co-operative the Rochdale Society of Equitable Pioneers. According to their first

by-laws, they aimed to raise capital to create a co-operative community within which they could end the exploitation of human beings. Rochdale never got as far as creating that perfect community, but along the way, the Rochdale Pioneers showed millions how to improve their world.

The problems of 1844 in some ways resemble those in developing countries and less-developed areas of Canada today. The solution in Rochdale was something like the modern idea of socially sustainable development: Rochdale stands for development in the long-term interest of people and communities — development controlled by the people it affects. Rochdale is a vision of participation in social change for the better.

But there were co-operatives — businesses democratically owned and operated by their users — before Rochdale, at least as long ago as 1769. What exactly made Rochdale distinct?

Generations of people have found different lessons in the Rochdale experience. In 1937 and again in 1966, representatives of co-operatives codified some of their procedures in lists that they referred to as the Rochdale Principles.

Today those principles include things like open and voluntary membership, democratic control, limited return on capital, allocation of surpluses to members, co-operative education, and co-operation among co-operatives. A new statement of principles will be adopted in Manchester, England (near Rochdale), in 1995, and that statement, too, may be called the Rochdale Principles. The meaning of Rochdale changes over time.

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have said back then) means co-operatives that grow slowly and only to meet the organised needs of their members — never for risky or speculative purposes. Rochdale stands for co-operatives that form from within, by self-financing from their members' painstaking contributions.

But above all, the Rochdale plan meant two things: patronage refunds and constant education.

One of Rochdale's contributions to history was the idea that part of the profits in a co-operative should be returned to the members in proportion to their purchases. These patronage refunds represent the savings achieved by the co-operative on behalf of members. Patronage refunds are members' own money coming back to them. The rest of the surplus was to be invested in developing services for members and in education.

Rochdale's commitment to education was visionary. Co-operatives in the Rochdale tradition have taught their members everything from politics and economics to book-keeping, from good farm practice to how co-ops work. No matter what the subject, the key to co-operative education is that it is education in self-help — the things people need to know to be effective in their co-ops and in their communities.

The Rochdale Pioneers put aside a fixed percentage of their operating surplus to fund educational activities. In the Rochdale tradition, co-operatives started newspapers and publishing firms, colleges and correspondence courses, and much more.

It is not easy to reduce Rochdale to a short list of principles. Rochdale represents more of an approach or a philosophy, rather than a rigid unchanging set

Seventy years ago, if you had asked Saskatchewan co-operators what was meant by "the Rochdale plan," they would have said something like the following: Rochdale stands for decentralized co-operation — community co-operatives under the control of local people. It stands for local autonomy and co-operatives working together in effective and democratic federations. Rochdale (they would

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of rules. And it is only one co-operative approach among others.

Up until the 1920s, farmer co-operatives, in particular, did not put much stock in Rochdale. Most farm leaders wanted co-operatives that were big, centralized, commercially rather than socially oriented, and that didn't require so much from their members. They wanted an easy road to big co-operatives. Aaron Sapiro, the charismatic advocate of commodity pooling in the 1920s, specifically set his ideas apart from the Rochdale approach.

It was the 1930s that brought the Rochdale ideal fully to life in western Canada. The Depression humbled many businesses and organizations. It was the small, decentralized, self-financing co-operatives that thrived and multiplied across the prairies in the darkest days of the Depression. With the help of field staff from wheat pools and governments, retail co-ops multiplied; credit unions sprang up; and dozens of other kinds of co-operatives followed, creating the diverse co-operative movement today.

It was in those hard years that the Rochdale example truly came to inspire hope and leadership. Volunteers put in countless hours to start co-operative businesses. Many are the stories of leaders who pledged their farms as security to make sure co-operatives would succeed. These were not mere business ventures, but community projects fuelled by the hope of building a better world.

It took the misery of the 1930s to demonstrate the real meaning and potential of the Rochdale idea and for the Rochdale example to be fully appreciated in Canada.

Co-operatives remain strongest, in some ways, where poverty and development present the most monumental challenges. Today, almost half of the co-operators who adhere to the Rochdale movement are in India and China. In countries like these, as in the early history of Canadian co-operatives, there have been tragic mistakes made by misapplying the lessons of Rochdale. Above all, top-down development, excessive centralization, and governmental interference have led to many co-operative failures. Responsibility for such failures is shared by advisers from developed countries like ours, who did not fully understand the co-operative model they were imposing on another culture.

Rochdale has never been the only model of co-operation. There are many ways for communities to work together, and sometimes Rochdale rules seem to get in the way. The overall Rochdale approach, though, has been tested by time and has proved its merits under the harshest of circumstances.

After one hundred and fifty years, Rochdale remains a visionary ideal achieved only imperfectly in the real world. But the homage paid to Rochdale by co-operators around the globe in 1994 proves that the vision is still alive.

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