

# The Co-operative Manifesto: Social Philosophy, Economics and Psychology for Co-operative Behaviour

Carl Ratner

This article articulates a conceptual foundation for co-operative behaviour. This foundation – known as ‘co-operativism’ – consists of a social philosophy, economic principles, and psychology. For co-operativism to be a specific and realistic programme, it must take account of obstacles to co-operative behaviour and overcome them. This article derives co-operativism from a critique of capitalist economics, social philosophy, and psychology which impede co-operative behaviour. Co-operativism thus has a political dimension that strives for material, social, ideological, and psychological change. The logic of co-operativism is articulated through a series of examples from less collectivised praxis and self-concept to more collectivised. The increased economic, social, and psychological benefits of the ascending levels are explained. The article uses the different levels of co-operativism as criteria for analysing co-operative practices in the United States. Shortcomings in co-operative practices can be ameliorated by striving for the highest level of co-operativism. The article is an activist programme for guiding organisations to promote high levels of co-operative behaviour; it is also a treatise on co-operativism that contributes to the social sciences, economics, philosophy, social policy, and conflict resolution. The article informs activism with a scholarly basis, and it informs scholarship about co-operative behaviour with practical examples and consequences.

## Two Senses of Co-operation

Co-operation has a general and a specific denotation. Generally it means people working together, co-ordinating their action, taking account of each other’s movements and intentions. The more specific meaning is that people work toward a common goal that benefits the participants, and that expresses common interests which they impart to the collective, co-ordinated action. The specific meaning does not necessarily accompany the general one. A modern capitalist business, for example, has managers and workers co-ordinating their actions, but the managers govern the workers’ behaviour with little input from workers into the work process, and managers use workers’ work to generate profit to enrich investors, rather than to fulfil the collective interests of the workers. Managers see workers as a cost to be minimised. In this case, the specific meaning of co-operation is not met, although the general meaning is. In fact, the general features of co-operation (co-ordinating actions) are employed to exploit workers and negate the realisation of the specific features of co-operation. This also happens in cases of deception and torture – where the liar and torturer craft their behaviour to take account of the victim’s fears, expectations, resistance in order to hurt them.

The general sense of co-operation must be distinguished from the specific. The former does not entail the latter. The two levels may have originally evolved together – primordial humans may have learned to co-ordinate their behaviour in order to strengthen all group members and

help them achieve a common goal. However, since at least the last 10,000 years, with the introduction of class society, general features of co-operation have been turned against concrete co-operation. General features have been used to segregate and exploit large sectors of the population rather than to pursue a common good.

To achieve concrete co-operation, we must focus upon concrete conditions that impede it and can facilitate it. We cannot simply sensitise people to general issues such as being aware of the actions of others, or communicating better. This can actually impede specific co-operation if the general features are used to exploit people. Focusing on general processes of ‘co-ordination’ overlooks the concrete content of what they are co-ordinating and who benefits from it. (This is why corporate training programmes focus upon the general features of co-operation: they make managers and workers feel that co-operation has been advanced, while concrete exploitation has not been addressed; it actually has become smuggled into the general co-ordination of behaviour that is controlled by managers. Unfortunately, most co-operative businesses use the same kind of general training programmes which do nothing to alter the structure of work, power relations, or the content of what is communicated.)

This paper will attempt to explain how the specific sense of co-operative behaviour can be realised. This is not a simple matter. Contemporary society impedes co-operation in many, powerful ways. These must be systematically identified and challenged. Generalities such as “work together”, “respect each other”, “have open

dialogue” cannot suffice to guide co-operation because they do not systematically identify and challenge the massive, subtle, ingrained impediments to co-operation. For co-operation to become normative it must be cultivated and supported by a systematic social philosophy, economics, and psychology. This triple helix is denoted as ‘co-operativism.’

### Developing Co-operativism as A Basis for Co-operative Behaviour

Co-operativism can only become a viable system if it critiques the impediments to co-operative behaviour and thoroughly overcomes them. Without such a critique, co-operativism would fail to comprehend the reasons for unco-operative behaviour, and what must be done to overcome them.

Critiquing fundamental social praxes and transforming them into co-operativism in order to generate co-operative behaviour is diagrammed in Figure One.

Figure One may be summarised by saying that before unco-operative behaviour becomes reconstructed as co-operative behaviour (step 1 to step 5), it must be deconstructed to its origins. Only such a deconstruction can lead to reconstructing a new basis for reconstructed behaviour.

### The Root Causes of Unco-operative Behaviour

Unco-operative behaviour occurs in almost all societies for a variety of reasons. However, it became a normative social phenomenon that characterised most domains of everyday life with the rise of capitalism.

Sellers explains this development in colonial America:

Native Americans lived in communal, co-operative, and egalitarian bands of related families.

Indians came under cultural attack by the market’s irresistible trade goods and insatiable demand for furs.

As Indians accumulated pelts for their commodity value, the ethic of sharing came under strain.

The social world of altruism encompassed the whole band or village among Indians but shrank to the small nuclear household in the market world.

(Sellers, 1991, pp6, 7, 13)

Similarly, before the capitalist revolution, “New England towns donated communal lands to families in proportion determined by communal criteria of status and need”. “Discouraging individuality and competitive striving, the subsistence culture socialised its young to a familism of all-for-one and one-for-all.” This communalism was eliminated by the market revolution. There was a “contradiction between capitalist property and use-value communalism” (ibid. pp10, 11).

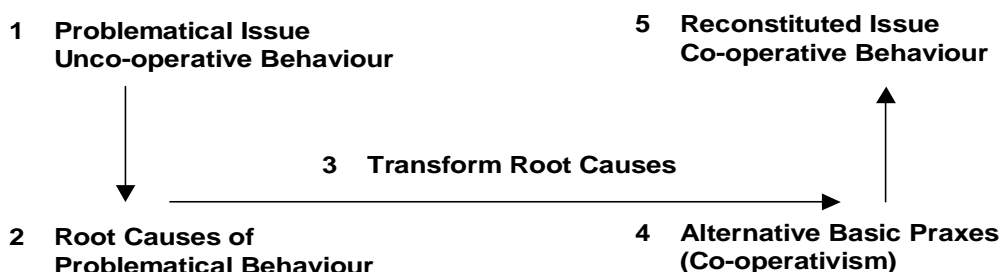
Capitalism opposes co-operativism by converting collective ownership of resources and collective production and distribution of goods into privately owned resources and products that are bought and sold as commodities with the goal of personally enriching the individual owners of the resources, enterprises, and wealth (Perelman, 2007). Marx and Engels spelled this out in *The Communist Manifesto*.

It is important to explore how private ownership, commodity exchange, and the profit motive negate co-operativism. For this will provide a specific blueprint for what co-operative economic, philosophical, and psychological praxes must avoid and the alternative direction they must take.

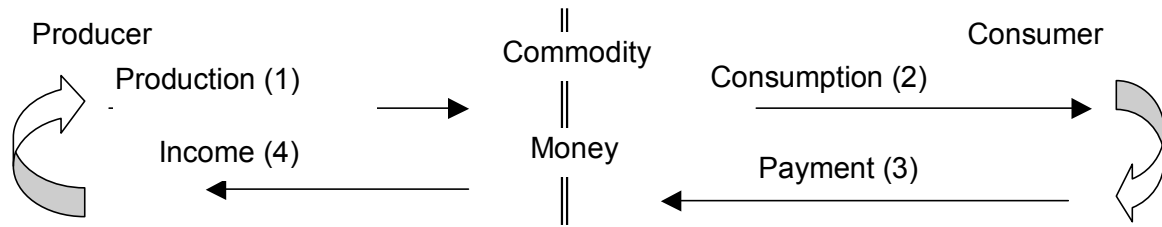
### Commodity production and exchange

In capitalism there are two co-existing forms of commodity production that constitute level 3

Figure One: A Basis for Co-operative Behaviour



**Figure Two: Simple Commodity Exchange**



in figure one (Marx, 1973). One corresponds to a simple exchange of an object for money. This exchange predates capitalism but is incorporated within it and is altered by it. Simple commodity exchange is depicted in Figure Two.

Figure Two shows how the commodity form of production separates production and consumption, payment and income, producer and consumer. The vertical line is an imaginary sales counter that separates the three relationships as commodity and money move across it.

In commodity production, the default position of producer and consumer – from which they begin and return from each transaction – is separation. Isolation is interrupted by temporary transactions across the barrier of a sales counter. As soon as the transaction is completed/terminated, the individuals revert back to their solitary state and await the next temporary, impersonal transaction. Isolated individuals are brought together on a temporary, contractual basis by business transactions. Social interactions hinge on exchanging commodities. And the exchange involves each individual (producer and consumer) pursuing his own self interest (selling as expensively as possible, or buying as inexpensively as possible) on opposite sides of the sales counter.

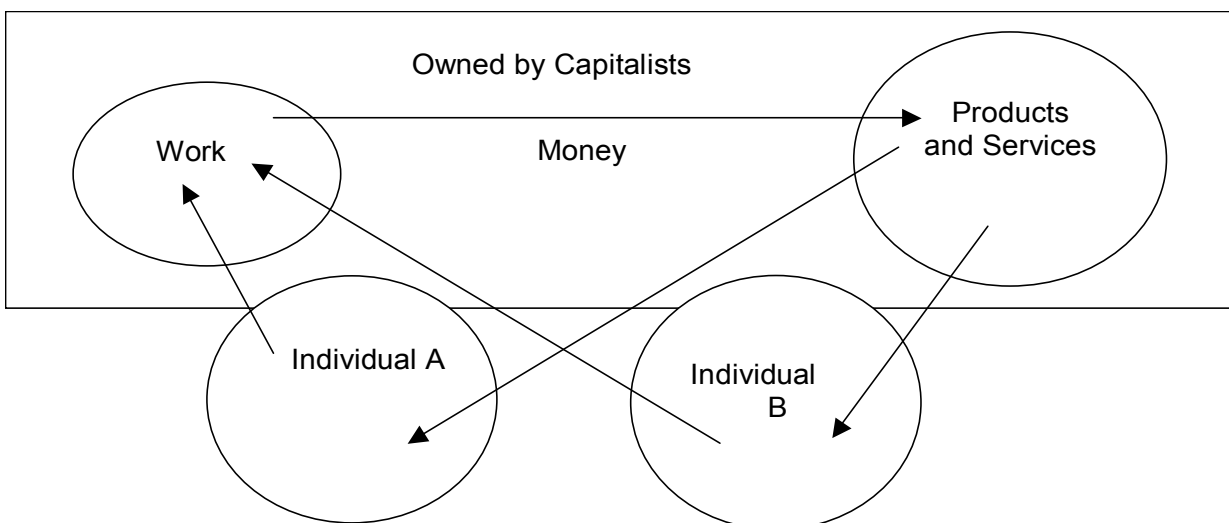
In simple commodity production, the buyer

and seller are instrumental means for the other's happiness. I produce things for you so that I can earn money. I tend to have no intrinsic concern for your well-being. Conversely, you give me money so that you can acquire my product and be happy. My pleasure at receiving your money is instrumental to your pleasure of possessing my object. You tend to not be genuinely interested in my happiness and well-being.

Simple commodity exchange further impedes genuine social solidarity by converting social relationships into standardised, calculated interactions. One gives to other people in proportion to what one receives from them. If one has not, or will not, receive much, one will give little to the other. If the other has little money, for example, you will give him little food, clothing, or shelter. This limits genuine caring about other people. Experimental studies on decision making demonstrate that people are less altruistic when they are paid, or expect to be paid, for some behaviour, compared to doing it as a community activity.

The second form of commodity production in capitalism is dominated by capitalists. Capitalists own the means of production, the products and services that are produced in their companies, and the money supply. Workers are dispossessed of these resources – which they

**Figure Three: Capitalist Commodity Exchange**



used to own before the capitalists expropriated them in a process called primitive accumulation. Workers must apply to capitalists to be hired to work in the capitalists' companies, receive money from the capitalists (wages) with which to purchase the capitalists' goods and services. These social relations of capitalism are diagrammed in figure three.

Capitalist commodity production introduces new social relationships that negate co-operative behaviour. These include exploitation, alienation, autocratic management, treating people as a means to wealth, competition, greed, selfishness, and commodifying (standardising, quantifying, depersonalising) interpersonal interactions. All of these impede personal, supportive social relations.

Workers are treated as cogs in the machine of maximising profit. Personal considerations are subordinated to efficiency. Capitalist commodity exchange is also exploitive because the capitalist pays the workers a fraction of the value they produce, and he or she appropriates the remainder (surplus value) as profit. In the US, from 1972-2005 while productivity per nonagricultural worker almost doubled, average real wages of production workers declined 10%. From 2000-2005 worker productivity rose 27% while average hourly pay fell 1.2%. Profits as a share of gross domestic income increased 10% during this period, while wages and salaries declined 10% (Neckerman & Torche, 2007, p338).

Clearly, work in capitalism is not co-operative in the specific sense of advancing the collective of the workers.

As commodification envelops more domains, it separates people from nature and from other people, and inculcates the social psychology of commodity production and exchange. This is because forms of property structure social relations among people. They do so because social relations are embedded in forms of property. When people use property they are subject to these embodied social relation. This point requires explanation.

Forms of property are social relations. Private ownership of property is a social relation of separation and independence. To privately own property is to exclude others from owning it simultaneously. Private property eliminates public, common ownership and access; it encloses them to become the exclusive domain of the owner. Public investment has fallen to half its level of the 1960s-70s relative to the size of the economy. Ironically, private property is

defended as granting rights to individuals, however nothing is said about how it deprives, excludes, and restricts individuals from access to resources. Privatisation of water, health care, internet service, health insurance, land, work, and housing results in excluding people who formerly had free access to them as public resources (cf *Antipode*, 2007, vol 39, no 3).

Psychological research demonstrates that embracing the value of bourgeois financial success contradicts valuing community (Kasser, et al, 2007, p65).

### **Co-operativism: Social Philosophy, Economics, and Psychology for Co-operative Behaviour (and Individual Enhancement)**

Because capitalism is anti-co-operative, in order to promote co-operative behaviour, co-operativism must develop a social philosophy, economics, and psychology that repudiate surplus value, individualism, the profit motive (as the primary criterion of business success), and commodity production and distribution (as the primary economic principle). Co-operativism is political in this sense – as the founders of the co-operative movement understood (Schweickart, 1994, Kasmir, 1996). Minimising this political thrust of co-operativism (as a critique of capitalism) overlooks the powerful capitalist obstacles to co-operativism that make it necessary and difficult to achieve, and which determine the content it must develop in order to effectively promote co-operative behaviour. Minimising the political thrust of co-operativism deprives it of a concrete strategy and vision. Co-operation becomes co-opted as a few minimal changes in business practice, coupled with general exhortations about working together.

As a social philosophy (that encompasses economic principles and psychology), co-operativism makes social integration the default position of social, economic, ideational, and psychological life. Individuals do not subsist independently and then secondarily find temporary socioeconomic interactions of calculated exchange. Rather, people intrinsically belong to social networks, resources, property, and products. They have intrinsic rights to these.

Co-operativism is best understood as a goal that is reached through successive approximations. This is illustrated by

enumerating three levels or forms in order to explicate a *telos* or logic of co-operativism from minimal to maximal.

Not all acts of kindness and co-operation are forms of co-operativism. If I help you paint your house and you then help me paint mine, this is an act of co-operation (in the general sense) and reciprocity, but it is not co-operativism. In this act, you and I remain fundamentally independent with our own interests and property. We simply contract a temporary mutual aid to help each other fulfil our individual interests. Our two houses coincidentally happen to need painting at the same time and we coincidentally each have enough money to individually buy the paint at the same time. Mutual aid – or reciprocity, or reciprocal altruism – does not represent any group praxis toward fulfilling collective interests/objectives. (It is, however, more co-operative than commodity production where individuals only exchange products at a distance.)

Co-operativism is similarly absent in situations where several individuals utilise a common space for their own individual ends. An example is a farmer's market where individual farmers sell their crops in a public space provided by a city government. The farmers have no relation to each other. They do not aid each other. Of course, some of them contact the city government to plan the dates and format of the market. However the farmers participate as individuals. It is a misnomer to call such farmer's markets 'community events'. The farmers are plural isolations and the consumers are the same. Calling such events 'community events' is wishful thinking rather than a reflection of a truly supportive, integrated community.

Even a buying club is not co-operativism. It consists of individuals pooling their money for a single shopping expedition in order to get a price discount on a bulk order. Each member is primarily concerned with how much money she personally saves. Of course, all the members benefit from pooling their money, however they do so as a sum of independent individuals. They do not help each other. They simply combine their separate money for a few hours and then retreat to their default position as isolated individuals with their private resources and interests.

Co-operativism begins when individuals begin to give up their separateness, privacy, and self-interest, and contribute (integrate) their wealth, possessions, and rewards to a democratically run group in which they collectively decide how the resources will be used to benefit the

members together. Group members develop group projects, identity, feelings, needs, motives, interests, and responsibilities. This group praxis results in social solidarity and support for the members. It also results in an active role for each member in shaping the activities of the group which affect his behaviour.

### **Level I Co-operativism**

If the farmers who participate in a farmer's market form an association and contribute \$100 each to it – for the purpose of advertising and beautifying the market – this is an initial level of co-operativism. This act pools small resources of individuals into a collective effort that benefits all the contributors together, equally. The individual gives up control over his money – unlike the situation of the buying club – to the group. The group now decides how it shall be used on projects that will benefit all the members together.

Each farmer acts as a group member rather than as an individual. None beautifies only his individual stall in the market, or advertises on his own about it. The advertising and beautification promote the entire market, and the individual farmer benefits from his group membership. The combined money attracts customers to the market as a whole. Each farmer's contribution is magnified by pooling it, and each receives far more customers this way than he could have by spending \$100 individually.

Each benefits because he gives up his individualism (not his individuality). He gives his money to the group for the group. The more attractive the entire market is, the more customers visit the market and the result of this collective increase is an increase in visits to each individual stall. This is a new form of distribution of benefits. Benefits (ie, increased clientele) are not apportioned individually in proportion to one's individual monetary contribution in a quid pro quo. One benefits as part of the collective benefit, not in opposition to (competition with) the others. And one benefits more than he would alone.

An additional example of Level I is farmers pooling \$1,000 each to collectively purchase a large, efficient machine for harvesting or processing their crops. Each farmer would take turns using this machine on his own farm. Giving up control of his money to the group yields greater benefits to himself than what he could purchase alone for his \$1000.

The benefits that each derive from the machine are not distributed according to his

financial contribution to purchasing it. Each freely uses the machine regardless of how much money he contributed. One does not purchase a certain amount of benefit for himself. All the farmers benefit from their collective machine.

Co-operativism at level one is a significant advance over competitive, individualistic, commodity-mediated market interactions. It is an advance over buying clubs and other 'serial' groups that are composed of a sum of independent individuals. However, Level I remains primitive because it only bestows the advantages of co-operativism on a small domain of the farmer's socioeconomic life. Outside the small contribution to the group, each farmer remains independent, self-interested, alone, insecure, and unsupported. He purchases and owns his farm, equipment, and supplies. He grows his crops by himself and for himself; he transports his goods to market. He competes with other farmers and becomes jealous at their success. These activities reflect and also promote isolation from others and impede fuller co-operativism and the benefits it provides to individuals.

Furthermore, the benefit each farmer receives from using the machine is proportional to the amount of crop he is able to grow and transport on his own. Disadvantaged farmers will process less crop and derive less benefit from the machine than advantaged farmers. Level I co-operativism favours the strong and wealthy, and perpetuates their privilege and dominance.<sup>1</sup>

### **Level II Co-operativism**

More extensive co-operativism is achieved as individuals turn over more of their private possessions to the collective for group management and support. An example would be several farmers giving up part of their land and a large sum of money to form a commons on which they build a processing plant for their crops. This reduction in private ownership of land and facility leads to great economy of scale, social support, and social knowledge on the collective land and facility. Each individual could vote for, or join, a collective management team which would free him from having to maintain his own smaller facility. This freedom would allow him to concentrate on growing more crop.

In level II co-operativism, each farmer would remain fundamentally independent. Each would retain his own farm, grow his own crops, etc. He would take his produce to the collective facility

to process it and would receive an output commensurate with his input.

Each farmer would also contribute to the maintenance of the collective facility. Each would contribute a portion of his crop to the collective processing plant. The proceeds of selling this collective contribution would be used collectively to maintain the plant and other group projects that would enhance the well-being of the members.

The portion that each farmer contributed could either be an absolute amount – eg, 100 pounds, or 100 bushels – or a proportional amount – eg, 10% of his crop. The first method would be formal equality, however it would be more burdensome to poorer or weaker farmers than to richer, stronger ones. The reason is that poorer, weaker farmer's grow less crop than richer, stronger farmers do. Therefore, 100 bushels would be a larger percentage of the former than of the latter. Formal equality would here result in real inequality of burden. Contributing a percentage of one's crop to the common fund would be formally unequal – since rich, strong farmers would contribute more pounds and bushels than poor, weak farmers. However it would be an equal level of burden for rich and poor. Even greater equalisation of wealth would be achieved by charging the wealthy farmers a higher percentage of their crop than the poorer farmers. This is the principle that governs progressive income tax.

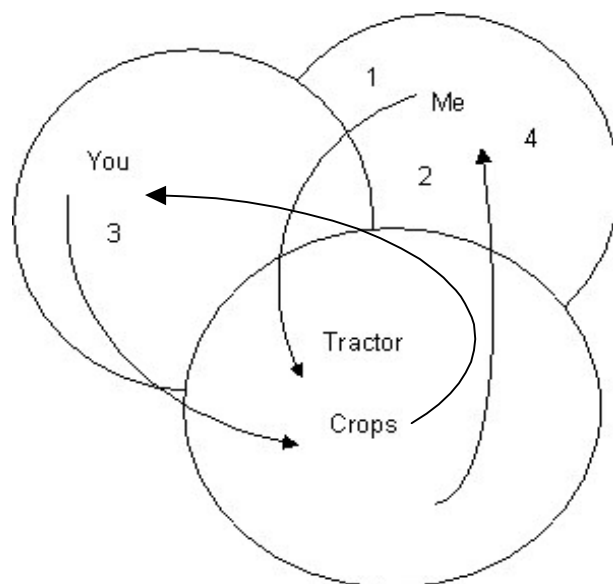
### **Level III Co-operativism**

Maximum co-operativism is achieved if farmers collectivise their entire farms (maintaining a small parcel for themselves) and manage them through democratic bodies – not by autocratic political leaders as in Soviet style collectivisation. Collectivising property objectifies and strengthens collective social relations, because forms of property are social relations.

Whereas capitalist ownership of resources entails individualistic social relations, collective ownership of resources entails communal, co-operative social relations. People become socially integrated as they collectively use property (resources, tools, assembly lines, land, and products). Collective property is the material objectification of collective social relations. This is why it is necessary to collectivise property in order to have truly communal social relations and a collectivist psychology.

In collective ownership of property, what I do for you simultaneously benefits me, and vice

**Figure Four: Communal Social Relations and Communal Property**



versa. When I produce a product or a service, you also own it – intrinsically, without having to exchange anything for it – and what you do with it is also automatically mine. When you use the tractor that I have helped build, you use it for a common good – to plough communal land – which includes me. In commodity production, I sell you the tractor and have no say about what you will use it for or whom you will sell your produce to. I have to go to the market to try and buy produce if you are willing to sell it to me. If you can find a higher price somewhere else, I will not be able to buy it. I have no direct access to the product (tractor) that I built, or the product of that product, or to you. Co-operativism enables me to gain appropriation of my product through you because you are connected to me.

This is depicted in Figure Four, which shows you and me and the tractor integrally (internally) related. Consequently, the tractor that I make (number 1) belongs to you as well (2). When you use our tractor to produce crops (3), they belong to me as well as to you (4); they are our crops. Our social integration and our collective ownership and distribution of resources go hand in hand.

Collective ownership of resources and products means they are distributed according to a humane plan rather than according to quid pro quos or monetary purchase. “If the material conditions of production are the co-operative property of the workers themselves, then this likewise results in a different distribution of the means of consumption from the present [capitalist] one” (Marx, 1966, p11).

A collectively devised plan helps individuals

satisfy their needs within the framework of collective needs. A family with a handicapped member may be provided a larger house or a specially designed house in order to facilitate the care for this person. The collective will meet individual needs without requiring fees as prerequisites to the care.

While this model appears utopian, it exists in everyday life. The family distributes goods on the basis of need. When a child enters a family, it automatically possesses all the rights to be taken care of by the family. It has a right to shelter, food, transportation to school, etc. It does not purchase these from its parents. It gets everything it needs lovingly for free, just because its parents love it and want it to have the best. And the child reciprocally works hard for the family out of love. Market economics, quid pro quo, and commodity exchange are uncommon in families.

Group insurance is another form of level III co-operativism. Individual premiums go into a collective fund that is used to help whomever needs it. If your house burns down, you receive an enormous cash benefit that is far greater than your accumulated premiums. If your house doesn't burn, you receive nothing for your premiums, other than the peace of mind that you will be compensated in case of an accident.

Communal social relations require that commodity production and exchange be attenuated and that producers and users collectively own the means of production and their products. Market relations may be retained within a collective system of ownership as adjuncts to that system, as they were in pre-capitalist societies.

### **The collective self in a co-operative economy**

A collective self is fostered by, and necessary for, a co-operative socioeconomic system. A collective self is necessary if people are to identify with a collective, work for it, allow themselves to be governed by it, and accept co-operative management, production, and distribution.

In the case of collectively caring for a farmer's market, each farmer cares about the overall appearance of the market because she knows it helps her – not as an isolated individual but as a member of the group. She cares about how the group functions in marketing and beautifying the market. She supports others in their efforts to promote the market. She is not jealous of their success in this regard, as she would be if each were acting on their own (cf Sherif, et al, 1954/1988 for a brilliant experimental demonstration of this psychological shift that accompanies the change from competition to co-operation). If a group member acts incompetently, others are quick to help him because they know they will benefit from his competency to market and beautify the market. Recognising their dependence on his behaviour makes them more helpful to him. They know that his incompetence harms them as members of the group; they do not gloat over his incompetence, as they would if they were acting individually.

It is one's right to intervene in another's behaviour because it affects one's own success. Each individual freely gives advice to others about how to improve marketing and beautification. He does not charge for his advice as he would in a market economy. Rather than demanding a quid pro quo, or reciprocity, there is a generalised reciprocity – better described as collective concern – in the sense that individuals work to help whomever is in need. I may help you and you may help others but not me in exchange for what I did for you.

An ineffective group member welcomes help from the others because he will work better to promote the market as a whole and benefit (indirectly) from the increased clientele that visit the entire market. His work does not benefit him directly and exclusively.

The rigid boundary that separates individuals in capitalist society begins to dissolve in collective activities. "We are, therefore I am" is the co-operative motto.

The notion of responsibility becomes collectivised as well. With the active involvement of several people in anyone's behaviour, they all

bear responsibility for it. It is not strictly speaking "his behaviour." The subject bears some responsibility for it, but not sole responsibility as the individualistic view insists.

### **Collective self enhances individuality, activity, agency, creativity**

In order to accept the notion of a collective self (and collective groups), we must dispel a common misconception that it is tantamount to a robot deprived of agency, personal desire, responsibility, creativity, or privacy. We have already noted that collective distribution is more personal than market distribution because it takes account of people's needs (whereas the market only considers financial solvency). Let us explore how a collective self forms and functions in detail.

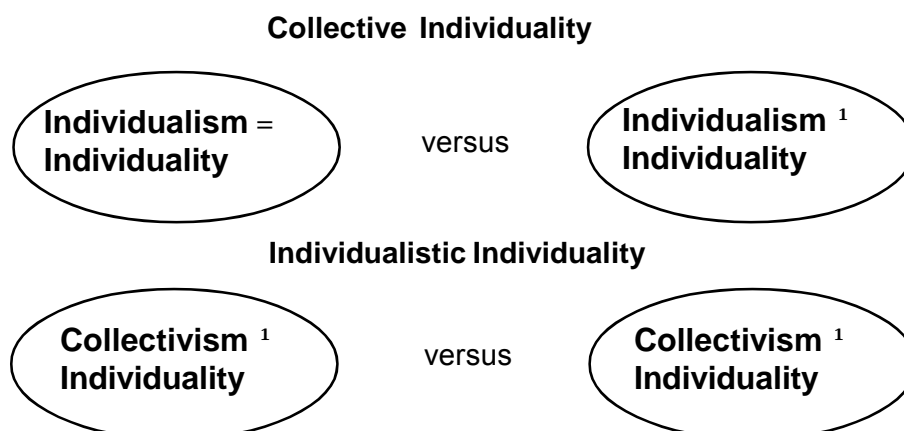
Consider a peasant family. The family decides what it must do to survive as a unity, given the skills and resources of the members: Given the skills, potentials and needs of all the members, what can each do to keep the family intact? Each adjusts his activity in accordance with the skills, potentials, and needs of the others until a set of mutually satisfying activities is negotiated that preserves the integrity and success of the group. Perhaps, the daughter was good in school so they all discuss how she could take courses in a new field that will make her employable. She agrees because she has ability in this area and could help the family by doing so. It may be a difficult adjustment for her but she is willing to do so for the good of the family. The other members make similar adjustments of their behaviour, skills, and interests to help the group as a whole, including the daughter.

The daughter is an individual who contributes to the group discussion about how she can help it survive. She can decline to go back to school if she has a good reason. Then a different collective plan will be formed in which she will help in another manner. She realises that her refusal would force others to readjust their behaviour, and she considers the difficulties this would entail for them. She will not refuse simply because it is challenging, or because "I just don't feel comfortable with that." On the other hand, others will adjust their behaviour to support her, thereby enhancing her fulfilment.

Social individuality only seems to negate individuality if one construes individuality as self-centred individualism. In this case, adjusting the individual to the needs and desires of others appears to violate individual autonomy. However, once individualism is rejected as an illusion –



**Figure Five: Individuality in Co-operativism and Individualism**



people are not autonomous individuals, they are inextricably and ineluctably affected by their social structure – co-operativism becomes the most effective way to develop and empower individuality.

The contrast between these views of individuality is depicted in figure five.

Free market individualism is destructive of individuality. The market (especially, the capitalist market, but simple commodity production as well) alienates, depersonalises, pacifies, and ignores individuals – especially in the autocratic workplace where subordinates take orders from superiors and can be fired at a moment's notice with no concern or help for your plight. This is hardly individual fulfilment.

The market forces adjustment in personal needs, interests, and behaviour more coercively than co-operativism does. Capitalist society forces students to routinely give up favourite interests and study another field that has better job prospects.

The member of a collective has far more input into the group decision that affects her behaviour than the student does. She is freer because she contributes to controlling the social process that structures her life. Paradoxically, the fact that she is part of a visible social process makes it appear more coercive than invisible market forces. However, market forces are more coercive and impersonal because they are invisible and uncontrollable in the way they structure life.

The counterpoising of collective and individual is a false dichotomy. Rather than being antithetical, the two are interdependent. Collectivity cultivates individuality, and individuality (not individualism) produces true, positive collectivity. Without individuality there is no collective – because a collective is run by and for its members – and without collectivity there is no true individuality – because the individual requires group support

and stimulation.

Individualism that impedes collectivity also impedes true individuality, for it deprives the individual of the social support necessary to realise individuality.

Similarly, totalitarianism that destroys individuality also destroys collectivism. For power would be controlled by an elite rather than by the group members – which is the definition of collectivism. Experimental research on decision making testifies to the fact that people are more civic minded when they are consulted and involved individuals than when they are the passive objects of bureaucratic decrees. Co-operativism opposes authoritarianism and bureaucratism. It does not tend toward these evils.

Of course, collective input into the individual can be abused. Group members can be intrusive to the point of weakening the individual. Chinese collectivism functioned in this oppressive manner from the 1950s to 90s (as I personally observed during a 2 year stay from 1981-83.) However, this abuse was (is) rooted in the autocratic politics of the Communist Party and the vestigial feudal Chinese culture. Abuse is not endemic to co-operativism.

### **Co-operativism and the Co-operative Movement**

To advance co-operativism, it is critical to objectively assess the level that has been achieved in organisations. The level of co-operativism reached must be evaluated from examining how it treats employees, provides co-operative education and co-operative activities, distributes benefits, reaches out to members, and the extent to which members identify themselves as integral parts of the organisation and treat each other as family members. Membership

size, annual sales, market share, turnover, and other measures of economic output do not indicate level of co-operativism.

Worker co-operatives (10,000 in the US with 10 million members) would be assumed to fairly easily attain level III of co-operativism. The worker-members own the company collectively and make decisions at work that benefit the company and the individuals through it. Yet self-ownership and management does not guarantee that co-operativism will be implemented. A recent study of Venezuelan worker co-operatives exemplifies this kind of research. They are promoted by the state, guaranteed and protected by the 1999 constitution, and are provided tax exempt status. Yet even under such favourable conditions, few of the co-operatives have achieved the highest level of formal workplace democracy. Information is often not forthcoming to the workers, and power is usurped by managers. Substantive participation is also undermined by lack of education and communication skills (Harnecker, 2007). And the Mondragon co-operative in Spain is beset with problems in realising co-operativism. Mondragon has begun to separate management from the workers; it has also reduced security and support for the workers, and increased pollution from its industries (Kasmir, 1996; Cheney, 1999). Even the most established co-operatives fall prey to capitalistic pressures (Hahnel 2005, pp354-355).

Consumer co-operatives have even more difficulties achieving co-operativism. The reason is that the consumer-owners shop individually. These solitary acts do not constitute co-operativism as group praxis. Consumer co-operatives also employ workers who do not own the enterprise. Workers generate surplus value for the owners and managers and are therefore technically exploited, as in corporations. Consumer co-operatives therefore must work hard to create a social philosophy, economics, and psychology to facilitate co-operation among members, employees, managers and directors.

Consumer co-operatives have a long way to go in order to supersede the social, economic, and psychological problems of capitalism. A sympathetic, constructive critique of co-operative practices will show how consumer co-operatives fall at a low level of co-operativism, and could benefit members, employees, and communities much more if they embraced higher levels.

### **Co-opt versus co-operative practices**

Consumer co-operatives provide more opportunity to privately invest and benefit than to collectively invest and benefit. Membership fees are one of the few mechanisms for collective investment that revert to the organisation, and are utilised for collective benefit of the community such as nutritional education. Yet membership fees are minimal – on the order of \$25. In contrast, each member can loan the co-operative tens of thousands of dollars, and this money remains his property. Moreover, the benefits (interest) from loans are distributed individually to each investor, not collectively. And the benefits (interest) are proportional to one's wealth (the amount one can loan). Loans thus perpetuate privilege. They undermine the co-operative value of collective benefit to all members regardless of wealth. This exacerbation of economic inequality contradicts the political equality where each member has one vote in elections. (This recapitulates capitalist society where political equality of one person, one vote is contradicted by, and overwhelmed by, economic inequality. Rich people control the major political parties and government, despite formal political equality.)

Patronage refunds on purchases are another quid pro quo where individual customers are rewarded for their individual expenditures.

Price discounts for members and employees appear to be collective benefits, as do low loan rates that credit unions provide to their members. However, they put more money in the pockets of separate individuals. They are equivalent to raising wages, stock prices, and dividends in corporations. The monetary increases are due to successful operations of the business as a whole, however, they are individualistically distributed.

Individualistic disbursement of benefits depletes the public pooling of resources for collective welfare in favour of private gain. This is precisely the aim of conservative, pro-capitalist, tax cuts which reduce government spending on social projects and force individuals to purchase goods and services on their own.<sup>1</sup>

The distribution of benefits in proportion to investment does not even qualify as level I co-operativism. Recall that the farmers who contribute money to the farmers' market organisation (for advertising, etc) receive collective benefits from that contribution, not individual benefits in a quid pro quo.

Nor does democratic voting by members

extend to the internal structure of most co-operatives. Management-employee relations are typically autocratic. Employees have little input into major decisions. (This parallels capitalist society where political democracy is contradicted by economic autocracy in the workplace.) In my co-operative, for example, a new security policy was designed and implemented by management to install surveillance cameras throughout the store. Neither employees nor consumers were consulted about this measure.

Co-operatives even fall short of their goal to be socially responsible. Most of their efforts to act socially responsible entail making charitable contributions to local groups which help needy people. However, these groups are generally not co-operatives. Nor do co-operative grants encourage these groups to utilise co-operative principles in their work. Co-operatives do little championing of co-operativism throughout society to help solve social problems.

Consumer co-operatives rarely provide educational material to members, employees, or customers about the co-operative movement, history, co-operative social philosophy, economics or psychology. In my co-operative (of 11,000 members and \$25 million in annual sales with two supermarket stores) there are books and magazines for sale about yoga, surfing, and, of course, food, but not a single one that deals with co-operatives. This absence is common in consumer co-operatives. In the US there is no organisation or journal devoted to discussing co-operative issues. Nor are they discussed at co-operative conferences such as the Consumer Co-operative Management Association, which focuses on increasing sales and membership, new startups, expansion, and hiring general managers.

Economic justice and participatory economics are insufficient to bring co-operativism about – ie, to replace commodity production and exchange, by collective ownership and distribution that can unify and support people. For economic justice and participation do not specify any particular form of socioeconomic organisation. People can decide anything they want under democratic decision making. They will not necessarily decide to replace commodity production and exchange with collectivisation. In the current bourgeois context, economic justice and democracy seek to protect private property.

As long as co-operatives make market praxis central to their employment and consumer

practices, they will under-achieve their mission to co-operativise. “Market principles and co-operative principles are contradictory. The first step toward defeat of co-operative principles is to deny this fact” (Hahnel, 2005, pp355, 357).

The structural deficiencies in co-operatives explain the behavioural problems they face. These include the alienation of the employees, estrangement of the members – who rarely vote for directors, or attend co-operative meetings – and conflicts between managers and board members.

Interpersonal relations within consumer co-operatives are not dealt with from a co-operative value system. Infractions such as shop lifting are dealt with punitively and vindictively using police tactics. In my co-operative, a high school girl pocketed a candy bar during lunch break and returned to her classes in the afternoon. The co-operative store manager sent the local police to her school where they entered her classroom and arrested her in front of her teacher and classmates.

Solving these problems requires structural changes in the socioeconomic relationships and psychology of members, employees, managers, and directors. The level of co-operativism must be raised in order to replace unco-operative behaviour with co-operative behaviour. A new cultural system and mode of production must be developed, as in figure 4.

### **Advancing Co-operatives to Higher Levels of Co-operativism**

Consumer co-operatives, which are the bulk of co-operatives, must transform the individual activity of members and employees into collective activity. They must be co-operativising mechanisms.

As a co-operativising mechanism, consumer co-operatives and credit unions will take the individual investments and expenditures of consumers, and utilise a portion of the profit to promote co-operative activities. Examples would be hiring a nurse to dispense free medical advice to members. Or free after school activities for members’ children where they interact on group projects and make collective decisions. Or free computer classes for members which emphasise collective projects. Or a playground for members’ children who collectively decide how to keep it running well. Free collective services would be far more economically and socially beneficial to

consumers than returning a few hundred dollars to each family.

All operations of the co-operative must be co-operativised. Workers' associations will help unite workers, provide a forum for sharing and refining their ideas, and comprise a base for dealing with management.

Departments should hold regular meetings where workers can be informed of management plans, and where workers can collectively decide policy regarding their work. Management teams should include representatives from the worker association.

Forms of collective remuneration should be offered to employees. (A new accounting system is necessary to include collective benefits. Cf Flores & Sarandon, 2004 for a related example.) This could include an entire department receiving a bonus which the participants would collectively decide how to use together. It could be used to hire a day care worker for the employees' children, or to purchase a special piece of technology, or to hire a consultant, a speaker, or a film series, or go on a retreat together. Collective remuneration would draw the workers together in the common use of the funds. Using them to improve working conditions would also draw the workers closer to their work and the co-operative.

Of course, collectivising praxis (work, distribution of benefits, etc) is a gradual process. It is a foreign concept that is difficult to implement, easy to misconstrue as oppressive, and easy to be taken advantage of. People in capitalist society are unfamiliar with collective praxis and will take time to understand its benefits and adjust to its intrusiveness on their personal space. People will only warm to it if they are shown the increasing social, economic, and personal benefits over increasing levels of co-operativism. Demonstrating this is how cooperatives can act as co-operativising mechanisms.

### **A co-operative social philosophy and psychology is necessary to implement co-operative economics**

It is critical that people begin changing their social philosophy and psychology if they are to practice new economic behaviour. In order to

practice co-operation in the specific sense, people must begin to reject the individualistic, alienated, private self and replace it with a collective self. A collective self is necessary to appreciate and strive for collective economic relations – eg, pooling resources and collectively distributing benefits to all, or even adjusted to favour those most in need. Without a collective self, people will expect and work for individual wealth, and for benefits based on individual investment and spending. People will resent and resist collective production and distribution. They will believe it undermines individuality, agency, freedom, and creativity. An individualistic social philosophy and psychology will also lead co-operative members, employees, managers, and directors to compete with each other, insist on their own 'personal' views, reject 'interference' from others, react punitively when someone commits a mistake, take mistakes personally, and belittle others with whom they disagree.

It is thus crucial for organisations to carefully address psychological and philosophical issues if they want to realise co-operation. There needs to be study sessions where examples of individualistic psychology/behaviour are critiqued as detrimental to co-operation. In this way, employees, managers, members, and directors can become more self-reflexive and make their own behaviour more co-operative. This focus on changing psychology may appear draconian. However, it is no more so than teachers socialising students into proper classroom decorum and study habits. New social situations require new psychology.

The more different the new situation is from the old, the greater psychological change is required to implement it; and the more difficult it will be to achieve this change; more social analysis and support will be required. Since co-operative economics are radically different from capitalist economics the psychological and philosophical changes necessary to realise it are daunting (cf Ratner, 2006). Failing to recognise the breadth and depth of the changes that are necessary to promote co-operation (steps 2, 3, 4 in figure one) will doom co-operatives to ineffectiveness.

**Carl Ratner is Director of the Institute for Cultural Research and Education, Trinidad. This paper draws on his forthcoming book *Explorations in Cultural Psychology*, Oxford University Press, 2009**

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## Notes

- 1 Level 1 co-operativism is the level of corporate franchises. For example, Ace hardware stores are independent businesses which each contribute a fee to the national organisation. It arranges for uniform production, labelling and advertising of all Ace products. However, each store sinks or swims on its own. It does not receive financial or operational support from the others. The stronger stores utilise the brand name more profitably than the weaker ones.
- 2 This problem can be traced to the Rochdale pioneers of the co-operative movement in 1844. They emphasised individual benefits for their members. Rochdale stipulated that a meager 5% of profits be retained for collective activities such as member education.