June 1998

Labour History and the role of the Co-operatives

Neville Arrowsmith

Follow this and additional works at: http://ro.uow.edu.au/unity

Recommended Citation
Available at:http://ro.uow.edu.au/unity/vol1/iss3/7
Labour History and the role of the Co-operatives

Abstract
No treatise on Labour History would be complete without the inclusion of the co-operative movement. To trace the beginning of the Co-operative Movement we must go back to Lancashire, in England, and the town of Rochdale.
Labour History and the role of the Co-operatives

Neville Arrowsmith

No treatise on Labour History would be complete without the inclusion of the co-operative movement.

To trace the beginning of the Co-operative Movement we must go back to Lancashire, in England, and the town of Rochdale.

In the early part of the 19th century, at the beginning of the machine age, the workers worked 16 to 18 hours a day for the smallest of wages. In attempts to better their lot, these oppressed workers began to organise. Some formed Trade Unions, some joined the Chartists, others argued for the repeal of the Corn Laws, whilst still others built their hopes on the dream of Robert Owen to have a community where work was performed, not for profit, but for the good of all.

The workers of the Rochdale area were mainly weavers and among this poverty-stricken lot were many Chartists, Trade Unionists, and Owenites. They had been the first to oppose the new machinery when it was introduced and strikes had been frequent. In 1843, following one of these unsuccessful strikes, the men again discussed what to them seemed a hopeless position. There were few suggestions of a practical nature to overcome their dilemma until one historic Sunday, in the Chartist Reading Room, Charles Howarth, a warper in the cotton mills, promulgated a plan for a new type of co-operative store.

Howarth insisted that there were three main issues that should be set down as imperative to the successful implementation of his scheme. These points were: business on a strictly cash basis; interest at a fixed rate on capital; and, the highlight of the plan, profits to be returned to members in proportion to purchases at the end of the year. In addition to these imperatives four other principles were expounded. Firstly, voluntary membership to be open to all those who wished to avail themselves of the Co-operative; then democratic control by the members, each with one vote only; political, religious, and racial neutrality; and the promotion of education.
To raise the capital for this venture, each ‘member’ put in threepence a week, and battled to do so. When sufficient funds were available, a suitable venue was found and stock and fittings purchased, and on the 21st December 1844, in Toad Lane, the first ever Co-operative Store opened. There were many knockers and sceptics but the store eventually began to flourish and over the next 100 years the Movement reached every corner of the earth.

In Australia, as in other countries, the co-operatives were most successful where the need was greatest. The first co-operative was set up here in 1864 but it was not until the Wallsend and Plattsburg Society was established in 1871 that they began to succeed. Following the example of the Wallsend and Plattsburg Society, there were soon five or six other Societies set up in the Newcastle region. Unfortunately, due to the horrific financial depression of the 1890s, all but the W and P crashed and they only survived thanks to the fact that they adhered strictly to the principles expounded by Charles Howarth.

Here on the South Coast there was also a co-operative movement.

The Woonona Industrial Co-operative Society Ltd was formed in 1896 and registered in 1897 and by 1952 had a membership of 6,186 with a combined member's fund of £135,877 and a turnover of £459,236. The main store was in Woonona, with branches in Corrimal, Balgownie, Wollongong, and Coledale. Later, other branches were established in Thirroul, Scarborough, and Port Kembla.

The Society was known variously as 'The Co-op' or as just 'The Store', and not only did they have the retail businesses of clothing, hardware, and groceries but there was also a Bakery at the rear of the Woonona building that supplied fresh bread to each of the branches daily. The following is advice to members that was strictly adhered to:

1. Let integrity, intelligence and ability be Indispensable Qualifications in the choice of officers and managers, and not wealth or distinction.
2. Look well after the money matters. Punish fraud, when duly established, by the immediate expulsion of the defaulter.
3. Never depart from the principle of buying and selling for READY MONEY.
4. For the sake of security, always have the accounted values of the Fixed Stock at least one-third less than its marketable value.
5. Let members take care that the accounts are properly audited by men of their own choosing.

6. Let the Committee of Management always have the authority of the members before taking any important or expensive step.

7. Do not court opposition or publicity, nor fear it when it comes.

8. Choose those only for your officers whom you can trust, and give them your confidence.

This then was the creed under which this socialist island fought to survive surrounded by the sea of capitalism. That they fought the good fight is shown by the announced figures during their Jubilee year, 1946: sales £7,500,000; dividend paid to members £610,000; interest on shares; £81,700. During those fifty years, the 'Co-op' saw its members through two major depressions, two world wars, and innumerable strikes, particularly the 13-week strike at AIS when the Ironworkers Union was fighting to establish itself in that monopoly and the 1949 coal strike which also was fought on a matter of principle.

That this Organisation was in the forefront of the worker's struggles is undoubted and it was because of the policies laid down by Charles Howarth that families were able to be sustained during these long and protracted industrial actions and that vital trade union ideals were maintained.

Inevitably the pressure became too great and capitalism broke the back of the Societies. They were wound up – the Woonona Co-operative Society was liquidated on the 20th of February, 1970. Societies that survived forewent the Howarth credo and were set up as capitalist conforming bodies taking listings on the Stock Exchange to become akin to the banks, in the case of Building Societies. No longer were they in the hands of the members where each have only one vote; their whole structure changed; they were no longer the saviour of the working classes but more likely now their gaoler.