

Prepared for the Babson-Equal Exchange Cooperative Curriculum

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June 18, 2012

## African American Cooperatives

### Learning Objectives:

- To learn about the various attempts at and successes of African American cooperative ownership throughout US history
- To understand the opportunities and challenges offered by cooperative ownership for African Americans and consider the circumstances under which cooperative ownership has been beneficial to African American communities, Black women and/or Black youth
- To analyze the barriers and challenges to cooperative ownership among African Americans, and to recognize the role played by unfair competition and racism in undermining Black cooperatives.
- To identify the leaders of and explore the contours of the African American Cooperative Movement, its development, periods of strength, and relationship to the Civil Rights Movement

### Overview

Cooperatives have played an important role in forwarding the rights and prospects of African Americans. Cooperatives are examples of democratic economic enterprises that provide a mechanism for pooling resources, increasing benefits, and sharing profits. Cooperative ownership can contribute to anti-poverty strategies and community building strategies, especially when market activities do not provide for the needs of a community. Throughout history, among all groups and people in every country, cooperatives have facilitated economic development, stabilization, and independence, often for those who have been economically marginalized. African Americans have a long but hidden history of cooperative economic thought and practice (Gordon Nembhard 2004b).

A larger proportion of Blacks, Latinos, Native Americans, and some Asian American groups compared with Whites in the U.S. are poor and unemployed, have lower wealth levels and lower business ownership, poorer health, and higher incarceration levels, in good times as well as bad. Marginalization forces subaltern groups such as African Americans to find alternative economic solutions. Forced segregation made it imperative that African Americans join together economically, because the mainstream economy was exploitative, discriminatory, and exclusionary. Voluntary segregation was often the way to maintain economic independence and control. Self-help efforts – mutual aid societies, communal societies, business enclaves for example – provide a chance to design and manage needed services in culturally, racially, and geographically sensitive ways. Free and enslaved African Americans pooled their money to buy their own and their family members’ freedom. “Freedmen” established mutual societies to help cover costs of illness and death. They created communities, enclaves, Black businesses and other economic activity insulated from racial discrimination and neglect (see Gordon Nembhard Forthcoming).

African Americans, as well as other people of color and low-income people, have benefitted greatly from cooperative ownership and democratic economic governance throughout the history of the U.S., similar to their counterparts around the world. Cooperatives contribute to community economic development because they anchor economic activity and recirculate money and other resources within the community/neighborhood, facilitate joint ownership and asset building, practice democratic economic participation, and provide jobs and meaningful work to community members. As such they address market failure, marginalization and discrimination. Also

cooperatives provide education and training to members and the community, usually with some continuity, develop leadership among members, and usually promote environmental sustainability (Gordon Nembhard 2004a).

Cooperative economic development solves many problems created by market failure, economic discrimination, and under development. Cooperative businesses are group-centered, needs-based, and asset building local development models based on pooling of resources, democratic economic participation, and profit sharing. They are locally controlled, internally driven democratic institutions that promote group learning, economic interdependence, consolidation of resources, development of assets and protection of people and the environment. Cooperatives stabilize their communities - increasing economic activity, creating good jobs, increasing benefits and wages, and encouraging civic participation. Community-based, cooperatively-owned enterprises are characterized by greater community input and participation in the planning, development and governance of commercially-viable socially-responsible businesses. Cooperatives provide a mechanism for low-resourced people with few traditional opportunities, to create new economic opportunities for themselves and their co-workers and/or neighbors (Gordon Nembhard 2004a; Fairbairn, Bold, Fulton, Hammond Ketilson, Ish 1991).

In many cases African Americans chose cooperative ownership when cooperation made sense, was a rational strategy to pursue, but also when all other avenues for economic activity were closed. It was often risky politically as well as economically to try a different path - especially one that was considered a way to circumvent white monopolies, and to be anti-capitalistic, if not outright socialist or communist. It took courage to shop at the cooperative exchange or the co-op store when white land owners

and store owners would do anything to crush the competition. Yet African Americans did just that over and over again throughout history in the North and the South.

Telling this Black cooperative history is also a retelling of African American civil rights history – a reconstructing of African American history and civil rights activity using as lens the Black cooperative movement (Gordon Nembhard 2011). Many of the players are the same. Many of the great (even famous) African American thinkers, movers, and shakers were also leaders in the Black cooperative movement – including W.E.B. Du Bois, Ella Jo Baker, A Philip Randolph, George Schuyler, Marcus Garvey (and his Universal Negro Improvement Association), Nannie Helen Burroughs, and The Student NonViolent Coordinating Committee, and at times the Nation of Islam (Gordon Nembhard forthcoming, 2004b; and Shipp 2000). That part of their history and thought, however, has been mostly left out or ignored - until my research on the history of African American cooperatives. Adding information from the Black cooperative movement revitalizes the telling of the African American experience and increases our understanding of African American agency and political economic organizing (Gordon Nembhard 2011).

### Early African American Cooperatives

In the search for solutions to bring long term and meaningful economic development to urban and rural communities around the world, and to increase asset ownership and civic engagement, Black scholar W.E.B. Du Bois was one of several African Americans to view cooperative economics as a promising antidote to persistent racial economic inequality (Gordon Nembhard 2004b). In 1907 W.E. B. Du Bois wrote a

monograph as part of his Atlanta University series on the Negro entitled, *Economic Cooperation among Negro Americans* (Du Bois 1907), after first exploring some of these issues in his 1898 volume, *Some Efforts of American Negroes for their Own Social Betterment*. Du Bois (1907) notes that the African American “spirit of revolt” used cooperation in the form of insurrection to establish “widespread organization for the rescue of fugitive slaves” (26). Blacks pooled money in order to help each other buy themselves out of enslavement. In addition, runaway slaves formed their own communities, often isolated Maroons, where they eluded and/or fought off bounty hunters, and lived collective existence in relative isolation. Immediately after the Civil War, some Blacks organized themselves (or were organized) into intentional communities and communes, where they could live and develop under their own leadership, creating their own economy (Pease and Pease 1963; DeFilippis 2004). This in turn developed, in both the North and the South, into “various co-operative efforts toward economic emancipation and land buying”; and those efforts led to cooperative businesses, building and loan associations, and trade unions (Du Bois 1907: 26).

Du Bois’ 1907 monograph is a comprehensive study of cooperative activities among African Americans from the 1800s to 1907. It is less a theoretical study of cooperative economic development and more an analysis of a variety of ways African Americans cooperate economically, and a listing of Black-owned cooperative businesses, organizations and projects. He explains that Blacks have pooled resources through churches, mutual aid societies, fraternal organizations, and jointly owned businesses. Du Bois (1907) documented hundreds of mutual aid societies and cooperative projects through religious and benevolence institutions, beneficial and insurance societies, secret

societies, schools, and financial institutions. Mutual Aid Societies and Beneficial Societies provided joint purchasing and marketing, revolving loan funds, and sickness, widow and orphan, and death benefits. They often operated informally through Black religious organizations and Black independent schools. Many were founded and headed by Black women. These were the precursors to the African American owned cooperatives.

Black capitalism was also a strategy of racial economic solidarity/cooperation, and was used widely. Early Negro joint stock ownership companies include: the Chesapeake Marine Railway and Dry Dock Company shipyard in Baltimore (1865-1883), Coleman Manufacturing Company in Concord, NC (1897) both mentioned by Du Bois (1907); and the United Negro Improvement Association’s “Black Star Line” and “Negro Factories” (1920s) (see Gordon Nembhard Forthcoming). Often white land lords, insurance agents, banks, and even the federal government created barriers to thwart the success of these businesses by raising the rent, refusing a line of credit, withdrawing an insurance policy, or even accusing the company of fraud. This would also happen with Black co-op businesses.

The first organized cooperatives were farm cooperatives and cooperative marketing boards, consumer cooperative grocery stores, cooperative schools, and credit unions. While efforts at collective economic action were often thwarted by racial discrimination, white supremacist sabotage and violence, efforts persisted throughout the centuries. In the 19<sup>th</sup> century, African Americans were involved in early populist movements for grassroots empowerment, particularly in rural areas in the U.S. after the

Civil War. Blacks were involved in various activities and struggles particularly for agricultural independence from sharecropping through cooperative ownership (Gordon Nembhard Forthcoming). A major organization in the late 1880s was the Colored Farmer’s Alliance and Cooperative Union that grew out of efforts with organized labor (such as the Knights of Labor) and other populist organizations of that period. The Knights of Labor organized integrated cooperatives and labor unions in the mid to late 1800s and early 1900s. According to Curl (2009: 4) there were 200 industrial co-ops organized by the Knights of Labor (KoL) between 1886 and 1888. Some southern KoL chapters were all Black – by 1887 between 60 and 90 thousand African Americans were members. The Black members did establish cooperatives, but there are few records of this, particularly because it was so dangerous for them. Curl records a Black cooperative cotton gin in Stewart’s Station, Alabama, and Black cooperative villages near Birmingham (Curl 2009: 101). This cooperative activity among the KoL was very controversial – there was opposition within and outside the trade union movement; and strong opposition to these efforts. Many of the Black organizers had to operate from “underground” so not to be beaten or killed for their activities, and sometimes white vigilantes burned down the co-op stores and factories (see Holmes 1973).

Similarly, the Colored Farmer’s Alliance and Cooperative Union (CFACU), which formed to establish African American leadership and control over racial agrarian reform in the south in the 1880s (see Reynolds 2002 and Ali 2003), operated under fear and harassment by the white “Plantation bloc” (Woods 1998 term; see Holmes 1973), but managed to operate several cooperatives in the late 19<sup>th</sup> century before having to disband (also see Gordon Nembhard forthcoming). Members of the CFACU shared agricultural

techniques and innovations, and coordinated cooperative efforts for planting and harvesting (Ali 2003: 77). The Union promoted alliances between farmers and laborers, was active in local and regional politics – to maintain rights for African Americans after Reconstruction. Best estimates are that the CFACU had over 1 million members and was the largest Black organization of its time. Branches established cooperative stores/exchanges in the ports of Norfolk, Charleston, Mobile, New Orleans, Houston (Ali 2003: 89; Holmes 1973). Members could buy goods at reduced prices and secure loans to pay off their mortgages (Ali 2003: 89; Holmes 1973). Many of the examples however ended tragically with massacres of CFACU members and/or burning of the CFACU presses and stores (see Holmes 1973).

Mutual insurance companies were the earliest official nonagricultural cooperative businesses among Blacks and whites in the U.S. Starting in the late 19<sup>th</sup> century on into the 20<sup>th</sup> century, African Americans organized more formal cooperative businesses that followed the European “Rochdale Principles of Cooperation” (which became the international co-op principles of the International Cooperative Alliance) (see Hope 1940 and Gordon Nembhard Forthcoming). Du Bois (1907) documented 154 African American-owned cooperative businesses: 14 “producer cooperatives”; 3 “transportation cooperatives”; 103 “distribution or consumer cooperatives,” and 34 “real estate and credit cooperatives.” There has been no official or national study of African American cooperatives since Du Bois’ early study. In 1918 he started the short lived Negro Cooperative Guild which provided cooperative economics education and inspired Black leaders to start consumer cooperatives in their communities. In the 1930s, the Young Negroes’ Co-operative League, and the Eastern Carolina Council Federation of North

Carolinian Cooperatives were established to promote cooperative economics among African Americans (more below), and many other African American organizations started promoting and developing cooperative businesses throughout the 20<sup>th</sup> century. Currently the only major African American cooperative development organization is the Federation of Southern Cooperatives/Land Assistance Fund (more below).

#### Two Examples of Early African American Consumer Cooperatives:

One of the early Black-owned co-op grocery stores in the 20<sup>th</sup> century that we have some details about is The Mercantile Cooperative Company, established in Ruthville, Virginia in 1901. The Odd Fellows Lodge helped to establish the Mercantile Cooperative Company, a Black-run cooperative store chartered by the state. Shares were sold at five dollars each (no one member could hold more than 20), and could be bought in installments (Craig 1987). Members bought a store outside of town and moved it to the main crossroads across from the County Training School. They raised \$1,300 to buy supplies in Richmond (Craig 1987: 135). By 1923 there were 28 shareholders of the store, and the cooperative bought trucks and hired three employees (136).

According to Craig (1987), Charles City County Virginia where Ruthville is located is a relatively prosperous county for African Americans. Until Craig’s account (1987), however, most historians “ignored the role of the area’s free black population” and “the degree to which community cooperation during the early years of the twentieth century helped move local farmers away from economic dependence on whites” (133-134). Craig highlights collective efforts in Ruthville and observes that “between 1900

and 1930 black farms achieved a level of economic independence that later aided in the struggle for political rights and racial justice” (134).

Citizens' Co-operative Stores of Memphis was established in direct response to the Negro Cooperative Guild meeting in August 1918 (The Editor 1919). A “Mr. Ruddy” returned home to Memphis, Tennessee, and organized a study group (The Editor 1919). In February 1919, the Memphis group incorporated as the Citizens' Co-operative Stores to operate cooperative meat markets. According to the article in the *Crisis* (The Editor 1919), the cooperative sold double the amount of the original shares they offered (limit per person was 10 shares), and members could buy shares in installments. By August 1919, five stores were in operation in Memphis, serving about 75,000 people (The Editor 1919: 49). The members of the local guilds associated with each store met monthly to study cooperatives and discuss issues. The cooperative planned to own its own buildings and a cooperative warehouse (The Editor 1919).

From the details in the *Crisis* article we know that the Black citizens of Memphis eagerly joined the project, as evidenced by the large number of participants and the over achievement of the equity drive. The editor of the *Crisis Magazine* (presumably Du Bois himself) who reported this, notes that:

The good results of co-operation among colored people do not lie alone in the return of savings. They show, also, new opportunities for the earning of a livelihood and in the chance offered our colored youth to become acquainted with business methods. ... [They hire members of the community.] Thus, in a larger and different sense, we have another form

of co-operation. Colored people are furnishing their own with work and money for services received and the recipients are handing the money back for re-distribution to the original colored sources (The Editor 1919: 50).

This is an example of how advocacy, public education, and self-education work to promote cooperative development in the Black community that contributes to economic development, re-circulation of resources, and youth development.

### African American Cooperatives in the 1930s

The most prolific period of African American cooperatives was during the Great Depression in the 1930s and 40s. The Young Negroes' Cooperative League, and The Eastern Carolina Council federation of North Carolinian Cooperatives, and the Ladies Auxiliary of the Brotherhood of Sleeping Car Porters promoted cooperative development and helped to establish Black-owned cooperative businesses and credit unions nationally and locally. Mostly consumer's cooperatives were established in cities such as Gary Indiana; New York, New York; Chicago, Illinois; Buffalo, New York; Baltimore, Maryland; Washington, DC; Memphis Tennessee; and Richmond, Virginia. Agricultural cooperatives also continued throughout the South. In addition, independent Black-owned grocery stores formed a marketing cooperative, the Colored Merchants Society.

Colored Merchants Society was founded by the National Negro Business League (NNBL), in Montgomery, AL, in 1927. The CMA was an association of independent grocers organized into a buying and advertising cooperative. The creation of the CMA was a way to support independent Black grocery stores with mutual support

and collective marketing - in a harsh market dominated by chain stores. Chapters were organized in cities with ten or more stores. Dues were \$5 per month per store (“Business: Negro Chain” 1930). By 1930 253 stores were part of the CMA network, including 32 stores in Tulsa, OK; 25 in Dallas, TX; 25 in New York City (Manhattan) and 10 in Omaha, NB, in addition to the associations already in existence in Montgomery Alabama and Winston-Salem North Carolina (Tolbert 2007). The CMA was relatively successful for several years, but the major chain grocery stores gave fierce competition and often undercut the prices of the Black CMA stores. The National Negro Business League also included a couple of credit unions which helped to keep money in Black hands and provide affordable financial services.

**Young Negroes’ Co-operative League (YNCL)**, a cooperative federation, was founded in December 1930 by about 25-30 African American youth in response to a call by George Schuyler (Schuyler 1932; Calvin 1931). Its goal was to form a coalition of local cooperatives and buying clubs loosely affiliated into a network of affiliate councils (Ransby, 2003). The Young Negroes’ Co-operative League held their first national conference in Pittsburgh, PA, October 18, 1931. Thirty official delegates from member organizations and 600 participants attended. George Schuyler was elected President; and Ella J. Baker, National Director (Calvin 1931; Ransby, 2003). League leaders promoted education and the study of Rochdale consumers’ cooperation in addition to youth and women’s leadership. The YNCL’s goal was to form a coalition of local cooperatives and buying clubs loosely affiliated in a network of affiliate regional councils that would be members of the League. It planned to start with 5,000 charter members, paying a \$1 initiation fee (Schuyler 1932). By 1932 the League had formed councils in New York,

Philadelphia, Monessen (PA), Pittsburgh, Columbus (OH), Cleveland, Cincinnati, Phoenix, New Orleans, Columbia (SC), Portsmouth (VA), and Washington, DC, with a total membership of 400 (Schuyler, 1932). The Harlem Council of the Young Negroes' Co-operative League, headed by Ella Baker, was particularly active. The League did not achieve all its plans and had difficulty raising enough money to maintain the rent for national office space, but did spawn several co-op stores and credit unions around the country during its 3 years of existence, and held two national conferences on cooperative economics.

Eastern Carolina Council federation of North Carolinian Cooperatives was established by two Black independent schools (Bricks, and Tyrrell County) that taught cooperative economics to Black farm families, and established farmer's cooperatives, credit unions, buyers clubs, and health insurance (Pitts 1950). The principal of the Tyrrell County Training School, and members of his staff, for example, held study groups on cooperative economics (Pitts 1950). By 1939 25 neighbors established a credit union. In the first year membership increased to 187, and the credit union started a student savings account program. Members of the Tyrrell group started a store in 1940. In 1941, they established a cooperative health insurance program that guaranteed a member up to \$100 for hospitalization for a membership fee of \$1.00, monthly assessments of ten cents, and a twenty-five cent “co-payment” for each hospital visit (Pitts 1950, 27). They had plans to raise money to hire a doctor, but never proceeded with those plans. The credit union helped several families save their farms from foreclosure and/or to purchase a farm; and financed group purchases of farm equipment. Buying clubs and machinery cooperatives (purchasing coops) were established through 1945. (Pitts 1950, 27-30).

The Eastern Carolina Council, an African American federation for the development of cooperatives, worked with the Credit Union Division of the State Department of Agriculture and of the Extension Service of the North Carolina state vocational program to develop credit unions and cooperatives. In 1936 it had helped to establish three Black credit unions. In 1945 the Eastern Carolina Council helped to form the North Carolina Council for Credit Unions and Associates (shortened to the North Carolina Council). By 1948 the North Carolina Council had established 98 Black-owned credit unions, and 48 additional co-op enterprises (9 consumer stores, 32 machinery co-ops, 4 curb markets, 2 health associations and 1 housing project (Pitts 1950). Pitts' is the only study about this so we do not know what happened to those cooperatives after the 1950s. It is also the only state-wide study of Black cooperatives, so we do not have this kind of information about any other state (except for information about the cooperatives in the Federation of Southern Cooperatives, more below).

### More Current Examples

Co-op development continued to be a strategy for African American economic development and independence particularly in the 1960s and 70s, again in agriculture, but also consumer's cooperatives, credit unions, and housing cooperatives. More recently worker cooperatives are becoming increasingly common, and some are owned predominantly by African Americans and/or people of color.

The Federation of Southern Cooperatives, a non-profit organization of state associations to support predominantly Black cooperatives in southern states, was founded in 1967 and later merged with the Land Emergency Fund to become the Federation of

Southern Cooperatives/Land Assistance Fund. Member cooperatives engage in organic farming, marketing, agricultural processing, fishing, sewing, handicrafts, land buying, grocery cooperatives, and credit unions (Federation of Southern Cooperatives/Land Assistance Fund 2007; Gordon Nembhard 2004a). The organization established 6 state offices and a rural training and research center. It also engages in state and federal policy advocacy and provides technical assistance to protect Black-owned land and maintain Black land ownership, as well as promotes sustainable family farming and cooperative development among African Americans (“A Tribute to the Federation of Southern Cooperatives/Land Assistance Fund.” 2000). The Federation also provides emergency services to its members during times of natural disaster.

In its 45 year history, the organization has helped to create and/or support more than 200 cooperatives and credit unions mostly in the 10 states where it operates (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Missouri, Mississippi, South Carolina, Tennessee, Texas, and the Virgin Islands) (“A Tribute to the Federation of Southern Cooperatives/Land Assistance Fund.” 2000). Examples of co-operatives in the Federation are: Freedom Quilting Bee (AL), North Bolivar County Farm Cooperative (MS), Panola Land Buyers Association Housing Development Corp. (AL), Southern Alternatives Cooperative (GA), Southwest Georgia Farmers Cooperatives (GA), Indian Springs Farmers Association Inc. (MS), Beat 4 Farms Cooperative (MS), South Plaquemine United Fisheries Cooperative (LA), South Carolina Sea Island Farmers Co-op (SC), People’s Cooperative (SC), 359 Services Cooperative (TX), Virgin Island Farmers Cooperative (Virgin Islands), Demopolis Citizens Federal Credit Union (AL), First Delta Federal Credit Union (MS), and Shreveport Federal Credit Union (MS)

(Federation of Southern Cooperatives/Land Assistance Fund 2007). The Federation owns and runs a rural training and research center in Epes, AL, that showcases sustainable forestry, provides co-op education, and helps to develop Black youth-run co-ops (such as Sankofa Youth Cooperative) (Gordon Nembhard forthcoming). Its headquarters is in East Point, Georgia. The FSC/LAF also engages in cooperative development in Africa and the Caribbean. The organization has an important reach throughout the south, is connected to the larger U.S. cooperative movement, and has successfully advocated for important measures in U.S. farm bills to support Black farmers, Black land ownership, and Black co-op development (Federation of Southern Cooperatives/Land Assistance Fund 2007; Gordon Nembhard 2004a).

In 1979, a federal-local collusion against Black cooperatives led to a federal probe of the FSC. The Federation began to be investigated by the FBI for abuse of federal funds (Bethell 1982: 14). The Government Accounting Office had already declared that an investigation was unwarranted, but the probe went ahead. By May 20, 1981, the US Attorney for the Northern District of Alabama announced that they would not prosecute, but during those 2 years of the investigation the FSC lost federal funding and an estimated \$1 million in other funding, not including the costs of legal defense and providing drawers full of files to federal investigators (Bethell 1982: 16). That has not happened again, and the FSC/LAF established an endowment and has been successful with nonprofit, cooperative and federal grants, but the effects of the federal harassment linger and have not been forgotten by the staff and members. Also, individual cooperatives affiliated with the Federation have

suffered from other collusions against them such as informal agreements among local banks not to provide a line of credit to the cooperative (Gordon Nembhard Forthcoming).

Mandela Foods Cooperative is a worker-owned and community-owned full service grocery store and nutritional education center in West Oakland, California. It is incorporated under California law as a for-profit cooperative. The co-op started in June 2009 with a group of local activist working on food security issues in Oakland (Mandela Foods Cooperative No Date). The store opened with eight worker-owners who operate in a non-hierarchical management structure, by committee. The co-op partners with local farmers to increase the financial sustainability of family farms, and access to fresh foods; and with its incubator Mandela Marketplace to support cooperative development in West Oakland (Mandela Foods Cooperative 2010). The co-op targets low-income residents in the neighborhood both to provide services, and to involve in the cooperative as worker owners. Mandela Foods also plans a project with the credit union next door to help support a local Individual Development Account program.

### **Black Women’s Roles**

Black women’s roles in the cooperative movement are also notable. Black women were important players first in the mutual aid movement and then in the cooperative movement. The roles of women such as Ella Jo Baker (The Young Negroes’ Co-operative League), Nannie Helen Burroughs (Cooperative Industries of Washington, DC), Halena Wilson (the Ladies Auxiliary of the Brotherhood of Sleeping Car Porters), Estelle Witherspoon (Freedom Quilting Bee), and Fannie Lou Hamer (Freedom Farm)

are examples of African American women’s leadership in promoting and running various cooperatives (see Gordon Nembhard Forthcoming).

Freedom Quilting Bee, a handicraft cooperative in Alberta, Alabama, and a charter member of the Federation of Southern Cooperatives, was established in 1966. It was founded by women in share-cropping families, looking to increase and stabilize their incomes (since sharecropping is essentially debt peonage, their families were very poor) (Gordon Nembhard 2004b). The women began selling quilts to supplement their families’ farm incomes. The seed money for the cooperative came from an initial sale of 100 quilts, sold for them in New York by an Episcopalian minister (Rev. Francis Walters) who wanted to support the effort (“Freedom Quilting Bee of Alberta, Alabama” 1992). Co-founder Estelle Witherspoon was FQB’s first President. In 1968 the cooperative bought 23 acres of land. This was an important acquisition because it allowed them to build the sewing factory, and to increase Black land ownership (Freedom Quilting Bee No Date). They sold eight lots to families who had been evicted from their homes for registering to vote, and/or attending a speech by Martin Luther King (Freedom Quilting Bee No Date). The quilters also began using other entrepreneurial strategies to increase the economic activity under their control - making pot holders and conference canvass bags for example. They also housed a day care and an afterschool program in the sewing factory. Some of the quilters were highlighted in the Smithsonian Gees Bend Quilters exhibit. The cooperative continues to exist, but has suffered from the death or retirement of many of its original members, and lack of new members and resources.

Dawson Workers-Owned Cooperative was formed on October 6, 1997 in Dawson, Georgia, by workers from the abandoned Almark Mills fabric cutting and sewing plant, with help from a local business developer (Merlo 1998b). The President and General Manager of Almark Mills worked with the mayor of Dawson and former employees of the Mill to create a worker owned sewing factory. In December 1997, 70 members (former employees) started work at the old plant, now as worker-owners in a new cooperative. The majority (76 percent) of the mill's work force was female; a third of them, single mothers; and most were Black (Merlo 1998b). Almark Mills had been the largest employer of women in Terrell County Georgia, and there were no other textile jobs within 50 miles. The worker-owners used their union fund (from years of paying union dues, now available because the union had been dissolved with the closing of Almark Mills) as their equity investment in the new cooperative. Ownership shares were also paid in installments of weekly payroll deductions of \$7.16 over four years (Merlo 1998b).

The co-op was fortunate to be able to access targeted government funds. The Clinton Administration's Community Adjustment and Investment Program (CAIP) authorized (and funded) USDA to make loans to businesses in up to 50 rural communities adversely impacted by NAFTA - through the Business and Industry loan guarantee program operated by the Rural Business Cooperative Service of the USDA. Their county qualified. This enabled the co-op to pay off the bank debts, and to expand and hire one hundred more workers (total of 169 employees). DWOC sales in 1998 were almost \$5million and they expected to sell \$7.5million in 1999 (Merlo 1998a, 1998b).

The mayor of Dawson, Robert Albritten, told Merlo (1998b: 1) that "Persons in this community doubted that women and minorities could make this work where it hadn't succeeded before, but we've made believers out of them." Board chair Dianne Williams remarked that it changed the workers' lives, made them more optimistic and hopeful ("the future is bright"); and changed the way business was done in the factory - jobs were now more secure and communication was now more open/transparent (Merlo 1998b: 1, 5).

### Black Youth and Cooperatives

Schools and education programs have been important to the cooperative movement in the African American community, sometimes through churches, but often in public and private high schools. The Commercial Department of the Bluefield Colored Institute in Bluefield, West Virginia, for example, formed a student cooperative store probably in 1925 (Sims 1925). The store's mission was to sell supplies the students and school needed and be a "commercial laboratory for the application of business theory and practice" (Sims: 93). The student members voted to use profits to pay for scholarships to the Secondary School and Junior College (Sims 1925).

During the 1930s and 40s some African American-run schools also experimented with cooperative business ventures and teaching cooperative economics. In 1933, Consumer's Cooperative Trading Company in Gary Indiana, for example, began offering a cooperative economics course in the high school's evening school (Hope 1940). This course had the highest attendance of any course in the night school. In addition, the young people's branch of Consumers' Cooperative Trading Company operated its own

ice-cream parlor and candy store in the 1930s (Hope 1940). In addition the Young Negroes’ Co-operative League (discussed above) sponsored study groups, cooperative economics reading lists and conferences in the 1930s, particularly among Black youth. The Ladies Auxiliary to the Brotherhood of Sleeping Car Porters also circulated a reading list on cooperative economics and sponsored study groups (Chateauvert 1998; and Gordon Nembhard Forthcoming). Education in general was extremely important to all the African American cooperatives and most started with a study group on cooperative economics (see Gordon Nembhard, Forthcoming).

**“Food from the ‘Hood”** student cooperative began in the Fall of 1992 after students from Crenshaw High School (South Central Los Angeles) revitalized the school garden to help rebuild their community after the 1992 uprising. They began by donating the food they grew to the homeless. After turning a profit selling in a farmer’s market, they decided to go into business and developed a business plan (Food From The ‘Hood 2005). “Food From the ‘Hood” began selling salad dressing made from the produce they grew in their school garden. Managed by the students and run similarly to a cooperative business, at least 50% of the profits are saved for scholarships to college. Over its first ten years, over \$180,000 has been awarded in college scholarships to 77 graduated student managers (Food From The ‘Hood 2005).

There are other examples of youth-run cooperatives particularly in relation to school gardens and healthy food, as well as bicycle repair and other services (see Gordon Nembhard 2008).

## Conclusions

This history of African American cooperatives provides a snap shot view because there has been very little documentation of most of the cooperatives, and what documentation does exist is difficult to find and only gives a case study of a cooperative at a specific point in time. We do not have good records of when the cooperatives started and ended because most of the information comes from a one-time article or two. There are very few comprehensive studies and no continuous studies of individual cooperatives, cooperative federations, and no state or national data sets to use. Despite the difficulty of gaining a full picture of this history, the information that I have gathered provides enough evidence that there has been a long and significant history, even if it is little known. The fact that many of the leaders involved in forming and promoting cooperatives in the Black community are also leaders in other important Black movements, especially the Civil Rights Movement, was at first surprising, but on second thought makes sense because these leaders were looking for strategies for social and economic equality and justice. Cooperatives are an important community economic development strategy that addresses market failure and economic marginalization. The history of racism in the U.S. has produced both those phenomena when applied to African Americans so that active, thoughtful leaders would turn towards a strategy that has been used by all populations around the world for economic equality.

This essay provides a basic outline and discussion of the highlights of the history of African American cooperatives. There is more information to read, and to be found for anyone interested in this topic. Gordon Nembhard (2004b) provides additional

information, as does the presentation I gave in February 2011 to the School of Social Transformation at Arizona State University. I provide much more details and analysis in my forthcoming book, "Collective Courage: A History of African American Cooperative Economic Thought and Practice" (Volume 1 to be published by the Pennsylvania State University Press in 2013). What we learn is that African Americans used economic cooperation from the time of enslavement until the present, particularly starting with Mutual Aid Societies and later developing official cooperative businesses. African American farmers and organized labor in the north and south used cooperatives to help increase access to and affordability of supplies, equipment, and financial and human services. African Americans in urban areas also used cooperatives for such access, and to create decent jobs. They were often hampered and limited because of their economic and educational marginalization – so they did not always have enough capital or education to run a collective business. Yet they persisted, and developed organizations to help educate and train themselves, so that they could succeed. On the other hand, most of the problems were because they were challenged and thwarted by competitors and white supremacists who did not want them to succeed, and who used financial and other economic sabotage as well as physical threats and harm against them. I name my full length book on this subject *Collective Courage* because it took personal and group courage to pursue and persist in the cooperative ventures. This history is thus a history of courage and fortitude as well as of economic and social grassroots organizing and cooperation among African Americans.

### *Background reading*

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## *Exercises*

### Group Exercise 1:

Discussion Questions (in small groups and then report back to entire group; or for discussion with the entire class; can also be assigned as reflection questions to be answered as students do the readings):

1. Why was economic independence important to African American cooperators?  
Discuss the economic (and racial) challenges and needs that contributed to the decision of Black cooperators to form a cooperative. Provide two (2) examples of African American cooperatives that used cooperative ownership to gain economic independence that also offered some political and/or social independence.
2. Discuss major challenges and barriers to African American cooperative development. List three (3) to five (5), and explain the context in which each challenge/barrier operated. Provide at least three (3) examples of effective ways that the challenges/barriers were overcome or mitigated by African American cooperators.
3. What was the rationale and benefit of allowing co-op members to buy shares in installments? List the co-ops that used that policy. Discuss the pros and cons of the policy and why it may be necessary, particularly for low-income members.  
Discuss modern examples and situations where this is still a necessary policy/option.

4. Explore the ways in which involvement in cooperative economics and the development of cooperative businesses developed leadership among African Americans, Black women, and/or Black youth. What activities and expectations associated with cooperative business ownership helped to develop agency, human and social capital, and leadership skills in members and organizers? Give some examples.
5. Explore ways in which the African American Cooperative Movement ran almost parallel with the movements for Black liberation (the long Civil Rights Movement). Discuss similarities and differences between the two movements in terms of strategies to address racial discrimination and activities engaged in. Why were Black co-op leaders better known for their civil rights activities than their cooperative economic activities?

### Group Exercise 2:

Scenario: A Black working class neighborhood in a major city. Members of a specific religious group come together to discuss how to create jobs in their community or connect jobless members of their congregation to jobs in their community.

Activity: Break into 3 groups. Group 1 follows the route of Black capitalism and works to create a business or attract a business or franchise to the neighborhood that would create 30 jobs in 2 years. Group 2 follows the route of developing a consumer cooperative or marketing cooperative in the neighborhood to help bring a particular service, or development a retail store or support existing retail stores in the neighborhood (to serve at least 1000 people in 2 years). Group 3 follows the route of creating a worker

cooperative in the neighborhood (to employ 15 – 30 people in 2 years). Each group takes about 15- 20 minutes to describe the specific issue or problem they will solve with their business model; to outline the strategy and the rationale of their strategy; and to answer questions such as: how does membership in the religious institution help this process; why would that strategy be the best strategy to address the problem; what would the group need to do or give to make this happen; what barriers will need to be addressed; what resources and strengths from the members and the community can they count on?

Report back: Each group then presents to the entire group their strategy, rationale and answers to the questions. After each presentation, the full group briefly discusses the strengths and weaknesses of the strategy.

#### Individual Exercise:

Become an expert on one of the following areas: Black women’s cooperatives in the U.S.; Black youth cooperatives in the U.S.; African American cooperatives in the 1930s; African American rural cooperative development; African American economic and political independence through cooperative business and/or agricultural ownership. Create a portfolio that includes a written overview of your specialty area (2-3 page description), 3 – 5 case studies (2 paragraphs – 2 pages each) that illustrate the topic, one or two interviews with a co-op member in one of the case studies or in a similar co-op (or a person with expertise on that area if you are studying a period from the past), and several pictures. Write a 2000 – 3000 word news article about this topic (submit it to *GEO Newsletter* or other media that will cover such a topic), or an oral presentation.

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