**Background on Co-operatives.**

Taken from <https://nz.coop/background/>

**Co-operation between people goes way back to early humanity…**

…but it was not until during the 1800s that co-operative business models as we know them today were first developed.

While co-operatives have a long history, the industrial revolution is generally considered the era that heralded in the modern form of co-operatives.

The first recorded purchasing co-operative in this period whose records have survived called itself the Penny Capitalists, was established in 1769 by a group of weavers in Fenwick, Scotland, who came together to purchase weaving supplies.

In the 1830s Friedrich Wilhelm Raiffeisen, mayor of the small German town of Flammersfeld, recognised that farmers’ financial needs were not being met by the larger, urban financial institutions of that time. He devised a system in which farmers’ savings were collected together which provided a sound financial basis for credit, establishing the first co-operative bank.

At the time, this was a new approach to banking, combining idealistic principles within a business framework.

**The Rochdale Pioneers’ First Law**

Meanwhile, during the 1840s at a town called Rochdale, near Manchester, a group of people were establishing a business which traded in basic commodities of flour, sugar, milk etc. on the basis of providing unadulterated products and giving fair and accurate measure for the purchase.

Such fairness in trading had been lacking, with unscrupulous traders giving short measure and poor quality goods, with chalk in the flour, brick dust in the bread and water in the milk.

From the development of the Rochdale business came a set of business principles which were adopted and extended into various forms of business.

Today in Toad Lane, Rochdale, the [Rochdale Pioneers Memorial Museum](http://rochdalepioneersmuseum.coop/) is open to the public. It celebrates the establishment of the co-operative trading business in the very building used by the famous Rochdale Equitable Pioneers Society when it commenced business on 21 December 1844 with 28 members and £28 in capital. By 1860 the society had 3,450 members and capital of £152,000.

Rochdale may not have been the first such co-operative but from its decisions, methods and practices, what are now known as the [Rochdale Principles](http://coopnz.wpengine.com/docs/ICA%207%20principles.pdf) evolved to provide the pattern for consumer co-operatives.

Other examples of early co-operative ventures include the Sheerness Economical Co-operative Society (formed 1816), the Stockport Great Moor Society (formed 1831) and Ripponden Co-operative Society (formed 1832). There are probably others whose records have not survived.

**The original Rochdale principles**

In 1895 a body was established to develop and protect the interests of co-operatives internationally: the [International Co-operative Alliance](http://www.ica.coop/) (ICA). Headquartered in Geneva, Switzerland, in March 2013 it had 271 members in 96 countries. Cooperative Business New Zealand is a member of the ICA.

Co-operatives were quick to catch on in many countries and a considerable period of growth ensued. In Australia, for instance, the first general co-operative was formed in New South Wales in 1859, and since then co-ops have developed throughout the country.

One of the most successful co-operative endeavours, perhaps the most famous, is the [Mondragon Group](http://www.mondragon.mcc.es/ing/index.asp) in Spain’s Basque country. This began in 1956 in the town of Mondragon and enormous businesses have been developed through the widespread adoption of the co-operative business model.

Mondragon is collectively owned by those who work for the co-op and to this day is a model of how co-operative business can operate for the success of those who take part in it.

Closer to home, with the changes taking place in the Chinese economy, there are moves for state-owned businesses to shift to ownership by the people who participate in them, and thereby become cooperatives.

A little known fact is that in the USA, there are more than 29,000 co-operatives providing over 2 million jobs with the top 100 co-ops generating more than $150bn in revenue.

Americans hold more than 350 million memberships in co-operatives, which generate nearly $79 billion in total impact from patronage dividends and refunds.

These US statistics were gathered in March 2005, and can be found in the document Research on the Economic Impact of Co-operatives.

According to [ICA figures](http://www.ica.coop/coop/statistics.html), some 750,000 co-operatives worldwide serve more than 800 million members and provide over 100 million jobs.