

Black Cooperatives in the United States:

*An Excerpted History from Research
by Jessica Gordon Nembhard*

Note: The following narrative is directly from information about Black cooperatives in America thanks to the work of **Jessica Gordon Nembhard**, Ph.D. (*John Jay College, City University of New York; and Grassroots Economic Organizing*). The photos and inserted “notes” are from the Federation of Southern Cooperatives/Land Assistance Fund (2013).

(forthocming) Jessica Gordon Nembhard, **Collective Courage: A History of African American Cooperative Economic Thought and Practice**, The Pennsylvania State University Press



All of the following are excerpts directly from Jessica Gordon Nembhard's article on "Black Co-ops" prepared for the Babson-Equal Exchange Cooperative Curriculum at
(1) <http://cooperative-curriculum.wikispaces.com/6.+Course+Topics>
(2) <http://www.federation.coop>.

*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*. 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).*



W.E.B. Du Bois

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. Du Bois 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.

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.

- **1865-1883 - CHESAPEAKE MARINE RAILWAY and DRY DOCK COMPANY SHIPYARD** - Baltimore, Maryland
- **1880's - BLACK COOPERATIVE VILLAGES** near Birmingham, Alabama (Curl 2009: 101)
- **1880's - BLACK COOPERATIVE COTTON GIN** - Stewart's Station, Alabama
- **1897 - COLEMAN MANUFACTURING COMPANY** - Concord, North Carolina
- **1920 - UNITED NEGRO IMPROVEMENT ASSOCIATION'S "BLACK STAR LINE" and "NEGRO FACTORIES"**

This cooperative activity among the (Knights of Labor)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 from their activities, and sometimes white vigilantes burned down the co-op stores and factories (see Holmes 1973).

• **1880's - COLORED FARMER'S ALLIANCE (CFACU)**

The CFACU 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 Union) 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 19th century before having to disband. 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.

• **Late 19th century - COOPERATIVE STORES/EXCHANGES - branches of CFACU** - in Norfolk Virginia, Charleston South Carolina, Mobile Alabama, New Orleans, Louisiana, Houston Texas (Ali 2003: 89; Holmes 1973)

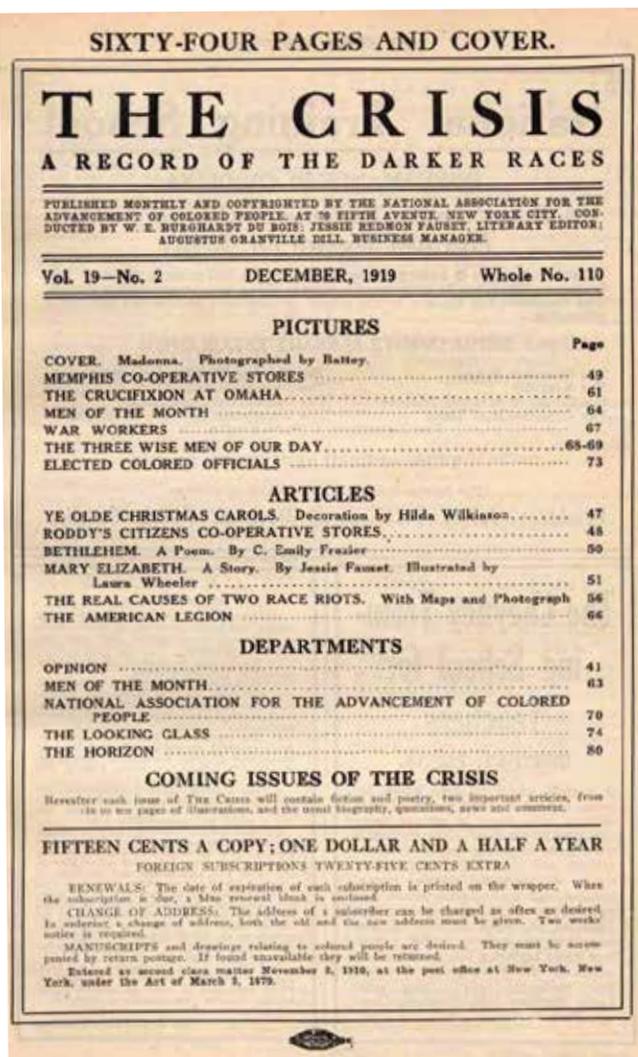
Members could buy goods at reduced prices and secure loans to pay off their mortgages (Ali 2003: 89; Holmes 1973). Many of the examples however ended tragically with massacres of CFACU members and/or burning of the CFACU presses and stores (see Holmes 1973).

• **Late 19th century - MUTUAL INSURANCE COMPANIES**

These were the earliest official nonagricultural cooperative businesses among Blacks and whites in the U.S. Starting in the late 19th century on into the 20th century, African Americans organized more formal cooperative businesses that followed the European "Rochdale Principles of Cooperatives (which became the international co-op principles of the International Cooperative Alliance) (see Hope 1940)

• **1901 - The MERCANTILE COOPERATIVE COMPANY**

The Odd Fellows Lodge helped to establish the Mercantile Co-operative 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).



Note: "The Crisis" (left) is the official magazine of the National Association for the Advancement of Colored People (NAACP), and was founded in 1910 by W. E. B. Du Bois (editor), Oswald Garrison Villard, J. Max Barber, Charles Edward Russell, Kelly Miller, W.S. Braithwaite, M. D. Maclean." (Wikipedia) Here in this 1919 issue "The Crisis" refers to the "Memphis Co-operative Stores" in its lead article. In 1918 Du Bois created the "Negro Cooperative Guild". (Gray)

- **1918 - Du Bois creates NEGRO COOPERATIVE GUILD**

(In the early 1900's) Du Bois (1907) documented 154 African American-owned cooperative businesses: 14 "producer cooperatives," and 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. (The Guild) provided cooperative economics education and inspired Black leaders to start consumer cooperatives in their communities.

- **1919 - CITIZENS' CO-OPERATIVE STORES - Memphis, Tennessee**

(The stores were) 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).



OFFICERS OF THE NATIONAL NEGRO BUSINESS LEAGUE, AT INDIANAPOLIS IN 1904.

Note: The National Negro Business League was created in 1900. When Booker T. Washington established the League it was "to promote the commercial and financial development of the Negro" (Washington is seated on the first row third from right.) When the Colored Merchants Society was created the League supported its efforts to challenge the chain stores and "promoted the grocers' efforts as a national model for African American businessmen working in an increasingly competitive marketplace." <http://ncpedia.org/industry/colored-merchant-assoc>

1927 - COLORED MERCHANTS SOCIETY - Montgomery, Alabama

(The 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.

- **The 1930's - YOUNG NEGROES' CO-OPERATIVE LEAGUE, EASTERN CAROLINA COUNCIL FEDERATION OF NORTH CAROLINIAN COOPERATIVES, LADIES AUXILIARY OF THE BROTHERHOOD OF SLEEPING CAR PORTERS**

(These groups) promoted cooperative development and helped to establish Black-owned cooperative businesses and credit unions nationally and locally.

- **1930'S - CONSUMER COOPERATIVES** in Gary Indiana; New York, New York; Chicago, Illinois; Buffalo, New York; Baltimore, Maryland; Washington, DC; Memphis Tennessee; and Richmond, Virginia.

- **1930's AGRICULTURE COOPERATIVES in the South**

- **December 1930 - YOUNG NEGROES' CO-OPERATIVE LEAGUE (YNCL)**

(The League 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



Ella Baker

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 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



George Schuyler

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.

• **1930-40's - EASTERN CAROLINA COUNCIL FEDERATION of North Carolinian Cooperatives**

(The Council 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 coops, 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.



Estelle Witherspoon with her mother, Mama Willie Abrams

• **1966 - FREEDOM QUILTING BEE** - Alberta, Alabama



(The Freedom Quilting Bee) is a handicraft cooperative (and a member of the Federation of Southern Cooperatives/Land Assistance Fund). 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 (A Freedom Quilting Bee of Alberta, Alabama - 1992). Co-founder Estelle Witherspoon was FQB's first President

(and who was also a founding member of the Federation of Southern Cooperatives). 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 after school 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.

• **1967 - FEDERATION OF SOUTHERN COOPERATIVES** - Atlanta, Georgia

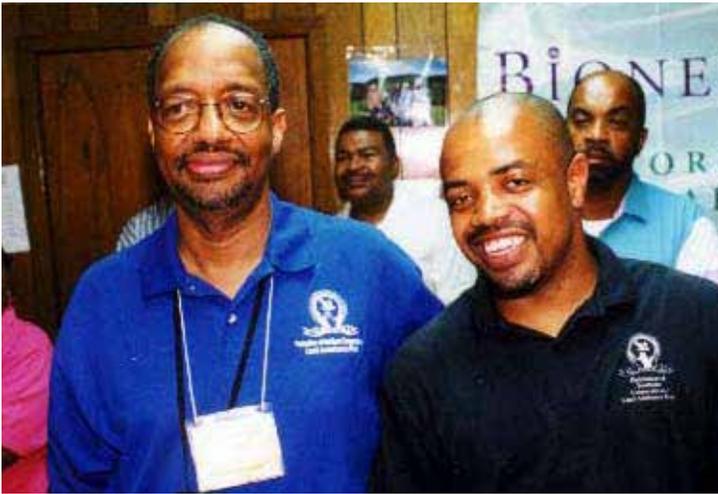
(The Federation is) a non-profit organization of state associations to support predominantly Black cooperatives in southern states, was founded in 1967 and later merged with the Land Emergency Fund to become the Federation of Southern Cooperatives/Land Assistance Fund. Member cooperatives engage in organic 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 develop-



1970 John Zippert (center) Federation Director of Program Operations, attending founding meeting in 1967



Federation Board 1999 and Ralph Paige, Executive Director



2002 - Federation staff Jerry Pennick - formerly of the Emergency Land Fund - and Cornelius Blanding, Field Director

ment among African Americans (“A Tribute to the Federation of Southern Cooperative/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 Cooperative/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 Coop (SC), People’s Cooperative (SC), 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 coops (such as Sankofa Youth Cooperative). 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).

• **October 6, 1997 - DAWSON WORKERS-OWNED COOPERATIVE** - Dawson, Georgia

... (created) 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 wom-

en 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).

2009 - MANDELA FOODS COOPERATIVE - West Oakland, California

(The cooperative) 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). 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.



For information about the references referred to in the article please go to Jessica Gordon Nembhard's article on "Black Co-ops" prepared for the Babson-Equal Exchange Cooperative Curriculum or the Federation of Southern Cooperatives/Land Assistance Fund's website at:

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