

# THE RISE AND FALL OF THE BERKELEY CO-OP 1939 - 1988

By John Curl

*[This article first appeared, in slightly different form, in four installments the Co-op News between April and August, 1987.]*

In the 1970s and '80s, the Berkeley Co-op was the largest and most successful consumer cooperative in the US. The ranks of people who were active in the Co-op and went on to make other important contributions to the community, reads like a who's who of the Berkeley progressive community for five decades. Yet after fifty years, it collapsed and died. What happened?

**Co-op News**  
Celebrating Co-op's 50th Anniversary!

Consumers Cooperative of Berkeley, Inc. April 1, 1987 Vol. XXXX, No. 13 Second class postage paid at Berkeley, California Time Value!

## Co-op: The Early Years

By John Curl

*Editor's Note:*  
This is the first in a series of articles on the history of the Berkeley Co-op by local historian John Curl, published in celebration of the Co-op's 50th Anniversary. Curl, who works at Berkeley's Hearwood woodworking collective, is the author of *Worker Co-ops in America and A History of Collectivity in the Bay Area*. In this first article, Curl traces the history of the Berkeley Co-op from its founding in the last years of the Depression through World War II.

"The Berkeley Buyers' Club was formed on January 27, 1936," Catherine E. Best, secretary of the Club, reported a few months later. "A small group of families, all more or less connected with the EPIC (End Poverty in California) and Democratic clubs of Berkeley, banded to buy their groceries cooperatively. . . . Rev. Roy Wilson, who is doing buying for Oakland Cooperative Buyers' Club, offered to do the buying for our group at the same time. Deliveries were a problem, solved when Ira J. Darling, acting president of our organization, volunteered to take care of them. . . . Supplies are bought at wholesale and 10% added for handling, 5% of which goes to Rev. Wilson for gasoline and handling, the rest to Mr. Darling for delivery expenses. . . . Consumer education is to be part of our program. . . . There is little use paying 2 to 3% premium for an advertised name when the same merchandise is put up under other labels as well. . . . We plan to use services of the new Consumers Union. Speakers are to be featured."

*more page 9*

The new, larger Berkeley Co-op on University near McGehee opened in 1938, three times larger than the Berkeley Buyers' Club which preceded it.

### DON'T STOP NOW!

In the latest week of Co-op's emergency share drive, from March 18 to March 24, another \$20,000 from concerned members came pouring in, in denominations from \$5 shares to \$2000 in certificates of interest. This brings us, three weeks into the campaign to raise a quarter million dollars from the Co-op membership, to \$24,200, nearly a third of

ken is that Co-op reduce its current amount payable to Certified, a sum of \$200,000, by April 13. Thus the urgency of our current share drive: if our members can come through with the money, our supplier will come through with the loan, a loan that would give Co-op the breathing space it so vitally needs.

Least any members get the idea that they are now off the hook, you can forget that right now. "A million dollars is not going to solve all our problems by any means," says general manager Jeff Voltz. "It is not a cure-all. The cure-all is member participation and patronage."

## THE EARLY YEARS

“The Berkeley Buyers’ Club was formed on January 27, 1936,” Catherine E. Best, secretary of the Club, reported a few months later. “A small group of families, all more or less connected with the EPIC and Democratic clubs of Berkeley, banded to buy their groceries cooperatively... Rev. Roy Wilson, who is doing buying for Oakland Cooperative Buyers’ Club, offered to do the buying for our group at the same time. Deliveries were a problem, solved when Ira J. Darling, acting president of our organization, volunteered to take care of them... Supplies are bought at wholesale and 10% added for handling, 5% of which goes to Rev. Wilson for gasoline and handling, the rest to Mr. Darling for delivery expenses... Consumer education is to be part of our program... There is little use paying 2-3% premium for an advertised name when the same merchandise is put up under other labels as well... We plan to use services of the new Consumers Union. Speakers are to be featured at our bi-monthly meetings. Our ultimate objective is, of course, to become a full-fledged cooperative.”

The group thrived and grew, operating out of the basement of Wilson’s parsonage in Alameda, in cooperation with Oakland, Allendale, and Alameda buying clubs. The Oakland club had been the first, formed about seven weeks before Berkeley. But the Berkeley branch quickly became the largest. On January 8, 1937, delegates from the clubs formed Pacific Cooperative Services, Inc. (PCS), with George Burcham, Carroll Melbin, and Fred Rivers representing Berkeley. Legal advisor was Russell H.C. Proffitt, soon to be PCS’s first president.

Buying regularly for about sixty families, PCS decided to hire their first employee, Robert Neptune, just graduated from UC Berkeley, at \$30 per month. In April, 1937, the Berkeley Buyers’ Club opened its first store, 10 by 20 feet in dimensions, at 2491 Shattuck near Dwight, with Neptune as “Manager and man-of-all-work,”



The original University Avenue Co-op store. To the right is the Berkeley Cooperative Union gas station, the object of an anti-cooperative boycott by the major gas companies.

Over the next two years the Berkeley Club flourished while the other units of PCS languished. At the August 1937 delegate assembly, the Berkeley delegates were asked to “disclose causes of initial success in their unit. Mr. Ball of the local council explained that it was principally due to volunteer work of several members, particularly of Mr. and Mrs. Burcham, Catherine and Charles Best. He mentioned the absolute necessity of such unselfish service... Mrs. Burcham...referred to the growing local feeling to establish an independent unit.”

“The Berkeley unit is leading the field,” according to the June, 1937 newsletter, ‘so far as the technique of merchandising is concerned. Due to the efforts of the Quality Committee, (members) now have an adequate range of tested goods from which to choose. They can soon expect canned goods with the Co-op mark which will enable them to determine brands that have satisfied the requirements of the Committee.”

The first recycling was begun in the very first months, with egg cartons, offering 1/2 cent per carton rebate (the rebate was discontinued after a year, but the program continued).

The Berkeley Buyers’ Club finished 1937 with 81 member families and a total of \$7260 in member purchases, almost half of the total for the entire PCS, with member equity of \$296 and net savings \$107. Over the following years those figures doubled, then doubled again, while the rest of PCS faded away.

But the tiny store quickly came under attack by a nearby grocer who objected to the competition. The store was far too small anyway, and in January, 1938, a new location was found at 1715 University Avenue, near 4/1/1987McGee, with three times the space.

In February, 1938, the Co-op began its first campaign to get strong consumer protection laws, urging members to write letters in support of a new Food and Drug Act (the weak existing one did not cover advertising or cosmetics).

However, advocacy of consumers rights was a potentially dangerous position in those days, as other interests in California were trying to push legislation making it illegal. Readers of the *Co-op News* on November 3, 1938 learned that “Opponents of proposition No.1 fear co-operatives’ reference to Consumers Union Reports, which mention labor conditions, would subject co-op officials to imprisonment and fine for ‘conspiring to influence... persons to refrain from purchasing certain articles.’ It’s significant that heaviest supporters of No.1 include packing corporations influential in closing the Wilmington Canning Coop.”

In November '38 the Co-op joined with the rest of the Northern Cal. Co-operative Council in "a resolution condemning destruction of oranges near Los Angeles, to be sent to President Roosevelt... The resolution further urged that oranges now being destroyed should be distributed to those on relief."

Meanwhile, the Berkeley Finn community was forming a similar organization, the Berkeley Cooperative Union (BCU). Founding members of the BCU in February, 1938, included Tauno Ahonen, Arvid Nelson, and J.E. Kranyz. A few months later they opened a gas station on San Pablo Avenue, which moved the next year to the corner of University Avenue and Sacramento. This station and two others that the Oakland unit of PCS ran, were among the very first to offer unleaded gas, which the Co-op News urged members to use, pointing out that "lead is a cumulative poison."

But the gas stations came under attack that summer, when the wholesaler announced it was cutting off supplies because they were cooperatives. "The other major companies have altered their rates so as to put their goods on a prohibitive basis... it would appear that they intend to kill the Gas Co-ops." However, the Co-ops found a smaller independent wholesaler which would not go along with the majors' boycott.

In September, 1939 Consumers Cooperative of Berkeley was incorporated separately from the rest of PCS, with Carroll Melbin, Margaret Burcham, Amy Stannard, Clarence Stone, Tauno Ahonen, I.B. Ball, Augusta Trumpler, Howard Wells, and Mrs. W.E.A. Loughrey signing the articles of incorporation and buying the first membership shares.

By the beginning of 1940, with 225 members, \$2,475 in capital, and sales of \$700 per week at the store, the directors looked for even larger quarters. They found it a few blocks away, at the site of the present University Avenue Co-op, which they bought for \$2,600. Next door, on the corner, was the BCU gas station. CCB and BCU had increasingly overlapping membership, and the two organizations worked closely together.

From the earliest days, the Co-op had declared its solidarity with the labor movement and its "sympathy with the demands of workers. Cooperators are very conscious of the justice of these demands and about are doing their utmost in bringing the realization of them." As early as July 1937, the Berkeley Buyers' Club had agreed to "the handling of union-made goods as far as possible for the purpose of creating a closer rapprochement between the labor union and the cooperative movements." The early Co-op had relied largely on volunteer labor, but when the new University Avenue store was opened, the Retail Food Clerks Union and the Co-op signed their first contract.

World War II was a crisis period for the Co-op. Because of gas and tire rationing, small branch stores were opened in north and south Berkeley. By mid-1945 the *Co-op News* was publishing an article entitled Shall We Fail?: “Yes we shall fail unless we reverse the present trend. Last year we had a deficit of over \$1070 and the first half of this year a deficit of over \$1200. All our reserve funds and also a small amount of our membership fee capital have been consumed as the result of deficits up to March 31, 1945. Our permit to sell memberships has expired and it is doubtful we can obtain another under conditions indicated above...The branch- store policy has increased expenses out of all proportion to the increase in business, ... (and decreased the business at the main store... The probability is that our cooperative... will fail unless we close the two branch stores.” Within a year both branch stores were closed.

But the war was over. CCB and BCU had grown so close they decided to merge. Both boards resigned and a new CCB board was elected on January 19, 1947, which included former BCU directors. Most BCU members already belonged to CCB, and those who didn't transferred membership. Eugene Mannila, former manager of BCU, became general manager of CCB.

The war's end signaled a quick financial recovery. By early 1947 the Co-op was nearly out of debt. We had weathered our first great crisis and were swinging into a period of expansion and success.

### **CO-OP IN THE 40s & 50s**

Sunday, December 6, 1941: a banner day at Co-op. The Berkeley Coopeative Union's new hardware store, next door to the University Avenue Co-op, is celebrating its grand opening. The co-op community fills the parking lot that joins the new building with the BCU gas station and the CCB food store. Half the ceremony is in Finnish, with traditional refreshments served and a small band playing a few schottisches for the dancers. But half the crowd is not Finnish, as members of each co-op have increasingly joined the other.

It is a day of joyous optimism. Over the past five years both co-ops have flourished side-by-side to over 500 members apiece and constant financial growth. For the last two years Co-op News has been coming out regularly, and Co-op label canned foods; have been lining the shelves. But, unknown to the dancers, momentous events are taking place in the middle of the Pacific ocean, and in 24 hours everything will change.

Only weeks later the war economy begins to hit. Supplies, personnel, and money are soon growing scarce; checkers are collecting ration stamps; Co-op committees are filled with vacancies; and president Carroll Melbin is desperately trying to keep things together.

Because tires and gasoline are rationed, Co-op decides to open small branch stores for its south and north Berkeley members, one at Ashby and College, another at the Colusa circle.

March 1943. The ration stamps have disappeared, that have to be turned in, or else Co-op will get no supplies for the entire next quarter! But at the last minute they are discovered stuffed in a large envelope that someone has stuck upon a rafter for safekeeping.

The war years take their toll. 1944 brings CCB's first deficit, and by mid '45 Co-op is deep in its first financial crisis. "We shall fail unless we reverse the present trend," C.R. Stone writes in the Co-op News. "All our reserve funds and also a small amount of our membership fee capital have been consumed... Our permit to sell memberships has expired and it is doubtful we can obtain another under (these) conditions. The branch-store policy has increased expenses... (and) decreased business at the main store."

But the war is almost over. Within the year both branch stores are closed, and Co-op has retrenched. In 1946 CCB offers its first medical plan, organizes CARE package drives to ravaged Europe, and disburses a 3.3% patronage refund.

Through the war the two co-op organizations have grown so close they decide to merge. In January, 1947, both the CCB and the BCU boards resign simultaneously. BCU dissolves and CCB takes over all its assets. A new board is elected, including former BCU directors. Most BCU members already belong to CCB, and those who don't have their memberships transferred. Eugene Mannila, long-time manager of BCU, now becomes general manager of CCB.

Only months later Co-op is nearly out of debt and swinging into a period of rapid growth.

## **EXPANSION**

The past-war decade was one of uninterrupted expansion. 1949 saw the first full-time education director, Charles Davis, as well as Co-op attacked by the National Tax Equity Association for mythical tax advantages; 1950 saw the first wholegrain breads and the first turntable checkout stand; 1953 the first kiddie korral and the first controversy over loss leaders; 1954 the first express line; 1955 the first home economist, Mary Gullberg; 1956 widespread kaffee klatches in members' homes to interest neighbors in joining Co-op. The University avenue store was enlarged in 1948, then again in '53, while the membership, dollar volume, and net savings doubled and doubled again. Patronage refunds came with every new year. But along with expansion came unanticipated problems.

The great debate first surfaced in the Co-op News of February, 1955, with the question, "How do we keep democratic control and participation while we continue to expand?" At the time the Co-op had almost six thousand member families, but an increasingly smaller percentage took an active role in Co-op affairs. Semi-annual meetings were immobilized by lack of quorums, and Board members were elected by low turnouts. As this was happening the Board decided to look for a site in Walnut Creek for Co-op's first expansion out of town, and within another year decided to find a location for a second Berkeley store. In October, 1957, the Geary Road store was opened, and four months later the site of the future Shattuck Co-op was bought. By this time Co-op had become the second largest urban cooperative in the US.

Meanwhile the democracy debate became a plan: the experimental Parliament. "Our society has been growing so rapidly." Ann Dorst explained in the Co-op News of January, 1958, "both in total membership and in expansion into new units, that we need a new way for members to control it." The Parliament would consist of 60 delegates, a portion elected by each shopping unit district. It would meet two to four times a year, to discuss policy questions "such as our use of the mail ballot," that neither membership meetings nor the Board had time to explore fully, and make recommendation<sup>3</sup>and reports. It was given the "special responsibility" of studying "the permanent organization and functioning of itself, the Parliament."

With much fanfare the delegates were elected and Parliament went into session. By the second meeting, on the evening of June 22, 1958, Parliament stepped over the line of internal and local affairs, and took on a burning social issue of the day: nuclear energy.

Two questions were debated: "whether to mail members the Schweitzer appeal for an end to bomb testing," and "What steps the Co-op could take to protect members from the dangers of radioactivity on produce and Strontium-90 in milk."

A passionate debate followed lines that would be drawn many times in the coming decades. Those opposed to sending the appeal claimed it would violate "the principle of political neutrality in the Co-op," while those in favor said that neutrality meant not endorsing electoral candidates, while taking stands on issues and legislation were totally within Co-op principles. At the end of a long night, the vote count decided that the appeal not be sent, but instead a public symposium on the question be held, and an annotated bibliography be published in Co-op News, Then Parliament voted to endorse legislation calling for regular inspection and testing of foods for radiation. The Board meeting the following evening adopted these recommendations.

## **LAST PARLIAMENT**

Parliament was created by the Board, and responsible to it, but there was tension between them, as Parliament quickly asserted its independence and asked for permanence and real powers.

On November 15, 1959, at its sixth session, Parliament asked the Board of Directors to submit by-law changes to the membership that would make Parliament a permanent part of Co-op structure. The proposed changes included giving Parliament to nominate Board candidates.

In the hot debate that followed, Les Carbet argued in favor: "If our future expansion is to be an expansion of a truly cooperative institution, and not merely a multiplication of the number of units of a supermarket chain, we must act now..." Stan Brown opposed, pointing out that "these amendments provide for NON-COMPETITIVE nominations by Parliament," since they are not required to name more nominees than there are positions to fill, potentially leaving to the membership only the right "to ratify the choice of whoever is the current ruling clique of Parliament." Thus members were urged in the name of greater democracy to vote both yes and no.

Meanwhile, seat-belt installation days were held in the UA parking lot, the Board endorsed Governor Brown's proposed state Consumer Council, and the first Harvest Fair was held with great success. On December 16, 1959, the Shattuck Co-op was opened, with the first Co-op pharmacy, Arts and Crafts Co-op, Books Unlimited Co-op, Credit Union, Mutual Service insurance, coffee bar, and Kiddie Korral.

The By-law election was scheduled for May 25, 1960, the day of the semi-annual meeting. Mail ballots were sent for the first time to 15,300 members. That night over 350 filled Jefferson school auditorium for the final debate, and joined in one of the most passionate floor exchanges in Co-op memory.

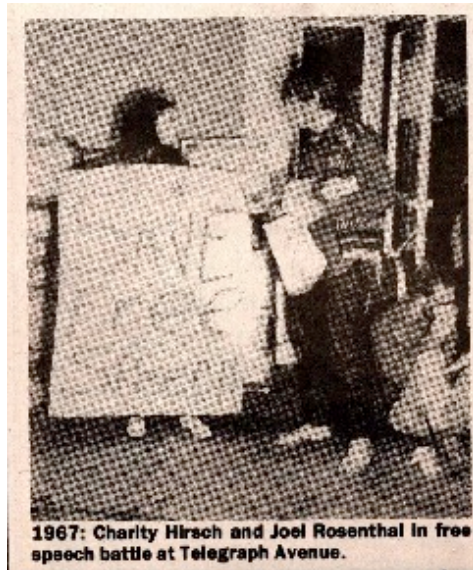
But the next day, when the votes were counted, both sides were stunned. Even with the mail ballots, only 558 votes had been cast. The by-laws lost, but no one was sure what had won. Stan Brown, although having opposed, said, "The main reason the members voted NO was confusion... and when people don't understand they vote no. I believe this is a mandate for the experimental Parliament to continue."

Later that year, the Board announced Parliament dissolved, but to be replaced by a similar organization, a Co-op Congress. In the following years the system of Center Councils was developed, and the Congress became a periodic meeting of Center Council members. But Congress had as little real power as Parliament, and it too was finally dissolved, leaving the autonomous Center Council structure Co-op has today.



## REVOLUTION IN THE: CO-OP THE SIXTIES

The dawn of 1960 found Berkeley a quiet Republican town, and the Co-op on a course of steady quiet growth. Still at Co-op's leadership core were many who had nursed it for two decades. We were soon to become the largest co-op of our type in the US. Who could have predicted the turmoil to follow?



1960: Co-op sets policy of active support for legislation furthering consumers and cooperatives... First unit pricing in California... Kennedy/Nixon campaign... Co-op label frozen vegetables appear... First Harvest Festival...

“We will continue to expand and build new centers similar to the three we already have,” was the Board’s unanimous policy. A site in south Berkeley was sought which, together with the University and Shattuck stores, would make Co-op shopping accessible to almost everyone in town. There were proposals for expanding in every direction outside Berkeley. We were already in Walnut Creek, plans were underway for centers in El Cerrito and Marin, and there was talk of Oakland and San Francisco. Sites were proposed farther and farther away. How far- was too far? The Board decided to set a 25 mile limit.

There were two other cooperatives in the Bay Area we had close ties with: the Pale Alto Co-op and Associated Cooperatives (AC), the regional wholesale. Both had been founded at about the same time as Berkeley, and involved some of the same people. Berkeley was the flagship of AC, providing most of its sales volume and having more members than the

other eight AC co-ops put together; Palo Alto was second. In 1960 the general managers of Berkeley, Palo Alto, and AC made a joint proposal for merger of the three cooperatives. They already had overlapping managements, with a number of key people in important dual roles, including the three general managers. A study purported to show that the entire system had to expand and integrate if it was going to remain competitive economically. And constant growth was axiomatic, because cooperatives were more than businesses: they were a social movement. AC's objective was to be the wholesale for an integrated chain of consumer co-ops throughout California, and the Berkeley Co-op's expansion was key to the plan.

1961: First Co-op statements to regulatory agencies, on standards for orange juice, and on fish protein... Letters to editor begin to appear in Co-op News... "Freedom rides" in South... Consumer protection legislation backed: cosmetics, hazardous substance labeling, color additives, deceptive packaging... Bay of Pigs... First Co-op Congress... Fat measuring device to control content in ground beef... Berkeley "Democratic Caucus" elects city's first black councilmember and takes control of city council away from Republicans... Co-op demonstrates deceiving effect of use of pink lights on meat in other markets...

### **SID'S**

"Board Agrees to Buy Sid's Stores!" the February 1962, headline of the Co-op News suddenly announced.

Many members were stunned. Instead of the normal process of full open discussion and member participation, the decision had been made after a series of secret negotiations, which the board explained had been stipulated by the seller.

Sid was a competitor, with three markets in Berkeley and two others in Walnut Creek and Castro Valley. Some of these stores were failing, and not in areas where there already was a base of Co-op members. The decision to buy was clearly within the letter of the Board's powers; but was it in keeping with the spirit and with the Co-op's larger goals? Was it financially sound? Would such rapid growth mean more central planning and less center autonomy? Commitment to a scale of operations that could only be handled increasingly by professional managers instead of remaining small enough to involve members intimately? The controversy exploded.

1962: First parkinglot flea market at Shattuck... AC warehouse burns... Dark side of the moon seen for first time... Paper products and canned fruits and vegetables tested for quality... Co-op accused of imaginary tax advantages in San Francisco Chronicle... "Free speech

tables” permitted outside Co-ops “for exhibits, petitions and literature,” unique in Bay Area...

By the end of the year there were four new Co-op stores. The Telegraph Avenue center was an instant success. But the Castro Valley, second Walnut Creek, and small Shattuck-at-Vine stores suffered constant losses. There was enormous disruption; management became preoccupied with major problems, finding less time for member input than ever. The Co-op took over a large number of employees from Sid’s, most of them totally unfamiliar with cooperatives. A large influx of new members swelled the rolls to 30,000, but “member education” and participation sagged hopelessly behind.

Meanwhile, the new center in El Cerrito was being built, in 1963, opened. The Co-op now approached a \$20 million annual volume. But the patronage refund rate at the end of the year sunk to the lowest in over a decade.

1963: Debate over possible milk contamination from proposed Bodega Bay nuclear power plant... Price surveys show Co-op competitive Elected center councils now in all stores... Co-op supports Berkeley anti-discrimination Fair Housing Ordinance... Diem overthrown in South Vietnam... Consumer legislation: weights and measures; toys; tv and auto repair; consumer credit; water pollution... Kennedy assassinated... Co-op decides to stop stocking products boycotted by the Central Labor Council; Co-op Congress also supports boycotts by “recognized civil rights groups” debate over whether to remove products or only post notice...

With the Telegraph center, the Co-op had become truly a city-wide store, serving one third of the families in Berkeley. People now treated it as more than just a store belonging to its members: for the first time the Co-op acquired a sense of being a city resource, of belonging to the Berkeley community. With this sense came new assumptions of social responsibility. As the issues of the Sixties heated up, it seemed only natural that the Co-op should become an arena-in which they were played out.

1964: New Co-op procedures to increase employment of blacks... Co-op detergent made biodegradable, first in Bay Area... Debate over whether to use advertised “loss leaders”... US invades North Vietnam... Home economist issues first advocacy statement, urging listing of ~1 ingredients on ice cream labels... Food drive “to aid persons suffering Civil Rights discrimination” in Mississippi... UC Free Speech Movement over issues similar to Co-op “free speech table” debate... Patronage rebate improves to 2.5%...

The Board and management had hoped to quickly turn all the Sid’s stores to a profit, but the problems and losses continued. Some members

began to speak out against “empire building ambitions” they saw in some of the board and management. For the first time there were serious clashes between workers and management. A split developed among Co-op activists and for the first time electoral slates formed. The burning conflicts of the Sixties, free speech, civil rights, labor struggles, the Vietnam war, spilled into Co-op politics and lines were drawn.



1965: Alert on extended and diluted foods... Meat packaged better-side-down... Co-op calls for compulsory bread and cereal enrichment law... Watts riots... Telegraph center produces a low-cost cookbook... Education on peanut butter additives... SNCC (Co-op #7200) receives \$2,000 patronage refund...

President of the Co-op was George Little, first elected in 1961, “ an articulate, even militant, spokesman for the traditional, or conservative, view of a consumer cooperative’ role... he has s thrown his full weight against those who would recast that role into a more activist image,” reported the Co-op News. He thought the Co-op “shouldn’t try to take on all the world’s problems.”

On the other side was the Member Action Committee (MAC). “The war in Vietnam is the number one consumer issue today,” said Bob Treuhaft, one of its spokesmen. “When some people say ‘no politics’ they really mean no free speech tables,” Larry Duga, another MAC member, stressed. MAC became the “progressive slate,” running on a platform that the Sid’s purchase had been a grave mistake and that the Co-op leadership had

become, in Robert Arnold's words, "entrenched... institutionalized... inflexible." To Boardmember Maudelle Shirek, "Autonomy in the Centers is a must., By-laws must be amended so that local needs and local programs can be developed... A possibility is a management contract for each Center with a central warehousing and accounting division becoming the helpers rather than the arbiters."

A third force was represented by some who worked primarily at a center level, like Irv Rautenberg: "The Berkeley Co-op's fate lies in the hands of the Center Councils - not in the hands of the Board of Directors, not in the hands of management, not in the hands of any factional group."

1966: Controversy around the correct care and feeding of Kiddie Korralis... Co-op lobbies for Fair Packaging and Labeling Law... Member Services Exchange... New hardware-variety-pharmacy at Shattuck opened; "convenience" store at Vine closed, first of Sid's group to go... Consumer education project in West Berkeley... Co-op contribution to United Farm Workers (UFW) co-op in Delano... "Housewives Revolt," led by Students for a Democratic Society (SDS) calls for Co-op price reductions, and gets them on 1,203 items...

"The current schisms had their origin in the personnel problems that began about three years ago," according to President Little's analysis He thought that rising "pro-employee militancy" was the spark; the 4 readily rebels were "trying to democratize a situation that can be democratized."

In response, Larry Duga said, "If we can't run the Co-op as a co-op, then we have no reason for existence." "We must rely," Robert Arnold added, "on human standards, not just business standards, in our employee relations."

1967: Under heavy fire, President Little steps down, and Carroll Melbin, the Co-op's first president 28 years before, returns to take the reins again... Co-op works for regulation of diet foods, for unit pricing law, against phone rate increase... Unit pricing now on all shelves... Co-op passes 40,000 member mark... Dellums elected to Berkeley City Council... Shelf labeling of all Dow products, boycotted for production of napalm... Flea market registration fees go to legal defense fund for besieged integrated Southern co-ops... Summer of Love... Fund for International Cooperative Development, contributed to by Co-op, revealed to be secretly financed by CIA; Co-op Board calls for Fund to desist; "Progressive slate" calls for an end to open as well as secret financing... Walnut Creek Co-op denies Port Chicago Peace Vigil a "free speech" table; vigilers stage sit-in at Shattuck and Telegraph Co-ops; table is granted in Walnut Creek the next day... Recall Reagan Committee denied a "free speech" table at Shattuck on the grounds of "political neutrality"... Patronage refund rate drops to the lowest in over twenty years...

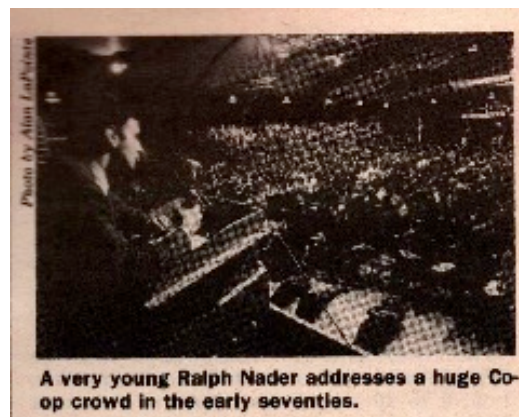
1968: “Progressive slate” wins Board majority for first time; Bob Arnold is elected president... First black store manager... Centers authorized to ban smoking if they choose... TET offensive in Vietnam... Co-op closes to mourn Martin Luther King... All non-union grapes off shelves until dispute between UFW and growers is resolved... Co-op worker defies beard ban; regulations changed... Board supports employee group’s demands for hiring and management training of blacks... Co-op withdraws from Chamber of Commerce because Chamber “consistently opposes” consumer legislation...

The Board turns down AC’s long-standing merger proposal, then moves to fry to reorganize the wholesale and gain control, since Berkeley provides 82% of the sales volume and has 71% of the members, but gets only 24.4% of the votes. The AC establishment resists,

1969: Co-op battles against utility rate increases, and against Nixon’s troglodyte nominee for Secretary of the Interior... Discount pricing... Approaching 50,000 members... Co-op donates \$300 worth of food to Black Panthers children’s breakfast program, touching off heated debate... Board demands “immediate termination” of military occupation of Berkeley by the National Guard, ordered by Governor Reagan because of People’s Park; Co-op closes during protest march... Statements posted in all Co-ops condemning the war, and stores close on Vietnam Moratorium Day...

As the tumultuous decade ends, the pendulum suddenly swings, and a more conservative majority wins the Co-op Board. For the next two years politics take, a back seat, and then the pendulum swings again, then back again. Under another conservative Board, the Sid’ purchase is replayed again in the Mayfair purchase of 1974. Except for the Telegraph Co-op, the Sid’s and Mayfair expansions teeter along for another decade, and then in the 1980s the seven stores one by one are finally closed.

The “conservative” Co-op establishment slowly breaks down by attrition, as does the “Progressive” slate. The children of both inherit the Co-op and move on to new struggles in a new time.



A very young Ralph Nader addresses a huge Co-op crowd in the early seventies.

## **CO-OP IN THE CONSUMER DECADE**

At the Co-op Garage on the corner of Sacramento and University, something extraordinary is happening: people are bringing aluminum and tin cans, crushed flat, and emptying them into barrels. It is the first Earth Day, April 22, 1970. Volunteers from Co-op, the Ecology Center and Ecology Action (both recently organized) have banded together to begin recycling in Berkeley and set the tone for a new decade.

As we dump our cans into the appropriate barrels, Tom Davis explains that they plan to start accepting bottles and newspapers within a few weeks, and the City Council yesterday declared the Co-op Berkeley's first official recycling depot.

Co-op has also just introduced a new line of foods: organic produce in every store, "produced on re-mineralized soils, rich in humus and biologically composted natural fertilizers, without the use of synthetic agricultural chemicals, dusts or sprays."

Almost over night thousands of Berkeleyans begin to recycle, and the center is swamped with over 500 people each weekend. Within months the City Council makes Berkeley the first in the nation with our own city-wide newspaper recycling.

At the same time Co-op puts forth a bold and far-reaching consumer legislative program, and lobbies vigorously in Sacramento and Washington.

Organic produce is so successful that Co-op plans a special store for every type of natural, organic and health food. The Natural Foods Center opens just east of the University Co-op in May, 1971.

Meanwhile, Co-op is in the forefront of almost every consumer cause:

1970: petition drive for the first bottle deposit law... Home economist Mary Gullberg testifies on the Fair Packaging and Labeling Act... Co-op stocks only "lowest hazard" pesticides... school lunch and cereal enrichment bills pass... expanded date-code posting... Co-op opposes increase in PG&E rates...

1971: enzymes banned from Co-op detergent... return of biodegradable meat trays... no smoking in stores... condom information handout... auto repair shop licensing bill passed Co-op plays key role in FDA nutrient labeling field tests...

1972: first store in US to sell nitrite- and nitrate-free hot dogs.. talc-coated rice banned for cancer hazard... unit prices shelf-posted... education: plain aspirin vs. expensive pain killers... Co-op label redesigned to give complete information Co-op soft drinks in returnable bottles... bill passed: all foods processed in California must list ingredients, controversy:

granola vs. processed cereals... Consumer Group Legal Services first in US...

Through the entire decade this list of consumer movement accomplishments rolls on and on. But even while this is happening, internal problems are disrupting the Co-op, and eventually consumer issues are pushed to a back burner by questions of sheer survival.

### **THE BOARD**

In the 1970s the board is still badly split between “progressive” and “conservative” factions. Their differences are not simple, but often revolve around the question of “political neutrality.” Conservative president Lew Samuels explains in 1971, “It shall be the policy of this board... to take action only on consumer issues, not on general political, social and community issues. The board intends to interpret what is or is not a ‘consumer issue’ in the narrow rather than the broad sense.”

Two letters from the Co-op News of January 4, 1971, give an inside glimpse of what is going on at board meetings,

The first is written by future president Jane Lundin:

“EDITOR: In the absence of one member of the conservative majority... the Board of Directors took two significant and progressive steps at the December 28 meeting... The board adopted... an affirmative action program for fair employment. This program, which I helped draft, is the first in California to provide for hiring and promoting more women as well as minority group members... “The board also agreed to continue Co-op support of the United Farm Workers... by refusing to reorder five Dow Chemical products. Dow is part owner of Bud Antle, the giant lettuce growing firm whose court actions have jailed Caesar Chavez... Dow formerly made napalm and now supplies herbicides to poison Vietnam as well as the lettuce fields of California... It is against just such amoral businesses that a Co-op should use its economic power...”

The same meeting as seen by Lew Samuels:

“EDITOR: Hello again, disruption and confrontation politics, and goodbye, logic and democratic Co-op government!... The irresponsible motions by Duga and Thompson concerning employment policies and the boycott of Dow Company products at that meeting reversed all attempts by the Co-op to reach logical policies... The board minority took advantage of the absence of two regular board members and literally played to an audience of screaming, stamping women’s libbers...”

When the conservative majority gets back to its feet, Dow is restored to the shelves (with product controversy labeling) and the affirmative action program is toned down.



But the two board factions are not the only groups struggling within the Co-op: there are also members, workers and management.

### **THE MEMBERS**

There are 50,000 members in 1970, and people are joining at a pace that will double membership by the end of the decade. But the average Co-op member has become no longer a very active participant, except as a shopper. Of course just choosing to shop at Co-op is a political act for many, and in those days of patronage rebates, one could always give the number of one's favorite cause or charity at the checkout stand, thus sending the year-end dividend to them. Some members shop at Co-op with the idea that they are supporting a social movement, while other members are interested solely in consumer quality and low prices. Center councils have remained advisory bodies, without real powers.

### **THE WORKERS**

Employees below management level are being treated by the board and management much as workers anywhere are being treated. Co-op is of course a "good boss" by most grocery industry standards, which are not known to be particularly high. Unions are negotiated with, contracts are signed and abided by. Interest in cooperatives or even knowledge about them are not part of the job requirement. Many employees are not even Co-op members and it makes no difference. Only it does make a difference. Promises of more worker input are made repeatedly by board after board, but the workers remain like the center councils: without a real voice. Through the decade, store level morale sinks ever lower.

### **THE MANAGEMENT**

Management is on track with the plans of AC, the wholesale, for constant expansion until a size is reached where they can be more competitive with the chains. For the most part, both Co-op board factions accept this analysis and act on it. The Co-op is deeply committed to AC, which in 1970 is still being managed by Robert Neptune, Berkeley's very first employee and first manager. Although AC is nominally a regional wholesale, the number of consumer co-ops in California outside the Bay Area dwindled drastically in the two previous decades. The Berkeley Co-op became increasingly AC's main hope. By the 1970s, expansion of the Berkeley Co-op became the main strategy of the consumer cooperative movement in the state, even just to create enough volume to keep the wholesale alive.

Management and board do not always agree, and sometimes "staff feel that member leadership is not working with them toward a common goal. They feel variously ignored, pressured, attacked..." Management's

complaints about the board are not very different from the workers' complaints about management.

## **COLLECTIVES**

A "new wave" of small cooperatives are springing up in Berkeley and in many other communities in the 1970s, but they are organized in a somewhat different manner from the Co-op and are shunning involvement with the AC wholesale. These new cooperatives are "collectives," worker-owned and run by participatory democracy.

Coming out of the "counter-culture" of the 1960s, the collectives are trying to get beyond rigid hierarchies, and break down the barriers between management and employees, union and board, members and workers. The failure of the cooperative movement of the 1930s, which the Co-op came out of, was that they did not go far enough, according to the "new wave" analysis, What was needed was to straighten out human relations at the work place, bring operations down to a person-to-person manageable size. No amount of expansion on the colonizing pattern that Co-op was following would accomplish that. The "new wave" cooperative movement could not mesh with the structure of the old wave.

## **CRISIS**

In the fall of 1971, two events shake the Co-op: Gene Mannila, general manager for 25 years, retires, and the first operating loss since World War II is announced.

Mannila had been the rudder in many Co-op storms, and his leaving is viewed by almost everyone as a major loss. A chaotic year follows in which a new manager comes and goes, leaving a \$294,000 loss. Finally Roy Bryant is hired, whose experience is entirely outside the cooperative movement, but who pulls together operations and by 1973 Co-op again shows a profit and offers a patronage refund to members.

Bryant states his goal is to double the number of Co-op centers within the decade. To critics, he says, "Whether you like it or not, you're in the supermarket business up to your ears."

Early in 1974 Co-op News announces the purchase of a North Oakland store from the failing Mayfair chain. This decision is similar to the Sid's purchase eight years before, without member knowledge or input. Because Co-op had been talking about Oakland centers for decades, there is very little opposition, although there is some anger at the decision process. Four months pass, then the board buys two more Mayfair stores in an almost identical procedure.

The next year, Co-op opens its first San Francisco center at Northpoint, and CCB reaches its peak of expansion, with 13 centers.

A short time later, Bryant and several “conservative” board members present the Management Contract Proposal: Co-op would take over the management of two stores of a privately-owned chain, and if this should prove successful, Co-op would take over the entire chain of twelve. The stores would remain privately owned. This proposal touches off an enormous storm.

Two new groups are formed, who lead the activism: Concerned Co-op Employees (CCE) and Concerned Co-op Members (CCM). “The Co-op’s problems are seen by CCE and CCM as stemming largely from an erosion of member control and employee rights, vis-a-vis increasing management control and the emergence of what they have called the corporate image,” Co-op News reports. “Two key demands... are for a ‘broad based screening committee’ to aid in the selection of a new general manager, and for more employee representation on governing bodies, including the Board of Directors.”

By the time the storm is over, the Management Contract Proposal has been dropped and Bryant is on his way out, leaving behind a \$217,000 loss for 1976. None of the new operations have come near breaking even. CCE has won an Employee Advisory Council, but; the next board election bolsters the conservative faction, and the workers feel they are advising deaf ears.

Morale keeps sinking as Co-op has a \$760,000 loss in 1978. In the emergency, Robert Neptune, Co-op’s first manager, is called back. He comes through and produces a profit in 1979 and even a small patronage refund in 1980, But the forces that have been set in motion are inexorable, and as soon as Neptune leaves again, the losses come in great waves.

## **THE EIGHTIES**

The 1980s were a cold shower to Co-op. The truth had to be faced: expansion had failed; there were losing stores all around the north Bay Area, supported by the three Berkeley Co-ops.

“The old Co-op was a financial disaster,” said president Fred Guy in 1983. Just as the arrow was shot into the air, it fell back to earth, and in the 1989 one by one all the losing operations are closed, at great financial loss, and the Co-op remained briefly with only the centers in Berkeley left, just being a community cooperative, which was perhaps what they should have remained all along.

But at that very moment Co-op’s greatest challenge had to be faced. The members showed that they still cared by coming to Co-op’s financial aid with well over \$200,000, and by voting overwhelmingly to open the board to employees, Co-op’s only remaining great untapped resource. Negotiations were undertaken to transform the Co-op and give birth to a new organization, a “hybrid” owned and controlled half by consumer

members and half by employee members. The concepts of worker ownership and self-management, pioneered in America by the “new wave” collectives of the 1970s, were perhaps finally melting into the largest consumer co-op in the U.S. If the employees, the unions, and the board could work out a viable plan in the summer, they would ask the membership to vote on it in the fall.

In their 50th anniversary year, the Co-op had one last chance for a wonderous rebirth, and was again breaking new ground.

But it was not to be. The organization was too wounded and split. After a half century, the Berkeley Co-op reluctantly gave up its ghost.

The Berkeley community went into a state of shock. It was as if a dear old relative, who everyone knew had a long illness, had suddenly died. Nobody was really surprised, yet it took a while for it to sink in. The community today is still assimilating the many lessons of the Co-op’s rise and fall.

Berkeley is a town with a constant influx of new people. Although newcomers might not know it, the Co-op’s legacy remains indelible in Berkeley today.

\* \* \*

**A BRIEF HISTORY OF THE BERKELEY CO-OP**  
**(Published by the Berkeley Co-op on its 50th Anniversary)**

1937 The Consumers Cooperative of Berkeley, composed mostly of church and University people, opens a food store in Berkeley.

1938 The Berkeley Cooperative Union, with members coming largely from the Finnish community, opens a service station and hardware Store in Berkeley.

1940 Starts publication of *Co-op News*.

1942 Co-op makes sure it only sells lean ground chuck as hamburger, while other stores were selling "hamburger"--that could mean anything that would go through the meat grinder.

1946 Helps staff Consumer Information Center for the Civilian Defense Council in Berkeley.

1947 The Consumers Cooperative of Berkeley and the Berkeley Cooperative Union merge into the Consumers Cooperative of Berkeley, Inc.

1948 An enlarged food store is built at University and Sacramento in Berkeley.

1953 The University Avenue Food Store is again enlarged. 1955 Hires first Home Economist. A Co-op auto repair garage is opened in Berkeley. A hardware/variety store is opened at 1432 University Avenue.

1957 Co-op members open their first facility outside of Berkeley--a food center and service station at 1510 Geary Road in Walnut Creek.

1959 A third Berkeley Center opens at 1550 Shattuck Avenue.

1961 Co-op issues its first statements to regulatory agencies and legislatures: on standards of identity for orange juice and orange juice products; on fish protein, and on frozen raw breaded shrimp. These statements will be issued regularly throughout the ensuing years, often with significant impact on the success of consumer efforts to enhance food safety and labeling standards.

1962 We acquire five stores from Sid's chain--in Berkeley, Walnut Creek, and Castro Valley, and converted them to co-ops. One was the Natural Food Store. The addresses were 3000 Telegraph Ave. in Berkeley, 1295 South Main in Walnut Creek, 3667 Castro Valley Rd. in Castro Valley and 1581 University Ave. in Berkeley (now combined with the 1414 University Ave. Co-op Food Store).

1963 A food center and service station were opened at Eastshore Blvd. and Potrero in Fl Cerrito, after extensive planning by members in the area.

1964 Co-op home economists issue first of many advocacy statements urging all ingredients be listed on ice cream labels.

1965 Co-op wraps meat better side down so shoppers will know better what they are buying: A well-intentioned program that did not work well and was discontinued.

Co-op Low Cost Cookbook first published. It goes through 8 printings. It is first put together by Co-op members and consisted of inexpensive main dishes.

1966 Co-op lobbies extensively on the Fair Packaging and Labeling Law, which passes on Nov. 2, 1966. 1967 After ten years of planning, a Co-op shopping complex opens on Tamal Vista Blvd. in Corte Madera, Marin County.

1968 First began support for farmworker struggles, United Farm Workers" Union (UFW).

1970 Begins carrying Organic produce. Bans sale of hazardous pesticides in our stores. Establishes a community recycling center in Berkeley--a first! Co-op organizes a petition drive to support first bottle bill deposit legislation. A weakened version finally passes in 1986.

1971 The unique first of its kind, Natural Foods Center opens at 1581 University Ave., in Berkeley. Bans smoking in Co-op stores.

1971-1973 One of 5 markets nationwide chosen by FDA to test nutrition information on food labels and the only input from a group of consumers. The final version became law in 1973.

1972 Launches a campaign to educate consumers about the benefits of plain aspirin vs. expensive pain killers to help members save money on drugs. First store in the U.S. to sell nitrite-free hot dogs. Publishes Co-op 35th Anniversary Menu Book, complete gourmet menus donated by Co-op members including accompanying wines -and liqueurs.

1974 Co-op acquires three stores in Oakland from Mayfair and converts them to co-ops; 5730 Telegraph Ave., East 18th 6~ Park Blvd., and one in the MacArthur-Broadway Shopping Center.

1975 Following intensive member initiative, Co-op opens its first San Francisco store, in the Notthpoint Shopping Center at Bay and Mason. Ceases purchase of fluorocarbon-containing aerosols.

1976 Lowers milk prices illegally to force the issue of price fixing on milk. Recognizing that it has long since outgrown its physical limitations,

Co-op begins a complete redevelopment of its first store, the University Ave. Center in Berkeley.

1977 First sponsors energy and water conservation clinics.

1978 Because of the energy crisis and reduced traveling, losing operations at the garage and service stations are discontinued.

1979 Starts giving refunds for re-used paper bags and begins to sell Save- A-Tree reusable bags. Begins marketing "Natural Pack" Co-op label canned foods-- without added sugar, salt, and without preservatives or artificial colors.

1980 Publication of "Berkeley Co-op Food Book", brings together in one publication the food preparation, health and safety information from prior years' home economists handouts, columns, etc. Natural Foods products, initially promote in a separate store in 1971, are emphasized in special departments in all stores, including four specially remodeled for this purpose.

1981 MacArthur-Broadway (Oakland) and South Main (Walnut Creek) Co-op Centers were closed.

1982 Castro Valley Co-op closes.

1983 Begins Boycott of Nestle's products because of infant formula scandals in Third World countries.

1984 North Oakland, Marin, Geary Road and El Cerrito Co-ops close. Accepts an ad rejected by other media about sugar in cereals and false advertising. Decides to boycott Chilean produce.

1985 Members vote to support boycott of Coors beer, which is subsequently removed from Co-op shelves. Goes on record opposing irradiation of food, calls for labeling any irradiated foods, and launches petition drive to FDA on these issues. Savories (Corte Madera) opens-Co-op's first specialty ranch style market.

1986 Closes Northpoint and Hardware Variety Centers. Receives Nutrition Pace-Setter award from Center for Science in the Public Interest for innovations in nutrition information and consumer protection.