

Cooperatives in Australia – the Road Less Travelled

Book review: Greg Patmore, Nikola Balnave and Olivera Marjanovic, *A History of Australian*

Co-operatives 1827–2023, Abingdon: Routledge, 2024¹

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Abstract

Cooperatives, of which there are several main types, are a form of economic activity fundamentally different to both capitalist enterprises and State socialism. In their 'pure' form cooperatives are member-owned businesses in which each member has an equal share in the ownership and control, as well as an equal entitlement to any dividends earned. In this review of an important book, the history and extent of the existence of cooperatives in Australia is considered.

Key words

Cooperatives, economic organisation, business models, Australia

¹ Available free of charge as a download – see below for details.

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In this important book, the authors have undertaken a mammoth task – to chart the history of the various forms of cooperatives in Australia since the 1820s. It is astonishingly detailed and comprehensive and the authors have been able to capture, condense and provide to the reader a wealth of information.

As the authors note, the contribution of cooperatives to Australian economic life has been under-recognised, under-reported and little studied by academics. This book was only made possible because of a grant from the Australian Research Council which enabled the development of the Visual Historical Atlas of Australian Co-operatives (VHACC), (the Visual Atlas), which according to the authors, in July 2023 contained data on 9,577 Australian co-operatives dating from the 1820s to the present time. The authors say that:

The Visual Atlas draws upon and integrates data from a range of reputable sources. It is the first to use the Australian National Library Trove newspaper database to develop a long-term picture of the development of a business model, particularly for the nineteenth century. The general data relating to the development of Australia co-operatives are collected by the researchers from a variety of sources including the limited surviving historical records of various state and national bodies relating to the movement...

The result is a significant academic achievement that should be of interest to all those who seeking to understand or enable consumer, worker and financial sovereignty – which places control of economic activity directly into the hands of the people that activity should serve.

Why are cooperatives the road less travelled?

The authors do not speculate greatly as to why cooperatives, despite their obvious attractions, have not been greatly studied or promoted in Australia or elsewhere. In the opinion of your reviewer, however, there are some key reasons. Firstly, capitalist or ‘investor-owned’ businesses have always seen the

cooperative alternative as a threat to their ability to generate private profit and wealth. Private sector businesses have sought to drive cooperatives out of business and examples are given in this text.

On the left of politics – which for many years supported monopoly state ownership of the means of production, distribution and exchange – some saw little or no merit in economic activity outside the control of government. This was despite the cooperative model ‘solving’ some of the key problems identified by the left associated with capitalism, such as exploited and alienated labor and the confiscation of surplus labor value by private ownership.

Support for cooperatives did exist in some areas: trade unions often supported the development of credit unions and building societies to assist their members obtain fair financial services and home loans at reasonable rates. These were particularly important to unmarried women workers who usually could not obtain loans from traditional banks.

In some places, cooperatives grew out of the application of Christian social teaching, for example the Mondragon movement in the Basque region of Spain and the Antigonish movement in Nova Scotia, Canada. However, support also came from secular sources, including from the decidedly non-believing Welsh-born reformer Robert Owen in the UK whose supporters formed some of the earliest cooperative societies.

This Australian book is therefore a timely reminder of the possibilities and benefits that the cooperative movement offers individuals and communities alike. Coops are self-help and autonomous enterprises designed to benefit the end users.

Types of cooperatives

The world's best-known example of an early cooperative (there had been earlier ones) was established in Rochdale in the UK in 1844 as a consumer coop, formed to provide cheaper and better-quality food and other consumables for working-class families. It sought to avoid the economic coercion of the 'truck' system in which workers were forced to spend their wages in company stores. Rochdale was formed by supporters of Robert Owen and inspired several similar coops in Australia.

Consumer cooperatives continue to be popular today, but other enduring forms also exist, especially producer coops in the agricultural sector – for example, regarding bulk purchasing, processing, handling and marketing of products. Equally significant are financial cooperatives, including building societies and especially credit unions owned and run by members (a number of which now have banking licenses in Australia). Housing co-ops have also been important.

A smaller number of worker cooperatives also exist worldwide. A notable example is the Mondragon Cooperative Corporation. The Mondragon Cooperative network includes manufacturing, consumer and service coops, and even a cooperatively run University. It is a major economic force not only in the Basque region but also in the Spanish economy. Cooperatives are also particularly significant in Northern Italy.

Financial cooperatives are often also referred to as mutuals – the distinction being that while members are the owners they do not necessarily have a share in the profits (dividends are not paid), the benefits being shared with members in other ways. Industry superannuation funds – while operating in the interests of 'members' do not usually provide for members to elect boards of directors; these being chosen largely by industry organisations with nominating rights under a trust deed. Member-owned health insurance funds are also not strictly co-ops and are excluded from this study.

In addition, other forms of cooperatives exist, including a number in indigenous communities, providing health and other services to the communities they serve.

The authors of this book have approached their task in a disciplined and methodical manner. Chapter One deals with the foundational issue of defining what is, and what is not, a cooperative. The book limits its scope to an examination of co-ops which meet essential organisational principles derived from Rochdale and updated since, while noting the existence of related types of mutuals.

Cooperatives in Australia since the 1820s

Chapter Two looks at the international cooperative movement, including bodies representative of and guiding cooperatives worldwide. Chapter Three then turns to Australia and summarises the insights drawn from the authors' research and the Visual Atlas. The remaining seven Chapters look at various consecutive periods of Australian history from 1827 until 2023.

Each chapter follows a similar format. First, the authors examine the economic, industrial and political context of each period, examining the local circumstances which may have encouraged or discouraged the formation and growth of co-ops. Legislation and ideas that prevailed at each time are noted. Then the fortunes of each main type of cooperative – consumer, producer, financial and worker – are considered and conclusions offered.

As might be expected, the amount of detail presented is considerable. The text is dense with information but is always readable. The referencing is extensive reflecting the massive research that went into the initial project which produced the Visual Atlas. The index is likewise comprehensive and detailed.

With so much information at hand, it is sometimes difficult to gain an overall picture of the historical and current importance of the cooperative movement in Australian economic and social history. Many cooperatives were short-lived. Some concerned themselves with basic needs: the flour and bread societies, for example. Many were local since they responded to the needs of local communities. Others serve important ongoing functions – in particular in financial services and in the agricultural sector.

Worker cooperatives

Disappointingly for your reviewer, worker cooperatives are amongst the least common examples of cooperatives recorded in this book. For several reasons, they have been less successful or operated only for short periods of time, responding often to crises in particular businesses.

Chapter 4 notes that they have existed in Australia since before the gold rushes. Melbourne's Pentridge prison was built in part by an early stonemason's cooperative. Several short-lived co-ops were formed in response to industrial disputes and attempts by employers to cut wages and conditions of employment.

The Melbourne *Age* newspaper was, at an early period in its history, operated as a cooperative enterprise:

Twenty-eight members of the Victorian Typographical Association in Melbourne purchased The Age newspaper from 1 January 1855 from Francis Cook and Co. Each worker put in £25 of their own money and each week contributed nearly all their wages to co-operative [sic]. They moved to purchase the paper as its rival, The Argus, cut printers' wages and printers struck in January 1855. They ran The Age for 18 months as a co-operative. David Blair, a former supporter of Chartism and editor, promoted co-operation to its readers. There were disagreements among the members, who sold the co-operative to an ironmonger, James McEwen with a loss of £10,000. McEwen then transferred ownership to Ebenezer Syme, a co-editor of the paper, on pre-arranged terms...

For most of the 20th century, the authors have little to report on the extent of workers cooperatives in Australia, although an upsurge of interest was reported in the 1980s. For most of Australia's European history, worker movements have preferred to secure gains in wages and conditions via direct industrial action, through arbitration and politics via the ALP.

Conclusion

The persistence of the cooperative model bears testimony to the values and benefits that the model offers. Ownership is vested the people who form the cooperative, whether they be consumers, producers, workers or community members. Co-ops have the interests of their members at the core of their purpose and economic activities. Private profit in the interests of private investors does not exist. Cooperatives must operate in the market and might be considered a form of market socialism.

In the 21st century, with State control of economic activity in decline and some of the worst features of capitalism on the rise in the gig economy and elsewhere, the cooperative model offers a genuinely radical response to many current issues embedded in economic activity.

They warrant further examination and support and this book will serve to inform a new consideration of the value of cooperation.

Note: As a result of an agreement between the authors, Routledge and the University of Sydney, the University of Sydney Library is providing open access to *A History of Australian Co-operatives 1827-2023* allowing it to be used for teaching and research. It can be assessed at <https://library.oapen.org/handle/20.500.12657/90029>.

Declaration of interests

Keith Harvey is a member of two financial cooperatives (mutual banks).

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