

Happiness, Politics and the Co-operative Principles

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How are co-operatives different from traditional capitalist enterprises? Are these differences more than superficial, and is there any deeper, political significance to them? I argue that what makes co-operatives different is their basis in an ideology that emphasises social institutions, which stands in stark contrast to the individualism implicit in capitalism. The case for co-operatives on the basis of this ideology was perhaps best articulated in the 1820s by William Thompson, one of the leaders of the co-operative movement. Thompson's theory is contrasted with that of Jeremy Bentham, from whom Thompson takes many central concepts - although he takes them in a very different direction. Bentham's and Thompson's theories diverge because of their different understandings about what constitutes happiness and "the greatest happiness of the greatest number". Bentham equates happiness with pleasure, an individualistic concept, while Thompson argues that it happiness is best understood as well-being, which is much more of a social condition. This difference leads the two to very different conclusions about the underlying principles of social institutions. Ultimately, it is shown how Thompson's theory can be understood as providing an ideological foundation for the co-operatives as defined by the International Co-operative Alliance, which raises some questions and poses some challenges for co-operatives today.

We have now ... a comparison between two different species of security, between individual security and social or associated security, between immediate individual interest and that same individual merged in and identified with social interest, between individual interest attained by universal competition and individual interest attained by universal co-operation and combination, between equality limited by equal individual security and equality voluntarily limited by social security, or security of the whole. (Thompson 1968 [1824]: 391)

Introduction

What is it that makes co-operatives different from traditional capitalist companies? Is the difference only skin-deep, or does it have a broader political significance? The International Co-operative Alliance (ICA) suggests that the "co-operative difference" is that co-operatives "are enterprises that put people at the centre of their business and not capital" (ICA). This sounds like good PR, but what does it really mean? On its surface, at least, it is not even much of a difference: At least one major US corporation (FedEx) gives its corporate philosophy as "People-Service-Profit," emphasising a "people-first environment" (Vera 2000).¹ At the same time, some co-operatives are fairly clear that their reason for organising is "to gain a mutually larger market share" for their members (Sunkist), which seems to suggest, at least, that the co-operative form is instrumental to profit-making. So, at first blush anyway, the "co-operative difference" does not appear to amount to much of a difference.

It is worthwhile to remember that, when co-operative ideals were first formalised by the Owenites in the early nineteenth century, they were understood as the basis for fundamental social and political change. But over the past 175 years (give or take a few), the co-operative movement has largely lost sight of its political nature. The purpose of this essay is to argue that an examination of the "first principles" of the co-operative movement will reveal that co-operatives can be seen as based on principles that are fundamentally different from those of traditional capitalism, even though this has been obscured over the years, and that it is possible to understand the "co-operative difference" on those terms.

The co-operative difference: the ICA's definition and principles

The ICA's statement of the co-operative difference is only a small part of their Statement of Co-operative Identity. The Co-operative Identity Statement, adopted in 1995, includes a formal definition of co-operatives, and it defines a set of values and principles for co-operatives. The ICA's definition of co-operatives as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise" (ICA 2006b) sets out the essential characteristics of co-operatives as socioeconomic enterprises organised as voluntary associations, collectively owned and democratically operated. But it does not help us see co-operatives' political significance.

The ICA's co-operative principles and statement of values help to fill out the definition. The principles state that members "contribute equitably" to the capital of the co-op and receive only limited returns on their contribution; that democratic control be vested in members on a one-member-one-vote basis; that co-operatives educate their members and members of the general public about the benefits of co-operation; that co-operative enterprises co-operate with one another; and that they "work for the sustainable development of their communities" (ICA 2006b). In addition, "Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others" (ICA 2006b).

However, individually, there is nothing particularly significant about these principles. After all, any publicly-traded corporation is, at least nominally, democratic - although, unlike co-operatives where voting rights are based on membership under the one-member-one-vote rule, in corporations voting rights are tied to the level of investment, which can vary widely (and where many "owners," such as those who own shares indirectly through mutual funds, are entirely disenfranchised). The requirements that investment be equal and that returns be limited clearly are different from that of capitalist firms but, by themselves, do not mean much from a political perspective. The last principle, regarding sustainable communities, has some hint of political content to it, but there is nothing about that idea that is foreign to what we might refer to as "virtuous capitalists". However, taken as a whole, these principles describe a set of political relationships that, fully implemented, differs significantly from that which obtains within the liberal capitalist system. But in order to consider this set as a whole, we have to identify what it is that holds them together - in other words, their basis. What we need, then, is to identify the basic principle or principles that give rise to the co-operative principles. The argument I wish to make is that the essential principle that can be said to underlie the co-operative principles is the idea that happiness is a social condition: that the happiness of each is not separable from the happiness of all. This understanding of happiness, as I hope to show, leads to institutional principles that may be clearly associated with the co-operative principles,

which, on that basis, can be seen as contrary to the principles that rest in a similar position within liberal capitalist theory.

The co-operative principles and the theory of utility

The common story about the co-operative principles is that they are derived from the principles adopted by the Rochdale Pioneers in 1844; indeed, the principles were still known as the Rochdale principles until fairly recently. This version of the history suggests that the Rochdale weavers' formation of the co-operative was a practical response to their conditions. But, as is widely known, the Pioneers did not make the principles up out of whole cloth. The fact that a good number of the original members identified themselves as "Owenites" points to the influence of Robert Owen and the existence of an ideological foundation. In fact there was a thriving co-operative movement by the early 1830s led by Owen and several others, including the person who will be central to this essay, William Thompson.² However, the point I want to make here is really conceptual, not historical: Thompson articulates a political theory of co-operatives that can help to illuminate the political significance of the ICA's co-operative principles, revealing an underlying ideology that is fundamentally different from the ideology that underlies traditional liberal capitalism.³

The political significance of Thompson's work is made most clear when placed alongside that of his friend, the utilitarian philosopher Jeremy Bentham. This is for two reasons: First of all, Thompson developed his theory at least in part in conversation with Bentham (Dooley refers to their "long and productive relationship ... a friendship marked by affection, influence and respect that must have been nourished by many hours of discussion" (Dooley 1996: 23)), and also because (or perhaps as a result) they share a number of concepts and concerns - although Thompson offers his own interpretation of some of Bentham's terms, a point that is productive of great differences in their theories, as we will see. So understanding Thompson requires that we start with Bentham.⁴ But it is also the case that some of the political significance of Bentham's work, and the ideology of liberal capitalism, becomes clearer when placed in contrast to Thompson's ideas.

Both Bentham and Thompson were concerned with the development of social

structures to put into practice Bentham's fundamental maxim of "the greatest happiness of the greatest number". The principal (as in initial; the point of divergence) difference is that Bentham equated happiness with the presence of feelings of pleasure, whereas Thompson argues that happiness is a matter of well-being, a general feeling over an expanse of time. While seemingly minor, as we will see this difference leads them in very different directions.

Bentham and Thompson on utility

We start with Bentham's principle of utility, the idea that "it is the greatest happiness of the greatest number that is the measure of right and wrong" (Bentham 1988 [1776]: 3). However, Bentham distinguishes between utility itself and the **principle** of utility. What is more, it may be useful for us to recognise that the principle, as he articulates it, may operate at both a micro (individual happiness) and a macro (greatest happiness) level, and that it may mean something a bit different at each of these levels.

As is well known, Bentham begins his discussion of utility by asserting that there exist in all the world only two sovereigns, pleasure and pain, and all people serve these and no others (Bentham 1996: 11). "Utility" is the increase in pleasure and the decrease or limitation of pain or, more specifically, the "**tendency** of any act" to contribute to happiness (Bentham 1988 [1776]: 26).⁵ The principle of utility is that we make moral judgments on the basis of utility: "that principle which approves or disapproves of every action whatsoever, according to the tendency which it appears to have to augment or diminish the happiness of the party whose interest is in question" (Bentham 1996: 12). Bentham further explains that the principle of utility is "a sentiment of approbation ... which, when applied to an action, approves of its utility, as that quality of it by which the measure of approbation or disapprobation bestowed upon it ought to be governed" (Bentham 1996: 11-12). Although the principle of utility is often understood as the desire to maximise happiness, Bentham is referring here to a kind of judgment, one which approves or disapproves of actions on the basis of whether they contribute to the happiness of "the party" being considered. If the party here is an individual, then we can see the principle operating at the micro level. If, however, the party is a community or society, then it is functioning at the macro level.

The micro/macro distinction is useful if we recognise that the principle functions somewhat differently at the two levels. At the micro level it is something that we as individuals engage in all the time with respect to ourselves and others around us: we approve of actions that contribute to happiness and disapprove of those that do not. But it is not immediately clear how this works at the macro level. How is the judgment made, and to what does it apply? There are, I think, two answers to this. On the one hand, it can be seen as the micro principle writ large, in terms of considering the broader impacts of specific actions. How do specific actions affect those of the community or society? Do they make for a better (ie, happier) society, or not? The alternative perspective requires that we recognise that Bentham was writing not as a moral philosopher as we understand the term today, but from an intersection between moral philosophy and legal and constitutional theory. Here, the principle acts less as an ethical judgment of individuals' actions than as a political judgment about the nature of the institutional conditions within which action occurs. Bentham understood that social relations are structured through law, which sets the boundaries within which social institutions operate. The sense of approbation or disapprobation cannot be determined by law (he did not assume that legislators could tell people how or what to think), but can be influenced by the presence or absence and degree of punishment for acts understood by legislators as detrimental to the general happiness.⁶ As a political principle, utility is the end of government in the sense that government sets the parameters within which individuals may pursue the maximisation of their happiness; if all are able to maximise their happiness without causing harm to others, the result will be the greatest happiness of the greatest number.⁷

Thompson invokes Bentham's statement of the principle of utility at the very beginning of the *Inquiry*, his major theoretical work: Utility is "the pursuit of the greatest possible sum of human happiness" (Thompson 1968 [1824]: 1). Clearly he is invoking Bentham's principle at the macro level. But the similarity of the words hides a fundamental distinction: Where Bentham equates happiness with pleasure (hedonism), Thompson associates happiness with well-being (eudaemonism⁸). The two are quite different: We may think of pleasure as a fleeting experience, the object of the "pursuit" of

happiness. Thompson, however, describes happiness as a “continued state of well-being”, complex in nature, “experienced during a considerable space of time. Pleasures are the component parts, of which happiness is the aggregate, or result” (Thompson 1968 [1824]: 17; see also Dooley 1996: 155–167).

In fact we encounter the same three terms in Bentham and Thompson: Pleasure, happiness and well-being. The difference between them can be seen as different ways of arranging these three terms. For his part, Bentham equates pleasure and happiness, but differentiates between happiness and well-being, seeing happiness as a component of well-being. Thompson, on the other hand, equates happiness and well-being, while recognising pleasure as a component of happiness. At the heart of their differences here is whether happiness is more of an individual experience or a social condition.

Although Bentham certainly understood that individuals act within a social context - after all he considered it imperative to avoid doing harm - he saw people as acting largely independently. Because, as he saw it, human action is guided solely by the “two sovereign masters” of pleasure and pain, which can only be experienced by the individual, people will only act to increase their own pleasure or decrease their own pain (although he did recognise that this was not always a simple matter to discern because, depending on the circumstances, people would be willing to forego immediate pleasure for the sake of the expectation of future gain). While, depending on the action, this may have positive social consequences (especially since we may get pleasure from seeing others’ pleasures and from having a beneficent reputation), the focus is clearly on the individual’s experience (of pleasure or pain). Thompson, however, argued that character is a product of (or is shaped by) social conditions, and what people consider to be pleasure or pain is likewise constructed, to a degree at least, by the social institutions within which their characters are formed. So, he argued, if people are raised in a social system that emphasises the competitive struggle for individual gain, they will value (ie, derive pleasure or experience pain from) competition and see others as rivals:

Competition makes us regard from birth the interests of every one as opposed to and incompatible with the interest of every other person because it really puts all interest in

opposition to each other. In every happy face, we now see a successful rival. (Thompson 1996 [1827]: 65)

However, if they are raised in a social system that emphasises mutual co-operation, they will see their own interests as connected to the interests of those around them. Their well-being, then, depends on their social conditions, and the structure of social institutions (including economic ones) is key to people’s well-being.

Layard, in providing a sort of economist’s gloss on the modern psychological literature on happiness, seems to endorse Thompson’s view of happiness as well-being, indicating that, “We ... care mainly about our average happiness over a longish period of time” (Layard 2005: 13). While much of Layard’s recounting of the psychological literature can be said to support Thompson’s account of happiness, to some extent this is a distraction from the main point. The issue here is not to argue that there is a “true” way of understanding happiness, but to see that the meaning we ascribe to happiness has great significance when we consider what it means to seek “the greatest happiness of the greatest number”. Put in the simplest possible terms, if happiness is equated with pleasure, then what is required is to enable individuals to seek pleasure to the greatest extent possible. However, if happiness is equated with well-being, what is required are social conditions that ensure long-term stability and the fulfilment of basic needs and comforts; Thompson, we may note, distinguishes between “necessaries ... comforts [and] superfluities” (Thompson 1830: 2).

In what follows we will examine particular elements of Bentham’s and Thompson’s theories to see how they approached some of the specific concerns that are relevant to assuring “the greatest happiness of the greatest number” - each on his own terms. We will consider Bentham first, before going into a little bit greater detail on Thompson.

Bentham and the individual pursuit of happiness

For Bentham, what constitutes a person’s interest is quite clear: The maximisation of pleasure and the minimisation of pain. Indeed, he saw this as the **only** basis on which people act. However, Bentham’s argument that self-interest was the only basis for human action should not be construed as an endorsement or

even a sanctioning of self-interested behaviour. Rather, Bentham saw self-interest as a **problem** (perhaps **the** problem) that must be overcome by legislation and other formal social institutions (such as education) by affecting individuals' calculations of the risk of pain that would arise from any act that was not conformable to the (macro) principle of utility.

As an aid to legislators in decision-making, Bentham articulates a set of what he refers to as "subsidiary principles" to the greatest happiness principle. In order they are security, subsistence, abundance and equality. This is a lexicographical ordering: Each may be thought of as a condition that must be reached before the next may be considered. Indeed, Bentham believed very strongly that equality conflicted with security, and that concern for security would always trump the desire for equality. This should not be surprising, given his view of happiness as pleasure and the nature of self-interest: We seek our own pleasure, and will want to ensure our own condition before that of others around us. Only once we have reached the level of abundance may we think about sharing some of what we have in order to limit the pains that may be associated with inequality. To seek equality before the other conditions are met would consign society to "an equality of misery" (Bentham 1931: 109). Although he proposed measures to limit the accumulation of wealth on the upper end, such as a tax on estates and an end to primogeniture, Bentham believed that the pain of destitution was an important spur for production, and he argued that the poor should "starve himself into riches" (Stark 1941: 79).

Liberty Bentham viewed as a branch of security, and he argued forcefully for freedom of expression and belief. Clearly hedonism requires that people be able to pursue whatever it is that pleases them, with one limitation: one's pursuit of pleasure should not cause harm to others. Bentham argues that the limit of legislation is to prevent harm, as "every law is an infraction of liberty" (Bentham 1931: 48). Beyond this, however, people are assumed to want to maximise their happiness, and the greatest happiness of the greatest number requires that people be able to pursue pleasure to the greatest degree possible. Bentham argued that constitutional design and legislation were the only appropriate means for establishing and enforcing limits to the pursuit of pleasure, and that they must be very careful in this

because of the danger of causing harm by excessively limiting the pursuit of pleasure.⁹

Bentham also argues for strong private property rights, which must necessarily be exclusive, privileging those who are able to own property, which often means greater privileges to those who own more than for those who own less.¹⁰ For Bentham, individual (private) property is, in essence, the expression of liberty, both as means for and the end result of the pursuit of self-interest or happiness, and therefore the primary object of security.

We can see, then, that the function of the state and of democratic institutions, in Bentham's system, is largely to protect private property.¹¹ Bentham strongly supported limited representative democracy, and while he agrees that "universal suffrage ought to be established", he then goes on to say that, "Men who would not be thought fit to be electors, are those who cannot be presumed to possess political integrity, and a sufficient degree of knowledge" should be excluded. Not only are women and children excluded, but also "those whom want exposes to the temptation of selling themselves" - in other words, wage labourers (Bentham 1931: 81). This exclusion appears to be a direct result of Bentham's view that security - and, most specifically, security of property - is the most important aim of the legislator, since those who do not have property may be assumed to be insufficiently concerned with its protection.¹² In fact, Bentham's position makes sense from within his system: Property is the most important object when it comes to security, and the primary role of the political system is to guarantee security. Therefore, the role of the state is to protect property, which means that only those who have property should be able to control the state. Those who do not have property can rest assured that, should they be able to acquire some, they would be able to enjoy the same protections. But the major danger of the state is that it would overstep its role and cause harm by undermining security. Therefore, it makes sense that Bentham recommends a limited government of representatives held accountable in frequent elections.

We can see, I think, that the co-operative principles would be unlikely to arise from Bentham's theory. There is certainly little about them that promotes the notion of the individualistic pursuit of pleasure, and in their privileging of equality they do not adhere to the lexicographical ordering of subsidiary principles.

This is not to suggest that Bentham's arguments support the version of neoliberal economics popular today. Layard's discussion of what recent research on happiness means for economics directly endorses Bentham's principles as a corrective to the shortcomings of contemporary economics (Layard 2005: 4-5, 235-6). But even when he does not discuss Bentham directly we see his influence. For example, Layard's statement that "public policy should be judged by how it increases human happiness and reduces human misery" (Layard 2005: 225) is practically a direct quote from Bentham, who argued that "The public good ought to be the object of the legislator" (Bentham 1931: 1). Like Bentham, Layard does not question the basic structure of capitalist economics, only our practices within that structure. To the degree that he proposes measures to address inequality in order to promote social happiness, these all presuppose abundance rather than a re-ordering of priorities. Layard's position can be seen as another argument for a more 'virtuous capitalism', one that is more human-centred and even eco-friendly. As we will see, however, Thompson argues that no economic system based on private property and competitive social structures can ever be truly virtuous. In Thompson's argument, to which we now turn, if we want a virtuous society, we need social institutions that promote virtuous-co-operative-relationships.

Thompson and the social conditions of happiness

We start by looking at Thompson's take on Bentham's subsidiary principles. The most striking (and significant) difference here is that, rather than accepting Bentham's lexicographical ordering, Thompson argues that security and equality are, in fact, of equal importance and interdependent. One of his major points of criticism of capitalism is that while the wealthy are ensured security for what their wealth produces, the working people, who actually produce wealth (which includes all goods made for consumption), do not enjoy the same security in what their labour produces. In other words, the principle of security is applied unequally. This condition is productive of a great deal of suffering among the more populous lower classes, and to maintain it requires a great deal of coercion - a sure sign that it is not in the

best interests of the people who have to be coerced.

A reconciliation of security and equality are possible, Thompson argues, through what he refers to as the "natural laws of the distribution of wealth", which are that workers be secured the full produce of their labour; that all exchange be voluntary; and that all labour be voluntary. Under these conditions, in Thompson's view, the only possible principle that could govern such labour and exchange is utility - ie, that all parties engaged in it are made happier as a result. The premise underlying these laws - what makes them "natural" - is to replace "all regulations and interferences with labour and its products depending on force" with "knowledge and persuasion" based on "intelligible and simple first principles or rules of action". It is these principles - voluntary labour and exchange, and workers' control over the fruits of their labour - that constitute "what is called **security** as to property", and their observance would lead to "the utmost possible, nearly approaching to a perfect, equality of distribution of wealth, and thus to the greatest happiness derivable from it" (Thompson 1968 [1824]: 178).

Although Claeys asserts that Thompson "retained some elements of ambiguity" on this point (Claeys 1987: 91), in fact Thompson makes his position quite clear in his writing that competition can never produce a benevolent society:

The object of all the exertions of individual competition as to wealth, is to acquire for immediate enjoyment or accumulation, individual property. Every individual, striving for **self** at the ultimate peril of want, destitution, and death, there is a constant motive operating to regard the interests of others as opposed to his own. (Thompson 1968 [1824]: 370)

Therefore, the only kind of system under which the natural laws of the distribution of wealth can operate is one of mutual co-operation: "It is impossible in a state of civilisation, under any system of labour, to secure to every individual the exact products of his individual labour, so it is impracticable to secure even to large numbers the products of their labour, by any other proposed mode of industry than that of mutual co-operation" (Thompson 1996 [1827]: 99). Furthermore, an egalitarian system of mutual co-operation helps to reinforce the idea that the well-being of those around us is important to our own well-being, and that our self-interest is

wrapped up in the social interest. Secure in their enjoyment of the fruits of their labour, problems of subsistence - insufficient production - will not arise, because the greatest threat to production is the lack of such security. Furthermore, if the system is truly voluntary, everyone will recognise that its successful functioning will depend on their contributing a fair share of the effort. As Hunt summarises them, the realisation of Thompson's natural laws under a system of mutual co-operation:

would eliminate the causes of most vices, miseries, and moral failings, would promote human love and benevolence, would eliminate the social origins of extreme selfishness, competitiveness, and pugnacity, would increase economic productivity, and would eliminate all forms of economic insecurity. (Hunt 1979: 560)

Hunt's characterisation may seem like an overstatement, but Thompson clearly did believe that the system he outlined would cure virtually all social ills. But while Thompson may have been naive with regard to the extent of the advantages of mutual co-operation, we cannot discount the importance of his insights into the workings of capitalism and the importance of social institutions. But his differences with Bentham do not end with the subsidiary principles. Several other differences stem from Thompson's eudaemonism.

By placing the source of happiness in social conditions, rather than individual experience, Thompson gains a very different perspective from Bentham on the question of self-interest. As we have seen, Thompson is highly critical of the self-interested nature of the capitalist system, not because individuals were self-interested (he did not consider that they could be otherwise), but because self-interest was seen as being opposed to the interests of others. For Thompson, the key is to align self-interest with social interests. Self-interest, then, is not a problem as it is for Bentham. Rather than constraining self-interest, Thompson sought to **harness** it for the greater good. He draws a sharp distinction between selfishness and self-interest; only the former is considered problematic. In a system of mutual co-operation, people will see that what is in their best interests is that which is in the best interests of their community. In such a system, self-interest would be the great driver of social development. If people recognise that a society in which there is sufficient wealth to go around

and in which an equal distribution will make for the greatest degree of happiness for everyone, including themselves, then they will see that it is in their best interests to be productive while ensuring an equitable distribution of the produce of their efforts. Such a society, Thompson felt, would need no form of coercion, as all would recognise that their own interests are wrapped up in the interests of everyone else.

It is important to recognise the central place property takes in Thompson's work. As opposed to Bentham, where private property is seen as the primary object of security and the expression of the exercise of liberty, for Thompson private property is anathema, the central element that pits members of society against one another. For self-interest to be aligned with community interest all property must be held in common and equally distributed. Note that Thompson's argument is not for state control of property, but for local, direct control by the people who are directly engaged with that property; it is a form of collective property that may be said to be private to the group, but no part of it is private to any particular member of the group.

If all property is collectively owned, it seems clear that the only way to maintain voluntary association (in order to prevent members from withdrawing their contributions) is through democratic practices. Indeed, for Thompson democratic practice is a part of the everyday life of the co-operative - it takes place in the regular interactions among members. Thompson displayed an abiding faith in the power of reason, but he was sensitive to the conditions within which it is exercised: the alignment of self-interest with social interests means that an open process of discussion and debate on issues of importance taking place within the community would lead to resolutions that would be the best for the community. He saw this as a consequence of the elimination of private property and the achievement of an egalitarian society. Formal decision-making would take place by a leadership council elected by all adult members of the community, and he recognised the need for a means by which communities would select delegates to larger bodies for more large-scale decision-making (in *Labour Rewarded* he outlined a constitution that incorporated a kind of spoke-and-wheel structure (Thompson 1996 [1827]: 121-4)). The essential key to all of this, for Thompson, was the removal of what he saw as the primary drivers of selfish (distinguished from self-

interested) behaviour: private property and competition.

It is important for us to recognise that what Thompson had in mind - largely self-sufficient and autonomous communities of 500–2000 persons - looks little like the co-operatives of the twenty first century. For that matter, it looks nothing like liberalism, but it does not look much like what we think of as communism, either (although during his time the word was used to describe proposals based, like Thompson's, on the elimination of private property). In Thompson we have nothing of the later Marxian ideas of the inevitable collapse of capitalism (although Thompson was hopeful that the spread of his ideas would lead to the collapse of capitalism in fairly short order), proletarian revolution or the dictatorship of the proletariat. In fact, Thompson argued that "force and fraud were necessarily incompatible" with his proposals (Thompson 1996 [1827]: 99), and that change could only come about gradually through universal education and by demonstrating the superiority of alternatives: "A more important and more extensive change in human society was never contemplated by the mind of man. Reason is the only agent worthy of effecting such a change" (Thompson 1968 [1824]: 579).

There are problems, of course, with Thompson's theory, especially considered from a modern perspective. Not only is the notion of largely autonomous, self-contained communities of 500-2000 persons impractical in today's urbanised world, but Thompson engages in numerous universalist assumptions that may have been questionable in his day but are untenable in our diverse society. Most important, however, Thompson's rationalism and the nature of his democratic system may in fact give rise to exactly the kind of tyranny of the majority that troubled J S Mill (Mill 1999 [1859]: 46): the danger that reason itself becomes a form of coercion no less powerful than the use of force.

Happiness and the co-operative principles: political, practical and theoretical questions

Despite these difficulties with Thompson's system, we can see similarities with co-operatives as we are familiar with them today. In a sense, today's autonomous co-operatives - voluntary associations, collectively owned and democratically run - are a more limited version of the autonomous voluntary communities,

collectively owned and democratically run, that Thompson advocated. Collective ownership as practiced in co-operatives can be recognised as helping to ensure that co-operatives function in the interests of all members and not only in the interest of a few major shareholders. The "one-member-one-vote" rule ensures political equality,¹³ although the co-operative principles could say more about making sure that all members have equal opportunity to participate in the decision-making of the co-operative.¹⁴ And, just as Thompson emphasises the importance of both education and participation in the life of the community to develop each person's rational faculties (Thompson 1968 [1824]: Ch IV), we see education as a consistent part of the co-operative principles since the days of the Rochdale Pioneers. But most important, at the heart of all of this can be seen the idea that the happiness of each member is inseparable from the well-being of the membership as a whole.

It would be a vulgar interpretation of his work to suggest that Thompson believed that people would be made happier if they formed co-operatives, and I doubt that anyone today would suggest that there is an inverse relationship between membership growth in co-operatives and sales of anti-depressants. Still, it is an inescapable conclusion that Thompson believed, as do today's advocates of co-operatives,¹⁵ that the growth of co-operatives could make for a better society. This highlights some very important political points about the co-operative principles. The first is to note while nothing in the principles that unfamiliar from the perspective of liberal capitalism, the principles can lead to conclusions that are radically different from those that are dominant in liberal capitalist society. Although there are wide variations in degree, it seems clear that, at some level, co-operative enterprises are fundamentally different from those of liberal capitalism. While there are certainly co-operatives that make every effort to blend into the capitalist system, as well as those that consider themselves to be vanguards for far-reaching social change, all co-operatives, to be thought of as co-operatives, can recognise that they connect their members to one another in ways that simply do not exist in traditional enterprises. As I have argued here, this has its basis in the idea that our happiness is intrinsically tied to the well-being of those around us, which is contrary to one of the basic premises of liberal capitalism,

that the only happiness we need be concerned with is our own.

Thompson's analysis of happiness also raises questions about the structure of co-operatives today and how they may affect the alignment of self-interest with social interests. Thompson clearly argues that one of the most important means for this alignment is through the collective ownership of property. But he also makes clear that this alignment depends on regular interaction among member/owners. This would seem to imply that co-operatives come closest to fulfilling the spirit of Thompson's vision when they are able to develop a strong ownership and participation ethic among their members; this can also be said of the co-operative principles more generally. Clearly, this has implications for the size and type of the co-operative: Smaller co-operatives will have an easier time of this than large ones, and although it is not impossible for larger co-operatives, neither is it guaranteed for small ones. But clearly the closer each member is to others, the more they can see and experience the mutual character of happiness. Also, the type of co-operative may make a difference: this mutuality may be most difficult for the large agricultural distribution co-operatives (like Sunkist and Ocean Spray). It may also be a challenge for consumer co-operatives generally (especially the larger ones, such as the Co-operative Group), where the domain of shared interests of consumers as consumers is likely to be more limited in scope than the

domain of interests shared by producers as producers in worker's co-operatives.

There may be many ways to interpret the ICA's definition of co-operatives and the co-operative principles, and many ideological bases may be claimed.¹⁶ I believe, however, that a convincing case has been made here that the ICA's co-operative principles and their definition of co-operatives as voluntary associations, collectively owned and democratically operated have at their heart a conception of happiness that clearly connects the well-being of individuals to others in their community. It is on this basis that co-operatives can make a real difference in the lives not only of their members but of entire communities. This is, ultimately, the political significance of co-operatives: Despite the claims of neoliberals regarding the "end of history" with the historic "victory" of liberal capitalism over bureaucratic state socialism, an alternative to liberal capitalism exists, one that does not require a revolution and that can coexist with the dominant system. Thus, the "co-operative difference" really is a substantive difference: Co-operatives change the nature of the relationship between their members, giving them the opportunity to see that their own interests are best served when they work with others to meet the collective interests of the members of the community. As Thompson argued, this notion, that the happiness of each is inseparable from the happiness of all, can only be embodied in institutions that are voluntary, democratically run, and collectively owned.

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Notes

1. Admittedly, the "people" FedEx is referring to here are their employees, who are seen as instrumental for the maximisation of profits, while the ICA's statement refers to co-operative "members" and the "community", and the concern for people is juxtaposed against concern for profit rather than instrumental to it. But the point here is that the ICA's statement is rather vague and, on its own, only hints at a broader political significance.
2. Although Owen is best known as the movement's visionary leader, Thompson has been identified as one of the most important theorists of the group. For example, Harrison refers to Thompson as one of the "chief Owenite theoreticians" and "the most influential of the Owenite socialists" (Harrison 1969: 64). Pankhurst's account of the second and third Co-operative Congresses in 1831 and 1832 seems to indicate that Thompson's influence was beginning to eclipse that of Owen's; unfortunately, Thompson suffered from chronic illness and died in 1833 (Pankhurst 1991: 118-27).
3. Sadly, Thompson has received little attention in writing about co-operative history and theory. There is only a single biography of Thompson (Pankhurst's), and only one book-length interpretive work (Dooley 1996). Holyoake's two-volume history gives Thompson only a few pages (Holyoake 1971 [1875]: 109-11, 277-82), with little attention to his theoretical contribution. Mercer's historical account affords Thompson all of two paragraphs, although he writes, "Much of Owen's social teaching was vague, idealistic and impracticable, and co-operators who studied his published works with care found in them but little helpful guidance. That

was given to them by William Thompson ...” (Mercer 1936: 12). Thompson gets somewhat more attention in historical accounts of socialism, such as Beers’ (Beer 1940: 218-28); in more recent works, Claeys gives quite a bit of attention to Thompson’s contribution (Claeys 1987: 91-114).

4. We should be clear here that Thompson’s theory is “utilitarian” only in the broadest sense of the term: utility is its foundation, therefore it may be considered “utilitarian,” but it has little to do with either Benthamite utilitarianism or the modern discourse of utilitarianism, which has drifted substantially from its founding in Bentham’s work. See Rawls’ distinction between classical and modern utilitarianism in (Rawls 1971 [1955]).
5. Emphasis in the original except as noted.
6. That Bentham did not argue for any particular arrangement of social institutions (other than political institutions), and that he did make positive arguments for economic liberty can be understood as an implicit endorsement of the liberal capitalist institutions of his time, as Macpherson argues (Macpherson 1977: 33). This is not the place to discuss this; it may be considered to some degree below.
7. Note that none of these articulations of the principle of utility look much like the version most often attributed to Bentham, of the aggregation of preferences across a population.
8. While Thompson never uses the term, “eudaemonism,” Bentham uses it to refer to well-being in a manuscript only published after his death (Stark 1952: 82-4). There is no evidence that Thompson himself would have used the term, so although the usage seems appropriate it should be understood that the use of the term here is my own.
9. It should be noted that Bentham’s insistence on the primacy of security, including most importantly the security of property, led him to deny liberty for some in the interests of the security of others - I refer specifically to his opposition to the emancipation of slaves, despite his principled opposition to slavery (Bentham 1931: 206-9).
10. Kelly argues that Bentham was deeply concerned with questions of distribution and equality, but while it is certainly true that Rawls and other anti-utilitarians generally fail to recognise Bentham’s concern for distributional questions, it is also the case that these questions were a relatively low priority for him (Kelly 1990).
11. For further expansion on this idea, see (Macpherson 1977: ch II).
12. Williford points out that Bentham’s views on women’s rights were, in fact, quite radical, and his argument for denying them political rights was “not because their intellects are inferior or abilities ... lacking, but rather because men lack the maturity to work seriously and effectively with women in their midst” (Williford 1975: 170). Williford, however, does not indicate the means by which Bentham thought women would gain the rights he advocated. It is also worth noting that Bentham’s strongest statements in favor of women’s rights, as cited by Williford, came **after** Thompson (and his friend Anna Wheeler) published a strikingly radical argument for political and social equality for women in 1825 (Thompson and Dooley 1997).
13. It is certainly no coincidence that, from their beginnings, women have always had an equal part in co-operative governance, even when they were denied the suffrage in state institutions.
14. I am referring here to governance, not situational or operational decision-making.
15. For an especially passionate argument, see (Huet 2004).
16. Some may claim that there is no ideological basis. Without engaging that argument, however, I might simply say that most of the time, at least, the claim of no ideology is a subtle assertion of liberalism.