

SOUTHERN ARTS AND CRAFTS DEVELOPMENT CENTER, INC:  
A PLAN FOR ECONOMIC DEVELOPMENT FOR  
AFRICAN-AMERICAN WOMEN IN THE SOUTH

By

Yvonne Hampton

A Master's Thesis Submitted  
to Antioch University

In Partial Fulfillment of the Requirements  
for the Master of Arts Degree

Butler, Alabama  
December 31, 1990

TRANSCRIPT

Antioch International Individualized Master of Arts

Yvonne D. Hampton

Special Field and Focus: Rural Community Economic  
Development

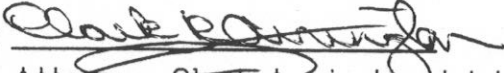
Committee Attorney Clark Arrington  
Industrial Co-op Association, Inc.

Attorney Billie Jean Young  
Southern Rural Women's Network

PROGRAM COMPONENTS:

PHASE I:	CREDITS
Davis, California May 15 - June 15, 1985	6
Economic Development Rural Overview May 15 - June 15, 1985	3
Organization and Management May 15 - June 15, 1985	3
Political Context May 15 - June 15, 1985	2
Tools for Rural Development May 15 - June 15, 1985	6

PHASE II:	CREDITS
Community Economic Development Feasibility Analysis August 28 - September 30, 1985	4
Communication Techniques January - April 1987	1
Degree Plan: March 31, 1988	7
Field Plan: April - July 1988	8
Fiscal Management August - October 1988	4
Finance	3
Marketing Techniques	3
PHASE III: THESIS PREPARATION	
A Cooperative Business Development Plan	10
All degree requirements met December 1990	
TOTAL CREDITS EARNED	60

From:   
Attorney Clark Arrington, Advisor

M.A. Rural Community Economic  
Development

## TRANSCRIPT

### Antioch International Individualized Master of Arts

Yvonne D. Hampton

Special Field and Focus:	Rural Community Economic Development
Committee	Attorney Clark Arrington Industrial Co-op Association, Inc.  Attorney Billie Jean Young Southern Rural Women's Network

#### PROGRAM COMPONENTS:

PHASE I:	CREDITS
Davis, California May 15 - June 15, 1985	6
Economic Development Rural Overview May 15 - June 15, 1985	3
Organization and Management May 15 - June 15, 1985	3
Political Context May 15 - June 15, 1985	2
Tools for Rural Development May 15 - June 15, 1985	6



PHASE II: PREPARATION OF DEGREE PLAN AND FIELD PLAN CREDITS

Community Economic Development Feasibility Analysis August 28 - September 30, 1985	4
Communication Techniques January - April 1987	1
Degree Plan March 31, 1988	7
Field Plan April - July 1988	8
Fiscal Management February 1989 - April 1989	4
Finance November 1988 - January 1989	3
Marketing Techniques February 1989 - April 1989	3

PHASE III: THESIS PREPARATION

SOUTHERN ARTS and CRAFTS DEVELOPMENT CENTER, INC., A PLAN for ECONOMIC DEVELOPMENT for AFRICAN-AMERICAN WOMEN in the SOUTH	10
All degree requirements met December 31, 1990 TOTAL CREDITS EARNED	60

From: Attorney Clark Arrington,  
M.A. Rural Community Economic  
Development

Southern Arts and Crafts Center Incorporated  
A Plan for Economic Development for  
African American Women in the South

For Antioch University  
Antioch International  
December 31, 1990

Self-Evaluation by Yvonne Hampton

I was born a farmer in rural Alabama in Choctaw County with a population of much less than 17,000 in 1941. I have lived on a farm all of my life and currently my husband and I live on a farm of 75 acres.

As a young girl, my parents made our clothes, linens and quilts from decorative fertilizer sacks. At eight years old, I began sewing and made a set of linen. I also pieced a quilt top from the small pieces that were left from making our clothes. Spreads and dollies were made by hand from other sacks that produce was purchased in.

Upon reviewing my background over the last fifty years, I feel that my thesis best describes taking what one have and using it in

whatever way possible to produce what you need. I feel the Southern Arts and Crafts Development Center, Inc., will serve as two separately incorporated organizations. One in which the craft producers will be able to place their product on display for sale and help develop and train producers in the technical areas of the marketing process.

Assessment of Thesis Submitted by Mrs. Yvonne Hampton  
to Antioch University in Partial Fulfillment of the  
Degree of Masters of Arts

Thesis Title: Southern Arts and Crafts Development Center,  
Inc: A Plan for Economic Development for  
African-American Women in the South

As a working document or an "action thesis" as described by Yvonne Hampton, the thesis is somewhat unique and has special value beyond academic research. Personally, I am very impressed with the concept and with the thesis overall. I hope to continue working with her to assist in the implementation of the Center.

I found the thesis well researched and persuasively written. Although the thesis does not quite reach the status of a business plan, it could definitely be considered as a "pre-feasibility concept analysis" and as such could serve as basis for further research, identification of funding support, education of participants and solicitation of organizational sponsorship.

The information provided on the history of cooperatives was very well prepared and I found the strategy of producing and marketing rural craft products as a means of increasing income and self-esteem, convincing, practical and timely.

I am proud to have been of assistance and only regret the delays in meeting deadlines.

Clark R. Arrington  
General Counsel

Evaluation of manuscript for MA Thesis, by Yvonne Hampton

Thesis Title: Southern Arts and Crafts Development Center, Inc: A Plan for Economic Development for African-American Women in the South

This thesis presents a rationale for the development of an arts and crafts cooperative of rural producers in the Deep South, especially African-American women and youth. As is evident in the thesis, in addition to scholarship, Yvonne Hampton brings almost two decades of personal involvement in rural cooperative development. She proposes a center that would utilize a two-pronged approach, a marketing corporation and a development corporation, which would have different goals related to the same enterprise.

The thesis succeeds for several reasons: The student has researched the history and explored the feasibility of cooperatives as an economic development tool for impoverished rural people. Based on these findings, the student presents a new model which she asserts will assist in the alleviation of marketing/management problems common to grassroots cooperative development efforts in the past. Mrs. Hampton's observations are studied, her conclusions practical and logically drawn, and her recommendations are suitable for implementation in the proposed setting.

Billie Jean Young, J.D.  
Advisor

Date: 12/21/90

## TABLE OF CONTENTS

PREFACE	X
CHAPTER I	
INTRODUCTION	1
CHAPTER II	
PROBLEM STATEMENT	4
CHAPTER III	
ENTERPRISE DEVELOPMENT AS AN OPTION FOR ECONOMIC ADVANCEMENT IN THE RURAL SOUTH	9
CHAPTER IV	
THE COOPERATIVE AS A MEANS TO ENTERPRISE DEVELOPMENT	13
The History of Cooperatives	17
Cooperatives in African-American History	23
Cooperatives in the Arts and Crafts Industry	27
CHAPTER V	
SOUTHERN ARTS AND CRAFTS DEVELOPMENT, INC. A MODEL FOR RURAL ECONOMIC ADVANCEMENT	31
Philosophy and Goals	31

Center Operation	34
Structure	34
The Development Corporation	35
The Marketing Corporation	36
Membership	38
Marketing Strategies	39
Financing and Implementation	41
CHAPTER VI	
SUMMARY AND CONCLUSIONS	44
WORKS CITED	46

## PREFACE

To my family who sacrificed much to assist me in this endeavor, I am eternally grateful.

My deepest appreciation to my advisor, Attorney Billie Jean Young, the founder of Southern Rural Women's Network. Thank you for your encouragement, technical input, invaluable time as proofreader and financial contributions as my sponsor.

To my chairman and advisor, Attorney Clark Arrington, member of the Industrial Cooperative Association, Inc., thank you for your special technical expertise, painstaking professional criticism and experience in cooperative and economic development.

To my advisor, Toretha M. Johnson, Superintendent of the Choctaw County Public School System, for your inspiration to me, thank you.

To Starry Krueger, Director of the Rural Development Leadership Network, thank you for providing an avenue whereby rural women can enter a master's degree program to make it a success.

To John Zippert, Program Director of the Federation of Southern Cooperatives/Land Assistance Fund, for your dedication and belief in education and your diligent encouragement to me to continue until the project is complete. I thank you.

To Curtis Jordan, Community Resource Group, Inc., I thank you for your contribution and services.

To Ora Yvette Ward as typist and Lynn White for your criticism and suggestions. I thank you both.

This experience has been demanding. Completion of the task seemed impossible at times. However, with encouragement from my friends, the inner determination to see this project through was possible. This achievement brings much personal satisfaction. I am elated and grateful.



## ABSTRACT

### SOUTHERN ARTS AND CRAFTS DEVELOPMENT CENTER, INC.: A Plan For Economic Development For African-American Women In The South

Yvonne Hampton

The goal of the Southern Arts and Crafts Development Center is to empower, through economic advancement, individuals and their communities in rural areas. The purpose of this thesis is to explore the cooperative association and enterprise development as economic advancement options in the rural south, especially for African-American women and youth. Its action approach is to present a structure for producing and marketing arts and crafts from rural producers.

The 1980's have witnessed a decline in population and employment opportunities in rural America. More rural families, even many who work, slipped into poverty during the past decade.

Over half of the households in the U.S. headed by African-American women are in poverty. Means of supplementing rural incomes are needed.

House businesses which encourage the use and development of artistic talent can help meet this need and instill a sense of self-confidence. Cooperative associations can bring together the producers and their products for more successful production. A for-profit structure can then be used to expand sales with a portion of the earning channeled back to the cooperative and used for expanding member training and services.

This study combined a literature review of cooperatives, especially arts and crafts co-ops, with the author's 17 years of field experience with rural people. She concludes that a cooperative structure, to initiate and encourage home-based business enterprise, coupled with for-profit marketing, can make a good contribution to the goal of individual and community empowerment.

CHAPTER 1  
INTRODUCTION

A cooperative is a voluntary contractual organization of persons having a mutual ownership interest in providing themselves a needed service on a nonprofit basis. It is usually organized as a legal entity to accomplish an economic objective through joint participation of its members.<sup>1</sup> Investments, and operational risks incurred, are shared equitably by its members in proportion to the use of cooperative services.

This thesis recognizes the potential role cooperatives can play in the economic survival of African-American women in the rural south today. Due to the rapid change in the family composition of African-American families in America, African-American families that are female headed have lower incomes and higher rates of poverty than any other family type, with the exception of Hispanic

<sup>1</sup>John K. Savage and David Volkin, Cooperative Criteria (fcs Service Report 71 1965) p. 11.

female-headed households. This fact has implications not only for these women but for their children, both male and female.<sup>2</sup> Individual self-sufficiency, a valued trait in rural society, in combination with cooperative structures, can be used to strengthen the economic position of rural people. At the same time, self-esteem and self-responsibility can be encouraged. Cooperatives, because of their very nature, historically have developed self-help methods and techniques to increase quality of services and efficiency of production for its members.

This thesis recognizes the need to create an economic avenue for the advancement of southern women, and in particular under-educated African-American women. The focus is the development of a business plan for cooperatively marketing arts and crafts in rural Alabama through the proposed Southern Arts and Crafts Development Center (known hereafter as the "Center").

<sup>2</sup>Slipping Through the Cracks: The Status of Black Women  
(New Brunswick New Jersey: Transaction Publishers, [1986]), p. 141.

This is an action or working thesis as opposed to an empirical or theoretical effort. This approach was chosen in order to implement theoretical policies of cooperatives in addition to "hand-on" rural organizing. It has served not only as a learning experience to increase the writer's knowledge of cooperatives practices and philosophies in the American economic system, but it will also be a guide in the operational implementation of the Center and a document from which funding proposals may be developed to aid in the Center's initial stages of financing.

It is hoped that the Center, once established as a significant force in constructive cooperation, serves to increase economic opportunities in rural areas and make a valuable contribution to the communities in which it will operate.

## CHAPTER II

### PROBLEM STATEMENT

As we begin the new decade of the 90's, America's rural population is experiencing growing levels of economic and social distress. Outmigration, disinvestment economics, employment and poverty are all increasingly part of the rural American experience. Of the 54 million American who live in rural areas, 18 percent are poor. The percentage of poor living in rural areas is twice the rate for urban areas. In 1986, one out of every five rural families was living below the poverty line.<sup>3</sup>

Rural poverty also differs from urban poverty in that most of the rural poor do not receive cash assistance, do not have access to public housing, do not receive food stamps and are not covered by medicaid. Rural families are more likely to be ineligible for

<sup>3</sup>William P. O'Hare, The Rise of Poverty in Rural America, No. 15 (Population Reference Bureau, Inc., 1988).

welfare because they are married couples with children rather than Single parents, and they are more likely to be employed.<sup>4</sup>

Almost three quarters of rural children in poverty live in families in which at least one adult is working. Additionally, rural workers are more likely to be underemployed, holding part-time jobs while waiting for full-time employment, and this, in a setting where the traditional industries which have supported rural communities have experienced decline.

Agriculture, timber, oil, gas, mining and textile manufacturing, major employers in rural America, suffered during the decade of the 1980's. Consequently the number of jobs in rural counties grew by only 3% between 1979 and 1983, while the number of jobs in rural counties grew by 10% during the same period.

<sup>4</sup>ibid, p.1.

When geographic isolation is coupled with a concentration of low-paying jobs in a single industry, it is easy to see why rural areas are more susceptible to economic downswings.<sup>5</sup>

Population loss has also been a major problem for economic development, especially industrial, in rural areas, and it continues still today. There has been net out-migration especially industrial, in rural areas, and it continues still today. There has been a net out-migration from rural to urban areas for every age group, including males, females, and married couples. Single parents, homeowners, renters, and those living alone are included in out-migration tendencies, at all educational levels, and in every region of the country. Out-migration has increased steadily since 1980, and between 1986 and 1987, over one million more people moved out of rural area than moved in.<sup>6</sup>

<sup>5</sup>ibid, p. 2.

<sup>6</sup>ibid, p. 8.



African-Americans in the rural south are experiencing a larger share of the economic and social distress than perhaps others. African-American children, especially those from single-parent families, have very high poverty rates. In 1986, 57% of the nearly 1.8 million African-American children in the rural south were living in poverty. Of those children who lived in single-parent families, 78% were poor.<sup>7</sup> Some 50.5 percent of families headed by African-American women are poverty level (compared to 27.4 percent of those headed by white women or less than 15% of married couple families).<sup>8</sup>

The high level of poverty among African-Americans in the rural south is associated with high levels of infant mortality, illiteracy, unemployment and poor housing conditions. This high level reflects the fact that many young African-American adults in the region cannot find jobs which pay enough to lift themselves and their families above the poverty line.

<sup>7</sup>Ibid, p. 9.

<sup>8</sup>Ibid, p. 5.

In 1986, 69% of these families headed by persons between the ages of 18 to 29 were poor. In 1979, that figure was 46%.<sup>9</sup> Thus, rural communities and their residents are living under difficult and worsening economic conditions. In order to stop this trend of deterioration, new and innovative economic development strategies must be implemented. The strategies must recognize that the traditional industries such as farming are only part of contemporary rural society. Other skills and potentials need to be tapped.

<sup>9</sup>Women's Research & Education Institute, The American Woman, 1987-88, A Report in Depth (Washington D.C.: U.S. Department of Labor), p.4.

CHAPTER III  
ENTERPRISE DEVELOPMENT AS AN OPTION  
FOR ECONOMIC ADVANCEMENT IN THE RURAL SOUTH

As noted earlier, employment opportunities in rural areas have been negatively affected in the 1980's by changes in agriculture and industry. The positive direction of the 1960's and 1970's, when rural incomes and population were rising, reversed as factories resource-based industries experienced economic decline, including failing farms and factories that sought cheaper labor elsewhere.

In 1984, 15% of rural workers were employed in resource based industries (forestry, fisheries, agriculture), 18% in manufacturing, 5% in construction, and 63% in service and trade industries. The greatest growth in the 1980's occurred in service, trade and government industries.<sup>10</sup>

<sup>10</sup>ibid, p. 10.

Still, as noted in Chapter II, many rural families are falling below the poverty line, especially young families. Even though working, these families are not making enough to lift themselves out of poverty. With salaried jobs declining, other options for producing income are needed.

Enterprise development is proposed in this thesis as an appropriate option for producing additional income for the rural poor. The opportunity to develop home-based businesses or crafts can be used to supplement low-paying or part-time salaried work.

Also industrial jobs in rural areas tend to be of the routine kind (food, textiles, furniture) where skills development and advancement are limited. Thus, the creative talents of rural people need to be encouraged by enterprises which challenge cultural and personal skills.

Thus, hand crafts, traditionally viewed as expressions of the self and of one's personal talent and worth, may perhaps make a more significant contribution to self-esteem and self-worth than the routine work of the factory or office, and because handicrafts

are part of the traditional culture, enterprises based on these activities are more likely to be sustained than those which require the learning of less familiar skills.

In rural areas where jobs are few, African-American women, especially those who function as household heads, are in particular need of economic help. With the African-American woman's cultural exposure to such skills as quilting and sewing, there is a natural potential for handicraft enterprises. Past experiences with cooperatives have shown that while this new craft income may not be sufficient to alleviate the need for welfare, families can substantially enhance their income by participating in their local cooperative. African-American women's involvement in the cooperative process improves the quality of their lives in several ways. Older women can serve a cultural function by teaching younger women, thus insuring that these skills are not lost to the next generation.<sup>11</sup>

<sup>11</sup>Interview with John Zippert, The Federation of Southern Cooperatives/ Land Assistance Fund, Epes, AL.

Developing business enterprises utilizing arts and crafts skills in the home has additional advantages, especially for women with families and children. Family members may become involved in producing or assisting in making the crafts, children can be cared for at home, and transportation to and from work is not required, saving time and money.

An important structure for developing business enterprise, especially among the poor in rural areas, is the cooperative. Since cooperatives do not require previously accumulated wealth, they provide the poor with a means to develop ownership and more control over their destiny. For example, The Watermark Association of Artisans, Inc., Elizabeth City, New Jersey, which I visited in 1988 has a 96% female membership. New low-income members with no starting capital can defer payment of the stock purchase price, and purchase supplies at wholesale prices and pass these savings on to members. The cooperative allows members to charge the cost of supplies at no interest. When the product is sold, the payment to the member is reduced by the original cost of supplies.

## CHAPTER IV

### THE COOPERATIVE AS A MEANS TO ENTERPRISE DEVELOPMENT

Cooperation is the voluntary act of joining resources (physical, mental and material) to achieve an end. Physical or natural resources provide the basis for producing the commodities for everyday living. Nothing happens to the physical resources until the human resources of labor and management use material, capital, or an aggregate of other goods, to develop them into useful and enjoyable products.<sup>12</sup>

People cooperate to gain a mutual benefit for themselves and their community. They work together to accomplish something that probably could not be done individually. Communities will work together when they see that collective effort will make it easier to solve problems or perform a certain task.

Participating individuals may want to interface socially,

<sup>12</sup>Economic Development & Law Center Report 1987, p. 30.

add to their incomes, reduce expenses, or provide efficient, economical and dependable services not readily available in their community.<sup>13</sup>

A "cooperative" is an association of people which furnishes an economic service without entrepreneur profit and which is owned and controlled on a substantially equal basis by those for whom the association is rendering services or those producing or providing a service.

In a cooperative, all members assume, in a broad sense the economic risk, and they contemplate no return for the undertaking of the risk. In cooperatives there may be a return of loss, but there is no contemplation of an additional return on capital based upon the potentialities or the actualities of successful operation.<sup>14</sup>

A cooperative has the following characteristics:

1. Control and ownership by each member is substantially equal (one person, one vote);

<sup>13</sup>Understanding your Cooperatives, U.S.D.A., Cooperative Information Report 6, July 1979, p. 1.

<sup>14</sup>ibid, p. 10.



2. Members are limited to those who will avail themselves of the service furnished by the association or who contribute labor to the association (only open to participants);
3. Transfer of ownership interests is prohibited or limited (no transferable ownership/a personal right not a property right);
4. Capital investment receives either no return or a limited return (labor leases capital, not vice versa);
5. Economic benefits pass to the members on a substantially equal basis or on the basis of their participation in the association;
6. Members are not personally liable for obligations of the association in the absence of a direct undertaking or authorization by them;<sup>15</sup>

The services of the association are furnished primarily for the use of the members, and death, bankruptcy or withdrawal of one or

<sup>15</sup>ibid, p. 14.

more members does not terminate the association.<sup>16</sup> Education of its members is another important function of the cooperative.

Cooperatives are accepted business organizations under the American competitive enterprise system. They are usually incorporated and as such are classified as either a nonprofit corporation.

Recognizing the need among rural producers for marketing in arts and crafts this thesis proposes that a Southern Arts and Crafts, Development Center be organized in part as a cooperative with the producers as member/owners, and in part as a for-profit corporation with investors (all center participants) who buy stock. Details regarding the center are contained in chapter V.

<sup>16</sup>Petition of White Mountain Power Company, 1950 p. 1.

## The History of Cooperatives

The cooperative method of conducting business has a long and noteworthy history. Over the centuries, the cooperative has evolved from a religion-oriented institution to a more formalized business-oriented organization serving economic rather than spiritual needs.<sup>17</sup>

As early as the ancient Egyptian era (3000 B.C.), craftsmen and artisans developed a trade system which led to the establishment of associations charged with the regulation of the entire trade.<sup>18</sup> (Although farmers and unskilled workers were unable during this time to form cooperative ventures because of their servitude to the Pharaohs, these workers in later times became major forces for cooperative arrangements and made significant contributions to the cooperative movement.)

<sup>17</sup>U.S.D.A., Understanding Your Cooperatives, p. 3.

<sup>18</sup>Ibid, p. 18.

The early Greeks developed cooperative societies first around burials and then more professional ones with economic aims. The ancient Chinese, the Romans and the early Christians had cooperative-type associations, with the latter developing perhaps the earliest consumer cooperatives. After the "Barbaric Age", about 475 A.D., when lawlessness was more the rule than cooperation, the Islamic era (600 A.D.), saw the development of systems to extend aid to the economically weak. The cooperative was looked upon as a unifying institution to better the economic, social and political conditions in the community. The Middle Ages (500 to 1400 A.D.) created the "guild" of craftsmen, resembling modern day trade unions. Joint stock companies, in which each subscriber received shares of stock and profits in proportion to the capital contributed, came out of the Renaissance period (1500 to 1850) and in Germany in 1767, the "Landschaflem" system became the forerunner of today's federal land bank in the U.S.<sup>19</sup>

<sup>19</sup>Paul Roy Ewell, Cooperatives: Today and Tomorrow, (Drawville Illinois: The Interstate Printer and Publishers, Inc., 1964) p. 41.

With the coming of the industrial revolution (1750), two schools of thought emerged. One, led by Karl Marx and others, felt the state should control economic institutions (the means of production) while others believed in developing a private ownership capitalistic system. From the latter group have come the cooperative pioneers such as we know today.

The first modern cooperative was created in England in 1769, by a small group of weavers called "Penny Capitalists". Later in 1794, other associations were organized for the purpose of purchasing at the lowest possible price.<sup>20</sup>

The first modern cooperative was created in 1844 in England by the Rochdale Equitable Pioneers Society . There were 28 persons in the original group, ranging from flannel weavers to shoemakers. These were individual craftspeople or entrepreneurs who came together to purchase supplies and consumer goods cooperatively.

<sup>20</sup>Ibid, p. 42.

The Rochdale group grew out of a need caused by unemployment and was financed by money saved by its members. Those furnishing capital were paid 5% interest and profits were refunded by patronage dividends. The cooperative was controlled by a board of directors composed and elected by the members. Each member had one vote in elections. Current prices were charged to avoid price wars. Only cash trading was allowed and frequent and regular audits of books were maintained.

It appears the Rochdale cooperative was successful because it learned from other people's mistakes, was politically and religiously neutral, spent money to educate members and others, and was content to operate within the capitalistic system. From a store which only opened two nights a week at first, it grew to 12,000 members and an annual business of \$1,500,000 in 30 years.<sup>21</sup>

The Rochdale-type cooperative was introduced in the United

<sup>21</sup>ibid, p. 42

States in 1863 at Lawrence, Massachusetts and in 1864 in Philadelphia with the organization of a consumer cooperative known as the Union Cooperative Association No. 1, which has 24 members. It failed in 1866.<sup>22</sup>

More than a hundred years before, Benjamin Franklin became perhaps the first American cooperator with the organization of a mutual insurance cooperative called the "Philadelphia Contributionship". It existed for the insurance of houses against loss by fire and other hazards.<sup>23</sup>

Two dairy cooperatives formed in 1810 are thought to be the first formal farmers's associations organized in the United States. Following these, many different commodity cooperatives were organized throughout the northeastern states, cotton belt, upper

<sup>22</sup>ibid, p. 43.

<sup>23</sup>ibid, p. 54.

Mississippi Valley, and far west. These were mutual benefit enterprises. A few are still in existence today.<sup>24</sup>

By the turn of the century and into the 1900's many cooperatives were organized including Sunkist Growers of California (1905) the National Grange (1860's) and the American Farm Bureau Federation (1919).<sup>25</sup>

The "New Deal" era also saw the development of new cooperatives. Well over 17,000 small cooperatives were formed, basically by farmers, for purchasing and servicing functions. As a result of the New Deal focus on cooperatives, credit unions, electric and telephone co-ops, farm credit, housing and other cooperatives were made possible within the framework of the free enterprise system. Consequently, cooperatives in the United States are now well established among both rural and urban groups. <sup>26</sup>

<sup>24</sup>Ibid, p. 55.

<sup>25</sup>U.S.D.A. Understanding Your Cooperatives p. 14.

<sup>26</sup>Ewell, Cooperative; Today and Tomorrow, p. 56.



## Cooperatives in African-American History

The community development corporation (CDC) is an organizational model which was devised to help both rural and urban poor. It was originally modeled after indigenous development efforts from within the African-Americans has historically (and understandably) included goals of solidarity and social justice. Because the cooperative is an ideal form for uniting people of limited resources around a common goal, it has played a likely role in the development efforts of African-Americans, especially as they have sought to address poverty, networking, empowerment and community building. Frederick Douglass, and Booker T. Washington were the first notable African Americans who envisioned the cooperative structure of business and a viable institution for the economic advancement of poor and minority communities

In 1962, the Reverend Leon Sullivan originated the 10-36 plan which allowed his Philadelphia church members to contribute \$10

per month for 36 months to support a community economic development effort. This cooperative investment was used to fund non-profit social services through the Zion Non-Profit Charitable Trust. This strategy incorporated growth-enhancing activities and vehicles to accomplish redistribution. Eventually, over 400 churches participated in this program, which created Zion Investment Associates, Progress Enterprises, the purchase of an apartment complex and shopping center, and other ventures.<sup>27</sup>

W.E.B. DuBois, influenced by the Rochdale cooperative effort, developed a popular cooperative concept for African-Americans which he termed "the Group Economy Movement". DuBois believed the "group economy" provided the potential for the creation of a "Negro nation within the nation".<sup>28</sup>

In modern times, many cooperatives have evolved in America. Most notable, of successful cooperatives in the African-American

<sup>27</sup>James B. Stewart, "Building a Cooperative Economy: Lessons From The Black Experience", p. 360.

<sup>28</sup>ibid, p. 361

community is the Nation of Islam in the 1960's and the federation of Southern Cooperatives in the 1970's. The Federation was organized in 1967, and is based in the rural south and working at the grassroots level to organize poor people to address their own problems through self-help community economic development and advocacy for public policy changes. The Federation has field offices in five southern states, over eighty member and associate member cooperatives in eleven states, and over 400 individual members and supporters. While a primary focus has been to assist African-American black, small and family farmers to maintain control of their land, the Federation activities have included other community development activities such as low-income housing, credit unions, education and training for its membership, and summer youth camps.<sup>29</sup>

A highly recognized successful farmer cooperative organized by the Federation, which lasted for over a decade is The Southwest Alabama Farmers Cooperative Association. (SWAFCA) IN 1967 When this Cooperative began operations with over 1,500 members, in ten

<sup>29</sup>ibid, p. 363

West Alabama counties, small family farm income was very depressed. Within one year SWAFCA members experienced an 800 percent increase in personal income, while employment opportunities for farm laborers, truck drivers, graders, packers, and the like were in high supply. Also within this same period, membership increased to over 2,700 members.

The demise of SWAFCA began with management problems. This highly visible and politically savvy cooperative, born out of the Civil Rights struggle, began to experience major problems. Lack of comprehensive marketing strategies along with political undercurrents, contributed greatly to the collapse of this cooperative. The writer was an early member and participant in SWAFCA activities, and has gained through that experience valuable insight and experience applicable to the future efficient operation of the "Center."

## Cooperatives in the Arts and Crafts Industry

Within the arts and crafts industry there are several examples of cooperatives which illustrate the potential this thesis is suggesting for African-American women in the rural south.

Watermark Association of Artisans in Elizabeth City, North Carolina began in 1979 as an effort to help women handicrafters with marketing and training needs. It grew from 35 members to over 400 and marketed \$250,000 worth of handicrafts in 1987 to some 500 stores. About 95% of its business is wholesale and about 250 of its members are working members. The Association has a patronage equity system in which preferred stock is sold to anyone in any quantity and common stock are sold only to the producers. Any profit goes to the shareholders at the end of the year based on what they sold to the cooperative. <sup>30</sup>

<sup>30</sup>The 22nd Annual Report, 1988-1989 (Atlanta: The Federation of Southern Cooperatives/Land Assistance Fund, 1989).

Watermark's members are mostly low-income women who choose, or have been forced, to make their own living. By providing both economic and emotional support and the opportunity for education and crafts training, the Watermark women are fulfilling important personal goals, not the least of which are to build self-confidence and a sense of personal achievement.

Watermark was recognized in 1988 by regional economic development and government experts as an example of homegrown enterprise that should be nurtured. As industry leaves the rural North Carolina area for cheaper labor sources, the economic development strategists are realizing the potential of indigenous efforts such as Watermark. In 1987, the Association's training arm, NEED, was awarded a grant for over \$165,000 to give technical assistance in marketing for low-income cooperatives.<sup>31</sup>

An older cooperative with its roots in the rural south is the Freedom Quilting Bee born in 1965 during the height of the Civil Rights struggle.

<sup>31</sup>Anne Saita, "Hearts Crafts: Women's Cooperatives Builds Art Teamwork, Self-Esteem," The Carolina Coast Vol. 2 (July 2, 1987):1.

These African-American women of Wilcox County, Alabama, under the inspiration and guidance of Father Francis X. Walter, an Episcopal Priest and head of the Alabama Civil Rights Project, became known across the country for their skills in patchwork quilt making.

Of them, Father Walters has stated:

"Formerly fieldhands with fingers calloused by the lifelong chopping of cotton, the Freedom quilters became skilled artisans and self-styled business executives who, with determination, vision, and pride, began collectively to keep aflame an artistic endeavor central to the black culture of Wilcox county for 120 years."<sup>32</sup>

The Freedom Quilting Bee sparked a revival of quilts in America and its influence was felt in home design magazines which picked up; the patchwork look for interior decor.

The Quilting Bee went commercial after 1968 with the help of Stanley Selengut, a New York marketer experienced in turning native crafts into saleable products. Selengut not only knew that the Bee

<sup>32</sup>Jerry Allegood, "Eastern N. C. Seeks Solutions: Government, Education, Business Roles Suggested To Revive Region," The News and Observer (Raleigh, N. C.: February 15, 1988): 9-A.

would catch on and be long lasting, his observations show the powers that dwell in such endeavors. The women's power to guide their own efforts and learn business as well as crafts is reflected in Selengut's words:

"It was profound because it could have been the same kind of meeting at the Exxon Corporation, the same kinds of discussions, problems and efforts to work through those problems." <sup>33</sup>

While the goal of any cooperative is usually economic advantage of some kind for its members, inherent benefits beyond the economic always emerge.

A concluding thought on the evolution of cooperatives is Alexis De Toqueville's words on cooperatives in the U.S.:

"In democratic countries the science of association is the mother of science. The progress of all the rest depends on the progress it has made. If men are to remain civilized, or to become so, the art of association must grow and improve." <sup>34</sup>

<sup>34</sup>Nancy Callahan, The Freedom Quilting Bee, (Tuscaloosa, Alabama: University of Alabama Press, 1987), inside cover.

<sup>35</sup>ibid, p. 89.



## Chapter V

### SOUTHERN ARTS AND CRAFTS DEVELOPMENT CENTER, INC.

#### A MODEL FOR RURAL ECONOMIC ADVANCEMENT

This thesis proposes the creation of a Southern Arts and craft Development Center (The Center) as a means of encouraging business enterprise among African-American women in the rural south, initially in selected counties in the "Black Belt" area of west central Alabama. While the center will be open to both sexes all ages, races, religions and youths.

From this thesis document a business development plan will be further detailed and grant proposals made for the initial funds needed to begin the Center's operation.

#### Philosophy and Goals

The philosophies of the "Center" derived from a combination of

research and experience of the writer input of obtaining valuable knowledge of the cooperative process. The center's philosophy is that economic enfranchisement empowers individuals and through them their communities, and that a cooperative approach is a most appropriate structure for African-Americans in the rural south in their struggle for economic growth.

The center also adopts the philosophy behind the democratic principle of government which states that "all and only the people who are to be governed by a government should have the vote to elect that government." The cooperative can become an economic and social institution where people receive rewards from their labor and also have democratic control of their lives.

Consumer cooperatives in America have a history of challenging the traditional economic structure in the local community. Having grown out of the nineteenth century Utopian socialist and radical reform movements, the cooperative has sometimes been viewed as a challenge to existing for-profit enterprises. While the center does not seek to produce controversy, and in fact plans to ask fair prices for its member's products, it will

accept any challenges that may come as a result of its cooperative nature or its efforts to organize and encourage social action and awareness among its members. On the whole, the center can be a positive force in the community if it maintains a social and economic vision for the positive empowerment of its members and their communities.

Through networking and skills development, the center seeks to increase the self-confidence and abilities of co-op members to participate more fully in the community decision-making process. In this way it accepts what may be an inherently political role of affecting change.

On a personal note, the thesis author has 17 years of work as a community organizer in the cooperative setting. This experience has led her to believe that positive community change is brought about through economic enfranchisement. A rural, poor community can do much for itself when it is organized and acts collectively. Cooperative members can learn to control their own affairs, to make decisions and to effectively handle money. These skills can then be transferred to their larger community and create a self-directed

future where the youth are raised to become the community's leaders.

### Center Operation

#### Structure

The "Center" will be organized as two separately incorporated organizations, and will serve as the development and marketing vehicle for rural craft producers. On the development side, the center will provide technical assistance in production, product selection, bookkeeping, purchasing, inventory control and other services related to producer enterprise. In addition, grants and/or equity loans will be made available to producers and producer cooperatives. On the marketing side, the center will identify retail outlets, prepare, distribute and service a mail order catalogue, and will, in essence, serve as the conduit between the producers and the ultimate purchasers of craft products.

Profits from the distribution side will be shared with the development entity. Therefore, distributing profits from the marketing efforts to both the development effort and the

individual producers, will enable the "Center" to become a self supporting economic development institution. Accordingly, the development effort would be carried out by the Southern Arts and Crafts Development Corporation (the "Development Corporation") and the marketing effort would be carried out by the Southern Arts and Crafts Marketing Corporation (the "Marketing Corporation").

#### The Development Corporation

Since the Internal Revenue Service recognizes contributions to corporations engaged in rural economic development as well as to corporations engaged in enterprise development for the purpose of providing employment to low-income individuals, the Development Corporation would be organized as a non-profit Internal Revenue Code Section 501 (c) (3) corporation.

As such it would be eligible for grants and other charitable contributions.

As mentioned above, the Development Corporation staff would be primarily involved in providing technical assistance to rural craft producers as individuals and as organized cooperatives. In addition, the Development Corporation would engage in all of the

organizing efforts of the Center. This would entail identifying craft producers, organizing them into cooperatives, if feasible, and assisting them in the general business of producing crafts as a commercial enterprise. The Development Corporation would also serve as a source of information and would engage in ongoing research regarding product selection and production.

#### The Marketing Corporation

The Marketing Corporation would be organized as a conventional for-profit corporation with three classes of stock. The primary purpose of the Marketing Corporation would be, as stated above, to facilitate the sale of craft products produced by rural craft producers either as individuals or as cooperatives. The three classes of stock would enable all participants in the craft development and marketing process to share in the profits of the venture.

For example, Class A stock would be held by the Development Corporation. Class A shares would elect 20% of the Board of Directors and receive 30% of the profits from the Marketing Corporation. In addition, Class A shares would have a veto power

over any changes in the Articles of Incorporation and By-laws of the Marketing Corporation. This veto power should ensure that the Marketing Corporation would always be devoted to rural economic development for craft producers and not be turned into a corporation operated for a limited number of individuals. The class B shares would be owned by the employees of the Marketing Corporation. They would elect 50% of the Board of Directors of the Corporation and would be entitled to 30% of the profits of the Corporation. The Class C shares would be owned by individual producers and the craft co-op producers.

These shares would entitle the producers to elect 20% of the Board and to participate in 40% of the profits based on their patronage to the Corporation. In essence, the producers would be receiving an additional dividend on the sale of their products based on the profit performance of the Marketing Corporation. As so organized, all participants would have an incentive to see the marketing effort become as successful as possible.

The Center's organization is a key to the success and longevity of the organization. It must meet the needs and interests of its

members, provide competent management, and solicit strong membership support. The Center's Board of Directors must be kept well informed so that it can provide effective policy direction and fiscal management.

Sound financial management will require meeting all fiscal obligations, operating in a sound business-like manner and measuring its success in terms of assets, growth in equity, repayment of liabilities and successful earnings.

#### Membership

The Center's membership will be open to all without regard to age, race, sex or religious beliefs. However, special emphasis will be given to recruiting African-American women and youth because of the special economic and personal empowerment needs of these groups. Individuals as well as producer co-operatives for various crafts (basket weavers, quilters, potters, etc.) will be members.

The center may eventually serve as a testing ground for women attempting to make the transition from home or welfare to the job setting. By engendering self-confidence and initiative, it is hoped



that higher career aspirations and further education will be encouraged. The arts and crafts cooperative will provide a means of financial support for women and youth to develop.

With its focus on women, the center will have an opportunity to foster sexual equality, collective experiences, and add greater understanding to the issues surrounding "sexual politics", i.e. the power that members of one sex maintain over members of the other. The building of self-confidence and business skills in women will contribute to their personal growth and ability to compete effectively in the business world.

#### Marketing Strategies

The Marketing Corporation arm of the Southern Arts and Craft Development Center, Inc. will serve as the primary selling vehicle for the arts and crafts producers. It will provide sound management and advertising and a determination of the demand for the products being made by the members.

Because markets change as the values of society change, the Marketing Corporation must consider consumer behavior and preferences and communicate these to the Development Corporation

which will be working with the producers on training and skills development.

The abilities of the manager of the center (who in the beginning may be overseeing the Marketing as well as the Development Corporation) are important to the success of the cooperative, especially its success in marketing. The manager must be able to meet the members, retain their good will and confidence, be tactful in all affairs of the organization, be honest, know markets and marketing methods, and be experienced in the handling and sales of the products being marketed by the cooperative.

Also important to successful marketing are the services the center provides to the producers which in turn affect the quality and quantity of the arts and crafts for sale. The Development Corporation's services will include identifying craft producers, helping them organize into craft cooperatives, provide information on crafts, conduct research regarding product selection and production, arrange for the purchasing of supplies for the producer, and perhaps be the entity responsible for quality control and assurance.

A nucleus of producers have been identified which includes over fifteen artisans encompassing all lines of arts and crafts products. Craftsmen and craftswomen identified are situated within a ten county area of the Alabama Black Belt. Products include: pottery, leather goods, quilts, dolls, beads, straw baskets, and metal trinkets.

A primary marketing strategy will be the mail order catalogue in which pictures and brief descriptions of the products are given. Through the catalogue, the market area will, hopefully, grow to national scope. Quantity wholesale contracts, such as hoped for when the cooperative's volume and variety are developed. In the beginning, however, annual trade shows, festivals and flea markets are possible outlets both for sales and for developing consumer awareness of the center's work.

#### Financing and Implementation

Before the Marketing corporation can begin its primary function of selling arts and crafts, there must be a good quality and quantity ready for market.

The initial identifying and organizing of arts and crafts producers and their products will be done by the development corporation. It is proposed, therefore, that grant funds be sought to organize the Development Corporation as a cooperative along with member fees and contributions. Test marketing and initial income for the producers could come from local and regional retail sales outlets such as festivals, flea markets, craft shows, and consignment to retail shops.

In addition to organizing the producers, the Development Corporation would begin cooperative purchasing and securing of craft materials for members. Once volume and quality are determined strong enough for expanding sales and beginning mail order catalogue distribution, the for-profit Marketing Corporation would be started, funded by the sale of shares to center participants.

As sales from expanded marketing increase, the development corporation would receive 30% of the profits from its Class A shares. With these earnings, and any other sources of income already established, the development group would expand its services

to members, including additional training and community development efforts.

## CHAPTER VI

### SUMMARY AND CONCLUSIONS

There is a need in rural America for economic development opportunities for the poor, and especially for African-American women and youth. Many of the rural poor are working poor who live without welfare assistance and who could benefit from supplemental income such as arts and crafts production in their homes.

This thesis proposes a Southern Arts and Crafts Development Center which would be an organization of two entities. The first would be a cooperative whose members are the arts and crafts producers.

A for-profit marketing corporation would promote and distribute the arts and crafts and return profits at varying rates to those involved with the center.

The cooperative is a recognized form of business organization in which there is a voluntary act of joining resources to achieve an end. In the rural community where resources and jobs are more and

more limited, the cooperative offers an opportunity for poor people to work together to accomplish something that likely would not be done individually.

With its focus on African-American women and youth the proposed center can improve the self-confidence and the crafts and business skills of a group in special need of economic assistance, personal empowerment and leadership development.

From personal empowerment and economic self-sufficiency comes community empowerment, a goal to which the center hopes to make a significant contribution. The plan of action is to start small and grow into a financially sound organization which can create employment and training opportunities, especially for women and teenagers.

The thesis author is committed to bringing the center into existence. The journey into its development will take dedication and determination. The rewards for rural women, their families, and their communities can result in life changes.

## WORKS CITED

- Allegood, Jerry. "Eastern N.C. Seeks Solutions: Government, Education, Business Roles suggested to revive region." The News and Observer, Raleigh, N.C., February 15, 1988.
- Alexander, Milton and others. Dimensions of Consumer Behavior. Edited by James U. McNeal New York: Appleton-Century-Crafts, 1969.
- Baker, Jacob. Cooperative Enterprise. New York, Vanguard Press, 1937.
- Bailyn, Lottie. Family Constraints on Women's Work. Cambridge Massachusetts: Sloan School of Management, Massachusetts Institute of Technology, 1973.
- Bettman, James R. An Information Processing Theory of Consumer Choice. Reading Massachusetts: Addison-Wesley Publishing Company, 1979.
- Burley, Orin E. The Consumer's Cooperative as a Distributive Agency. New York: McGraw-Hill, 1939.
- Callahan, Nancy. The Freedom Quilting Bee. Tuscaloosa, Alabama: The University Alabama Press, 1987.
- Ellis, John. The New Financial Guide for the Self-Employed. Chicago, Illinois: Contemporary Books, Inc., 1981.
- Ensely, Louis H. Look for the Hidden Opportunities. Dallas Printing Company, 1978
- Ewell, Paul Roy. Cooperatives: Today and Tomorrow. Drawville, Illinois: The Interstate Printer and Publishers, Inc., 1964.



- Hadden, Elaine M. and French, Blaire A. Non-Profit Organizations. Wilmette, Illinois: Callaghan and Company, 1987.
- Kundsin, Ruth B. Women and Success the Anatomy of Achievement. New York: William Morrow and Company, Inc., 1974.
- Lamb, Fred A. What Every Woman Should Know About Finances. Rockville Centre, New York: Farnsworth Publishing Company, Inc., 1978.
- Landis, B. Y. A Cooperative Economy. New York: Harper and Brothers, 1943.
- London, Gerald Richardson. ABC's of Cooperatives: A Handbook for Consumers and Producers. New York: Logans, Green and Company, 1940.
- Maddox, James G. with Liebhafsky, E.E., Henderson, Vivian W., and Hamlin, Herbert. The Advancing South-Manpower Prospects and Problems. Rahway, New Jersey: Twentieth Century Fund Company, Inc., 1967.
- Nicosin, Francesco M. Consumer Decision Process: Marketing and Advertising Implications. Englewood Cliff, New Jersey, Prentiss-Hall, 1986.
- O'Hare, William P. The Rise of Poverty in Rural America. Population Reference Bureau, Inc. No. 15, July 1988.
- Package Design: The Force of Visual Selling. New Arts, Inc., 1953.
- Packel, Israel. The Law of Cooperatives. Third Edition. Matthew Bender and Company, 1956.
- Petition of White Mountain Power Company. 1950.

Saita, Anne. "Hearts Crafts: Women's Cooperative Builds Art. Teamwork, Self-Esteem." The Carolina Coast Volume 2, No. 34, (July 2, 1987).

Stewart, James B. "Building a Cooperative Economy: Lessons from the Black Experience".

Strassels, Paul N. and Mead, William B. Money matters. Reading, Massachusetts: Addison-Wesley Publishing Company, Inc., 1986.

The 22nd Annual Report, 1988-1989. Atlanta: The Federation of Southern Cooperatives/Land Assistance Fund, 1989.

Understanding Your Cooperatives. U.S.D.A., Cooperative Information Report 6, July 1979

Women's Research and Education Institute The American Woman, 1987-88, A Report in Depth. Washington D.C.: U.S. Department of Labor.