

**ROBERT (BOB) ARNOLD:**  
PROGRESSIVE ACTIVIST AND PAST PRESIDENT DURING  
CRITICAL YEARS OF THE BERKELEY CO-OP

AN INTERVIEW CONDUCTED

BY JAMES MAAS

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## **I. CHILDHOOD; CAREER; UNIONIZATION AT SHELL**

### **Northern Californian Roots: From Childhood to Settling in Berkeley**

James Maas: This is James [Maas] interviewing Bob Arnold about the history of the [Berkeley] Co-op and his involvement with it. Bob, do you want to give me a little bit about your background? Where you were born, when you came to Berkeley...?

Bob Arnold: Yeah. [I was] born in San Francisco in 1922, the grandson of a man who came to San Francisco in 1850 for the gold rush. I lived up and down the various towns along the Sacramento River during the first six or seven years of my life—Sacramento, Rio Vista, Clarksburg, Courtland—then I came to Oakland in 1929, 1930, sometime around there. [I] lived in Oakland until 1955. When I got married, I moved to Berkeley and was in Berkeley until 1977, when I came to Albany.

James Maas: So what brought you to Berkeley, Bob?

Bob Arnold: I guess basically because we found a house to buy in Berkeley. We looked for a place to live, and I guess we figured the things we could afford were apt to be somewhere in West Berkeley. We started looking in northwest Berkeley and finally the real estate place showed us a place in southwest Berkeley on Fairview Street, and [we] bought it because it had a nice fireplace and lived there until 1976....

[Over speaking]

### **Career and Union Activity at Shell: 1941-1952**

James Maas: And what was your principal occupation then?

Bob Arnold: Warehouseman.

James Maas: Warehouseman?

Bob Arnold: No. When I got out of high school, the first job I had was as a lab helper at Shell Development Company in Emeryville. That started in 1941, and I was there until 1952. While I was there, there were some pretty historic things going on because that was the scene of one of the earliest attempts to organize people in the technical professions. The old Federation of Architects, Engineers, Chemists and Technicians [FACT] was engaged in an organizing drive at Shell Development when I went to work there. As a matter of fact, I started on \$19 a

month and, in the first month, I got a raise to \$100 a month because the company was busy trying to stave off the union. That's the way it went.

In 1942, the union [at Shell] won the election—we had an election with two units. They lost the election for the PhDs and people with degrees, but they won the election for the part of the unit that included the non-degree people like myself. So, it was nothing but pay raises for a while there and all kinds of good things. Unionism proved very profitable for Shell's employees, and of course, it was reflected in everybody's [salaries] because they couldn't very well raise [ours] without raising the rest of the people's too. Although the union never was able to get representation [there], there was pretty much a company union that formed called the Association of Industrial Scientists [AIS].

They [the AIS] eventually won a contract, but they eventually got so frustrated with trying to deal with Shell that they ended up affiliating with the Marine Engineers Beneficial Association [MEBA], which I thought was very ironic in view of the whole history of what had gone on in Shell Development Company. But, of course, the marine engineers were finding themselves gradually without members because of the decline in the shipping industry, and they started doing this catchall business of branching out. AIS—Association of Industrial Scientists—got kind of desperate because they weren't getting anywhere on their own in Shell and [were] looking for a place to affiliate with the labor movement, and of course, the MEBA was a nice conservative type of organization.

Then, the Shell Development just left Emeryville and went down to Houston, and that sort of sunk the whole thing. Anyway, after about 10 years at Shell, I got caught up in the McCarthy period—the loyalty oath and all that bit—and lost my job at Shell and went down to the warehouse, [where I] started hanging around trying to pick up odd jobs and eventually got myself a job and got myself a book. So from 1953 until October 1987, when I wanted to retire, I've been a warehouseman.

## **II. INVOLVEMENT IN THE EARLY CO-OP: CO-OP SOCIETIES, EXPANSION, AND FIRST RIFTS**

### **Joining the Co-op: From Economic to Political Considerations**

James Maas: When and under what circumstances did you get involved with the Co-op?

Bob Arnold: The circumstances were that [in] 1955 I [had] just [gotten] married and moved to Berkeley and was looking around for some kind of community activity to get involved in. I'd gotten interested in the union movement at Shell Development because FACT was one of these Left-led unions that not only talked about rank-and-file involvement but also believed in it and encouraged people to get active in the union. I was one of those that got encouraged. I kind of got caught up in the union movement, and I became an officer in the union down there, actually—not a paid officer, but rank-and-file elected.

1944 was when the [CIO] got very involved in political action. So I started doing some political work as well as union work. To me, it was just an extension of my union activity. So, I was not unaccustomed to being involved with something besides just going to work and coming home. The Co-op was a communal—obviously an interesting community organization and we joined it because it made sense to buy things [someplace] where you got some money back—that was just a purely economic decision. But having joined it, it seemed like it'd be interesting to go to the meetings and see what was going on, and I did. No sooner went than I got involved.

### **Birth of Co-op Societies**

Bob Arnold: As a matter of fact, the semi-annual meeting of May 1955, which was just after we had joined the Co-op, turned out to be, in a sense, a historic semi-annual meeting. The format at the meeting was that, after a certain amount of formalities, the meeting broke up into a number of what they called “buzz sessions,” [in] which, normally, people move off into groups that represent their interests and then, of course, all come back at the end for reports. But the buzz stations were quite fruitful from that evening.

One of them was on the subject of funeral societies, and out of that eventually grew the Funeral Society, which still exists here in Berkeley. One of the groups was about housing, and out of that eventually grew Strawberry Lodge, which [also] still exists here in Berkeley. Another of the things that came out of the meeting was something in the Co-op called Neighborhood Groups, which is no longer with us—it's long since gone, as a matter of fact. It turned out not to be a tremendous success, but it did succeed in totally seducing me into Co-op activity.

The idea was that somebody thought, "Wouldn't it be nice [if] Co-op members who lived in a given neighborhood or area got together once in a while to talk about their Co-op interests and just get together socially and get to know each other?" The Co-op was much smaller in those days, and there was much more emphasis on this socializing kind of thing. So I started being involved in that and then, eventually, became the one that was operating the programs, so to speak. It also got me right into the business of Co-op politics because I found out very, very soon that there was a tremendous resistance to this idea of neighborhood groups. The power structure was fearful of it. They saw it as a threat immediately.

### **The State of the Co-op Circa 1955**

James Maas: Before we get into the power and the politics, give me just a little bit of a thumbnail sketch of the scope of Co-op operations at that point.

Bob Arnold: Well, at that point it was essentially the University Avenue site. There was a service station there, and it was [around the] time [that] what is now the Credit Union was built to accommodate an expanded hardware store...more or less as it is now. It's been remodeled, but more or less as it is now, [it] was already there, but the hardware store was just a little hole-in-the-wall sort of place.

James Maas: We're talking about 1955?

Bob Arnold: Yeah, we're talking about 1955. I think it was 1956 that they opened the new hardware variety store, and that building's now being used by the Credit Union. So that's all there was at that [time]—that and the service station.

As you'd probably know if you're involved in this whole history project, there was a scattering of various and sundry co-ops all over the East Bay at one time and some other service stations, and there were two different co-ops. But that was all before I came along.

But when I came along, everything was pretty well down to just that University Avenue site. But it wasn't long, of course, before the expansion started. That was 1955. They opened Shattuck in 1959. I remember that date quite easily because the guy who was chosen to be manager of the Shattuck Avenue co-op was Val Litton, and just about the time they were opening that store, his wife was in the hospital having a baby and my wife was in the hospital having a baby. [Laughs] I felt for him, trying to get that new store open.

### **III. EARLY CO-OP TENSIONS: EXPANSION, GOVERNANCE, DEMOCRATIC DEFICIT**

#### **Friction over the Shattuck Expansion**

James Maas: I guess we almost get back into politics the minute we start talking about expansion, don't we?

Bob Arnold: Well, in a sense, yeah. The expansion was always involved in the Co-op politics. A lot of people were annoyed about the way the Shattuck Avenue store was handled. They didn't object to the fact that there was one being built, but they felt that the membership wasn't very much involved in the planning for it. They were sort of told at a meeting that this was it—this was the way it was going to be. Then, of course, the people that were the expatriates who had moved to Contra Costa County wanted a store out there. I'm trying to think when that Walnut Creek store—the Geary Road store—opened. Lord, I'm not sure.

I really can't remember at this point whether Geary Road came before or after Shattuck. They were really relatively close together. But I remember the people from Contra Costa County marching into an ownership meeting with signs and everything, saying, "We want a store in Walnut Creek." It was as a result of membership pressure from out there that the Geary Road store was built. Of course, [it was] after Shattuck took off—I mean, that was incredible. I think it was in the first two months after it opened that it was doing the volume that had been predicted for after the year shakedown or something like that. It

just never let up. It just kept going, being an incredible business. It was the perfect location, and it was responsible for some very high patronage refunds for a few years.

### **The El Cerrito Expansion**

Bob Arnold: Then, the expansion to El Cerrito didn't—I don't think—didn't cause a lot of political controversy. In fact, the only controversy around the El Cerrito thing was the fact that the Member Relations Committee, which I was on, raised the question of, "Why are all our stores so much alike and why do we always have the same architect? Why don't we have some discussion about what [unintelligible] store should be like instead of having it such a cut-and-dry thing?" The upshot of that was that, instead of having the "Co-op architect" do it, we got Ratcliff, a Berkeley architect who had designed the round firehouse.

James Maas: Oh. On the Alameda?

Bob Arnold: On the Alameda. Of course, the reason that firehouse looks the way it does is because that was a park, and when the City of Berkeley decided to use it for a fire station, there was quite an uproar because Berkeleyans don't take kindly to having parks removed or taken for other purposes, you see. This was long before People's Park and all the rest of it, but Berkeley's also always had a certain affinity for green and open places. So, in order to get away with putting a firehouse in there, they [the City of Berkeley] had to promise that they wouldn't ruin the neighborhood or the appearance of the location.

Ratcliff designed this very nice round firehouse, which he somehow wedged in—down into the trees so that you hardly see it, and he did a very credible job of it. So as a result of that and the fact that the Member Relations Committee was making a big fuss about getting some new ideas architecturally, Ratcliff built the El Cerrito store—designed it. Management was not happy with it because he designed a round store, but it was, architecturally, an absolute delight. Of course, now the building has been totally ruined. But if you want to know what the store looked like, you can still visit [the Central Bank], which is a little miniature reproduction of the store. It's still a very charming and different bank. I mean, it's a delight to go into.

James Maas: We used to patronize it from time to time.

Bob Arnold: Yeah.

James Maas: So when you came aboard—you used the word power before—what were some of the divisive issues at that point?

Bob Arnold: Well, at that point the divisive issues—[laughs]—they were pretty small stuff compared to what came later. In 1955, they spoke of what they called the Holy Trinity in Berkeley, which was the Co-op, the Democratic Party and the Unitarian Church. You just tended to find the same people in all three places. These were pre-Vietnam War type liberals. So, as I say, we made a little bit of a splash with the neighborhood groups thing, and we weren't really loved. They sort of would have liked for it to have gone away. But for a while, we managed to operate them.

Then, they sort of died eventually just because people just weren't getting interested in meeting that way and nothing really much ever came out of it, except [that] the people who did meet and did do it for a while started to enjoy it. Let's see. What [else]....

I've spoken of the fact that the people felt that when the Co-op opened up a new store—built new stores—that they [the Co-op] ought to take a little more time and trouble about consulting the membership as to what the nature of the store should be, how they should be, what people liked and didn't like, and so forth. Surprisingly enough, people felt when the Shattuck Avenue store opened that it was a cold place. It didn't have the warmth and friendliness that the old University Avenue center did. I think some of that was rather subjective.

But, actually, the layout architecturally of the Shattuck Avenue store doesn't [matter]. It's become a place [where] everyone's been shopping so long, and so many people you know are there if you live in that part of Berkeley. The warmth is generated out of the people, and you don't think of it in terms of architecture. But I think it's correct that, architecturally, it's not really a people-designed store. It's a store-store, and that's about it. The old University Avenue store just by accident became sort of—well, the meeting room was just up those stairs, and there was something about the layout of the thing that people felt, I think, a little more comfortable in. That's kind of what

gave rise to the fussing around with the Member Relations Committee about “Let’s pay a little more attention to architecture.”

### **Governance Struggles: Representation and the “Parliament”**

Bob Arnold: But I remember now what some of the other things were. One of the developments that bothered me [and] some [other] people about the neighborhood group thing [was that] they saw it as part of a movement towards a parliamentary system of government in the Co-op. Indeed, we did experiment with a Co-op parliament. When that experiment began in 1958—the first meeting of the parliament was sometime in the spring, I believe, of 1958—that generated some controversy. Not everybody was in favor of having one in the first place, but the basis for having it was also quite a battle.

I assume anybody who is familiar with the parliamentary system of government assumed that if you’re going to have a parliamentary body, you divide the area [of initial membership lists] into geographical areas, and each area elects representatives, and that’s how you get your [vote]. Well, it turned out that this is not what some people had in mind because, I guess, they felt that it would make the parliament a little too effective. Somebody came up with this bright idea that, instead of voting by area, we would simply create artificial districts based on the letter that your last name began with, which was weird, I thought—awfully weird.

But obviously the idea was to prevent interest groups. I mean, the whole idea of a parliament, of course, is that it is a place for different interests to be represented and that people who live in one place don’t necessarily have the same interests as people in another—that’s why you have a parliamentary system. It’s designed to give representation to different kinds of interests. But if you don’t want various interests to be heard, and if you want to preserve the appearance of a totally homogenous organization, why then, of course, [would you] want districts? So they didn’t want districts. We ended up actually having an election to the parliament—an alphabetical one—and....

James Maas: Which tends to cut right across any interest groups.

Bob Arnold: Yeah, that’s right. There’s no community of interest between people whose names start with A, B, C and D. [Laughs] It’s just absolutely, I

think, ridiculous. But that's the way the election was held. I suppose that was the first time that anybody in the Co-op who—I suppose some of the people considered me a nuisance at that point because of the neighborhood group thing and they—oh, the architecture thing hadn't even happened yet, but I came within a very few votes in the alphabetical block [in] which I and [Anne Dorst] found myself. Anne Dorst was a board member and well known. I think it kind of jolted a few people that I got as many votes as I did. I campaigned. I got on the phone. [Laughs] I did what people do when they want to get elected to something—you know?

So we—parliament—started meeting, and one of the big debates of the parliament was the future of the parliament and whether it should become a part of the bylaws and so forth. In the parliament, we finally won that battle that the districts should be geographical. I mean, that was just simply plain, simple logic. So, that was incorporated in the final proposal that was made for making the parliament permanent. This parliament did not become permanent. The membership rejected it—I think rightfully so. Looking back on it, I have the same position on the parliament that I did then.

James Maas: Was it actually called a parliament?

Bob Arnold: Yeah, it was called a parliament—I think we did call it a parliament, and I think the final proposal said that we should call it a congress because I know there was some discussion about which it should be. I think I was always in favor of calling it a congress because, in this country, we are used to thinking in terms of a congress. It just seemed to make more sense. If you were in England, sure, call it a parliament. But we don't have a parliament here. We have Congress, and it seems reasonable to not try to impose some foreign concept.

But I would not, I think, have [had] the same position on the [congress?]. I think it would have been a dilution of membership power, actually, because the proposal was essentially for an English-style parliamentary setup. The proposal that came out of the thing was essentially that the congress or parliament, whichever you want to call it, would select the board of directors, in the sense that they would nominate a slate for the board of directors. Now, there were also provisions for nominations to be made by petition, and in fact, a

congress slate and an anti-congress slate may very well have developed out of it.

### **Democratic Deficit in the Co-op Board Nominating Process**

Bob Arnold: I'm not—I never was—convinced that that part of it was terribly antidemocratic because I thought it was just as democratic as the setup which existed when I joined the Co-op, which was that the nominations came from a nominating committee, which was just three people. From the whole Co-op, three people were elected, and they were elected at the semi-annual meeting, which barely could scrape up a quorum most of the time. So you had a group of three people, selected by a group of no more than a couple hundred Co-op members at the most, deciding who was going to run for the board of directors.

So that never impressed me, and there was no provision for election—for nomination—by petition. The only other way you could get nominated was to be nominated from the floor of the annual membership meeting, which was not very realistic. So, in effect, three people were deciding who could and could not run for the board of directors of the Co-op. A lot of people claimed that the congress would be an antidemocratic thing, but to me, in that aspect, it wasn't. Actually, we were going to open it up because we were going to have nominations by petition so that people who were nominated by the congress could still have a realistic chance of being elected. It would depend on whether or not the membership decided they did or did not like what the congress was doing.

But in other ways, I think it would have diluted [the membership's power] because I think unless there were some really hot issues going [on], probably the congress would have been selecting the board, and it would have been a step between the membership and the board. That is probably why some of the people who supported the idea of a congress wanted it. They wanted a buffer in between the membership and the board. So, there were some mixed feelings about that.

But that does remind me that one of the other issues that came up, too, in this slow-unfolding path the Co-op took toward some kind of real democracy was the institution of a petition. I forget just what year it happened in, but we did [institute it]—the bylaws now provide that

anybody can run for the board of directors if they're nominated by a relatively small number of people. Really all it requires is that, if you decide you want to run, you go out and get enough signatures and you run. Nobody can keep you from running. So that was one step in the democratization of the Co-op that I participated in.

James Maas: Does that imply that it was not democratically run prior to that?

Bob Arnold: No, I don't think it was. As I say, when [a committee of] three people chosen by a couple of hundred people essentially have almost total control of who can or cannot get elected to the board of the directors, and when you consider that the only democracy that the Co-op had was in the fact that board of directors was elected because the membership [had chosen that committee?]. . . .

If you read the bylaws, you find that the membership has very few director powers in running the Co-op. The board makes the decisions, and there's very little the membership can do. I mean, theoretically, there are a couple of things the membership can do, but as a practical matter, the board runs the Co-op. I'm not talking now about this new structure—whatever that ends up being—but about how the Co-op was, and that was true throughout all the time I was in the Co-op. Basically, the only membership influence on the way that the Co-op would run, other than voting with their feet by not buying, was in the election of the board because the board of directors ma[de] the decisions. In a way, I always thought of the board of directors as a magnifying glass—you know, the sun is only warm, but if you run it through a magnifying glass, you can focus the power of the sun in a very small spot. Well, the board of director's focus is the magnifying glass. The membership can get its power focused where it wants by the kind of board it elects and by paying attention to what it is doing. That, of course, is true for the country we live in, too. We don't make our own decisions. We elect people to make decisions.

James Maas: It sounds like what you're telling me is that much of the dissension or the disagreements had to do with the [Co-op's] structure.

#### **IV. LATER TENSIONS IN THE 1960s: THE CO-OP TAKES ON SOCIAL AND POLITICAL ISSUES**

##### **Push for Minority Employment Equality and Employee Rights**

James Maas:           What about [dissension] in its relationship with the outside world?  
Because we're pretty soon getting into the Vietnam War era.

Bob Arnold:           Well, of course. Pretty early in the game, I realized that the Co-op was simply a microcosm of the larger society and that everything that was going on out there was going on in here too; and then, of course, as you say, in many cases, [they were] the same issues. I remember at a neighborhood group meeting, there was a serious discussion talking about attracting more members, getting more people in and so forth—a serious discussion on the part of some people as to whether or not we really wanted the Co-op to be too appealing to the working class. Did we really want working class people in our stores?

I mean, maybe that's more of a problem than we want to deal with—wow. The Co-op was, in many ways, behind the rest of society. Well [...] if the Co-op parliament or congress—whatever we called it—didn't do anything else, it sure started something because at a meeting of that congress on Sunday afternoon, Matt Crawford started taking on the question of the Co-op's employment policies—fair employment—and why the co-op didn't look better than it did. So, that's where it began—right there in the Co-op congress. That was a long, long struggle. The very first thing that we had to fight for was to get the facts. The management was not anxious to tell us what the makeup of the Co-op's workforce was.

They liked to talk about the percentage of minorities we had. Matt said, "Hey, I'm not asking about minorities. What's the percentage of black people who work here?" Well, that was something else. We didn't have that figure. Of course, everybody knew that the minority figure was inflated a great deal by the fact that the Co-op hired a great many Japanese people in the produce department, which nobody objected to, but it sort of skewed figures around when you're talking fair employment practices. Of course, if you took the number of black people that worked at the Co-op and removed janitors and other such persons from it, we found out there weren't very many.

So the first big battle was to get the data on what the actual Co-op workforce consisted of. After we got the data, then there was the problem of: what should we do about it? There was tremendous resistance to setting any kind of goals. I mean, whenever you talk about goals, [people] start saying, “We can’t have quotas!” and that sort of thing. I forget how many discussions we had on it, and as I say, this all went on long after the congress was gone. But it started there—that’s where the battle started.

Then it went on in—let’s see. Well, something happened that also had to do with personnel. I’m not sure about dates now on this, but talking about things beginning to be more controversial than they had been, a guy named Charles Smith, sometime in the early 1960s, I believe it was, showed up outside the Shattuck Avenue Co-op one day. He had a sandwich board hanging on himself, and written on this sandwich board was Co-op personnel policy. He had a leaflet he was handing out. The burden of the leaflet was that the Co-op treated its employees very badly. He cited chapter and verse of some things that were going on at the Shattuck Avenue store. He created quite a furor.

Maybe I should back up a little. Out of the congress came a bylaws proposal, which I said was defeated. But, in the process of presenting this to the membership, some of us were at that time in favor of the proposal being adopted. [We] [g]ot out a leaflet—now, this is something that had never been done in the Co-op. We got out a leaflet, and we went into the stores, and we gave out the leaflet: *These are our stores, this is the Co-op membership, and we have a right to communicate with them.* This raised some eyebrows because it never had happened before. The only campaign that was done was done behind the scenes, quietly.

### **“Free Speech Tables”: The Co-op as a Forum for Political Engagement**

Bob Arnold: It was also about this time that a guy named [Dave Bortin] from Walnut Creek, who was also a member of the congress and, I think, the chair of the Member Relations Committee for a while—not a guy whom I agreed with about a lot of things but—he came up with this proposal for the free speech tables, as they were then called. This was before the Free Speech Movement at Cal. It was obvious that the Co-

op was a great place for anybody who had a political cause to go and try to get in touch with other people who would be sympathetic to their cause—because the Co-op membership tended to be the more liberal people in the community and [those] more interested in political activities and so forth.

So, people wanted to come to the Co-op. The question was: should this be allowed on Co-op property? What about Co-op neutrality and so forth and so on? We got through the Member Relations Committee a proposal that went to the board that indeed, the Co-op should allow people to sit at tables outside the Co-op. It should be clearly understood—a disclaimer—that, “This is not sponsored by the Co-op. [The Co-op doesn’t] take a position on that one way or the other. These people are just here communicating and as long as they do it within certain boundaries, don’t make nuisances of themselves and reserve the table ahead of time—first come first served... We’re not going to censor it and [if] you’re not going to use it to sell something”—you know, you’re not going to carry on commercial activities out of it—“you should be allowed to do it.”

The night that this proposal went before the board of directors, I wasn’t at all sure it was going to pass, but fortunately, somebody came to speak against it who was—oh, I forget what it was. Some notice had been put on a Co-op bulletin board about a meeting that he didn’t think should be taking place.

So he told the board how he felt about all this terrible stuff going on at the Co-op, and he said, “When I saw that meeting notice up there”—he said—“I just ripped it off because I just knew that shouldn’t be up there.” He and a couple of other people went at this thing in such a way that these liberals on the board were so turned off by the thing that they ended up voting for the free speech.

They just were so enraged by what the opposition was that they voted for the free speech tables. Of course, you asked me earlier what the controversies were. Well, this [the free speech tables] became part of this developing controversial climate because the Vietnam War was starting to be an issue. Civil rights were starting to be an issue, and the whole thing in the South was going on. So this table started getting used, and it got used for things that were quite controversial. Then, of

course, the Free Speech Movement came along at Cal. Some people said, “Well, it’s all right for us to have these tables, but maybe we better call them something else now because the people will think this is....”

James Maas: Affiliated with [unclear].

Bob Arnold: Yeah, right.

### **Personnel Rights and Fair Employee Policy**

Bob Arnold: So this business of leaflets and, you know, overt political activity going on around the Co-op ... [There were a] number of different ways [in which it was] was coming to the fore. So here was this guy Charles Smith, with his complaints about Co-op personnel policy. The Co-op didn’t even have a personnel committee. So, personnel matters were handled by the management committee, and the management committee tried to give the whole thing the run around. Well, the upshot of it was we had a board meeting with 80 people—80 members in attendance at the Co-op.

Now that was, at that time, extraordinary. Most of these 80 people were there to ask, “Does the board think they ought to do something a little more about these problems than they seem to be doing?” One of the demands was that we should have a separate personnel committee—a board committee that dealt with personnel matters—and maybe we ought to find out what our personnel policy was. It turned out we didn’t have much. There was no personnel manual, and there really wasn’t much to tell you what the policy was.

So we had a lot of battles over this. One of the other points was whether or not we weren’t big enough now that we should have a personnel director—I mean, “Who’s responsible? We’ve got lousy personnel policies! Who do we go to? Where does an employee go when he can’t get along with his manager? What does he do about it? Who’s the person he deals with?” So, we had to fight the battle of getting a personnel committee established, and we had to fight the battle over creating the job of personnel director....

James Maas: Who were you [battling there]?

Bob Arnold: Well, we were battling management and basically the majority of the board of directors. I was on the board by then. I forget whether I was at that point an alternate or a member of the board. But, during the heat of this personnel policy thing, there was a board meeting where we agreed on certain steps to be taken. George Little reported to the membership in the *Co-op News*, but he went beyond what the board had decided. I wrote a letter which was published in the same *Co-op News* saying, in fact, that the president of the board wasn't telling the truth about what had happened at the board meeting. So this was another first.

Generally speaking, board members did not dispute in the pages of the *Co-op News* as to what was going on, but I laid out what I thought—where George's report was correct, and where I thought that he was going beyond what the board had decided and was simply stating his personal opinion as if it was what the board had made a decision on, and the board hadn't made any such decision. So we did eventually get a personnel committee, and we did eventually get a personnel director. Of course, the question of fair employment practices simply melted into this.

You couldn't discuss personnel and not discuss the question of what was happening in the fair employment side of the picture. I would have to go back to review all of the things and the steps, [but] we finally did come to the point where we had created so much pressure about it that the manager—the general manager, Eugene Mannila—simply made an announcement: “Okay, the time has come. We're going to have a fair employment policy.” He announced it to everybody, and he said: “We're going to do it and everybody's going to have to learn to live with it.”

However, it didn't happen nearly as rapidly or as quickly as it should have happened. The real push began in 1968.

### **The “Leftist” Board of 1968: Push for Women's and Minority Employment**

Bob Arnold: [In] January of 1968, a very strange thing happened. Three candidates—Ray Thompson, Larry Duga and myself—we weren't supposed to win an election, [but] all three [of us] [won]. And with Miller and Bob Treuhافت already on the board of directors, suddenly

the Co-op Left was a majority on the board. After that, for two solid years we pushed on fair employment. Every month the personnel committee sub-committee on fair employment policies met.

I really felt sorry for the personnel director. We were on that man's back and we never got off that whole time, no matter how much he produced ... I kept a chart. Slowly and painfully, the percentage of black employees of the Co-op went up. It was quite clearly happening. There were no downturns. It kept moving, and every month we kept asking the man why it wasn't moving faster. But it moved. At the end of that two years, the Left lost the election. The board went back to the other side. It was amazing. I couldn't believe that they would let something like that happen, but my little chart peaked and then started [to come] down.

At the end of that year, it became one of the campaign issues. One of the campaign leaflets was basically my little chart. But what had happened in the meanwhile was that we had reached a point of some respectability in terms of black employment—I mean not just in terms of numbers of black people working there, but we were beginning to see the fruits of black people being put into the channels that lead to higher jobs—you know, managers and stuff like that. The process was working.

But, having achieved that, the question of what the Co-op's policies were towards women was raised. Now, I should say that...I guess during those two years I spoke of, when we kept this unrelenting pressure going, probably most of it or a good part of it at any rate stemmed from two people: Jane Lundin and myself. We were both on the personnel committee and we were probably the most obnoxious people on it, in terms of insisting that progress be made. The women who were on, in, and around the Co-op on the committees at that time had been very, I'd have to say, generous, about not letting anybody confuse or start trying to play off groups, one against the other. The drive was on black employment and we never let them get off it.

But there came a time, of course—it was the time when the women's movement was beginning to develop—when the women were not going to take a backseat any longer. So the question of employment for women at the Co-op began to be raised. It was amazing—after all we

had gone through on the subject of black employment, we couldn't get the conservatives to budge on women's employment. There's an allusion to that in this history—a brief history of the Co-op that's been appearing in the *Co-op News* lately—in the final chapter. There are the quotes from Jane Lundin, and the quotes from Lew Samuels, and it's like they were talking about two different meetings.

But what they're talking about is the fact that the conservatives refused to adopt a meaningful program for women's employment in the Co-op. It cost them an election because, in the first place, it was a good campaign issue, along with my little graph about what happened in black employment. Secondly, it infuriated the women who had participated in the committee meetings drawing up this program, working out a—there's a word for it—I forget now. But anyway, working out a program that would have resulted in women having equal opportunity in the Co-op.

It was [unclear] and a bit of wrangle in the committee and so forth—there's always different points of view. They worked hard on it and got together a program and presented to the board. The board adopted it because of that little thing that you read about in the history: it just happened that the alternates were present and some of the board members were absent—you know, the balance of power on the board switched for that reason. The board adopted it, but of course, the very next meeting, they dumped it. It just infuriated these people who'd worked so hard at putting this thing together: to have the board dump it.

After we'd been through all this bit about black employment, you'd think they would have learnt a lesson. But they didn't, and it cost them the election because these people were out and we had campaign workers—large numbers of campaign workers—available at the next election because the women's groups were absolutely furious at the way they'd been dumped on this thing.

### **The Vietnam War Era: Political Boycotts and Internal Pushback**

James Maas: I guess it's almost gratuitous to say...I'm assuming that the same divisions on the board—progressive versus the conservatives—spilled

over into things like the milk pricing, like the grape boycott and all the other....

[Over speaking]

Bob Arnold: Oh, yes. Well, there are always...well, I shouldn't say always. There are sometimes people who are not consistent. I mean, they'll be very reactionary in one area and not reactionary in another area. But, by and large, things were pretty polarized during this period so that you tended to get these....

James Maas: Same alignments.

Bob Arnold: Same alignments on everything, yeah. The people who supported the farmworkers also supported fair employment and so on down the line. In fact, so much went on in those days that in going forward with one subject, I skip[ped] over a whole lot of stuff—the whole question of [how] the Vietnam War itself became an issue.

James Maas: How did that manifest itself?

Bob Arnold: Well, it manifested itself to begin with in the Dow Chemical. There was a “Boycott Dow Chemical” movement in this country. It was an anti-war thing, but it focused on Dow Chemical because Dow Chemical made napalm, and napalm was what [was being] used to dump burning gasoline on people in Vietnam—because it [Dow Chemical] was a symbol of some of the worst aspects of the Vietnam War. It was symbolic. Now we're going backwards again, but you asked me this question and I'm trying to remember it all—the different controversies that I've participated in.

One of the questions was: to what extent should the Co-op be selective about what it allows on its shelves? That battle first started being engaged in when some of us objected to the fact the Co-op continued to carry Colgate products when the Colgate boycott was on. My union [Local 6 ILWU] struck the Colgate plant here in Berkeley and got absolutely nowhere. I mean, the strike just went on and on, and they started a nationwide boycott campaign against Colgate.

I and some others started raising the question of why our Co-op was still selling Colgate products because we had a policy in the early days of the Co-op—long before I came there—where we said in fact that we

prefer union-made goods and so forth. In fact, when I joined the Co-op, when it was still relatively small, the policy was kind of an informal one. There were some people who worked at the Co-op...when something was on the unfair list or something—it just came off the shelves.

James Maas: [Laughs]

Bob Arnold: There wasn't much said about it. It just wasn't there anymore. Now it's gone—"We don't want that stuff in here!" So we battled against that one and eventually—that was very controversial—eventually we got a Co-op policy not to carry goods from struck plants if it was an authorized strike sanctioned by the [AFL-CIO]. I supported that policy and argued for it. Some people raised the question, "Well, that's not right. Suppose it's not AFL-CIO? Suppose it's ILWU or something like?" My own feeling was that if we got the policy for AFL-CIO, the logic of it was that we would have it for any legitimate [union?]  
—the point was to establish that it was a proper policy. We did.

Now, that, you see, that was one of the things we got from the board that was not by any means of less reward. But it was just from making an issue of it, raising the issue. And, that policy had the support of George Little and Clinton White, the [painting contractor] who ran our union operation.

It was the subject of a lot of letters to the Co-op, and it was poorly adopted. Getting it enforced was even more difficult [than] getting it adopted because people tend to want to get hung up on these exact literal... and it came too late, I think. The Colgate boycott was over then, so the question of a strike that was legitimately authorized by the labor body involved, but that was not AFL-CIO—it didn't come up. So, I've lost the thread.

James Maas: You just mentioned boycott. What about the boycott?

Bob Arnold: Well, yeah. That's right. We were talking about the Dow Chemical thing. That's how the Vietnam War first showed up as a Co-op issue. We had had the boycott thing come up before. It was out of the Dow Chemical thing that the policy [arose]  
—I'm not talking now about struck goods. I'm talking about boycotts for other social reasons.

James Maas: Like grapes.

Bob Arnold: No. The grape thing, it wasn't quite like a struck goods thing, but then, it still is a labor issue. It isn't just a...

James Maas: Social issue?

Bob Arnold: A social issue or some other sort. [W]hen the grape boycott first began, there was a grape strike on. The boycott was resorted to because the nature of the agricultural industry is such that strikes are very difficult to maintain effectively, particularly when you've got the sheriff's department and all those agricultural counties busy acting as scab workers and so forth. I mean, it's a very difficult situation. I think the farm workers originally wanted the boycott because of the difficulty of maintaining strikes. They continued to strike, but they also developed the boycott—well, just as my local [union] did at Local 6.

We had a very effective strike at Colgate in the sense there were no scabs in there. That plant was closed. But Colgate has so many plants everywhere else that there was no way to whip them unless we went into the boycott bit. So it was an extension of the strike really, and the grape boycott was an extension of the grape strike. But, anyway, the Dow Chemical thing—there was no labor issue involved there. That was strictly an anti-war, anti- napalm thing. The people who were pushing it said, "Well, we know the Co-op's not going to take it off the shelves—good heavens—but they ought to label it. Every Dow Chemical product in the store ought to be labeled 'this is a Dow Chemical,' so people will know what it is and told there's a boycott on."

### **1967-1968: Rise of Co-op Factionalism**

Bob Arnold: The board wouldn't do it [label the Dow Chemical products]. So some of the women from Women for Peace got out with their petition tables in front of the Co-op and started collecting signatures to petition the board of directors. They got an awful lot of signatures and they stirred up an awful lot of emotion. We had to have the annual meeting that year in the Berkeley civic auditorium because it was the only place big enough to handle all the people who came there.

That was—let's see—at the end of January of 1967. Since it was an annual meeting, there was also a Board of Directors election going on and there were a number of opposition candidates—candidates who'd

been nominated by petition instead of by the nominating committee—running for the board. There was voting at the meeting, but there was also voting by mail ballot, and if the voting at the meeting had decided who was elected to the board, it would have been Bob Treuhaft, Larry Duga and Ray Thompson. As it was, Bob Treuhaft very nearly did get re-elected to the board [even] with the mail ballot added in, but with the mail ballot added in, Ray Thompson and Larry Duga were out.

But Treuhaft, Thompson and Duggar were all, of course, in favor of doing what the boycotters asked in labeling the goods. But the meeting was big enough and producing the [vote results] that it did [that] the newly elected board decided they had better try to take some of the pressure off, and they agreed to label the stuff on the shelves. The newly elected president of the board was Carroll Melbin, who, on most things, was pretty conservative. But again, you asked me about whether people were totally consistent. Carroll Melbin came from a Quaker family, apparently, and he was not a supporter of the Vietnam War and was perfectly willing to see the [the products] labeled on the shelves.

So they were able to scrape together enough votes to get that policy adopted. So that was the victory that came out of that. But you see, the same Carroll Melbin turned right around. He had been chairman of the Personnel Committee and had been active in the Personnel Committee thing from the beginning and so had I, and it was obvious to everybody that, since he was now taking over the presidency of the board and would no longer be chairing the Committee, the obvious person—Board member—to be named as chair of the [Personnel] Committee was Bob Arnold. But no way was he going to let me be on that committee because I had a whole list of changes in personnel policy that I was still trying to get into effect.

He named somebody else to the [Personnel] Committee, and the person he named to the Committee—[it was] obvious that their job for the whole 12 months that they sat as the chair of that Committee was to keep [it] from accomplishing anything, and that's exactly what was accomplished during that entire 12 months—nothing. It was discussion, discussion, discussion, but no, we never did manage to do really anything that I can remember. So it was the following year

[1968] that Ray Thompson and Larry Duga got elected to the board, and then I got elected to the board—totally unexpected.

It was unheard of. Carroll Melbin was up for re-election. He had become president during the last year of his three-year term on the board, and to unseat a sitting board member who was the president of the board was just absolutely unheard of. But he was unseated and one of the reasons it happened was because the then education director decided that it would be convenient to save a little money. Instead of mailing out the mail ballots, he put it into the *Co-op News*. You were supposed to rip off the back page and mail it in.

Apparently, this cut the number of votes down. The people who were still upset from the previous year's business about Dow Chemical and so forth and about all the other things that were going on voted, but apparently, some of the old timers didn't take the whole thing seriously and didn't vote. It was a relatively low vote, and the result of the election was totally unexpected, which was too bad because it left five of us in charge of the Co-op who didn't really have a program formulated.

[Laughter]

Bob Arnold:

Because we hadn't expected it. I had just gotten to the point where [unclear]...people said this was the first time that there was an open and avowed slate. A lot of people had suggested to me that I shouldn't run on a slate—that I was popular and well-liked and [they] wanted me to get re-elected, and they didn't think that a slate of three could do it. And they [said], why didn't I just go ahead and run again and try to get back on the board because “we need you there, Bob”—you know?

My attitude was, the heck with it! I was tired of being a fig leaf for what I considered was a fraud being perpetrated in the loyal opposition, and what's the point of being there and going to all these meetings if you're not going to actually effect any change—if something's not going to happen? So I'm going to run with two other guys and if we—all three of us—get elected, we'll make some changes in the Co-op and, if we don't, I've got other things I can do with my time. I don't need to sit around and listen to all this nonsense. So....

[Start Robert\_Arnold\_2]

Bob Arnold: ...that election and I shouldn't have overlooked it because the guy deserves credit. Ray Thompson was one of the most untiring, energetic, never-give-up campaign workers you would ever want to meet. He would go out in those stores and buttonhole people and talk to them and leaflet them. It was just incredible. I think that had something to do with the fact that Larry Duga, Ray Thompson and I got elected—because Ray went out and campaigned. Again...all these firsts were opening. It was the first time that an avowed slate had run, and the whole business of campaign literature being put out, it was [new]. There had been a little bit of campaign literature earlier but nothing serious—most of the members didn't even know it had happened. But that campaign that Ray did had something to do with the fact that the three of us got enough votes.

#### **The “Leftist” Board of 1968 Hires the Arthur D. Little Consulting Firm**

Bob Arnold: So then, as they say, the stuff really hit the fan because there were five of us and we started doing things. One of the things we did was to engage the Arthur D. Little management consulting firm to make a study of the Co-op and tell us what they thought about the way the place was being run because we didn't quite understand why we had so much business and weren't doing any better than we were.

That was controversial because there was a lot of paranoia about why we had picked Arthur D. Little. The paranoia was [...] because Arthur D. Little was represented in San Francisco, but somebody who they thought was some sort of a political choice of Bob Treuhافت. It wasn't the case, of course. There was a guy representing Arthur D. Little in San Francisco who did seem to have some understanding of the Co-op as a co-op, and this [consulting firm] was not just another business institution.

To that extent, after talking to him, we felt that he would probably do a better job of analyzing what was going on at the Co-op than some “out there” that had a strictly business [point of view]. But Arthur D. Little—you couldn't get a consulting firm who were better known or well respected. But our opposition in the first place didn't want the study to be made and secondly, if [it] was going to be made, they wanted it to be made by somebody we hadn't met.

[Laughs]

They didn't get their way in either case because we had some very bitter board meetings over the subject, and eventually, the Arthur D. Little company, with [Howard Baumgarten] [making] the study, did come in with a very interesting report. We eventually adopted some of it and would have adopted more of it if I'd had my way. I was chairman of the Board and I got kind of frustrated at that point trying to even [get] the guys on my side to get their act together and get things moving because time goes by awfully fast.

## **V. THE CO-OP UNDER PRESSURE: RESULTS OF THE ARTHUR D. LITTLE REPORT**

### **Structural Problems: Membership Turnover and Lack of Long-term Planning**

James Maas: What was the thrust of the Arthur D. Little report?

Bob Arnold: Oh boy. I would have to go back and refresh my memory. One of the things that they recommended was that they noted it had been a while since we'd had a membership drive. It was a very simple recommendation—"Hey, time for you guys to have another membership drive because we noticed in reviewing your past records that whenever you have membership drives, you tend to do better. You get new members, you get new customers and you should go ahead and do it again. You haven't done it for a long time and you can't afford not to."

They pointed out the peculiar financial structure of the Co-op, which was somewhat difficult. People join with relatively low investments and they leave with relatively high investments because when we were paying patrons a refund, you couldn't get your patron refund until you had \$100 invested. So it was automatic clawback up to that point. Then, a lot of people tended to sign clawback authorizations and let their share accounts build up. So it's built into the co-op system. Whereas new people coming into the community [joined] with low investment, people leaving the community—leaving the university, getting transferred, going someplace [else]—[took out] relatively high investment with them. So your capitalization was a problem.

So this is something that's unique to the Co-op. It's a "you've got to run like hell to stay in the same place" kind of thing. That was one of the things they pointed out. That was, I think, the first time that we had it pointed out to us in just those terms. There were some structural [things]—they felt that we were weak at the top, and they recommended another person within the Co-op—what they called a corporate development officer. One of the things that they pointed out was that we were very, very weak on planning. We simply weren't doing any real solid [planning]. About the most planning we ever did was one year ahead. There was no long-term five-year plan.

They felt that that was absolutely insane for an organization this big not to have plans. They felt that our budgeting process was not done too well. The information flow within the organization was not good. They recommended—and we eventually did [much of this], though this came sometime later because the left controlled the board for two years, and then we were out for two years. Then we got back in control again. Some of the stuff that the Little Report called for didn't get done until we were back the second time, as I remember.

### **Redesigning the Co-op's Information Flow**

Bob Arnold: But they [the Little Report] recommended that we have a separate project—that we devise an information flow system for the organization that would give everybody in the organization the information they needed *when* they needed it because what we had were these reports that were printed up, and they were voluminous. But it tended to be the same reports going to everybody. Well, the board needs one kind of information, and the department manager of a store needs another kind of information, and the center manager needs another kind of information and even at different times.

So eventually, out of that, we did get a very good system developed. It was developed by people going in and working with the people in the organization. I mean, they didn't just sit down at a desk some place and design it according to the theory books. They went and talked to the general managers, the center managers, the department managers, board members—everybody—to find out what the requirements were and to design a system that would be the best for everybody. You see, I

think that one of the things wrong with the old information system was that it was designed not to spread information but to conceal it.

This was Gene Mannila's style of running the organization. It was a strictly in-control kind of style. I'm just blaming Gene Mannila for it, but there are other things involved in this. For instance, the stuff the board got—they got a lot of information. But for the person not used to dealing with that kind of information, it wasn't very useful. This was how the Board established its expertise, you see—"We are experts. We understand this stuff. The rest of you don't understand this difficult-to-understand stuff." Well, sure, if you construct it as difficult-to-understand, of course—you get these columns and figures and stuff that do not, of themselves, mean too much. You have to know what's gone before and gone after.

Well, they claimed they understood it. I'm not so convinced that they understood it either. The fact of the matter is, they just sit there, look at it, and nod wisely, but that doesn't mean they really understood what was being told to them. I had numerous examples of that [...] in the Co-op. But the thing we finally [realized] was that board members [...] don't need to know every last little nit-picking detail. What they need to do is [to] see what the trends are. If your gross margin is down this month, that might not mean much. But if it's been going down or been missing budget for six months, something's wrong.

That's what you need to be able to find out, that's what you need to be able to spot, and that's what you need to be able to pin the manager down on—to see which way things are going. Board meetings tended so often to just be going in there once a month and having the general manager make excuses for whatever was wrong that month. Well, this is not what we're concerned with—what went wrong this month. What we're concerned with is: what are you going to do about the fact that this is always going wrong?

At the same time, the guys in the stores—the center managers and the department people—were complaining: we don't get our information soon enough to know what's going on. A situation gets out of control, and we don't know it's out of control because we haven't gotten the figures that would tell us it's out of control.

### **Profit and Patrons' Refunds in Decline**

James Maas: Was this around the time that the patrons' refund started to taper off to zilch?

Bob Arnold: Well, it made a downward—let me think. I think the patrons' refund started to go down when we got beyond the point where we were just University, Shattuck, and Geary Road because Shattuck boasted [four] percent patrons' refund. As other stores came online, it tended to dilute things. But there were also other things happening out in the larger world—the discount stuff. Margins were going down. The Co-op had gotten along very nicely on running a relatively high-margin operation, and Gene Mannila had operated on the idea that the Co-op could get away with [this]. He didn't think that this lower margin bit—Lucky's and the discount stuff—was something permanent. He thought it was a gimmick and it would go away. That was one thing he thought.

The other thing he thought was that he could get away with a little bit higher margin because the Co-op was such a nice, friendly, cozy place that people would pay a little bit more to shop there. Well, this was maybe a correct theory as long as you were dealing with a relatively small group of people who had a common bond and loyalty. But, when you start opening new stores and going into new areas, you've got to start competing with whoever's out there. People may love you dearly but if they get it cheaper someplace else, they're very happy to go there, and they may not love you that dearly anyway, because you had [newspapers out] in these other areas red-baiting the Co-op and doing all this stuff.

### **The Importance of Keeping Prices Down**

Bob Arnold: But prices were a very important part of it because we had, I remember, a large discussion at the Co-op—at a board meeting one night about why we weren't making it out in Contra Costa County and Walnut Creek. [At this time] we had two stores, the one we'd acquired from [Sid's] which was a loser from the word "go." When they acquired the Sid's chain, they intended to get rid of the South Main in Walnut Creek, but they couldn't get rid of it. Nobody would take it, so we ended up having to operate it. That was a decision that had to be forced on management. They diddle-daddled around with it and tried

to operate it just as a Sid's until they could get rid of it, and finally, Dave Bortin from out there said, "Look, we might just well turn that thing into a co-op. We're not going to get rid of it. Why don't we face it, bite the bullet and do it?"

But they hadn't really meant to keep it. So we ended up with the two stores in Walnut Creek. We weren't doing very well out there, and there was this big discussion about why we weren't doing very well. At the board meeting, Gene Mannila was saying, "Well, you guys, you take positions on fair housing and other political things, and the people out there don't like that and it gives the Co-op a bad name in Contra Costa County, and that's why we don't do good out there." [Bill Wadsworth], who was the manager of South Main, got up and said, "Look, everybody knows the real reason we're not doing well out there—we're charging too much. People out there—they're raising families. They've got mortgages. They're buying cars on time. They are counting every penny and our prices are too high. That's why we're not doing well out there."

Bill Wadsworth ceased to be the manager of South Main not too long after that because he contradicted the general manager in a board meeting. But he was telling the truth. There was some kind of a survey made out there—the Co-op made it—you know, [about] what people liked and didn't like about the Co-op and so forth. About five percent of the replies were from people who were disgruntled about the political position of the Co-op, but the rest [were disgruntled about] the prices—the people out there weren't going to pay those prices.

### **A New Co-op Price Policy**

Bob Arnold: So one of the things that we did during that two-year period that the Left controlled the board—between 1968 and 1969—was to insist that management give up this notion that we could ignore the discount operations, and we had to get our prices in line with other people's prices. One of the things that helped achieve this was the Arthur D. Little Report, because the Arthur D. Little [Report] said that we needed to have a corporate development person who did long-range planning.

Gene Mannila was very resistant to hiring such a person, but we insisted and we finally got somebody. The person we got—that's

another whole story too, but we won't go into that at the moment. The first [person] we got was young and had had some training. He was influential within management in moving us to the discount position because he'd been to school and he knew how these things work[ed] a little bit. He said, "If you wait to be the last one to do it, you get nothing out of it except smaller margins."

[He said]: "The first guy that lowers prices gets a big boost out of it because hey, that's where everybody's going to go to get these new low prices. The next guy that does it doesn't get as much out of it. So if you wait until you're the last one, you're going to get absolutely nothing out of it. You're going to have lost all this money in the meantime, and you're going to get nothing out of it when you do it." So he said, "If we're going to do it, we've got to do it now."

We actually did it—went Co-op-wide with a new price policy which got us somewhere like being competitive. What it did for sales was just absolutely unbelievable. It was coincidental with the Left losing control of the board that this new policy went in. [Laughs] Our political enemies inherited this incredible [unclear]. The only problem was, of course, that management apparently didn't have any idea of what was going to happen to sales when this new price policy was put in and they hadn't budgeted or set up for the increased sales.

The stores got hopelessly crowded and checkout lines got incredibly long. Of course, this wasn't the only thing that was happening, but one thing that shot sales up was, also, we'd moved into a period of considerable inflation—the dollar volume was really shooting up. So yeah, we had inflation going on, and we had the effect of the discount thing going on. The sale figures were just—it was incredible. They just climbed and climbed and climbed. People were complaining about the service in the stores—the lines were too long and....

James Maas: What was happening at profit margin?

Bob Arnold: Not anything really good. It didn't shoot the patrons' refund back up. It shot volume back up, though. We were still paying patrons' refund, but we didn't go back up to that [four] percent or anything like that.

James Maas: Which year are you talking about?

Bob Arnold: When the price change came? Oh, the beginning of 1970.

## **The Co-op Divided: Conflict Over Engagement with Vietnam War and Black Panthers**

Bob Arnold: We [the Left] controlled the board in 1968 and 1969. It was during 1969 that all these things happened that cost us the election. One of the things was [that] we closed the stores for the Vietnam moratorium. Actually, we didn't close them all day. We closed them for half a day. The Vietnam moratorium was widely supported in Berkeley, of course. You were asking me about how the Vietnam War came as an issue in the Co-op. That was one of the ways. The idea of the moratorium was: no business as usual on this day. Shut it down. Nothing's supposed to operate, and we can all go out and march and protest.

There was a bitter dispute, obviously, in the Co-op over what we should do about it. There was an old-time Co-op member from Marin who suggested a compromise. He said, "Okay, this is a big community thing, and we should recognize the fact that it's happening. Let's close the store in the morning, and let's open it back up for those who really feel they must go out and do their shopping on that day. It's their store, too. Let them have it—their shopping in the afternoon." So, that's what we did. It seemed like a very reasonable thing to do, but it didn't in any way satisfy those who didn't want us to.

Lew Samuels and his friends got out a petition—they did a very good job of it—they got signatures and got themselves a lovely mailing list [for the] next election campaign. I also put out a leaflet in rebuttal to theirs, so they didn't have it all their own way in front of the stores.

But it was one of the issues they used in the election campaign.

Another issue that they used was the Black Panther breakfast program. I think it was Matt Crawford in the Telegraph Avenue Center [unclear] that originally suggested it. The Panthers here in San Francisco were running a breakfast program which provided hot breakfasts for school kids.

No means test. If you were hungry, you walked in, sat down, and they fed you a meal. Both of them were operated out of a church down here. It became a politicized thing because the Panthers were under severe attacks at the time and were not only under severe attack externally, but they were apparently riddled with agents provocateur who were busy trying to get them to do outrageous things so that they could be characterized as criminals and so forth, and a lot of anti-white

literature was apparently displayed at the breakfast program in San Francisco.

It subsequently turned—the Panthers ... Huey Newton, I think, ordered the stuff out. I think that the persons responsible for it eventually turned out to be the police agents or FBI or whatever. The Panthers were just riddled with people who were deliberately trying to provoke them into doing things that would give you an excuse for cracking down on them—portraying them as totally given over to violence and so forth. But the actual breakfast programs were, well, they fed kids. They had to get around and get money and food to do it. The Co-op ended up giving them \$300 for the one down here at Oakland after the minister of the church where the program was being held came out and talked to the [Center council]. The whole thing was done after examination and so forth.

But the hysteria at that point around the Black Panthers and the racism was stirred up—that was a campaign issue. So we closed the stores for the moratorium. We'd given \$300 to the Panther breakfast program. There was some other “terrible” thing we did. I forget just what it was at the moment, but it must have been so shocking I can't remember it anymore. But anyway, we lost the election thoroughly.

### **Political Engagement at the Heart of Co-op Success**

James Maas: [You know, Bob], there's a tendency as we look back at the Co-op to look only at the battles and the negative things and ignore some of the really great things that the Co-op did accomplish.

Bob Arnold: Yeah. Well, I was about to allude to the fact that volume took off at the beginning of 1970. Now, the stuff that was being thrown at us was: “You're going to destroy the Co-op with this political stuff. People don't like it. They're going to go away. They're not going to shop at the Co-op,” and so forth. Absolute nonsense. We'd just gone through this bitter election campaign and there'd been all this controversial stuff. If sales went through the roof, [it was] because we lowered prices. I think, in some respects, this controversial stuff does not drive people away. Sure, there was controversy. There was controversy everywhere about everything, at that point.

But this was a place that was alive. You could be mad, upset, or annoyed, but you weren't bored. Where else do you go into a store and have somebody come up with a leaflet and say, "We don't like the way this is being run here. Let's change it. Vote somebody else"? Safeway does what they want to do and that's it. They don't ask anybody about it. I think there was a vitality about the Co-op during that time that had something to do with the fact that people were pouring into the stores. We were told that [...] the grape boycott was going to be disastrous for the Co-op because if people can't buy grapes at the Co-op, they'll go someplace else and we'll lose all these sales—and all this kind of stuff. That's not the way it worked.

The way it worked was that all these pickets in front of Lucky's and all these other stores were sending everybody to the Co-op because the Co-op doesn't carry grapes and these stores do. It was incredible. The center manager at Shattuck Avenue—and he was only half joking—told us one time: "Will you please tell those farm worker pickets up at Lucky's to stop sending people down to my store? I can't hold any more people in that store on a Saturday afternoon. It won't take it." He wasn't kidding. You couldn't get a parking place. The lines were a mile long.

### **Political Accomplishments and Subsequent Backlash**

Bob Arnold: Yeah, you're right [though]. There were a whole lot of things that the Co-op did. For instance, the banning of the aerosol stuff [...] I mean, eventually we got to the point where fluorocarbons weren't used by anybody anymore, but the Co-op was the first one to go public on that stuff and say, "Hey, we're not going to carry this stuff anymore."

James Maas: The milk pricing?

Bob Arnold: The milk pricing thing—yeah, that was the fantastic thing to me, the opposition in the Co-op to taking on that milk pricing battle. I never could really understand it. There was a guy on the board of directors who was obviously livid with rage because we were doing this and [was] trying to prevent it. He didn't want it to happen.

It was like, every time you attack the status quo, those who live by the status quo simply react in one way or another. I think, in the end, this may have been what did the Co-op in. We accomplished too much and

we were doing too much. I think that's why the attack dogs became so vigorous and why the boards of directors did absolutely foolish and suicidal—from the standpoint of the Co-op—things. It wasn't just the things we'd done. It was the potential, you know—if you can get away with this on fluorocarbons, if they get away with this on milk, and if they can maintain this business [of] we won't carry struck goods... The Co-op was big enough at that time that it had an effect.

There's a very reactionary group that call themselves the Food Employers Council. They're based down in LA and they handle collective bargaining for Lucky's and for other food stores. They are a union-busting bunch, and it must have been very frustrating for them, in the Bay Area, to have this large group of co-op stores who are not going to get involved in an employers' united front to break the union. They like to force strikes. They don't like to reach settlements.

They [the Food Employers Council] like to force strikes, get the workers hungry, and then try to get the best settlement they can get that way. It must have been frustrating to have this large co-op chain who was not going to participate and would never even join them. [The Co-op] simply said, "Hey, when it all settles down, when there's a new standard for the industry in this area, we'll meet it," and, meanwhile, the Co-op employees went right on working. People who were on strike would get jobs with the Co-op temporarily to fill in because there'd be this extra....

James Maas: Volume?

Bob Arnold: Extra volume at the Co-op. I'm sure they must have been just furious of having this happen to them.

## **VI: WHAT WENT WRONG: LOOKING AT CAUSES OF THE CO-OP'S DEMISE**

### **Internal Conflict Over Diversity and Education: Black History Week**

James Maas: I had a note down here, Bob, long before we started talking, about what went wrong. What I hear you saying, somewhat, at any rate, is that what went wrong [was] partly the external pressures on the Co-op, rather than the internal bickering.

Bob Arnold: Well, this internal business is not bickering. It was more than that.

James Maas: Okay. It was a poor choice of words.

Bob Arnold: Yeah. There's a real difference. You see, if somebody doesn't want a strong pro-union, anti-war, take-on-the-milk-price-structure kind of organization because they don't want those kinds of things period, then... Well, let me once again tell this little story because I think it's symbolic. When the attack was made on the education director that the Left hired—Don [Rothenberg], who was a very, very effective education director who was responsible for the fluorocarbon thing for instance and was responsible for a whole lot of other things, including the excellent parking-lot Black History Week celebrations that the Co-op would put on at various stores....

Incidentally, the El Cerrito store never did as well as when we started celebrating Black History Week at the El Cerrito store. There was a substantial black population in that store's area, and apparently, they found the Co-op a much more friendly place when we began to act like we recognized that black people make contributions.

Well, the attack was made on him, and the attempt was made to fire him. I could say some lot of things about that, but I better stick to the subject for the moment. During one of these "star chamber" board meetings—you know, executive session—personnel matter, you don't discuss it in public. You do it in private.

So in one of these private sessions we had, a board member held up a copy of the *Co-op News*—the Co-op board member who [was] livid with Don Rothenberg's performance and wanted to fire him—held up a copy of the *Co-op News*. It had a picture on the front page of the Black History Week celebration at the Telegraph Avenue parking lot. Now, this picture showed a large number of people. It was a Berkeley crowd—I mean, nobody was wearing a necktie or a tuxedo. It was just ordinary people.

One of the guys prominent in the picture was the man who lived next door to me, as a matter of fact. These were people out. They were smiling. They were happy. They were listening to music. I was there that afternoon and I saw what was going on. Singing, dancing, and people selling all kinds of wares at little booths—you know, just a typical Berkeley afternoon. Everybody's perfectly happy and having a

good time. The parking lot was full, and the Co-op's getting all kinds of goodwill out of it.

So there's this picture of it and this board member holds it up and says, "Look at this, look at this! Is this the image we want to convey of the Co-op?" Well, yeah. Why? I think that's the image we want to convey at the Co-op. I think that was a great image. But this man was, I thought, symbolic of the fact that there are people who did not like what the Co-op had become, and when they got the chance, they changed it. When they changed it, they killed the Co-op because the Co-op doesn't make it as another Safeway. The Co-op was making it as a co-op, and if we could have gone on the way we were going, we probably would have found some solution to our management problems—some solution to our sales volume problems.

People find answers to problems when they work creatively. We did that—people working together and trying to make it work. But there were a lot of people that didn't [want] it to work. They didn't want those Black History Week celebrations going on in the parking lot because they don't believe in celebrating Black History Week. It carries right though. They don't believe in taking on the milk price structure, and they don't believe that much in unions either. They don't like it when the Co-op won't carry struck goods on its shelves.

### **Co-op Management: An Intrinsic Problem?**

James Maas: One of the common conversations I have with people who I know are still involved—are still Co-op members—is that the Co-op has been going down because of poor management. You're assigning the ideology a role in the decline of good management practices.

Bob Arnold: Yeah. Well, to me, they go together. Good management means (1) expertise at management, but (2) it also means that you have to understand the organization that you're managing and what its nature is. Good management of a Lucky store and good management of a Co-op store are not necessarily the same thing, and I have maintained for a long time that, because of the nature of the Co-op, the management structure was wrong—that you could [never] find somebody to be the general manager of the Co-op because there are two functions of management in [a] co-op.

One is the nuts and bolts of the operation and the other is the organization—the co-op itself and its nature. If you find somebody who is really good at the nuts and bolts, because of the kind of society we live in, they're going to have no understanding of the operation of the co-op, and if you find somebody who understands the operation of the co-op, the odds are they're not going to have too much knowledge about the nuts and bolts part of the thing because, again, that's not the way our society operates. People don't go from picket lines to Harvard Business School, generally speaking, you see. So they don't have the two things.

**Dream Team: Roy Bryant and Don Rothenberg**

Bob Arnold: When the Left controlled the board, and particularly during that time in the two years when Cherie Gaines was on the board, we had a snappy set of circumstances. We had a nuts and bolts man—Roy Bryant—who was a pretty good manager. He knew how to manage. But he also had sense enough to understand that the Co-op was something else, and he had Don Rothenberg, [the] education director. Call the titles what you want, the fact is that, during that time, the management of the Co-op was [a] team: Roy Bryant and Don Rothenberg.

They played off against each other because Don understood organizations and people's organizations. He was a community organizer, and he knew how to do that kind of stuff, and he knew where the sensitive spots were. Roy Bryant came in, and he found the places where we were being taken [advantage of] and paying a cent a loaf too much for bread, paying a cent a dozen too much for eggs. It sounds like nothing, but when you add it all up at the Co-op's volume in those days...He came in and he found out the places where we were being taken. The kinds of things that have to happen in a situation like this are—for instance, Roy Bryant was so disgusted we were being taken on bread that he made a deal to switch with somebody else to supply our bread.

Unfortunately, the outfit he picked was owned by International Telephone and Telegraph, and it was just after the Chile business when Allende was murdered. Doing business with International Telephone and Telegraph was not the thing for the Co-op to do. But Don

Rothenberg could say, “Look, Roy, I know you’re trying to do the right thing, but this won’t sell in Berkeley—it won’t fly.” And Roy had sense enough to realize that there was that dimension to the situation that he was not an expert on and to back off and to find some other way—he recognized the financial need. Don Rothenberg could recognize what the social problems were. It was a team and it worked. The fluorocarbon thing worked.

There was a turkey bit, too, one Thanksgiving. We got all these big stories in the paper about how the price of turkeys is going to shoot up this year due to the scarcity of turkeys: “We’re going to pay a lot more this year for turkey.” Roy Bryant looked at that and said, “Oh, nonsense. There are plenty of turkeys around.” He and Don had a press conference and explained to all the newspapers: “Hey, the Co-op is going to have turkeys at the same old price. I don’t know about the rest of these people.” And that was the end of the great turkey price boom—busted, right there. [Laughs] It was just one small thing, but ... I don’t know whether Roy Bryant knew anything about calling press conferences or not, but he had the information and Don Rothenberg knew how to call a press conference . . . .

[Laughter]

#### **A Vision for the Co-op: Moral Engagement and Economic Success**

Bob Arnold: Oh boy. That’s [both political and economic leadership] what I think it takes to run the Co-op. But that means that the Co-op has to be a certain kind of beast, and that was what some people didn’t want the Co-op to be....

[Over speaking]

James Maas: So does it have to be a kind of a beast that can operate only in Berkeley?

Bob Arnold: No. I don’t believe that. I don’t believe in this isolation bit in Berkeley. People are people everywhere.

James Maas: But you described a little bit earlier, quite appropriately, that the people at Walnut Creek had all kinds of debts—they needed to shop where they could save the extra nickel.

Bob Arnold: All right, fine. So we should save them the extra nickel. I would always want to get that patrons' refund back up to some reasonable level and use it to show people—I mean, I think the whole point of operating a Co-op is to prove that you can operate a business with economic benefits and not be a bloody Safeway. That's the whole idea. That's the whole point and reason for having a co-op: that you can have some kind of morals—that you can operate with some regard for human welfare and still have a successful enterprise. That was one of the things that always irritated me about the so-called liberals of the Co-op.

They never fought back against the conservatives when the conservatives would say, "Well, all these ideals are fine, but we've also got to make money because [we're] an economic institution," and they played these things off as contradictory. To me, that is absolute nonsense. The whole point of the Co-op is to integrate the humanity of it—to run a business with regard for people and people's welfare and to save them money at the same time. Money is important to some people. There's not too much of it. You want to save it.

[Laughter]

Bob Arnold: But, I think what I was trying to say was that I kept seeing liberals allow this thing to be run on them. I see it, for instance, when things break up into discussion sections. All the liberals go running over here to member relations, public relations, or some place and leave all the business types over here at the Management Committee. No, the ideals of the Co-op have got to be operating [over ahead of] the Management Committee and the Personnel Committee, just as much as they are in the other place. In the long run, I think it's been proven—look at where the Co-op is today—[that] when you ignore what the nature of the Co-op is, you don't have anything left.

It bled this organization to the point where it's—I don't even know if it's going to survive. If it does survive, I don't know if [there's any] [unclear] particular reason for it to survive, except you'd hate to see people lose their job and you'd hate to see an old institution like this go. But in terms of effectiveness—in that sense I think the conservatives have won their battle clearly. The Co-op no longer presents a threat or a danger to anybody, and a co-op that isn't a threat

or a danger to somebody seems to me [not to] have any reason to exist. Because ... like, what are we here for?

James Maas: So it's been bled then of its ideals and principles...

[Over speaking]

### **Losing Money: 1970s and Leonard Levitt**

Bob Arnold: No, and it's been bled of its money too. I mean, this is why I dug this thing out. This was a leaflet that I signed and some of us distributed it in the stores after I had retired from the Co-op. I guess we must have done it in 1978 because I find that date in here. Well, they hired this guy Leonard Levitt—the board did. Now, this was a board that was totally controlled by the conservatives—the business experts, mind you. These are the people who are supposed to be the business experts who said, “Never mind all this boycott stuff, anti-Vietnam War stuff and so forth. Let's just get down to business.” They hired this guy Levitt. They gave him a five-year contract. No one-year probation, no escape [unclear]. [Sewn it up] five years, you run the place.

Well, what happened was that he lost money. He lost money at the rate of approximately \$1 million a year, and they wouldn't get rid of him. This leaflet—I'm not going to try to read the whole thing on the tape, but it's here for the record. They let him go on losing this kind of money. This leaflet was put out. Finally, [...] well, Don Rothenberg resigned. There was nothing for him to do. He couldn't operate under Levitt at all. It was just absolutely pointless, him being there. He just got totally frustrated and he resigned. Levitt ended up firing all the education assistants. That's when the storm really broke and there was a recall movement started against the board. Finally Levitt was gotten rid of—bought off.

James Maas: They bought off his contract.

Bob Arnold: They bought off his contract. But by that time, he's lost I don't know how much money. I mean, this board was, as far as I was concerned, absolutely gutless because they had a contract with the man, but the contract is a two-way street, and the contract called for him to manage and as far as I'm concerned, he wasn't. I would have fired him and said, “Go ahead, get a lawyer and sue us ... whatever you want, but

you're canned because you're not doing what you were hired to do, which was manage the store." \$1 million a year he was losing!

Then after some more time fiddling and diddling around, they went and got another manager who started losing money. I forget his name, but it was the more recent disaster.

### **Bled of Its Ideals: The Co-op in Decline**

Bob Arnold: The organization was bled, and all this talk in the *Co-op News* about our problems, why they've happened and so forth—much of what is said is true, but very little is said about the fact that two managers were hired and allowed to bleed this organization to the point where there was no capital left. We survived by selling, closing, and liquidating. We bleed ourselves because....

James Maas: How do you use the word "bled," Bob? It almost sounds like a deliberate....

Bob Arnold: Well....

James Maas: ...act.

Bob Arnold: Yeah, it's deliberate—when you have a board of directors, when a man is losing money like Levitt lost money and the board refuses to act, it's deliberate. Now, I'm not saying that they did it because they wanted to lose money. I'm saying they're such...prisoners of their own political beliefs that firing Levitt would have been to admit they made a terrible and horrible mistake and that Levitt's method—Levitt's philosophy of running the Co-op—didn't work. Because here was a man who certainly was not going to put up with any nonsense about any of this liberal stuff. He was strictly for business, and if these people's philosophy was right, Levitt should have been a tremendously successful manager, and he was absolutely the opposite.

So, in that sense, when a leaflet like this has to be issued and they still don't do anything—you know, they wait until there's a recall movement started and that's the only thing that budges them....

Even after the recall movement, they dillydallied, hemmed and hawed, and put it off—took forever about it. Then they bought the man out instead of simply saying: "Get lost, or sue us if you think you've got a case," which is what I would [unclear]. There was something that

jogged my [memory]—you asked me about bleeding. I am reminded of how they got rid of Robin Hood—remember? This is what they did to him.

James Maas: [Inaudible]

Bob Arnold: Remember? They bled him until he was so weak he couldn't draw the string on his bow. I think it's a suitable allusion, because I don't know what the real Robin Hood was like, but the Robin Hood of fiction was supposed to rob the rich and give to the poor. That was the reason he had to be bled.

James Maas: [Laughs] Okay. We'll stop right there.

[Break]

#### **Failure of the San Francisco and Marin Stores**

James Maas: In the interim, during a short break, Bob and I were talking about the move into San Francisco, and Bob pointed out that that might be a good place to talk of [the move] as a microcosm of some of the problems of the Co-op.

Bob Arnold: Well, you're talking about the Hunters Point Co-op?

James Maas: Yes.

Bob Arnold: The Associated Cooperatives made two attempts at assisting new co-ops to start. One was in Hunters Point and one was in Santa Rosa. Both of them, unfortunately, did not work out. I feel kind of badly about it because the idea that there should be a division of Associated Cooperatives that would help new co-ops get started was given a little boost by me. We'd been talking about that happening for a little while, and nobody had done anything much about it. Finally, at a board meeting I raised the question of, "Why don't we get off the dime and do something?" It ended up that we did. We established a division out of Associated Cooperatives that was supposed to help other cooperatives.

It turned out that they weren't very good at it, unfortunately. We had no conception of what the problems were, in working at Hunters Point. The co-op in Santa Rosa didn't do too well, either. For what reasons, I'm not quite clear. But anyway, both of AC's [Associated

Cooperatives'] attempts at starting co-ops someplace else did not work out. But the other thing that reminded me—we're talking about what makes a co-op function or not function—was the [unclear] co-op's attempt at Marin County. Now, the people involved in Marin in getting that co-op started over there as a store—you know, a center for Berkeley Co-op—were basically, well, pretty much the people who were on the conservative side of the fence.

That co-op over there was started—everything that they said [that] was necessary for a successful co-op was done. It went by their rulebooks over there from the very beginning, and it was a losing proposition from the very beginning. So I'm not sure that these "experts in the co-op movement" knew that much about the co-op movement because [...] if their theories were right, Marin should have been a tremendously successful co-op. Everything was done their way and it didn't work out that way. So I think the expertise is overestimated.

#### **Future of an Apolitical Co-op in Doubt**

Bob Arnold: Jim was asking me about what I think the Co-op's chances of survival are and to what extent Berkeley has changed—what the possibilities are for the Co-op. I guess what I'm saying is that I don't know because you can't predict the future and I'm away from it now. I don't have any particular [feeling] of being an expert....

I think that what has always been true is still going to be true—and that is that the Co-op has to be a different thing than just another grocery store, otherwise there's no particular point in its existence. Now, exactly what form that takes—I've been reading the *Co-op News* and reading about the proposals for its survival, and I have to say that I'm not terribly optimistic. It sounds to me like a whole lot of people are believing in magic.

But I'm not sure I see exactly what the magic consists of. I mean, you can change forms all around the place, but the fact is, as I said before, the organization has been badly bled, and I don't see that anybody is addressing what seems to me to be the really simple problem, as it always is when you're running a commercial operation—that is, that you're not getting enough customers into the place and enough people

buying enough goods at the Co-op. I don't see that problem seriously being addressed.

The [mentality] seems to be: "Happily batten down the hatches and get through the storm." But I'm not quite sure anybody's examined exactly why the storm is with us. You've got to find some reason for people to come to the Co-op and shop in larger numbers than they're now doing. I don't know the reasons that they're not doing it. I'm out of touch with the situation and....

James Maas: Well, it certainly isn't the political animal it was 15 years ago.

Bob Arnold: No, it's not. If you're going to say that the political tides have changed and what the Co-op has to do now is look like Ronald Reagan and that will bring customers in, I don't think that's the answer, frankly.

[Laughter]

Bob Arnold: You know? I think maybe the very fact that it's not the political animal that it was [is a problem]. Maybe, as I said before, some of those debates, controversies, and bitter disputes are what gave the place some vitality. But that's a simplistic kind of answer. You can't just go out and generate a storm of controversy and say that that's going to bring customers into the Co-op.

James Maas: No.

Bob Arnold: It's obviously going to have to be a long rebuilding process. But I'm not sure anybody wants to rebuild. I'm not sure how many of the people left in the Co-op now want it to be anything but a little backwater Berkeley-type institution. There's always been some of that. Some people just never wanted the Co-op to be anything but a comfortable place where they could run and hide. I found when I first came into the Co-op—and in many ways the Co-op is back to where it was when I joined it, except it's on the downside instead of the upside of the slope—but when I joined it, it wasn't a tremendously influential organization. It didn't pack any great weight anywhere or influence anything very much.

A lot of people were comfortable with it and liked it, and it was just a Berkeley kind of [unclear]. Anyway, I felt a lot of the people—this was the time when we were coming out of the McCarthy period and

various other things had been happening—a number of the people I found active in the Co-op, it seemed to me, were active in the Co-op because it was a safe place to do something to make them think that they were doing something for social good, but it was safe. You didn't run any risks doing it in the Co-op. I'm not sure that the Co-op hasn't, in some respects, returned to being one of those kind of little backwater institutions that really isn't interested in getting out there and mixing it up in the big issues of the day....

James Maas: That may be a good part of it.

Bob Arnold: Maybe people just want it to be small and not influential. The question is, can it survive that way?

James Maas: Yeah, right.

Bob Arnold: So, I don't know. I don't know the answers and I don't pretend to know them. But this juggling of organizational forms and trying to get the Co-op employees to buy it out in effect and replace some of the capital that we've allowed to be lost—I don't really know whether it's going to work or not. I don't know why the employees would want to do that. They may feel they have no choice but to do it to save their jobs. I'm not sure how convinced they're going to be that it's going to save their jobs. I'm not sure how convinced I am that it will save their jobs. I wish them a lot of luck because it's a hell of a thing to be unemployed.

James Maas: Well, I hope their pensions are safe some place....

Bob Arnold: I assume they are because they're part of the retail clerks—most of them, I guess, or the butchers. They're both unions that have been around a while and are probably pretty solid.

James Maas: Maybe that's a good place to end there, Bob.

Bob Arnold: Okay. That's probably the end of the tape isn't it?

James Maas: Just about.

**END OF TRANSCRIPT**