

# Building an Alternative

## *People's Food Cooperative in Southeast Portland*

ON NOVEMBER 8, 1970, People's Food Store opened its doors for the first time. The cooperatively owned natural food store occupied a building that had housed grocery stores for six decades. During that time, the area, like much of Portland, had undergone major demographic changes. Initially settled by Italian immigrants, by the late 1960s, the southeast Portland neighborhood had become a center of the counter-cultural movement in Portland. That movement all but evaporated by the late 1970s, but the store, now known as People's Food Cooperative, has survived through a combination of luck, good decisions, and flexibility. People's, now entering its forty-first-year in business and still located in that same building, offers insight into a time of social upheaval and a vision of what could have been had the counter-cultural revolution of the 1960s succeeded in its goal of replacing corporate dominance with a cooperatively owned alternative.

Cooperation, the "association of persons for common benefit," is not a new concept.<sup>1</sup> Civilization relies on the activity. The modern cooperative business model dates to the mid-nineteenth-century working-class town of Rochdale, England. On a dreary November day in 1843, "a few poor weavers out of employ, and nearly out of food and quite out of heart with the social state, met together to discover what they could do to better their industrial condition." The group, who became known as the Rochdale Pioneers, founded a cooperative provisions store. Each member was required to purchase at least one share in the cooperative. By 1857, the Rochdale Pioneers owned mills, warehouses, and a successful grocers shop.<sup>2</sup>

The cooperative movement in the United States arose out of the Great Depression, when New Deal programs encouraged agricultural cooperatives, power cooperatives, and similar producer cooperatives. With government



*Mina Loomis, a founding member of People's, photographed the store with her van just before she left Portland for Texas in August 1982.*

funding through the Federal Emergency Relief Administration's Division of Self-Help Cooperatives, groups formed hundreds of producer-owned co-ops, including food stores, bakeries, farms, and factories. As the nation emerged from the depression and entered World War II, the federal government ended support for cooperatives, and many closed.<sup>3</sup> The late 1960s and early 1970s saw a proliferation of consumer cooperatives that were rooted in the counter-cultural activities of the time and are now known as "new wave" cooperatives. Southeast Portland's People's Food Cooperative was one of them.

The area of Portland now known as the Hansford-Abernathy Neighborhood has a rich Italian-American history. Gideon and Mary Tibbetts arrived in Portland in 1849 and claimed a tract of land bordered on the west by the Willamette River and stretching east to what is now Southeast Twenty-sixth Avenue. Section Line Road (Division Street) and Holgate Boulevard marked the northern and southern boundaries of the Tibbetts' claim. Tibbetts cleared



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*This advertisement for M. Baccellieri Grocery ran in a local newspaper in the late 1940s.*

his land to grow wheat but, after agreeing to allow the railroad to cross the property, developed the land into real estate.<sup>4</sup>

Italian-Americans, many of whom came to Portland to work on the railroad, began to settle in Tibbetts' Addition, where they built homes on large lots with enough land to grow produce for themselves and to sell at local markets. They also established the neighborhood grocery store in a building that would later house People's.<sup>5</sup> Carmelo Terrana, a recent immigrant from Sicily, purchased a small house near the corner of Southeast Tibbetts Street and Twenty-first Avenue sometime before 1910 and opened a small feed store there. He soon converted the business to a grocery store, "C. Terrana American and Italian Groceries." Michael Baccellieri, an immigrant from San-nicandro di Bari, Italy, and his wife Eve ran M. Baccellieri American Italian Grocery in that location from around 1945 until around 1948, when the building was sold to W.S. McCarthy. By 1960, the store was owned by Helen and Elmer Kammerzell, German-Italian's who operated the store as Helen and Elmer's Grocery Store. Brenda Manock, who grew up in the neighborhood, remembers the store selling homemade ravioli and other Italian foods made by Mrs. Kammerzell. The family lived

in the apartment above the store.<sup>6</sup>

The neighborhood began to change during the 1960s. Residents had moved to the suburbs outside Portland after World War II, and as many of the large houses in the neighborhood became rentals, the area attracted students from Reed College, located a few miles south of the neighborhood. That influx of new residents brought the late-1960s counter-culture to the neighborhood. Many young people formed collective houses, including the Clinton Street House and the Portland Revolutionary Youth Movement collective house on Southeast Twenty-third and Division.<sup>7</sup> During the later stages of this transition, in 1970, a local group decided to open the cooperatively run People's grocery store in the building that had previously housed Helen and Elmer's Grocery Store.

The store was part of a movement, one Daniel Zwerdling described less than a decade later: "New-wave co-ops — sometimes called 'food conspiracies' in the early days — first began to appear around 1970 on college campuses, as radical activists shifted their focus from confrontation politics to the quiet, methodical task of building alternative neighborhood economic institutions." He went on to note that as food prices rose dramatically during the early 1970s, the idea of food cooperatives spread from the radical fringe to the middle and upper classes. The co-op movement was attracting two distinctly different groups: one looking to overthrow the capitalist economic model and the other looking for affordable food. Portland mirrored that nationwide trend.<sup>8</sup>

On August 21, 1969, the SE Food Conspiracy, a buying club that distributed food to members, announced plans to open a store. A classified advertisement in the *Willamette Bridge*, a local alternative newspaper, announced:

The People's Food Store will be a low-cost, all-volunteer-run cooperative grocery controlled by the people who work and shop there. The 200 people in the SE Food Conspiracy are expanding into a store in order to reach many more people in the community and to expand the variety of foods and goods available. We are in a fund-raising drive now and need many supporters at \$4.00 per membership. Loans and/or gifts in larger amounts are also badly needed.<sup>9</sup>

A few months prior to People's opening its doors, Friends an' Food, another food cooperative, opened in southwest Portland. Founders of both cooperatives were motivated to create a place where people could purchase natural foods and also to reduce the power of corporations. The latter motivation prompted work far beyond natural food stores. Members of the counter-culture envisioned radical changes throughout the Portland community. As Steve Brody, writing in the *Willamette Bridge*, explained:

There are lots of us who are beginning to realize both the injustice and absurdities that

are so god damn all around us, and it's been said often enough how we need to create alternatives. We need free schools for our children where they can actively experience instead of placidly consuming. We need health clinics where people can be cared for by people who really give a damn. And we need a food cooperative where people, like you and me, can get good food at [a] reasonable cost.<sup>10</sup>

The would-be revolutionaries acted on their convictions. In 1970, for example, several groups came together to form "The People's Fund," designed to provide funding to counter-cultural organizations. Groups receiving support from the People's Fund included the Abortion Information and Referral Service, the Fred Hampton People's Health Clinic, the Malcolm X People's Dental Clinic, the Black Panther Party (for community organizing), and the Artists Collective as well as People's Food Store and Friends an' Food.<sup>11</sup>

The fight against corporate food purveyors was at the heart of the food cooperative movement in Portland, as were individuals' concerns about their own health and that of the community and the environment. A 1970 *Willamette Bridge* article explained:

For those who are interested in boycotting the corporation complex and in destroying their power of repressive satisfaction, it is necessary to build the alternative: a co-operative, non-profit system based on the true needs of our people. It might be a friendly, community gathering place, which is just as important as anything. Also, it might deal some of the "rare" and healthier foods, which most grocery stores do not have, and it might also provide general consumer information on, for example, pollution levels of various foods. Maybe recipes could be exchanged there, too. The co-op could pay attention to better ecological practices, such as minimum packaging.<sup>12</sup>

Another *Willamette Bridge* article explained the relationship between natural foods and the growing movement to promote a healthy environment:

There's a lot of talk down and around these days about Ecology, about getting back to a natural relationship with the environment — we need to quit screwing-up the earth by raping her of her natural resources, and we need to quit blindly killing off plants and animals by polluting the air and water and ignorantly preying on them without understanding how the whold [sic] thing is put together. And biggest of all we need to start correcting all the damage that has been done. And the root of the problem is learning how to live in harmony with nature, like the American Indians once did, and to overcome our alienation from nature that puts us against her like an enemy to be conquered. And to do this we have to start with ourselves and our most basic relationship to nature — what we eat and drink. We have to start eating natural food, quit polluting our bodies and minds and a lot will follow just from that.<sup>13</sup>

Such beliefs were significant motivators for cooperative founders of the early 1970s.

Although the roots of the food cooperative movement in Portland were clearly political, some founders of People's also wanted the store to be inviting for everyone. Maurice Isserman, an early People's member and chronicler of the new left, recalled that one of the early discussions at People's Food Store involved whether the store would display political posters: "I think I was on the pro-poster side, but was correctly voted down — the argument being we wanted to attract the little old ladies in the neighborhood who would otherwise shop at the Tradewell supermarket down the street."<sup>14</sup> That tension would continue to challenge People's.

The SE Food Conspiracy — a buying club for natural and organic food that formed in the late 1960s in Southeast Portland — incorporated People's Food Store as a non-profit organization on September 29, 1970, and the store opened on Sunday, November 8, 1970. One member described the opening: "Our first day in the store was not as hectic as at Centenary-Wilbur [Methodist Church, where the club had distributed food], and during the 6 hours of buying food people got together to talk about making the store a lively, warm community center as well as a distribution center for good, cheap food." The store sold products on a 5-percent mark up to meet operating costs, including rent and utilities, and the initial membership fee was set at four dollars. The store was run by volunteers in a fairly complex rotation, and the first group to take charge was an all-women team. At that time, the store was open on Saturdays, Sundays, and Wednesdays.<sup>15</sup> Mina Loomis, an early volunteer, explained members' excitement when the store opened:

It was our creation and we were really proud of that even those of us who were just participating and weren't board members . . . and it was not something that was distant and institutionalized and somebody else's. It was ours and we really loved that.<sup>16</sup>

At the beginning, People's had difficulty attracting some neighborhood residents. A *Willamette Bridge* article explained that the cooperative's

style of operation is geared to those with loose or no schedules and lots of free time. While they consider themselves "community" stores, they are really designed for white middle class young people who, as Polly Defries of People's store put it, "have had money and know that's not where its [sic] at." Blue collar types, working people, housewives, and elderly people do come in the stores but only a few.

Polly says that alot of people come in to ask for "cigarettes, ice cream or meat" and then just turn around and walk out when they find they can't get them. So it tends to end up that a small group of people who are "into" the store — mainly the managers who are paid a minimal salary of \$100 a month — run the store for the community, recruiting whoever they can to help.<sup>17</sup>

That small group would face many challenges in the store's early years, and

making decisions about how to balance the Peoples' values with the need to serve the community would continue to be difficult.

Although reports regarding the first few months were positive, by late March 1971, there was talk about closing People's Food Store. A *Willamette Bridge* article began with a customer's comment: "It is my opinion, this store is a joke. It is never opened when it is needed. If no one signed up to work, the one in charge should do it. It truly would not hurt them any." Volunteer Bob Jenkins responded to the comment:

As "one in charge" I would like to say that the only difference between me and a "customer" is that I find time to work, put energy into this co-op food store. This is a non-profit co-operative food store, it only exists because enough people believe that by working together they can provide an alternative to the self-centered, power, money trip going on elsewhere. At present there are 10 to 15 people who work to make the store run as well as it does (which could be a hell of a lot better). What it needs are people willing to put creative energy into it. The store will probably close if people remain apathetic towards it. Something isn't happening.

The article continued, explaining that at a recent meeting, the group tried to figure out what "is causing the store to wither away" and noted that the store needed to expand but was unable to do so. "All this frustration has created an apathy which is destroying the store."<sup>18</sup> Finally, it was decided to hire a manager to run the store.

Despite the challenges, other cooperative food stores were also opening in Portland. By November 1972, the Portland area had four cooperative grocery stores, including Friends an' Food (originally located in Goose Hollow then moved to Southeast Sixteenth and Pine), Food Front in northwest Portland (originally at 1618 Northwest Twenty-third Avenue), which opened in July 1972, and The Volunteers for Self-Improvement (VSI) Food Store, which opened in Tualatin (18930 Southwest Boones Ferry Road) in April 1972.<sup>19</sup> Around the same time, Hope Neighborhood Food Cooperative started in Buxton, a rural community in Washington County.<sup>20</sup>

Although they faced some operational challenges, the People's members decided to purchase the building in 1972, wanting to ensure that the co-op would still be around in years to come.<sup>21</sup> The price of the building was \$13,000, and with loans and donations from members, the cooperative was able to raise an adequate down payment. According to Gale Ousele, then co-general manager with Gordon Whitehead, anyone who shopped at the store was asked to donate money to purchase the building.<sup>22</sup>

On July 1, 1972, People's Food Store became the first of the Portland area food cooperatives to own its building, and as a result, it gained greater control over its destiny. The mortgage was paid in full on September 27,

1977.<sup>23</sup> Although the purchase of the building was critical to Peoples' long-term survival, it was not without controversy at the time. Members' primary concern was that the cooperative was now responsible for all maintenance costs related to the old building, including replacement of the outdated electrical system and compliance with all safety and health regulations. The funds would come from store profit as well as rent payments for the upstairs rooms. Although the store was small, the managers did not envision it growing any larger. "There should be another co-op in the southeast, and one in Sellwood," explained Ousele. She and others envisioned cooperatives arising from the needs of each neighborhood.<sup>24</sup>

At the time People's purchased the building, it had no membership fee, unlike Food Front Cooperative. At People's, all customers paid a 20 percent markup on all purchases, and there was no work obligation. If a customer did work at the store, however, he or she received a certain percent discount on purchases based on the number of hours worked. Because People's Food Store was incorporated as a non-profit corporation, and because there was no membership fee, defining a member of the cooperative was often tricky. Ultimately, day-to-day decision-making was done by the managers, and any larger decisions were made by the "members" at a meeting. Because there



*Food Front was one of several food cooperatives established by Portlanders during the 1970s. This advertisement ran in the July 4, 1972, issue of the Portland Scribe.*



really was not a membership, however, anyone could attend a meeting and vote on the decision.<sup>25</sup> Despite this unconventional approach to operating a food store, People's continued to survive.

IN THE PORTLAND AREA, 1976 appears to be a high-water mark for food cooperatives. People's Food Store, then in its sixth year, was grossing \$500 to \$800 per day and \$12,000 to \$15,000 per month. Food Front, now located in a small rented space at 2635 Northwest Thurman, required a four-dollar membership fee and a three-hour volunteer shift each month and was grossing \$23,000 to \$33,000 per month. The Northeast Community Market, located at 1144 Northeast Prescott, had been started with a Comprehensive Employment and Training Act (CETA) grant for \$500 per month for two employees. By April 1976, the grant money was expended, leaving the co-op concerned about funding.<sup>26</sup> Montgomery Market, located at 1106 Southwest Montgomery Street, opened in the spring of 1975 and served the Portland State University market, an area without a cooperative grocery store since Friends an' Food had moved to Southeast Portland.<sup>27</sup> Outside the Portland metropolitan area, the Hope Neighborhood Food Cooperative moved from Buxton to Forest Grove.<sup>28</sup> The Milk and Honey Cooperative (formerly VSI), located in Tualatin, served a more diverse community than the others and continued to carry a larger variety of products, including canned goods, packaged foods, crockery, and iron pans.<sup>29</sup>

People's, however, continued to have difficulty attracting older people who lived in the area, relying instead on students who continued to move into the neighborhood.<sup>30</sup> In 1976, the local newspaper *Willamette Week* described the store as:

a humble place, full of warm, homey smells. A wood stove burns in the back of a building the size of Food Front's — small. Peanut butter, fresh bread and fresh grain aromas blend with burning wood smells. . . .

At the back of People's is a large, clean space for cutting the huge cheddar cheeses and blocks of butter. Wooden bins with artistic postcards varnished onto the lids line walls like chicken coops.

The manager commented that "People's clientele is young people interested in this sort of food, raw food. Older people usually don't shop here, but it depends on their habits. Some people reject the environment in the store. It's not too well lit. You have to do for yourself. The co-op reflects and supports the people who shop here. We serve a lot of health food freaks."<sup>31</sup> Nevertheless, some members wanted to expand.

By August 1979, People's was in decent financial shape, having paid off the mortgage and implemented a one-dollar annual membership, directed at

building maintenance. At the August 30, 1979, Steering Committee meeting it was proposed that we start exploring the possibilities of moving “People’s” to a new location. We would search for a storefront between S.E. 21st and S.E. 39th and S.E. Hawthorne and S.E. Powell.

The reasons for the proposed move included limited space, unsatisfactory conditions in the current store, and the desire to expand the spectrum of customers. Writing for the cooperative’s newsletter, a member explained: “If People’s were located in a [sic] more attractive facility we would be able to widen our economic and political base in the community by attracting a larger cross-section of people.”<sup>32</sup>

Any discussion of moving People’s Food Store to a new location apparently did not go beyond the initial phase, but the need for expansion and building renovation has been a constant theme throughout the co-op’s history. In the October 1980 edition of *The People’s Corner*, the co-op newsletter, staff noted the need for building maintenance and repair. The cooperative had just purchased a new digital scale for \$995, and the author (identified as “Ken W.”) mentioned that purchase while describing the need for building repairs.

In buying the scale other difficult issues were also raised. Our building needs a major overhaul if we are to remain in it much longer. Both money and extensive volunteer help are required to do the job. It is hoped that buying the scale will not preclude this project, since the scale is capable of saving money both in its accuracy and through immesurables such as store image and increased customer satisfaction.<sup>33</sup>

People’s eventually purchased the lot next door in the fall of 1989, and conducted major remodels of the store, the first in 1994.<sup>34</sup>

Although there was much enthusiasm for expansion in the early 1980s, periodic management and financial crises caused delays in undertaking the project. In February 1980, for example, one of the managers resigned out of frustration over how the store was run, as explained in a newsletter article:

First, I feel there is no stated set of goals or any written statement of purpose, bylaws, or guidelines for the store for use as a basis of management and planning. Now we guess at our impressions of policy, and a narrow group of people influence the co-op’s direction.

Over the past year there has been no long range planning even to the extent of one year’s time. Though there has been *some* effort in that direction.

Members and store users feel (or seem to feel) that the store is *a* store, not one where they have commitment to help. Problems are someone else’s to deal with. Further, I see no trend of change — people would rather pay higher prices than do minimal work at the co-op. Managers, therefore, spend all their time dealing with daily emergencies and store tending, management never takes place.<sup>35</sup>



*The People's check-out counter was located by the front door prior to the expansion. In those days, the entrance to the store was on Twentieth Avenue, as it had been for the previous eighty years. A sign on the door in this photograph indicates that an expansion survey was underway.*

Part of the problem at that time appears to be the lack of a board of directors to provide the necessary guidance and oversight. Although the store had a board of directors during part of the 1970s, at some point, it disappeared. At the January 13, 1980, membership meeting, the members agreed that a board of directors was needed, but some were concerned about moving power from all the members to a small group — a transition from direct democracy to representative democracy. A newsletter article explains:

The reasons for forming a board of directors are not to take decision making power out of the hands of the general membership; although it will change the way the co-op operates. The board of directors will be a small group of people meeting together on a regular basis, with specific responsibilities and objectives. They will be more able than the co-op currently is to set a regular and consistent policy; also it will be easier for a group this size to deal with the smaller operating decisions that go with running the store. It is felt that if general membership meetings were freed from these types of decisions, which currently take up much of the time, the meetings could be used instead to confront wider issues of just what a co-op is, and what creative things would we like to be doing with it.

Clearly the difference between a cooperative food store and a simple grocery store is that each member is a part of the store. Without membership input the store does not run. [T]he design of the board of directors is to make coordination of members easier, and help the store run more smoothly. It is within the realm of possibility, however, for the weight of the store to become overly dependent on the board itself, and less on the wider membership. This would be a moving away from the idea of cooperative democracy. This aspect of a board should be kept in mind and avoided.<sup>36</sup>

By November 1982, long-time members had expressed concern that the cooperative was straying far from its roots. Strains developed between the need to operate the store in a predictable manner and the desire to adhere to a pure cooperative model in which the store is operated entirely by the members. In the fall of 1982, the board decided to replace working-members with paid cashiers, leaving “ambiguous feelings among old co-op members,” as Kalee Powell explained. “Some old members do not negate the improvements these changes have brought, but still want to see the tradition of co-operative structure kept going at People’s.”<sup>37</sup>

THE COMBINATION OF member disempowerment, a weak economy, and a changing neighborhood during the early 1980s led the cooperative to the brink of insolvency. In a 2003 *Oregonian* article, Jean Baker, then president of the Division-Clinton Business Association, recalled that Division had been known for its repair shops, appliance stores, and parts dealers. Glenn Lambert, owner of Division Street Hardware, explained: “This was always a real solid neighborhood to do business in because the neighborhood supported the local businesses.” As Baker noted, however, the proposed Mt. Hood Freeway threatened to turn Division Street into a frontage road. Although the freeway never came to fruition, its affect on the area surrounding People’s was long-lasting. By the mid 1980s, the neighborhood was desperate to find an anchor business to revitalize the area. The opening on Nature’s Fresh Northwest marked the beginning of that rebirth.<sup>38</sup>

In a meeting dubbed “the first co-op revival meeting,” held at the store on March 7, 1983, the board of directors hoped to “gather ideas for the rejuvenation of the co-op, and to learn the nature of people’s feelings toward the store and toward the new co-op.”<sup>39</sup> Much of the discussion involved reviving membership involvement in the store through members working in the store, a practice that had been abandoned a few years previously.

The first step taken by the board to revitalize People’s Food Store was the re-implementation of the membership program. Membership dues were set at fifteen dollars per year and could be paid in installments of at least three dollars. Five dollars would be reserved for “member-oriented expenses,” including printing and mailing costs for the newsletter, notice of meetings,

printing the bylaws, and other related items. The remaining amount would be allocated to capital resources, including major repairs and the purchase of new equipment. Working members received a 12 percent discount on purchases for the first three months on the job and 15 percent thereafter for as long as they continued to work. Working-member positions included committee work, clean-up, stocking, cheese cutting, and supply pick-ups from distributors.<sup>40</sup>

At this time, the board of directors hired Holly Jarvis as the new manager of the store and began the process of rebuilding the cooperative. Jarvis had managed the Ashland Food Cooperative for three years, and she expressed surprise “at the disarray of the co-op system at the store” but said she looked forward to rebuilding the membership system and “putting the store back on a sound financial basis.”<sup>41</sup> Reflecting on her first year at the co-op, Jarvis noted: “It has been a year of hard work, challenge, crisis, accomplishment, and satisfaction.”<sup>42</sup>

Jarvis’s first priority was to increase the product selection while keeping inventory and expenses as low as possible. Her second priority was to improve the “social” atmosphere of the store by training the staff “to be friendly and express a cooperative attitude.” Finally, by re-establishing the membership program, the store “signaled our desire to keep People’s a cooperative food store — accessible to the neighborhood and community.” Jarvis’s long-term goals included better display coolers and freezers, new shelving, a new and simpler cash register, and ultimately, a return to a non-hierarchical management system with collective co-managers.<sup>43</sup> Jarvis left People’s in the fall of 1985. As a direct result of her leadership, the leadership of the board, and assistance from Food Front, People’s was on more solid footing by the middle of the decade.

As People’s Food Store ended its second decade, it purchased the lot to the south of the store (dubbed “People’s Park II”), replaced Budweiser and Hamm’s beer with locally brewed BridgePort beers, removed tuna (to support a nationwide boycott), beef jerky (because it is a beef product), and bleached paper products from the shelves, and returned to the collective management model envisioned by the co-op’s founders. In an article marking its twentieth anniversary, the collective described People’s as

a cooperatively structured, member-controlled, non-profit organization. Membership is both voluntary and opened to all. . . . “Food for People, Not for Profit” is one of our favorite slogans. It does not, however, imply that we are no profit. Like any business, we seek to generate a surplus in order to survive. But that surplus must be reinvested into the ongoing and future development of the store.<sup>44</sup>

During its first twenty years, People’s had moved from a volunteer organiza-

tion with no paid staff to one with several paid staff members, a board of directors, and an understanding of the importance of turning a profit. Less than a year later, however, the collective management quit and the board of directors voted to close the store.

In early 1991, staff discovered that People's was sixteen to eighteen weeks behind payments owed to its distributor. The board of directors at that time consisted of three members. One was fairly active around the store, one attended one board meeting out of three, and the third was someone no one knew.<sup>45</sup> The staff, realizing the size of the debt, voted to close the store.

David Lucas, a new volunteer, orchestrated taking on management responsibilities. All but one staff member quit, and Lucas hired Pablo Kennison and Mia (Cate) Van Meter. For the next two weeks, Van Meter worked as a volunteer, going through all the financial records and rebuilding the balance sheet. It was at that point that Lucas, Van Meter and Kennison realized the extent of the financial problems. Lucas made personal agreements with the distributors to pay them a percentage of the debt every week, explaining that it was not in their best interest for People's to close. Lucas pared down the staff and covered any shifts he could not afford to pay someone to cover. By cutting payroll substantially, closely monitoring purchases, and literally counting the dollars coming in and going out, Lucas began to lay the foundation for the recovery of People's. As Van Meter explained, the store needed to make \$1,400 per day to pay back the bills. As closing approached each day, Lucas would monitor the totals, chewing on licorice bark, to see if they would make the daily total. According to Van Meter, Lucas micromanaged People's back from the brink.<sup>46</sup> Within four months, the debts were back to an acceptable ratio, and Lucas hired a few more employees.

By the spring of 1992, the cooperative was out from under its debt and by the spring of 1993, the board and staff were starting to talk about expanding the store. At a member meeting on February 11, 1993, the members voted to support an expansion. Two alternative expansion plans were presented to the members. The first included a gradual expansion "through the use of village-like structural changes over time," and the other outlined a larger structural change with a sod roof. Both designs ultimately envisioned an L-shaped building.<sup>47</sup> Although People's did eventually double the size of the store into an L-shaped building, it would be another decade before the ribbon was cut.

The financial situation at the store unraveled again over the first half of 1993, reaching a critical point during the summer of that year. Towards the end of the spring of 1993, the interim manager's term ended, and for several months, the store operated without a general manager.<sup>48</sup> Around the same time, Nature's Fresh Northwest, a local natural-food grocery, opened a new

store on Division and 35th, only a short distance from People's. Nature's Fresh Northwest, the direct descendent of Nature's Food and Tool Shop that had started in the Corbett district of southwest Portland around the same time as People's, had grown to several locations and competed directly with People's. After the Division store opened, sales at People's plummeted by 20 percent. Each week, payments fell further and further behind. By July of 1993, the board, staff, and volunteers held a meeting to determine whether to close the store. Conversations lasted throughout the summer, and by August, one group wanted to close the store and another wanted to keep it open.<sup>49</sup> By this time, the cooperative was seven days late in paying vendors, causing several to put the store on a cash-on-delivery payment plan.<sup>50</sup>

In September, the board appointed director Robin Wyrick as general manager and gave him the task of trying to keep the store open. Several staff members stayed on, volunteering up to forty hours a week to keep the store operating. One of Wyrick's first acts was to transfer the accounting to an outside accountant to get an assessment of the situation. He also restructured the management of the store, returning to a modified collective management system wherein the general manager could make certain decisions but was ultimately subservient to the staff, which could overturn the manager's decision by a two-thirds vote.<sup>51</sup>

During the following winter, the staff concluded that the store had to physically grow to survive, but to do so, they needed to cut costs, including staff hours. Kennison recalled that the staff believed an expansion was necessary for the store to remain viable. More floor space would mean more products and more sales. The staff also wanted a community room so neighborhood groups could hold meetings.<sup>52</sup> The staff proposed a two-stage expansion plan. The first stage would be to expand the floor space by removing the back office; increased sales from that expansion would ultimately fund a much larger expansion of the store.<sup>53</sup>

Meanwhile, Kennison, the produce manager, was quietly building up a Sunday Farmers' Market in the yard next to the store. At that time, the only other area farmers' markets were in Gresham and Beaverton on Saturdays. Many other people in the produce business told Kennison that holding a farmers' market next to the store was irrational because it would simply take sales from the store. Kennison disagreed. He believed that any drop in the produce sales at the store would be offset by sales in other departments. Further, he believed farmers' market patrons would discover the store and become members, resulting in an overall increase in business. At the same time, Kennison set out to create an all-organic produce department. Realizing that Sunday was already one of the best sales days even before the market, Kennison decided to switch the market to Wednesday, the worst sales day of



*During the mid 1990s, People's hosted its All-Organic Farmers Market on the lot south of the store. The market helped revive the store during the early 1990s by attracting customers on Wednesday, an otherwise slow day for sales.*

the week. He also made it into the first all-organic farmers' market in Portland.<sup>54</sup> On June 15, 1994, People's All Organic Wednesday Farmers' Market opened for the first time. The market was critical to the survival of People's Food Store because it kept customers coming and shopping.<sup>55</sup>

As a result of the efforts of Wyrick, Kennison, Van Meter, and many dedicated volunteers, People's Food Store was poised to benefit and thrive as an awareness of natural foods grew in Portland. In a way, People's and the other natural food stores and cooperatives founded during the 1970s were years ahead of society. Those that survived the rough economic times and internal strife of the 1980s found a growing market and increased profits during the 1990s.

By August 1994, sales at People's had returned to the levels prior to the opening of Nature's Fresh Northwest store on Division.<sup>56</sup> That summer, several changes had been made to Peoples' physical space and management structure. In June, the cooperative had twenty-four-dollars per year membership fee with a 5 percent discount for all members. The discount





*Although the store would not expand for another fifteen years after this photograph was taken in the early 1990s, it was already cramped at that time. As illustrated by the sign on the left, People's was a leader in the organic movement, encouraging growers to switch to organic production.*

rate had been raised in May of 1993, to survive competition from Nature's Fresh Northwests, but because it was cutting into the gross margin, the board and staff began discussions on how to reform the discount system.<sup>57</sup> Ultimately, the member-discount percentage remained the same, but the working-member discount percentage was lowered slightly to lessen the impact of discounts on the bottom line. The membership also voted to change the bylaws to create a "staff collective" management system, moving away from the recent hierarchical model and back to Peoples' traditional collective structure.<sup>58</sup>

As the farmers' market grew and People's started to attract more members during the 1990s, limitations resulting from the store size became more apparent. By 1998, a vision for expansion was alive but stalled. Writing in the People's Food Store Co-op newsletter in the summer of 1998, longtime staff member Miles Uchida provided an overview of the expansion plans:

More selection. Wider aisles. Community meeting space. Solar heating. Better staff wages. These are all visions of an enlarged People's Food Store Co-op. So . . . what ever happened to the proposed People's expansion?

Well, the expansion process is still moving along slowly but surely. As many remember, last July the City of Portland granted us a zoning variance to expand into part of the lot next door, more than doubling our retail space. But many issues face us before we can begin construction: transportation management, building permits and final design, landscaping, store layout, alternative building and energy sources . . . oh yeah, and financing. In other words, we need lots of money first!

He continued, explaining that he estimated the total cost of the expansion to be \$450,000 and that they would need to raise the money through partnerships with non-profits, loans and donations from members, product donations from suppliers, and "good-old-fashioned loans from banks."<sup>59</sup>

SINCE 1970, People's had been incorporated as a non-profit, limiting the store's ability build equity, so in the fall of 1999, the membership voted to re-incorporate as a cooperative corporation. On March 2, 2000, People's Food Store re-incorporated, and on November 11, 2000, nearly thirty years to the day People's first opened its doors, officially changed its name to People's Food Cooperative. The most notable change for members was the shift from an annual membership fee to ownership of one share of the cooperative corporation. People's had finally become a true and legal consumer cooperative with the corporation owned by those who shopped in the store. A full share in People's Food Cooperative cost \$180, and a person could own only one share, which entitled the owner to one vote in board elections and bylaw changes.<sup>60</sup> Investment in shares also allowed the co-op to build equity it needed to expand.

One board member at that time, Pedro Ferbel-Azcarate, was initially against the expansion plans. He loved the co-op the way it was, with the wood floors, the screen door, and the store general funkiness, and he was concerned that the changes would create a more generic space.<sup>61</sup> When he understood that they could create opportunities instead of gentrify the store he supported the expansion. Writing in the co-op newsletter in the winter of 2000, Ferbel-Azcarate explained his transformation:

As a board member, I began to understand that we are approaching a boiling point: we

are forcing too much activity in too little space. (Our sales per square foot are nearly three times the national average!) This wears on our staff and volunteers, increasing the potential for burnout and accidents. It also ultimately affects our mission; it hinders our ability to treat our workers well and it interferes with our capacity to provide access to healthy food. It became clear to me that we needed to help shape a vision for the expansion project that would encourage our goal: enhancing connections between people, community, and sources of nourishment.

Expansion is about creating more community space, better working conditions, utilizing and promoting green building technologies, and offering a true center for community education and activism. We will also be a better food store. We will have more space for people of all sizes and ability levels to move about comfortably and safely. We will be able to carry more bulk foods to cut down on packaging. In general the store will function more smoothly, meaning fewer out of stock items and more clear display of foods and their prices as well as nutritional information. All this means that more people will have more access to more safe, sustainable food.<sup>62</sup>

Recently, Ferbel-Azcarate recalled that he did not want People's to expand just to carry a greater variety of products. While he wanted to create opportunity, he did not want People's to become a high-end, inaccessible, "un-homey" place as many other food cooperatives had. Referring to the direction he did not want to see People's move, Ferbel-Azcarate noted that as People's was beginning to plan the expansion, real estate values in the neighborhood were just starting to "go crazy." He wondered what direction People's was going. New Seasons Market, Whole Foods Market, and Nature's Fresh Northwest (later Wild Oats) dominated the Portland natural foods market, and other cooperatives were following the lead of those stores by reaching for the high-end market.<sup>63</sup>

On September 26, 2001, over seventy owners and friends turned out for a ground-breaking ceremony, beginning the expansion that had been in the planning stages in one form or another since the late 1980s.<sup>64</sup> After the new section, creating an L-shaped building, was complete, the staff and volunteers moved the entire store into it to allow for the remodeling of the old section, the final phase of the project. During the entire renovation and expansion the store was closed for less than one day.<sup>65</sup>

To support the "green building" aspect of the project, the cooperative received a ten-thousand-dollar Grant for Emerging Technologies in Green Building from the City of Portland Office of Sustainable Development. As Uchida explained in an article:

But this expansion is also about LESS. Less energy consumption, less impact on our environment, less forest destruction, less toxic material. . . . Our expansion team has gone the extra mile to make this happen, incorporating a whole menu of green building



*During the expansion in 2002 and 2003, the store doubled its floor space by building a new structure (left) and, after extensively remodeling the old building (center), combining the two buildings. The new structure incorporated a number of innovative building techniques, including the use of cob (wall on left).*

technologies, materials, and design strategies.

Some of the sustainable features of the building include native landscaping, extra insulation, a ground source heat pump, radiant floor heating and cooling, efficient lighting, natural light source, permeable walkways and courtyard, an on-site 1,500 gallon rainwater recovery cistern, low and non-toxic building materials, recycled building materials, natural ventilation, and a cob structure consisting of earth (much coming from the building excavation), sand, and straw from local sources.<sup>66</sup>

On December 18, 2002, staff and volunteers opened the entire store, which had over twice the amount of space as the old store and included a large community room upstairs. People's building was transformed from a small neighborhood grocery to a much larger sustainably built grocery store with a substantial community room, and the vision of many individuals, going back nearly forty years, came to fruition, despite significant challenges along the way.

ROBERT GROTT, an active participant in the food cooperative movement, recently recalled a time when People's was struggling and the board asked him to assess the situation: "I came to the conclusions that it was 'already dead' economically, but that no one was ready to admit it."<sup>67</sup> People's was not alone. In a 1987 article, Grott explained why the food cooperative movement was withering:

Co-ops are unique in that they have a dual mission — part economic and part social. Economically, they provide a way for a community to capitalize its own business and to provide for needs that would otherwise go unmet. They can then return the economic benefits of that business back to the community. In other situations, they can protect people from abuses such as monopoly overcharges. Socially, co-ops actualize the ideal of human co-operation. They operate democratically, and they suggest a new type of relationship between businesses and consumers. They can provide people with a new measure of control over their lives, and they offer a context for community organizing.

Grott concluded that cooperative movements, in general, grow as a response to certain external conditions. The "new wave" cooperatives of the 1960s and 1970s arose out of the culture that prioritized "goods or fair prices combined with a desire for a new social order." By the late 1980s, the social and economic environments had changed substantially. Whereas food cooperatives once had a virtual monopoly on the "natural foods" market, as acceptance and demand for those products increased, so did competition. Cooperatives, dependant on membership, found themselves at a disadvantage in the increasingly competitive marketplace.

As social commitment declined, more and more patrons began reverting to the norm and relating to the co-op on primarily economic terms — the weakest of all competitive positions for the co-op. At the same time, the co-op workforce was getting older and started to have more conventional expectations of the workplace.

As members' economic needs and social motivations decreased, so did commitment, motivation, and the functionality of the democratic structure. Grott explained that, while many cooperatives will survive, ultimately "they may not be designed to live beyond the needs and the visions of the generation that conceives them."<sup>68</sup>

Nonetheless, People's and many of the early "new wave" cooperatives continue to operate today. Most, however, are virtually indistinguishable from their non-cooperative competition. People's managed to survive and, ultimately, thrive over forty years while remaining a small, collectively run, cooperative grocery store due to luck and having the right people there at the right time: the individuals who decided to purchase the building when the



*The north side of People's Food Store is shown here in the early 1980s. Students from Buckman School painted the fruit on the building in 1974 as part of a regional public art project.*

cooperative was only two years old; the manager who took over in the early 1980s, bringing much needed management experience to the store; the person who asked the board to let him try to save the cooperative after the staff voted to close; the manager who brought the store back from the brink after Nature's Fresh Northwest opened a few blocks away; the staff member who started the all-organic farmers' market; the staff member who took the lead on the expansion plans; and all the volunteers who gave their time, money, and energy to ensure that People's survived.

Additionally, the members and owners of People's were willing to revise their thinking, as necessary. Instead of being wedded to one particular model, the cooperative experimented with change. Over time, People's learned to pay attention to its surroundings and change to meet the needs of the neighborhood while still retaining its core principles. Although People's began with the philosophy of

"Food for People, Not for Profit," those involved with the store realized that profits were necessary to ensure a stable business model. As the neighborhood began to gentrify in the late 1990s, People's responded by introducing a wider array of foods, including an increased amount of processed food. Still, People's has been able to steer a course between becoming a mainstream store and limiting its products to an original vision hatched in 1970. In other words, when entering People's Food Cooperative, visitors observe that the store is different than others but not so different as to be frightening. While People's may have strayed from some aspects of its founders' vision (no

membership fees, no processed foods, all-volunteer workforce), doing so facilitated its survival. Finally, the economic and social climate cannot be ignored. Portland generally attracts a progressive population more willing to dedicate time and social equity to a venture like People's.

Forty years later, People's Food Cooperative still occupies the same building it did in 1970, though greatly modified and expanded, and has returned to collective management. In the big picture, it is a small food cooperative with only one store and approximately five-thousand square feet of floor space. Nonetheless, People's has defied every business model by surviving as a small cooperatively owned natural food store. The future will certainly see changes and rough patches, but no matter what changes occur, chances are that come morning, the small cooperatively owned neighborhood grocery on the corner of Southeast Twenty-first and Tibbets in Portland will open its doors for business.

## NOTES

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4. Hosford-Abernethy Neighborhood: A Brief History, <http://handpdx.org/blog/history> (accessed January 1, 2011).

5. Ibid.

6. Gina Terrana, email to author, November 8, 2010 (Gina Terrana is the granddaughter of Carmelo Terrana); *Polk's Portland City Directory*, 1910 listing Carmelo Terrana living at the location of the store and designating him as a peddler, the 1913 directory lists him as running a feed store, in 1914 a feed and

flour store, in 1921 produce store, in 1923 a fruit store, and a grocery store in 1924; *Polk's Portland City Directory*, 1948 (listing "McCarthy's Grocery" at 3029 SE 21<sup>st</sup> Avenue); *Polk's Portland City Directory*, 1960; Brenda Manock, oral recollections of growing up the Hosford-Abernathy Neighborhood, November 13, 2010. The Kammerzells sold the building to Michael V. Colin on November 6, 1969 for \$6,500.

7. Gale Ousele, interviewed by author, Lincoln City, Ore., February 13, 2010; Maurice Isserman, email to author, July 4, 2008.

8. Zwerdling, "Food Cooperatives," 91.

9. *Willamette Bridge*, August 21–27, 1970.

10. Ibid., November 7–20, 1969.

11. Ibid., August 7–13, 1970.

12. Ibid., April 3–9, 1970.

13. Ibid., September 26–October 9, 1969.

14. Maurice Isserman, email to author, August 27, 2007. See Maurice Isserman, *If I Had a Hammer: The Death of the Old Left and Birth of the New Left* (University of Illinois Press, 1993), for his chronicle of the "new left" of the late 1960s and early 1970s.

15. *Willamette Bridge*, November 13–19, 1970.

16. Mina Loomis, interview by author,

- Portland, Ore., January 17, 2010.
17. *Portland Scribe*, November 17–23, 1972.
  18. *Willamette Bridge*, March 25–31, 1971.
  19. Food Front was originally “The Real Good Food Store,” <http://www.foodfront.coop/AboutUs/OurHistory/tabid/130/Default.aspx> (accessed January 30, 2010); *Portland Scribe*, November 17–23, 1972.
  20. Email to author from Robert Grott, General Manager of Hope Neighborhood Food Cooperative from 1975 to 1987. Grott explained that Hope began as a food buying club in 1971 and opened its Buxton store in 1973.
  21. *Portland Scribe*, August 1–7, 1972 (quoting Gordon Whitehead).
  22. Ousele interview, February 13, 2010.
  23. Warranty Deed, September 27, 1977 (on file at People’s Food Cooperative); *The People’s Corner*, September, 1979.
  24. *Portland Scribe*, August 1–7, 1972.
  25. *Ibid.*, June 29–July 5, 1974.
  26. *Willamette Week*, April 12, 1976.
  27. *Ibid.*; Lee Lancaster, interview by author, Portland, Ore., February 22, 2010.
  28. Email to author from Robert Grott. After Hope Neighborhood Food Co-op moved to Forest Grove in 1977, it expanded to include a fish and deli counter, a café serving lunch and dinner, and an extensive beer and wine selection. As a result of financial and management issues, the store closed in 1987.
  29. *Willamette Week*, April 12, 1976.
  30. Suzanne Yack, interview by author, Portland, Ore., January 19, 2010.
  31. *Willamette Week*, April 12, 1976.
  32. *The People’s Corner*, September, 1979.
  33. *Ibid.*, October 1980.
  34. *People’s News*, Fall 1989, p. 1; Robyn Wyrick, interview by author, Portland, Ore., January 10, 2010.
  35. *The People’s Corner*, February, 1980 (emphasis in original).
  36. *Ibid.*
  37. *Ibid.*, November–December 1982.
  38. *Oregonian*, September 29, 2003, p. B-2. The article incorrectly places the opening date of Nature’s Division Street store in 1987; the store opened in March 1993. See *Oregonian*, February 26, 2006, p. B-2; *Oregonian*, September 23, 1992, C-6; and *Oregonian*, February 16, 1995.
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  40. *Ibid.*
  41. *Ibid.*
  42. *Ibid.*, February–March 1984.
  43. *Ibid.*
  44. People’s Food Store Co-op Newsletter, October/November 1990.
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  46. *Ibid.*
  47. People’s Co-op Newsletter, March, 1993.
  48. Wyrick, interview, January 10, 2010.
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  50. *Ibid.*
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  52. Pablo Kennison, interview by author, Portland, Ore., January 2, 2010
  53. Wyrick, interview, January 10, 2010.
  54. Kennison interview, January 2, 2010
  55. People’s Co-op Newsletter, April 1994.
  56. *Ibid.*, August 1994.
  57. *Ibid.*, June, 1994.
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  60. *Ibid.*, Winter 1999; Business Entity Data, Oregon Secretary of State, Corporate Division, [http://egov.sos.state.or.us/br/pkg\\_web\\_name\\_srch\\_inq.show\\_detl?p\\_be\\_rsn=635898&p\\_srce=BR\\_INQ&p\\_print=FALSE](http://egov.sos.state.or.us/br/pkg_web_name_srch_inq.show_detl?p_be_rsn=635898&p_srce=BR_INQ&p_print=FALSE) (accessed May 1, 2010); People’s Food Cooperative Newsletter, Winter 2000.
  61. Pedro Ferbel-Azcarate, interview by author, Portland, Ore., January, 14 2010.
  62. People’s Co-op Newsletter, Winter 2000.
  63. Ferbel-Azcarate interview, January, 14 2010.
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  65. Miles Uchida, interview by author, Portland, Oregon, October 19, 2009.
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  67. Email to author from Robert Grott.
  68. Robert Grott, “Why Coops Die: An Historical Analysis,” *Cooperative Grocer*, February – March, 1987.