

## **COMMENTARY: DISCUSSION DRAFT 2**

# **ICA Statement on the Cooperative Identity**

### **Definition**

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

No changes proposed.

### **Values**

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperatives are founded on the values of mutual self-help, personal responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, they embrace the ethical values of honesty, transparency and accountability. Stewards for future generations, they practise social and environmental responsibility.

Notes:

- Stronger than “based on,” “founded on” suggests that the values are the foundation upon which a cooperative is built.
- “Mutual self-help” replaces “self-help.”
- “Self-responsibility,” though in the dictionary, is seldom heard in English. “Personal responsibility” conveys the meaning more clearly.
- “In the tradition of their founders, they embrace” solves a grammatical problem with the current version (individual members do not have founders; their coops do).
- “Transparency” replaces “openness,” which is ambiguous (does it mean accessibility, open-mindedness, tolerance or transparency?). “Accountability” is essential to democracy.
- “Caring for others” is redundant (“solidarity,” a much stronger word, captures the idea).
- “Stewards for future generations, they practise social and environmental responsibility” brings in the natural environment, as well as the idea that today’s members are stewards for tomorrow’s.

### **Cooperative Principles**

The cooperative principles are guidelines by which cooperatives put their values into practice.

Seven principles guide cooperatives in putting these values into practice.

Notes:

- The word “Guidelines” too often connotes something non-binding.

### **1st Principle: Voluntary and Open Membership**

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### **1st Principle: Voluntary and Open Membership**

Cooperatives are voluntary organizations, open without discrimination of any kind to all persons able to use their services and willing to accept the responsibilities of membership.

Notes:

- This succinct formulation avoids adding to the list of prohibited grounds as societal values change. It leaves out no constituency that has suffered from discrimination.
- A higher-level statement.

### **2nd Principle: Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

### **2nd Principle: Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who have a vote and a voice in the affairs of the cooperative. Persons serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote). Cooperatives at other levels are organized on the democratic basis determined by their membership.

Notes:

- “Men and women” is replaced by the more inclusive “persons.”
- There are a great many cooperatives where members do not participate in setting policies in any way beyond electing the board. In general, degrees of member engagement vary enormously among cooperatives. A vote and a voice are two universal features.
- Breaking the third sentence into two improves the readability of the text.
- “Determined by their membership” underscores the idea of member control.

### **3rd Principle: Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative.

Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

### **3rd Principle: Member Economic Participation**

Members participate in their cooperative as producers, consumers, workers, community members or independent business owners. They contribute equitably to its capital, a portion of which remains common property under the democratic control of the cooperative. Members receive a limited return, if any, on capital subscribed as a condition of membership.

Cooperatives allocate surpluses for any or all of the following purposes: developing the cooperative; setting aside indivisible or other reserves; benefiting members in proportion to their business with the cooperative; and advancing other purposes supported by the membership.

Notes:

- During the consultation, many argued for speaking generally to use of the cooperative's services or specifically proposed its inclusion within this principle, noting that use is an important form of economic support. The statement proposed is broader and more universal in its application (it can be argued that being a member of a worker cooperative does not, in itself, constitute use of the cooperative's services). It also captures the idea of member participation, which many consultation participants wanted to see.
- The current formulation contains unnecessary qualifiers, making it too weak and too wordy.
- The language has been slightly modified from Discussion Draft 1 to retain the concept of indivisible reserves.

### **4th Principle: Autonomy and Independence**

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

### **4th Principle: Autonomy and Independence**

Cooperatives are independent organizations controlled by their members. When they enter into agreements with governments or other organizations, or raise capital from external sources, they do so on terms that do not weaken the members' democratic control or undermine the cooperative's autonomy.

Notes:

- A slight change to the wording is proposed, first, to acknowledge that the autonomy of economic entities of any kind is always constrained to some degree and, second, to improve the English.

### **5th Principle: Education, Training and Information**

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of cooperation.

### **5th Principle: Education, Training and Public Promotion**

Cooperatives provide education and training to their members, elected representatives, managers and employees to strengthen their engagement with the cooperative and enable them to contribute fully to its success and its democratic life. They inform the public—particularly young people and opinion leaders—about the nature and benefits of cooperation.

Notes:

- The title change is proposed as an alternative to splitting this principle into two, which, concerned that the second part is too often overlooked, some proposed during the consultation.
- The Oxford comma after “managers” is unnecessary.
- The word “engagement,” is added, which many stated during the consultation was missing, and the idea of employee engagement, which is essential to a cooperative’s success, is captured.
- Adding “contribute fully” to a principle speaking to education and training for those within the coop helps get at the inclusion and equity pieces of “Diversity, Equity and Inclusion” (diversity is captured under Principle 1)
- “General”, in the term “general public”, is an unnecessary qualifier in this context.

### **6th Principle: Cooperation among Cooperatives**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

### **6th Principle: Cooperation among Cooperatives**

Cooperatives serve their members and strengthen the cooperative movement when they use the services of other cooperatives and work together through local, national, regional and international structures to meet their common goals and advance their aspirations for the movement.

Notes:

- The current principle does not capture doing business with other cooperatives.
- The additional words answer the question “work together to what end?”. “Advancing their aspirations for the movement” could mean, among other things, the development of new cooperatives.

### **7th Principle: Concern for Community**

Cooperatives work for the sustainable development of their communities through policies approved by their members.

### **7th Principle: Community Engagement**

Through responsible business practices and policies supported by their members, cooperatives work for the wellbeing of the communities in which they operate and a peaceful, just and environmentally sustainable future for all.

Notes:

- The changes are intended to strengthen the principle and to recognise that “community engagement” spans everything from the local to the global.
- In English, the current title (“Concern for Community”) is weak. The proposed new title is inspired by the current French title.
- “Policies approved by their members” is problematic as, in most large cooperatives, members have no direct role in setting policies, though they may influence them indirectly through their choice of leaders.
- This principle was the one most criticized through the consultation, particularly by those who worry that cooperatives may be ceding ground to other actors in the social and solidarity economy or to forward-looking investor-owned firms or otherwise losing their distinctiveness in the marketplace.