

COMMENTARY: DISCUSSION DRAFT 3

ICA Statement on the Cooperative Identity

Note: The revised Statement wording proposed is in red. The 1995 version and notes commenting on the proposed new version are in black.

It is proposed to add a preamble within the Statement, to read as follows:

Preamble

Since 1895, cooperatives around the world have affirmed their cooperative identity through the International Cooperative Alliance, which holds this Statement in trust as custodian of the cooperative tradition and its guiding principles. The Definition, Values and Principles form a single whole that expresses the shared identity that unites the world's great array of cooperatives and distinguishes them from other forms of enterprise. Interpretive guidance issued by the ICA assists cooperatives of all kinds in giving consistent expression to this identity. As the world changes, the ICA may renew the Statement through its democratic and deliberative processes, taking care to preserve the integrity of the cooperative identity as it is sustained and passed on from one generation to the next.

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, self-responsibility, democracy, equality, equity and solidarity. In the tradition of the movement's founders, they embrace the ethical values of honesty, transparency and caring for others. Stewards for future generations, they practise social, economic and environmental responsibility.

Notes:

- Stronger than “based on,” “founded on” indicates that the values are the foundation upon which a cooperative is built.
- To convey the idea that, in a cooperative, people help themselves by working with others in like circumstances, “mutual self-help” replaces “self-help.”
- “In the tradition of the movement's founders, they embrace” solves a grammatical problem with the 1995 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?). Ian MacPherson's address to the 1995

General Assembly introducing the new Statement made clear that “transparency” was the intended meaning but it has been translated otherwise into other languages.

- “Self-responsibility” and “caring for others,” removed in Discussion Draft 1, have been reintroduced in response to feedback received.
- “Stewards for future generations, they practise social, economic and environmental responsibility” enjoins cooperatives to use economic and environmental resources wisely and to recognise that they have a responsibility to the wider society and to the members of tomorrow. This concept finds further expression in Principle 7.

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 organisations, open without discrimination to all persons who can contribute to or use their services and who accept the responsibilities of membership. Any membership restrictions must be reasonable and related to the cooperative’s purpose.

Notes:

- This succinct formulation avoids adding to the list of prohibited grounds of discrimination as societal values change. “Of any kind,” which followed “discrimination” in Discussion Draft 2, is replaced by a new second sentence that acknowledges that a cooperative may have membership restrictions, provided they meet two tests: they must be related to the cooperative’s purpose and they must be reasonable.
- The addition of “contribute to” after “who can” broadens the statement to include members of worker cooperatives and non-user community members of multi-stakeholder and solidarity cooperatives.

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 organisations controlled by their members. Persons elected or appointed to senior leadership roles are accountable to the members, who exercise their control through their voice, their vote and their active participation. In primary cooperatives, members normally have equal voting rights (one member, one vote). Cooperatives at other

levels and those with discrete classes of members are organised on a suitable democratic basis determined by their members.

Notes:

- “Men and women serving as elected representatives” is replaced by “Persons elected or appointed to senior leadership roles.” The new language is more inclusive and extends accountability to the cooperative’s senior managers.
- In place of saying in the first sentence members “actively participate in setting their policies and making decisions,” the second sentence now continues with “[members] exercise their control through their voice, their vote and their active participation.” Degrees of member engagement vary greatly among cooperatives. In many, the members do not participate in setting policies beyond electing the board. By contrast, a vote and a voice are universal features of democracy. Active participation is essential to strengthening member control.
- Breaking the third sentence into two improves the readability of the text.
- “Determined by their members” underscores again the idea of member control.
- The new wording of the last sentence captures those primary cooperatives who, having discrete classes of members (e.g., workers and consumers), use weighted voting systems to ensure a proper balance among their interests.

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 contribute to their cooperative's economic life when they use or produce its products and services. They contribute equitably to its capital, which they control democratically. Any return on capital subscribed as a condition of membership is limited.

Cooperatives allocate surpluses for any or all of the following: developing the cooperative; setting aside reserves, at least a portion of which remains indivisible; providing for education; distributions to members in proportion to their business with the cooperative; benefiting members on another equitable basis; or advancing other purposes approved by the members.

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 now proposed is broader and more universal in its application than the Discussion Draft 1 version (“use or produce” has been added because it can be argued that being a member of a worker cooperative does not, in itself, constitute use of the cooperative’s services).
- The 1995 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.
- “Providing for education” and “or on another equitable basis” have been added in response to feedback received on Discussion Draft 2.

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 organisations controlled by their members. When they enter into arrangements with governments or other organisations, or raise capital from external sources, they do so on terms that protect the cooperative's autonomy and the members' democratic control.

Notes:

- “Arrangements” replaces “agreements.” The new term encompasses relationships that are not necessarily governed by legal contracts, such as the relationship between a publicly funded health clinic or personal care cooperative and government.
- In response to feedback on Discussion Draft 2, “on terms that do not weaken the members' democratic control or undermine the cooperative's autonomy” is changed to read, “on terms that protect the cooperative's autonomy and the members' democratic control.”

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 information, education and training to their members, elected representatives, managers and employees to strengthen their engagement and enable them to contribute fully to the cooperative’s 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.
- “Information” has been added to the first sentence to emphasise the need for transparency. A few unnecessary words have been removed from the Discussion Draft 2 version of this sentence.
- 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.

- “Contribute fully” in a principle speaking to education and training for those within the coop points to 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 most effectively and strengthen the cooperative movement when they use each other’s services and work together through local, national, regional and international structures.

Notes:

- In response to feedback, “most effectively” is added back and “to meet their common goals and advance their aspirations for the movement,” which appeared in Discussion Draft 2, is removed.
- The 1995 version of the principle does not capture doing business with other cooperatives.

7th Principle: Concern for Community

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

7th Principle: Commitment to Sustainable Communities

Through practices and policies supported by their members, cooperatives work for the sustainable development of their communities and a secure, just and peaceful future for all.

Notes:

- This principle was the one most criticised 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.
- The change in title shifts the emphasis to sustainable development, expressing a stronger commitment. Consistent with this, “Wellbeing of their communities”—the phrase used in Discussion Draft 2—has changed back to “sustainable development of their communities.”
- In evoking the purpose of a cooperative, the final phrase, “a secure, just and peaceful future for all,” circles back to “needs and aspirations” in the Definition.
- In this draft, “Approved by their members”—the 1995 language—is replaced by “supported by their members.” There are different views on the role of members in determining the actions and policies through which a cooperative pursues its commitment to sustainable development. Should the members expressly approve those actions and policies? Does this take the form of approving specific policies and projects or is approval of the general direction sufficient? The argument for retaining “approved by” is that it preserves the centrality of the members and signals that important responsibilities should not be ceded to the cooperative’s board or management. On the other side, it is observed that the degree of member involvement in setting policies varies from one cooperative to

another. This view holds that meaningful approval is granted through a formal decision taken before the fact. “Supported” denotes general agreement or backing. It does not signal a formal process, but it does not preclude one. The role of the members in charting the cooperative’s sustainable development journey is a matter for the members of each cooperative to decide.