

Revision of Co-op Principles and the Role of Co-operatives in the 21st Century

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Why revise the current list of co-op principles of the ICA?

Are co-operative principles standing hard and fast as a bulwark in a changing world? Should co-operative principles be revised because they have outlived their purpose? Will co-operatives die out like dinosaurs which lose their living space in a changing world unless they adapt themselves to their new environment? Is it possible to change the principles of co-operation without losing the identity of co-operatives? Will revision of the co-operative principles also mean to change the well-known and tested model?

The answer to all these questions is no.

"Modern co-operatives" were invented in the middle of the 19th century in times of the Industrial Revolution as a form of organization enabling people to cope with rapid and far-reaching social, economic, political and technological change. The 21st century will also be a time of rapid change in all these fields aggravated by additional, serious ecological problems.

The hypothesis of this paper is that the general ideas behind the concept of co-operation, the principles guiding co-operators to do the right things and the basic organizational pattern appropriate to pursue the typical co-operative objectives, are valid independent of time and circumstances, whereas the practical rules of application are not.

The call for revising the co-operative principles is partly caused by the impression that important principles are lacking

in the ICA list and partly by misunderstandings of differences between values, principles and practices.

Accordingly, the topic will be dealt with in three steps:

- An attempt will be made to clarify the still rather confused issues of what a co-operative is and what are the values, principles and practices of co-operation;
- the changes that have occurred in the environment of co-operatives will be analysed; and
- it will be discussed, how co-operatives can adjust themselves and react to these changes, trying to find solutions by offering ways and means which enable people affected by the changes to use the co-operative approach or form of organization to improve their conditions, to cope with problems threatening them, for which neither the market nor the state appear to offer solutions.

Ostensible and real need for revision of co-operative principles

For decades, co-operative enterprises have pursued the policies of surviving on the market in full competition with commercial firms by imitating the business policies of their competitors, The slogan has been: "grow or perish". Yet, many large co-operatives have perished despite growth or because of uncontrolled growth, overstretching their resources and capabilities.

What is obvious in its extreme form is less visible, if this policy is implemented in small steps, which, however, all go into the same direction.

Attempts to adjust the co-operative model and particularly the co-operative law to the needs of survival of co-operative enterprise in a highly competitive market, having mainly been directed towards overcoming "structural weaknesses" of the co-operative form of organization, (which could also be seen as typically co-operative sources of strength) which means in clear terms by bringing the co-operative model closer to the company model.

This refers to:

- Opening new ways of raising capital from members and non-members and ultimately from the capital market, e.g. making co-operative shares more attractive for investors, giving capital a more powerful position in the co-operative;
- giving board managers more autonomy to manage the co-operative enterprise without too much interference from the membership in general meeting or their elected representatives;
- recruiting external professionals (non-members or proforma members) to serve on the board of directors, because there are no sufficiently qualified managers within the co-operative group (which may be true - but

there are qualified elected leaders who can determine the overall policy of their co-operative and ask the professionals to execute this policy service of genuine member representatives on the board and professional managers employed by the board);

- facilitating amalgamation into large societies rather than propagating functional integration or networking among smaller societies;
- auditors of co-operatives concentrating on financial audit of the company style rather than on specifically co-operative "performance audit" or management audit in relation of achieving the objective of member promotion;
- practicing business with non-members as an important and indispensable part of co-operative business, thereby levelling the differences between members and ordinary customers, leaving dividend on share capital as the main incentive for membership, like in companies;
- accepting taxation laws which treat special services or conditions offered exclusively to members as hidden profit distribution, taxed accordingly.

The question is whether these adaptations to the company model are necessary and useful or whether they lead into a wrong direction, namely, to level the characteristic features of co-operative enterprises turning them into ordinary business firms.

Originally, co-operative societies were self-help organizations, with members in charge of setting the goals for joint action, determining the rules to be applied and controlling the elected leaders democratically.

These characteristics of co-operative societies as autonomous, member-controlled self-help organizations for satisfying members' needs are not expressly stated in the current list of co-operative principles of the ICA. The reason for this omission may be a hidden agenda, namely that in the former Socialist countries and in the developing countries co-operatives were not perceived as autonomous self-help organizations, but rather as instruments for the implementation of centrally planned programmes and projects.

With the political changes that have occurred during the past several years in the former Socialist countries and the disappointing results with State-controlled pseudo-co-operatives in developing countries, the character of co-operatives as self-help organizations and the need to grant them autonomy in running their own affairs is now generally recognized. It would, therefore, be appropriate to express this reorientation towards the original concept of co-operation in the list of principles by adding autonomy and member-promotion to this list.

Another problem area which has been left unsettled for the sake of harmony in the world co-operative movement is the question of priority of goals in co-operative societies. Shall co-operatives serve first and foremost their members, who

finance, control and use their joint co-operative enterprises or shall co-operatives serve more general purposes, the welfare of the general public (like in the Maharashtra Co-operative Societies Act of 1960 and the Singapore Co-operative Societies Act of 1979), the economy of the nation, social justice, peace etc., in which case co-operatives may need to seek public funds, which in turn would justify government control over the proper use of such funds.

This is certainly not a matter of either - or - but clearly one of priority.

Experience has shown that the individual person is more likely to join a co-operative society voluntarily, to commit his or her resources, to remain a member and to participate actively in the joint undertaking, if he/she can receive visible and tangible results in return (if there is member satisfaction). The strongest, most convincing and most reliable incentive for members in co-operatives is the expectation (and better still the experience) that one's own problems can best be solved co-operatively. Members may decide to have other priorities for their co-operative, if they are unselfish, socially-oriented and wish to express their solidarity with others who need help. But this is not the standard form of members' behaviour and should therefore not be seen as a co-operative principle.

Hence, in a realistic set of co-operative principles taking account of the "weaknesses" of the human being, to think of his or her own immediate problems first, without losing the responsibility for the community, for the world and for the future generations from sight, a new co-operative principle should be added to the list to put the priorities right, e.g. under the heading "community responsibility" and as the last principle: "Co-operatives recognize their community responsibility". While focusing on members' needs, they respect and protect the global environment and serve the interests of their communities through democratically approved policies.

Furthermore, a definition of a co-operative society, which should precede the list of co-operative principles, should make reference to the self-help character of co-operative societies.

Need for a clear distinction between co-op values, principles and practices

Recent attempts of the ICA to define co-operative societies by the general ideas on which the concept of co-operation is based, by the typical co-operative value system, by the principles which co-operators should use as guidelines for their co-operative activity, have not contributed to clarification of these issues but rather increased the confusion.

In order to arrive at a clear concept of co-operation, a definition is required to determine what a co-operative society is or should be and there is almost general consensus

that such a definition is given in Recommendation 127 of 1966 of the International Labour Conference concerning the role of co-operatives in the social and economic development of the developing countries.

A co-operative society "is an association of persons, who have voluntarily joined together to achieve a common end through the formation of a democratically-controlled organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate" (para 12 (1) (a)).

This definition covers all:

- the typical co-operative philosophy (values and principles) and
- the typical co-operative structure.

When trying to define the general ideas behind the co-operative concept, it is necessary to go back to the past in order to develop a clear vision for the future.

Co-operatives were invented as organizations having a high potential of innovation in times of rapid change, just like companies were invented as a form of organization allowing to accumulate large sums of money for investment from anonymous sources (hence the French name "societe anonyme"). They are a form of organization allowing people to pool resources (other than capital), turning a multitude of small potentials into a force to reckon with (on the market and in political debate). They are a means individuals can use to gain access to new ideas, new technology, opportunities, institutions, which the individual acting alone would never have. Co-operatives offer protection within a group of persons having common needs and aspirations, making it possible to try innovations even against the general trend.

Co-operatives are a tested model of organized collaboration, offering a set of rules which make it possible to reconcile conflicting elements in a well-balanced synthesis, that usually create conflicts in society:

freedom and dependence,
tradition and progress,
individual self-reliance and group solidarity,
egoism and social responsibility.

Some of these general ideas behind the concept of co-operation are identical with basic human rights:

Freedom of association, i.e. freedom to work together with others on a voluntary basis, for every lawful, self-determined purpose as long as such co-operation is felt to be useful and beneficial and does not encroach on the rights of others.

Protection of private property, including the right of the individual to pool any part of his or her property in a group and to keep private property in form of individual businesses or households, using co-operatives for certain services only

or to pool all their property creating a collective. Experience has shown that service co-operatives are more easy to form and operate than collectives.

Equality of all human beings without discrimination by creed, race or sex.

Freedom to contract, i.e. to make legally-binding decisions within the limits of the general law, to create self-imposed obligations under agreements or by-laws of organizations. Protection of these rights under law and access to independent courts if these rights are infringed.

This enumeration shows that co-operative ideas were certainly influenced by the Declaration of Human Rights during the French Revolution and by the Constitution of the United States of America.

Persons who accept the co-operative way of doing business, who agree with the general ideas of the co-operative concept and accept these ideas as orientation for their way of thinking and acting, turn a combination of abstract general ideas into their personal co-operative value system.

Co-operators believe in self-help, mutual assistance, group solidarity, equity, social justice and social responsibility with varying interpretation and emphasis on one or the other of these ideas. They organize their relationship with their co-operative society and with other members of the co-operative group and often even their way of life, on the basis of this value system. These general ideas have been transformed by co-operators into a set of specifically co-operative guidelines according to which the typical co-operative structure is filled with life. The combination of these guidelines forms a system with individual guidelines sometimes reinforcing, sometimes restricting each other: The co-operative principles.

Approach to revision

When looking at the ICA list of co-operative principles, it can be observed that the list is incomplete and to some degree incorrect.

Some important principles are missing, while rules of practical application were included, although they are variable practices.

Additions to the list of principles

The need to add self-help, mutual assistance and member promotion on the one hand, and autonomy of co-operatives being private self-help organizations on the other to the list of principles has already been discussed. By these additions in future State- or party-controlled co-operatives and general interest enterprises can be longer be counted among co-operatives and are clearly not covered by the co-operative principles.

It is contemplated to add still another principle to the official ICA list: community responsibility.

This principle could help to diffuse tensions which may arise within the international co-operative movement, if self-help is included but solidarity and social responsibility are not. The advocates of co-operatives as self-help organizations believe that co-operatives have to serve the interest of their members and not of anybody else. Others believe that co-operatives have a responsibility not only for their members, but also for the community in which they work and in general for the well-being of mankind - a view expressed by the ICA Commission on co-operative principles in 1966 in very strong terms.

This issue is becoming increasingly important in view of the globalization of problems like deterioration of the environment, social inequalities, spread of worldwide diseases, which threaten not only the individual members of co-operatives, but the entire world population. Such problems cannot be solved by individuals or local groups and not even by national States, but only on a global level.

However, co-operatives concentrating their efforts on community or global issues may find it difficult to attract members willing to make personal contributions to a common cause without receiving direct personal rewards. The idea of community responsibility may need to be propagated through co-operatives, by making their members aware that all are sitting in one boat and only if every individual changes his/her lifestyle and becomes conscious of his or her community responsibility, these global problems can be tackled and eventually solved.

This is why the following "new" co-operative principle is proposed, which is not really new because it has always been implied, but which would be given more emphasis if expressly stated as follows:

"Co-operatives recognize their community responsibility. While focusing on members' needs they respect and protect the global environment and serve the interests of their communities through democratically approved policies".

Changes of the environment in which co-operatives have to operate

At the turn of the millennium the world is facing problems of a hitherto unknown, global dimension. It is no longer possible for any group of people or for any nation to concentrate on solving its own problems in isolation. The interdependence of all inhabitants of our globe is becoming more and more obvious. All are affected and all have to react to problems like changes of climate, pollution of water, soil and air, globally spreading diseases like cancer and Aids and poverty or political unrest, forcing millions of people to leave their homes and to migrate to places where they expect better living conditions.

The most important changes that have occurred and are still occurring in a worldwide dimension are of political, demographic, social, economic, ecological and technological nature.

Political changes

The most prominent and very far-reaching change in this category is the decay of dogmatic socialism as a form of government, with large numbers of public institutions, State enterprises and collectives in many countries being privatized or wound up, leaving disoriented, frustrated and impoverished masses behind. The structural adjustment programmes in many developing and some industrialized countries, causing hardship especially to the lower income strata of the population, rate second.

Liberalization of the economies with deregulation, decentralization and the reduction of state interference in economic affairs, opening chances for enterprises for the rich, educated and powerful to gain at the expense of the weak, poor and ignorant - a classical scenario for the development of co-operatives.

Politicians are becoming increasingly aware of the need to pay attention to social and ecological problems of development, last but not least as a result of activities of pressure groups and ecological activists turning their protest movements into political parties.

Demographic change

The world is witnessing two adverse demographic trends which together accumulate into worldwide problems.

In the industrialized countries, the birthrates are falling while the life expectancy of old people is growing steadily. This leads to a situation where a declining number of active citizens will have to provide social security for a growing number of senior citizens, who after retirement are entering a third age which may well last 20 - 30 years. In Germany within the next 30 years the total of taxpayers and insurance contributors will be largely outnumbered by old persons claiming social security payments. What used to be a population pyramid turns into a population mushroom.

In the developing countries the trend is reversed. In Africa and many countries of Asia and Latin America, except China, the birthrate is still at high levels with the majority of the population being below the age of 20. Instead of successful birth control, medical progress helps to reduce mortality of newborn children and to extend life expectancy. The resulting problems are an increasing scarcity of land, conflicts over the use of land, soaring urbanization with slum and squatter settlements around cities like Lagos, Nairobi, Lusaka, Manila, Bangkok or Rio de Janeiro growing at breathtaking speed.

The uneven distribution of population, wealth and opportunities, but also internal conflicts and civil wars cause mass migration.

Social change

Worldwide the decay of value systems can be observed,

reinforced by the demographic development pointed out earlier and reinforcing demographic imbalances. The family structures, which for time immemorial have been reliable and effective systems of social security, are disintegrating. In many industrialized countries, large, multi-generation families have long ceased to be the standard structure. Instead, nuclear families with one or two children are the norm, but they are already replaced by single households. Under such conditions, the question of caring for the aged has to be thoroughly reconsidered.

In the developing countries, the joint family system is still a strong and reliable social security network, which, however, starts to show strains, especially where poverty, scarcity of land and political unrest forces people to migrate, leaving children, women and old people behind.

Another far-reaching change is occurring with regard to the role of women, both in families and at the work place. In the industrialized countries, efforts are made after a long political struggle to give women equal chances in access to education, jobs and positions in institutions of any kind. This trend is favoured by and at the same time reinforces changes in family structures and has repercussions on birth rates.

Also in the developing countries the struggle for equal opportunities for women has been going on for the past several decades with opposing forces based on tradition and religion.

Economic Change

The most far-reaching economic change is the transition from centrally-planned economy to market economy following the collapse of socialist states. In all countries, there is a growing disparity between the rich and the poor. Even in the rich industrialized countries uneven distribution of wealth and growing poverty has reached dimensions unimaginable a few decades ago. The number of unemployed and homeless people is growing steadily. In a banking centre like Frankfurt, more than 30% of the inhabitants (some 650,000 people) are depending on social welfare payments 11.

The trend to have less but better-paid jobs and to transfer jobs to countries with lower labour cost, thereby increasing the number of unemployed people living on social subsidies, cannot continue much longer without causing serious social unrest. Therefore, the political and economic actors will have to seek solutions for a more equitable distribution of work and wealth.

In the developing countries, mass poverty, high unemployment, inflation, unfavourable terms of trade for export crops and the burden of foreign debts give a bleak picture. The structural adjustment programmes seeking to accelerate economic growth, increased production and exports at almost any cost is lacking the social policy element, so much so that new programmes looking after the social dimension of adjustment had to be designed. Reductions of investment in social infrastructure (education, health) in countries which would urgently need improved economic and social conditions is

not compatible with the requirements of long term sustainable development 12.

Ecological Change

Pollution of water¹³, soil¹⁴ and air¹⁵ has reached dimensions which can no longer be ignored, neither by the ordinary citizen nor by the politicians.

Climate changes leading to droughts, forest fires, floods and typhoons are causing increasingly heavy damages and forcing people to reconsider their lifestyles and attitudes towards a more careful use of natural resources.

In the industrialized countries, control of pollution, prevention, disposal or recycling of waste, use of alternative and renewable sources of energy and development of appropriate technologies are in focus, but still far from being high on the agenda. Measures of making enterprises pay for damage caused by them to the environment are still not as effective as they should be.

In the developing countries, desertification due to monoculture, population pressure, overgrazing, use of dangerous chemicals as fertilizers and pesticides and the destruction of forests are the most important ecological dangers causing and being reinforced by global changes of climate.

According to the assessment of the FAO and the World Bank the limits of sustainability of the world ecological system have been reached or even passed. The following stress symptoms support this point¹⁶:

- tropical forests are reduced by 11 million ha* per annum,
- the loss of humus layer on agricultural land exceeds regeneration by 26,000 million tons per annum,
- wrong farming methods turn 6 million ha per annum into new desert,
- thousands of lakes are biologically dead and many more are dying,
- the level of ground water is falling in large parts of Africa, China, India, North America,
- some 1000 species of plant and animal life are extinct every year, within the next 20 years one-fifth of all known species will have disappeared,
- the pollution of ground water and its effects have to be studied,
- as to the global climate, the temperature will rise by 1.5 to 4.5 degrees celsius until the year 2030,
- the sea level will rise by 1.4 to 2.2 meters by the year 2100.

Technological Change

The development of global information and communication networks has brought people closer together, facilitates the diffusion of information and innovations and allows communication over any distance.

What has been developed as labour-saving technologies has turned out to cause mass unemployment, allowing production of goods and services with a minimum of manpower.

Technological innovations have paved the way to use energy and raw materials more effectively or to substitute scarce raw materials by new artificial products. Transport and communication systems have made it possible to transfer jobs to places where labour is cheap, to separate production and assembly plants. Thanks to modern technology fewer farmers can produce more food than ever before and are even paid by the State to reduce their production to avoid surpluses. On the other hand this high productivity is brought about by heavy use of chemicals which in turn contribute to the pollution of water, soil and air.

In the developing countries industrial development programmes are still favouring capital intensive, labour saving ("advance") technologies, although these countries are short of capital but rich in cheap labour. Appropriate technologies have been developed for use of solar energy e.g. to cook food without using firewood¹⁷, to catch rainwater to be used during the droughts, to introduce sophisticated irrigation schemes, new high-yield varieties of plants; however, all this known technology is not reaching the masses of the population.

The requisite technology for decentralized systems of energy supply based on renewable sources of energy has been largely developed; they are comparatively cheap to manufacture and skills needed for their operation relatively easy to acquire :

- Solar thermal conversion (still in development phase),
- photovoltaic conversion (effective for plants up to 10 KW capacity in remote areas),
- wind energy (e.g. for water pumps),
- hydro-energy, small hydroelectric power stations (most promising method),
- bio-conversion (most effective method with bio-mass production not competing with food production).

However, the dissemination of these technologies is still limited, because their importance is not sufficiently recognized by the decision-makers and planners in the competent authorities. As long as they are not produced in large quantities, the systems are more expensive than the (usually subsidized) other sources of energy on the market. The average low income earner cannot afford to purchase and install the recommended systems, even though they can supply the end user with relatively cheap and ecologically safe energy¹⁸.

Roles of Co-ops in the 21st Century

Co-operators and their co-operatives have to react to the changes of their environment. To ask what co-operatives can do for their members is asking the wrong question. The right question is: "how can individuals solve their pressing problems by way of organized self-help?" As self-help organizations of their members, the tasks of co-operatives are to enable their members to solve the problems, which the members perceive as threatening, by forming or joining co-ops.

In the industrialized countries, many of the difficulties, which the early co-operators had to face in the last century, are solved by an existing, well-established and highly developed system of co-operative societies (some of which show the described trends towards the company model), but also by liberal constitutions, guaranteeing human rights, social security networks, effective labour laws and competition laws, for which the early co-operators had to fight, and by a strongly competitive market for consumer goods, services etc.

Today, there are additional problems threatening the individual citizen and motivating persons to take self-help actions and form or join co-operative societies.

- Fighting unemployment by forming self-managed enterprises for self-employment or developing innovative forms of job-sharing and part-time employment leading to a more equitable distribution of work and income; organizing community co-operatives, where public funds usually provided as unemployment benefits are pooled with the work force of unemployed persons to create hybrid forms of self-help organizations providing jobs with the help of public funds for carrying out work in the interest to the community and for the benefit of the public (e.g. the community co-operatives in the United Kingdom or co-operatives for social solidarity in Italy)¹⁹.
- Taking joint action against exploding cost of health insurance by organizing preventive health care on a co-operative basis, while the public and private health sector is firmly oriented towards high-tech and high cost curative medicare. This could be done by forming medical co-operatives employing their own doctors or running their own hospitals as already practised in countries like Japan, Spain and Singapore.
- Taking measures against isolation and marginalization of a growing number of elderly persons²⁰ without family ties, by forming self-help organizations of senior citizens in form of service co-operatives, housing co-operatives, paramedic centres or other mutual aid groups, developing innovative forms of combined savings, housing, health care and insurance services which people may use as an alternative for disappearing family structures.
- Mobilizing citizens for joint action against further destruction of the environment by giving preference to

ecologically safe products and technologies, by pooling consumer power through consumer co-operatives, shareholders' associations and pressure groups to force producers for consumer goods to adopt ecologically sound production methods.

- Promoting the use of renewable sources of energy by encouraging research, production and sale of appropriate technology through industrial co-operatives, consumer co-operatives and specialized service co-operatives. (e.g. the use of electric delivery vehicles by Co-op Kanagawa, Yokohama).
- Avoiding or recycling waste as a branch of activities of consumer co-operatives or special recycling co-operatives.
- Forming agricultural co-operatives for ecologically-sound production of food and cash crops.

In all these fields co-operators could empower their co-operatives to assume the role of innovators. While commercial competitors would primarily ask whether such innovations are profitable, co-operatives could opt for entering a new field if it would provide long-term benefits to the members and to the community, provided it would be economically feasible.

If they want to become the forerunners in the post-industrial society, co-operatives will have to invest in member information and education and in new ecologically-sound technologies. Their membership base gives them the potential to initiate changes, if such innovations are effective in improving the living conditions of their members and their families in the long run. Of course, co-operatives, like any other enterprise, will need funds to finance their operations. However, organizations built on the principle of deliberately limiting the power of capital, cannot expect much from external investors. Whether or not innovations in co-operatives can be undertaken and financed, will largely depend on the capability of leadership and management to mobilize members' resources.

Members will be prepared to make more than symbolic capital contributions and pay the price for new services of their co-operative, if the benefits resulting from these innovations are real and convincing. Members will determine the chances and the limits of co-operative activities. Without member support or against the resistance of members, such innovations could not and should not be made.

In the developing countries, co-operatives in the 21st century will play their classical roles known in the industrialized countries during the 20th century : supply, marketing, savings and credit, consumer, housing, transport, insurance, wholesale and retail trading, services of any kind, industrial co-operatives etc. But they will also have to cope with problems of high unemployment, degradation of the environment, introduction of new technologies and providing substitutes for a decaying system of family-based social security in form of new social networks beyond family and clan boundaries in an

ethnically mixed society.

Conclusion

What will be the changes after adoption of the revised co-operative principles? For the first time, the ICA will give a clear general definition of what a co-operative society is and thereby define the basic co-operative structure within which the co-operative principles will be applied.

The definition contained in the ILO Recommendation 127 and quoted earlier in this paper could be used for this purpose. Another definition could be the following:

"A co-operative is a group of persons who have united voluntarily to meet common economic and social needs through a jointly-owned and democratically-controlled enterprise.

In order to meet these needs most effectively, co-operatives join together in federations, joint undertakings and other alliances at local, regional, national and international levels.

Co-operatives are based on values of self-help, mutual responsibility and equity. They stand for honesty and transparency."

Such a definition together with the revised (complete and correct) list of co-operative principles will have the following effects:

- Co-operatives will show a stronger profile.
- Essential differences between co-operatives and other forms of organization will be stressed rather than hidden. Attention will be equally given to the co-operative enterprise and to the members and the co-operative group. The members' role will come into focus.
- Co-operatives will develop their own strategies and management tools, appropriate to their goals and to their structure as an organization of persons operating a joint enterprise. E.g., in co-operatives strategy will have to follow structure, e.g., preserving one essential characteristic of co-operatives, namely to be locally rooted, to have close links to members and lower transaction costs than their commercial competitors.
- Co-operatives will reassume their role as innovative organizations, which members form or join to solve their problems caused by rapid social, economic, political and technological change²¹. Being organized in a worldwide movement, co-operatives are well suited to contribute effectively to solving global problems.

These new orientations will have far-reaching repercussions:

A clear definition will exclude non-co-operative organizations from the co-operative movement and from membership of the ICA.

- Emphasis on the self-help character of co-operatives and their autonomy will exclude State-controlled organizations and semi-public structures.
- Emphasis on member-orientation will exclude general interest enterprises.

After decades of levelling the profile of co-operatives by assimilating their rules of operation gradually and continuously to the company model, co-operatives will have to concentrate on designing typically co-operative forms of goal-setting, management, financing, evaluation, audit and networking to use the advantages of their specific form of organization, which non-co-operative organizations cannot imitate, as an edge over their competitors.

Co-operatives will focus on members²² which means that co-operatives will:

- invest in human resources and in particular in members and in the co-operative group, i.e., in education, training, and in building up information and communication channels;
- activate members and mobilize their resources for joint action (possibly expelling inactive members)²³;
- make full use of members' potentials;
- redesign classical organizational structures to offer more opportunities for active member participation.

In future, co-operatives will have to turn members' role from fictitious to real. This means that advantages of membership must become visible and tangible. Membership must make sense and must be a privilege rather than a formality. Members must perceive their role as that of a stakeholder and not of a simple shareholder, holding nominal shares. Members' satisfaction must become an essential criterion for measuring the success of co-operatives.

All this means to come back to the simple fact that there cannot be co-operatives without co-operators.

These changes will only occur if the co-operative leadership follows the move:

- from low to high profile of co-operatives,
- from management-dominated co-operative enterprises imitating company practice to member-dominated co-operatives developing their own rules of operation,
- from co-operatives perceived as ordinary enterprises serving customers (members and non-members alike) to co-operative societies, being composed of groups of persons who operate their jointly-owned enterprises according to their own priority, which will usually be: serving members mainly or only,
- from management assuming the role of (largely

uncontrolled) trustees to management implementing policies determined by an active, informed and critical membership.

This will make it necessary to reconsider the contents of leadership and management education and training, covering not only general management skills but specific methods of co-operative management and in particular the skill of managing co-operative groups. Co-operative leaders and managers need not only economic, but also social competence.

Co-operative education as a principle should be worded accordingly:

"Co-operatives rely on education and training for their development. They educate their members so they can play their roles; their leaders so that they can provide sound direction; their employees so they can improve their co-operative knowledge and professional competence, and the general public so they can better understand the values of co-operatives".

The main challenge of co-operatives in the 21st century will be to fill the growing value vacuum by offering a consistent and convincing value system, complete with guidelines (principles) which can direct people towards finding solutions for their most pressing problems by helping themselves, by accepting responsibility for their own future, relying on their own strength and on the force of combined efforts, on self-help and group solidarity.

In a world where honesty and clarity appear to be no longer the normal standards of human behaviour in political and economic operations, the clear pledge that co-operatives stand for honesty and transparency will be an important component of this co-operative value system, provided co-operative leaders live up to these ideals.

References

- 1 For instance in the Co-operative Societies Act of Maharashtra, 1960, s.4; in the Co-operative Societies Act of Singapore, 1979, s. 4 (2).
- 2 See Book, Sven Ake : Co-operative Values in a Changing World, Report to the ICA Congress Tokyo, October 1992, published by the ICA, Geneva 1992.
- 3 Cf. Ringle, Gunther : Genossenschaftskultur - Konzeption und strategische Bedeutung, in Verbandsmanagement 2/1994, S.6.
- 4 Cf. Penn Awa Eddy : Co-operative Legislation and Citizens' Rights, in : International Labour Office, Enterprise and Cooperative Development Department : The relationship between the state and cooperatives in co-operative legislation, Report of a Colloquium held at Geneva, 14-15 December 1993, Geneva 1994, pp. 5 et seq; Henry, Hagen : Co-operative Law and Human Rights, International Labour Office, op. cit., pp.21 et seq.
- 5 "...Cooperation at its best aims at something beyond

promotion of the interests of the individual members who compose a cooperative at any time. Its object is rather to promote the progress and welfare of humanity". Cf. Report of the ICA Commission on Co-operative Principles, London 1967, p.10.

- 6 E.g birth rates per 1000 inhabitants (1990/1991) : Japan : 9.9; Germany: 10.0; Philippines : 32.0; Senegal 44.0. Death rates per 1000 inhabitants (1990/1991): Japan : 6.7; Germany : 11.1; Philippines : 7.0; Senegal 17.0. Life expectancy (male/female) : Japan 76/82; Germany : 72/78; Philippines 63/66, Senegal 47/49. Fertility : Germany : 1.4; Philippines : 4.1; Senegal : 6.3. Source : Beaujeu-Garnier, J. et al. : Images economiques du monde 1993-94, SEDES, 38e annee, Paris 1993, pp. 13-19.
- 7 According to calculations made by the German Federal Ministry for Youth, Family Matters, Women and Health, in Germany the percentage of persons below the age of 20 will shrink from 23% in 1984 to 16% in the year 2030, while the percentage of persons above the age of 60 will increase from 21% to 37% during the same period. Cf. Der Bundesminister fur Jugend, Familie, Frauen und Gesundheit, 4. Familienbericht, Bonn 1986, pp. 31, 32.
- 8 Cf. Hauser, Jurg A. : Bevolkerungs - und Umweltprobleme der Dritten Welt, Bd. 1., Bern und Stuttgart 1990, p.47.
- 9 Cf. Wissenschaftlicher Beirat der Bundesregierung Globale Umweltveranderungen : Welt im Wandel : Grundstruktur globaler Mensch Umwelt Beziehungen, Jahresgutachten 1993, Bonn 1993, p.118.
- 10 In Germany the percentage on single households is increasing continuously. In 1986 it reached 31% of all households and together with two-person households amounted to 60%. Cf. Familie und soziale Arbeit, Familienideal, Familienalltag - neue Aufgaben fur die soziale Arbeit, Gesamtbericht uber den 71. Deutschen Fursorgetag in Munchen, 29.-31. Oktober 1986, Schriften des Vereins fur ffentliche und private Fursorge Nr. 266, Frankfurt a.M. 1987, S. 475.
- 11 Der Spiegel, Nr. 31/1994, 1.8.1994, p. 50.
- 12 Cf. Hauff, Michael v.: Einleitung, in : Hauff, Michael v. and Werner, Heinecke (Eds.) : Strukturanpassungspolitik der Weltbank, Ludwigsburg, Berlin 1992, pp. 7, 9; Chahoud, Tatjana : Verschärfen Strukturanpassungsprogramme das Massenelend und die "kologische Degradierung in der Dritten Welt ?, in: Hauff, Michael v. and Werner, Heinecke (Eds.) : Strukturanpassungspolitik der Weltbank, op. cit., 19.
- 13 Cf. Wissenschaftlicher Beirat der Bundesregierung Globale Umweltveranderungen : Welt im Wandel, op. cit., pp. 48 et seq.
- 14 For details on the pollution of soil see for instance : Wissenschaftlicher Beirat des Bundesregierung Globale Umweltveranderungen, Welt im Wandel : Die Gefährdung der

Boden, Jahresgutachten 1994, Bremerhaven 1994

- 15 Cf. Wissenschaftlicher Beirat der Bundesregierung Globale Umweltveränderungen : Welt im Wandel, op. cit., pp. 15 et seq.
- 16 Cf. Hauser, op. cit., p. 43.
- 17 The consumption of firewood per person is 1.1 tons per year in Thailand, 1.8 ton per year in Tanzania, cf. Hauser, op. cit., p. 124.
- 18 Rady, Hussein M: Regenerative Energien fur Entwicklungslander, Baden-Baden 1987, pp. 24 et seq.
- 19 See for instance Muenkner, Haus-H.: Neue Felder genossenschaftlicher Tatigkeit, in : Grosskopf, Werner (Hrsg.) : Genossenschaftlich Fuhlen -Genossenschaftlich Handeln, Forschungsstelle fur Genossenschaftswesen an der Universitat Hohenheim Bd. 5, Stuttgart-Hohenheim 1989, pp. 53 et seq.
- 20 Cf. Taube, Sabine: Neue Formen organisierter Selbsthilfe alterer Burgen, Institute for Co-operation in Developing Countries, Papers and Reports No. 29, Marburg 1993.
- 21 Cf. Ropke, Jochen: Co-operative Entrepreneurship, Entrepreneurial Dynamics and their Promotion in Self-help Organizations, Marburg Consult for Self-help Promotion, Series A-7, Marburg 1992.

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