

## The ICA Statement on the Cooperative Identity Historical Context and Global Relevance for Today

### Introduction

The centennial General Assembly of the ICA adopted for the first time a statement that manifested the international spirit and global movement of organizing shared needs and aspirations through cooperative enterprise. This General Assembly was organized in conjunction with the 31<sup>st</sup> World Cooperative Congress and established a common and harmonious identity of cooperatives, and included a definition, a set of cooperative and ethical values and a modified set of seven principles. This landmark event took place in Manchester, U.K., often quoted as the birthplace of modern cooperative movement<sup>1</sup>, in the presence of 1210 representatives, 207 national and 8 international organizations from over 90 countries. The year was remarkable for cooperatives in more than one way as it was in 1995 that the United Nations formally celebrated the 1<sup>st</sup> Saturday of July as the International Day of Cooperatives.

### **1. The process: a 100 years journey from Rochdale to Manchester**

The international cooperative standards enshrined in the Statement on the Cooperative Identity approved in 1995 are the result of a gradual process of defining cooperatives and how they function started 151 years ago around 1844. These standards were elaborated by the Rochdale Society of Equitable Pioneers, a cooperative in Rochdale, near Manchester, in the UK.

These first cooperative standards defined by the Rochdale pioneers in 1844 were enshrined in a “Rulebook” from 1860. These were gradually applied to cooperatives across the UK after the entrepreneurial success of the Rochdale cooperative as the “Rochdale Method”.

These Rochdale rules evolved into being called “principles” which first served as rough guidelines which cooperatives from different countries could use. Indeed, in their original formulation, these early cooperative principles were more adapted to consumer cooperatives which underwent a particularly strong development in the UK. Other types of cooperatives began to emerge in other countries, such as financial cooperatives in Germany, producer and worker cooperatives in France and Italy, and agricultural cooperatives in the USA and Denmark.

The original Rochdale Principles remained untouched from 1895 till the 1930s. In 1937, these principles were re-examined at the ICA’s 15<sup>th</sup> World Cooperative Congress in Paris, which led to the first set of amendments to the cooperative principles, to make them more easily applicable to all forms of cooperatives. The international context at the time made this a particularly difficult exercise with the advent of Fascist regimes at the eve of World War II. In 1966, the principles were reviewed and modified again under the backdrop of the cold war, decolonization and a tense international climate.

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<sup>1</sup> <https://www.ica.coop/en/cooperatives/history-cooperative-movement>

## The “gold standard” for a common cooperative identity

The world that had emerged a few years before the 1995 Congress where the Statement on the Cooperative Identity was approved, with the fall of the Berlin wall and neo-liberal globalisation, had profoundly changed compared to 1966 when the cooperative principles were last modified. On the other hand, many more countries had joined the ICA, and there was now a clear majority of non-European countries present at this event to approve modifications to the cooperative principles, including very large ones like China and Brazil. **This new common global cooperative standard thus became a global identity with a substantially higher level of legitimacy than the two previous changes in 1937 and 1966.**

Before 1995, the ICA made two formal statements on the cooperative principles in the context of updating them or even revising them. These were via the World Cooperative Congresses in 1937 in Paris (15th) and in 1966 in Vienna (23rd). It was in 1980 that cooperative organizations participating in the ICA began to call for a new revision. This was due to an array of factors like major evolution of the global economy, international political alignments as well as non-alignment, economic development in Asia, Latin America and Africa etc. Inevitably, the scope of problems being addressed and the extent of change throughout the world challenged some traditional cooperative assumptions, offered new interpretations of cooperative values, and inspired a reconsideration of the role of cooperatives in the 21st century. ICA concluded a fifteen-year process of exploring various elements of the cooperative identity and despite the diversity in its membership, it was able to identify those characteristics that could best describe the cooperative model. This was a remarkable worldwide consensus on basic standards.

In its role as custodian of the cooperative principles, ICA was challenged to re-evaluate the 1966 version of the cooperative principles and determine whether they continued to provide useful guidelines for the future. This third review of the cooperative principles was based on a paper on this topic by Prof. Ian MacPherson, then Dean of Humanities of Victoria University in Canada, which argued that the basic unit and the main feature of a cooperative were its members it was also based on the ICA Declaration towards the 21st Century. The 31st Congress in 1995 in Manchester finally adopted the Statement on the Cooperative Identity that defined cooperatives, identified shared values, and expanded the 1966 version of the cooperative principles, to guide cooperatives into the 21st century. Cooperative values, discussed by the 30th Congress in Tokyo, were placed right after the definition of cooperatives. It should be emphasised that, like for the 1930s and 1960s reviews of the cooperative principles, the approval of the Statement on the Cooperative Identity was the result of several years of consultation in which ICA members in all regions were involved.

## **2. The contents: main changes brought about by the Statement on the Cooperative Identity in 1995**

The ICA Statement on the Cooperative Identity resulted—for the first time—in the elaboration of a **complete international standard for cooperatives**. Professor Ian MacPherson, who for many years coordinated and prepared the adoption of the text, explained in his opening speech to the 31<sup>st</sup> World Cooperative Congress (Manchester, 1995) that the Statement on the Cooperative Identity is indivisible,

where the deletion of any element would make it collapse. [Review of International Co-operation Vol. 88 No. 4/1995; Edited by Mary Treacy]

The following changes were brought about by the Statement on the Cooperative Identity, as a new international standard for cooperatives.

- a) A **definition of cooperative** was added for the first time. This explicitly clarified that the prime mission of cooperatives is meeting the socioeconomic needs and aspirations of their members and the communities they serve, through a jointly owned and democratically controlled enterprise.
- b) **The cooperative and ethical values were added**, while till then they only existed implicitly. This provided a much stronger foundation for cooperatives to operate within the principles and using these principles as an operational template for the management of a specific type of enterprise.
- c) Although there was very little change made to the **first principle** on Voluntary and open membership, it is notable that the ICA Women's Committee worked tirelessly to have gender added to the list of non-discrimination and ensured that the element was clearly expressed.
- d) The **second principle** was renamed from its previous version that was "one member, one vote". This amendment was timely to help cooperatives address the application of the cooperative value on democracy, in cooperatives with large member base. This can be said to imply the scope of governance for secondary cooperatives had evolved with the times, to accommodate representational voting process.
- e) The innovation in the **third principle** of the introduction of the concept of indivisible reserves, that enables members to develop their cooperative, by, as per the language of ISCI, "setting up reserves, part of which at least would be indivisible".
- f) The **fourth principle** i.e. autonomy & independence was added and was aimed to free cooperatives of interventions from governments and other sources, a phenomenon that was occurring in many countries, especially the developing world.
- g) The **fifth principle** on education was rewritten and highlighted the importance of educating the young and opinion leaders about the nature and benefits of cooperation. The principle on cooperation among cooperatives was unchanged.
- h) The **seventh principle** of "Concern for Community" was added, by comprising the concept of member-led sustainable development of communities, demonstrating the cooperative movement's foresight and leadership in this area, making cooperatives natural contributors to the SDGs 20 years later. The seventh principle and its tenets had been presented to the 1992 Congress in Tokyo by Sven Books' report Cooperative Values in a Changing World, which emphasised the tie between cooperatives and the environment.

The innovative and internationally relevant text of the ICA Statement on the Cooperative Identity has found strong echoes from the time it was approved in 1995 until today. It has been the object of constant use, incorporation in UN texts, transposition in national legislation, elaboration of complementary standards for specific cooperative types, etc.

### **3. The impact and relevance of the Statement on the Cooperative Identity in today's world**

#### **ILO Recommendation 193 on the Promotion of Cooperatives**

Seven years after its adoption, a key milestone event took place: The components of the Statement on the Cooperative Identity were fully enshrined in the ILO Promotion of Cooperatives Recommendation, 2002 (n° 193). This was the first time that the international cooperative standards were enshrined in detail, in an official text of an organisation in the UN system. This inclusion was voted almost unanimously and without opposition with most countries of the world present, including governments, national trade unions and employers' organisations, thus making it a real consensus in the international community.

During the lengthy negotiation process at the ILO (2 years of written surveys and communications and 4 weeks of live negotiations), there were high probabilities that another definition and another set of values and principles could have been approved. In attendance were a handful of delegates from the cooperative movement who participated directly in the negotiations, each accredited with one of the three negotiating parties (governments, trade unions, employers), and who managed to have a tangible impact on the drafting of the final text .

In the end, in addition to the inclusion of the entire Statement on the Cooperative Identity, the ICA was also formally mentioned in the Recommendation annex. This is an integral part of the Recommendation and is a unique feature of ILO legal instruments, making ICA's inclusion a strong advantage for cooperatives and the wider social and solidarity economy.<sup>2</sup> This milestone was a significant boost to the Statement and its transposition into national laws as this time, those voting for this inclusion were not cooperatives or cooperative organisations, but mainly governments, trade unions and employers' organisations.

#### **The Guidance Notes on the Cooperative Principles**

Twenty years after the 1995 Centennial Congress, the ICA embarked on preparing the Guidance Notes on the Cooperative Principles, which were approved by the ICA General Assembly in 2015. This in-depth re-examination of the cooperative principles, including an inventory of their aspects that needed to be further deepened in the light of the ongoing world evolution (e.g. the issues of work, the environment and peace under the 7<sup>th</sup> Principle), bears witness to the high relevance of the Statement on the Cooperative Identity, twenty years after its adoption and the launch of the UN Sustainable Development Goals.

#### **Impact on national legislation**

Over the 25 years since the Statement was approved, and particularly over the last few years, many national or state-level cooperative laws have been created and amended based on this text (e.g. several States of the USA, China, Brazil, India, Italy, Spain, France, South Africa, Vietnam, the Philippines, Japan, Korea etc.), bearing witness to its relevance, but also, more importantly, to the relevance of cooperatives in those various national contexts.

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<sup>2</sup> <https://www.ilo.org/global/about-the-ilo/how-the-ilo-works/departments-and-offices/jur/legal-instruments/lang--en/index.htm>

### **The incoming ICA 33<sup>rd</sup> World Cooperative Congress on deepening our Cooperative Identity**

The growing relevance of the Cooperative Identity in today's world prompted the 2018 ICA General Assembly in Buenos Aires to agree on launching a 33rd World Cooperative Congress around the theme of deepening the cooperative identity. Since 1995, the World Cooperative Congress has been redesigned as a rare and exceptional occurrence.

#### **Cooperative advantage in times of crises**

As indicated before, the ongoing pandemic has very strong economic, social and environmental implications, with health systems revealing the inability to adapt to such challenges, and an increasingly obvious relationship between the inequality of social wellbeing, the spread of chronic diseases, and the destruction of the earth's environment. The character of the cooperative identity that is enshrined in the Statement on the Cooperative Identity provides cooperatives with the foundation to have particularly strong resilience and effectiveness in the face of these acute economic, social and environmental challenges which we are facing today.

