

LESSON 1 WORKSHEET

THE CO-OPERATIVE PRINCIPLES

FIRST PRINCIPLE*

VOLUNTARY AND OPEN MEMBERSHIP

CO-OPERATIVES 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.

This principle means that anyone who wants to become a member of a co-operative can, as long as they agree to the conditions of membership. Expectations will be different at each co-operative but could include things such as agreeing to attend a meeting of all the members once a year or working at the co-operative a couple of times a week. It also means that members support and have a clear understanding of the values and work of the co-operative.



Read the story below, then answer the questions provided to you from your teacher.

When George decided to start gardening in the spring, he knew that he didn't have the time required to look after an entire garden on a full-time basis by himself. After looking into the idea of a shared garden, George found that his community had a community garden co-operative. By agreeing to helping out at the garden twice a week for three hours, George would be taking care of not only his own, but also other members' crops. In turn, the other members would look after his plants just as he was looking after theirs. At the end of the season, all members of the community garden would share their crops with the other members.

This pleased George. His time commitment was lessened by working with a group of local gardeners who were going to share their crops when it came time to harvest. George was also happy to know that anyone could join the co-op; and it didn't matter how much money George made, where he lived or where he went to school. As long as he agreed to help out a minimum amount and showed up to meetings he could become a member of the co-op.

**Source: The International Co-operatives Alliance's Statement on the Co-operative Identity*

SECOND PRINCIPLE*

DEMOCRATIC MEMBER CONTROL

CO-OPERATIVES are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Persons serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.

This principle means that it is up to the members of the co-operative to make decisions about what their co-operative does. This can include making decisions about how the co-operative operates, how to spend surpluses, or who will be the member representatives on the board of directors. In a co-operative all members have an equal voice and have an equal say in what happens. This is often referred to as one member – one vote.

Read the story below, then answer the questions provided to you from your teacher.

Andrea lives in a downtown housing co-operative and is getting ready to make a speech at her co-operative's membership meeting tonight. It's springtime and the members are deciding on what maintenance work needs to be done. All members of the co-op are invited to the meeting to share their ideas about what the most important projects are. One of the board members is very concerned about the condition of the fence surrounding the building. The paint has cracked and many of the boards are missing. This member has proposed a brand new fence be built.

Andrea agrees that the fence is in disrepair. However, she feels that other repairs must be completed first. Andrea is proposing a new roof be built, as most of the upper units have leaky ceilings that aren't very well insulated. While Andrea feels that her proposal will benefit the members the most, she understands that it will be up to all of the members to vote for what they think is best for the co-op.



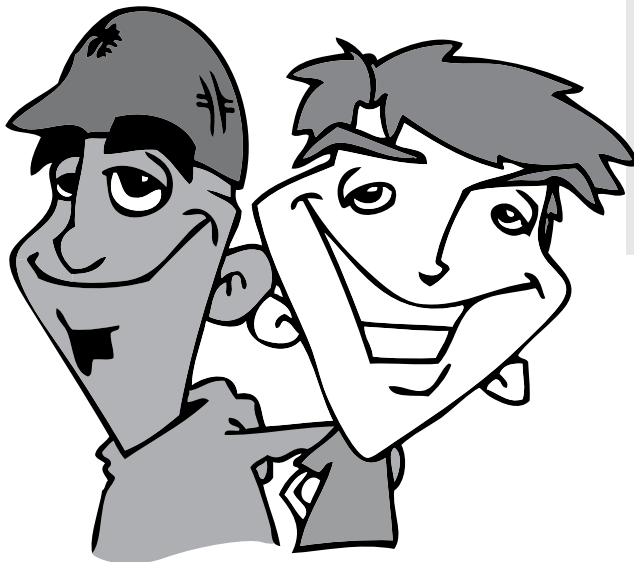
**Source: The International Co-operatives Alliance's Statement on the Co-operative Identity*

THIRD PRINCIPLE*

MEMBER ECONOMIC PARTICIPATION

MEMBERS contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. 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 co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

This speaks to how capital (or money) is raised by co-operatives and how any surplus is distributed to the co-operative members. When a co-operative is raising funds it assumes that all co-operative members will contribute equitably. As well, there are conditions on how any surplus should be used. This principle suggests that surpluses should be used to improve the co-operative, plan for the future and be returned to members. This return is called a dividend. Dividends to members should be based on how much they have used the co-operative, not on how much capital they have invested.



Read the story below, then answer the questions provided to you from your teacher.

Lin is on her way to cash a cheque that she received in the mail. The cheque is from a co-operative that she belongs to. This co-op sells groceries. She is getting a cheque from the co-op because every year after the bills are paid and the co-operative puts some money aside for savings and investments, this co-op gives back some of its surplus to its members through dividends.

The dividend that Lin receives is based on how much she spent at the co-op. This past year Lin's co-op returned a percentage of the profits on gas and groceries to its members. She spent \$5,000 over the course of the year so she received a \$200 dividend cheque. Lin is pleased that the co-op's surplus is returned fairly to the members who support the business in her community.

**Source: The International Co-operatives Alliance's Statement on the Co-operative Identity*

FOURTH PRINCIPLE* AUTONOMY AND INDEPENDENCE

CO-OPERATIVES 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 co-operative autonomy.

Autonomy means that in a co-operative the members are the only people that have a say and make decisions about how the business is run. No other organization can—for any reason—tell the co-operative how they are supposed to run their organization. Ultimately it is the members that control the destiny of their co-operatives.

Read the story below, then answer the questions provided to you from your teacher.

Patricia is the director of a local youth agency. Many of the young people she works with have a strong interest in art. While Patricia cannot find any programs for art mentorship in the community, she has seen the work of a local artists' co-operative featured across the city. The artists' co-op has painted murals for playgrounds and hosted many art shows. Because of the good work she has seen in the community, Patricia decided to approach the artists' co-operative about starting a mentorship program for the young people she works with through her youth agency.

The artists' co-operative could say that they do not want to get involved with the local youth agency. That's within the rules of autonomy, since the co-operative can decide what it does and does not participate in. But the artists at this co-operative are very excited by the opportunity to become mentors like Patricia has proposed. After all, co-operatives are also intended to benefit the greater good, and this co-op sees great potential with this partnership. However, the artists' co-op makes sure the partnership agreement keeps their autonomy. The agreement states that the local youth agency will not have a say in how the co-operative conducts its business, including things like how it spends its money, what hours it is open and the responsibilities surrounding membership.



**Source: The International Co-operatives Alliance's Statement on the Co-operative Identity*

FIFTH PRINCIPLE*

EDUCATION, TRAINING
AND INFORMATION

CO-OPERATIVES provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of co-operation.

This principle means that every co-operative should conduct some sort of educational program for members, directors, and staff. It also highlights the importance of informing the general public about their co-operative and the benefits of membership.

Read the story below, then answer the questions provided to you from your teacher.

Alec is on his way to fix his bicycle at a local community service co-operative repair shop. He is a member of this co-operative. Alec can go in with his bicycle, talk to some of the other members, and learn how to fix his bike with the parts that are available at cost. This means because he is a member, he can fix his bike cheaper at the co-op than anywhere else in town. Alec is excited to belong to this group, as he rides his bike nearly all day, every day for a courier service, delivering different parcels. Having a place to go where he can perform regular maintenance to his own bike is economical and convenient for him.

What excites Alec about this co-op is not just how easy it is to repair his bike there, but also the learning opportunities that come from being a member. Alec is able to participate in the co-op's formal member training sessions. Just this past year he's been to *Four Season Cycling: Where the Rubber Meets Ice* and *Roadside First Aid*. He's also learned about co-operatives in general, like last month's *So I'm a Co-op Member: Now What?* session. Of course, not all his learning is formal. When he volunteers at the shop, he learns something new every time he helps other cyclists complete their repairs. Because this co-op has been beneficial for Alec, he is always sure to let his friends know why the co-op is important and how they can become more involved.



**Source: The International Co-operatives Alliance's Statement on the Co-operative Identity*

SIXTH PRINCIPLE*

**CO-OPERATION AMONG
CO-OPERATIVES**

CO-OPERATIVES serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

This principle means that co-operative organizations often work together toward common goals or on projects that will benefit all organizations involved. The idea is that organizations will be stronger when they are working together.



Read the story below, then answer the questions provided to you from your teacher.

Laughlin is a member of a small worker co-operative that has recently set up a café in the building that also hosts the local farmers' market. The co-op is quickly gaining a reputation for having great made-from-scratch food, and they are usually pretty busy. The worker co-operative uses as much locally grown produce as possible, and buys their produce from the food co-operative in the same market. This relationship works well. The café has a consistent supply of quality produce, and the food co-operative has a steady income from sales to the café.

Laughlin's grandmother passed down to him dozens of recipes for pickled foods. Because everyone loves his grandma's pickled foods, Laughlin would like to make them widely available. So the worker's co-operative café and the food co-operative put together a business plan. However, they need money to fund the purchase of some new equipment. They approached their local credit union for a loan, because as another type of co-operative institution, the credit union was committed to working with local co-ops and designed a special loan program for the co-op. With the money borrowed from the credit union, the co-op will be able to expand and Laughlin's grandma's pickles could soon become the must-have item at the farmers' market.

**Source: The International Co-operatives Alliance's Statement on the Co-operative Identity*

SEVENTH PRINCIPLE* CONCERN FOR COMMUNITY

CO-OPERATIVES work for the sustainable development of their communities through policies approved by their members.

This principle speaks to the values of social responsibility and caring for others. Co-operatives work to improve and develop the community, both locally and internationally. How and what co-operatives choose to support in the community is up to the membership and could include such things as supporting youth activities, environmental protection, or local sports teams.

Read the story below, then answer the questions provided to you from your teacher.

Max bites into a burger, and remarks on how much litter has been collected by volunteers during his town's annual Clean Up the Park and Barbeque. Max has noticed how many more community members are participating since the event began five years ago. What makes Max particularly proud is how his local co-op is involved in the event.

Max's local co-operative association supplies burgers, hot dogs, drinks, and snacks each year. Co-op members barbeque and serve the food, asking only for a donation instead of selling the food to participants at a fixed price. All the funds they raise are given to the local children's club. The funds raised last year were used to purchase new hockey equipment. Max has made a point of coming for the past five years because it is a great way to catch up with neighbours, make his favorite park look great, and grab a bite to eat.



**Source: The International Co-operatives Alliance's Statement on the Co-operative Identity*