

Chapter 4: Cooperatives

COOPERATIVE (noun) has 2 senses:

1. a jointly owned commercial enterprise (usually organized by farmers or consumers) that produces and distributes goods and services and is run for the benefit of its owners
2. an association formed and operated for the benefit of those using it

• **COOPERATIVE (adjective)** has 3 senses:

1. involving the joint activity of two or more
2. done with or working with others for a common purpose or benefit
3. willing to adjust to differences in order to obtain agreement

Définition de coopérative (Etymologie : du latin *cum*, avec, et *operare*, faire quelque chose, agir.)

Une coopérative ou groupement coopératif est une entreprise dont les associés contribuent volontairement à part égale en droits et en obligations. Le système coopératif est fondé sur le principe de la coopération (ou mutualisme) et de la solidarité. Le pouvoir y est exercé démocratiquement et les membres de la coopérative travaillent avec le souci de l'intérêt général de tous les associés.

L'objectif économique des coopératives n'est pas la recherche du profit, mais la satisfaction des aspirations et besoins économiques, sociaux et culturels des membres, comme, par exemple, la réduction de coûts de revient ou le coût d'achat de certains produits.

Les sociétaires d'une coopérative en sont les actionnaires majoritaires et participent à égalité aux élections des dirigeants et à l'élaboration des orientations selon le principe "une personne = une voix. Cette organisation juridique permet de faire vivre une forme de démocratie au sein de l'entreprise.

Exemples de coopératives:

- coopérative ouvrière de production (SCOP),
- société coopérative d'intérêt collectif (SCIC),
- coopérative de consommation (achats en gros de marchandises),
- coopérative agricole (ex : CUMA),
- coopérative d'habitation (HLM)
- coopérative de crédit immobilier,
- coopérative de commerçants...

En France, les coopératives viticoles produisent environ 30% du vin. Le Crédit Agricole, le Crédit Mutuel, Les Caisses d'Épargne, les Banques Populaires et le Crédit Coopératif sont des coopératives.

Useful words and concepts

1) achieving= accomplishing (**accomplir, réaliser**)

2) cooperative= a user-owned and user-controlled business that distributes benefits on the basis of use

3) businesses= commercial and/or industrial activities, trade, companies (**commerces, affaires**)

4) jointly= together, in collaboration (**conjointement**)

- 5) owned= belonging to (possédé par)
- 6) controlled= supervised, regulated
- 7) non-governmental organization (NGO) any non-profit voluntary membership group which is organised at a local, national or international level= Organisation Non Gouvernementale
- 8) compelled= forced (imposé, forcé)
- 9) quit= stop, abandon, give up (arrêter, abandonner)
- 10) prevalent= common, widespread (très courant, répandu, fréquent)
- 11) former= previous, ex (precedent, ancien)
- 12) benefits= advantages, profits (les profits, les bénéfices)
- 13) encapsulates= summarizes (résume)
- 14) supplying= providing (fournir)
- 15) equity capital= the ownership interest of a company's members or stockholders as distinguished from that of bondholders or members (capitaux propres)
- 16) patronage= the use made up of the cooperative by its members (clientèle, parrainage)
- 17) govern= rule (diriger)
- 18) significant= with meaning (significatif, important)
- 19) board of directors= governing body of a company elected by the stockholders which represents their interests by monitoring management decisions (conseil d'administration)
- 20) members= each of the persons composing an association
- 21) tied= associated (lié, associé)
- 22) goods= products made by firms to satisfy customer needs (les biens)
- 23) dependable= trustworthy (sur lequel on peut compter, fiable, sûr)
- 24) inputs= components of production, such as the land, labour, or raw materials (contributions, participations)
- 25) outputs= the quantities of goods produced in a given time period (la production, le rendement)
- 26) realize= understand
- 27) net profits= gross margin minus the operating expenses (les profits nets)
- 28) refunds= money returned (remboursements)
- 29) assume= suppose (supposer)
- 30) capitalism=an economic system characterized by private ownership of the means of production and the free play of the market in conducting business
- 31) roughly= approximately (à peu près, environ)
- 32) revenue= the total amount of income received from the sale of products or services before any deductions are made (les recettes, le chiffre d'affaires, le revenu)
- 33) in the aggregate= on the whole (dans l'ensemble)
- 34) grocery = food (nourriture, food store= épicerie)
- 35) hardware= tools= matériels, outillage (hardware store= quincaillerie)
- 36) recreation= play, entertainment (récréation, loisirs)
- 37) supplies= food, equipment (fournitures, vivres, provisions)
- 38) market share= the proportion of sales of a good or service achieved by a company in a given period of time (une part de marché)

Exercise 1:

1) The basic motive for joining a cooperative is a selfish one.

False: Cooperating with others has often proven to be a satisfactory way of achieving one's own objectives while at the same time assisting others in achieving theirs (Paragraph 1, lines 3-4)

It's also voluntary: A cooperative is an autonomous association of persons united voluntarily to meet their own economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

2) The cooperative business model is a flexible one.

True: Numerous and varied businesses have adopted the cooperative model. (Paragraph 2, line1)

3) Cooperative membership implies some degree of coercion

False: cooperation cannot be based on coercion (Paragraph 3, line1)

4) The forced collectives in the former Soviet Union exemplified the cooperative spirit.

False: The forced collectives prevalent in the former Soviet Union were not true cooperatives. (Paragraph 3, lines 6-7)

5) Members don't have to make any contribution to the equity capital of a cooperative

False: The equity capital provided by each member should be in equal proportion to that member's patronage of the co-op. (Paragraph 5, lines 3-4)

6) Important business decisions cannot be taken without consulting individual members.

True: the user-control concept means that members of the co-op govern the business by voting on significant and long-term business decisions and indirectly through their representatives on the board of directors. (Paragraph 6, lines 1-3)

7) The more a member uses the cooperative, the greater his voice in the decision-making process

False: Voting rights are generally tied to membership status. Usually one member, one vote (Paragraph 6, lines 5-6)

8) Ensuring a reliable market for farming produce is an example of a cooperative benefits

True: In 2002, 3,140 agricultural cooperatives provided roughly 3.1 million farmers with agricultural marketing, farm supplies, and other farm-related services. (Paragraph 9, lines 2-3)

9) A patronage refund is based on the extent to which a member uses a cooperative

True: Most cooperatives also make annual net profits, all or part of which are returned to members in proportion to their patronage. (patronage refunds) (Paragraph 7, lines 1-4)

10) Cooperatives pose a threat to capitalism as they contradict the profit motive.

False: Some people **wrongly assume** that cooperatives contradict the goals of capitalism. (Paragraph 8, lines 1- 2)

Exercise 2: VOCABULARY

- 1) Members of a **cooperative** are interested in increasing their purchasing power.
- 2) Purchasing power refers to the quantity of **goods** and services people can buy with their income.
- 3) All or part of the profits of a cooperative are returned to members on the basis of their **patronage**
- 4) In the agricultural processing sector, cooperatives require a lot of **equity capital** for start-up and growth.
- 5) Farmers create farm supply and marketing cooperatives to help them maximize their **net profits**
- 6) Farmers have to keep their **input** costs as low as possible.
- 7) Non-members sometimes serve on **boards of directors** in a non-voting, advisory capacity.
- 8) Cooperatives are organized to serve member needs and are focused on generating member **benefits** rather than returns to investors.
- 9) As with other **business** forms, cooperatives should only be established to meet a well-defined need in the market.
- 10) Agricultural cooperatives in the USA capture a significant proportion of the **market share**.

B) Find the terms in the text that correspond to the following definitions

- 1) Compelling someone to do something against their will= **COERCION**
- 2) Businesses belonging to communities grouped together forcibly by the state= **FORCED COLLECTIVES**
- 3) A business belonging to its users= **USER-OWNED BUSINESS**
- 4) A business which is governed by its users= **USER-CONTROLLED BUSINESS**
- 5) The fact that the business belongs to several members at the same time= **JOINT-OWNERSHIP**
- 6) People speaking or voting on behalf of other members= **REPRESENTATIVES**
- 7) The privileges of taking part in a co-op's decision-making process and if choosing its directors= **VOTING RIGHTS**
- 8) The principle of sharing benefits, costs and risks related to the co-op between members on the basis of use= **PROPORTIONALITY**
- 9) Profits shared by co-op members= **PATRONAGE REFUNDS**
- 10) Added together= **IN THE AGGREGATE**

Exercise 3: GRAMMAR: Active and passive forms

A brief history of cooperatives

Groups of individuals around the world and throughout time **have worked** in common in pursuit of common goals. Examples of cooperation, or collective action, **can be traced back** to our prehistoric predecessors who **recognized** the advantages of **hunting, gathering** and **living** in groups rather than on their own. The first signs of organized

hunting activity **based** around communities **are associated** with Homo erectus, modern human ancestors who **lived** between 500,000 and 1.5 million years **ago** in Africa. Although the word cooperative **can be applied** to many different types of group activities, the term **is used** here to reference a formal business model, **has** relatively recent origins. The earliest cooperative associations **were** created in Europe and North America **during the 17th and 18th centuries**. These associations **were** precursors to cooperatives. The pioneers of the Rochdale Society in the 19th century England **are celebrated** for **launching** the modern cooperative movement. The unique contribution of early cooperative organizers in England was **codifying** a guiding set of principles and **instigating** the creation of new laws that **helped** foster cooperative business development. **Today**, cooperatives **are found** in nearly all countries.

1) have worked 2) can be traced 3) recognized 4) of hunting 5) gathering 6) living 7) based 8) are associated 9) lived 10) can be applied 11) is used 12) has 13) were created 14) were 15) are celebrated 16) launching 17) was codifying 18) instigating 19) helped 20) are found

Rochdale Society of Equitable Pioneers

The Rochdale Society of Equitable Pioneers, founded in 1844, was an early consumer co-operative, and the first to pay a patronage dividend, forming the basis for the modern co-operative movement. Although other co-operatives preceded them, the Rochdale Pioneers' co-operative became the prototype for societies in Great Britain. The Rochdale Pioneers are most famous for designing the Rochdale Principles, a set of principles of co-operation that provide the foundation for the principles on which co-ops around the world operate to this day. The model the Rochdale Pioneers used is a focus of study within co-operative economics.

The Rochdale Society of Equitable Pioneers was a group of 10 weavers and 20 others in Rochdale, Lancashire, England, that was formed in 1844. As the mechanisation of the Industrial Revolution was forcing more and more skilled workers into poverty, these tradesmen decided to band together to open their own store selling food items they could not otherwise afford. With lessons from prior failed attempts at co-operation in mind, they designed the now famous Rochdale Principles, and over a period of four months they struggled to pool one £1-0-0 per person for a total of 28 pounds of capital. On 21 December 1844, they opened their store with a very meager selection of butter, sugar, flour, oatmeal and a few candles. Within three months, they expanded their selection to include tea and tobacco, and they were soon known for providing high quality, unadulterated goods. Ten years later, the British co-operative movement had grown to nearly 1,000 co-operatives. The Archive for the Co-operative movement in Rochdale is held by Local Studies, Rochdale Boroughwide Cultural Trust.

Rochdale Pioneers traded independently until 1991, with name changes inspired by mergers with neighbouring co-operatives, as **Pioneers** from 1976, and **Norwest Pioneers** from 1982, based in Wythenshawe, Manchester by 1991. In 1991, then **Norwest Co-operative Society** transferred its engagements to United Co-operatives, which was run from Rochdale when it in turn transferred to the Manchester-based national hybrid society, The Co-operative Group, in 2007.

Rochdale Pioneers Museum



The Pioneers sold their original store on Toad Lane in 1867 but later re-purchased it, and opened it as a museum in 1931. The museum resurrected the legal name Rochdale Equitable Pioneers Society in 1989, the name having been abandoned by the original co-operative in 1976 on merger with the Oldham Co-operative.

FROM THE NEWS: Social enterprise

Useful words

- 1) to vindicate= justify (justifier)
- 2) relevant= important
- 3) a stakeholder= investor (investisseur)
- 4) a stake= part of ownership (une part)
- 5) a wind farm= parc éolien
- 6) a wholesale carrier= opérateur téléphonique
- 7) the turnover= chiffre d'affaires
- 8) an impetus= un élan, une impulsion
- 9) a given= une évidence
- 10) utilities= what you pay for water, gas and electricity (factures d'eau, de gaz et d'électricité)

CALL FOR A NEW WAVE OF CO-OPS

The **Phone Co-op** is a British telecommunications co-operative, which operates under self-imposed environmental and ethical guidelines. It provides telephone and internet services, including web hosting and broadband to private customers, businesses and charities. The Phone Co-op's service has been taken up by some 15,000 customers, including Christian Aid, Amnesty International, Triodos Bank, the Centre for Alternative Technology, Leeds Co-operative Society, Manchester City Council and UNISON. In October 2008 The Phone Co-op received the UK Government-sponsored Enterprising Solutions Award for Best Social Enterprise 2008.

The Phone Co-op was founded in 1998 as **SETCO** (Social Economy Telecommunications Co-operative), incorporated as a company limited by guarantee. Initially, membership of the Co-operative was reserved solely for other co-ops and charities. A rule change opened membership to the general public and in August 1999, SETCO renamed itself The Phone Co-op and converted into a co-operative society incorporated under the Industrial & Provident Societies Acts.

1) What does the Phone Co-op actually do?

In paragraph 3, it is said that its mission is to support the social firm sector. It provides cheaper communications/phone services to people. It buys its paper and print services from other co-ops and distributes its dividends to its 7,200 members, who also vote in board elections.

2) In what respect is it a social enterprise?

It buys from other co-operatives, invests in other co-operatives and distributes dividends to its members.

3) How did Woodell get his idea?

After working in eastern Europe where he was helping to set up cooperatives after the collapse of communism and after realizing his telephone bills were too high, he decided to create the Phone co-op (customers should join together to buy direct from a wholesale carrier)

4) Has the co-op movement been hit by the crisis?

No, paragraph 7: the current financial crisis has given a new impetus to the movement. There is more trust between the members of cooperatives.

5) Is the co-op model still relevant?

Paragraph 2: Yes, because co-ops are a business model that are made more sustainable by aligning users, owners and other stakeholders such as the local community and the environment. They have been around for 150 years, therefore, they are a long-lasting system that may be one way out of a financial crisis.