



Wealth and Independence: The Power to Do Right

By Jeff Jaeger and Ron Gaydos

This is the third in our series about the seven principles of cooperatives. In this article we discuss principles number 3 and 4 together.

Remember the first two: voluntary and open participation, and democratic governance. The third and fourth give cooperatives their economic power for individual members and for the community.

Cooperative Principle #3: Members economic participation: members contribute equally to, and democratically control, the capital of the cooperative.

Economic participation requires members' commitment of time, talent, and treasure. It also creates wealth for them.

Wealth. What is it? Some dictionary definitions aren't very flattering. Here's one: "an abundance of valuable possessions or money." Example: "He used his wealth to bribe officials". Another is "the state of being rich; material prosperity." Its example is "some people buy boats and cars to display their wealth". No wonder "wealth" brings such mixed emotions!

What does it mean to you? A request for personal definitions from friends on Facebook yielded several ideas, including "the absence of personal anxiety", "a blessing to some and

with it comes an obligation", "true wealth is wanting what you have", "the ability to make good things happen with 'stored value'", "taming 'the wolf at the door'", and "options".

Now look at the Old English root of the word: "Weal", a sound, healthy, or prosperous state: well-being. Our friends' conceptions of wealth certainly get close to that.

Wealth. Weal-th. Wellth. Members' economic participation ties them together beyond just workaday concerns. More practically:

Members contribute equitably to, and democratically control, the capital of their cooperative. Part or all of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on their member capital shares. Members usually allocate surpluses for the following purposes: developing the cooperative productive assets or capital reserves; benefiting members in proportion to their hours worked or other contributions to the cooperative; and supporting related activities approved by the membership.

In a few words: using capital for common good, and keeping it for the common good.

Cooperatives are autonomous organizations controlled by their members, even if the cooperative is very large. The cooperative may enter into agreements with other organizations, including businesses, civic groups, or governments. Or it may raise capital from external sources. The cooperative does so, however, on terms that ensure democratic control by their members and which maintain its autonomy.

So here is Cooperative Principle #4: Autonomy and independence: cooperatives are autonomous businesses and organizations democratically controlled by their members.

These two principles work together to help to build **buy-in and commitment** among members, as well as a **shared responsibility** for the business. Economic participation benefits members in proportion to the business they conduct rather than the capital invested. **Decisions about both the business and the capital lie within the membership.** That means that whatever partnerships, collaborations, licensing agreements or outside financing takes place, the terms always **ensure democratic control by the members.**

Imagine going to work knowing that you bought a stake in the product or service that backs your paycheck. Then consider that other members made the same financial commitment to the business, and you all have a powerful role to play to ensure success, and a financial return.

Cooperatives are about members having a say about the work they do, how they do it and how they are compensated for it. There is **no outside** entity or investor making those decisions for them. How many of us can now say that our livelihood and the wealth produced – personal, community, and environmental – are integral to our enterprise and its community?

Why is this important now more than ever? Especially as we're expecting political and economic instability and even more inequality in coming years? As outrage and anger are misdirected from candidates and officials who have created the economic and social turmoil to vulnerable and undeserving targets? Too much of our money from our efforts is already diverted away from our communities and doesn't benefit people enough before it heads off to corporate headquarters to enrich unsympathetic stockholders. Cooperatives keep more money local; an influential study by the University of Wisconsin Cooperatives Center demonstrates that.

No official – no matter how averse – can stop anyone from joining a cooperative, community garden, timebank, credit union, or tool library. We have the power to help grow a healthy, productive, and prosperous life in our communities where everyone is included, respected, and supported. Let's use this power. Now is the time to use it – now more than ever.

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