Co-operative Principles and Co-operative Law in the United Kingdom

by

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1. Introduction

The legal framework provided for co-operatives in English Law has developed in response to the practical needs and problems of co-operatives as business enterprises. Time and again legislation has been passed to deal with the specific practical problems of co-operative societies in the context of the law governing business organisations rather than as a means of expressing, enforcing or propagating the principles on which co-operative societies were founded. Indeed, it was not until 1939 that the law under which most societies were registered specifically imposed a requirement that only bona fide co-operatives and certain other organisations could register. This was not done to encourage co-operation but to prevent the abuse of the legal form in question for the purpose of investment fraud. The application of Co-operative Principles was left to the discretion of an administrative body without a right of appeal to the courts. That remains the position today and as a result there is no statutory or judicial statement of co-operative principles in the law of any of the three United Kingdom jurisdictions (England and Wales, Scotland and Northern Ireland) (1).

This essay deals with the legislative history of the industrial and provident society structure which is intended for use by co-operatives and compares the current law with the proposed 1995 ICA Statement on Co-operative Identity. This is done with
reference to possible law reform and the desirability of developing an exclusive and specifically co-operative legal structure for all co-operative businesses in the UK.
2. The Historical Development of Co-operative Law in the United Kingdom (2)

The first legislation to deal specifically with the need of co-operatives in the UK for a legal structure was the Industrial and Provident Societies Act 1852. The origins of this Act are to be found in the serious legal problems which confronted those setting up co-operatives in the 1840’s in the aftermath of the Industrial Revolution. If a society did not register under any legislation it was at risk from fraud because it would be difficult or impossible to pursue officers or members who took its funds. It was necessary to sue simultaneously in different courts and in the names of all members and there was doubt about the possibility of using legal process at all. However, existing business structures all posed problems for co-operatives.

If the business operated as a partnership at Common Law (without any corporate personality) it was permitted no more than 25 members under the Joint Stock Companies Act of 1844. This was inappropriate for a consumer co-operative such as the Rochdale Pioneers’ society. There was also the problem that in a partnership each member could act as an agent to bind the whole partnership to any contract. This would result in unlimited liability on the part of all members to the full extent of their personal wealth for all resulting debts. Registration under the new Joint Stock Companies Act of 1844 was expensive and required that shares be transferable. This would have prevented any restriction on transfers to non-members. Even registration under that legislation would not have provided members with limited liability for the debts of the co-operative.

For this reason, the Rochdale Society of Equitable Pioneers was originally registered under the Friendly Societies Acts 1829 and 1834 and benefited from the amendments in the Friendly Societies Act 1846 which permitted such societies to invest the savings of members so as to provide the members with necessities. This permitted only trade
with members (to meet their needs) and did not permit the society to hold land or limit the liability of members for the debts of the society.

Apart from the legal benefits of registration under the Friendly Societies Act, there was a certain suitability in the use of that legislation. It was designed to deal with the predominantly working class and lower middle class friendly society movement. This means of mutual self help against the risks of death, disease and poverty was often linked to the nascent trade union movement and the radical social and political movements of the time such as Owenite socialism, Chartism and religious non-conformity. Since many of the original Rochdale Pioneers were rooted in this political culture, they probably found the familiar friendly society legal form more comfortable than the new Joint Stock Company or the commercially orientated partnership. For a small consumer co-operative such as the Rochdale society, the obligation to trade only with members did not create insuperable problems.

Two factors led to the early development a business structure for use by co-operatives separate from the joint stock company or the partnership. The political influence of the Christian Socialists, who linked themselves to the consumer co-operative movement in its early years, increased the chances of obtaining appropriate legislation and the fact that the legislature was dealing with the needs of co-operatives at a time when the foundations of modern British company law were being laid prevented the use of a convenient company structure by the early co-operatives. This encouraged the emergence of the industrial and provident society structure from the existing friendly society legislation. By the 1870’s the legislation governing societies had gained most of the features needed by a trading organisation and was distinct from the Friendly Societies Acts but administered by the same registrar.

The importance of the Christian Socialists lay in the political influence they exerted. In 1852 Parliament passed the first Industrial and Provident Societies Act. This
permitted the registration of co-operatives with the same legal status as friendly societies but without the limitation that they trade only with members and it allowed non-transferrable shares to be issued. The Act was the result of years of lobbying by Ludlow, Hughes and E.V. Neale and was specifically intended to meet the needs of both worker and consumer co-operatives. It was a vital foundation for the exponential growth of British Co-operation in the late nineteenth and early twentieth century. As Hall and Watkins have observed:

“How long co-operative expansion might have been delayed, and into what by-paths the Movement might have strayed but for the timely legal recognition of co-operative enterprise as something different from joint stock capitalism, the student will do well to consider.” (4).

These tendencies continued in the ensuing decades. The Industrial and Provident Societies Act 1862 permitted one society to hold shares in another and thus allowed the creation of the wholesale society and other secondary co-operatives. Coming as it did after the Companies Acts of 1855 and 1856 which first established the availability of limited liability for registered companies, the 1862 Act also provided both limited liability and corporate personality for societies. The nascent consumer co-operative movement and the Christian Socialists (particularly E.V. Neale) were important in campaigning for these reforms. In 1867 the limit on the value of the shares that one society might hold in another was removed and the 1876 Act which was also promoted by Neale consolidated the earlier Acts and laid the foundations for the present legislation. A further consolidation in 1893 preceded the Industrial and Provident Societies Act 1965 (hereafter IPSA 1965) which, with later Acts of 1967, 1975 and 1978, forms the present basis for the registration of co-operatives as industrial and provident societies.

Between these 1893 and 1965 a requirement that, to be registered and to remain registered, a society had to be either a bona fide co-operative or a society conducting
business for the benefit of the community was introduced. The Prevention of Fraud
(Investments) Act 1939 introduced this provision which is now to be found in section
1(2) of the IPSA 1965. It was intended to prevent the registration of societies for use
in share pushing schemes. This had occurred because societies, unlike companies,
were not subject to an obligation to provide detailed information in a prospectus on
issuing shares and abuses were facilitated by the absence, up to 1939, of any reference
to Co-operative Principles in the legislation. The purposes for which societies could
be registered were expressed in business terms (5).
3. The Development of Co-operative Principles

The history of the development of co-operative principles is well known. Some principles can be deduced from the statutes of the original Rochdale Society of Equitable Pioneers of 1844 as amended in 1845 and 1854. They include: democracy (“one member, one vote”); open membership and freedom to withdraw from membership; a requirement that all purchases and sales by the society be on a cash basis; a fixed rate of interest on capital; distribution of surplus only as dividend on purchases; a fund for educational purposes and a requirement that any surplus remaining after dissolution be applied for charitable or public purposes (6).

In 1937, the Paris Congress of the International Co-operative Alliance (ICA) approved a report of a special committee set up to inquire into the application of the Rochdale principle by member movements at that time. This declared that seven features of the Rochdale system could be regarded as principles. The adoption and practice of four of them were regarded as essential to the maintenance of the Co-operative nature of an organisation. They were: open and voluntary membership; democratic control (one member, one vote); limited interest on capital; and dividend on purchases. The three further principles identified by the Committee were regarded as methods of organisation and action rather than standards so that failure to observe them would not destroy the co-operative nature of an organisation. They were: neutrality in politics and religion; cash payments in buying and selling; and the promotion of education (7).

In 1966 the Vienna Congress of the ICA approved a resolution setting out a new version of the Principles acceptable to both communist and non-communist member organisations. It is this version which is to be reconsidered at the 1995 ICA Congress in Manchester. The 1966 version dropped the concepts of neutrality in politics and
religion and of cash trading. It added a principle of co-operation among co-operatives and the text of the resolution expounded each principle at some length. The separation of items into essential principles and desirable methods of organisation and action was removed from the 1966 version so that all principles had equal status.

Problems about the applicability of certain principles across all types of co-operative and in all circumstances were dealt with in the elaboration of the Principles. Like the 1937 version, the strict purpose of these principles was to test the eligibility of national co-operative bodies for admission to the International Co-operative Alliance itself. They have, however, been widely used by legislators, administrators, policy makers and co-operators as criteria for judging the co-operative nature of particular organisations at primary and secondary level.

Since 1966 the nature of co-operatives and the relevance of the Principles has been subject to further discussion. Divisions between principles, values, definitions and practices have been explored in an attempt to clarify the nature and purpose of co-operatives of different kinds and in different parts of the world. There have also been major changes in the world in which co-operatives operate. Communism has collapsed. Many of the markets in which co-operatives compete have become global with ever fiercer competition from capitalist enterprises while the needs of communities in developing countries are as great as ever. The work of Watkins in “Co-operative Principles Today and Tomorrow” and of Book on behalf of the ICA in producing his report on Co-operative Values in a Changing World have dealt with these issues (8). These contributions have resulted in the proposals to be considered by the Manchester ICA Congress of 1995.

4. UK Co-operative Law and Principles Old and New
In testing UK legal rules against each element of the 1995 Statement, the rules applicable to partnerships, companies and industrial and provident societies should be borne in mind. In the UK, no single business structure applies exclusively to all co-operatives. Some co-operatives operate through a company or partnership rather than the industrial and provident society structure. In some cases this is necessary because, for example, the minimum requirement of seven members to form an industrial and provident society and the higher initial registration cost of a society forces the registration of a company. In others, the co-operators prefer the flexibility of the capital and voting structures available in the company form.

The law governing industrial and provident societies requires proof that a society is a bona fide co-operative unless it registers as a community benefit society. This is tested by the Registry of Friendly Societies by reference to criteria reflecting the 1966 co-operative principles (IPSA 1965 section 1(2) and Registry Guidelines). The Industrial and Provident Societies Acts 1965 to 1978 lay down requirements about the content of the rules which influence that process (IPSA 1965 Schedule 1) and, on occasion, the substantive provisions of the Acts are relevant to the application of the Principles (for example, IPSA 1965 section 1(3)). The key feature of the legislation is the fact that adherence to co-operative principles is policed by the Registry. Co-operatives using a company or a partnership structure are not subject to any regulation to ensure that they are and remain co-operatives. This problem makes law reform desirable in the UK. In the ensuing discussion only the law governing industrial and provident societies is considered because of the limited space available. If a co-operative is to use a company or partnership structure it is necessary that the documents establishing the business lay down rules that conform with Co-operative Principles. That is possible in the case of each structure (9).

4.1. Definition of a Co-operative
The IPSA 1965, apart from the requirement that a society be either a bona fide co-operative or a community benefit organisation lays down only business objectives for societies (section 1). There is no definition of a co-operative. In its current law reform proposal the Legal Working Group of the United Kingdom Co-operative Council (10) (which the author chairs) recommends the adoption of a slightly modified version of the proposed 1995 ICA definition that is:

“A co-operative is an autonomous association of persons united voluntarily to meet their common economic and social needs through a jointly owned and democratically controlled enterprise.

Co-operatives collaborate locally regionally nationally and internationally in federations, alliances and other joint activities so that they can meet member needs most effectively.” (11)

Most of the elements of this definition are compared separately with the UK legal regime below. It might be noted that autonomy is guaranteed by the corporate personality enjoyed by societies registered under the 1965 Act (section 3) although since one society can be a member of another and a company can be a member of a society control of a society by other societies or companies is possible (section 2(2)).

The society is an association of its members who are bound to it and to each other through the rules (IPSA 1965 section 14). Its aspiration to meet their needs will be expressed in the objects set out in the rules (Schedule 1 paragraph 2). Ideally the rules should emphasise that purpose as the prime object of the society rather than focusing exclusively on business activities in the statement of objects and powers as many rules, like section 1(1) of IPSA 1965, do. Law reform to provide an exclusive legal regime for all businesses using the name co-operative and to define, in line with these principles, the nature and purpose of a co-operative would greatly assist the co-operative movement. The requirements of the 1995 definition can be met by societies registered under present UK law but reform of the law to give statutory expression to the definition is desirable to preserve the nature and identity of British co-operatives and to promote the idea of co-operation.
4.2. Values

“Co-operatives are based on the values of self help, mutual responsibility, equality, and equity. They practise honesty, openness and social responsibility in all their activities.”

This statement of values precedes the list of principles in the 1995 formulation. It indicates the fundamental purpose of co-operative societies and requires of the legal rules only that nothing obstructs the expression of those values. Under the Industrial and Provident Societies Acts 1965 to 1978 there is nothing to prevent a society from adhering to such values. However, in certain respects, such as the information required by law to be made available to members, the rules under those Acts are less demanding than those applicable to companies with shares listed in the Stock Market. On such issues as the accounting rules, the requirements to disclose the remuneration of senior managers, the right of members to information on mergers of societies or major transactions involving the disposal or acquisition of assets, the rules imposed on co-operatives are less demanding. This also applies to the statutory provisions applying to transactions between directors and their own society.

This led the UK consumer co-operative movement to set up a Working Party on Corporate Governance to report to its 1994 Congress. A forty two point Code of Best Practice was recommended by the Working Party and its aim is to ensure that standards of transparency, openness and honesty applied by societies are, at the minimum, no lower than those adhered to by other forms of business enterprise (12). Law reform might ensure that such practices were followed by all co-operatives registered as such under UK law. The present law does not prevent societies from operating in accordance with the 1995 statement on values but its reform would assist in encouraging all co-operatives to behave in a manner that reflects them. A body with wide discretion and flexible means of operation is needed as such broad ideals are not
susceptible to enforcement through the literal application of detailed rules. The UKCC proposal envisages the creation of a statutory Co-operatives Commission to achieve this objective by overseeing the registration of co-operatives and the registration of rule amendments as well as scrutinising any move to convert co-operatives into other forms of business (13).

4.3. The Principles

While the new definition and values set out in the 1995 statement describe the fundamental objectives and functions of co-operatives, the “principles”, as in the 1966 formulation, indicate how the values are to be reflected in practice. They are described as “general guidelines” for the activities of co-operatives. They are relevant to the legal structures used by co-operatives and are likely to be applied by the relevant regulator in the UK under the Industrial and Provident Societies Act 1965 or any new Co-operatives Act as the principal criteria in deciding whether a society is and remains a co-operative.

4.3.1. Membership

“The primary purpose of co-operatives is to serve their members and, as applicable, non-members, in a prudent and effective manner. Within their capacity to admit members, co-operatives are open on a voluntary basis, without political, religious, gender or social discrimination, to all who can contribute to, and benefit from, their activities.”

In the case of a co-operative using the industrial and provident society structure, this principle will be dealt with in the same way as the other principles. The requirement in section 1(2) of the Act that the society be a “bona fide co-operative” empowers the Registrar of Friendly Societies to ensure that the principle is expressed in the rules and applied in practice. In addition, Schedule 1 of the Act requires that the rules of a
society lay down the terms of admission and withdrawal of its members (paras 4 and 11).

This means that the registry will reject any “artificial restriction on membership with the objects of increasing the value of proprietary rights and interests” (HMSO Guide to the Law relating to Industrial and Provident Societies paragraph 6(e)). This would deal with a failure to be open to members in the relevant economic category and rules or practices which discriminate on grounds of politics, religion, gender or class.

A society may provide for the decision to admit new members to be taken by the board or the general meeting and may impose criteria such as a probationary period for new members of a workers’ co-operative or geographical limit for membership of an agricultural or consumer co-operative but they cannot allow for the exclusion from membership of members of the group which the society is to serve if they wish to join and it is possible for them to do so. The requirement that rules deal with the withdrawal of members also enshrines the voluntary nature of continued membership.

The principle that the society have for its purpose the service of members has always been regarded as important by the Registry. In the 1965 Act it is reflected, for example, in section 1(3) which excludes form the definition of a co-operative society a body with the purpose of “making profits mainly for the payment of interest, dividends or bonuses on money invested or deposited with, or lent to, the society or any other person”. This emphasises that it is not financial benefit to members which should be the main objective of a co-operative but service to them. The prudence and effectiveness with which that service is delivered is regulated predominantly by the market and the power of members to control their society by electing the board and discussing the business at general meetings. The legal obligation to disclose financial and other information to members’ meetings and in returns held on the Registry’s public files assists the members in exercising those powers.
4.3.2. Democracy

“Co-operatives are democratic and participatory organisations actively controlled by their members. In primary co-operatives, members enjoy equal voting rights, on a one member one vote basis. In co-operatives at other levels, administration is conducted and control is exercised in a suitable democratic manner. Men and women responsible for the administration of co-operatives involve members, managers and other employees, according to their roles, in making decisions and setting policies.”

In the case of industrial and provident societies, democratic control is part of the definition of a co-operative applied by the Registrar to decide whether a society should be or remain registered under section 1(2) of the Act. Schedule 1 of the Act requires the rules of a society to deal with voting rights, the holding of meetings, the amendment of the rules and the appointment, removal, powers and remuneration of the board and any full time officers (paras 5 and 6). The Act also lays down its own rules about meetings in particular circumstances such as the conversion, amalgamation or dissolution of the society or a transfer of its engagements. It also gives power to the Registrar to call meetings in certain circumstances and provides for meetings at which audited accounts are to be presented (IPSA 1965 sections 49 to 52 and 55 and Friendly and Industrial and Provident Societies Act 1968).

The registrar will be concerned that voting rights and the rules about the election and removal of directors maintain the democratic control of the society by its members. Section 74 of the 1965 Act allows for delegate meetings to fulfil any of the functions required by the Act to be carried out by general meetings of the society. This will be particularly relevant in the case of co-operatives other than primary societies. The Act makes no reference to either optional or mandatory postal ballots of members and assumes that democratic control will operate wholly through meetings. However, a society may provide for postal ballots for the election of officers or as referenda on policy issues in its own rules.
The participation of members and the involvement, in an appropriate way, of managers and employees cannot easily be enforced by legislation. The Act and the objects and powers rule of societies (if well drafted) will probably place no obstacles in the way of considering employee interests. However, in contrast with the UK Companies Act 1985 (section 309), there is no provision in the Industrial and Provident Societies Acts allowing or requiring society directors to have regard to the interests of employees. This could mean that a society other than a workers’ co-operative which was unable to justify benefits to employees as coinciding with the interests of members would be prevented from acting in the employees’ interests.

The Co-operative Union Working Group Report on Corporate Governance (14) referred to above deals with the role of senior managers and the importance of clarifying their powers and responsibilities vis-à-vis those of the board of directors. The provision of information to members about the remuneration package of senior managers and about the business circumstances of the society between annual meetings are important recommendations of that report and are designed to reinforce democratic control and to define the role and position of powerful unelected senior figures within societies.

The present Acts do not specify many matters which have to be the subject matter of decision by general meeting and society rules usually restrict the powers of that body. It may be that law reform should introduce statutory provisions to bolster democratic control by members. A wider range of matters, such as large scale transactions between directors or senior managers and their own society or major acquisitions or disposals of society assets, could be made subject to disclosure to, or approval by, the membership. The UKCC Proposal includes some suggestions for such provisions.

4.3.3. Financial Structure
“Members contribute equitably to the capital of their co-operative and share in the results of its operation. Usually, at least a portion of a co-operative’s capital is owned collectively, intended to further the long term purposes for which the co-operative exists. Co-operatives may pay interest on their capital; they compensate employees fairly, according to the standards of the society in which they exist. Members allocate surpluses for any or all of the following purposes: (a) developing the business of the co-operative; (b) benefiting the members in proportion to their involvement with the co-operative; and (c) encouraging the further development of the co-operative movement.”

In the case of a co-operative registered as an industrial and provident society, the 1966 requirements of limited interest on capital and about surplus distribution form part of the basis on which the registrar decides whether the society is a bona fide co-operative. The approach of the registry is to require that share and loan capital receives no more interest than is required to obtain and retain the capital required. In addition, the Act lays down that a society which carries on business with the object of making profits mainly for the payment of interest, dividends or bonuses on money invested, deposited with or lent to it or anyone else is not within the definition of a co-operative society (IPSA 1965 section 1(3)). This leads to the practice whereby the return on share capital is usually set at a fixed low rate or a variable rate related to the base rate of a bank. The registry accepts systems whereby the amount held by an investor in loan or share capital receives a differential rate of interest that increases with the size of the holding.

The 1995 principle switches the emphasis to the positive right of co-operatives to pay interest and away from the restrictive wording of the 1966 version (“a strictly limited rate of interest, if any.”). The existing criterion applied by the Registry in the UK relates the level of return to the need to attract and retain capital and is consistent with the 1995 formulation. The use of new forms of capital instrument (including some listed on the Stock Market) and even of non-user investor members with voting rights has developed in some European countries in response to the problems experienced by
co-operatives in raising capital (15). The new formulation makes a limited concession to such developments while emphasising the importance of distinguishing co-operatives from other forms of business enterprise.

Similarly, any distribution of surplus must be made on the basis of the transactions between a member and the co-operative (IPSA 1965 Section 1(2) and Schedule 1 para 12). A different method of distribution would not be accepted in a set of rules for approval by the Registry on registration of an industrial and provident society. The continued application of each of these requirements will satisfy the new formulation of this principle.

It is interesting that the acknowledgement in the case of most co-operatives of an indivisible reserve available only for the development of the co-operative appears in the 1995 formulation. This is not given any formal recognition for societies other than credit unions in the UK. In the case of credit unions the existence of such reserves is obligatory and the legislation regulates the size of the reserve. Some would argue that in any proposed Law reform, provision should be made for the recognition of indivisible reserves on a wider scale so as to facilitate favourable tax treatment for societies with such reserves. There are, however, problems about defining and policing the nature of such reserves. It may be more effective to have a class of society which, on dissolution cannot pass any residue to members at all. By definition such a society would have an indivisible surplus and might qualify for tax benefits accordingly (16).

4.3.4. Education; Co-operation Among Co-operatives; Autonomy and Community

“Education. Co-operatives foster reciprocal, ongoing education programmes for members leaders and employees so they can teach - and learn from - each other in understanding and carrying out their respective roles. Co-operatives have a responsibility to inform the general public, particularly young people and opinion leaders, about the nature of the co-operative movement.
Co-operation among Co-operatives.
In order to best serve the interests of their members and their communities, co-operatives actively co-operate in every practical way with other co-operatives, locally regionally, nationally and internationally.

Autonomy
Co-operatives are autonomous, mutual-help organisations controlled by their members. If they enter into agreements with governments and other organisations, they do so freely, on mutually acceptable terms that ensure their autonomy.

Community.
Co-operatives are concerned about the communities in which they exist. While focusing on member needs, they strive for the sustainable development of those communities through policies that are respectful of the environment and acceptable to the membership.”

These principles are grouped together because, while they are of central importance to the definition and operation of co-operatives and ought to be found in any statutory definition of a co-operative, they require of the legal rules predominantly that they facilitate their implementation. As we have noted, “autonomy” is recognised by the existence of the co-operative society as a separate legal person and reflects the principle of freedom of contract which is well established in the Common Law. It may be that each of these principles should appear in the objects rule of every co-operative and that the statute governing co-operatives should require this. However, the key legal issue under the law as it stands at present is that every co-operative should have the legal powers to apply each of these principles. The rules must permit education, co-operation with other co-operatives and the concrete expression of concern for the community in which the co-operative operates.

This suggests that, at a minimum any law reform should make absolutely clear the power of every co-operative to act in ways consistent with these principles. Thus, a co-operative might provide financial or other assistance in the interests of education, the wider co-operative movement or the community. The law must ensure that this cannot be challenged by members who argue that it is beyond the powers of the society. At present, so long as the rules directly allow actions for such purposes or
permit them to be justified indirectly as being for the benefit of members there will be no problem. However, statutory acknowledgement of these aims might assist in this respect.

5. Conclusion

The revision of Co-operative Principles coincides with discussion of the need for law reform in the UK. It is important that the particular problems of differences between industrial and provident societies and companies should be eliminated so that on issues such as accounting requirements, the legal capacity of the co-operative, the minimum number of members, the cost of formation and of continuing compliance with regulatory requirements and the legal structure intended for co-operatives is at no disadvantage compared to a company structure. However, the revised ICA principles reinforce the more fundamental need for a special legislative structure which upholds and clarifies the special identity of co-operatives and uses the definition, values and principles enunciated by the ICA in 1995 to achieve this aim. The existence of a specialised and sympathetic regulatory and registration body to ensure that those organisations which call themselves co-operatives and register under the new legislation live up to the high standards set out in the definition, values and principles promulgated by the ICA would assist in that process.

Such a legal framework would provide a firm base from which the Co-operative Movement in the United Kingdom could develop and expand the important economic and social contribution of the co-operative form of business to solving the problems of communities and individuals in the Twenty First century and beyond.

Footnotes

(1) The Industrial and Provident Societies Acts 1965 to 1978 apply with only slight variation to both England and Scotland. Similar equivalent provisions apply to
Northern Ireland. For the sake of brevity only the provisions applicable in England and Scotland are mentioned.


(3) D.J. Thompson op.cit Appendix A

(4) Hall and Watkins op. cit. pages 102 to 103

(5) For example, the 1893 Act, following similar provisions in earlier statutes, provided that a society could be registered for the purpose of operating “any industry, trade or business, including dealings of any description with land” and even the current 1965 Act contains a similar provision in addition to the requirement that a society be and continue to be either a bona fide co-operative or a community benefit organisation.

(6) See P. Lambert, Studies in the Social Philosophy of Co-operation, Co-operative Union Ltd, Manchester, 1963 at Appendix II


(9) See I. Snaith, The Law of Co-operatives, Waterlow, London, 1984, Chapter 1 for a discussion of this process and also the model memorandum and articles of association and Partnership Agreement available from the Industrial Common Ownership Movement for examples of the technique.

(10) UKCC Legal Working Group, Proposals for a Co-operatives Act for the United Kingdom, United Kingdom Co-operative Council, Manchester, November 1994.

(11) See Prof. I. MacPherson, The Co-operative Identity in the Twenty First Century: a Background Paper, ICA Review, October 1994, pages 8 to 26 for the full text used here and an excellent discussion of the basis of the definition, values and principles to be considered by the ICA Manchester Congress in 1995.


(13) See UKCC Legal Working Group, Op. Cit. at footnote (10)
(14) See Co-operative Union Ltd, Op. Cit at footnote (12)


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