ROUTLEDGE INTERNATIONAL HANDBOOKS

The Routledge Handbook of Cooperative Economics and Management

Edited by Jerome Nikolai Warren, Lucio Biggiero, Jamin Hübner and Kemi Ogunyemi

THE ROUTLEDGE HANDBOOK OF COOPERATIVE ECONOMICS AND MANAGEMENT

Cooperatives have spread across virtually all continents. Today, the International Cooperative Alliance (ICA) recognises over 3 million cooperatives with 1 billion cooperative members or about 12% of the human population and serving many more members of the public, collectively owning trillions in assets. This handbook provides a comprehensive introduction to the subject and the current state of affairs with regard to the study of cooperation in the economy generally and of the cooperative and related sectors particularly.

It highlights the essential issues and debates; provides a future research agenda, outlining the distinctions and similarities between individual and (inter)organisational cooperation; and explores the connections of cooperative economics and management to fundamental ethical principles. This book examines coopetition and the similarities and differences between competitive economics and cooperative economics, identifying to what extent and how cooperative economics and management are more capable of addressing the problems of global neoliberalism, such as ecological collapse, wealth inequity, value capture, and distribution, including via online platforms and social/relational problems.

This book offers a variety of new research and theory-building from various disciplines, particularly focusing on the fields of economics and management but extending beyond these disciplines to domains such as sociology, psychology, anthropology, and political science. It will become the standard reference work for not only a broad and large audience of scholars, researchers, and students but also interested professionals, policymakers, regulators, and cooperators in the field wishing to orient themselves in a global, rapidly developing movement and field of study with reference to issues of producing and allocating resources and focusing on the impact of cooperation on issues like risk, trust, the development of preferences, institutional governance, networks, and inequity.

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WORKER COOPERATIVES AND OTHER "COOPERATIVES"

David Ellerman and Tej Gonza

1 When is a "Coop" not really a cooperative?

The short answer is *whenever the actual activity of the "cooperative" is not carried out by the members but by employees*. The problem is, of course, not in cooperation *per se* but in the hiring, employing, renting, or leasing of people to carry out the supposedly "cooperative" activities of the "cooperative" (Ellerman, 2021).

Consider the case of a typical consumer cooperative. What is the cooperative activity carried out by the consumer-members? They do not consume cooperatively; that would be a commune or kibbutz. They shop and consume as individuals or as individual families. They do not carry out the activity of the consumer cooperative business—which is conducted by the hired managers and employees of the business. The whole notion of the consumer-members cooperating together in some joint activity is a beautiful fiction, but a fiction nevertheless. Of course, there may be some overlap between employees and consumers, but we are analyzing *functional* roles, i.e., the roles people have *qua* consumers and *qua* workers. Moreover, the number of consumers will far exceed the number of employees.

Another important example of a cooperative where most of the activity is carried out by rented people is the agricultural marketing cooperative. The members are, in the best case, family farms and, in the worst case, agribusiness corporations. The individual farms or agribusinesses supply the agricultural products to the cooperative for processing and marketing. All the processing work of the cooperative is carried out by employees, from the managers on down.

The same holds for credit cooperatives where the members are the depositors, but the work of the credit union is carried out by its employees. Similarly, in a mutual insurance company, the members are the policyholders, and the work of the cooperative is carried out by its employees. Some non-worker cooperatives may have very few, if any, employees such as small housing co-ops (Ellerman, 1983)—although the "cooperative activity" (living in individual family units with shared spaces) is much the same as in non-cooperative condominiums.

In short, it seems the only sort of cooperative that, by definition, has the joint activity of the cooperative carried out by its members is the worker cooperative.

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2 A cooperative corporation compared to a conventional corporation

A *corporation* and a *cooperative* are two legal structures underlying the economic firm, a basic unit of economic production.[1] The legal structure defines the rules of the production game – who has the authority to direct labor and who has the rights to the product of that labor. So, how does a corporation differ from a cooperative?

The history of a corporation goes back to medieval times when a *universitas* was defined as an association of people carrying out some joint activity *themselves*.

> In the first place, the corporative structures of medieval society are again significant. We are dealing with a time when, all over Europe, separated individuals were in real life coming together, swearing oaths to one another, covenanting together to form new societies, sometimes political societies – all those universitates, guilds, colleges, communes that we noticed earlier – and were deliberately shaping constitutional structures for their new societies. For civil and canon lawyers one distinction between a *universitas* and a mere crowd of individuals consisted precisely in the fact that the *universitas*, but not the individuals, could create a ruling official, having ordinary jurisdiction over the community.
>
> (Tierney, 1982, p. 36)

In these early examples of incorporated communities, the members of the corporation were jointly governing themselves, not some other group of people. But if we 'fast forward' to modern times, the whole idea of a corporation has changed from an association of people jointly governing their own activity to an assemblage of assets jointly owned by the shareholders, where the activity of the corporation is carried out by employees.

> We can here perhaps note a final irony, at least. The concept of the corporation began for us with groups of men related to each other by the place they lived in and the things they did. The monastery, the town, the guild, the university… were only peripherally concerned with what its members owned in common as members. The subsequent history of the corporate concept can be seen as a process by which it became progressively more formal and abstract. In particular the associative elements were refined out of it. In law it became a rubric for expressing a complicated network of relations of people to things rather than among persons. The aggregated material resources rather than the grouping of persons became the feature of the corporation.
>
> (Chayes, 1961, p. xix)

Unfortunately, the concept of a cooperative (aside from worker cooperatives) has gone through a similar evolution with respect to the renting of people to carry out the joint activity.

There are various definitions of a cooperative, but we will begin with what is probably the most institutionalized definition by the International Cooperative Alliance (ICA):

> A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.
>
> (ICA, 2015)[2]

How does this differ from a conventional corporation? For instance, "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations" could equally well describe the founders of *any corporation* who then rent the rest of the people to do the work of the corporation. Similarly, the "jointly owned" part of the ICA's definition is also not specific to a cooperative; both a conventional corporation and a cooperative corporation are legal structures represented by a separate legal entity, which is separate from its individual members. The members have no individual liability for the debts of the corporation and no individual ownership of the assets of the corporation. Both the cooperative and the standard corporation are "jointly-owned" by their members since "the shareholders are the members of the company and the terms 'shareholders' and 'members' may be used interchangeably." (Hannigan, 2012, p. 304). In both cases, the members have individual membership rights, i.e., governance and net income rights. That is, both conventional individual shareholders and cooperative members have individual voting and dividend rights. The one case is no more "jointly" or "collectively" owned than the other. The real difference lies in whether the membership rights are *personal rights* (that cannot be sold or bequeathed) held by people who qualify by having a certain functional role versus where the membership rights are free-floating *property rights* (transferable and bequeathable). There is more on this important distinction below.

Next, we might examine in what sense a cooperative is "democratically controlled." While cooperatives, unlike corporations, generally uphold the principle of one member one vote, this does not imply democratic control. In non-worker cooperatives, the members vote on a one-person, one-vote basis to elect the management of the people working in the cooperative (the employees); they do not vote to democratically govern their *own* activities. That is, the managers in, say, a consumer cooperative or an agricultural processing cooperative are not empowered to give orders to the customer-members or the farmer-members in the course of the business (not to mention otherwise), only to the employees.

In the ICA's Guidance Notes to Co-operative Principles (2015), the idea of "democracy" is essentially the same as the usual corporate notion of members (i.e., shareholders in that case) having the ultimate governance rights in the organization.

> Democracy is a simple concept: the governance or control of an organisation by its members through majority decision-making. (ICA 2015, p. 15) … Democratic member control is a key differentiating characteristic of co-operatives in comparison to investor or shareholder-owned businesses.
>
> (ICA, 2015, p. 18)[3]

This is hardly a "differentiating characteristic" since the member-shareholders in a conventional corporation also legally have "member control." The (non-worker) cooperative "slippage" in democratic norms is also present in conventional corporate governance theory in the notion of "shareholder democracy." It suffers from the same problem.

> The analogy between state and corporation has been congenial to American lawmakers, legislative and judicial. The shareholders were the electorate, the directors the legislature, enacting general policies and committing them to the officers for execution. …Shareholder democracy, so-called, is misconceived because the shareholders are not the governed of the corporation whose consent must be sought.
>
> (Chayes, 1966, pp. 39–40)

And the Economics Nobel laureate, Paul Romer, makes the same mistake in arguing that old Hong Kong was "democratically governed." This is because Great Britain was a democracy and it governed old Hong Kong, but "it just happened to be not a democracy that involved the local residents" (Romer, 2009, quoted in Slobodian, 2023, p. 186). In a similar sense, a (non-worker) cooperative in the ICA's definition is "democratically controlled," but it is a "democracy" that doesn't involve the people being governed.

It is easy to see that holding contested elections and voting with one-person one-vote does not necessarily mean people are democratically governed. If the citizens of Russia went through all the activities of democratic voting to elect the Government of Ukraine, that would not make Ukraine "democratically controlled." The point, of course, is that the citizens of Russia would be electing the government of another set of people, so that scheme fails the most elementary test of "democratically controlled": the democratic rights to elect the government have to be exercised by those and only *those who are to be governed* (Dahl, 1985; Ellerman, 2015). In that sense, a non-worker cooperative is like a corporation, with the real difference that the voting rights are not based on the relative number of shares but are rather limited to one vote per member.

3 Personal rights versus property rights

One aspect where the modern cooperative actually *differs* from the conventional corporation is in the method of allocating membership rights. Membership rights include governance authority, which traditionally implies the right to elect the board of directors and vote on strategic issues at the membership assembly, and profit rights, which implies the right to distributed and retained profits. The cooperative and the corporation differ in who can access membership, that is, who can obtain legal rights.

Before explaining the real difference between a corporation and a cooperative, we need to distinguish between personal rights and property rights. A person has a personal right because they play a certain functional role (e.g., patronizing a cooperative[4]) or personally qualify for the rights (e.g., citizenship rights—see Anu Puusa's chapter in this volume on the community aspect of a cooperative). Hence, by the definition of a personal right, it is not the sort of thing that can be bought or sold, since the buyer may not have the qualifying role, and if the "buyer" did have that role, they would not need to buy the right. Moreover, since the right attaches to a qualifying role, one either has it or doesn't; there is no such thing as multiple qualifications. That is why membership rights, such as voting rights allocated as personal rights, are always one-person, one-vote. Different types of cooperatives differ in how they define the "qualifying role" in the cooperative (a worker, a shopper, a farmer, etc.), but the common feature is that the membership rights are assigned to those who patronize the cooperative (there may be other qualifications). The ultimate test of whether a right is a property right or a personal right is whether it can be bought and sold or, equally, whether it can be inherited or bequeathed. The Guidance Notes take note of this difference. The cooperative membership share "is not a tradable asset," while an equity share in a conventional company "is, generally, tradable" (ICA, 2015, p. 34).

One could have an idealized "history" of cooperatives and corporations where, in the beginning, "All firms are cooperatives" (Hansmann, 2013). In this scenario, a corporate legal structure evolved by taking the patronage requirement to zero; when there are no patronage requirements for membership, then the membership rights become free-floating rights that can be bought and sold. That is, legal rights in an economic firm become property rights instead of personal rights. In that sense, the *conventional corporation is essentially a zero-patronage cooperative corporation*—where the membership rights are no longer attached to any functional role. Since the membership rights are no longer attached to any patron's role, they are packaged as "shares," and a person can hold any number of them with one-share, one-vote.

The allocation of membership rights as personal rights is one important aspect in which modern cooperatives have not degenerated—in spite of the use of rented workers and non-democratic control (except for worker cooperatives). When looking at the impressive numbers provided by the ICA on cooperative organizations around the world, cooperative supporters conveniently ignore the fact that most cooperatives today are conventional employers, where legal rights are attached to some notion of "patronage," which is not the provision of labor.[5]

4 A real cooperative: a democratic firm

A real cooperative is one where the patronage or functional role to which membership is limited involves people carrying out a joint activity, e.g., labor in a worker cooperative. A worker cooperative is a real cooperative based on democratic principles (self-governance in the sense that the people electing the government are the people being governed) and principles of legitimate appropriation of labor product (Ellerman, 2021).

Only in worker cooperatives or democratic firms is the renting of human beings [(Ellerman, 2015, 2021); (Ellerman et al., 2022)], the employment relation, negated since patronage is defined as working in the firm. Thus, the workers are members, not "employees" (regardless of the classification for tax purposes by conventional legal authorities), of the firm.

It is remarkable how the ICA's definition of a "cooperative" ignores the means by which the actual productive activity is typically carried out by rented people. Centuries ago, slave labor was the labor system of the day that was assumed to be normal and routine. The ICA's definition would fit the case where some consumers of cotton joined together in "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise," where the actual work of the enterprise was carried out by the labor system of that time, namely workers who were owned rather than rented.[6] Do organizations that routinely use a labor system which treats persons as things to be owned full-time or rented part-time really deserve to be called "cooperatives"?

5 UK history of the degeneration of cooperatives into "cooperatives"

To consider only the highlights, what today we would call "worker cooperatives" started in the early 19th century in the productive communities of Robert Owen. However, setting up these communities of production required funds that were unavailable to the broader working population. While Owen's philanthropic endeavors bore some fruit in New Lanark in the early decades of the 1800s, other philanthropic and government funds did not materialize in any significant amounts. Yet Owen's ideas and examples were the beginning of the cooperative movement in the UK—a movement essentially composed of worker cooperatives. As the problems with financing new cooperative enterprises began to surface, a possible solution emerged in the 1820s.

> If fifty households, spending £50 per year, could do their own retailing, making 10 per cent profit, they would have painlessly saved £260 per annum for the community fund.
>
> (Pollard, 1967, p. 82)

Consumer cooperatives started in this manner in the United Kingdom *as a means to fund worker cooperative communities*—decades before the Rochdale Pioneers of 1844. "Thus did storekeeping enter the co-operative movement" (Pollard, 1967, p. 83). After some initial reticence, Owen supported these stores in view of their ultimate purpose. However, as the stores developed, they became quite popular among the working population, quite aside from any Owenite goals. As those goals receded, cooperators such as Dr. William King had to reiterate their original purpose.

> The grand aim of co-operative societies is *not* to combine to raise the wages of its members by buying at wholesale prices and selling the same for ready money, as stated… but, on the contrary, to raise a capital sufficient to purchase and cultivate land and establish manufactories of such goods as the members can produce for themselves, and to exchange for the production of others; likewise to form a community, thereby giving equal rights and privileges to all.
>
> (Pollard, 1967, p. 85)

By the end of the 1830s, "Owen reverted to his hostility to 'making profit by joint-stock retail trading' … when the surviving co-operative societies had become mere stores" (Pollard, 1967, p. 85, fn. 3).

Leaving aside many interesting historical details, the cooperative movement in the UK can be split into two periods: the Owenite-inspired cooperative movement of the first half of the 19th century, which focused ultimately on communities of work, and the second half of the movement that dates back to the Rochdale Pioneers of 1844. At first the aims of the earlier cooperative movement were expressed by some of the Rochdale founders.

> In essentials, the "objects" of the Rochdale Pioneers did not differ fundamentally from those "castles in the air" which so fascinated the enthusiasts of an earlier day.' Their programme was a 'systematic and orderly scheme of social rebuilding', envisaging 'voluntary associations enlarging into a Co-operative Commonwealth'. They 'set out originally to create, not a mere shop for mutual trading, but a Co-operative Utopia'. 'Their intention was to raise funds for community purposes… Their object was the emancipation of labour from capitalist exploitation. They had no idea of founding a race of grocers, but a race of men.
>
> (Pollard, 1967, p. 95)

But as time passed and the old cooperators died, the stores thrived—particularly after they introduced the (patronage) dividend on purchases.[7] At first, perhaps influenced by their history, some stores also had a labor dividend for the people working in the stores—similar to the hybrid worker-consumer cooperative, Eroski, among today's Mondragon cooperatives. However, the final nail in the coffin of the Owenite movement was driven in the 1860s when the labor dividend was removed, not only in consumer co-ops but also in the joint-stock manufacturing corporations that were part of the cooperative movement.

> This second process was most evident in the development of the Rochdale Co-operative Manufacturing Society, an off-shoot of the store, which the majority of recent members transformed into a simple profit-making joint-stock company in 1862 by abolishing the bounty on labour over the bitter protests of the old Pioneers' leaders.
>
> (Pollard, 1967, p. 97)

This history of the modern cooperative movement, starting with the Owenite cooperators, has been airbrushed out of today's "official" histories. For instance, after mentioning an early 1761 store selling oatmeal at a discount, the ICA's history jumps to the Rochdale Pioneers who "established the first modern cooperative business" in 1844.

> They are regarded as the prototype of the modern cooperative society and founders of the cooperative movement.
>
> (International Cooperative Alliance, 2023)

There is no mention whatsoever of the earlier decades of the Owenite cooperative movement, which aimed at worker cooperatives and viewed consumer cooperatives as a means to that end.

6 Conclusion

The modern movement of non-worker cooperatives has completely accepted the quintessential capitalist institution of renting, hiring, employing, or leasing people in its "cooperatives"—which are generally considered "good employers." There is a similar history in the labor movement, which initially aimed to abolish wage labor and establish the Cooperative Commonwealth (Gourevitch, 2015). However, that movement eventually 'forgot' its original aim and became the "trade union movement," which fully accepts the employer-employee relationship and only aims to bargain for a larger share of the added value for the rented people in the bargaining unit.

Today, the best representative of the original (Owenite) goals of the cooperative movement is the Mondragon Movement (Whyte & Whyte, 1991). All the Mondragon cooperatives operate based on the Catholic social doctrine of "the priority of labor" (Baum, 1982). So, the workers are, in principle, not rented people.[8]

> More importantly, worker cooperatives, which found their own ways in which to operate under cooperative laws, were primarily devoted to worker empowerment and they formed one of the most rapidly expanding sectors in the world. The issue was very much in the forefront of many cooperative endeavors and no doubt will reappear whenever future revision of the values statement and the principles occurs.
>
> (MacPherson, 2012, p. 122)

In view of the utter domination of conventional businesses in the world today, there is a 'peaceful coexistence' between Mondragon-inspired cooperatives and non-worker cooperatives, as seen in the International Cooperative Alliance. However, the old issues are still present.

This is not a new issue. As the economist William Stanley Jevons put it in 1883:

> The [industrial] partnership scheme is, I believe, by far the truest form of co-operation. We have heard a great deal of co-operation lately, until we may well be tired of the name; but I agree with Mr. Briggs* [reference to 1870 newspaper article] in thinking that many of the institutions said to be co-operative really lack the fundamental principle, that those who work shall share. If a co-operative retail store employ shopmen, buyers, and managers, receiving fixed and usually low salaries, superintended by unpaid directors, I can only say that it embodies all the principles of dissolution; it has all the evils of a joint-stock company without many advantages.
>
> (Jevons, 1883, p. 141)

Beatrice and Sidney Webb, two influential figures of the Fabian Society and the British Labour Party, argued for consumer cooperatives over producer (worker) cooperatives. Beatrice contended that the cooperative movement should focus on organizing consumers, not just producers, to reduce rivalry with unions. Sidney emphasized the collective control of consumers over industry rather than mere profit-sharing. The Webbs proposed institutional solutions that would shift the distribution of value towards the general population but did not attempt to offer a system alternative to conventional human rental firms. J. N. Warren (2022, p. 540) notes that critics, including R.H. Tawney (Rogan, 2017), accused the Webbs of adhering to detrimental utilitarianism and economic 'science,' aligning with Alfred Marshall's theories, rather than engaging with the principles underlying the worker cooperative movement.

Our goal here is only to remember these old issues, past debates, the neglected history of the Owenite cooperative movement, and the degeneration of the (non-worker) cooperative movement from being harbingers of the Cooperative Commonwealth to being good employers of the people actually carrying out the cooperative human activities in the cooperatives. Such a "cooperative" is an "association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations"—which can be said of the founders and members of any joint stock company—and is a "democratically-controlled enterprise" according to a notion of "democracy" that is not "by the people" whose activities are actually being governed. But, today, all cooperatives do keep alive the idea of voting based on personal rights, i.e., one person one vote, which prevents cooperative corporations (that have not yet been demutualized) from being treated as pieces of property that may be bought and sold.

7 Appendix: Individual capital accounts in cooperatives

The treatment in the Guidance Notes (ICA, 2015) of the 3rd principle of member economic participation requires some additional comment for what it says and does not say. On the balance sheet of any corporation, co-op or not, the word "capital" could refer to capital assets (land, buildings, machinery, etc.) or the equity portions of the balance sheet (assets minus liabilities) so one should be careful not to confuse the two cases. For instance, "indivisible reserves" refers to a portion of the equity, not to some of the cash assets set aside in a reserve fund. Indivisible reserves are not an "asset-lock" since they are not an asset (such as cash) in the first place. The point is that when a cooperative with indivisible reserves is being liquidated by the sale of all its assets, any cash left over after paying off the liabilities (including retained patronage dividends) should not be distributed to the current ex-members but should go to the cooperative movement or charity. Moreover, even when a worker cooperative is not liquidated but has a serious downturn in business (e.g., COVID-19), it should not continue paying the same income to all the members, with the resulting losses booked as debits to the indivisible reserves. The Guidance Notes are sound on those aspects of the indivisible reserves.

The controversial part is the treatment of retained income (or surplus) that is not credited to indivisible reserves. For instance, if the current cash demands to buy assets or pay off liabilities do not allow all patronage dividends to be paid out, some cooperatives have a system of retained patronage dividends that are to be paid out in the future.

> The revolving fund plan redeems allocated equity based on the age of the equity (the year the equity was retained), using a first-in, first-out order. The most common method redeems only one year of retained equity each year. Thus, members' money withheld in 1995 might

> be repaid in 2000, that of 1996 redeemed in 2001, and so on. This plan is one of the most effective ways to accumulate capital and is a lot easier than selling new shares of stock. It helps ensure that *current members furnish funds in proportion to their use* and provides a systematic way of returning investments to members. New organizations may begin with this plan at the very start and older organizations may also adopt the plan.
>
> (Zeuli & Cropp, 2004, p. 63 emphasis added)

The accumulation of a member's written notices of retained patronage allocations would constitute the member's *individual capital account*. On the balance sheet, the accounting conventions may list those accounts as part of "Equity" or "Capital", but they, in fact, represent a form of subordinate and flexible (retained losses) debt since there are no additional votes or portions of surplus attached to the accounts. Aside from these revolving accounts of retained patronage dividends in some US cooperatives, the most famous examples of individual capital accounts (in addition to the indivisible reserves or collective account) are in the Mondragon worker cooperatives (Whyte & Whyte, 1991; Ellerman, 2015 [1990]).

However, there is controversy since some cooperators believe that retained patronage dividends must be 'socialized' in indivisible reserves rather than recorded in individual capital accounts. This view seems to stem from implicit or explicit 'socialist' sentiments that keeping track of retained patronage dividends in such individual accounts is 'capitalist' (despite being essentially a form of debt) and therefore should be forbidden in favor of having all accounting entries under "Equity" as indivisible or collective reserves. This was the case, for example, in Yugoslav socialist self-managed firms, and some co-ops today that were historically aligned with socialist/communist movements. There are well-documented economic problems in such socialist enterprises that force worker-members to sacrifice any fruits of their labor when retained in the co-op to finance new investments or pay off old loans (see Gonza, 2024).

Notes

1 The notions of an economic firm, a corporation, a cooperative, and the role of renting people, i.e., hired workers, in defining a 'capitalist' and a democratic firm are discussed in slightly greater detail in the chapter herein "Gonza, Ellerman, Kosta 2024"; for more analysis, see also Ellerman (2021), Gonza (2024).

2 The definition is repeated on some EU websites: https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/cooperatives_en. David Kristjanson-Gural's chapter in this volume criticizes the ICA's definition from a different perspective.

3 The comparison goes on: "A second key characteristic is that their member-owners have a non-speculative stake in the business enterprise run by the cooperative" (ICA, 2015, pp. 18–19). Or again: "Membership shares that provide capital in a co-operative are not shares like those in investor-owned joint stock companies. Capital paid by members is not money primarily invested to generate an investment return on capital, but is 'pooled capital' invested to deliver goods, services or employment needed by members at a fair price" (ICA, 2015, p. 31). Surely, it is obvious that there are two ways to increase one's net income: increase one's gross income (as shareholders want to do) or decrease one's costs (as consumers want to do in a consumer co-op)—so that common desire to increase one's net income can hardly be a key differentiating characteristic.

4 For instance, "patronage" means work in a worker co-op, shopping in a consumer co-op, selling produce through an agricultural marketing co-op, putting savings in a credit co-op, living in a housing co-op, and so forth.

5 It might also be mentioned that, in comparison with ordinary corporations, cooperatives are well-known "good employers" and are more socially responsible.
6 The fact that the human rental system is (juridically) voluntary is not a differentiating characteristic. When slavery was abolished, both involuntary slavery and voluntary servitude or peonage were abolished in favor of the part-time rental system. For the US case, see Soifer (2012).
7 The idea of getting a return or discount on purchases by members is no longer a unique characteristic of consumer co-ops since it has been adopted by many major supermarket chains. A customer signs up for membership and then a membership card or tab on one's key chain is scanned at checkout to get a discount for patronizing the store.
8 In the actual operation of the Mondragon cooperatives (e.g., foreign subsidiaries), there has been much falling short of their ideals.

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