

New England Farmers Union

A local voice at the national table



Co-operative Enterprise

Building a More Resilient, Self-Sufficient New England

History shows that co-operative enterprise is a powerful means by which people — including farmers and other producers in particular — can further their own well being in our market economy. As unique business organizations, co-ops comprise an important segment of the American economy and are active across industries. And as member-owned enterprises, co-operatives are rooted in the communities they serve, creating economic infrastructure that reaches across generations. Co-ops are an essential tool in creating a stronger, more resilient regional food system and economy.

What is a Co-op?

Co-operation is as old as human society; people have always worked together to support shared goals and advance the common good. But the modern co-operative emerged in the 1800s as a way for people to work together to achieve shared goals.

As defined by the International Co-operative Alliance, a co-op 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” (for more information, see www.ica.coop). Co-operatives are also unique in that they are owned by the people who use their products or services. In contrast to other business models, a co-op is user-owned, user-controlled and user-benefiting. Rather than being based on the maximization of profit for owners or investors, a co-op is focused on meeting member needs and goals.

This basic structure is used across our economy to serve all manner of needs and purposes. In fact, co-ops are all around us, from farmer co-ops such as Organic Valley (a national co-op with more than 175 members in New England) to food co-ops such as the Co-op Food Stores of New Hampshire and Vermont, which is celebrating 75 years of operation in 2011. Credit unions are community financial institutions owned by their members, while worker co-ops enable people to secure employment and more control over their worklife. Housing co-ops provide shelter, while energy co-ops provide heat and light. Co-ops help fishermen secure their livelihoods and enable forest owners to manage their lands more sustainably.

Co-operatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility.

— United Nations Secretary-General Ban Ki-moon

Co-ops are also more common than you might think. A majority of our country's 2 million farmers are members of about 3,000 different farmer co-ops. Food co-ops have been innovators in organic foods, fair trade and relocalization. A recent study by the University of Wisconsin found that there were more than 29,000 co-ops in the United States. And the United Nations recently declared 2012 the International Year of Co-operatives, highlighting the contribution of co-ops to socioeconomic development, poverty reduction and employment generation.

Producer Co-ops

The history of agricultural co-ops in our country reflects the challenges faced by family farmers and their need to work together to compete in the marketplace, secure inputs and develop shared infrastructure. The co-operative model enables farmers to aggregate their products and retain more control as these products move up the chain of processing, marketing and distribution before reaching the consumer. Perhaps most important for family farmers, cooperation enables producers to reach scale without giving up the farm.

In general, agricultural co-ops are organized around four basic principles:

1. Ownership and democratic control by those who use the co-operative's services;
2. Net income is returned to members on the basis of their use of the co-op;
3. Members provide the primary source of financing; and
4. There is a limited return on any external investment.

Agricultural co-ops have generally been organized for the purposes of production, processing, marketing, supply and service. However, many producer co-ops combine some of these functions within one organization. The model has also adapted to new challenges and opportunities, with "multistakeholder" co-ops bringing farmers, consumers and workers together in innovative new businesses.

Co-ops and the Regional Economy

In the wake of the recent recession, interest in the co-op business model has increased dramatically. There is a growing recognition that co-operative enterprises — including food co-ops, farmer co-ops, credit unions and worker co-ops — have been remarkably stable in the current economy. Once largely ignored by the mainstream press, co-ops have gained attention recently in the news media and among community development activists and organizations. Across the region there are efforts to establish new businesses oriented toward economic democracy and relocalization.

In addition to their advantages as member-owned, democratically controlled enterprises, co-ops bring some distinct strengths to movements for local and regional economic development. For example, co-ops:

- Tend to develop local skills and assets rather than import them into the region, creating leadership and professional development opportunities.
- Are able to assemble limited financial resources to create enterprises of scale.
- Are more stable and resilient, and tend to be long-lived, resulting in lasting economic and social infrastructure.
- Are member-owned community economic institutions that are resistant to being bought-out or relocated.
- Create regional efficiencies through the pooling of production, processing, distribution and other economic activities.
- Support vibrant, participatory and engaged communities.

As a result of these factors, co-operative enterprise contributes to a more stable regional economy and food system, which includes physical infrastructure, jobs and services.

While NEFU emphasizes the unique benefits that co-operative enterprise offers to farmers, fishermen and other producers, we also recognize the important role of co-ops across the economy including food co-ops, credit unions, worker co-ops, and co-ops involved in housing, insurance, energy, utilities and other services.

We support the development of co-operative business as a mechanism for the development of a more stable regional economy and food system. This is accomplished through ownership and control that is rooted in our communities, the development of local skills and assets, and a focus on service and meeting member needs.

Co-ops are among the founding members of NEFU and continue to be supporters of our work. Organic Valley's New England members are also members of NEFU. The Neighboring Food Co-op Association (NFCA), an organization made up of more than 20 food co-ops across western New England, is an affiliate member, and many individual food co-ops are organizational members.

NEFU's Policy Priorities

Since its founding in 1902, the National Farmers Union (NFU) has been an advocate of the co-operative model, supporting the development of farm, fishery and forestry co-ops as an effective means to increase producers' bargaining power in the economy and food system. NEFU also encourages the promotion of co-operative enterprise as a way to secure for our region the infrastructure necessary for production, processing, marketing and distribution of food and other products.

Our policy priorities on co-operative business include:

1. Defense of core federal co-operative statutes such as the Capper-Volstead Act and the Co-operative Marketing Act.
2. Revitalization of USDA co-operative support services.
3. Defense of state co-operative statutes.
4. Protection and promotion of the co-operative identity and the unique nature of co-op enterprise.
5. Advocacy for financing to support co-op development.

In addition to these core policy priorities, NEFU supports co-operative development in our region, including the expansion of agricultural, fishery and food co-ops; the repeal of "block voting" provisions in co-ops that hinder member control; the promotion of co-operative education, especially in colleges and universities; protection of the unique status of credit unions; and cross-sector co-op collaboration in building a stronger, more resilient regional food system and economy.

This resource was developed in partnership with the Neighboring Food Co-op Association, www.nfca.coop.

NEFU has a long history of supporting the development of farmer-owned cooperatives as a way for farmers to add value to the food, fiber and energy they produce. Today, the co-op business model has been expanded beyond the farm sector to serve the needs of many different industries, consumers and patrons who want to enjoy the benefits of a business that they own and control.

— Roger Johnson, President, National Farmers Union

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NEFU is an equal opportunity employer. This project is funded with a grant from National Farmers Union.