The cooperative movement began in earnest in Britain in the 19th century in response to the industrial revolution and the economic transformations that were threatening the livelihoods of many workers.

There were earlier efforts by workers to form cooperatives, of course. The Shore Porters Society, for example, claims to be one of the world’s first cooperatives, being established in Aberdeen, Scotland, in 1498. It was a removal, haulage and storage company, originating as a group of porters working in Aberdeen Harbor.

The Fenwick Weavers’ Society was a professional association created in the Scottish village of Fenwick, East Ayrshire in 1761. The original purpose of the society was to foster high standards in the weaving craft, but activities later expanded to include collective purchasing of bulk food items and books. In 1769 members formed a consumer cooperative and managed a sack of oatmeal into John Walker’s whitewashed front room and began selling the contents at a discount.

In the decades that followed more Scottish cooperatives formed, including Lennoxtown Friendly Victualling Society, founded in 1812. The focus of the Lennoxtown group was operation of the busy Lennox Mill, where tenants of the Woodhead estate brought their corn to be ground. Another significant event of the group was the establishment of the calico printing works at Lennoxmill on a site adjacent to the corn mill. The printing of calico and other cotton cloth was soon established as a major industry in the area.

Cooperative banks, or credit unions, were invented in Germany in the mid-19th century. In Britain the friendly society, building society, and mutual savings bank were earlier forms of similar institutions. In Russia the traditional village co-operative (obshchina or mir), operated from pre-serfdom times until the 20th century. By 1830 several hundred co-operatives had been formed. Some were initially successful, but most had failed by 1840. It was not until 1844 when a cooperative society established the “Rochdale Principles”, on which they ran their co-op, that the basis for development and growth of the modern cooperative movement was established.

The Pioneers

In 1844 a group of 28 artisans working in the cotton mills in the town of Rochdale, in the north of England, established the “Rochdale Principles”, on which they ran their co-op, that the basis for development and growth of the modern cooperative movement was established.

The Rochdale Equitable Pioneer’s Society, founded in 1844 largely by weavers (including those here), is generally recognized as the first successful cooperative.

The Pioneers decided it was time shoppers were treated with honesty, openness, and respect, that they should be able to share in the profits that their custom contributed to and that they should continue on page 2

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Cooperatives

Julie Rawson

I don’t know what originally got me interested in cooperatives, but I signed up for a cooperative living space when I went off to college – and I loved it. I love being around lots of people and I have forever been trying to balance my competitive nature with my cooperative one. Early on I think I was trying to squalch my competitive nature, as a matter of fact. But as I have gone through a few more decades of life I have come to believe that there is a very productive balance for all of us, and all of our institutions, including both competition and cooperation in our endeavors.

My next cooperative immersion was to join a food co-op right after our first child was born. From 1977 for 5 years in Boston and then again 20 or so here in Barran (until UNFI pretty much shut down the local pre-order co-ops), I was a much invested food co-op member. Food co-oping always provided a quite enjoyable community of people who had a slightly different take on reality and values than the average person. I remember on September 11, 2001 that we had a co-op delivery that day. As we sat around awaiting the truck we spent some real quality time considering this disaster and feeling solace that we had a co-op delivery that day. It is a once a year opportunity for us NOFA members to hang out, work hard, often freeze to death, eat good food and share a joint project, all while dreaming of the perfect farming year ahead.

When it was pretty impossible to get organic grain for animal feed I started a co-op to bring in enough grain to make the trucker’s time worth the delivery. This was another about 20 year enjoyable experience of getting together with my farmer friends every month or two for the short period of meeting the truck and unloading together. Busy people all of us, this insured that we saw each other and compared notes all along our respective ways.

In 1985 I took on the job of putting together a bulk order for NOFA/Mass. Though I am no longer the bulk order coordinator, one of the delivery sites is our farm. It includes one of my favorite days of the year when we unload several thousand dollars’ worth of inventory for 50 or so people and organize it into piles for everyone. It is a once a year opportunity for us NOFA members to hang out, work hard, often freeze to death, eat good food and share a joint project, all while dreaming of the perfect farming year ahead.

The original Rochdale Principles defining cooperative organization include:

1. Democratic control (one member, one vote)
2. Open membership
3. Limited interest on capital
4. Distribution of surplus in proportion to a member’s contribution to the society
5. Cash trading only (no use of credit)
6. Providing for the education of members in cooperative principles
7. Political and religious neutrality

These have evolved somewhat over time and the International Co-operative Alliance (ICA), the official governing body of cooperatives, now considers the first four of the Rochdale principles central to the governance of member organizations, with the last three deemed important but not vital. The fact of the matter is that many cooperatives have very clear and well articulated political and religious agendas. Most also use credit as a means of sale. The latter is critical in contemporary market economies and is often the preferred means of payment. Also, a plethora of cooperatives invest little in the domain of education.

Many consider Robert Owen (1771–1858) the father of the cooperative movement. A Welshman who made his fortune in the cotton trade, Owen believed in putting his workers in a good environment with access to education for themselves and their children. These ideas were put into effect successfully in the mills of New Lanark, Scotland when a co-operative store was opened. Spurred on by the success of this, Owen had the idea of forming “villages of co-operation” where workers would draw wages out of poverty by growing their own food, making their own clothes and ultimately becoming self-governing. He tried to form such communities in Orbiston in Scotland and in New Harmony, Indiana in the United States of America, but both communities ultimately failed.

Besides the myriad social benefits, a major impetus for putting together a cooperative is the savings that can be had by buying in bulk. This also makes it possible to access hard to obtain items, products or services that would not otherwise be available.

Co-ops often have a distinctively political nature too, in my experience. Going around the mainstream economic system, choosing to purchase from small or highly socially or environmentally focused purveyors, keeping it small and local are often guiding principles for co-ops. I have lived to much of my life avoiding the mainstream and have been so very grateful for cooperatives all along the way.

We hope this issue of The Natural Farmer will help excite you about the potential benefits that co-ops can bring to your life!

continued from page 1

have democratic right to have a say in the business. Every customer of the shop became a member and so had a true stake in the business. With lessons from prior failed attempts at co-operation in mind, they designed the Rochdale Principles, and over a period of four months they struggled to pool one pound sterling per person for a total of 28 pounds of capital. On December 21, 1844, they opened their store for only two nights a week. Within three months they expanded their selection to include tea and tobacco and the business had grown so much that it was open five days a week. They were soon known for providing high quality, unadulterated goods.

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Asian societies have adapted the co-operative model, including some of the most successful in the world today. Large scale consumers in South Korea, the Seikatsu Club Consumer Co-operative in Japan, and the Self-Employed Women’s Association in India. Other notable efforts include agricultural co-operatives in Thailand and a sugar workers co-operative in the Philippines.

Electrical co-operatives became an important economic strategy for U.S. rural areas beginning in the 1930s and continue to operate successfully through events such as Hurricane Sandy in 2012. Agricultural co-operatives in the U.S. have had some mainstream success, including Welch’s, Ocean Spray, and Land O’Lakes. In the United States a co-operative association was founded by 1920. Currently there are over 29,000 co-operatives employing 2 million people with over $652 billion in annual revenue.

In the late 1960s and 1970s, the “new wave” of consumer co-ops began. Born out of the ideas and philosophies of the 1960s counterculture, these stores were opened by young and idealistic members. They set up co-ops to fit their beliefs in equality, not to follow their co-op predecessors. Most of the new co-ops sold only whole, unrefined, and bulk foods. Their operating practices were diverse and experimental. Some stores had limited store hours, others were open seven days a week. Some were run by volunteers, others by fully paid staff. Some had various forms of worker self-management, others had more traditional management structures. Some paid year-end patronage refunds, others gave members a discount at the cash register.

These co-ops were pioneers in what came to be known as the natural foods industry. But not all were successful. Some failed because of their experimental structures and operating systems. Most were unable to escape the same problems that had troubled older, earlier co-ops—inefficient, inadequate membership support, an inability to improve operations as the natural foods industry developed. A stronger commitment to idealism than to economic success, the lack of adequate support from their wholesalers, and resistance to consolidation. But the “new wave” co-ops that survived are strong and well established. The consumer co-op movement in the United States has had mixed success—especially in contrast to consumer co-ops in Europe and Asia. But each wave of cooperative growth produces renewed enthusiasm for a time-tested idea and innovations that prove successful in the consumer marketplace.

Types of Co-ops

Workers’ cooperative

Such a cooperative is owned and controlled by the workers through the standard one member, one vote principle. Cooperatives can be run, on a day-to-day basis, by managers and a board of directors. But worker-owners have the ultimate say as to how the firm is managed over the long term and they are characterized by a much less hierarchical system of management than the standard narrowly owned firm. Workers’ cooperatives are configured to meet the interest of workers first, as opposed to maximizing profits or shareholder value in the short run. Maintaining and growing employment is often a binding constraint of a workers’ cooperative. Profits or surplus can be disbursed across members, based on memberships or hours worked, or invested in order to grow the firm or to make it more competitive. Like traditional firms, workers’ cooperatives must be concerned only with production costs if they are to survive and flourish in the marketplace. Workers’ cooperatives are found largely in the processing and service sectors, although manufacturing is not unimportant.

Consumer cooperative

This is the most important type of cooperative in terms of membership. Consumer cooperatives are sometimes referred to as retail cooperatives. Such cooperatives are quite important in the retailing of food and clothing. Members own the cooperatives and control them through the one member, one vote principle. However, day-to-day management can and often does take place as it would in traditional firms, and management can be quite hierarchical in structure, especially when the cooperative is large. In addition, management–labor relations are often similar to those in the traditional firm.

In theory, a key distinguishing feature of consumer cooperatives is that they should be configured to best meet the preferences of their member-owners in terms of product type, quality, and price. Moreover, the objective of the cooperative is not to maximize the difference between unit cost and price, but rather to charge the lowest price possible, given quality and the investment requirements of the cooperative. But consumer cooperatives typically charge the market price for their product. Any surplus accrued is supposed to be directed toward investment purposes, disbursed amongst members, or invested in socially beneficial projects as decided upon by members (typically by management). It is important to reiterate that a key difference between a traditional retailer and the cooperative is the over-riding importance of the member-owner and the fact that, in a cooperative ownership is weighted on the basis of the individual. Thus, no one individual can have a greater ownership or membership share than another.

Additionally, consumer cooperatives, especially the smaller ones, have been established in localities and product lines where private retailers have deemed it too risky and unprofitable. When consumer cooperatives have better information on preferences and markets, given asymmetric information, they can survive and even prosper in domains where the traditional retailer cannot.

Credit union

A credit union is a type of consumer cooperative that specializes in the money market and it is, along with the food and clothing retail cooperative, among the largest in terms of membership. A credit union is owned and controlled on the basis of one person, one vote, and is typically locally owned. But the credit union is managed on a day-to-day basis by an elected board and professional managers. In addition, management–labor relations can and often do map that of the traditional financial institution. Credit unions initially developed to provide financial resources to individuals and firms that found it difficult to secure credit in the traditional financial sector. Credit unions have evolved into financial institutions that cater to the needs of individuals across all income levels and firms of different sizes. This allows credit unions to spread the risk of their financial portfolios.

In addition, contemporary local credit unions are often part of regional and national credit union networks, allowing them and their members to take advantage of economies of scale and scope as can traditional financial institutions. A key distinguishing feature of a credit union is the capacity of members to determine the direction of their local credit union’s financial impact. Profits or surplus income can be disbursed to members, invested in the firm, or in social projects. Moreover, the credit union has the capacity to exploit local knowledge (asymmetric information) so as to serve individuals and firms and their particular needs which traditional financial institutions find too risky. But just like traditional financial institutions, credit unions must be carefully managed—otherwise a sufficient number of bad loans can force a credit union into bankruptcy.

Supply and purchasing cooperative

This type of cooperative is quite important in agriculture where farmers establish a cooperative to obtain goods and services required for their business or for personal use at lower prices than would be possible if they were to go it alone. Thus farmers can take advantage of economies of scale and scope that are afforded to larger corporate farms. But the management of such a cooperative can mimic that of the traditional firm.

Marketing cooperative

This type of cooperative aligns the interests of producers with regard to marketing output to retailers or wholesalers. A marketing cooperative can also store, process, and package output prior to sale.
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allows farmers, for example, to take advantage of economies of scale and scope in storage and production for their own use and to sell at better market prices. This can result in increased net income over what it might otherwise be. It also serves to increase the bargaining and marketing power of farmers. In addition, a market structure can stabilize farm income through its inventory capacity, providing farmers with a relatively stable income as marketing prices fluctuate. As with other cooperatives, a marketing cooperative must pay attention to efficiency considerations as well as maintaining the flexibility to vary the prices paid and surplus (and loses) distributed, depending on investors as markets restructure over time. Otherwise, it risks bankruptcy.

New generation cooperative

This type of cooperative is also referred to as a value-added or new wave cooperative, although cooperatives of old typically added value to their output as they transformed raw material inputs into processed output, such as cranberries into juice or wheat into flour. Typically found in agricultural sectors, farmers are owner members who supply the raw material for processing, hoping to reap additional net income from value-added activities. Like traditional cooperatives, the new generation cooperative is owner/member-controlled. But unlike most traditional cooperatives, the new wave cooperative’s membership is restricted to those with the means and the willingness to purchase the cooperative’s products. This provides the cooperative with the necessary finances to build a competitive value-added enterprise and provide those with a stake in the cooperative with shares (typically in proportion to the equity supplied). The farmer is obliged and has the right to supply the cooperative on the basis of share value. And shares can be sold at market value, which can be greater or less than the purchase or equity price, when the farmer or other supplier wishes to dissociate himself or herself from the cooperative.

Multi-stakeholder cooperative

This cooperative has two or more groups of members that may include workers, consumers, producers, distributors, investors, community, and/or government. Such a cooperative has the potential of aggregating the interests of different individual members within one cooperative thereby making them all stakeholders of a particular cooperative. For example, a consumer cooperative, by providing financial benefits to workers who supply the raw material to the cooperative, transforms a traditional consumer cooperative to one where workers’ interests gain significant representation. The cooperative productivity advantage lies in the extent to which it becomes a participatory firm, many workers might be much better off without the benefits causing their cooperative. Given the possibility and option of a privately owned participatory firm, many workers might choose the latter. Moreover, workers might choose traditional hierarchical organizational forms to operate with the risks and effort required to establish and maintain a workers’ cooperative. Also, establishing workers’ cooperatives can be problematic if financing is difficult to come by given that financiers have limited say on corporate governance in traditional cooperatives. This constraint can be obviated in multi-stakeholder cooperatives.

Social cooperative

This is a particular type of multi-stakeholder cooperative that brings together providers and users of social services such as day care, health services, housing, and job training. It provides services that private providers do not, or at least do not provide, and cooperatives often survive on the basis of subsidies, donations, and voluntary labor. But very often providers of these services that are not co-ops survive on the basis of government support as well. As Kibbutzim adjust to increasing competitive pressures, most cooperative settlements are small (they vary from about 50 to 2,000 members), but there is significant cooperation amongst these.

The Mondragon Cooperative Association of Spain is comprised of over 160 companies operating in manufacturing, distribution, and finance. Member companies employed almost 80,000 people and the Mondragon group of companies was the seventh largest in Spain in 2006. But at least 20% of Mondragon’s employees are nonmembers. The Kibbutz movement also now employs a large number of nonmembers. For the Kibbutzim of Israel, this has been a large extent fueled by severe labor shortages – the inability to attract an adequate supply of labor to meet ongoing demand. Both of these long-standing cooperative movements thus employ many individuals to whom the principles of the cooperative movement do not necessarily apply. Both these movements have had to adjust to ever-changing and increasing market pressures, but are meeting with much success.

Key Issues

Economics and cooperatives

Contemporary economic theory pays little heed to the cooperative, especially worker and consumer cooperatives. Supply and marketing cooperatives are treated as contributors to monopolistic pricing, therefore contributing to economic inefficiency (allocative inefficiency) and misallocation of resources. At best, cooperatives as an organizational type are looked upon as a possible solution to economic dilemmas faced by the economically marginalized members of society. The cooperative is not regarded as a source of economic efficiency and possible contributor to material welfare. This is a product of the behavioral assumptions embedded in the theory.

Although cooperatives are not dominant, their quantitative importance in most countries in both marginal and mainstream sectors and their profitability and relatively high levels of productivity compared to their privately owned counterparts suggest that cooperative economic organizations must be doing something right to have maintained a significant presence in an increasingly competitive global economy. On the other hand, it is important to understand why cooperatives are not dominant if they are economically efficient.

Theory and workers’ cooperatives

How does one explain the economic success of workers’ cooperatives? Classical functional theory assumes that no such success is possible given that cooperatives are not obliged to invest profits (focusing on employment and workers’ income) and are too egalitarian to generate economically efficient incentives or to engage the employment of superior management. But there exists a cooperative advantage in the workers’ cooperative that lies in its capacity to increase the quantity and quality of effort inputs into the “production process,” thereby producing higher levels and a superior quality of output.

In the cooperative, worker-owners and owner managers have the incentive to work harder and smarter – a possibility assumed in the traditional microeconomic framework. Classical functional theory assumes that the manner in which a firm is organized does not impact the extent of its efficiency. Moreover, where worker-owners of cooperatives focus on improving benefits and working conditions whilst maintaining and even growing employment they are incentivized into adopting and developing technologies that make them competitive. Workers’ cooperatives, of course, can, therefore, be more costly to operate than traditional firms, especially low-wage traditional firms, but they can also be much more productive, such that their unit costs and profits can be the same as that of the traditional firm.

The cooperative productivity advantage counterweights the increased costs of operating the cooperative. Thus in the worker’s cooperatives workers would be much better off without the benefits causing their firm to become uncompetitive. Workers’ cooperatives can function and prosper in mainstream economic sectors, even in highly competitive environments. Moreover, when workers are also owners, there is much less incentive for workers to quit. Reducing quit rates and thus turnover rates increases labor productivity and reduces production costs by maintaining the most productive workers and reducing average training costs. Overall, workers’ cooperatives can generate higher levels of material welfare than the traditional firm.

Lower wage and higher turnover traditional firms need not be more competitive than cooperative firms and the more productive cooperative firms need not have the capacity to drive out the less productive traditional firms. Given the superior incentive system of the workers’ cooperative there is no good theoretical reason to presume that workers’ cooperatives cannot be both competitive on the margin and prosperous. On the other hand, this does not imply that workers’ cooperatives can be expected to dominate the economy.

Cooperatives, history and theories of. The workers’ cooperative represents only one “extreme” alternative to hierarchical organizational types. Privately owned participatory firms (which allows for some workers’ ownership of firm assets and effective voice) represent another alternative; one where workers need not risk their capital nor bear the risks entailed in ownership. Also, they need not invest the time and effort that might be required at the management and corporate decision-making levels in a workers’ cooperative. This firm type overlaps with the multi-stakeholder cooperative. Given the possibility and option of a privately owned participatory firm, many workers might choose the latter. Moreover, workers might choose traditional hierarchical organizational forms to operate with the risks and effort required to establish and maintain a workers’ cooperative. Also, establishing workers’ cooperatives can be problematic if financing is difficult to come by given that financiers have limited say on corporate governance in traditional cooperatives. This constraint can be obviated in multi-stakeholder cooperatives.

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In addition, establishing workers’ cooperatives suffers from coordination problems—it is difficult and costly to coordinate the efforts of individuals to establish a cooperative. This issue is somewhat mitigated by regional and national cooperative federations. Finally, misinformation about the design and operation of workers’ cooperatives can negatively affect preferences for cooperatives. For these reasons, workers’ cooperatives are often established in the wake of crises wherein the traditional firm was on the verge of closure. In the absence of a workers’ cooperative, then, unemployment, the breakdown of social networks and less preferred jobs becomes the default. Such cooperatives can succeed if the new incentive environment increases productivity and encourages technological change where the traditional firm was economically inefficient and resistant to improved technology. Cooperatives can also survive on the basis of low wages, where worker-owners willingly sacrifice material benefits so as to remain competitive and thereby secure their employment. Competing on this basis in the short run provides such a cooperative with the capacity to search for efficiencies in production that will allow it to compete on the basis of higher wages and improved working conditions in the longer term. Such a capacity does not typically exist in the traditional hierarchical firm given mistrust, asymmetric information, and different preferences between workers, owners, and managers.

Consumer cooperatives

Establishing consumer cooperatives and other types of nonworker cooperatives faces some of the same constraints as do workers’ cooperatives, although not those related to the risks and time that workers must absorb to establish and operate a workers’ cooperative. Consumer cooperatives, however, have met with considerable success. But they need not be organized in terms of nonhierarchical forms of management and can remain competitive on the basis of low wages and poor working conditions, matching the immediate labor costs of their non-cooperative counterparts. In this case consumer cooperatives need not generate superior material welfare gains for its outcome, although they should generate material welfare gains to co-op members in terms of price and quality and product type. However, through multi-stakeholder organizational setups, consumer cooperatives can overlap with more democratic and less hierarchical working environments, yield both economic and noneconomic benefits to their workforce.

The cooperative advantage of consumer cooperatives lies in its capacity to better meet the preferences of its members than privately owned concerns, thus enhancing members’ welfare. For example, the cooperative might be better able to supply member-consists with the right product mix and quality and, in relatively noncompetitive markets where consumers have more bargaining power; provide preferred bundles of goods and services at lower prices; it might be able to overcome information asymmetries in the credit market providing loans to individuals unable to garner loans from banks; and it might be able to secure higher prices for members of marketing cooperatives by improving their bargaining power relative to purchasing conglomerates with well-established bargaining power.

Even when consumer cooperatives can do no better than privately owned concerns in terms of commodity supply and price, they can enhance members’ welfare if the cooperative generates a sense of belonging or cooperation (social cohesion) among members. Such social cohesion and sense of identity with the co-op provides the cooperative with the “protection” from market forces allowing it to charge higher prices and supply lower quality products. Members might be willing to pay higher prices, up to a point, simply because a product is sold by their cooperative. But such behavior would undermine the economic and social viability of the cooperative. Nevertheless, there is nothing intrinsic in the cooperative organizational type that implies that this must be the case. Cooperatives can produce and supply quality goods and services at competitive prices. Also, the extent of social cohesion can diminish when consumer cooperatives increase in membership, they may lose their ability to undermine the economic and social viability of the cooperative. Nevertheless, there is nothing intrinsic in the cooperative organizational type that implies that this must be the case. Cooperatives can produce and supply quality goods and services at competitive prices. Also, the extent of social cohesion can diminish when consumer cooperatives increase in membership. Each member becomes less influential, they are less likely to have access to the information that is needed to make informed decisions about what to supply and how to price it. However, members can work together to overcome these constraints by improving the decision-making process and outcomes.

International perspectives

There exist no precise estimates on the importance of cooperatives in the new millennium. But the United Nations estimates that the “cooperative movement” had over 800 million members globally at the beginning of the new millennium and provided for about 100 million jobs. In addition, over the last 150 years cooperatives have spread to over 100 countries. Cooperatives are of importance in both developed and less developed economies. Moreover, cooperatives are of significance in both the more free-market-oriented societies such as Canada, the United Kingdom, and the United States, and the more statist market economies of Continental Europe.

About half of the world’s agricultural output is marketed by cooperatives, which speaks to the significance of marketing cooperatives. Overall, it is in the agricultural sector where cooperatives of sector types remain dominant. In the financial sector, credit unions encompass about 120 million members in 87 countries. Especially in poor countries, cooperatives provide important micro-credit services. Consumer cooperatives continue to play an important role worldwide, with their importance varying across countries. Health care cooperatives service about 150 years cooperatives have spread to over 100 countries. Cooperatives are of importance in both developed and less developed economies. Moreover, cooperatives are of significance in both the more free-market-oriented societies such as Canada, the United Kingdom, and the United States, and the more statist market economies of Continental Europe.

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Future directions

Overall, the cooperative solution can produce high socioeconomic welfare levels for members whilst also overcoming significant market failures. In other words, cooperatives and cooperative type organizations can have large positive effects on the economy even while at the same time providing social and economic benefits to their workforce. Nevertheless, cooperatives need not be managed in a manner that benefits employees where the latter’s (nonmembers’) interests conflict with that of cooperative member-owners.

Survey evidence strongly supports the view that cooperatives serve to reduce poverty amongst cooperative members and nonmembers alike. But such behavior would undermine the economic and social viability of the cooperative. Nevertheless, there is nothing intrinsic in a cooperative organizational type that implies that this must be the case. Cooperatives can produce and supply quality goods and services at competitive prices; it might be able to overcome information asymmetries in the credit market providing loans to individuals unable to garner loans from banks; and it might be able to secure higher prices for members of marketing cooperatives by improving their bargaining power relative to purchasing conglomerates with well-established bargaining power.

Cooperatives have been forced to engage in dramatic changes in terms of organization, production, and markets over historical time. Much success has been achieved as is exemplified by the overall global importance of this democratic organizational type. In many countries, cooperatives serve to provide effective voice and social cohesion within the cooperative. Nevertheless, democratic governance guarantees employees in most cooperatives. A significant iteration of particular social importance is the democratic privately owned firm.

Another is the multi-stakeholder cooperative, which provides effective voice and social cohesion within the cooperative. Nevertheless, democratic governance guarantees employees in most cooperatives. A significant iteration of particular social importance is the democratic privately owned firm. Such social cohesion and sense of belonging can undermine the economic and social viability of the cooperative. Nevertheless, there is nothing intrinsic in the cooperative organizational type that implies that this must be the case. Cooperatives can produce and supply quality goods and services at competitive prices. Also, the extent of social cohesion can diminish when consumer cooperatives increase in membership. Each member becomes less influential, they are less likely to have access to the information that is needed to make informed decisions about what to supply and how to price it. However, members can work together to overcome these constraints by improving the decision-making process and outcomes. Less social cohesion and related sense of belonging can undermine the membership base of the cooperative. And the cooperative’s success then becomes a function of its capacity to compete with traditional producers and suppliers.
Cooperatives and an Inclusive Economy

by Doug O’Brien and Greg Irving

People are having a harder time finding their place in an economy that is excluding more and more workers, families, farmers and small businesses. Trends in inequality, poverty and job availability have prompted researchers, policy makers, and social entrepreneurs to look for strategies on how to meaningfully include more people in an economy that for many features decreased opportunity and less stable workplaces. These economic trends are associated with nutritional issues for low income Americans and reflect the effects of business models that often do not sufficiently incorporate sustainability into their practices.

The cooperative business model is a proven strategy for addressing these types of problems, used by people who no longer wish to work for wages. They have already existed within the organic movement, including well-known businesses like Organic Valley, Deep Root Organic Co-op, Equal Exchange, and Fedco Seeds — as well as your local food co-ops.

Broader collaboration with existing cooperatives and expanded co-op development can empower the organic movement on how to thrive remaining in close alignment with its broader values. Co-ops already help farmers, retailers and consumers minimize environmental impacts, expand access to healthy foods and build strong communities. Development of additional cooperative enterprises will benefit the organic movement and the local communities in need of healthier food and more sustainable, inclusive businesses.

Troubling trends

A consensus is emerging that inequality not only impairs the livelihoods of the people on the lower rungs of the economic ladder, but also a nation’s entire economy and society. Increased inequality tends to depress the gross domestic product, decrease human capital and limit the number of people who can invest in the economy. After several generations of declining or holding steady, inequality has increased since the 1970s such that by 2015 the top 20 percent of people made more than 16 times that of the bottom 20 percent. In terms of wealth (as opposed to income), 50 percent of all U.S. wealth is held by the top three percent.

What about jobs? New types of work have arisen. The gig economy is one example, loosely defined as a labor market in which “temporary, flexible jobs are increasingly a compensation strategy for lower income and instability and generally provides few or no benefits such as health care and retirement savings. Observers of the gig economy point out that not only do many of these people lack benefits, they tend to have lower incomes and miss out on certain tax advantages traditional employees enjoy. Many people in the gig economy would prefer full-time employment but cannot readily find better jobs or pay.

Another potential challenge — and perhaps an opportunity — is the result of an aging population. Baby-boomers are retiring and, as they do, a looming “crisis” is anticipated: mass small business closings. Baby-boomers own about half of all American privately held businesses with employees. Additionally, a vast majority of them (roughly 85 percent) have no plan for the business’ continued operation after their retirement. Many struggle to find a buyer — particularly a buyer who wishes to keep the business in or near its current location. With either a buy-out by a larger business or outside investors, the co-op’s access to the food system will be impaired or lost. However, an opportunity exists to help co-ops such as the Old Creamery Co-op — businesses that are not only committed to a regional, just and organic food system, but also demonstrate the potential of co-ops for rooting enterprises in their communities rather than the more conventional path of a buy-out by a larger business or outside investors. The recently opened Urban Greens Co-op Market in Providence, RI, is an example of a new wave of food co-ops established specifically to address issues of food security, diversity and inclusion, enabling a community to take direct ownership of its access to the food system. Working together, the member co-ops of the Neighboring Food Co-op Association (NFCA) are expanding programs like Double Up Food Bucks in New Hampshire and need-based discount programs such as Food for All to make healthy, local, organic produce more accessible to people on limited incomes.

Describing a More Inclusive Economy

Stagnating wages, increased inequality and precarity in the work environment have increased insecurity for many U.S. families and those around the world. Nutrition issues and deficits damage our health and sense of wellbeing. Unfortunately, traditional metrics for success in the economy tend to be narrowly focused on income and wealth, minimizing other significant factors that influence our wellbeing. So researchers and policymakers have sought ways to measure the economy that go beyond traditional metrics and “suggest the need to consider all dimensions of economic life”.

Douglas O’Brian, president of the National Cooperative Business Association

Cooperative League of the USA

This gap has grown over recent years despite overall significant improvements to U.S. nutrition. Essentially, while middle and high-income Americans are getting healthier and living longer, lower income Americans have seen few gains. Today, many nutrition-related diseases now disproportionately affect low income people, including both obesity and diabetes. This is likely partly a result of insufficient educational resources in low-income communities. Another set of related problems are “food deserts” - areas with little or no access to healthy foods, which are most prevalent in low income communities - and food affordability. Lower income people may still choose less healthy options, even if supply-side issues are remedied, because they are cheaper.

Cooperative enterprise can be an effective response to both of these challenges, offering workable models for addressing business success and food security. Examples of successful conversions include worker co-op such as Real Pickles and food co-ops such as the Old Creamery Co-op — businesses that are not only committed to a regional, just and organic food system, but also demonstrate the potential of co-ops for rooting enterprises in their communities rather than the more conventional path of a buy-out by a larger business or outside investors.

A step further, asserting that inequality is “bad for growth” — particularly a buyer who wishes to keep the food system. Working together, the member co-ops of the Neighboring Food Co-op Association (NFCA) are expanding programs like Double Up Food Bucks in New Hampshire and need-based discount programs such as Food for All to make healthy, local, organic produce more accessible to people on limited incomes.

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American social and economic movements. Dr. Nemnhard summarizes the function of cooperatives: “Cooperatives stabilize their communities—increasing economic activity, creating good jobs, increasing benefits and wages, and encouraging civic participation...Cooperatives provide a mechanism for low-resource people with few traditional opportunities to create new economic opportunities for themselves and their co-workers and neighbors.”

Cooperatives in a More Inclusive Economy

To further demonstrate how cooperatives can build a more inclusive economy, and to show how the organic movement can continue to harness the power of cooperatives, it will be useful to understand how these two great forces have already been working mutually to achieve their goals and what they can do going forward. Using three of the Rockefeller Foundation’s “Inclusive Economy” report – participation, growth and sustainability – provides a useful framework.

Participation

“People are able to participate fully in economic life and have greater say over their future. People are able to access and participate in markets as workers, consumers, and business owners.”

Participation is in the very DNA of the cooperative business model: Co-ops rely on members not only to set the course of the business, but also to play a crucial role in the business (whether as a consumer, producer or worker). This higher level of participation makes it more likely that the priorities and values of the people who use the business are expressed as their business interacts in its community—the result of a truly people-centered business. An ICA Group white paper describes how this dynamic plays out in the worker cooperative context: “When workers and owners are one and the same, the interests of the company and the community become aligned and investment decisions are made to ensure the ongoing viability of the company—including measures around job quality and supporting the local economy.”

ex-Congressman Jerry Voorhis of California was a co-op leader

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The benefits of worker cooperatives make them ideal for a range of industries looking to plan for the future of their businesses once the owners leave them. Politicians see this and have begun supporting efforts to incorporate worker ownership as a strategy to mitigate the issue. Last year’s passage by Congress of the Main Street Employee Ownership Act is one major example; it directs the small business administration to more equitably provide loan funding and technical assistance services to groups interested in both worker and food co-op development. In numerous rural areas, small town grocery stores — many who are not parts of recognizable companies like Walmart, etc. – can benefit from conversion to worker and community ownership as their business owners retire and ensure that local consumers can get the food they need, particularly organic products, which are better for their overall wellbeing.

Growing

“An economy is increasingly producing enough goods and services to enable broad gains in well-being and greater opportunity. Economic systems are transforming for the betterment of all, especially poor and excluded communities.”

Inspired by and using the cooperative business model, some organizations are supporting fair trade practices to ensure that local economies grow, particularly in the developing world, in ways that ensure that those traditionally excluded from their economies instead benefit equitably from the growth they produce. One such organization is Equal Exchange. Equal Exchange was formed through three individuals – Jonathan Rosenthal, Michael Roke, and Rink Dickinson – who met as managers of a New England Food Co-op. The organization strove to provide producers and their families greater control over their economic life, while educating consumers about relevant trade issues, food quality and more. It did so with a global focus and rooted in the principle that workers should control the businesses through which they market and sell their products.

Today, Equal Exchange sources from over 40 co-ops and small farmer organizations throughout Africa and Asia, as well as North, Central and South America. Their products range from coffee, to cacao, dairy products and more. Their success is demonstrated as a demonstration of the benefits of the worker-cooperative model they use. Equal Exchange’s successful 3+ decades of operation demonstrate that the cooperative model can create sustainable businesses that go beyond earning the profits needed to sustain them; member co-ops provide technical trainings and support to deepening its impact on the economy. Before joining NCBA CLUSA, O’Brien led the White House Rural Council and served in top positions at the U.S. Department of Agriculture Rural Development, the federal agency that leads community economic development strategy and financing in the U.S. Greg Irving is a research assistant at NCBA CLUSA and has co-authored a number of articles in the past two years on how cooperatives can help build more inclusive economies.

As a solution for retiring business owners, politicians see this as a potential "retention" culture that experiences notoriously high turnover rates because of the relatively low pay, erratic work schedule and skimpy benefits. Because a co-op is owned and controlled by its members, the cooperative has focused on a “retention” culture that prioritizes employee development through extensive training, better benefits and a more predictable work schedule. CHCA’s average turnover rate is now just 15 percent — far from the industry standard of 60 percent. This significantly higher retention rate translates to better care for the clients.

Conclusion

As people look for strategies to create a more inclusive economy, they should consider one of the most important relationships that people have in the economy: the businesses where they work, purchase goods, sell products or obtain services. The cooperative business model empowers people to own, control and benefit from these businesses. Because cooperatives are people-centered, their outcomes tend to go beyond only the financial bottom line to consider how the business can provide critical goods and services in a way that reflects members' values.

As the early precursors to the inclusive economy movement, cooperatives have for generations empowered people to advance both economic and social goals. Meanwhile, researchers, practitioners and policymakers have developed and are designing to implement policy frameworks that would build a more inclusive economy. Much potential exists if these two movements — the long-standing and proven cooperative movement, and the more nascent and highly relevant inclusive economy movement — combine their efforts. Even more benefits will come if the organic movement - already rich in cooperatives - participates, ensuring that more inclusive economies create healthier and more environmentally sustainable societies. Together, they can contribute a complementary set of experiences and assets toward achieving a common goal: empowering people within the economy and society to build the future they seek, both for themselves and their communities.
Some Cooperative Farming Frameworks


What is a cooperative?
The word “cooperative” has two meanings: As an adjective it is both a type of business and an attitude that can be broadly applied. A cooperative (n) is a specific type of business that is formed expressly to provide benefit to its members, such as:
- a producer co-op that is created to provide cost savings and or marketing services to a group of producers
- a worker cooperative created to provide stable, fair employment for its workers.

A cooperative business is defined by three major standards:
- It is owned by its members, those participating in the business, not by outside shareholders or investors.
- It is governed by its members. Each member of the business has a vote in major business decisions and in electing representatives or officers.
- It exists for member benefit, not profit for outside shareholders. Any profits are distributed equitably among members.

While cooperatives have an important role in farming, not all collaborative efforts meet these criteria. Buying a seed drill with neighboring farms, sharing a delivery van to a nearby city, or even running a farm together need not be classified or operated as a cooperative in order to provide fair and mutual benefit to those involved. Here, we focus on the agreements and processes that make collaboration function.

Why Cooperate?
Economy of Scale: Cooperation allows little farms to do what big farms can do, like buy inputs at bulk rates, increase volume to open new markets, and lower the per-use cost of equipment. Together, producers can lower costs, access needed services or facilities, or generate more income.

People Power: Allied producers can negotiate for skills, and labor.

Access to Capital: Farmers can pool capital to invest in a shared business, tool or asset, and can increase their borrowing power with combined collateral and experience.

Quality of Life: Allied farmers can arrange for time off, child care, or extra hands when needed. Shared responsibilities, whether in selling, producing, or maintaining shared resources, means a lighter load for overworked operators.

Continuity: Group entities can serve as longstanding vehicles to transition land, resources, and businesses among producers. Operating under an overarching entity, an individual farmer has more flexibility to retire or relocate and transition use to the next farmer.

The Cooperative Farming Landscape

There are collaborative enterprises corresponding to virtually every component of farming. The question to start with is, “How do I want to work with other people?” This guide addresses two main categories for working together. In the first, several separate businesses share access to resources and services, like marketing, equipment, and labor. In the second category, individuals work together to form one farm operation with multiple owners, such as a worker cooperative.

1. Marketing & Distribution

There are many compelling reasons why joint marketing efforts, including producer co-ops, are well represented in agriculture. Large national co-ops like Sunkist Growers and Cabot Creamery Cooperative, and smaller regional co-ops like Our Family Farms and Deep Root Organic Cooperative demonstrate how commodity producers have succeeded in the marketplace by banding together to process, market and distribute their goods. Small and large farms alike can combine efforts to overcome barriers of scale, means, skill, time, language or culture. Marketing is a fairly specialized skill set that can be a huge relief to a producer to be able to outsource. Other benefits of shared marketing include:
- Sharing of distribution costs lowers the costs for each producer.
- Several producers can reach a sufficient sales volume to hire qualified salespeople.
- Allied sellers can negotiate more stable prices and consistent sales.
- Increased product volume, consistency, and reach can open new market opportunities.
- Strong shared brand can bring marketing advantages.
- Cooperative value adding, like washing or processing, can bring higher prices.

Marketing Cooperatives are businesses owned by the producers that use the business to sell their goods. The cooperative operates at cost, and distributes any surplus profits back to the members in proportion to the dollar value they’ve sold through the co-op. Multi-Farm CSAs can be groups of similar producers (i.e., vegetable farmers) that pool and distribute their products to a broader customer base, or groups of farms with entirely different products, seeking to provide consumers with many of their food needs. Some multi-farm CSAs are structured as cooperatives, such as Local Harvest in New Hampshire, a group of 8 growers producing vegetables for a 260 member CSA. A hired crop coordinator works with the growers, who bid and contract for the crops they’d like to provide. The growers are paid for their produce on arrival, minus a 20% commission to cover their operating expenses. Thanks to SARE funding, Local Harvest has put together Local Harvest: A Multi-Farm CSA Handbook laying out the details on bidding, incorporating, administration and more.

Joint Sales Agreements can be created between two or more businesses to sell or market products for one another. An example would be a vegetable farm that wants to diversify its offerings by selling meat and eggs from another farm. The parties would write a contract stating the terms of the agreement, such as if there’s a fee or percentage taken by the host farm or seller, and the length of time the agreement will last.

Coping and processing involve some value-adding, such as washing, freezing, canning, drying, and or cooking. The processing can be done on a small scale, or members can invest in the equipment and infrastructure to process significant quantities of produce efficiently. Grange CoPackers, a start-up cooperative in Essex, NY, has made this work by lobbying for their local grange hall to install a commercial kitchen with needed equipment like a flash freezer and steam kettle, to which they lease access.

Considerations for Shared Marketing

Marketing Strategy:
Whether a marketing co-op, multi-farm CSA, or other marketing collaboration, the group’s marketing strategy is the first consideration.
- Who makes up the group, and what products are they interested to sell?
- What available outlets might suit the volume you’re intending to produce?
- What do the producers consider an acceptable sale price?
- Are the members interested to change their products or volume to pursue an available sales opportunity?

The desired price point, volume, and type of product can help determine the sales strategy. Many large-volume venues like schools and hospitals need products in standardized quality and packs. Producers looking to sell to these accounts need to focus on crops that can be grown in sufficient quantity, quality and packaging. Direct to consumer sales like multi-farm CSAs or shared market stands can bring in higher prices, be more flexible on volume, and allow for greater diversity; however, they also require more time in outreach, customer support and distribution. The direct-to-consumer distributors we spoke to needed 20-30% of the sales value to cover their administration, staff, and facilities costs.

Producer Agreements
A marketing co-op may face dissolution if its producers don’t regularly use its services and provide high quality products to its customers, which is problematic for both revenue and customer satisfaction. Setting up written agreements with growers at the beginning of the season helps the seller to have a consistent supply, and gives the farmers an expectation of sales in return. It’s also a good opportunity to plan ahead and set expectations with producers, including:
- pricing: what price will be paid to the producer? per unit size and or packaging?
- quantity: how much will each producer supply, of what products, how often?
- quality: what are the standards for freshness, cleanliness, unit size and packaging?
- payment: when will the producers be paid?

Collaborative Marketing Without Pooling Products
Not all collaborative marketing efforts involve pooling products.
aggregating food and distributing revenues. Some farmers, like Little City Growers, run a group farm’s market stand where they sell their produce side by side. Other groups work together to educate consumers on how to buy local produce – like a brochure mapping the farmers’ markets in the county. Farmers might together launch a CSA promotion campaign to try to pull in more members from the general public who aren’t yet familiar with the CSA concept.

II. Equipment

In the Midwestern US and Canada, farms as far as a hundred miles apart share access to equipment for grain, hay, corn and soy. Seed farms in the Willamette Valley collaborate to jointly purchase expensive seed cleaning equipment, and many Texas cotton farmers share cotton gins. On the other end of the spectrum, tool libraries like the Atlanta Coop, ToolBank and Berkeley Tool Lending Library provide urban farmers and gardeners access to small-scale tools and equipment. Comprehensive equipment sharing among small-scale, diversified commercial farms is not yet common, but as new farms pop up in clusters near urban markets, the potential for tool sharing rises.

North Carolina farmers have pioneered the Sustainable Agriculture Tool Lending Library, in which ten small-scale farms pool their resources in order to purchase seedling equipment, a post pounder, manure spreader, disc harrow, and flatbed trailer. Small and Beginning Farmers of New Hampshire received USDA funds this year to set up two small-scale tool banks with tools for small specialty growers, including pipe benders, honey extractors, and a walk-behind tractor.

The Intervale Center, an incubator farm in Burlington, VT, is an established example of equipment sharing among small, diversified farms. The Center and its partner, the Intervale Farm, work together to form an equipment business providing shared access to a greenhouse, tractors, and implements. The equipment and greenhouses are owned by the Intervale Farmers Equipment Company (IFECC), of which the established farms and the Intervale Center are all members. The farmers pay hourly rental fees of $30-40 for tractors, flat yearly fees for access to implements and a per-bench fee for greenhouse space. The fees are based on projected cost and projected use for the year. Any profits or losses are allocated to the members based on ownership.

Sharing equipment can be organized through a variety of ownership structures and financial arrangements. Sharing equipment can be a way for neighbors to set up an equipment-sharing cooperative. Organizing as a separate legal entity has liability protection advantages and can provide a better structure for investing in or replacing equipment. A separate legal entity can build up capital to hold for future purchases or expenses.

Regardless of the form (informal agreement, contract or legal entity), farmers sharing equipment should write down their agreement and include:

- Each member’s capital contribution and ownership
- How expenses will be allocated (hourly, by acre, or unit)
- How depreciation will be calculated
- Operating policies on scheduling and safe operations
- Procedures for housing and maintaining the equipment
- Entry and exit: how members can transfer ownership

Considerations

Scheduling use: Scheduling is generally the first concern for producers considering shared equipment. “What if I can’t use it when I need it?” By and large, the response from most farmers sharing machines is that because joint purchasing enables access to larger equipment, or equipment that would otherwise be unavailable, the time savings outweigh the hassle of scheduling in advance. For nearby farmers, a google calendar and 24 hours advance signup may be enough. Seasonal equipment like hay balers and combines are often scheduled at the beginning of the year. They can be rotated in order of proximity between different farms, starting with a different farm each year.

Sharing Costs: Producers can divide the initial investment cost equally among them or in proportion to projected use. Ongoing costs include depreciation, insurance, housing, maintenance, and repair, and are usually divided by hourly use, acreage, or units.

Operating and Maintaining Equipment: Co-owners should set policies that constitute, what repairs need to be paid for by the individual, and how the equipment should be returned. A logbook or other record should be kept for each piece of equipment noting usage, needed repairs, and maintenance that has been performed. The group can assign and compensate one member to perform maintenance, or divide responsibility of various machines between the members.

III. Labor

Programs to share outside labor are more common. Many cooperatives have created labor-sharing pools, in which the cooperative jointly hires employees that are shared between multiple farms within an activity branch. This allows member farms to share the cost and administrative burden of hiring workers, especially for those farms that only need part-time help, and provides more stable work and more hours to the employees. Participating members commit to hiring workers for a certain number of weeks per year. The North Carolina Growers Association hosts a similar program that hires H2A workers on behalf of their farm members or clients. The farmer association takes on the often burdensome and complex process of filing to receive H2A workers when needed, helps with housing and transportation.

Joint apprenticeship programs are another new but proliferating example of sharing labor. The non-profit Island Grown piloted the Martha’s Vineyard Apprenticeship Program in 2010, which works as a hiring and support service for Martha’s Vineyards’ small farms. Island Grown recruited and vetted applicants that the farms could then choose from. Once hired, Island Grown found housing for the farms without worker housing (no small flat in summer on Martha’s Vineyard) and provided educational support.

Farmers in Oregon’s Rogue Valley created Rogue Farm Corps (RFC), an entry-level farmer training program that combines work on host farms with structured education. The program provides a double benefit of improving the education experience of farm interns and reducing the burden on host farms to provide that experience. RFC was also able to work with the state Department of Agriculture and Bureau of Labor and Industry to establish a legal framework for on-farm internships, in response to concern about labor regulations regarding internships positions.

IV. Service and Supply

Virtually any service or supply can be shared by a group of farmers. Many farmer groups form buying clubs, like a group of Hudson Valley farmers that order non-GMO chicken feed for discounted bulk prices. The NOFA/Massachusetts bulk order offers a range of products, many of which are otherwise inaccessible to small growers due to high shipping costs. Each year, about 300 participants order supplies for organic vegetable farming and gardening through the NOFA bulk order, providing enough purchase power to obtain bulk discounts and pay an administrator for 300 hours of bookkeeping, coordinating and promoting. NOFA/Mass runs the bulk order on behalf of CT-NOFA and NOFA-RI also.

Shared Service Cooperatives are based on a similar concept. The Iowa Farm Service Network began as a supply co-op, but evolved with the needs of farmers to provide feed, fuel, farming expertise, and computer support. A few small farmers in the Connecticut River Valley jointly hire custom tractor operators to till their plots. Storage, custom hire work, and technical support services can all be shared among farms in the framework of shared service cooperatives.

Group-Managed and Collective Farms

As opposed to the inter-farm resource sharing described above, group-managed farms operate a business together, keeping one set of books, maintaining a single brand, and making decisions together about how to run their farm(s).

Some groups might prefer to instead form multiple businesses for the purpose of accomplishing specific shared goals, but not sharing ownership or operations totally. There could be one entity that owns shared equipment and infrastructure while farmers own independent enterprises. Or, there might be one shared enterprise, such as collectively owned vegetable operation, plus a few privately owned operations on the side. It makes sense to keep separate ownership of enterprises for which you have incompatible financial or management goals, or little incentive to share start-up costs and risk.

The advantages for individuals to cooperate in one business entity include:

- Less administrative burden - one business to market, one tax return, one blog to maintain, etc.
- Less management pressure – more brains in the business.
- More flexibility and shared risk – you can step in for each other if needed.
- Specialization – members can delegate and be responsible for different aspects of the business.
- Purchase power – sharing the upfront investment, with less redundant buying.
- Solidarity, fellowship, combined energy and drive – invaluable assets.

As an alternative to hiring employees, having a group of owners instead means having a team that’s invested in the success of the farm and knows the business well. Owners have less incentive to move on than employees. Ownership brings benefits (such as equity) that makes the hard work in the start-up phase worthwhile if the business has little to pay in first-year wages. Also – owners don’t have to be paid minimum wage or receive worker’s compensa-

The challenges to managing a business together are that your relationships have to work, you have to work well organized, and you have to be willing to make decisions with other people. In the following chapter, we’ve laid out the components of structuring and maintaining a group business. Each of those components is especially critical for a group farm,
where members are making a long-term investment and the risk is high.

Worker Cooperatives

Worker cooperatives are businesses that are owned and controlled by workers. Decisions are made by consensus or majority vote, and each worker-owner has one vote regardless of their place in the organization or their equity share.

While some are characterized by a “flat” structure, in which all members participate equally, this isn’t essential for a worker co-op. Many worker cooperatives are hierarchical, in that they have managers and employees, have tiered wages, or hire staff, seasonal workers, or outside managers that are not owners. In the end, all worker-owned cooperatives can become members, build trust, and participate in governing the organization.

Cooperative Corporations

Groups seeking to operate by cooperative principles can organize as a cooperative corporation. According to the IRS, a cooperative is a business that is member-owned, member-controlled, and generates member benefit.

1. A cooperative is owned by the members, the people that use the business.
   - A producer cooperative is controlled by producers who use the business to process, sell, and/or distribute their goods.
   - A worker cooperative is controlled by workers who use the cooperative to make their livelihood.
   - A consumer cooperative is owned and controlled by the people that use the cooperative to source and purchase needed goods.

2. A cooperative is democratically controlled by its members.
   - Cooperatives are governed by majority vote or consensus. Most cooperatives are governed as one-member, one vote, regardless of how much any member has invested. The members assemble regularly to vote on major decisions and elect a board of directors to oversee daily activities. Some also hire a manager or management team.

3. A cooperative generates member benefit.
   - Unlike most corporations, which are designed to bring financial gain to outside stakeholders, cooperatives are founded to provide a particular benefit to those who participate in the business, and must state this purpose in applying for cooperative status.
   - Cooperatives operate at cost, and must distribute any surplus (net profits) back to its members. Each member receives their share of the profits, or patronage dividends, in proportion to how much they’ve used the cooperative’s services. These patronage dividends can be paid out as cash or as additional equity in the cooperative, or some combination of both.

Restrictions and Requirements: Cooperatives, as a type of corporation, have required management practices, including formal processes for electing officers and directors, filling vacancies on the board, holding board and shareholder meetings, keeping meeting minutes, recording board resolutions, keeping records, and filing annual reports. They must also meet the requirements of the state’s cooperative statutes. The formal structure of a cooperative corporation means that the provisions that keep them dedicated to member benefit and democratic management can’t be written out of their bylaws. An LLC is a good alternative for this purpose.

Land Use

What are the stewardship goals, and what practices will the farmers employ? Groups could include land management policies in a shared lease, in the operating documents for a shared entity, or in a contractual agreement between separate parties. Policies could include:

- Acceptable or desired crop and animal management practices, such as cover cropping or grazing requirements
- Allowed and prohibited uses and inputs
- Use and maintenance of access roads, field edges, boundaries, and essential parts of the property
- Trash, recycling, parking, equipment and vehicle storage

Some good sample policies for stewardship can be found on the National Incubator Farm Training Initiative (NIFTI) wiki, which hosts site management protocol for several incubator farms. Holding Ground: A Guide to Northeast Farmland Tenure and Stewardship, available at www.smallfarm.org, has a chapter devoted to stewardship principles and policies.

Who will farm what part of the shared property? How will crop rotation be addressed on shared land?

A land assessment is a good first step to understanding the carrying capacity of your land and what areas are suitable for what enterprises. A solid land plan can also help prioritize improvements and plan for efficiency. Extension personnel, hired land planners, and the USDA Natural Resources Conservation Service’s soil mapping database are good resources, in addition to your own observations and judgment.

Special attention should be given the land’s limiting factors. A shortage of tillable land or water or limited access to needed utilities and infrastructure might make good starting places to plan shared use. The biggest challenge might be anticipating how each enterprise will change or grow. Groups planning to farm as separate businesses should have business plans that address projected growth that each business can share with the others. While plans are likely to change, it’s important to have some understanding of what your needs will be several years ahead. Holistic Management International offers trainings and materials on land planning, noted in the resource section.

Legal and Social Considerations

Whatever the arrangement, the documents that consummate and sustain the land tenure have to be clearly written. If not drafted by an attorney, they should be reviewed by one. It’s better to err on the side of too much detail than not enough.

Financial Agreements. Whether leased or owned, initial and ongoing costs need to be thoroughly researched and spelled out for everyone. How are investments and improvements in the property being handled?

Identity and Branding. The public may see the property as one farm, where each of you wants to promote your own business. So, how the businesses relate to the property in your public relations and
marketing is an important consideration.

- **Entry and Exit.** How do farmers join and leave the landholding arrangement? What are causes and decision-making in the group? Is there an owner or group to manage this?

- **Liability.** Is always a major concern for farmland owners—and for landlords. Ask a legal or insurance advisor about how the group should set up liability insurance and minimize risk.

### Tenure Options

As mentioned above, there are two tenure options: to own or to rent. Each of these main forks in the road often have several variations. Each has advantages. The best model depends on many factors including the goals and desires of the farming group, what is being leased or purchased, financial feasibility, and logistics. Farmers can co-hold “plain” land, land with farm improvements such as barns, sheds and fencing, a farm that includes housing, or only land for housing without—or separate from—farmland. A group could purchase farm or residential structures on rented land (see below on ground leases). Regardless of the model you pursue, there are some basic things to consider.

- **Be clear on who is in the land holding group.** Are all the farmers in it or some of them? Are non-farmers involved? Do non-farmer landlords have a say—or an equal say—in how the land is used? What might be the power relationship between farmers who have a stake in the land and those who don’t?

- **What are the legal and financial consequences of a chosen landholding approach?** For example, how easy is it to get out of a particular landholding structure if things don’t go well? What might it cost a farmer to exit? Are all the farmers in the group equally prepared to have their names on the title? Be sure to thoroughly investigate the tax implications of the model you choose.

- **How will landlords regard your tenure choice?** For example, will a landlord lend to you for infrastructure if you own a long-term lease? Depending on the arrangement, financing can sometimes be more expensive to obtain if leasing than owning the ground yourself.

- **What are your—and your group’s—beliefs about the placement of equity?** Some people see investing in real estate as an excellent method to grow equity. Others prefer—or need to—invest in other capital assets. If you rent property, your net return to family living is likely to be substantially higher than if you are paying a mortgage and related ownership costs.

In that case, you can invest those higher net returns in a retirement account or other investment vehicle.

### Leasing

There are many variations to land leasing. In the resources section of this guide you will find references and links to information about leasing farmland. Regardless of the specific leasing model you select for your group, it’s important to well be informed about lease basics. Look at sample leases and be familiar with what constitutes a good lease.

Ultimately, a tenant farmer group’s vision has to be the key to their knowledge of farming and their desire to be involved or informed.

**Taking on a farmer group as a tenant, or multiple farmers tenant on a property adds additional elements of complexity and risk for the landowner. Coming to the table with a clear vision and objectives for how the land will be treated and used will engender confidence and trust. Designating a point person to communicate with the landlord also helps streamline communications.**

#### Scenario 1: Separate Leases

In this scenario each of the farmers in the group enters into his or her own lease, and each has control over and responsibility for his/her own leasehold. The farmers may cooperate by forming a business together or for sharing equipment or markets. This option allows for relatively simple entry and exit for each farmer, although the group might be set up such that the collective has some control over future use of that leasehold. For example, the landlord could agree in (writing) that if one farmer terminates, the other farmers have a say (along with the landlord) in what happens with that vacated parcel, or who gets to lease it next.

It would make good sense, particularly in relating to the landlord, to have a standard lease template. Establishing leasehold boundaries, with attention to any shared spaces and use of common ways, is critical. Good leases make good neighbors. Lastly, how will lenders regard your tenure choice? For example, a group of farmers could cooperate to own a larger percent of the property. The LLC’s operating agreement would specify the rules for entry and exit, management, decision-making, allocation of expenses and other details of ownership. The LLC that owns the land could lease to the group farm business, or to separate businesses, just as a landlord would as described above. An LLC could also have other members outside the group of farmers, such as investors or community members. The agreement will specify classes of members; which are silent versus who makes decisions.

### Owning

By purchasing land, you hold all the rights associated with ownership, subject to applicable laws and regulations. As with owning a business together, clear policies for governance, authority, and effective decision-making are key to success.

The chosen method of holding title to land affects each owner’s rights to transfer the property and to use it as collateral. The ownership structure also determines what will happen to the property when one owner—be he or she a farmer or a co-owner, not a renter.—Each tenant in common each own a fraction of the entire property (not a specific part of it) and each has an equal right to the possession and use of the property. (Note: A tenant in common—e.g., a co-owner, not a renter.) Each tenant in common can sell, convey, mortgage or transfer that interest. Tenants in common is usually used for married couples or for a small family business. It is not recommended for an unrelated group because it provides no liability protection and has other risk factors.

A better choice would be to form an entity to own the land, such as an LLC. For all the reasons mentioned earlier in this guide, an LLC has advantages as a legal entity. For example, if one tenant forum the ownership (or the other owners—common, the ownership portions (interest) within an LLC could be equal or unequal. For example, two farmers could cooperate to own a larger percent of the property. The LLC’s operating agreement would specify the rules for entry and exit, management, decision-making, allocation of expenses and other details of ownership. The LLC that owns the land could lease to the group farm business, or to separate businesses, just as a landlord would as described above. An LLC could also have other members outside the group of farmers, such as investors or community members. The agreement will specify classes of members; which are silent versus who makes decisions.

### Separating ownership of the land and the business

Separating ownership of the land and the business provides significant advantages in minimizing risk. This makes it possible to transition a member in or out of the business without requiring buying in or out of the property. If acquiring land through financing, it frees the business from carrying a large debt, which again makes it easier to transition members in or out of the business. It also provides protection for the landowners, since the land can’t be seized to pay the group’s business goes under. It allows for different rules to apply for business operations and land ownership. For example, the business could be owned equally and governed by the farmers in the leasing group could be a few of, but not all of the farming group, or it could include friends, family, or suppliers. With the right structure, the business and land ownership services frees the group to be more flexible with their arrangements, makes transitions easier, and builds in protection for both business and land ownership.

### Summary

The long-term commitment of owning land together, combined with the rules legal and social considerations, make group land ownership a significant undertaking. Owning and leasing each have their own potential benefits and challenges, while farming cooperatives are a legal tool that might be a more accessible option for groups just starting out and wanting to test their relationships before committing to land purchase.

Great strides have been taken in the past decade toward developing new models for land affordability and access, and sharing farmland. This guide focuses on land ownership, particularly those with background in farmland transfer or cooperative businesses.
Neighboring Food Co-ops: A Decade of Collective Impact

by Erbin Crowell

From healthy food to organic agriculture, Fair Trade to building stronger local economies, good jobs to renewable energy, food co-ops have been pioneers, empowering people to work together to make the world a better place. At the same time, they have not always done a good job telling their stories, working together to measure and communicate our collective impact, and leveraging shared strength for mutual success.

Almost ten years ago, in the Winter 2010-11 issue of The Natural Farmer, I wrote about a group of food co-ops that had recently begun to work together to change this. The article, “Collaboration for a Thriving Regional Economy,” described the efforts of an informal group of managers, board members, and support organizations who had begun a conversation in 2004 about what the future could look like if they worked together more deliberately. Regional collaboration was seen as an opportunity and strategy for pooling resources, leveraging scale, and sharing ideas and innovations for shared success.

In 2007, this group gathered in Vermont and approved the Middlebury Manifesto, expressing the desire to work collaboratively to “further the ideals of democracy, cooperation, autonomy and education as enshrined in the International Co-operative Principles.” The document goes on to state the intent of participating co-ops to “reorient the economy from one dedicated to maximizing individual wealth to one calculated to advance the common good,” and to “provide occasions for collective action to build a co-operative economy in our geographic region.” Reflecting Wendell Berry’s assertion that “a viable community is made up of neighbors who cherish and protect what they have in common,” the network established itself as the “Connecticut Valley Neighboring Co-ops.”

Building on this momentum, a representative steering committee was established and the group then embarked on a process of scenario planning in which it explored potential outcomes of recent trends in the economy, culture and politics of the region. What might our region’s economy look like in 2020? How could food co-ops work together with like-minded organizations and networks to create more resilient communities as we look toward a post-petroleum economy? How could we avoid duplication of effort in order to support other initiatives, focus on our core strengths, and advance a shared vision for the future?

Before determining where they wanted to be in the future, these co-ops wanted to understand where we were in the present. So, in 2009 these co-ops hired independent economic analyst Doug Hoffer to undertake a survey of member co-ops in Vermont, Massachusetts, New Hampshire and Connecticut to collect and analyze data about their impact on the regional economy. The study told a powerful but largely untold story of the shared impact food co-ops were already having.

For example, the 17 co-ops included in the original study were surprised to learn that they had a combined membership of 64,000 people and aggregate annual sales exceeding $161 million (2008). These co-ops also had a dramatic impact in the regional economy, including local purchases of more than $30 million and over 1,200 employees. Average wages were 18% higher than the average for food and beverage stores in the same states and co-ops had lower staff turnover (36%) when compared to supermarkets (59%) and more staff employed fulltime (62% compared to 43% in supermarkets). Taken together, Vermont food co-ops were among the top 25 employers in the state!

As these co-ops worked together more deliberately. Regional collaboration was seen as an opportunity and strategy for pooling resources, leveraging scale, and sharing ideas and innovations for shared success.

In 2018, the NFCA conducted a follow up survey of the co-ops that participated in the original study to better understand what had changed over the past decade. In the wake of the global recession and dramatically increased competition, how had these food co-ops fared? What impact have they made, together?

While one of the 17 co-ops that participated in the original study has since closed its doors, the total number of storefronts grew from 22 to 24 as existing co-ops have opened additional locations to serve new communities. Even more compelling was the growth reported by the remaining 16 co-ops included in the research. For example:

• Membership increased by 38%, from 64,000 to more than 85,000, demonstrating growing interest in co-operative enterprise;
• Shared revenue grew 39%, from $161 million to over $224 million, representing continuing growth in an increasingly competitive market place;
• Sales of local products grew 23%, from an estimated $52.4 million to $64.7 million;
• Employment grew 20% from 1,240 to 1,485; and
• Staff wages grew 69%, from $28.6 million to almost $48.3 million, reflecting the commitment of food co-ops to good, sustainable jobs.

These results helped shed light on the power of food co-ops in the region and the enormous potential of working together to build a more resilient and inclusive food system and economy.

Of course, these 16 food co-ops alone don’t tell the whole story. As the NFCA is as a whole has grown, so has our collective impact. The association now includes over 35 food co-ops and start-ups across all six New England states and New York state, with six new co-ops opening their doors in the past ten years. These businesses are locally owned by over 154,700 people, with more than 13,000 becoming members in the past year alone. NFCA member co-ops employ over 2,300 people, 60% of whom are also member-owners, representing a powerful example of community and employee ownership.

Together, they generate shared annual revenue of $330 million, sold $93 million in local products, and donated over $1 million to community organizations and non-profits.
Collaboration for Innovation

In addition to these numerical impacts, collaboration has had other less tangible but meaningful impacts. A priority has been the development of pilot projects to test the viability of regional sourcing to increase our support of regional producers and accomplish shared goals. To date these efforts have focused on two projects, one promoting local artisan cheese makers and another on our own line of frozen fruits and vegetables. This year, Suzette Snow-Cobb, who served as a member of the management team at founding NFCA member co-op Franklin Community Co-operative, was hired to coordinate these efforts and begin planning for future priorities.

“As a participant in the early days of the NFCA, it was hard to imagine where we would be in 10 years,” says Suzette. “But it was clear that our co-ops needed to be working together to address the gaps in regional sourcing and continue to differentiate ourselves in the ever-increasing competitive market, and I am happy to be part of that effort.”

Over the course of the last decade, the NFCA’s “Cave to Co-op” project, a partnership with distributor Provisions International, has sold over 28 tons of cheese from local artisan makers. Meanwhile, “Farm to Freezer,” our line of Northeast grown frozen fruits and vegetables has enabled consumers to support our region’s farmers year-round. And our “Go Co-op” program encourages people to look for and learn more about other co-ops in the food system when they shop, helping to build a stronger, more vibrant co-operative economy.

By working together, our co-ops have also been able to raise their profile in our region through collective advertising, community engagement and collaboration with partner organizations. For example, the NFCA is a sponsor of the Northeast Organic Farming Association (NOFA) Summer Conference where for the past five years we have organized a track of workshops, panels and film showings on co-ops, in collaboration with regional organizational partners such as the Cooperative Fund of New England (CFNE), New England Farmers Union, the Valley Alliance of Worker Co-ops (VAVC), and other co-ops in our region including Cabot Creamery Co-op, Deep Root Organic Co-op, Equal Exchange, Local Harvest Co-op CSA, Organic Valley, and Real Pickles. We also have been active in advocacy, working in collaboration with the Farmers Union to represent our regional food system before policymakers in DC, defending co-operative statutes in Vermont, working to update them in Connecticut, and supporting co-op development.

Another example of our collective impact is our collaboration with the University of Massachusetts, Amherst, Department of Economics and VAWC to create one of the only undergraduate certificate programs in co-operatives. Launched in 2010, the Certificate in Applied Research in Co-operative Enterprise includes hands on internships, enabling students to gain firsthand knowledge of co-operative enterprise while bringing a new perspective to the challenges and opportunities of the day. In addition to helping our co-ops quantify impact and helping out at our Annual Meeting and other gatherings, many of our interns have focused their academic research on topics of co-ops and social media, engaging youth, and diversity and inclusion.

In 2011, when the impacts of the global recession were becoming clear, the NFCA worked in collaboration with CFNE, NEFU, and Hunger Free Vermont, to launch its “Food Co-ops & Healthy Food Access” initiative. Recognizing the growing challenge of food insecurity in the Northeast, the NFCA reached out to community organizations to better understand the issue and to develop strategies for making healthy food more accessible to people on limited budgets. This resulted in a coordinated strategy promoting “Co-op Basics” programs among member food co-ops (now a program of National Co-op Grocers) and “Food for All” initiatives designed to make healthy food more affordable to shoppers on food assistance. Significantly, our efforts focus on the key co-operative difference of member-ownership, increasing access to participation as a tool for empowerment and economic success. As a result of this work, 13 member co-ops now have launched such programs and report significant increases in membership as a result. In addition, these efforts to understand how we can be more representative of our communities has supported a deeper dialogue on diversity and inclusion among our co-ops, carried forward in presentations and dialogs at our last few Annual Meetings.

These dialogs have been particularly relevant to food co-op start-ups in our region, many of which are operating in more urban communities and have food security, diversity, and inclusion as central to their founding purpose. In addition to providing forums for exchange with existing co-ops and service providers, the NFCA works to ensure that start-ups don’t have to go it alone in establishing a successful new food co-op. Member Programs Manager Bonnie Hudspeth, former project manager for Monadnock Food Co-op while in its start up phase, convenes coordinated calls with start-ups organizers to share challenges and ideas.

Key to our impact in supporting start-ups in our region is our partnership with Food Co-op Initiative (FCI), a national non-profit organization working to increase the number, success and sustainability of new food co-operatives delivering access to healthy food in diverse communities across this country. FCI staff have been regular contributors to our regional gatherings and participate in our two monthly peer group calls to provide technical assistance and valuable resources to our start-ups. “Whether providing grants, resources, trainings, technical assistance or other services to start-ups, FCI has been a key partner for the NFCA and our member co-ops,” says Bonnie.

The momentum among start-ups in our region has continued with a number of food co-ops opening their doors since 2010 including Monadnock Food Co-op (NH), Morrisville Food Co-op (VT), Old Creamery Co-op (MA), Portland Food Co-op (ME), and Urban Greens Co-op Market (RI). Unfortunately, the past few years have seen the closing of a few food co-ops in our region, including Harvest Co-op Markets (MA), St J Food Co-op (VT), and Stone Valley Community Market (VT). At the same time, many existing co-ops continue to grow with expansions completed or in the planning stages at a number of co-ops including Blue Hill Co-op (ME), Brattleboro Food Co-op (VT), City Market, Onion River Co-op (VT), Fiddleheads Food Co-op (CT), Flatbush Food Co-op (NY), GreenStar Food Co-op (NY), Hanover Co-op Food Stores (NH & VT), Littleton Food Co-op (NH), Middlebury Natural Foods Co-op (VT), Putney Food Co-op (VT), and River Valley Co-op (MA).

By working together, our co-ops have been able to provide a space for ongoing relationship building among managers, staff, and board members, as well as partner organizations and other co-op sectors. In addition to annual gatherings that include pre-
sentations, panels, and workshops, the NFCA has organized department specific peer training events where representatives from various co-ops can network, share ideas, and explore innovations together. Recent examples have included peer trainings for produce, marketing, and finance personnel. At this year’s peer training event, nearly 60 board members from co-ops across the Northeast got together for a rare opportunity to gather independently and share ideas on participant identified topics including “Member Engagement Strategies that Work,” “Successful Board Recruitment and Retention Strategies,” and “The Challenges and Rewards of Diversity and Inclusion (or Honoring Co-op Vision/ Mission).” This fall, for the second year, we are also working with Saint Mary’s University in Nova Scotia and their Co-operative Management Education program to offer professional training opportunities for co-op managers, staff, and board members so they can more fully integrate co-operative business principles into successful strategies for growth and development.

Federation, Collaboration & Innovation

Regarding the 6th Principle of the Co-operative Identity, “Co-operation among Co-ops,” the International Co-operative Alliance (ICA) Guidance Notes state that “co-operatives, which are co-operatives whose members are primary co-operatives, [act] as a place to share knowledge and resources, and to support co-operatives independently and collectively.” The NFCA is proud to be just that: a regional co-operative of food co-ops. In this sense, the NFCA is a mechanism for local collaboration and a complement to national associations such as NCG and cross sector organizations like NCBA CLUSA. By pooling our assets — financial, intellectual, and strategic — we are better able to support the success of individual co-ops, engage shoppers, policymakers, and activists, and demonstrate the potential of co-operative enterprise on the local level.

“The NFCA is owned by its member co-ops, governed by an elected Board of Directors made up of managers and board members, and guided by a vision of collaboration,” states Board President, Faye Mack, who also serves as Board President of City Market, Onion River Co-op in Burlington, VT. “By coming together to learn from one another, challenge one another, and support one another, all within the structure of a co-operative, we can direct and grow the food co-op model throughout our region and have a bigger impact than each of our individual member co-ops could alone.”

Ten years since our first impact study, the NFCA has been able to leverage collective resources to accomplish our mission of supporting growth, innovation, and shared success among our member food co-ops through collaboration, education, and partnership. As our co-ops look to the future, collaboration will continue to be key to our success in achieving the vision of a more fair, sustainable, and inclusive food system and economy that works for everyone.

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An early meeting of Deep Root growers, likely at Paul Harlow’s Vermont farm (note Paul in front row, third from left).

by Jack Kittredge

North of the Lamoille River about 40 miles south of Canada, is central to a number of NOFA’s large organic vegetable growers. That is where, right on Route 15, they have located the facilities of their marketing cooperative, Deep Root, which includes an office, three large coolers, and several loading docks.

Tony Risitano, sales manager for the co-op, explains its purpose: “Our function is to give growers access to markets they couldn’t—otherwise reach by themselves. Our theory is that here in Vermont there are a lot of small organic farms and we have reached local market saturation. We have to find a way to pool our produce and reach larger markets. We have to help each other out to keep the organization as a whole thriving so we can all benefit. That gives me the ability to go to a buyer like Whole Foods and get them produce from the small family farms that are still thriving in the hills of New England.”

Bruce Kaufman, grower at Riverside Farm in East Hardwick, has been with Deep Root since it was organized in 1985. He seconds Tony’s explanation: “In the beginning, back in the 1970s, there were a lot of growers up here needing markets. There wasn’t enough local organic consumption and we needed to ship to the urban areas. But they were far away and hard to reach. For awhile we made deals and shipped stuff out with companies that sold items here and had empty trucks going back — we could get inexpensive rates for backhauling.”

But such early attempts by growers to band together and market collectively fell flat. With the expansion of the Bread and Circus chain in Massachusetts and the formation of Northeast Coops, however, reaching the cities became easier.

By the time Deep Root was organized many growers had some experience with this kind of marketing. They knew quality and uniformity were important to wholesale buyers, and had a rule that every new grower had to have a mentor who could deal with questions about both the crop and the co-op rules for quality and packaging.

“We started small,” Kaufman recalls. “We grew out of NOFA and Vermont Organic Farmers, with a lot of folks from Western Mass. Our first year we grossed under $100,000. There were fluctuations year to year, a lot based on weather, but we have been growing slowly. Our growth pretty well tracks Whole Foods growth in their number of stores.”

Deep Root, as a cooperative, is of course owned by the members. Membership is renewed every year. But not anyone can join.

“We are at 24 members right now,” Bruce explains. “It varies by a few each year. We don’t accept any member just because they want to grow a crop. You can only join if we have room in crop production for you. If you can find a crop that no one else is producing, and we have a market for it, you can join. It has to be a certified organic crop, of course. We have a seniority system that guarantees people the right to produce what they have been producing. It is an annual system based on last year’s crops and selling this year again as much as our sales manager says we can sell.

“Joining starts off,” he continues, “by letting anyone who hasn’t been a member, but wants to raise something we have room for and can sell, grow the first year as a non-member. It is sort of a speculative year to see if you can grow it to our standards of packaging, quality and quantity, and if we can sell it. If all that works out, you can join for a $750 equity fee. That is a one-time fee.

“Then yearly,” he concludes, “as a member you pay a $100 membership fee for the year.”

Until 2010 Deep Root didn’t have a building and worked out of member farms. But in 2010 they bought their current site from one of their large growers and built the office and warehouse there. So the growers all have equity shares in that property. The way it works is that for every box you sell through the co-op, 40¢ comes off the top to the co-op and goes to a revolving fund to pay the mortgage on the building, which cost $400,000. That fund doesn’t revolve yet, but when the mortgage is paid the idea is that it will start to revolve, paying off the oldest members first with current payments and rotating in the new members so they end up owning the facility. It is all based on volume, so the more you sell the more you own of the building.

This ownership model for the building, while fair, of course means that the co-op needs to keep accurate records of who paid in what and when, and where they are now, so that it can keep track of what will have to be paid out many years in the future!

At the end of each year the cooperative has a big meeting in November and invites all the members to talk about the past year. Then at another meeting...
in January they have an informal discussion of what people want to do in the new year: “I’m thinking of getting out,” or “I want to grow what I did last year”. Then they have an annual production meeting in February where the members actually commit to what they are going to grow: “Twenty units of this for every week for 50 weeks, five of this”. By that time Tony has given back to members a list of what he thinks they can sell: “We have a market for so many thousand cases of this, so many thousand of that.”

These numbers all translate into money, and the co-op creates a budget. Then, at a third meeting of all the members in March or April, they vote on the budget and elect a board of directors for the year. Five to nine members have sat on the board, historically. After that meeting the board runs the business and the members have nothing more to do with managing it that year. The board gets together monthly or bimonthly, sometimes in person, sometimes by phone, to make decisions.

Currently, says Jen Hirchak, finance manager, Deep Root does about $3.2 million a year gross sales. Members (some of the co-ops largest are in Quebec) historically. After that meeting the board runs the business and the members have nothing more to do with managing it that year. The board gets together monthly or bimonthly, sometimes in person, sometimes by phone, to make decisions.

“Product mix has changed a lot since then,” says Kaufman. “I started growing kale when it was mostly sold as a garnish to decorate the plate. Now it is a major crop that people eat. That’s a big change! Asian vegetables are a big factor now – daikon, bok choy, mizuna. But the biggest change has been that 40 years ago there just weren’t very many organic vegetables. Mostly you could get carrots. Now you go into a produce section and you can get anything organic. It has been a gradual change, but I remember the Alar scare in 1989 being a big factor.”

“Deep Root doesn’t have a program to educate growers about changes in the market. They have had speakers on food safety requirements and on processing, so mesclun ready to put out as salad is gaining ground over lettuce that has to be washed and trimmed.”

Bruce, who has been part of other co-ops that failed for one reason or another, estimates that Deep Root growers are generally larger than was the case in those other co-ops, which may be why it has survived.

Of course a lot has changed in the 34 years since Deep Root was organized.

Bruce Kaufman and Deep Root staff Tony Risitano and Jen Hirchak.

“For most of our farms, however,” says Tony, “for twenty of our twenty-four, wholesale is just one component of their marketing. I think for only four is Deep Root their primary market channel – maybe 90% or more of their business. So we don’t really know what their other operations are – CSA, farmers market, retail stores, farm stand – and how much the co-op creates over-all farm resilience, starting from the soil up. The program will consist of an optional half-day farm tour and one-and-a-half days of sessions from high-caliber speakers focused on successful farm management strategies to:

Create healthy productive soils
Reduce risk associated with disease and pests
Address weed challenges
Better manage water resources
Enhance plant health and crop nutrient density
Drive profitability and whole-farm success
Includes valuable time to engage with the speakers and attendees

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the Real Organic Project’s concerns about organic integrity. But not about the market – what is new and popular.
The strong commitment of Whole Foods to organic food has been crucial to Deep Root’s success over those years.

“We sometimes started out with a market,” recalls Bruce, “and then they get bought out or a key person there leaves who was pushing a local or organic program. And the relationship just collapses. We have been in and out of other supermarkets: Shaw’s, Wegmans, Stop and Shop. We have tried other wholesale markets. But not many will carry the organic goods we grow. You know, carry the 65 items that we have. But the corporate philosophy of Whole Foods has been there since day one to support us.”

That support has resulted in Whole Foods being by far the co-op’s largest customer. Tony estimates that 75% to 85% of Deep Root’s produce goes there, with the balance shipping to Albert’s Fresh Produce at their Chesterfield, NH office and a few other buyers. He thinks most of their vegetables are served in New England homes with some ending up further down the East Coast.

“We ship 52 weeks a year,” explains Tony. “Twice a week from June to December, when we go to Whole Foods in Cheshire, CT and in Landover, MD. We are typically shipping once a week to Maryland, twice a week to Connecticut. Sometimes we will ship as far as Florida. If we have a crop that is just coming in when another region is finishing, that gives us a market and we’ll try to get our stuff down there. In the winter we ship once per week, primarily root crops.

“While Montreal might seem like a natural market for us,” he continues, “especially since half our growers are in Quebec, there are good reasons it doesn’t make sense to sell there. For one, a couple of very big organic growers totally saturate that market right now. They have a big co-op outside of Montreal. Also, it is not easy to sell into Canada. We have to get phytosanitary permits to move US produce there, which is a hassle. They protect their agriculture in Canada! Third, the Canadian dollar is worth less than the American, so if they sell something down here they get more money for it. They deposit a US dollar up there and it becomes $1.20 in Canadian money. Lastly, there are 10,000 acres of black dirt land south of Montreal where some of the best production on the whole East Coast takes place. So we’ve never sold into Canada. Canadian agriculture has it all figured out. But we always buy our equipment up there and take advantage of the US dollar!”

Deep Root carries just vegetables. Fruit is excluded primarily by the trucking. We can’t mix apples in, for instance, because of the ripening gases like ethylene that they give off and which will affect the vegetables. Meat, dairy, and other produce has requirements for refrigeration or special handling. They do carry a few processed things that members make – tomato juice and sauerkraut, for instance – but generally feel keeping it simple is the way to succeed.

Also, buyers tend to specialize so Tony would have to develop new relationships for just a few products.

“When I’m working with a produce buyer,” he says, “I’m working for all our members. But if I’m working with a highly product buyer, then I have to spend time for just one member. That isn’t really fair. The grocery world is different from the produce world. Different packaging, different paper work, different marketing requirements. In order to keep our system administratively lean, it is important to focus on one kind of product.

Although management at Deep Root recognize they the co-op is highly vulnerable to changes at Whole Foods, especially since its purchase by Amazon, it is not such an easy situation to manage. Even if another account came along as committed and supportive as Whole Foods has been, could the co-op take it on?

“Between the two Whole Foods regions we work with,” says Ristiano, “they have maybe 130 stores, which keeps us pretty busy. If we wanted to take on another big account? We just can’t double production overnight. So for me to go to Hannafords wouldn’t make sense. I couldn’t supply them. You have to be careful who you are pursuing!”

Most of the co-op’s competition comes from California, but there is some from other large operations in the northeast – in the Hudson Valley it is Helvetica Farms and in the mid-Atlantic it is Pennsylvania Growers of Lancaster. Of course there is also Paul Harlow in southern Vermont – a Deep Root founder who is almost as big as all the other Deep Root growers together. He makes his own stuff now because it doesn’t make sense for him to pay the co-op commissions.

One of the concerns that has occupied Deep Root growers recently has been the pressure to meet food safety requirements. All of them selling to Whole Foods have to have a certificate, similar to GAP certification, that Vermont is now issuing. Whole Foods has insisted on that. Their Canadian growers can also get that certificate.

Of course organic growers wanting healthy production must respect crop rotations. Given the need for growers to maintain their rights to certain crop bids, however, that can be somewhat complex.

“It takes you years to get your bid,” emphasizes Bruce, “and then to grow your bid and to tool up so you are competitive in the big market places for your bid. Once you are in there you have to ride that wave and you would be a fool to give it up. Hopefully we all raise five or six or seven crops that we rotate on our farms, usually of different families. That enables us to still keep bidding rights for the same crop each year while rotating where they are grown.”

It is one of the reasons most of the farms have other marketing outlets besides the co-op. You can also give up a crop for a year if you want, and get it back the next year. That lets you take a year off from that vegetable, or even from farming as a whole, without losing your rights. But the way the co-op manages crop bid guarantees has also been of concern lately, as older growers begin to leave farming.

“The biggest issue in the co-op is succession,” Kaufman asserts. “What happens to crop bids when one grower goes out? Does the bid stay with the farm? Many of us don’t have family who want to take over. So if we sell the farm, does the new owner get the old one’s crops? For a lot of people that is the only way they could afford the farm and get a mortgage – if they had a guaranteed market. So for now we keep the bid with the farm. Us old guys have seniority on production and we only give it up if we want to. Or of course if our quality sacks Tony will give it up for us! I’m getting older and I’m getting smaller now, giving up crops. But I’m cherry picking the ones I want to keep!”

The way in which the cooperative pays the costs of doing business is of course vital to members. The co-op takes 8%, on average, of the gross for each unit of sales to cover expenses. Different growers have different rates, with larger growers paying a little less than smaller ones. But the rates range from 7% to 9%, mostly. Then two dollars and 55 cents goes off each box for the trucking – lease, driver, gas, etc. – and then the 40¢ to the revolvin fund for the mortgage.

Those figures are based on boxes as units, which of course are standard sizes for an item, but different sizes for different items. Some are heavier, some lighter. Some are worth more than others. That way of charging, by the box, resulted from long discussions among the growers, each weighing the hat of his or her own farm.

“When you have commissions based on gross sales,” Bruce clarifies, “and have someone selling burdock at $45 a box, a 10% commission on that is $4.50. Compare that to someone else who is selling pearl topped turnips at $20 a bag. Then at 10% they would be paying $2.00, not $4.50. It isn’t equal. It can’t be equal. Some crops are more profitable, and some growers get those crops. Some crops are less profitable, but you have to have them all to sell to the markets. Our case average is $28, but we have many items and they range all over. Some guys only sell 518 items, others only sell $40 items. When you charge a percentage commission, some pay a lot more than others. So we have tried to adjust the various commissions for the costs involved. It has taken a lot of negotiating!

“Anyway, with our revolvin fund method for the mortgage,” he continues, “‘every 40¢ you pay in you will get back out. Or maybe your kids will!’ The other amount is $2.75 a unit for your trucking. That covers the trucking coming to pick up your produce at the farm and then running it to market. For our average 28¢ unit, that comes to about 2% or 23% off for marketing all told, and the rest to the grower. Anywhere under 25% is pretty good.”

The co-op also has a rule that if anything can’t be sold because of quality the grower still pays the costs on that item – the 8% for the co-op and the 40¢ for the building and the $2.75 for trucking. They figure the co-op had those costs before the item was rejected. So quality is important to each grower.

As a cooperative, Deep Root is of course owned by the member growers. But as farmers they are independent by nature, and as owners with a large financial stake in what happens they are particularly wary and attentive to every detail.
"If you have ever gone to a Pioneer Valley Growers Association meeting," laughs Kaufman, speaking of the Massachusetts conventional produce co-op, "it is unbelievable! They have 130 members and can't make a decision. It all has to be run by a board."

Similarly, Deep Root is run by an annually elected board. For the last 30 years, however, there have been 5 of the same growers on the board.

"We normally bring in one or two new people," Bruce asserts, "but they often get overwhelmed and drop off. The board tends to be the biggest growers. After 35 years with the same growers, you trust one another. That trust factor is important! Some of our biggest growers are in Canada and we have bilingual problems sometimes. Not all speak English.

We have translators at the meetings, but it is easier if our Canadians are represented by English speaking growers, which doesn’t always happen. We try to have half and half, Canadian and American. We try to keep our president American to deal with legal issues involving the co-op, borrowing money, stuff like that."

Because it is a co-op every decision of any significance goes to the members. The board runs the day-to-day end of things, but the members guide the whole co-op. All two dozen members have to decide the big questions. Last year, for instance, Deep Root had an $80,000 to $90,000 profit, after expenses. They had to decide if that was going to go to the member’s pockets, or back into the business for equipment or personnel. It is the growers who own it.

"In 1993, recalls Kaufman, "we tried to save on insurance when we had our own truck by getting a $5000 deductible on accidents. We figured we could afford $5000. Well, we had two $5000 accidents within a few months! It cost us $10,000 and we were only a $90,000 co-op then. We lost money and we all had to kick in. We went from 18 growers down to 9 growers very quickly! Some just turned around and said: ‘I’m out of here. I’m not going to pay $2000 to keep it going.’"

Running a $3.2 million business with only two full time staff and a part-time driver may seem risky, but so far it has worked well. Twice a week in the summer everyone emails Tony what they have, Sunday night by 6 pm and Tuesday night by 6 pm. He aggregates that and enters it upon his price lists to send to the buyers. They order through him and he allocates those orders out to the growers. He sends a final manifest to each grower saying what he wants from that farm.

The farmer boxes it, labels it, palletizes it, wraps it. They know the look and quality required for each product and put that in the boxes. The mentor program makes sure those are understood. Zucchini is dark green, not light green or speckled, for instance. Then Tony prints his bills of lading, too. All this is done in a 10-year old software program called “Shipper’s Office”.

“Co-op Annual Meeting 2011, Row 1 - Denis from Symbiosis, Bruce Kaufman Riverside Farm, Joe Tisbert Valley Dream Farm, Anthony Mirisciotta Sales manager, Joey Klein Littlewood Farm, Russell Pocock Sanders Farm, David Marchant River Berry Farm, Frederic Jobin-Lawler L’Abri Vegetal, Row 2 - Tony Lehouillier Foote Brook Farm, Dean Stockman Green Heron Farm, Remy Le Potager d’Emlyou, Jacques Blain Vallons Maraichers, Richard Wiswall Cate Farm, Tony Scott Ways Mills Market Garden, George Gross Dog River Farm

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To the extent they can, Deep Root members are trying to get consumer recognition of their brand. Most produce is repackaged when it reaches the stores, however, and does not show the Co-op's brand.

Tony sells the produce and arranges for shipping it. But Jan handles all the financial aspects of the co-op, including collecting from accounts, figuring the commissions and charges each grower owes for the building, trucking, and co-op itself, and then paying the growers what is due them.

One important detail, Tony stresses, is that they do not hold inventory at the co-op.

“We have three coolers here,” he admits, “the main one we keep at about 34 degrees, which is for anything that is iced, like lettuce. The second cooler is about 38 degrees for yellow squash and things like that. The smallest is for tomatoes, peppers, eggplants, etc. that we keep around 52. In the winter a lot of winter squash stays at 55 or 60. But any product coming into the building has already been sold. So the primary function of this building is just to aggregate product a couple of times a week and ship it out.

“Transportation,” he continues, “which is much of what we do, is a challenge. Compared to a single large farm that has its own packing house and coolers, we have a lot of smaller growers. Having that kind of diversity in geography can sometimes work in your favor, but adds a challenge to collect and distribute all that product. We have growers within at least a hundred mile radius. A lot of our biggest growers are up in Canada, certified by Ecocert ICO.

“Canadian tracks are coming down,” he concludes, “with Canadian product to here, with loops by us picking up more pallets from American growers. It all gets assembled here and shipped out that night. The co-op pays for getting it from the point of origin (the farm) to the market. That is sort of inherent in the co-op – some people make out better than others (the farm) to the market. That is sort of inherent in the way through to the final consumer.

The co-op pays for getting it from the point of origin on something: on shipping, on commissions and the co-op – some people make out better than others. Ours looks funny in displays with the California carrots. So for us to do well in carrots we felt that retail packaging was the way to go. We emphasize the fact that our product has been hit by a frost before harvest, which will increase the sugar content. It’s a more flavorful carrot.

“We don’t get many calls from end users,” he concludes, “but invarably when we do it is something like: ‘I bought your carrots at the Whole Foods in Medford, Massachusetts and I’m going to tell you I’ve been eating carrots for 65 years and your carrot is the best carrot I’ve ever had.’ Our carrots are a different product that consumers are used to, but we feel they stand on their own as far as terror.”

Keeping product properly contained is one of the functions the co-op plays as a distributor. Their bags and boxes have to have the country of origin on them, so they say ‘product of USA’ or ‘product of Canada’ and the co-op has to keep both types available.

Also, everything that they ship out has to be lot-traceable back to the source. Whole Foods got behind this and pushed it forward on all their suppliers. It is called their Product Traceability Initiative, or PDI.

Deep Root supplies a blank label to the farm as well as a printer, enabling the farmer to print their own barcode as they pack. Each box will have product, harvest day, the farm that it comes from, a lot number, and the Deep Root brand.

Since the decision by the National Organic Program to allow hydroponic production as ‘organic’, there has been a lot of soul searching among growers who still grow in soil; Will they be able to compete with industrial scale hydroponic, which that decision has unleashed?

“All our stuff is soil grown,” affirms Bruce, “but hydroponic growers are now throwing up greenhouses and will be selling tomatoes and cucumbers that are certified organic but grown without soil. They will compete with our growers. We will have to have a conversation with Whole Foods – are they going to differentiate hydroponic product from soil grown? Soon many other vegetables may also be brought online without soil.

“With the controversy over hydroponics,” he continues, “it would be to our advantage if we could get more recognition for Deep Root as the ‘Real Organic’ produce, grown in dirt and on small farms. Unfortunately, we don’t have a lot of opportunity to brand product at Whole Foods. Sometimes our twisty or bags stay on bunches of vegetables, but mostly our boxes do not make it to the display that the consumer sees. They have done a good job of insulating the customer. We would like to get more of our message -- about what we believe organic is -- out to those consumers.”

Tony is a little more optimistic that their message will get through: “I think the new owners of Whole Foods will ultimately be driven by their customer base. If they can convince their customers that they are still interested in quality and organic, not just dollars, that is what they need. They have to recognize the customer base that made Whole Foods what it is. If they don’t cater to that customer base, that is a real risk for them. There are a lot of other people ready to step up and hold that mantle of organic if Whole Foods fails to do it.”

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The southern civil rights movement that developed in the 1960s focused on legal rights—voter registra-
tion, public accommodations, desegregation. But an outgrowth of that movement was the creation of a
number of agricultural cooperatives. In part this was a natural result of an organizing black community
looking at further ways to improve their conditions of life. But partly it was out of necessity. Many
blacks were tenant farmers and hired workers on the land of whites and often those who registered to
vote or were activists in protests immediately lost their jobs or were evicted from their tenant land. So
they drew on their agricultural skills to build farm-
ing cooperatives that could sustain them economi-
cally.

**Freedom Farm Co-op**

Fannie Lou Hamer, for instance, founded the Free-
dom Farm Cooperative in Ruleville, Mississippi. At the age of 45 Hamer, the 20th child of sharecrop-
pers, attended a 1962 mass meeting sponsored by the Student Nonviolent Coordinating Committee
(SNCC) and quickly became a field organizer. As a
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the Student Nonviolent Coordinating Committee
(SNCC) and quickly became a field organizer. As a
result she and her husband were evicted from their
shanty on the Marlowe Plantation. Besides working
on building the Mississippi Freedom Democratic
Party to challenge the traditional state party, in 1969
Hamer helped raise enough money from Northern
Party to challenge the traditional state party, in 1969
Hamer helped raise enough money from Northern
organizations to buy 40 acres of prime delta land in
Sunflower County to start the co-op.

Shortly Freedom Farm included a herd of pigs,
beef, and 300 hogs. The pig bank produced thou-
sands of new pigs to feed impoverished families.
Fannie Lou Hamer, Mississippi civil rights
leader, was also the founder of the Freedom
Farm Cooperative in Ruleville, Mississippi.

Over the next two years the co-op grew into a multi-
faceted self-help program. In 1970, the co-op pur-
chased an additional 540 acres for cultivation. With
funds from the National Council of Negro Women,
the co-op bought 35 gilts (female pigs) and five
boars (male pigs). The ‘pig bank’ produced thou-
sands of new pigs to feed impoverished families.
Mrs. Hamer was especially fond of the pig bank.

“...nothing better than to get up in the morn-
ing and have...a huge slice of ham and a couple
of biscuits and some butter...I wouldn’t take
nothing for our golden pigs.”

At its height, in 1973, the co-op had 600 acres in
crop production, had assisted 300 families to get
animals from the pig bank, had 70 families living in
its affordable housing, and had distributed scholar-
ships to local high school students to attend college
and start several black businesses.

Bad weather destroyed many crops, however, and
in 1974 Mrs. Hamel fell ill. The Freedom Farm was
unable to pay its farmers, fell behind on its mort-
gage, and ultimately had to sell its land in 1976
to pay overdue state and county taxes.

**North Bolivar County Farm Cooperative**

Sixty-four residents of Bolivar County met in Rose-
dale, Mississippi in December, 1967 to organize a
farm co-op. This was not the first effort to develop
a cooperative farm in Bolivar County. The Delta
Co-op Farm was started there in 1936, in response
to the economic plight of residents during the
Great Depression. Agricultural operations included
growing cotton, dairy and beef farms, a pasteur-
izing plant, and a saw mill. The cooperative also
provided a number of social and other services to
members and the surrounding communities, includ-
ing a cooperative store, a credit union, a medical
clinic, educational programs, a library, religious
services, and summer work camps for students.

Due to several factors, however, including the tense
political climate of the 1950s and poor cotton sales,
cooperative efforts were abandoned around 1956,
and pieces of the land were sold off to members.

In the 1960s, Bolivar County remained one of the
nation’s most impoverished due to systemic oppres-
sion and the decline of the agricultural industry. The
vast majority of people attending the 1967 meeting
had been tenant farmers, sharecroppers, day labor-
ors or domestic workers. Mechanization and federal
subsidies for leaving land fallow had further cut into
agricultural employment in the area and many envi-
ioned the cooperative as a last ditch effort to stay
farming in Mississippi rather than move north.

Operating on a regional scale within Mississippi,
the North Bolivar County Farm Cooperative they
founded used agriculture as a strategy of self-deter-
mination and self-reliance, offering farmer-mem-
bers an alternative to participation in the regional
economy that was controlled by white elites. To join
your family income had to be under $1000 a year.
Nobody received any pay the first year, so much of
the work was done at night or on weekends. But the
co-op was able to secure 120 acres of leased and
borrowed land from black landowners, purchase
seed and rent tractors, and by the end of the first
year boast 953 member families. In 1968 they raised
and distributed over one million pounds of produce,
including potatoes, greens, beans, peas and canta-
loupes. The next year the group made plans for a
small canning facility and signed a contract with

![Image](image-url)

Sweet potatoes were one of the favorite crops recommended by the Federation of Southern Co-ops
because of their productivity and nutritional content.
FALL, 2019

THE NATURAL FARMER

Heinz Foods for the purchase of 50 acres of cucumbers.

Federation of Southern Cooperatives

As these examples indicate, there were many strong forces at work promoting agriculturally-based cooperatives among black farmers in the Jim Crow South. What was missing was an organization to bring these co-ops together to tell their stories, hear each other’s problems, and share their solutions.

The Federation of Southern Cooperatives was formed at a meeting in Mount Beulah, Mississippi in December, 1967. Twenty-two representatives of rural southern co-ops met to discuss the extreme poverty their members were experiencing. They wanted a network of co-ops capable of raising money and providing technical assistance to members on behalf of black farmers, landowners, and rural communities. In the founding documents the Federation describes itself as: “…the principal advocate for low income cooperative development in this country.”

It offered member co-ops bookkeeping, technical and financial services, resource development and training in agricultural skills. By 1974 a total of 134 co-ops had joined FSC from 14 southern states, including the Southwest Alabama Farmers’ Cooperative Association (SWAFCA) with over 2000 members (97% of whom were African American) in ten counties. Altogether the FSC served 10,000 small farmers owning over half a million acres of land.

One of the primary tasks of the FSC was to broaden the knowledge of member farmers, especially by introducing new crops to folks who had grown cotton their whole lives. The new crops included fresh vegetables and often led to the planting of fall vegetables, enabling the harvest of two crops in a year instead of one. Sustainable practices regarding water use and season extension were taught. In response to the 1970s energy crisis, the FSC promoted small farm energy conservation including solar energy, catchment systems for irrigation, wood stove construction and greenhouse design.

Forestry, animal husbandry, and limited legal advice were also available. FSC replaced the middlemen in farm expenses by enabling co-op purchasing of feed, fertilizer and lime, tires, oil, tillers, sprayers, dusters and fencing, and in farm income by selling as a group – “no longer basket by basket, but by the truckload”. One co-op, the Mid-South Oil Cooperative, formed by a group of black tenant farmers who were cut off from buying gasoline after they registered to vote, ended up supplying gas to 250 members in a four-county area of Tennessee outside Memphis.

Cropping decisions in a co-op were made, of course, cooperatively. As a farmer in southwest Georgia’s Flint River Farmer’s Cooperative put it: “Well, first of all we sit down and discuss what we want to grow. And then each of us grows a portion of, say, collard greens. If we decide to grow 10 or 20 acres of collard greens, each individual will grow a certain amount of acres. Like, I might grow one acre and then two or three weeks later another farmer might grow an acre and then we pass it around. That way it won’t all be ready at the same time and we can have produce year round. That’s the same way we grow the peas. We rotate.”

By 1977 the FSC members controlled over a million acres of land and the organization was growing. Many local white business interests were being threatened by the co-ops it was helping, however, and normal Jim Crow measures were not repressing their activities. For several years federal funds had been granted to the group from the War on Poverty’s Office of Economic Opportunity and the white power structure chose this as an avenue of attack. In 1979 the local U.S. Attorney impaneled a grand jury to investigate federal funding of the organization. It involved looking through ten file cabinet drawers containing 40,000 cancelled checks and lasted 18 months. Although no evidence of wrongdoing was found and no charges were ever filed, defending itself cost the group tens of thousands of dollars and funders backed away because of the suspicion of fiscal improprieties, putting a real strain on the FSC budget.

In 2017 the organization celebrated its fiftieth anniversary, still receiving funding from 30 private organizations and the USDA. In answering questions about their receipt of federal money, executive director Charles Prejean dismissed challenges as follows: “Show us the USDA sponsored facilities that are responsive to the needs of small farmers; show us the facilities that are disseminating information useful to the small farmer in a form and context he can understand; show us the facilities that are oriented toward providing techniques and training to small farmers in enterprises that can produce new income for their families. These facilities do not exist in the South; that is why we are creating our own training institute, centrally located within our membership area and centrally concerned with giving new skills to disadvantaged people in the context of developing a self-help movement for substantive economic changes in our society.”

Hammer leads the group in freedom songs on the 1966 March Against Fear.
Growing a Food System for the Future: A Primer on Co-operative Legal Structure

by Roger Noonan and Erbin Crowell

This is an exciting time for the co-operative movement, particularly here in the Northeast where producers, food co-ops, and worker co-ops play an important role in building a more sustainable, resilient, and inclusive food system. On an international level, the United Nations has long recognized the contribution of co-operative enterprise to human development, poverty reduction and food security. For example, the UN’s International Year of Family Farming in 2014 emphasized the role of co-ops in enabling the world’s small producers to achieve scale and efficiency, competing with global corporations without sacrificing local ownership and control. And more recently, the UN Sustainable Development Goals promote co-ops as a key solution to challenges of food security, economic inclusion, and climate change.

In addition to being driven by a distinct set of values and principles, the co-operative legal structure prioritizes local needs and goals above the maximization of profit. Based on the principle of one member, one vote, co-ops are very real examples of economic democracy — and they work! America’s family farmers have been pioneers in co-operative development, with generations of advocates creating the state legal statutes that have empowered rural communities to form producer co-ops, marketing co-ops, purchasing co-ops, food co-ops, credit unions, worker co-ops, and utility co-ops. It is an amazing and often neglected story, in which the National Farmers Union (N FU) has played a key role, fighting for the basic national legislation that enabled producers to form co-ops and helping to organize countless community-based businesses. True to this legacy, the Farmers Union continues to defend the integrity of the co-operative model of enterprise at both the local and national levels.

Despite renewed interest in co-ops, there is limited understanding of this unique business model and the legal statutes related to their formation. As a result, when local entrepreneurs begin thinking about how to structure their business they are often unaware of this option. In some cases, they are advised to form “co-ops” under other statutes that do not exemplify co-operative principles or protect the rights of user-members. For these reasons, we have included in this article a very basic resource: a listing of co-operative statutes and a brief analysis of their basic characteristics.

A wide variety of people, spanning income levels and political beliefs, embrace co-operatives as a vibrant business structure and one that is effective across the economic spectrum. Credit unions enable people to provide themselves and their communities with financial services. • Worker co-ops support better income, benefits, and job security. • Housing co-ops provide access to more stable, affordable shelter. • Utility co-ops provide heat, light, telephone and internet services. • Producer co-ops enable farmers, fishermen and other producers to process, market and distribute their products.

Co-operative business has been particularly important to empowering family farmers and fishermen to address some of their enduring challenges and opportunities in the marketplace. Co-operatives come in many shapes and sizes, enabling family farmers collectively to aggregate and market their goods, to buy goods and services, to access equipment and land, and to add value to their crops. By working together, small producers can take advantage of the benefits of scale without giving up local ownership and control, empowering them to compete more effectively in the marketplace. A majority of our country’s two million food producers are members of at least one of 3,000 producer co-ops.

In basic terms, a co-operative is a business that is owned and democratically governed by its members — the people who use the enterprise to obtain products, services, or employment. Rather than being based on the maximization of profit for owners or investors, a co-op is focused on meeting the needs and goals identified by members in accordance with internationally recognized principles and values. As member-owned enterprises, co-ops are rooted in the communities they serve and create an economic infrastructure that spans generations.

In order to better understand what makes co-operative enterprise unique, it may be useful to consider a couple of generally accepted definitions of a co-operative.

First, the International Co-operative Alliance defines co-operatives as “associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.” Co-operatives are also guided by seven principles: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; co-operation among co-operatives; and concern for community (see box C). These principles form the basis for what makes co-operative enterprise distinct from other business models.

The United States Department of Agriculture (USDA) describes the unique nature of co-operatives as “producer” and user-owned businesses that are controlled by — and operate for the benefit of — their members, rather than outside investors. This definition captures what are generally considered the three primary operational characteristics of a co-operative: user ownership, user control, and proportional distribution of surplus based on a member’s use of the enterprise rather than capital invested.

Capital to operate the co-op is generated primarily from among members who purchase a share of common stock in the business and invest additional resources as needed. Additional outside capital can...
The basic co-operative authorities are set forth in the Clayton Act of 1914, the Capper-Volstead Act of 1922 (allowing agricultural producer associations), the Co-operative Marketing Agreement Act of 1926, the Agricultural Marketing Act of 1929, the Agricultural Marketing Act of 1937, and other statutes, including those that deal with the status of co-operators under the federal tax system. These laws are vital. Policy goals and programs should help to better develop, protect, advance, and promote farm-er co-operatives, either in assembling, processing, selling, marketing, and distributing farm commodi-ties and services. We oppose any attempt to revise co-operative laws, administratively or legislatively, that would diminish or jeopardize the democratic nature of co-operatives, their unique governance structure as member-owned and -controlled enter-prises, and ability to maintain financial and ethical integrity.

We oppose new state laws that allow supposed “co-operatives” to structure ventures with non-members in ways that give the outside investor voting control of the combined entity, including the Uniform Limited Cooperative Association Act statutes that undermine the unique governance and economic principles of co-operative enterprises and the interests of producer, worker, and consumer members. Such legislation contradicts the basic purpose of a co-operative established by 100 years of legal precedent as a member-owned, user-controlled entity that distributed benefit on the basis of use rather than capital invested.

Farm Credit East and Yankee Farm Credit are examples of financial co-ops owned by and serving producers in our region. Food co-ops, which operate at the retail end of our food system, are designed to effectively market and process farm products, and bargain with businesses and corporations further up the food chain. The result was the emergence of regional co-operatives that were able to maintain and enhance farm worker power in the region’s food system.

When functioning well, this system ensures participation, loyalty and a sense of ownership among members, and comes from lenders and sometimes from inves-tors through the sale of preferred, non-voting shares in keeping with the principle of member or user control. Co-operatives are designed to operate at cost, with a profit set or surplus re-invested in the enterprise or distributed back to members in proportion to their use of the co-op (known as patron-age dividends or patronage refunds). Co-operatives are based on the democratic principles that are at the heart of our country’s political system. Each member has one vote regardless of their wealth. By contrast, governance and control of investor-owned corporations are deter-mined by the number of shares owned. Members of the co-operative may decide to make certain deci-sions by majority vote, by super majority or even by consensus, usually electing a board of directors that hires staff to oversee day-to-day activities. When functioning well, this system ensures participation, loyalty and a sense of ownership among members.

With passage of the Capper-Volstead Act in 1922, Congress authorized the right of farmers to unite and market or process their agricultural products co-operatively without violating antitrust laws. The law made clear that the collective action by farmers engaged in a marketing or processing co-operative did not constitute a violation of these laws. In short, it granted legal exemption from those laws to agricul-tural producers who act together in associations that collectively process and market their commodi-ties. This exemption is provided only if the follow-ing three things are satisfied:

• The association operates for the mutual benefit of producer members (co-op members have to be members of the same economic class or category of producers).
• A one-member, one-vote rule is followed, or dividends on stock or membership capital are limited to eight percent per annum; and
• Non-members, beneficiaries, or members of a group of members with a specific economic interest (producer types, see “multi-stakeholder” co-ops below).

Farmers who own and operate co-operatives as their primary business, plus 10-20 percent of the co-operative’s total business.

In order to build a thriving local and regional food system in New England, we need to develop local and regionally scaled infrastructure — distribution, marketing, processing, and storage.

In addition to their advantages as member-owned, co-operatives reduce costs of production, improve access to a diverse source of inputs, effectively market and process farm products, improve member livelihoods, and help restore rural communities. NFU encourages its members and organizations to provide leadership in the patron-age, direction, operation, and development of co-operative enterprises, and in the education of members without profit as co-operative philosophy and principles and working in collaboration with other co-operative sectors including consumer, food, worker, insurance, and financial co-ops and credit unions.

A. Co-operative Law

For its entire existence, NFU has been a watchdog for the self-help and mutual-aid movement known as the co-operative movement by working together in co-operatives associations for the purposes of pricing, processing, marketing, transporting, and selling their products, and bargaining with processors and handlers for prices and other terms of sale, without being subject to prosecution under antitrust laws. This is a right for farmers as individuals and not the co-operatives that they establish.

B. Rochdale Principles

We reaffirm our belief in the basic Rochdale Principles of co-operation as last updated in 1996 that were designed to ensure democratic control of the business by its members and that the members receive the primary benefits of their co-operative enter-prise. [See “ICA Statement on the Co-operative Identity.”] With a structure that focuses on maximizing member value rather than financial return, co-ops give producers a mechanism to retain control of their financial returns and root food system infrastructure in our communities.

National Farmers Union and Co-operatives

The National Farmers Union (NFU) was formed in 1902 when a diverse group of farmers came together sharing a common belief that they could effectively organize for their mutual benefit. “It takes a community” said NFU’s first president, farmer president of NFU, a decade ago, “Our founders recognized this community. That is why our organization has been successful and carries that concept on today. This is something we are extremely proud of, because our concern went beyond the farm. Our history with co-ops, some successful and some unsuccessful, has kept us from losing sight that agriculture is all about people and community.”

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Members of worker co-operatives are both active employees of the business and its owners whose economic relationship with the enterprise is the labor they provide to it. Possibilities for being organized as a worker co-operative include new business start-ups, entrepreneurs sharing highs and lows of business, or a conversion of existing businesses as a mechanism for ownership succes-sion. Some of the most successful examples in our regional food system include Real Pickles. It is useful to note that a co-op can be organized around multiple member interests, either formally or informally. An example of this kind of “multi-stakeholder” co-op is FEDCO Seeds in Maine, which has worker members, farmers, and retailers, which includes gardeners, farmers and retailers that purchase seed and supplies from the business.

Co-operatives Defined by Level

An agricultural co-op that operates at the primary level has individual farmers as its members. Many co-ops often join secondary co-ops, or federations, to share information, provide technical assistance, and conduct marketing and advocacy efforts. These structures are in keeping with the sixth principle of co-operation, which states, “co-operatives serve their members most effectively and strengthen the co-operative movement by working together in co-operatives.”
Box C
ICA Statement on the Co-operative Identity

The International Co-operative Alliance is the global steward of the Statement on the Co-operative Identity – the Values and Principles of the co-operative movement. In 1995, the ICA adopted the revised Statement on the Co-operative Identity which contains the definition of a co-operative, the values of co-operatives, and the seven co-operative principles as described below. You can also consult the Guidance Notes on the Co-operative Principles and Values which give detailed guidance and advice on the practical application of the Principles to the co-operative enterprises.

Definition of a Co-operative
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.

Co-operative Values
Co-operatives are based on the values of self-help, self-help, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Co-operative Principles
The co-operative principles are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership. Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control. Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3. Member Economic Participation. Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence. Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training, and Information. Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives. Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community. Co-operatives work for the sustainable development of their communities through policies approved by their members.

The precise sequence of events for launching a co-operative is feasible: Would it succeed and benefit the community? Economic need is fundamental to the formation and business operations is critical during the business-development stage; the core or leadership group should develop an agenda and select a presiding officer who can conduct a business meeting. Among the agenda items to consider are:

- The opportunity to be addressed through co-operative action (e.g. access markets, processing, purchasing in bulk, etc.)
- Co-operative principles and terminology
- Advantages and disadvantages of a co-operative approach to the problem
- General risk capital, equity and financial requirements
- Various forms of member-user commitment needed

Prospective members should be encouraged to express their views and ask questions. All issues raised should be addressed, although answers may be delayed until later meetings when more information becomes available. In addition, a representative of a successful co-operative might be helpful in explaining its operations, benefits and limitations.

Follow Up
The core group, possibly with outside expertise and experience, should determine whether a co-operative is feasible and whether it would succeed and benefit its members? If so, they should prepare a specific, detailed business plan for the new venture. Assistance from specialists in law, accounting, finance, economics, engineering, and co-operative business operations is critical during the business-analysis phase.

Economic need is fundamental to the formation and successful operation of any co-operative. Will the co-operative provide a needed service, preserve a market, stabilize prices, or encourage more orderly marketing? Is the projected initial investment — the equity stake — affordable to the potential members involved?

The committee should consider alternatives to starting a new co-operative. Perhaps the most important
Incorporation is usually the best method of organizing. Each state has enabling laws under which co-operatives may incorporate (see box A). Incorporation gives the co-operative a distinct legal standing. Members generally are not personally liable for the debts of an incorporated organization beyond the amount of their investment. The articles indicate the nature of the co-operative business. The articles should specify either broad operating authority when incorporating even though services may be expanded.

The primary duties of the board of directors are to safeguard the assets of the members and to represent their mutual interests. The board of directors is legally responsible for the co-operative’s continued viability. Board members are also charged with establishing policies to implement the co-operative’s mission. The board of directors is responsible for setting the overall performance goals for the co-operative (e.g., annual net proﬁt levels).

The purpose of a co-operative should be clearly stated in the articles (or bylaws). The articles indicate the nature of the co-operative business. The articles should specify either broad operating authority when incorporating even though services may be expanded.

Co-operatives need adequate capital to function efﬁciently and to grow. They need reserves for depreciation and unpredictable contingencies. Not only is it important to have sufﬁcient capital for a start-up, but it is also vital for daily operations and growth. Costs of organizing the co-operative include such items as legal and incorporation fees. Before a co-op actually starts business operations, money may also be needed to cover the cost of membership drive meetings and feasibility studies.

There are two types of capital: debt capital and equity capital. Debt capital includes loans (short and long term), bonds, and any other type of credit obtained from commercial banks, co-operative banks, or other ﬁnancial institutions. Equity capital is provided by co-op members, nonmember investors, and from successful business operations. Equity capital may or may not be returned to members and may or may not bear dividends. Equity capital is obtained in four ways:

• Selling common stock or member-ship certiﬁcates to members.
• Selling preferred (non-voting) stock to members and non-members.
• Deferred patronage refunds from member business (allocated equity).
• Retained proﬁts from member and non-member business (unallocated equity).

Co-operatives are democracies and as such depend on the active participation of their members. Therefore, the most important obligation of co-op members is participation in the governance of the co-operative. In practice, this means they need to stay informed about the co-operative from reliable sources, attend co-operative meetings, and take their turn at committee and board service. It is important to remind members that probably everyone could claim they are “too busy” and if no one is willing to give some time to their shared success, the co-operative will fail.

Members

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Board Roles and Responsibilities

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Articles of Incorporation

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Co-op articles of incorporation are legal documents that contain the basic information concerning a co-operative’s purpose, structure, governance, and membership. These articles serve as a foundation for the co-operative’s legal identity and provide a legal framework for the organization’s operations.

Co-op articles of incorporation typically include the following information:

1. Purpose: The primary purpose of the co-operative, such as providing goods or services to members at lower prices or on better terms.
2. Membership: The type of membership (e.g., active, associate) and the requirements for membership.
3. Ownership: How ownership is determined (e.g., by investment, membership in another co-operative).
4. Management: The structure and operation of the co-operative’s management, including the board of directors and committees.
5. Governance: The decision-making process, including the rights and responsibilities of members and the board of directors.
6. Financial: The method of funding the co-operative, including the source of capital (e.g., loans, contributions, membership fees).
7. Termination: The conditions under which the co-operative may dissolve or be dissolved.

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How a Co-op Makes Community in Ithaca

by Kristie Snyder, GreenStar Marketing Staff

GreenStar, a natural foods cooperative established in 1971, has more than 13,000 member-owners and operates in three locations in Ithaca. In 2018, they generated just over $20 million in sales, with 26 percent of those from products grown, made, or produced within 100 miles of Ithaca. Among other sustainability initiatives, GreenStar owns a remotely located solar farm and has committed to using 100 percent solar energy for all operations, in an effort to get green, get cool, and get heat, by the end of 2019. In 2018, the co-op donated nearly $50,000 to community organizations large and small and offers further local support through a non-profit arm, GreenStar Community Projects, whose mission is bringing food justice and food security to all residents in the surrounding areas.

A supporter of local farms and producers from its inception, GreenStar has active vendor relationships with over 270 local producers. In 2018, the Co-op stocked 5,320 local (within 100 miles) products on the shelves, with 4,640 more that were produced or grown regionally (defined as within 300 miles of Ithaca). Last year, the Co-op sold 21,283 gallons of local milk, 12,994 pounds of local tofu, 8,583 bunches of local kale — and 111,232 dozens of local eggs!

GreenStar currently operates a flagship store in the city’s West End, along with two smaller locations, one downtown (opened in 2004) and the other in Collegetown (opened in 2016), a neighborhood adjoining Cornell University. In spring of 2020, the flagship store will relocate to a spot just four blocks north of its current location, tripling its overall footprint and doubling its sales area.

Can you give us some background about yourself and where you’re from?

I was born in Pittsburgh and raised in the Pittsburgh area and then Manhattan for my school years. Around the time I was two or three years old, my father became the general manager of a farmer’s cooperative dairy plant. He was very much into the cooperative business model. We would literally visit a cooperative dairy plant. He was very much into the cooperative dairy plant. He was very much into the cooperative business model. We would literally visit an organic cooperative dairy plant. He was very much into the cooperative business model. We would literally visit an organic cooperative dairy plant. He was very much into the cooperative business model. We would literally visit a cooperative dairy plant. He was very much into the cooperative business model. We would literally visit a cooperative dairy plant. He was very much into the cooperative business model. We would literally visit a cooperative dairy plant. He was very much into the cooperative business model. We would literally visit a cooperative dairy plant. He was very much into the cooperative business model. We would literally visit a cooperative dairy plant.

What brought you to the Ithaca area, and why did you decide to get involved at the Co-op?

I moved up here after art school. I was painting large works and looking for a loft that my partner and I could afford. We found one nearby and moved up in ’76, and early in ’77 I discovered GreenStar, which was called the Grain Store at that time. I’ve lived in places where I had to shop in four different places to get the things I wanted — to find organics, and bulk, and herbs. So I joined GreenStar then, and I’ve been a member for as long as I’ve lived up here — I did live downtown for about ten years in the time since. I’ve been a member worker volunteer for the past twenty years, though I recently gave it up. I got interested in joining our Board of Directors, which we call the Council, when I turned 56. I realized, as an astrologer, that I was going into my third cycle in life, and I wanted to up the ante. In my work as an astrologer I counseled individuals, so I was looking for more community involvement. In 2005, I applied for an opening on Council and I was appointed seven days after my 56th birthday — and I’ve been on Council since then.

What kind of member worker volunteer jobs have you done?

I started off in Facilities doing cleaning, and soon switched to an afternoon shift stocking dry grocery goods out on the floor. I did that for 20 years. Working on the floor stocking groceries was a great involvement, but taking it up to Council and working with leaders of other organizations in town was something that seemed like the right thing to do and the opportunity was there.

Can you speak more about the various positions and responsibilities you have held within Council?

Six months after joining Council, I became vice president, and a year later, in 2006, I became president — and over the next ten years, I was president for nine of them. I’ve served on every committee we’ve had except for the Ombuds. I’ve been on the Expansion Committee all along, still am. I was on Membership Committee for years, I was on Governance, I’ve been on Finance for a few years, Personnel for about five years — all of these overlapping — I was often on three or four committees at a time. Because I’m crazy, (laughs) Was having a certain level of involvement at GreenStar, or any co-op, a personal goal for you?

Yes. Having grown up with a consciousness about co-ops, the idea of supporting and helping other co-ops, whether existing or startups, doing whatever we can do to support other co-ops, any kind of co-ops — I’m with my dad. I consider cooperatives the only democratic business model.

With co-ops being so important to you, have you been involved in co-ops outside of GreenStar?

I belonged to a very small co-op in Westchester County and I belonged to the High Falls Food Co-op outside of New Paltz when I lived in the Woodstock area. My youngest two kids were homeschooled, so we were members of a homeschool cooperative at one point. I was involved a little bit with advising the students who opened a cooperative grocery store up at Cornell, and involved a bit with one of the housing co-ops here.

As a Council member, I’ve been working with co-ops in other states and other parts of the country as well. When I first started going to the CCMA (Consumer Cooperative Management Association) conferences in 2009, I was all ears and eyes wide open, trying to absorb stuff and find out how other co-op work. In 2010 I started going to Cooperative Board Leadership Development Co-op Cafés and more leadership training and so forth, and by 2012 the National Cooperative Grocers representative at CCMA, instead of taking me to people to learn stuff, she started bringing people to me. People were asking us to come to their co-ops, they were talking to us by phone, and having in-person discussions with me at conferences and workshops. It was a pretty interesting change-around. By 2012, GreenStar was really standing out, because we’d made some real advances, and we were headed toward opening our Collegetown location, and now this bigger relocation and expansion are just part of it all.

What are some instances where you’ve seen GreenStar go above and beyond to meet a need for the community?

For three or four years now at CCMA we’ve given workshops talking about two programs we’ve done that are just fantastic. The FLOWER program [Fresh, Local & Organic Within Everyone’s Reach — GreenStar’s low-income discount program] has been underway for several years now, and we’ve been able to give many people a discount — that’s been wonderful, fantastic. We use the criteria of other government assistance programs that people may be receiving, so we don’t need to access their financial information, and that includes Pell Grants, which has been great for our Collegetown location.

Also, in 2011 we started working with community leaders of color from various community organizations. We took their advice on how to change our interview material, our postings, and our statement of inclusion. When they saw we had done those things, they asked us to pass along job postings, and they sent people to us. So we started employing more and more people of color in the stores — over two years, the change was just incredible. That seems to be well recognized to
most of the community, and it certainly is fulfilling to me personally. When I first got on Council, in 2005, I was asked how I felt about the diversity in GreenStar — well, we weren’t doing real good. So what to do? We didn’t know how to make that connection. Once we listened and worked with people, then we were given much more regard, and it really changed our store and how it looked and how accommodating it was for people. So we’ve done workshops about that effort as well.

Are there other areas where you’re proud of the work that the Co-op has done?

About four years ago, we were the first grocery store to become Food Justice Certified by the Agricultural Justice Project — I mean, bam. That’s a big one.

In 2007 we started GreenStar Community Projects, our non-profit affiliate, that has been working in the community to bring not only information about food and cooking, but has actually been bringing food to kids in the schools, kids in the neighborhood — free healthy food in the summer when kids are not in school. We also participate in a program that gets fresh food into the schools, and just last year, GSCP started a community garden in conjunction with a local credit union.

We’ve been a real hub for the community in a lot of ways. Obviously around healthy foods and organics, but also we have a program of cooking as well as health and wellness classes, we have public space that we rent out that was sorely needed in our community. Our member labor program is unusual for a co-op at all, let alone one our size. It’s another way people can get a good price on their groceries, but it’s a very rewarding experience to work with your fellow cooperators and neighbors and get to know people — I can’t go through the store without seeing someone I’ve worked next to. Council work is so separate, for me, being a member worker really gives me a grounding foundation in the store and how it’s operating.

What stands out to you as an example of a way in which the community has supported GreenStar over the years?

12th Moon and co-op employee/Council member Laura Buttenbaum stand ready to dish up ice cream at GreenStar’s Labor Day Ice Cream Social, held annually to celebrate the co-op’s workers.

NEW FROM CHELSEA GREEN PUBLISHING

Trees of Power
Ten Essential Arboreal Allies
BY AKIVA SILVER

Trees of Power is the organic grower’s guide to planting, propagation, culture, and ecology. Trees are our allies in healing the world. Partnering with trees allows us to build soil, enhance biodiversity, increase wildlife populations, grow food and medicine, and pull carbon out of the atmosphere, sequestering it in trees. Trees of Power is the organic grower’s guide to planting, propagation, culture, and ecology. Trees are our allies in healing the world. Partnering with trees allows us to build soil, enhance biodiversity, increase wildlife populations, grow food and medicine, and pull carbon out of the atmosphere, sequestering it in trees.

288 pages • Full-color photographs throughout • $14.95

Happy Pigs Taste Better
A Complete Guide to Organic and Humane Pasture-Based Pork Production
BY ALICE PERCY

What does it take to raise a happy pig? Armed with experience from running the largest organic hog operation in Maine, author Alice Percy is well equipped to answer this question. In Happy Pigs Taste Better, Percy offers a comprehensive look at raising organic, pasture-fed, gourmet meat. She advises readers on pasturing and feeding hogs organically, managing the breeding herd, administering effective natural healthcare, as well as an overview of marketing and distribution for those looking to turn their hog farming operation into a lucrative business.

272 pages • 8-page color insert • $24.95

Uncultivated
Wild Apples, Real Cider, and the Complex Art of Making a Living
BY ANDY BRENNAN

The hero of this book is the wild apple. Uncultivated follows author Andy Brennan’s twenty-four-year history with naturalized trees and shows how they have guided him toward successes in agriculture, in the art of cider making, and in creating a small-farm business.

288 pages • Full-color photographs throughout • $16.95

Carving Out a Living on the Land
Lessons in Resourcefulness and Craft from an Unusual Christmas Tree Farm
BY EMMET VAN DRIESCHE

From spoon carving to shoemaking, coppicing to wreaths-making, Carving Out a Living on the Land proves that you don’t need acres of expensive bottomland to start your land-based venture, but rather the creativity and vision to see what might be done with that rocky section or ditch or patch of trees too small to log. What matters are your unique circumstances, talents, and interests, which can create a fulfilling and meaningful farming life.

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In 1992 GreenStar’s store burned down, but the community put up money for an even bigger store.

When we moved into our previous store, we literally moved almost everything from the old location by hand, hand to hand, via a big chain of people. Then when that store burned down in 1992, the community came together incredibly. They loaned the Co-op a big mess of money, they stood faithfully by. It was at least six months before our current store opened up, and when it did, everybody was like, “It’s so huge, how can we possibly deal with this?” Within four years, we were maxing out, and we started the expansion committee in 1996 because we were already hitting the sides of the building.

How does it feel to see this new store finally come to fruition after the many years of expansion work?

Yeah — 14 years for me. I remember being in an expansion workshop at CCMA several years ago, and at one point the leader was saying that if you open a new co-op, you want to get at least 10 to 15 dollars a square foot in sales. He looked at me and asked, “How much is GreenStar making now?” At that point it was something like 22 or 25 dollars, and now it’s 30-something. The other people there were like, “Wow, that’s really impressive!” He said, “Yeah, it’s impressive, it means the parking lot’s crowded, the aisles are crowded, people are trying to work while people are trying to shop, and it’s crazy!”

I cannot tell you how many places that either I or the general manager and I went to look at that were presented as possibilities for us, and absolutely none of them would work. But we kept looking and trying and thinking, and the Collegetown opportunity arose after many, many years of work and going through zoning and planning boards and all of that. In 2016, we opened that store, after eight years of work. A construction manager who oversaw that build and was connected with the developers we’re now working with immediately approached us about working on this location that we are shortly moving to. It’s been three years in the works and it looks like we’re going to be there soon! I just toured the site yesterday. Since I’ve done building and renovation work and I know floor plans and all that, I walked in and I immediately knew what I was looking at — it was great to see. They’re already putting the sheetrock up. The new space is going to be such an improvement for the shoppers — to be able to park, to be able to get through the aisles, to have a wider selection of products, including more ethnic possibilities, more special diet possibilities, more space to help our local farmers and producers — it’s great.

What does it mean to you to support the local economy as part of a cooperative?

We have always been looking for relationships with our local farmers, but farmers are just one part of it — I’ve met the local herbalists who make the tinctures that are on the shelf in GreenStar, the people making soap. When I moved back here in 1999, I became involved with the local NOFA group and started meeting young people interested in starting farms — well, they are running farms around here now, and I’ve seen them grow and grow and grow. We have so much produce that comes from local farms and local growers. In 2006 we funded two big hoophouses for Stick and Stone Farm, under an agreement that they would pay us back partially in produce. That same year, we started renting a warehouse space that came with a huge walk-in refrigerator, so we started renting out storage space for farmers. When we did some renovation and put in a freezer, we offered space in the same way. It’s important to remember that Ithaca also has a fantastic farmers market, where farmers can obviously get more money for their stuff, but we don’t have a battle with the farmers market — in fact, we host them in the winter in our events space. We have a healthy local incubator program for farmers — it’s a really vibrant community. We’re really lucky. If only it wasn’t so darn cold in the winter. (laughs)

What problems do you see GreenStar having a role in solving in the future?

On a lot of levels it’s just continuing and expanding on the efforts we’ve been doing around helping low-income people, around diversity and inclusion issues. A big one I see coming up for the new store is the need to increase our product line so we can accommodate more people’s wants and needs. We have a great opportunity to do that. Having a real teaching kitchen classroom is going to be great, for everything from teaching kids simple recipes to different kinds of cooking for adults, and more health and wellness classes.

Are there ways in which you feel the reach of co-ops in people’s lives can be expanded?
In 2011 I was invited to a class called “Alternative Business Models” at Ithaca College to present on co-ops. I asked the class how many of them knew what a co-op was — maybe two kids out of forty raised their hands. I gave them handouts from the store that we use in workshops and classes to teach about co-ops. I spoke to the basic democratic differences between co-ops and a capitalist structure, where the money goes and where it doesn’t go, and the care for principles and values that cooperatives have — we’re not just looking at the food people consume, but also at the workers in the store, and those who produce the food. We’ve also done work with classes up at Cornell, and they came away with a very good understanding of cooperatives, which they’re not getting from the university.

Part of it is broadening people’s understanding as to the different kinds of cooperatives there are. For two years, our General Manager, Brandon, and I participated in a regional New York-state inter-co-op gathering up in Syracuse — there were people from worker co-ops, mobile home housing community co-ops. I found out a statistic I had never known before, which is that 75 percent of the geographic United States is supplied by electricity co-ops. There are distribution co-ops, agricultural co-ops. Co-ops were huge after the Great Depression and helped so many people. I would love to see it all expand.

The capitalist model, feeding the one percent — forget working-class people at this point, there’s just people making a lot of money and people making hardly any. And that’s just wrong. And it’s just going to lead to another major depression, and co-ops will be there, so we can rebuild.

How do you see co-ops benefitting people’s lives beyond food?

We offer living wage jobs to all these people, we have a great benefits package, we keep our money here — it doesn’t go to Rochester, or corporate headquarters in Arkansas or wherever. We have a range of salary from lowest-paid to highest-paid of 1 to 4 — we don’t have a GM making 300, or 3000, times what the normal working dude is making here. It’s just a whole different ball game. And it’s all about community — we have 13,000 members. We’re supported by community. Our West End store makes 80 percent of its sales to members, and it’s 75 percent between all three stores. The community’s been really supportive of us, and we’ve been really supportive of the community, and it shows. All of that is part of what a co-op is, or should be.

The more we get community members to sit down, across from each other, with some food, and maybe a beer — it’s local, we’ve got breweries! — the more we get people to just know each other, the stronger our community is, the more inclusive we’re going to be. You start to meet farmers, look for their stuff — that’s something I don’t see happening in other places. I think it’s fantastic. Even though I’m not involved with the produce department or purchasing or any of that, I see farmers I know delivering their stuff to the store, I get to say hi and talk to them for a minute, I see their kids grow up — we’re mutually benefitting from the relationship. That’s what makes community.

The harvest overflows weekly in the fall of 1980 at Ithaca Real Food Co-op’s Saturday food distribution.

Can’t wait to read Natural Farmer
Loading the truck at Riverside Farm. In an undated photo from before the Co-op got its current office and warehouse, Deep Root Co-op members assemble their produce for shipment at Bruce Kaufman’s Riverside Farm.

This newspaper contains news and features about organic food and farming in the Northeastern US, as well as a Special Supplement on Cooperatives.