Co-ops Seek to Provide New Solutions in Times of Economic Uncertainty
Steve Dubb, Democracy Collaborative, University of Maryland, July 2011
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On May 4th, the Cooperative Development Foundation—a nonprofit foundation affiliated with the National Cooperative Business Association—held its inaugural Cooperative Issues Forum. NCB (National Cooperative Bank) held its annual meeting the day after on May 5th. Both events explored the roles, both old and new, that cooperatives play in the U.S. economy.

Gasper Kovach, Chair of the Board of the Cooperative Development Foundation, noted that the inaugural Forum had three goals: 1) to gain an understanding of the role of cooperatives; b) to explore the participation of cooperatives in different sectors; and 3) to identify ways cooperatives may address economic challenges. Paul Hazen, President and CEO of the National Cooperative Business Association, called attention to the International Year of the Cooperative, a designation of the United Nations for 2012. The theme, Hazen added, is that “cooperative enterprises build a better world.” An official kick-off he added will take place October 31, 2011 at the United Nations building in New York City. Hazen said the national campaign in support of the international year of cooperatives has two goals: “ 1) increase public understanding of cooperatives, and 2) energize the cooperative community itself.”

John Whitman of the Arthur M. Blank Center for Entrepreneurship at Bobson College moderated the panel that followed, which included: Scott Aebischer, Senior Vice President of Health Partners; Bill Cheney, CEO of the Credit Union National Association; Charles Connor, CEO of the National Council of Farmer Cooperatives; Pete Crear, CEO of the World Council of Credit Unions; Karen Kulp, CEO of Home Care Associates; Martin Lowery, Executive Vice President of the National Rural Electric Cooperative Association; and Charles Snyder, CEO of NCB.

A number of the speakers highlighted the large role played by cooperatives in the United States. For example, Aebischer noted that the Health Partners co-op serves 3 million patient-owners and employs 12,000 in Minnesota and Wisconsin. Health Partners has a 15-member board; consumers choose 13 of the members. “Our members vote for those directors and they are very engaged,” Aebischer said. Member control keeps costs to a minimum. “Our administrative costs are 5.4% — one of the lowest rates in the country.”

Cheney, who leads the national credit union association, pointed out that there are now 93 million Americans who are member-owners of credit unions. “The only similarity between a credit union and a bank,” Cheney said, “are the types of services we offer. How we provide those services is very different … Credit union members save $6.5 billion a year because of lower rates on loans, higher rates on savings, and much lower fees than for-profit institutions.”

Crear, who leads the World Council of Credit Unions, focused on the group’s efforts to start
credit unions in Afghanistan. “About five years ago, when we began operation in Afghanistan, there were no banks or credit unions,” said Crear. “Our role was to help create these.”

The Afghans, Crear added, were very pleased to know that the government had no hand in it. They were going to serve each other. The toughest thing we dealt with was that women had to have equal representation. The answer was OK – let’s do this.” To date, 18 credit unions with 26 branches have resulted from the effort.

Lowery, whose association represents rural electric co-ops nationally, highlighted a statement made by Theodore Roosevelt in 1908. “The cooperative model,” Roosevelt said, “is the better model whenever human beings are willing to take direct responsibility. Supported by federal legislation passed under Franklin Delano Roosevelt in the 1930s, today rural electric co-ops employ 75,000 and provide electrical service to 42 million.

Snyder of NCB took a somewhat different tack than the other presenters, expressing frustration at how cooperatives, despite their size, remain outside the mainstream of policy debates. “We have a great story to tell, but we just can’t get across the finish line ... we, as a cooperative community, we have to come together more to figure out how we get it across the finish line.”

At NCB’s annual meeting, held the following day, the focus was on links between NCB, co-ops, and the federal Healthy Food Financing Initiative. As Annie Donovan, Chief Operating Officer of NCB Capital Impact (a community development financial institution linked to the bank), noted, NCB makes over $1 billion in grocery loans to food co-ops.

Ann Wright, Deputy Under Secretary for Marketing and Regulatory Programs at the U.S. Department of Agriculture noted that nationally, “Out of 65,000 census tracts, 6,500 have been defined as food deserts.” Al Plamann noted that his co-op United Growers, services 2,800 stores. “Many of the areas identified as food deserts are in census tracts that we’re interested in,” Plamann added. Tom Wenning, Executive VP, National Grocers Association, lauded the Pennsylvania Fresh Food Financing Initiative, on which the national program is based. “We found it did preserve jobs in the community. It provided an opportunity to provide a store or service to consumers and give them a source of nutritious and healthy food,” Wenning said. Jake Schlaechter, a Food Co-op Development Specialist with the Food Co-op Initiative, talked about the need for technical assistance efforts to enable food co-ops to fill food desert gaps. “There is a great need for peer connections between groups that are trying to organize with groups that may be a couple of years further along,” Schlaechter said.

Snyder concluded the proceedings with a comment that reflected his remarks at the Cooperative Issues Forum the day before. “With co-ops, we have really a great idea,” Synder said. Co-ops, Snyder added, have “$655 billion in sales activity in the United States: We serve hundreds of millions. And yet Americans couldn’t identify one. That’s something we have to change. We have to educate the American public on the benefits of cooperatives.”

For more information about the Cooperative Development Foundation, see: www.cdf.coop. For more information about the National Cooperative Bank, see: www.ncb.coop.