

# 2012: Year of the Co-op

*Consumer-owners celebrate a business model with international appeal*

By Megan McKoy-Noe

Is it possible to change the way people eat a fruit? Could cheese unite communities? Can electricity transform the future of a country? It's possible—with a little cooperation.

The United Nations General Assembly designated 2012 as International Year of Cooperatives (IYC 2012), under the banner “Cooperative Enterprises Build a Better World.” The resolution recognizes the vital role cooperatives—democratically governed businesses that operate on an at-cost, not-for-profit basis—play in the economic and social well-being of nations around the globe, and encourages countries to foster cooperative development as a way to generate local wealth, employment and marketplace competition.

“At a time when folks are losing faith in big corporations, International Year of Cooperatives 2012 offers us a great opportunity to showcase the many ways the local, consumer-owned and member-controlled cooperative form of business benefits communities all over the world,” says Glenn English, CEO of the National Rural Electric Cooperative Association. “It gives cooperatives a perfect venue to contrast how we differ from profit-driven companies.”

## Co-ops Are Everywhere

If variety is the spice of life, co-ops are a zesty bunch. Every day, more than 29,200 cooperatives supply essential products and services to American consumers, touching our lives in almost every way.

Tomorrow at breakfast, check your morning paper. Many of the articles may be labeled “Associated Press” or “AP.” Those stories were written by individual reporters, but distributed by a cooperative news organization.

If your breakfast includes freshly squeezed orange juice, it may be from a Sunkist product. Sunkist is a cooperative

formed by California and Arizona citrus growers.

And the list goes on. Land O’ Lakes butter, Ocean Spray cranberry juice, Sun-Maid raisins, Welch’s grape jelly, Nationwide Insurance, Blue Diamond almonds, Ace Hardware and REI outdoor gear are all cooperatives. In fact, one out of every four Americans claims membership in some type of cooperative, including 91 million served by credit unions and 42 million connected to more than 900 electric cooperatives in 47 states.

Although many in number, cooperatives differ from typical businesses in one big way: They are organized for the benefit of their members, not single owners or stockholders.

“Co-ops are established when the for-profit, investor-owned commercial sector fails to meet a need, either due to price or availability of goods and services,” says Martin Lowery, NRECA executive vice president, external affairs and chairman of the Washington, D.C.-based National Cooperative Business Association Board of Directors.

“The co-op business model works in housing, utilities, and in both rural and urban settings. Co-ops empower people to take control over their own economic destinies.”

Dallas Tonsager, undersecretary for rural development with the U.S. Department of Agriculture, points out that co-ops “are only as good as the people running them and only succeed when members support them. But well-managed, democratically run co-ops have proven time and time again that when people unite to achieve a common goal, they can accomplish anything.”

## On the Cutting Edge

Odds are you have orange juice in your refrigerator. But before a 1916 advertising campaign by Sunkist, oranges were only eaten by the slice. By the end of World War I, however, Sunkist’s “Drink an Orange” push had increased the average per capita serving size from half an orange to almost three.

This pioneering co-op tradition continues in many ways today:



- Credit unions fought off the destructive cycle of payday loans by creating salary advance loans with low rates that placed part of the borrowing into a savings account helping members escape a cycle of debt.
- Marketing cooperatives added food nutrition labels to products long before it was required by federal law.
- Electric cooperatives lead the way in smart grid implementation. Close to half have installed advanced metering infrastructure (AMI), with 30 percent integrating AMI or automated meter reading devices with various software applications, such as outage management and geographic information systems.

It is hard to conceive of America without cooperatives, Tonsager reflects.

“Agricultural co-ops have made our nation the breadbasket of the world,” he says. “This occurred, in part, through lending from the farmer-owned, cooperative Farm Credit System and power supplied by electric co-ops. Today, electric and telephone co-ops are playing a vital role in deploying the advanced distribution, transmission and telecommunications infrastructure that rural America needs to prosper and stay competitive.”

### Building a Better World

The IYC 2012 theme, “Cooperative Enterprises Build a Better World,” embodies NRECA International Programs, a division of NRECA that celebrates its golden anniversary this year.

Since its creation in 1962, NRECA International Programs has assisted with electrification endeavors that have resulted in increased agricultural output, millions of new jobs and an enhanced quality of life for more than 100 million people in 40-plus nations.

“More than 2 billion people worldwide still lack electricity and millions more must depend on unreliable and unsafe power,” says Ingrid Hunsicker, manager of international program development for the NRECA International Foundation, a charitable organization that has partnered with more than 300 electric cooperatives in the United States to bring power and economic development to rural villages overseas. “In many countries, traditions of self-help, self-government and joining together to achieve a common goal don’t exist.”

Because circumstances vary widely, NRECA International Programs adopted the slogan, “Electrifying the world, one village at a time.” Outreach relies on the time-tested electric cooperative approach, giving people experience in the democratic process and entrepreneurship so they can launch local services.

“One of the challenges we face in many countries is building a rural business culture,” Hunsicker says. “When electric cooperative employees and volunteers arrive, they outline how to create a business plan, how to conduct meetings, how to collect the full amount due from consumers, what type of electric generation system to invest in and everything in between. It’s all about discovering and building on what works. Best of all, we show the best face of not only who we are as co-ops, but who we are as Americans.” ■

## A Success Story

About 29,200 cooperative enterprises in the United States offer numerous services and provide 2 million jobs with annual sales of \$652 billion.



- ▶ More than 900 electric co-ops deliver electricity to 42 million consumers in 47 states.
- ▶ Electric co-ops own and maintain 42 percent of the nation’s electric distribution lines that cover 75 percent of America’s landmass.
- ▶ Two million farmers are members of nearly 3,000 farmer-owned cooperatives.
- ▶ More than 7,500 credit unions offer financial services to 91 million consumers.
- ▶ About 233 million people are served by insurance companies organized as or closely affiliated with co-ops.
- ▶ Around 50,000 families use cooperative day-care centers.
- ▶ Roughly 1.2 million Americans in 31 states are served by 260 telephone cooperatives.
- ▶ More than 1.2 million families live in housing owned and operated through cooperative associations.

### Worldwide Phenomenon

The cooperative sector boasts nearly 1 billion members in more than 90 countries.

- ▶ The proportion of cooperative membership to population varies, but can be as high as 50 percent in Finland and Singapore; 33 percent in Canada, New Zealand, Honduras and Norway; and 25 percent in America, Malaysia and Germany.
- ▶ Forty-five percent of Kenya’s gross domestic product can be attributed to cooperatives.
- ▶ Cooperatives account for 80 percent to 99 percent of milk production in Norway, New Zealand and the United States.
- ▶ Co-ops account for 71 percent of fishery production in Korea; 40 percent of agriculture in Brazil; 25 percent of savings in Bolivia; 24 percent of the health sector in Colombia; and 55 percent of the retail market in Singapore.
- ▶ Financial cooperatives serve an estimated 857 million people—13 percent of the world’s population.
- ▶ About 49,000 credit unions serve 177 million members in 96 countries under the umbrella of the World Council of Credit Unions.
- ▶ Financial cooperatives are the largest providers of microfinance services to the poor, reaching 78 million clients living below the poverty line of \$2 per day.
- ▶ Cooperatives generate 100 million jobs globally.

Source: International Cooperative Alliance