

Chapter 1 : Agricultural cooperative - Wikipedia

Preface This report describes the position and functions of cooperatives in the U.S. citrus industry. It is the first known detailed examination of its kind on citrus.

See other formats Historic, archived document Do not assume content reflects current scientific knowledge, policies, or practices. The work of the Service relates to problems of management, organization, policies, financing, merchandising, produce quality, costs, efficiency, and membership. JULY Contents Page Highlights v Introduction 1 Florida Citrus Cooperatives 2 Local packinghouse cooperatives 2 Participation plan cooperatives 2 Processing cooperatives 2 The December Freeze 3 Cooperative Operations in the Season 3 Operations of local packinghouse cooperatives 5 Benefits of cooperative membership 5 Production area 8 Processing affiliation 8 Seasonal volume 8 Pooling 8 Operations of processing and participation plan cooperatives 13 Pooling 14 Conclusions 15 Highlights Conventional pooling arrangements of Florida citrus cooperatives were severely tested during the destructive freeze of December Changes made in standard cooperative practices during this period raised questions about the fair and equitable treatment of members. Two key measures of efficient and effective service to growers, 1 on-tree returns and 2 percentage of crop lost, provide guides for answering these questions and for directing future courses of action in the event of similar disasters. Cooperatives have an important role in the Florida citrus industry. In the season, the 27 local packinghouse associations included in this study accounted for 17 percent of the oranges, 20 percent of the grapefruit, and 23 percent of the tangerines harvested. The 6 participation plan cooperatives accounted for 24 percent of the oranges and 9 percent of the grapefruit used by all processors. The 3 processing cooperatives handled 13 percent of the oranges and 18 percent of the grapefruit used by all processors. The substantially higher on-tree prices and lower percentages of crop lost by cooperative members, as compared with industry averages during the period, show the advantages of cooperative membership in times of disaster. Cooperative packinghouses with large-scale operations were generally better staffed and equipped than smaller associations to harvest their members' fruit rapidly and with less loss. Ownership of processing facilities by local packinghouse cooperatives assured their grower-members an outlet for processing fruit, and a share in the increasingly valuable inventories of finished products. Processing cooperatives generally included local packinghouse associations in their membership rather than individual growers, and thus had no reason to provide picking and hauling services. Responsibility for harvesting and marketing fruit, together with the special cooperative requirements for maintenance of fair and equitable treatment among members, brought special problems to these associations. One problem was how to harvest the most fruit in the least amount of time, thus maximizing total revenue to the cooperative, and at the same time treat all members alike. Many different pooling arrangements are used by Florida cooperatives. Before the freeze, 5 local packinghouse cooperatives used 5 different single pooling arrangements for oranges, and 22 associations used 15 different multiple pooling arrangements for processed oranges. After the freeze, many organizations made changes in their pooling arrangements. Some cooperatives simply closed their pools at the time of the freeze and began again on the same basis after the freeze. Most of these changes affected pooling arrangements for the remainder of the season only. A most significant change was made by 6 local packinghouse cooperatives that adjusted their pools for fruit not picked. Use of this adjusted basis for dispersing pool returns allowed management to harvest fruit in the most efficient manner possible. On-tree prices averaged about the same for local packinghouse associations using either the adjusted or the actual-volume basis for dispersing pool returns, but the percentage of crop lost was much lower for members of those cooperatives that adjusted pools for fruit not picked. Inequities in the adjusted method of dispersing pool returns that might grow out of dependence on early season estimates could be minimized by making a damage appraisal immediately after the freeze. Such an appraisal would update the earlier estimate and give full consideration to variations in fruit damage and costs of picking and hauling. Advance planning in all these matters would alleviate problems and assure membership understanding in a time of disaster. Pooling methods of participation plan and processing cooperatives were much the same as those used by local packinghouse associations.

However, only one of these, a processing cooperative, made any changes in pooling methods after the freeze. Average on-tree prices for oranges to growers using the services of these organizations exceeded State average prices for processing fruit by 50 percent for participation plan cooperatives and by 75 percent for processing cooperatives. Average on-tree prices for grapefruit exceeded the State average for processing fruit by 75 percent for participation plan cooperatives and by percent for processing cooperatives.

Hamilton 1 Introduction In early December, Florida experienced an extensive freeze that caused severe damage to all citrus in the State except in the Indian River Area. Immediately after the freeze, an embargo was placed on out-of-State shipments of fresh fruit. However, experience had proven that freeze-damaged fruit could be used successfully in processed products, provided the fruit was picked before fermentation and decay set in. The citrus industry had to move quickly to salvage mature fruit. Florida citrus cooperatives worked efficiently in this salvage operation, but many standard cooperative practices were modified in the process. These changes raised questions about the fair and equitable treatment of members.

Mr. Department of Agriculture; Mr. Hamilton are graduate assistant and economist, respectively, at the Florida Agricultural Experiment Station, University of Florida. As a result, Farmer Cooperative Service and the Department of Agricultural Economics, University of Florida, undertook this study of pooling practices to learn how successfully Florida citrus cooperatives had maintained the dual standards of equal treatment and efficient operation. Specific objectives of the study were to determine:

A personal interview with the manager or financial officer of each of 37 Florida citrus cooperatives provided a complete picture of the business activities of these organizations during the season. Although this study examines the pooling practices of Florida citrus cooperatives as they were affected by the freeze, much of what was learned could apply to other circumstances involving crop damage.

Florida Citrus Cooperatives The 37 citrus cooperatives included in this study are of three distinct types: Local packinghouse cooperatives, processing cooperatives, and participation plan cooperatives. Sales are handled by the local association or an affiliated sales agency. Most local cooperatives are affiliated with a processing organization that manufactures and sells citrus products. Many associations also provide their members with grove caretaking services, including in some cases the planting and cultivation of new citrus acreage. Of the remaining 23 associations, 2 owned their processing facilities, 1 had a cost-plus arrangement with a processor, and 1 large organization had an arrangement to participate in the profits of a number of other processors. The other 19 were member-owners of 1 of the processing cooperatives. In general, these local packing associations held membership in only 1 processing cooperative, but at times local associations were members of 2 or more processing organizations.

Participation Plan Cooperatives Six cooperatives operated participation plans, or bargaining associations as they are sometimes called. These cooperatives operate under a plan that enables growers and processors to share risks and profits from processing and marketing. As a special service, 2 of these associations helped their members find markets for fresh fruit. Their activities were in most cases closely coordinated with the operations of the contracting processors. None of these cooperatives owned facilities for performing any type of member service. The 6 participation plan cooperatives had three types of contracts with processors:

Processing Cooperatives The 4 processing cooperatives performed all marketing operations for their members once fruit was delivered to the processing plant. These organizations performed no production or harvesting services. Members included local packinghouse cooperatives, private fresh-packing firms, a few very large growers, and participation plan cooperatives.

The December Freeze Florida citrus growers, like most agricultural producers, have experienced the adversities of storm, freeze, and economic hardship. In recent years, freezes have been most destructive. The freeze of December was severe enough to cause extensive damage in all the important citrus-producing areas of Florida except along the Indian River on the east coast of the State. See figure 1 for a graphic delineation of the Florida citrus production areas. The Florida Citrus Commission, after an evaluation of the situation, placed a total embargo on interstate shipments of fresh citrus from December 17 to December 27, and an embargo on damaged fruit up to January 10. This effectively ended fresh fruit outlets as a salvage possibility. The rush to move fruit to processing plants began immediately. For the State as a whole, more than 85 percent of the citrus crop was still on the trees when the freeze occurred. In early December, the U. Department of Agriculture had estimated the Florida citrus crop for the season at

Immediately after the freeze, processors began salvage

operations. The relatively slow rise in temperature after the freeze prevented the onset of immediate spoilage, and as a consequence a sizable proportion of the mature frozen fruit was utilized. The relative effect of the freeze upon the operations of cooperatives in each of the four areas classified by degree of cold damage is important in comparing operational results for the season. Information on financial operations was obtained for 25 of the 27 local packinghouse cooperatives; for 3 of the 4 processing cooperatives; and for all 6 participation plan associations. Most cooperatives made a preseason estimate of their expected volume of each kind and variety of fruit. Preseason estimates of participation plan associations and processing cooperatives were not as detailed as the estimates of local packinghouse cooperatives. When an estimate was not available, one was assigned to the organization. Generally escaped major damage except in Volusia and upper Brevard Counties where temperatures followed patterns similar to the West Coast Area. For the one organization located in the Indian River section, district IV, the assigned preseason estimate was based on the experience of all cooperatives in the area. A comparison of on-tree prices and percentage of the crop lost for 25 local packinghouse cooperatives and the entire Florida citrus industry shows the advantages of cooperative membership during this period table 1. For both oranges and grapefruit, members of cooperatives realized a higher average on-tree price than the industry generally. The percentage of the grapefruit and orange crop lost was substantially lower among cooperatives than for the industry. For tangerines, the percentage of the crop lost did not favor cooperative membership, and the average price for the industry was higher than that for the cooperatives. This was in part because the cooperatives, unlike many independent growers, attempted to salvage some tangerines. This salvage effort by cooperatives led to a somewhat lower crop loss and a lower average price because tangerines for processing bring comparatively poor returns. The industry averages reflect the activity of both the independent growers and the cooperative growers. Therefore, the on-tree price received by the independent growers and their percentage of crop lost are in reality less favorable than industry averages indicate. Averages for the independent growers could not be calculated because not all cooperatives participated in the study. In addition to a higher on-tree price and a lower percentage of crop lost, the cooperative member had an assured market for his fruit. Oranges 2 Grapefruit Tangerines 1, boxes 13, 6, 1, boxes 75, 30, 2, Dollars 2. Severely damaged groves, like these, were frequently left until less damaged and better yielding groves were harvested. Available equipment and access to large-scale processing facilities helped cooperatives keep the crop losses of their grower-members at below-average levels. All available labor resources were utilized in an attempt to salvage as much mature fruit as possible. The evaporating capacities of concentrate plants were therefore taxed to the limit. This inspector is determining the sugar and acid content of a sample of processing oranges. However, after the freeze, some cooperatives modified their methods of paying growers to account for fruit not picked. Independent growers in the industry had a very difficult time salvaging fruit at any price after the freeze because most harvesting firms were preoccupied with existing contracts. Cooperative members suffered crop losses in direct relationship to the pattern of cold severity in the respective production areas. In the hard-hit West Coast and North Central Florida Areas, many cooperatives closed their packinghouses through the season. In the Indian River Area where damage was very light, some cooperatives shipped more grapefruit in the season than preseason estimates had indicated was available.

Chapter 2 : Cooperatives in the U.S. Economy | Research on the Economic Impact of Cooperatives

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There are perhaps only three true species of Citrus: Citrus maxima pummelo, C. All other citrus known today are hybrids of these three species, even those that grow true from seed. Oranges are hybrids of pummelo and mandarin, grapefruits are hybrids of pummelo and orange, lemons and limes are hybrids of citron and an unknown species. Even kumquats are hybrids of mandarin. Citrus is believed to have originated in the part of Asia bordered by India, Myanmar Burma, and China. Citrus fruit has been cultivated in India and China since ancient times, and is now cultivated in warm climates throughout the world. Citron seeds have been found in Mesopotamian excavations, but it was first cultivated in Persia. Known as etrog in the Jewish tradition, the fruit has a prominent role in the autumn Feast of the Tabernacles, or Sukkot, and so the fruit followed the Jewish people as they colonized the Mediterranean. Other citrus fruits followed a similar path from Asia to southern Europe, largely brought by Arabs, who colonized the areas in the Mediterranean that were left free by the Romans. By the end of the Middle Ages, citron, sour orange, lemon, and lime were widely cultivated in Italy, Spain, and Portugal. The sweet orange did not arrive from China until the mid s, but was widely cultivated in both Italy and Spain by the beginning of the seventeenth century. Citrus cultivation in the U. Catholic missionaries brought citrus plants with them to California from northern Mexico. Citrus cultivation gradually spread in both California and Florida, eventually becoming some of the dominant industries in each state. The New World primarily Florida, California, and Brazil is now responsible for the bulk of citrus production worldwide. The first Florida citrus trees were planted near St. Augustine by Spanish explorers, most likely Ponce de Leon. The sandy soil and subtropical climate proved to be ideal for growing citrus, and the Florida citrus industry grew quickly in the 19th century, with production up to 5 million boxes of fruit each year by the s. Demand for citrus fruit in the northeast along with rail lines that allowed shipping long distances enabled this growth. The Florida industry was devastated during the Great Freeze of the winter of , and production dropped to , boxes. But growers picked up and moved south, and production rebounded to pre-freeze levels within 15 years. Florida lead the U. Though citrus was first brought to the state much earlier, California citrus production was largely propelled through the introduction of the navel orange in the s. Brought to Brazil from Portugal in the early s, the navel orange was a mutation of the original variety that was seedless, sweet, juicy, and easy to peel. The USDA obtained cuttings of this tree and sent a few starter trees to Eliza Tibbets in Riverside to see how they would fare in the California climate. Though they required irrigation, these trees were the key to the start of the California citrus industry. One of these trees still stands and bears fruit in downtown Riverside. The industry really took off in the s, following advances in large-scale irrigation technology. California is first in the U. Arizona and Texas also contribute to the U. According to historical records, citrus appears to have reached Arizona before California, but it never expanded beyond a few plantings scattered around in home gardens until the beginning of the twentieth century. The establishment of citrus cooperatives eliminated many costly transportation problems, enabling the industry to grow. Today, Arizona is second in the nation in production of lemons, third in tangerines, and also produces oranges and grapefruit. The Texas citrus industry today is comprised almost entirely of grapefruit production, and was largely made famous through the creation of several sweeter varieties of red grapefruit in the s and s. Texas citrus has been impacted many times by serious freezes, and so citrus cultivation is now restricted to the southern-most areas of the state. Pests and diseases of citrus Citrus pests and diseases pose a great threat to the citrus industry in the U. Citrus can be damaged by a wide variety of insect, mite, and nematode pests, but not all cause significant damage. Whiteflies and soft scales both can cause leaf curling and yellowing through their sap feeding and honeydew production. The sticky honeydew can also attract ants and promote the growth of sooty mold. Armored scales are also sap feeders, and cause similar leaf damage, but they do not produce honeydew. Fruit flies can cause damage to the fruits; the females puncture the fruit to lay their eggs, and the

larvae feed on the fruit when they hatch. Moth larvae feed on leaves and are capable of defoliating an entire tree in a few days. Beetle larvae attack the roots, stems, and trunks of the trees, while the adults often feed on the leaves. Mites can attack the fruits, leaves, or buds, but are also vectors for viruses such as citrus leprosis virus. In fact, many of the most important citrus pests are vectors for disease. Aphids, psyllids, and other sap-sucking insects are often problematic more due to their ability to vector diseases than the direct damage they can cause. There are four diseases that are currently of greatest concern to U. Citrus greening, also known as huanglongbing or yellow dragon disease, is one of the most serious citrus plant diseases in the world. Citrus greening is caused by a phloem-limited bacterium that is transmitted by Asian citrus psyllid pictured above. There is not a cure for citrus greening, and it kills most infected trees within a few years. Citrus canker has struck U. Also a bacterial disease, citrus canker causes the tree to decline in health, prematurely dropping leaves and fruit, until the tree ceases fruit production altogether. It affects all types of citrus and is very easily spread. Citrus black spot is one of the most serious fungal diseases of citrus in the world. Common in subtropical regions of the world with summer rainfall, citrus black spot was detected in Florida in . It leaves the fruit highly blemished and unsuitable for sale. The fourth disease, sweet orange scab, was also confirmed in the United States in , this time in Texas. Sweet orange scab is a fungal disease, and it primarily causes cosmetic damage to fruit, making it unsuitable for sale in the fresh market.

Chapter 3 : € Distribution vegetable agricultural cooperatives Italy , by area | Statistic

Cooperatives play an important role in the handling and marketing of both fresh and processed citrus products. This report examines the development and position of cooperatives in the citrus industry, their functions and operating practices, and the impact of changes in production practices and industry structure on cooperatives.

Sources Cooperative associations have been organized throughout history to carry out many different activities, often in response to economic and social stress. Cooperative organizations in the United States appeared very early, reflecting both the European heritage of early settlers and the basic need for cooperative solutions to rural conditions. European Influences The development of U. During this period many small, home-based enterprises disappeared, forcing workers to move to cities where they faced harsh working conditions and low wages. In rural areas, the enclosure movement and changes in land tenure patterns drove many small farmers off their lands into towns and cities looking for work. Building on trade and social guild traditions, mutual aid and "friendly society" organizations sprang up to address the conditions of the times, and contributed to the development of the cooperative business ideas. Arguments that provided a broader rationale for cooperative organizations were articulated by Robert Owen and Charles Fourier , who were inspired by conditions of the period to search for paths to a more harmonious, utopian society. The more pragmatic William King advocated the development of consumer cooperatives to address working class issues, and his self-published magazine, "The Cooperator", provided information on cooperative practice as well as theory. King emphasized starting small cooperatives with capital that could be supplied by its members. He stressed the use of democratic principles of governance, and the education of the public about cooperatives. The wave of consumer cooperatives that followed included the Rochdale Cooperative, which is often cited as the prototype for the modern cooperative association. A group of struggling weavers pooled their funds so that they could purchase quality goods and supply themselves at cost. These efforts were part of a broader vision in which other social needs could be met through cooperative action. Building on the successes and failures of organizations that preceded it, the Rochdale pioneers codified the principles of a successful cooperative business operation. These were widely publicized and distributed, and are the basis of the seven cooperative principles that continue to influence cooperative practice. The s was a period of extreme famine and hardship in Europe, and cooperative responses emerged in other European countries as well. Raiffeisen and Herman Schulze organized cooperative loan and credit organizations. These were models for the cooperative banks that spread across Europe, and were the forerunners of credit unions and the cooperative farm credit system in North America. Cooperative farm marketing and farm supply organizations took hold and flourished in Denmark in the s without government assistance or subsidies. The success of these cooperatives has been attributed in part to the Folk High School system. The schools were established to provide a non-formal, liberal arts education to adults, giving them the tools to be the active and engaged citizens who are key to a well-functioning democratic society. Early history Cooperative development in specific economic sectors sometimes followed divergent paths, influenced by the social and market conditions of a given time and place. Periods of significant cross-pollination between sectors also occurred, especially when broader socio-economic forces were at work. It is in the agricultural sector, however, that cooperatives have made the most significant economic impact in the U. The first recognized cooperative business in the U. The first recorded dairy and cheese cooperatives were organized in , and cooperatives for other agricultural commodities followed. These early cooperative efforts on the part of agricultural producers were local, independent of any larger organization, and relatively short-lived. Several small, localized cooperatives during this time were organized to purchase products in bulk for members and sell them at cost. Many of these consumer cooperative ventures developed independently throughout the 19th century; by they could be found in most important industrial towns nationwide. Adverse economic conditions for farmers included low prices, wide marketing margins, high freight charges, and high interest rates. Marketing cooperatives were organized by farmers to counter these conditions. Bakken and Scharrs, p. The organization grew, and the cooperatives began to be operated according to the Rochdale principles. The latter nineteenth century and the Progressive

Era A sponsor of "cooperation in all things", the Order of the Patrons of Husbandry, known as the Grange, was formed after the Civil War to improve farming conditions. As the first organization that actively promoted cooperative development, the Grange sought to eliminate the costs associated with the middleman by bringing farmers and manufacturers, and producers and consumers, into direct relations. In the Grange endorsed the Rochdale Principles, and its cooperative development efforts led to the formation of hundreds of agricultural marketing and purchasing cooperatives, as well as cooperative stores for consumer goods. Its diversification into many business activities, however, contributed to its decline in the s, as poor business practices and a lack of member participation took their toll. Other organizations emerged to support the development of agricultural cooperatives. The Alliance was also active in the southern states, where the use of crop liens created chronic debt for many small tenant farmers and sharecroppers. The Alliance introduced cooperative practices to some Southern black farmers, but discrimination and the passage of Jim Crow laws in the s significantly affected cooperative development. During this time labor organizations such as the Knights of Labor and the Sovereigns of Industry also experimented with developing cooperative stores for their members. The Rochdale Principles were successfully used to operate many of these stores. Often independents were not geographically concentrated enough to successfully federate for wholesaling purposes, and failures could often be attributed to insufficient capital, poor management, or lack of patronage Parker, pg. Interest in cooperatives intensified around the turn of the century, as many reacted to monopolistic practices and what were seen as the excesses of capitalism. Cooperation was identified as one avenue to a more socially responsive economy. CLUSA drew support from consumer cooperation movements in other parts of the country, most notably from the social democratic Finnish cooperatives in the Upper Midwest and the agricultural cooperative purchasing associations. The first credit union statute was passed in Massachusetts in The number of credit unions significantly expanded during the s under the strong national leadership of Edward Filene and Roy F. Bergengren, who promoted the adoption of credit union legislation at the state and federal levels. Emerging in the early s, the American Farm Bureau and the National Farmers Union became significant forces in farmer cooperative development by providing technical assistance to new cooperatives, and by lobbying for the enactment of state and federal legislation favorable to cooperatives. Several of the largest modern agricultural cooperatives grew out of the development efforts of these organizations. The Sherman Antitrust Act, which made the constraint of trade through contract or conspiracy illegal, had been passed in to counter the negative effects of monopolies on the economy. However, since agricultural cooperatives were a vehicle for farmers to set a common price for their products, there were subsequent attempts to declare agricultural cooperatives in violation of the antitrust law. The controversy eventually led to the passage of the Capper-Volstead Act , which authorized the right of farmers to market or process their agricultural products cooperatively if certain criteria were met. Aaron Sapiro and Edwin G. Nourse were two influential American cooperative thinkers active in the agricultural sector during this time. Rather than emphasizing cooperatives as part of broader social and political philosophies, both focused on building efficient cooperative business models that would meet farmer needs. A lawyer from California, Sapiro promoted large-scale, centralized co-ops organized by commodity that would function monopolistically, and allow producers to capture greater market share and achieve better prices for the farmer. He created a uniform cooperative marketing law in which was adopted at least in part by 26 states, and which influenced the language of the Capper-Volstead Act. Nourse, in contrast, promoted locally organized and controlled cooperatives and the use a federated structure to capture only enough market share to promote competition. The federal government supported cooperative development in the agricultural sector in a variety of ways. The Great Depression The challenges of the Great Depression brought further federal support for cooperatives. The Farm Credit Act in established Production Credit Associations to make production loans to farms, and created a system of banks for agricultural cooperatives. And in , the passage of the Federal Credit Union Act permitted credit unions in states without credit union statutes to be chartered at the federal level. The Rural Electrification Act of established a lending agency to finance this effort. Farmers, familiar with the cooperative model, quickly established rural electric cooperatives to take advantage of the program. The REA provided ongoing organizational support to these cooperatives, which contributed to the overall success of the program Parker, pg. Rural electrification created

profound changes in rural life and agricultural practices. During the 1930s, urban interest in cooperatives increased, resulting in part from the role that cooperatives played in many of the New Deal government programs. There was also increased coordination of cooperative activity nationwide. Farm purchasing cooperatives continued to grow and thrive during this period, especially in the Midwest. Not only did they provide fertilizer and feed, they expanded into the production and distribution of petroleum products, and offered insurance and credit. The years following World War II were marked by increasing sales volume and an increased use of cooperatives in the agricultural sector, although cooperative consolidation led to a smaller number of larger cooperatives. As the scale of operations increased, agricultural cooperatives entered into a wider variety of value-added processing ventures. A more moderate political outlook came to dominate CLUSA as the political and social landscape changed. The rise of a business managerial leadership that could effectively manage increasingly complex cooperative enterprises also contributed to a more pragmatic approach. The civil rights movement embraced cooperatives as a way to support independent black farmers in the south. Organizations such as the Federation of Southern Cooperatives recognized the wide range of services needed to promote operating independence and land retention among black farmers, given the legacy of segregation and discrimination, and took a broad approach to cooperative development. Consumer food cooperatives experienced a resurgence during the mid- and early 1970s, driven by a lack of access to natural and organic foods, and interest in alternative food systems. Although many eventually failed, those that survived have been a major influence on the growth and development of the organic and natural foods market. Some agricultural cooperatives are now among the largest corporations in the country and are part of the global marketplace. Strategies and structures are now dominated by economic considerations, and agricultural cooperatives play a role in influencing national agricultural policy (Cobia, pg. 10). Cooperatives today can be found in all sectors of the U.S. (The Cooperative League, 2010; Reynolds, *Black Farmers in America*, 1991, U.S.).

Chapter 4 : Cooperatives in the U.S. Citrus Industry - CORE

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Ownership Considerations Both incorporation and taxation reflect how an entity operates, and both recognize cooperatives as one of an array of organizational entities. As noted above, however, many situations exist where the cooperative organization does not fully fit into the existing cooperative categories for incorporation and tax filing. In these cases, to determine if an organization can be classified as a cooperative requires other criteria. Patron ownership is a defining characteristic of a cooperative, and data indicating ownership can identify an additional universe of cooperatives. The right to residual returns also belongs with patron members, who receive benefits based on use, including patronage refunds. Survey questions about membership criteria, member voting rights for board elections, patronage refund allocation, and non-participation on the board by management can provide additional data on ownership for identifying cooperatives.

Boundary Issues Organizations that are owned and controlled by patron members who receive benefits proportional to use can be identified as cooperatives through incorporation, tax filing, and member activity information. As with any taxonomy, however, questions arise when organizations meet some, but not all, of the criteria for classification of a cooperative. These variations can blur the definition of a cooperative, and pose questions about the boundaries of cooperative activity.

Nonprofit Entities Many cooperatives are incorporated as nonprofits. This designation encompasses two different subsets. Incorporation statutes that are specific to cooperatives, but that classify them as nonprofit entities, also make provisions for member ownership rights including member voting rights for board of directors, distributions, and rights to residual returns. In contrast, cooperatives incorporated under general nonprofit statutes are not statutorily bound to follow organizational and operational criteria specific to cooperatives, making the cooperative character for such organizations more difficult to identify. This type of nonprofit cooperative frequently appears in traditional nonprofit sectors such as education, arts and crafts, and childcare. General nonprofit statutes permit member organizations, but may not guarantee the right of members to vote. Membership organizations incorporated under a nonprofit statute may exhibit varying levels of democratic control by member patrons; whether such an organization is a cooperative is debatable. General nonprofit statutes also prohibit distributing residual earnings to those who control the organization, including members. The distribution of benefits to patron members based on use is a central concept to the cooperative operation. This prohibition on distributions would seem to disqualify all nonprofit membership organizations as cooperatives. However, this type of nonprofit cooperative typically operates in sectors commonly designated as not-for-profit and where residual earnings are uncommon. Member benefits in these cooperatives are the services provided; the member receives these benefits in proportion to how frequently the cooperative entity is used. Whether the statutory prohibition of distributions should exclude from a cooperative census a member-controlled organization providing services to its patrons poses another boundary question for this study. Federal tax-exempt status designations present related boundary issues in identifying cooperatives. For example, IRC c 12 exempts benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, mutual or cooperative electric companies, and "like organizations". The IRC outlines specific organizational and operational cooperative principles that an organization must follow to be eligible for this Federal tax exemption. These principles center on democratic control, subordination of capital, and operation at cost, which includes the distribution of any savings to members based on their patronage. Clearly a nonprofit organization with such a tax-exempt status can be categorized as a cooperative. Tax-exempt designations specific to cooperatives in other sectors exist as well. In contrast, cooperatives organized under general nonprofit statutes that provide services may qualify for Federal tax-exempt status under IRC section c 3. This tax-exempt designation supports, among others, organizations established for educational and charitable purposes and can be a major incentive for incorporating as a nonprofit. Such organizations are eligible to receive grants and tax-deductible contributions.

Cooperatives organized to provide public sector-type services, such as education or childcare services, may have difficulty financing start-up or ongoing costs. For them, the ability to receive grants or contributions may be essential for survival. This mirrors the prohibition on distributions in general nonprofit incorporation statutes, and raises similar boundary issues for interpretation. Quasi-governmental Entities Cooperative activity within the public sector presents significant boundary issues. Governmental, quasi-public, nonprofit, and private entities may all provide public sector goods and services using public revenue. They may also share cooperative characteristics, such as a user-based representative governance system, and supply benefits that aggregate with use. Some entities are incorporated as stand-alone nonprofit agencies, may self-identify as cooperatives, or have member control characteristics that might allow them to be classified as cooperatives. However, most of these organizations spend public revenue and they typically have some mandated control or reporting requirements that are external to board control. One method for determining whether a cooperative organization is a government entity is to consider whether the organization is included in U. Census of Governments , Individual State Descriptions, and whether revenues and outlays are included in state government finance statistics. In the Census definition, governmental character exists if the organization has a high degree of responsibility and accountability to the public, as evidenced by public reporting or open records requirements. This classification is independent of the tax or incorporation status. The degree to which the cooperative board is autonomous and subject to public oversight and reporting, can differentiate these entities from cooperatives that may have publicly funded entities as members, and that may use public revenues to purchase goods or services. These characteristics may be indicated by incorporation status, tax filing status, or bylaw provisions. Boundary questions can also develop because public accountability can characterize both governmental character and recordkeeping and reporting requirements for cooperatives in regulated industries, such as mutual or cooperative telephone or electric companies. Limited Cooperative Associations The limited cooperative association LCA is a newer type of business entity that has characteristics of both the traditional cooperative and the limited liability company LLC. Although few in number, this hybrid form poses a unique set of cooperative boundary questions around issues of investor control. In five states, new statutes address problems associated with cooperative capital formation. While variations exist among the statutes, all permit distribution of net earnings on the basis of investment contributions as well as on patronage, and do not set limits on investor returns. Investor voting rights and election to the board of directors are allowed. The statutes protect patron-member interests through mandated minimums for patronage-based earnings distributions, and special provisions for patron-member voting and majority representation on the board. The extent that this potential for conflicting ownership interests should exclude an organization from a cooperative census is debatable. Besides limited liability for its members, the LCA may elect to be taxed as either a partnership or as a corporation. To be eligible for the single-tax treatment afforded to cooperative corporations, the LCA must meet the IRC-specified organizational and operational principles for operating on a cooperative basis. These principles include subordination of capital and distribution of savings based on patronage, which might not apply to an LCA making investment-based distributions. Whether Federal tax status should disqualify an organization that also encompasses patron member ownership and control requirements is another cooperative boundary question. Partnerships, associations and clubs, and employee stock ownership plans ESOPs are good examples. Professional partnerships are "labor-managed firms," much like worker cooperatives. Unlike most worker cooperatives, however, control is offered only to a restricted set of workers. Many associations and clubs operate according to democratic principles and are controlled by their patrons. Like nonprofits, there are no residual returns; therefore not providing members residual returns on a patronage basis is likely irrelevant. In contrast, ESOPs do provide residual returns to workers typically on the basis of seniority in the organization, which can be considered a form of patronage , but only limited control rights through an intermediate trust. Coverage for This Study So where do these boundary issues leave us in our effort to conduct a census of the "cooperative" sector? Ultimately, any categorization, whether based on economic or organizational criteria, will have boundary issues. The central challenge is to define "hard" boundaries to maximize the usefulness of the data, and to periodically reevaluate these boundaries. We use the 15 sub-sectoral, and 4 aggregate sectoral, economic categories defined by the USDA to identify a potential

universe of firms. To classify firms that did not fit within the subsectors provided by USDA categories, we created two new subsectoral categories:

Chapter 5 : Citrus Resource: About Citrus

Citrus World, a marketing cooperative formed by citrus packinghouses in Florida, owns the third largest orange juice brand called Florida's Natural (Jacobs,).

Purpose[edit] Cooperatives as a form of business organization are distinct from the more common investor-owned firms IOFs. Agricultural cooperatives are therefore created in situations where farmers cannot obtain essential services from IOFs because the provision of these services is judged to be unprofitable by the IOFs , or when IOFs provide the services at disadvantageous terms to the farmers i. The former situations are characterized in economic theory as market failure or missing services motive. The latter drive the creation of cooperatives as a competitive yardstick or as a means of allowing farmers to build countervailing market power to oppose the IOFs. In many situations within agriculture, it is simply too expensive for farmers to manufacture products or undertake a service. This approach is aligned to the concept of economies of scale and can also be related as a form of economic synergy , where "two or more agents working together to produce a result not obtainable by any of the agents independently". While it may seem reasonable to conclude that larger the cooperative the better, this is not necessarily true. Cooperatives exist across a broad membership base, with some cooperatives having fewer than 20 members while others can have over 10, While the economic benefits are a strong driver in forming cooperatives, it is not the sole consideration. In fact, it is possible for the economic benefits from a cooperative to be replicated in other organisational forms, such as an IOF. An important strength of a cooperative for the farmer is that they retain the governance of the association, thereby ensuring they have ultimate ownership and control. This ensures that the profit reimbursement either through the dividend payout or rebate is shared only amongst the farmer members, rather than shareholders as in an IOF. Hays Coop elevator and offices , one of hundreds [5] of grain-oriented agricultural marketing coops in the U. In agriculture, there are broadly three types of cooperatives: A family farm may be too small to justify the purchase of expensive farm machinery, which may be only used irregularly, say only during harvest; instead local farmers may get together to form a machinery pool that purchases the necessary equipment for all the members to use. A farm does not always have the means of transportation necessary for delivering its produce to the market, or else the small volume of its production may put it in an unfavorable negotiating position with respect to intermediaries and wholesalers; a cooperative will act as an integrator, collecting the output from members, sometimes undertaking manufacturing, and delivering it in large aggregated quantities downstream through the marketing channels. Farmers, especially in developing countries, can be charged relatively high interest rates by commercial banks, or even not available for farmers to access. When providing loans, these banks are often mindful of high transaction costs on small loans, or may be refused credit altogether due to lack of collateral " something very acute in developing countries. To provide a source of credit, farmers can group together funds that can be loaned out to members. Alternatively, the credit union can raise loans at better rates from commercial banks due to the cooperative having a larger associative size than an individual farmer. Often members of a credit union will provide mutual or peer-pressure guarantees for repayment of loans. Such an approach allows farmers to have a more direct access to critical farm inputs, such as seeds and implements. Origins[edit] The first agricultural cooperatives were created in Europe in the seventeenth century in the Military Frontier , where the wives and children of the border guards lived together in organized agricultural cooperatives next to a funfair and a public bath. They spread later to North America and the other continents. They have become one of the tools of agricultural development in emerging countries. Farmers also cooperated to form mutual farm insurance societies. Also related are rural credit unions. They were created in the same periods, with the initial purpose of offering farm loans. Supply cooperatives[edit] Agricultural supply cooperatives aggregate purchases, storage, and distribution of farm inputs for their members. By taking advantage of volume discounts and utilizing other economies of scale, supply cooperatives bring down the cost of the inputs that the members purchase from the cooperative compared with direct purchases from commercial suppliers. Supply cooperatives provide inputs required for agricultural production including seeds, fertilizers, chemicals, fuel,

and farm machinery. Some supply cooperatives operate machinery pools that provide mechanical field services e. This section needs expansion. You can help by adding to it.

Chapter 6 : Center for Cooperatives | University of Wisconsin-Madison

Citrus is one of the leading fruit crops produced in the United States. Cooperatives play an important role in the handling and marketing of both fresh and processed citrus products. This report examines the development and position of cooperatives in the citrus industry, their functions and.

Chapter 7 : Cooperatives | racedaydvl.com

The undersigned, appointed by the dean of the Graduate School, have examined the thesis entitled CITRUS WORLD, INC. - An Examination of Adaptation in a Long-enduring U.S. Agricultural Marketing Cooperative.

Chapter 8 : NPR Choice page

*Cuban Citrus Industry's Transition Into the International Free Market Arena¹ Ronald P. Muraro and Thomas H. Spreen²
1. This document is FRE , Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida.*

Chapter 9 : Full text of "Pooling by Florida citrus cooperatives following the freeze"

The ICA has adopted the Rochdale principles (based on a consumer cooperative in England dating to), seven world-wide, generally acknowledged principles that guide the cooperative enterprise: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training, and information; cooperation among cooperatives; and concern for community. The ICA periodically revisits these principles.