

BY DAVE GUTKNECHT

# Capital Crunch, Capitol Crawl



Creative proposals and inspiring stories illustrate ways to advance the cooperative agenda. That agenda is quite diverse in its programs, but co-ops share a common set of values and principles and a fundamental purpose. This is why I often focus on capital, an issue whose importance is underestimated by many co-op members.

Along with access to capital (from members or in the form of credit), cooperative food and farming efforts are strongly shaped by public policy—and all public policy now faces a Capitol crawl. Policy support for cooperative solutions is limited, but in a challenging economic environment that support is growing.

Still, it is a pittance. Public officials have burdened our future with a huge and probably unpayable debt load while rescuing banks and wealthy investors to the tune of trillions of dollars. Meanwhile, they have tossed a few million to advocates of organic farming and for developing consumer co-ops in struggling rural and small-town areas. No serious diversion of public funding is proposed.

Nevertheless, we can foresee increasing energy costs and shortages. Cooperation and relocalization describe much of the needed business development. As the reality of peak energy is revealed, a return to previous economic expectations will be recognized as both impossible and undesirable. Today's food cooperatives, local food system development, and farmland preservation efforts will be seen as the pioneering models they are.

Food co-ops continue to generate or assist grassroots examples of needed directions: Food Co-op Initiative proves its ability to assist local co-op formation and receives USDA funding to add one staff position and more resources. Weavers Way, operating in a challenging urban environment, enables students to form and operate mini co-ops. Equal Exchange and six leading retail food co-ops launch a new brand and cooperative trade movement based on local producers, small farms, and co-ops. Diverse allies including co-ops work to fulfill a National Organic Action Plan in the 2012 Farm Bill.

Proposing expansion of these essential areas of recovery and reconstruction, CooperationWorks! and the National Cooperative Business Association continue their efforts to shape public policy for urban co-op development. And in mid-November,

NCBA enthusiastically endorsed a Government Accountability Office recommendation to Congress that a cooperative structure would be appropriate for the now overextended federal secondary mortgage institutions.

During a capital crunch, co-ops must demonstrate their espoused values of self-help and self-responsibility. One dubious solution to the challenges of generating capital involves legislation that allows a greater role in co-ops for private investors. I hope readers will view this direction with skepticism and consider the warnings appearing here and in the previous issue.

From an additional angle, the danger of diluting the name “co-op” is raised in a reminder from the Principle Six discussion of why leading food co-ops are launching a new brand for the cooperative trade movement:

*Equal Exchange and food co-ops are struggling to compete with large conventional corporations that have taken the mission, values, and messages cooperatives have built over decades and co-opted them for their own profit-seeking agenda. I would add: If you and the members of your co-op think that its purpose is simply to sell organic and natural foods, note that this is also performed by Whole Foods and Wal-Mart.*

Service based on ownership is key to why people trust cooperatives (as repeatedly shown in polls):

- Co-ops put service before return on investment.
- Co-ops offer democratic control through ownership by those who use the co-op.
- Democratic control is essential to preventing the increased concentration of wealth.

These characteristics must be upheld if the cooperative movement is to retain its purpose and impact.

Of course, my statements diverge from the marketing stories. General confusion and conflicting messages make our cooperative mission misunderstood and difficult to achieve. If there were greater acknowledgement of our nation's decline, and recognition of how wealth has been transferred dramatically upwards to the top 1 percent, there would be more demand for policy that truly benefits the public at large. There would be more demand for cooperative solutions.

If we want this to occur, cooperatives need to speak out and work for it. One small example is the recent USDA funding for food co-op development. Larger examples may have to wait until there is a broader awakening to our dire straits. ■

Service based on ownership is key to why people trust cooperatives.

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