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Cooperatives: Their Importance in the Future Food and Agricultural System

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National Council on Farmer
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The Food and Agricultural
Marketing Consortium

Food and Agricultural Marketing Consortium

The Food and Agricultural Marketing Consortium is chartered to provide researchers, extension educators, agricultural leaders, agribusiness representatives, interest groups and policy makers a forum in which to address issues affecting the vitality and competitiveness of the U.S. food and agricultural marketing system. Marketing economists interested in working within this pattern are encouraged to contact the individual chairing any of the following workshops in which they are interested.

Schedule:

January 15-16, 1998

*The Role of Public and Private Institutions
in International Marketing of U.S. Food
and Agricultural Products*

Orlando, Florida
Ken Clayton, USDA, Chair

January 1999

*New Economic Approaches to Consumer
Welfare and Nutrition*

Mark Denbaly, USDA, Chair

January 2000

*Extension Service: Risk Management
Programs*

Henry Bahn, USDA, Chair

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**Cooperatives: Their Importance
in the
Future Food and Agricultural System**

**Proceedings
of a
January 1990 Symposium**

Sponsored by
**National Council of Farmers Cooperatives
and**
The Food and Agricultural Marketing Consortium

Editors:
Michael Cook, University of Missouri
Randall Torgerson, US Department of Agriculture
Tom Sporleder, The Ohio State University
Dan Padberg, Texas A&M University, Retired

1997

Foreword

Definitional and Classification Issues in Analyzing Cooperative Organizational Forms

Michael L. Cook and Leland Tong

Torgerson, Reynolds and Gray (this volume) and J. Fulton (this volume) suggest the path for the future of cooperatives is complex and indeterminate. They review the multitude of complicating factors of industrialization, globalization and dynamic structural change and conclude that member and public education efforts are critical if producers are to control their own destinies through cooperative ownership and control.

Sporleider (this volume) is more conclusive in his vision when he posits that for producers to augment economic rents in the increasingly complex and global agrifood chain they must not only vertically integrate, but pursue the positioning strategy of differentiation. Sexton (this volume) and Rogers (this volume) expand on Sporleider's premise by arguing that pursuing vertical integration, especially if combined with the positioning strategy of differentiation, is extremely capital intensive. Sexton's conclusion is that cooperatives will have limited potential in this increasingly capital-intensive agrifood system unless incentives for risk capital infusion are improved and the horizon problem solved.

The general purpose of this paper is to complement these papers by introducing preliminary empirical observations about how producers might be reacting to the challenges laid out by the aforementioned authors. More specifically, our objectives are 1) to briefly present an overview of the rise of what appears to be a new form of agricultural producer collective action; 2) to more specifically define this emerging organizational form and briefly address the question of whether this innovation corrects for the "vaguely defined property rights" dilemmas existent in classical forms of agricultural cooperatives; and 3) to challenge the academic community to explore more meaningful approaches to classifying and defining alternative forms of collective action.

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