Selecting a Cooperative Membership Structure for the Agriculture-of-the-Middle Initiative

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Abstract

This study explores choices of cooperative structure — local, centralized, or federated — for mid-size farms, also referred to as the "agriculture-of-the-middle" (AOTM) or farms of "the disappearing middle." They are referred to as "in the middle" structurally (in terms of numbers and production output) because they are positioned between large industrialized farms and much smaller farms located near metropolitan areas. The largest farms have increased in numbers as well in the proportion of total U.S. farms..These farms fit the large-scale, industrialized and commodity-production farm model. The smallest farms have increased in numbers and output as well and are generally specialized for "local" and organic markets. The financial stability of many farms in the middle is tenuous. They generally have both too much output and are too distant from metropolitan areas to take advantage of the niche markets that the smallest farms have been able to access. While further industrialization and increasing scale may be an option for some, for most it is not desired and/or possible financially. "Middle farms" are a focus for different interest groups-including farmers, food wholesalers and retailers, university and government personnel, non-government organizations (NGOs), independent certification organizations and rural and community development experts--seeking to protect and expand farm viability. Their strategies are generally organized to develop niche-specified, differentiated products that encompass various sustainability agendas (economic, social, and environmental sustainability). These initiatives are, in fact, budding collective actions that seek to mobilize AOTM farmers for survival. This report argues that the historical conditions setting the context for this mobilization cannot be taken lightly. The report, therefore, reviews the historically based changes that have occurred in the agricultural context--i.e., shifts in agricultural production, changes in agribusiness complexity, and changes in consumption patterns--and understands these changes as the historically set conditions that the AOTM initiatives must accommodate in their development strategies. From this socio-historical context, the paper assesses different cooperative membership structures--local, centralized, and federated--for their appropriateness to the collective action initiatives of the mid-level farms.

Key words: agriculture-of-the-middle, cooperatives, mid-size farms, disappearing middle, sustainability, federated cooperatives

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Preface

This paper was written in concert with the Renewing Agriculture of the Middle Task Force (see www.agofthemiddle.org). The task force has noted:

More than 80 percent of farmland in the United States is managed by farmers whose operations fall between small-scale farms with access to direct markets, and large, consolidated, and increasingly industrialized farms. These farmers are increasingly left out of the food system. If present trends continue, these farms, together with the social, economic, and environmental benefits they provide, will likely disappear in the next decade or two. The public good that these farms have provided in the form of land stewardship and community social capital will disappear with them (www.agofthemiddle.org).

This paper has two major foci: (1) the tasks of the agriculture-of-the-middle (AOTM) initiative; i.e., its economic, sociological and ecological agendas, and (2) agricultural cooperatives (and their structures) as an option for AOTM development. Cooperatives are formed from within preexisting socioeconomic and historical conditions. AOTM farms (and their potential marketing outlets) exist within this historical context. This paper reviews these conditions, and presents them as a context that must be considered prior to any cooperative mobilization. Cooperatives themselves have various internal trade-offs and tensions (business emphasis versus democracy, for example) that are expressed differently, depending upon pressures on the organization. Given AOTM agendas, the historical context and cooperative tensions, the purpose of the paper is to identify cooperative forms--local, centralized, and federated--that recommend themselves for AOTM development. The sub-functions of an economic system--production, distribution, consumption--are utilized to sort the various pre-mobilizing conditions. These considerations are presented in three sections: Section I: Socio-economic Context: Pre-mobilizing Conditions; Section II: Cooperative Organization; and Section III: Considering Cooperative Structures and Dilemmas.

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Highlights

This study explores choices of cooperative structure — local, centralized, and federated-for mid-size farms, also referred to as “agriculture-of-the-middle” (AOTM) farms or farms of “the disappearing middle.” They are referred to as “in the middle” structurally (in terms of numbers and production output) because they are positioned between large industrialized farms and much smaller farms located near metropolitan areas. The largest farms have increased in numbers, as well as in the proportion of total U.S. output accounted for by their aggregate production. These farms fit the large-scale, industrialized and commodity, production farm model. The smallest farms have increased in numbers and output as well and are generally specialized for “local” and organic markets. The financial stability of many farms in the middle (also referred to as death zone farmers) is tenuous. They generally have both too much output and are too distant from metropolitan areas to take advantage of the niche markets that the smallest farms have been able to access. While further industrialization and increasing scale may be an option for some, for most it is not desired and/or possible financially.

“Middle farms” are a focus for several different interest groups — farmers, food wholesalers and retailers, university and government personnel, NGOs and independent certification organizations, rural and community development experts — seeking to protect and expand farm viability. Their strategies are generally organized to develop niche-specified, differentiated products that encompass various sustainability agendas — i.e., economic, social, and environmental sustainability. These initiatives are in fact incipient collective actions that seek to mobilize AOTM farmers for survival. This report argues that the historical conditions setting the context for this mobilization cannot be taken lightly. And if a cooperative model is used in the mobilization, then contextual conditions suggest a particular cooperative membership structure be used — i.e., federations.

The report is presented in three major sections. In Section I, an outline of sustainable agriculture is presented, followed by the pre-mobilizing conditions of cooperative formation — i.e., the socio-economic context. Essentially, the interests of the agriculture of the middle must contend with, accommodate, and/or oppose the tendencies of an advanced investment-oriented economy that has resulted in the concentration and centralization of agricultural production into fewer and larger farm units; the organizational conglomeration-strategies of agri-business firms that consolidate and expand market positions through vertical and horizontal integration; and, food consumption that reflects consumers' needs for nutrition, but also other needs, such as soothing, status, and promises of safety and permanence.

In Section II, various tensions and dilemmas are presented as inherent to cooperative organization — e.g., bureaucracy versus participation, individualism versus collectivism, business efficiency versus participative democracy, and grass roots wisdom versus managerial expertise. These tensions act as tipping points, and shifts can occur incrementally from one position to another depending upon various influences, and in particular stressors in the business environment. Historically most agricultural cooperatives have tended to shift in the direction of bureaucratic solutions, efficiency, and the sacrifice of grass-roots wisdom. Farmer survival as a group (mutual collective-benefits) has tended to be sacrificed in favor of individual collective-benefits (e.g., price). Further, while most established agricultural cooperatives were originally organized over struggles of “fairness” in the market place, most contemporary cooperatives (and social movements) are organized around struggles over identity.

Section III assesses three different examples of membership structures — local, centralized, and federated — in the context of (a) historic socio-economic changes in production, agri-business organization, and consumption (as outlined in Section I); and (b) the inherent tensions in cooperative organizations and the character of cooperative development historically (as outlined in Section II). Considering socio-economic context, history, and tensions, federated cooperatives seem a likely choice for the agendas of mid-size farms. The cooperative model, particularly the federated co-op, may have the capacity to empower mid-level farmers by providing an outlet for their volume, the organizational capacity and scale to compete with much larger organizations, the ability to provide standardization and coordination, and a "local" democratic process that can engender and promote grass-roots creativity, responsiveness, and local identity. However federations must be chosen and monitored with caution, given their inherent capacity (like all cooperative types) to shift along the various internal tensions that are intrinsic to their structure (e.g., bureaucracy versus democracy, short-term returns versus long-term service, and efficiency versus participation).

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Introduction

The agriculture-of-the-middle initiative is a bottom-up, multi-centered ensemble of interests that is loosely organized around community/sociological, economic and ecological concerns of sustainability. Lyson (2004) and Lyson and Green (1999) argue that over the last two decades, two parallel food and agriculture systems have evolved: one progressively large scale and vertically integrated into a global and corporate food system; the other composed of much smaller and more diverse farms oriented primarily to local and regional markets. Between these extremes are farms of the middle. Farmers in this middle range essentially seek to survive by finding a viable place between a food-production system that rewards increasing industrialization and scale, and a much smaller system that rewards low cost, small volume and niche specialization.

These middle interests have two organizing tasks: (1) to build their economic viability while holding ground against some of the most fragmenting and, simultaneously, ordering socio-economic dynamics in our late-modern age (e.g., Fordist industrialization, corporate conglomeration, elite globalization, technology that creates redundancy among farmers and communities, and constructed consumerism); and (2) to build viability in a manner that is consistent with the values and goals of economic, sociological, and environmental sustainability.

Co-ops a Probable Model, But Not Without Problems

Most business forms tend to be specialized toward making a return on financial investment and are not well suited to pursuing the broader collateral interests of social and environmental sustainability. However the cooperative business form may be a likely choice for AOTM development, given co-ops are structured, not only as businesses, but also as democracies.

Co-ops are organized around three general democratic principles of use:

- The User-Owner Principle: Those who own and finance the cooperative are those who use the cooperative.
- The User-Control Principle: Those who control the cooperative are those who use the cooperative.
- The User-Benefits Principle: Cooperative purpose is to provide and distribute benefits to its users on the basis of their use (Dunn 1988, 83).

Mooney (2004: p. l) suggests this organizational form may be ideal for accommodating the many interests of sustainable development, since the cooperative structure is itself designed to meld together the many conflicting voices of a membership organization through the processes of member-based, democratic decision-making.

However, cooperative form must be considered with caution. The historical record on agricultural cooperatives integrating so many agendas--economic, sociological, and environmental sustainability for example--has not been positive. Traditional North American agricultural cooperatives have done well at helping farmers countervail the power of large corporations in the marketplace. They have not had a stellar record of putting sustainability agendas in place, nor of even keeping family farmers (as a group) in farming. Many of today's agricultural co-ops (as organizational derivatives) were formed in the first half of the

twentieth century, when production, marketing, and opposition to monopoly interest were exclusively central concerns, and environmental responsibility and sustainability were barely part of the language. According to Fairbarin (1999:95), many of these co-ops pursued a competitive survival strategy of "expanding, merging, rationalizing," becoming large bureaucratic organizations in their own right, and distant from their farmer-members.

Fairbarin's observations are not surprising. As organizations with the dual functions of both businesses and democracies, various tensions are built into the very structure of cooperative organization itself. These tensions are akin to a see-saw that can be tipped in one direction or another, given the nature of external pressures. Changes can occur in a co-op's competitive environment where as an organization may privilege development of the business rather than the economic democracy, or efficiency rather than equality, or bureaucracy as opposed to participation. Fairbarin's comment highlights how the tension between democracy and bureaucracy was negotiated over time — "expanding, merging, rationalizing." The development of bureaucracy was privileged over democratic participation. While cooperatives have much to recommend themselves as democratic businesses — and as possible forms for AOTM agendas--they operate within a particular historical context. How co-ops might be shaped in a manner to sustain the concerns of middle agriculture, despite such tensions, is a central interest point in this paper.

The first section of the paper provides a brief synopsis of the historical context of the agri-food economy, paying particular attention to the industrialization of **production** agriculture, the parallel development of large complex agro-food companies that provide marketing outlets for the **distribution** of production, and the emergence of shifts in the nature of societal **consumption** from labor dominant to a late-modern consumerist. Although the detail of the first section may be found elsewhere in the literature, the aim is to realistically highlight the historical socio-economic context (as pre-mobilizing conditions) to cooperative formation and change. Any cooperative must operate within this context. This section is prefaced with a brief summary and outline of a "sustainable agriculture" to emphasize the ideals and goals of the AOTM initiative. Section II reviews cooperative organizations and their various problematic tensions as they function in this specified larger environment. Recommendations are made in Section III on the kind of cooperative structure required to address sustainability agendas, given internal co-op tensions.

Section I: Socio-Economic Context: Pre-mobilizing Conditions

Contours of a Sustainable Agriculture

Beus and Dunlap (1990) and Chiappe and Flora (l998) chart the polemic differences between large versus small-scale agricultural systems. They suggest that these alternatives involve trade-offs and choices between and among some of the following characteristics (among others):

- Farming as a business versus farming as a business and a way of life
- Heavy reliance on external sources of energy, inputs and credits versus reduced reliance on them
- Heavy reliance on non-renewable resources versus reliance on renewable resources and conserved non-renewable resources
- Large, capital-intensive production units and technology versus smaller, low-capital production units and technology
- Concentrated control of land, resources and capital versus dispersed control of land, resources and capital
- A narrow genetic base versus a broad genetic base
- Primary reliance on science, specialists and experts versus primary reliance on personal knowledge, skills and local wisdom
- National/international production, processing and marketing versus more local/regional production, processing and marketing
- Small rural communities understood as non-essential and dispensable versus small rural communities understood as essential to a sustainable agriculture
- A larger socio-economy of high consumption to maintain economic growth versus restrained consumption and broad resource conservation to benefit future generations

Green and Hilchey (2002, 15) expand on this work, suggesting that the smaller scale, alternative development path, oriented as it is toward economic, ecological, and sociological sustainability, has several benefits that include sustaining:

- The independent, relatively small businesses (family farms) that contribute to the maintenance of a dispersed ownership agriculture, a strong middle class and civil society
- The local economy via the "multiplier effects" of dollars spent locally from these farms, the provision of local jobs and local purchasing of inputs and services
- The environment with a smaller scale, low-input production agriculture that better protects water quality, soil, air and biodiversity
- An agriculture that produces an output of fresh, wholesome, and nutritious foods
- And enhancing the viability of a small-scale, socio-economic culture better attuned to raising healthy individuals and families.

Many farms on the small end of the farm-size continuum and near metropolitan communities have been able to reproduce themselves (while emphasizing the interrelationships of an ecologically minded socio-economy) by producing nutritious, frequently organic food that is directly marketed to nearby consumers looking for locally grown "natural" and organic foods. However, the volume that these markets can absorb is limited and this precludes their use as a major outlet for mid-sized farms which produce large volumes of products and commodities that are distant from the markets of metropolitan areas. In order to survive, as noted earlier, these larger farms (the farms of the middle) must find an economically viable place between a food production system that rewards increasing industrialization and scale and a much smaller system that rewards low cost, small volume, and niche-product specialization.

To this end, this report offers suggestions on how the cooperative form of organization might be used to find this mid-place and help renew agriculture-of-the-middle farms. As stated, cooperative organizations exist within a historical context, as do the changes they may undergo. This report takes the perspective that these conditions are understood as a pre-mobilizing context to cooperative formation. Therefore, these conditions are reviewed here, from the earliest petroleum-driven mechanizations to the "high-modern" reconstruction of consumer tastes — i.e., from production through consumption (a path any commercial food product must follow). Any cooperative formation (existing or planned) will have to negotiate a path through this context of conditions.

Industrialization of Production and Conglomeration of Agri-Food Firms

The progressive developments in agricultural production and corporate conglomeration of agri-business firms are presented in a timeline below to emphasize not only their historical entrenchment, but also how their respective incremental development (i.e., food production, and large-scale agri-business involvement in the provision of production inputs, food processing and product distribution) have reinforced and strengthened one another. Emerging within these developments has been a complex of powerful and corporate-embedded, agricultural interests that continually push further industrialization.

1) World War I onward: The progressive development and use of tractors and other mechanical implements (as provided by incipient agri-business firms) allowed individual farmers to farm much larger acreages (while creating a tendency to displace the use of animal and direct human power on farms).

2) World War II onward: The progressive development of synthetic fertilizers, pesticides, herbicides, other chemicals, as well as off-farm seeds and feeds (provided by agri-business firms) allowed individual farmers to intensify production per acre (while creating strong tendencies to displace the use of farm produced feed, seed, and fertilizer with off-farm inputs).

3) Late 1950s onward: The development of artificial breeding, and the quality and quantity of animal biologicals and antibiotics (provided by agri-business firms) permitted increases in yields of animal products per animal, as well as the numbers of animals that could be raised in one location.

4) Post-Depression, post-World War II era onward: A deepening industrial organizational strategy of conglomeration, firm integration (vertically and horizontally), multi-regionalization, and globalization of corporate firms evolved. These strategies gave firms greater resilience and robustness to ride out the cyclical expansions and recessions of a progressively advancing industrial economy, while avoiding a repeat of the collapse of 1929. Other strategies — joint ventures, strategic alliances, and outsourcing, for example — became evident in the 1990s as accommodations to such 1970s and 1980s stressors as: oil crises; relaxed regulation of international monetary arrangements after system collapse; coincident inflation and high unemployment (stagflation); organizational downsizings and closings concurrent with the recession of the 1980s; cyclical and product-specific trade

wars alternating between free trade and protectionism; and saturation of commodity-export markets and falling prices (Fairbairn 2004, 46-49).

From this context, the high-modern corporation emerged, composed of "networks of holdings, joint ventures, subsidiaries, contracts and outsourced services" within a larger context of continuing mergers, acquisitions and conglomerations (Fairbairn 2004, 46-47). These organizational strategies have given present-day firms greater reach, both horizontally (through multiple global locations and manifold products) and vertically (from producer to consumer), while simultaneously retaining and deepening their flexibility in the face of cyclical markets. And, as documented by Heffernan and Hendrickson (1999); Hendrickson, Heffernan, Howard, and Heffernan (2001); Rogers (1997); Sexton (1997); Marion and Kim (1991); Barr (1999); and Cotterill (1999), these strategies crystallized in the agricultural sector with the development of progressively fewer firms accounting for increasingly larger proportions of the farm-input supply and farm-output processing and marketing chains.

5) Mid-1980s onward: What some have termed a "new agriculture" emerged during the mid-1980s. This new agriculture involved not only a deepening in production innovations, but also a blending of production technologies with developments in methods for product distribution to consumers (Boehlje and Schrader 1998; Boehlje 1998; Boehlje and Sonka 1999; Royer and Rogers 1998). These developments have included: (a) the continued deepening of mechanical, biological and chemical technologies, augmented with the development and application of new biotechnologies; (b) the continued development of (agri-business driven) food-supply chains that tend toward vertical integration from producers to consumers; (c) the progressive development of information-monitoring technologies that permit trait-identity traceability along a food chain, with possibilities for end-users to provide feedback (end user responsiveness); and (d) an expansion of the competitive context in the international arena that increasingly involves global sourcing and selling of products by large corporations that have moved from regional and national to multi-national status.

These developments have reciprocally reinforced each other, both technically and organizationally, as large corporate actors have sought new and relatively "safe" investments in order to compete (or to escape direct competition) with other corporate actors. Information monitoring allowed for the inspection and standardization of production, assembly and distribution, as food products are moved through what has come to be a vertically integrated (and organizationally contained) food chain — from dirt to plate. New biotechnologies have offered opportunities for new product development, greater technical control, and expanded opportunities for profit realization. The greater the integration of a food chain within a single (though complex) firm, the greater a firm's control over product characteristics, deliverable quantities, and timeliness of delivery. The less uncertainty there is, the greater a corporate entity's ability to shift sourcing and selling geographically (and globally) to maximize profits. A firm's use of production contracts with farmers can help solidify the food chain at the producer level, serving to stabilize and standardize agricultural raw material for food-chain production.

6) Contemporary Agri-Food Complex: The simultaneity of these several trends, although cyclical in impact, has resulted in a structure of agricultural production that exceeds consumption demand, with consequent prices insufficient to maintain long-run farm viability. This structure has produced a complex of impacts, including: continued expansions in farm scale (in order to maintain income), debt incurred to finance these expansions, still more production due to increased industrialization of farming, the redundancy of farmers given food demand, farm bankruptcy, farm consolidation and farmer displacement. Functions performed on the farm have changed as well, with increasing amounts of such inputs as feed, seed and fertilizer being produced off the farm and sold to farmers as purchased inputs; thereby pinching farmers between high input costs and low product prices. The distribution linkage between farmers' production and consumer products is facilitated by increasingly large and diversified firms that provide, respectively, input-supply sales, product-processing, and marketing (some firms providing all three functions) in an increasingly globalized marketplace.

7) Confined Animal Product: Developments in information-monitoring systems and computerization, the continued development of antibiotics, and innovations in farm architecture and engineering have helped to facilitate and expand confined and high-density animal production. In turn, the deepening of these tendencies has augmented pressures that displace production from a family-farm scale, particularly in the case of poultry but also (with major inroads occurring) in the production of hogs and, more recently, in dairy production. Many farmers have managed to survive these trends by entering into production contracts with off-farm agribusiness concerns, but have often

done so with the loss of discretion over their own farm-based production processes (Boeljhe and Schrader 1998; Thu and Durrenberger 1997).

The Historical Shifts in Consumption: From Labor/Family to High Modern Consumer

Labor/Family Consumption

Throughout much of the 20th century, the agri-food regime described above — the production, assembly, and distribution of food products from producers to consumers — had a predominant (though not exclusive) orientation to a labor- driven and family consumer market. The market for food was shaped by a socio-economy that became progressively less rural and increasingly more metropolitan and urban--the urban population increasing due to people being displaced from farming communities, as well as from population growth generally within metropolitan areas. Giddens (1991, 1998, 2000) variously summarizes aspects of the social and economic organization of this era as:

1) A social system, predominantly of a family form - — where the husband was the breadwinner, and the spouse a housewife and mother,
2) A homogeneous labor market where men threatened with unemployment were mostly manual workers willing to do any job at a wage that ensured their survival and that of their families,
3) The dominance of mass production in basic sectors of the economy, which tended to create stable, but unrewarding conditions of work for many in the labor force,
4) A national economy that was primarily domestic such that export/import trade had relatively little influence on larger economic dynamics.

The link between food production and food consumption was made by increasingly large, complex, multi-product and multi-location businesses that produced standardized, manufactured and inexpensive edible food products for consumption by a labor force of manual and factory workers and their families. This manner of food production (and consumption) blended well with an overall national economy that was organized for economic growth through the investments and outputs of increasingly large firms within certain basic industries--those producing consumer durables (like washing machines, refrigerators) and automobiles. The production of ample supplies of inexpensive food meant laborers (and their families) had more money to support the purchase of these basic consumer items. The food consumption diet was one of inexpensive bread and butter, milk, meat and potatoes (grain, dairy, livestock and vegetables) (Friedmann 1995). This socio-economic structure — and its trends of production and consumption — shaped a large share of the market demand for food throughout the 20th century.

Construction of the High Modern Consumer

According to Bauman (2001), Gertler (2004), Beck (1992), and Giddens (1990, 1991), a new path, or new era, of socio-cultural and economic development "noticeably" emerged somewhere in the late 1960s. These authors argue this path is characterized by intense use of technology (e.g., communications, computers, and biotechnology), globalization, high specialization and expertise, high consumption, high mobility and institutional reflexivity. Giddens, in particular, has suggested that globalization, specialization/expertise and reflexivity are predominantly important to this high modernity era, and are instrumental in constructing a new dimension to consumer demand--augmenting, if not displacing in some instances, the earlier meat-and-potatoes, labor-driven consumption market. (Both modernity theories and concepts of human attachment theory are drawn upon in this section to more fully highlight the shift in the character of food demand from labor-driven to high modernity consumption. Though Giddens (1990, 1991) does not write about "food" demand per se, his works are suggestive of how these shifts in consumption occur.

In some sense consumers have been reconstructed during this high modernity era. "The most fundamental relationship we develop is attachment, i.e., embeddedness and groundedness. Attachment is fundamental to building trust and security, or a secure sense of self (DeAngelis 1997, 2; see also Cross 2003; Theodori 2001; and Goudy 1990 for sociological treatments of attachment, and Cortina and Marone 2003; Karen 1998; Solomon and George 1999 for psychological approaches with sociological implications). Historically, psychological attachment becomes embedded in — and is received (and acted upon) from within — a cultural context of traditions and the norms of "living" and "being" within communities (see Giddens' 1991 and his discussion of Winnicott). Traditionally, these communities have been located within and bounded by geographic locations. However, the interrelationships of globalization and

continued development in specialization/expertise of high modernity tend to displace the embedded traditions and earlier ways of living and being. Traditional authorities either become discredited due to the high-tech expertise of others, or are simply reduced to one choice of many choices readily available. New authorities and multiple authorities — in the form of expertise and specialization, as well as exposure to multiple ways of being, working and living via globalization influences (and globalization demands) — shift people away from earlier, more familiar patterns of living. The dynamism of these processes is intensified due to the influence of what has come to be an ever-present reflexivity, that is, "the susceptibility of most aspects of social activity . . . to chronic revision in light of new information and knowledge" (Giddens 1991, 20). Therefore knowledge and information are constantly being revised and updated and can only be taken as "good until further notice." This constant reflexivity intensifies and leverages upward the processes of globalization and specialization/expertise to ever-more-fluid levels. Combined with the pushes and pulls of high mobility, these developments leave many people experiencing the socio-economic culture as "context running away with itself" (Giddens 2002; Cassell 1993; and as reflected in Bauman 2000).
In his books *Modernity and Self-Identity* (1991), *The Consequences of Modernity* (1990), *and Runaway World* (2000), Giddens argues that within this "runaway context," people carry large amounts of existential anxiety. The processes of globalization, specialization/expertise and reflexivity disembed people from felt-known and unquestioned aspects of their socio-economic culture.

Within these cultural dynamics, people shift, intra-psychically, away from earlier conflicts about knowing "how to fit where" within culturally embedded patterns (and the struggles of violating (or not) traditions, norms and acceptance of authority) to anxieties more indicative of troubled self-acceptance, if not rejection of the self by the self. The high-modern consumer has come to exist in a context that demands self-definition and redefinition, while simultaneously contending with increasingly tenuous links to traditional norms of living, and fewer and fewer long-term links to communities with a geographic base, or to communities in general. Giddens (1991) characterizes this era as one of pervasive and structurally embedded "existential anxiety." And in consequence, high modernity has emerged as an era characterized by a continued seeking of control of self, risk and institutions, and by a continued searching for the felt-secure (Gray 2000).

Reaction: Consumption and Social Movement Desire

Consumption

Many people play out these anxieties in the marketplace. Consumption appeals because it soothes the psyche directly and seemingly addresses the problematic qualities of high modernity. Attractiveness, beauty, personal popularity, and acceptance are touted through the consumption of the right kinds of goods and services (Giddens 1991; Bauman 2000). The implicit promise is social acceptance or at least comfort and, as a corollary, safety (Gray 2000).

Duncan (1999) refers to these goods and services as "designer" products. Within high modernity, they provide discriminating choices and part of a constructed home for one's self-identity. They signify not only "taste" but also political, environmental, and dietary correctness, perceived interpersonal safety and social responsibility; characteristics well beyond the earlier labor-defined, "meat and potatoes," "bread and a bottle of milk" in importance. As designer products, they become multi-determined with meaning and cultural significance.

Consumption solutions are ephemeral, however, within the continual reflexiveness of the culture. Solutions are here today, displaced tomorrow, never really stemming people's existential anxieties. At best, these solutions offer only temporary relief, thereby giving consumption a particular high-modern and only temporarily sated coloration.

Social Movement Desire

Melucci's (1988) work on "new social movements" parallels Giddens' (1990, 1991, 1994, 2000) writings on a life and emancipatory politics. The dynamics of high modernity, while central to dis-embedment and its own brand of anxiety production, also create conditions for more positive reactions. A drive or desire "to be" (as a positive reaction to existential anxiety) has in part displaced a drive "to have." As Melucci notes (1988, 329; also see Melucci 1996). "The freedom to have . . . has been replaced by a struggle for a freedom to be." This struggle is particularly evident in the demands and articulations of social movements, whereby claims are made for improved quality of life, easier self-expression and safety in the freer acknowledgment and development of identities--race, gender, ethnicity and sexuality. (Also see Buechler 1995; Johnston et al. 1994; and Larana et al. 1994 for further discussion on contemporary social movements). Such demands are different from the older cooperative and

labor movement grievances (the struggles "to have") — based, as they have been, in mobilizations for fairer distributions of resources, fairer prices and greater power in the marketplace.

"Since the 1970s, many of the new or expanding kinds of co-ops have been those dealing with values, lifestyles or services, rather than basic material goods. Much of the growth in housing co-ops, worker co-ops, community development organizations, women's co-ops, aboriginal co-ops, co-ops associated with ecological ideas or health and others, have occurred within this new [high-modern] or post-industrial framework" (Fairbairn 1999, 47). Although "to have" agendas are still present, they have been augmented with a predominant interest to express and deepen identities and ways of being. Slow food, organic agriculture and sustainable agriculture are multi-dimensional within this context. They provide food consumption items that are at once both political-economic, but also concretely real. These items can have appeal — in an era of existential anxiety — because of their soothing effects as food unto itself and their nutrition value, but also as food that is safe (and perceived as less risky) and produced in a manner that seeks to embed production in environmental, economic, geographic and community sustainability (perceived permanence.)

Summary of the Socio-Economic Context and Pre-mobilizing Conditions

Although shifting historically in terms of predominance, the trends noted in Section I are all present as an amalgam of influences in the current socio-economic and ecological context. In situations where cooperatives are formed, these trends, rather than disappearing, can be expected to continue and to set limits on the character and nature of cooperative development. They are likely to include:

- Continued pressure for concentration and centralization of farming via technological development and industrialization.
- Continued pressure to integrate food chains from production through processing and marketing via technology, and organizationally with production contracts between the corporate firm and farmer.
- Continued pressure for vertical and horizontal integration among corporate firms in the food sector (and outside of it). With food firms this will likely occur via conglomeration of related and unrelated products and activities at multiple locations, including global conglomeration (and the consequent global sourcing, selling and processing of products).
- Continued use of joint ventures, strategic alliances, mergers and consolidations among corporate actors to realize vertical and horizontal integrations and conglomerations.
- Continued demand from consumers for products oriented towards addressing the anxiety-driven problems of high modernity; i.e., products that can both soothe and provide vehicles (or be advertised and sold as consumption vehicles) for self-expression and identity.
- Continued drive from the larger population to find vehicles to mitigate the loss of embeddedness (beyond consumption) that can address safety and permanence. For example, production for economic, environmental and community sustainability. .
- Continued possibility of social movements (and co-ops) to mobilize around the needs "to have" in order to mobilize for fairer distribution of resources, fairer prices and greater power in the marketplace.
- Continued possibility of new social movements (and co-ops) to address the various needs for identity, individual efficacy, group identity and community, a needed sense of safety and an embedded permanence both by pursing the stated goals of the organization itself, but also through the very act of participating in the organization.
- Continued demand for"bread and milk "and "meat and potatoes."
- Continued ability of investment firms to find vehicles for investment in profitable activities, regardless of the interests served by the original activities (co-op social goals, for example) — implying continued pressures from the investment firm sector to compete with cooperatives to acquire them and/or subordinate them to investment interests.

These several trends — though shifting historically in terms of predominance — are present as an amalgam of influences in the current socio-economic context. Competitors with an investment interest, searching for a return on investments, will continue to influence the shape of production, the organizational nature of distribution, as well as the nature of consumption. Essentially, the interests of AOTM must contend with, accommodate, and/or oppose the tendencies of an advanced investment-oriented economy

that has resulted in the concentration and centralization of agricultural production into fewer and larger farm units, the organizational conglomeration-strategies of agri-business firms that consolidate and expand market positions through vertical and horizontal integration, and food consumption that reflects consumers' needs for nutrition, but also for soothing, status, and promises of safety and permanence.

The cooperative model provides a strategy for empowering local producers with economic organizational democracy. As businesses, co-ops have had to find profitable consumer-oriented outlets for their producers' products, while historically competing in a marketplace with firms often larger and sometimes global in reach. These pressures, as noted earlier, create a series of tensions that can compromise the original purposes of the organization. Some of these tensions are reviewed in Section II in the spirit of Mooney's (2004) contention that development strategies that do not at least acknowledge their basic oppositions and tensions, or utilize them in their planning and practice, are disadvantaged and will likely tend toward failure (Mooney 2004). It is important to be aware that when gains are seemingly made, they may be closely linked to coincident losses. Ideally, a co-op can achieve both a positive business response, as well as such larger collective goals as the sustainability agendas of the AOTM initiative.

Section II: Cooperative Organization

This section provides a prologue to the later consideration of cooperative types (local, centralized, and federated) and their respective applications to the challenges of the AOTM. Two issues are reviewed here: (1) the internal dilemmas and tensions of cooperative organization and how development of one aspect of a tension may result in compromising a linked opposite (participation versus bureaucracy, for example); and (2) how agricultural cooperative history suggests the cooperative model as an appropriate vehicle for middle agendas, but only if close consideration is given to these several internal tensions — as have been played out historically.

Cooperative Dilemmas/Tensions

Cooperatives are at once democratic associations of members as well as businesses (Craig 1993; Lasley 1981; Mooney 2004; Mooney and Gray 2002; Mooney, Roahrig, and Gray 1996). A co-op's structure, purposes, and interactions with its external environment produce tensions and trade-offs between its political and sociological aspects (as an organizational democracy) and its economic aspects (as a business). Mooney (2004), Mooney and Gray (2002), and Gray, Heffernan and Hendrickson (2001) highlight some of these dilemmas to include the trade-offs and tensions between and among their basic purposes of earnings versus service versus life-meaning, and such organizational dilemmas and trade-offs as: individualism versus collectivism, competitive individualism versus cooperative behavior, business efficiency versus participative democracy, complex expertise versus grassroots wisdom, centralized decision-making versus decentralized decision-making, bureaucratic logic versus cooperative logic, and democratic bureaucracy versus direct participative democracy.

Dilemmas in Cooperative Purpose

Most economic organizations are organized around at least one of three basic purposes; i.e., making profits, providing service, and/or realizing meaning" (Torgerson, Reynolds and Gray 1998, 1; also see Craig 1993). Exemplar organizations tend to range along a continuum, from investment-oriented firms (IOFs) (the dominant U.S. business form) at the profits end, to the kibbutz at the life-meaning end (see Figure 1). U.S. forms of cooperative organization are found at different locations on the continuum but predominantly within goals of service. The focus is on serving economically the greatest numbers of people over the longest period of time (Craig 1993; Nadeau and Thompson 1996). Typically, however, cooperative organizations contain elements of all three tendencies, having earnings needs, as well as service and internal participation and meanings mandates (Torgerson, Reynolds, and Gray 1998).

Organizational Dilemmas and Demands in the Business Environment

How a cooperative interacts with its external environment produces different degrees of tension and trade-offs within the organization, much of it conditioned by the market. For example, participation and democracy take time. The market's demand for efficiency, quickness and "being nimble in the market" is ever present and ever felt. These opposing pulls can become manifest in the structural form and in the internal logic of the co-op. Both the needs for efficiency and a predominant emphasis on the bottom line can drive organizational form toward a bureaucratic shape and logic that emphasizes development of organizational hierar-

Figure 1. Continuum of Cooperative Purposes

Players	IOF	New Generation Co-ops	Open Marketing Co-ops	Farm Supply Co-ops	Consumer Goods	Kibbutz
Purpose	Profits			Services		Life/Meaning

chies, centralized decision-making and top-down flows of authority (Breimyer 1965, 1996). A bureaucratic logic, as distinct from a grounded cooperative logic, can displace local responsiveness, decentralized decision-making, participation, and involvement.

These linked oppositions are not simply or solely a matter of choice and will. Tensions (and cooperative character) are in precarious balance in the market. Given a competitive market over time, efficiency criteria tend to drive organizational form toward bureaucratic models (organizational complexity and expertise) and away from direct participation and grassroots involvement. When participation declines, as is often the case when organizations tend toward centralization of decision-making, it can become increasingly difficult to distinguish cooperative behavior from the behavior of investor-oriented firms (and these firms' exclusionary emphasis on earnings). Such co-ops begin to act like any other business and, in the process, can lose or severely compromise their service and meaning purposes (and economic democracy goals). However, for the co-op to act without recognition of market imperatives (e.g., the need for earnings) is to risk the loss of its business presence in the market place.

For example, "many new cooperatives entered the field in the 1970s [and later] associated with ecological and organic-food movements" (Fairbarin 2004, 46). Many of these organizations went bankrupt during the 1980s and 1990s due to a failure to form strong wholesaler organizations, a necessary degree of layered organizational complexity (Fairbairn 2004). A co-op that demands organizational simplicity, while dismissing other requisites of the market, risks losing its capacity to compete in the marketplace and, ultimately, to meet members' needs. However, co-ops that are "all business" and leave various equality, equity, service, participation and meaning aspects unaddressed, risk losing members' loyalty, and patronage. Thus, business cooperatives must face several dilemmas, among them, perhaps one of the most troublesome, the tension between developing bureaucratic strategies (which may be better adapted to the short-term earnings demands of the market) versus strategies that are based within slower, democratically based (informationally complex) approaches that privilege participation, values-based meanings and economic democracy.

Successful Cooperative Mobilizations: Organizing "To Have"

Within the panoply of agriculture-of-the-middle interests (social, economic and environmental sustainability) the cutting foci have involved (and will involve) social-economic and political struggle. Mooney's 2004 writing is suggestive of the ideal character of cooperatives for accommodating the many interests of the middle, given they are frequently established with a tradition of countervailing power, and an internal structure (democratic) designed for conflict. The ability of cooperatives to sustain struggle through time, in a contentious and highly competitive environment, and survive, has been documented by both Gertler (2004) and Mooney (2004).

For example, the origins of many (though not all) U.S. and Canadian agricultural cooperatives are embedded in an era that spans from the late-nineteenth century onward to World War II. Their legitimacy is best marked by the passage of the U.S. *Capper-Volstead Act* in 1922, which established the legal right of farmers to cooperate (with parallel legislation occur ring in Canada). Many of these early co-ops were organized to oppose monopolistic and oligopolistic investment firms at local, regional, and national levels. They were fair share ("to have") struggles.

Mooney (2004) and others (Torgerson, Reynolds and Gray 1998) contend that these cooperatives have had eminent success in sustaining themselves through these struggles. Craig (1993) argues that they have been instrumental in breaking monopolies and cartels, eliminating both windfall profits and middlemen, and distributing wealth more equitably. "Though not the dominant form of agribusiness (except in a few commodities), the cooperative market share is usually about one-third of marketed goods, and over one-fourth of input supplies (USDA-Rural Development 2008). From a historical point of view, this must be rec-

ognized as a success, given the origins of the movement as a form of resistance to the oppressive conditions of monopoly and oligopoly . . ." and their resilience to continue to service farmers over time in the face of this power (Mooney 2004, 78). However, although there have been very real successes, these gains have been accompanied with other results that have been disadvantageous to all farmers as a group.

Historic Strategy: Individual Collective versus Mutual Collective Benefits

Cooperatives have both individual collective benefits and mutual collective benefits. Farmers who receive a higher price for their individual products when marketed at a co-op are receiving an individual benefit due to the joint action of farmers. The fact that individual farmers can raise a particular product because they are able to reach a market that no farmer could reach individually is a mutual collective benefit (Parnell 1999). Historically, agricultural co-ops have tended to emphasize individual collective benefits, rather than mutual benefits. Most have supported a trajectory that depends upon large capital-intensive production units and technology, with heavy reliance on external sources of energy and credit. This path of development has been a successful one economically for many agricultural co-ops and has enabled them to oppose monopoly interests in the marketplace. However they have failed many farmers (when farmers are considered as a group) because they followed a development path (traditional and capital intensive) that deepened tendencies toward farmer displacement (Fairbairn 2004; Craig 1993; Gray 2000). Individual farmers have been able to survive (and have been assisted by cooperative presence in the market place), but the mass of farmers as a group, particularly family farmers, have not been able to endure, and have gone out of business.

Development of Bureaucracy

Further, in order to survive as businesses and to compete with large (highly robust) multinational investment firms, many cooperatives followed organizational strategies that paralleled those of their competitors (as articulated in Section I). This strategy allowed them to develop into a credible, though subordinate, market force (Mooney 2004; Craig 1993). However, their success came with the costs of privileging a bureaucratic logic of "expansion, merger, and rationalization," and an organizational form that was distant from their own individual members (Fairbairn 1999, 2004; Mooney and Gray 2002).

Organizing Both for Fair Share "To Have" and Identity "To Be" Struggles

Within the socio-economic culture of high modernity, collective mobilizations and new social movements tend to be formed more often around concerns of individual identity, individual efficacy and the need for community, safety and a sense of permanence (Melucci 1988, 329). "To have" and "to be" tendencies co-exist, but, in general, grassroots predispositions for expression/identity are more paramount (though not exclusively so).

Agricultural cooperatives with sustainability agendas may need to follow both the older market and the more recent identity/expression logics of mobilization. Clearly, these co-ops need a business presence in the marketplace to survive; however, coming together as farmers, with the broad social, economic and environmental agendas of the middle, may require farmers to do more than organize for such goals as lower costs, higher prices, and a market for their products ("to have" agendas). "People's propensity to become involved in collective action in general is tied to their capacity to define an identity" (Melucci 1988). The need to survive economically may bring farmers to a co-op; however, "new social movement" history suggests these "to have" agendas may not be enough. Rather plans more oriented to farmers' mutual identity as farmers of the middle (seeking to ensure their joint interests of socio-economic and ecological sustainability) may move them beyond struggles for their individual survival (as has been the predominant pattern historically in agricultural cooperatives) to one more grounded in their mutual survival as a group. This process might then re-embed farmers within a system of production that is organized for farmer and community reproduction and environmental preservation, rather than farmer and community displacement, and environmental degradation.

Consumption Desires

Ironically, it may be the larger marketplace and the longings of the larger culture that are facilitative of this embedment process. As alluded to previously, nutritious food raised with environmentally sound methods by family farmers is increasingly understood as a preference among consumers (*Center for Rural Affairs New*s June 2004). Images and symbols proclaiming sentiments of "back to the land" and "back to nature" abound in the larger culture and, despite the persistence of "country bumpkin" images, there is also

an acknowledgement of the "social and human character benefits of learning honesty, hard work, ingenuity, flexibility and fairness as part of being reared in a farm" and rural environment" (Thu and Durrenberger 1997, 1). More general themes of family farming (and rural lifestyles) are evident in various advertising images (for example *Nature's Pride, Country Time*, and *Florida's Natural*), as well as in the mass-media advertising of such multinational agribusiness firms as Archer Daniels Midland and Dean Foods. These images sell products on a massive scale and in a socio-economic context in which economists tell us "the consumer is king" (the determinant in the marketplace). Hundreds of thousands, if not millions, of people identify sufficiently with these images to invest their consumer dollars in the various associated products.

Following Giddens, the dynamics of high modernity — globalization, specialization, reflexivity — tend to dis-embed people from many of their various cultural traditions, norms and authorities, resulting in generalized conditions of existential anxiety. People have sought to lesson this anxiety in a number of ways, among them simply consuming the kinds of goods that are bundled within promises of social acceptance, attractiveness, beauty and personal popularity. However, other consumption has been oriented to actually creating socio-economic structures that re-embed people within a sustainable and identifiable ecologically sound, socio-economy.

As suggested previously, and in the context of high modernity, consumer desire may transcend the demand for the soothing effects of food, given socio-cultural disembedment and resulting existential anxiety. The published results of a survey done by Roper Public Affairs in 2004 for the U.S.-based Organic Valley cooperative (www.organicvalley.coop) document consumer support for a family-farm-based, environmentally responsible food system. This survey reports that consumers "trust" a family-farm agriculture, over an industrially organized agriculture to conserve resources and protect the environment. There is a desire for environmental sustainability and, according to this survey, a willingness to pay more for food so produced.

Mobilizations in any social movement are captured in part in symbols and identities. If family farmers of the middle were to combine their different needs for empowerment in the marketplace — by augmenting agendas of "getting a fair share" and "the freedom to have" with an agenda of "a freedom to be" — this might improve their possibilities to live out and express their identities as family farmers, living on farms, making a living farming. Consumers (in their capacity as citizens) may in fact deepen the possibilities of these agendas with their own needs for safe and nutritious food and an expressed need for a sense of permanence (potentially approximated with sustainability agendas,) pursued in small to mid-size family farm structures.

Section III: Considering Cooperative Structures and Dilemmas[1]

Individualism, Collective Action, and Voluntary Participation

Recruiting and organizing family farmers for collective action and cooperative organization presents dilemmas. As Thu and Durrenberger (1997) and Lauck (2000) report, family farmers historically have carried a series of values that include privileging hard work, ingenuity, a sense of fairness, rights of property, individualism and independence. Individualism and independence, in particular, can be an anathema to collective action.

Cooperatives work best when formed by individuals who have a mutual interest to achieve some goal they cannot achieve as individuals. However, this also implies that individuals acting in accordance with the agreements of a co-op may have to limit some of their individual freedoms to obtain benefits that are only available on a collective basis. For some farmers, neither individual-collective nor mutual-collective benefits may be sufficient for them to give up their respective autonomies. In a cooperative, demands for product standardization, obligatory marketing schedules, and/or various sustainability criteria may serve as a disincentive for some to join, in spite of other possible benefits. This individual-collective tension is ever present — to varying degrees - in co-ops in terms of how readily potential members (and existing members) are willing to give up aspects of their individual decision choices for the benefits obtainable in group action.

However, in Canada and in the United States, cooperatives are structured in a manner that permits aspects of individual choice and individualism to be expressed. For example, in their initial framings, no farmer is forced to join a co-op, no member is forced to remain in a co-op; indeed, members may leave a co-op whenever they choose. They can join and participate

[1] Portions of this section appear previously as Gray, Thomas W. "Cooperative Structure for the Middle."

or they can choose not to. However, once in the organization as continuing members, the individual-collective tension does not disappear but is present in various ways, depending on how the co-op itself is structured. Historically, agricultural cooperatives have followed three organizational structures: local, centralized, and federated cooperatives.

Local Cooperatives

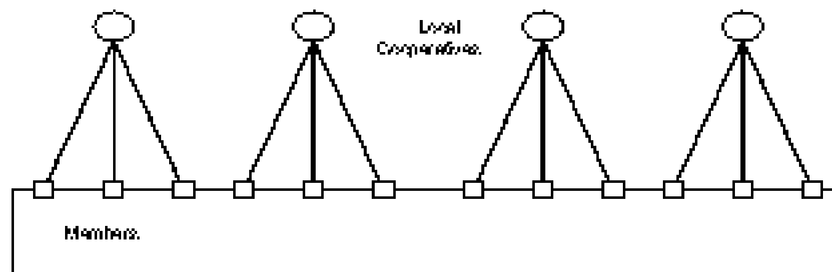
Locals are the most bottom-up of the three cooperative structures (see figure 2). In general, small numbers of members with similar interests are served by local associations. Services may include the joint purchasing of supplies and services, collective marketing of farm output, and/or processing and marketing of products. As organizations, they may have as few as 10 to 15 members, or as many as 500 to a 1,000 (Schaars 1971, 50). Most members live within close proximity of each other and often know each other personally, lending the cooperative a degree of informality unusual in larger cooperatives and organizations. In fact, "knowing each other" tends to provide a rough measure of local and small. Local cooperatives are businesses and business is the central activity. However, member participation (beyond business patronage) in governance, in meetings and in decision-making can provide the additional benefit of a sense of individual and community efficacy, relationship and meaning. Involvement and participation in the organization itself creates and deepens these latter effects.

Formal democratic control runs from the members as a group to the local association. Members elect a board of directors who sets policy. This board may also make managerial decisions, depending on the complexity of the business. If business activity is conducted more than on a seasonal basis, and has a degree of complexity not easily resolved with part-time management, then a professional manager is usually hired. The board of directors hires this manager. With the introduction of a professional manager, the tension between complex (managerial) expertise and grassroots (member) wisdom may become more evident.

Local cooperatives have the organizational potential to achieve many of the goals of the AOTM. Open, transparent and democratic, locals can serve as an organizational vehicle for assembling farmer voices and achieving joint actions--giving farmers market power and access well beyond what most small to mid-size farmers could ever achieve as individuals. As independent businesses, with local bases, they represent a dispersed, decentralized approach that would allow members to take collective actions, if they so choose, to support sustainability programs. Responsiveness to local agendas and concerns almost always occurs in these organizations, and local creativity (and identity) are stimulated and drawn upon.

However, as an overall policy approach to national AOTM agendas, locals as a sole strategy for AOTM survival would likely lack coordination and congruency across the multiple individual facilities and nationally. Further, given the intense competitive environment agriculture represents historically, individual locals could well find themselves at a market disadvantage, relative to larger firms that are less socially and ecologically responsible. Market power (as well as greater ease in bringing about coordination) tends to inhere with the scale advantages of larger

Figure 2:
Local Cooperatives



Source: Schaars , p. 51

organizations. For reasons of scale, scope, as well as standardization (and coordination) across region and nation, Yee (2004) of the Association of Family Farms suggests utilization of local facilities, in some combination with a larger organization, may be the most appropriate structure for pursuing the interests of the middle.

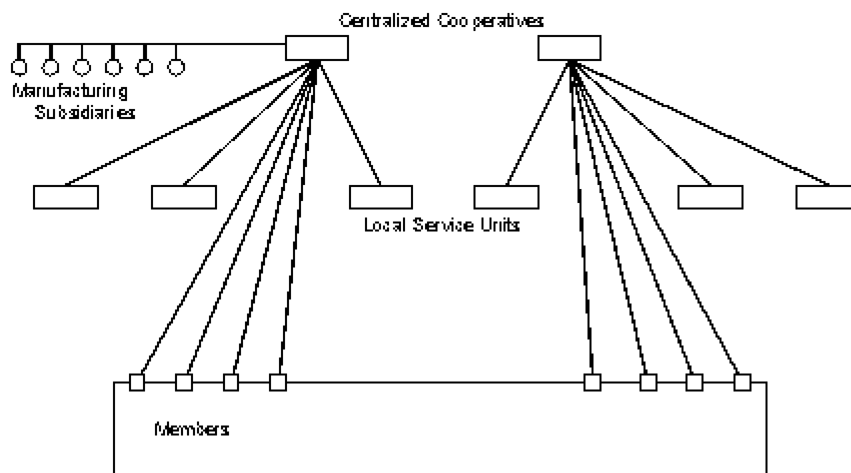
Centralized Cooperatives

Similar to locals, members of centralized cooperatives belong to a single organization (see figure 3). Unlike local co-ops, their memberships are typically composed of thousands of farmers spread over broad geographic regions. Generally, these cooperatives serve local members from local sites, but the "locals" themselves are associated with a central headquarters location. Typically, the headquarters is far removed from most farm locations, residing in an urban setting. The "locals" are not themselves co-ops, but represent local business sites only. Formal democratic control runs from the farmer to the central organization. Members are elected either directly or through elected delegates, to serve on the central organization's board of directors. As with local cooperatives, the organizational board sets policy for the management of the cooperative business and is charged with hiring the cooperative executive officer (CEO). The CEO manages the cooperative from the central headquarters. The managers that run the local facilities are hired and employed by the management structure of the central organization.

All the services that any local cooperative provides are made available at the local facilities of centralized associations; to include, for example, local assembly, grading, packing, shipping, processing and purchasing. However, centralized co-ops have various advantages of scale, scope and resources that locals do not have. These include achieving greater uniformity of products and services regionally by operating all local units from the center; lowering operating costs through centralized control of the handling and marketing of products; and achieving the broad ability to adapt local units to rapidly changing economic conditions (Cobia 1989). Further, large centralized co-ops can sometime eliminate intense local competition by "differentiating their products from competing products with the development of various 'unique' product qualities - through branding, advertising, packaging, research and development, as well as intensive processing and product molding" (Sexton 1997, 38; see also Gray, Heffernan, and Hendrickson 2001).

However, while there are advantages to centralization, there are also disadvantages. Decision-making by definition is centralized rather than decentralized: "Operational control and authority are concentrated in the headquarters" (Cobia 1989, 45). Rather than being organizations characterized by direct participative democracies, as occurs in locals, democracy provisions in centralized cooperatives tend to take shape as democratic bureaucracies. Under such structures, organizational size and bureaucratic authority flows may all but eliminate possibilities for members to

Figure 3:
Centralized Cooperatives



Source: Schaars , p. 51

develop and deepen mutual identities such as the "farmers of the middle." Large bureaucratic structures tend to mute a sense of individual and community efficacy, relationship and meaning (qualities obtainable in local cooperatives) (Fairbairn 1999).

Members may lose an active interest in participating in the organization for meaning and self-efficacy within such operations and revert to using the cooperative merely for purchases and/or sales. The potential for managerial expertise to gain greater prominence over grassroots wisdom and voice increases when this occurs. Historically, cooperative membership has tended to dismiss its own voice (as a collective) in deference to managerial authority and the very real demands for economic success. In turn, the authority of managerial expertise has frequently favored short-term profits and business survival, and sacrificed activities that do not make an obvious contribution to the bottom line (e.g., membership programs). In such situations, strategic planning may come to deemphasize the mutual-collective goals associated with belonging to the organization in favor of individual-collective benefits (as discussed previously in this report) (Fairbairn 1999; Parnell 1999; Yee 2004). And activities organized to solidify an identity, such as "farmers of the middle," tend to be muted in their impact.

Federated Cooperatives

Federations of co-ops are sometimes formed from a collective of local cooperatives (see figure 4). Farmer-members hold membership in the local co-op; the locals in turn are the formative-members of the federation. The local cooperatives typically provide a large proportion of the federation's capital needs, and own the federation. The locals elect a federation board of directors, which then hires the regional federation management. The locals operate as cooperatives themselves, with their own elected boards of directors and hired management. However the overhead organization may provide management for the local, per a contract arrangement. Federations can provide the services and most of the advantages of any centralized co-op. By structure, federations can be as (or more) responsive at a local level, given its system of locals, as any unaffiliated local co-op.

Federations tend to fall in the mid-range of organizational dilemmas. They are organizationally complex, like a centralized cooperative, but this bureaucratic complexity tends to be offset by a representative democracy at the overhead-federation level, combined with a direct participative democracy at the local level. "Because the federation is built and controlled in this manner (from the bottom up) the local members interest…may be better expressed in federation-membership communications, and [the necessary] member contact more readily maintained because of the direct ties to the local" [in patronage, votes, office holding, and local and personal familiarity] (Cobia 1989, 48; and as reflected in Schaars 1971).

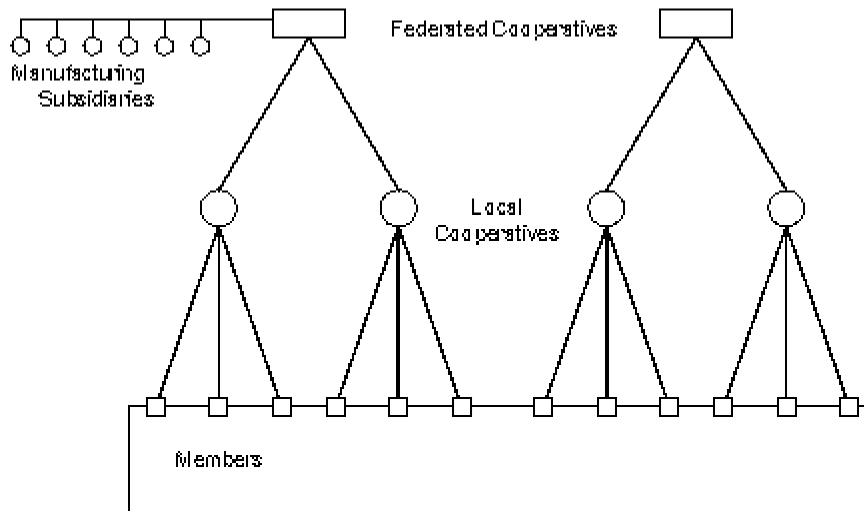
To some extent, federations are able to address some of the problems and dilemmas of centralization versus decentralization--as implied by our discussion of locals and centralized cooperatives. Briscoe and Ward address this very issue (citing Schumaker) in their book *The Competitive Advantages of Co-operatives* (2000, 27).

> "Whenever one encounters such opposites [as centralization and decentralization], each of them with persuasive arguments in its favor, it is worth looking into the depth of the problem for something more than compromise. . . . Maybe what we really need is not either-or, but [both] together" . . . we can find ways to enjoy the benefits of size while staying small; we can get the advantages of centralization while remaining decentralized."

Federations incorporate the tension between centralization and decentralization into their structures, as discussed previously in this report, without sacrificing one for the predominance of the other. Further, concepts of heterarchy may apply as well, given the agendas of the middle and the need to establish and deepen local identities. As introduced by Stark (2001a, 2001b) heterarchy refers to organizational arrangements that seek to "coordinate diverse identities without suppressing differences." The richness of the local can be deepened with heterarchial organization, while providing overall coordination; similarly federations allow for deepening of local identities through local cooperation, while providing a central mechanism for overall coordination.

Yee (2004) argues, in a parallel manner, that the AOTM interests might best be pursed with federated-like structures. Central features to be included within an AOTM federation might include: unified branding to cover all members of the co-op, (with particular attention to construction of a brand that incorporates the agendas of the middle); a certification methodology administered from the federated regional level to bring coordination across the locals and guarantees to consumers; regional and national coordination of co-

Figure 4:
Federated Cooperatives



Source: Schaars , p. 51

op activities and flows of product; professional, broad-scale marketing and advertising; research and education; and other professional support services.

Although the relevance of individual strategies might be debated, a federation tends to facilitate multi-local and regional coordination (as does a centralized structure), but simultaneously addresses greater local variability via its bottom-up, locally-based representation structure (Yee 2004). Large-scale coordination may in fact be necessary for survival, in that it represents a capacity to manage the larger volumes of the AOTM, while competing in a marketplace with multinational, complexly integrated corporations. Federations can provide market presence and scale, while securing and seeking to coordinate local member products.

Despite their advantages, federations, like any organization, must be examined for their internal tensions and conflicts (Mooney 2004). Federated structures have much to recommend themselves in terms of their capacities to provide, in addition to coordination, degrees of decentralized decision-making, local creativity, participative democracy, openness and transparency. However, dynamic tensions and trade-offs exist. For example, the tension between grassroots interests and wisdom versus managerial expertise and the demands for business efficiency may be even more difficult to balance. Strong incentives may exist (in the context of intense market competition) to privilege and make predominant the prerogatives of managerial expertise with grassroots members furthest removed from regional decision-making. Under such pressures, shifts can occur in the structure of the co-op that can minimize the participative and decentralized aspects of the organization. Cooperative and AOTM development strategies, as noted previously, need to acknowledge these basic tensions and trades-offs, and/or utilize them in their planning and practice. Mooney (2004) argues quite strongly that a cooperative that ignores, or does not seek to manage the various trade-offs mentioned in this report, will be disadvantaged in the marketplace, and will tend toward failure. Making these tensions explicit, planning for, and managing them with the prudent use of member (oversight) governance structures, can help keep the organization aligned with members and local needs. Keeping these tensions and trade-offs hidden from view with poorly designed or maintained democratic structures is likely to result in cooperative failure as a “member” organization.

Conclusion

The overarching point of this report was to address some of the agendas of the middle, by considering cooperative membership-structure choices in the context of historic socio-economic, organizational and social psychological influences on the economy (and in particular its production, distribution, and consumption aspects). Much of the discussion has been organized around an implicit, but hardened, view that

highly competitive investment firms are part of the socio-economic environment, and will pursue vehicles for investment and profit, regardless of the interests served by any original activities. The processes of agricultural industrialization and corporate conglomeration are likely to continue, given firms' pursuit of profits and of market power to realize profits. Farmers of the middle then have the task of finding a place between a food-production system that rewards low-cost, small-volume and niche specialization, and a much larger system that rewards increasing industrialization and scale.

In terms of consumer demand-and from the perspectives of high-modernity theories and attachment theory--consumers want products that not only soothe anxiety but also suggest permanence and personal, community and ecological sustainability. Farming and food systems that represent the values of sustainability (i.e., permanence and safety) may be ready outlets for consumer spending.

Cooperatives represent an option to consider for farmers of the middle. Co-ops have organizational advantages in terms of democratic structure, transparency and service. By their formation, they are designed to compete in the marketplace. They have also been effective historically in organizing farmers for power, particularly in opposition to monopolies, oligopolies and conglomerate interests. However, potential earnings (and success) will continue to entice other market interests to compete for products, markets and possible organizational take-overs. The intensity of these competitive pulls can shift cooperative purposes away from service, meaning and value mandates toward the exclusivity of market earnings.

This report suggests AOTM agendas may be best pursued with a federated cooperative structure. It provides an approach to heterarchy (i.e., "co-coordinating and enriching diversity") that entails combining direct-member, participative locals with an overarching representative democracy serving a coordinative role. Historically, federated co-ops have been able to provide both accountability and transparency with this structure, while effectively competing with much larger organizations in the marketplace. However, co-op organizations, like any organization, contain various tensions and dynamics that can shift and maximize some benefits and orientations at the expense of others. Those using a cooperative model will need to be vigilant to the various tensions highlighted (and others) in this report.

With care and consideration of the various trade-offs, farmer-members may be able to incorporate the reality of these tensions within their planning, thereby creating an organization that can effectively pursue sustainability agendas. The cooperative model, particularly the federated co-op, may have the capacity to empower the needs of the middle by providing marketing models for the volume of the middle; organizational capacity and scale to compete with much larger organizations; an overarching organizational strategy for providing standardization and coordination; and a local democratic process to allow, engender, and promote grassroots creativity and responsiveness. The model may do so-with vigilance--while being sensitive to the organizational tendencies of bureaucratization and the loss of local sovereignty, while simultaneously addressing the needs for market viability.

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