The Cooperative Economy: Purpose, Measurement, and Impact

Brent Hueth, Faculty Director
University of Wisconsin Center for Cooperative
Cooperative Purpose
Three Stories
RURAL ELECTRIFICATION

In 1936 seventy-five percent of Pennsylvania farms had no electric service. During the next five years, with Federal support, 14 consumer-owned cooperatives were formed in this State. Southwest Central Rural Electric Cooperative Corporation, serving users in seven counties, was incorporated on March 4, 1937.

PENNSYLVANIA HISTORICAL AND MUSEUM COMMISSION 1982
FARMERS!
This Is Your Banking System
—Stand Behind It

The Federal Farm Loan Act created a farmers' national co-operative mortgage loan system, and the United States Supreme Court has fully sustained this Act of Congress. Now millions of dollars are needed to loan to farmers. Help the entire farming business by putting your money into this safe, tax-free investment.

Buy Federal Farm Loan Bonds
Denominations: $100, $500, $1000 and $5000

Federal Farm Loan Bonds are safe. They are secured by first mortgages on productive farms, the kind of assets with which you are already familiar. And in addition, they are guaranteed by all of the 12 Federal Land Banks with a combined capital of over $24,000,000.

Federal Farm Loan Bonds are tax-free. The principal is exempt; likewise the income from it.

Federal Farm Loan Bonds yield 5%—a better net income than from most farms rented to tenants.

Federal Farm Loan Bonds are ample. They bring a steady, dependable income twice a year; they are quickly convertible into cash; and they are A-1 security for bank loans to farmers, merchants, millers, livestock buyers and others.

Farmers who buy Federal Farm Loan Bonds help to build a farmers' national co-operative banking system—profits earned are paid to the farmer-borrowers who will eventually own all the stock of the Federal Land Banks.

The farm tenant who invests his surplus every year in Federal Farm Loan Bonds is accumulating capital with which to own his own farm. Farm boys and girls who buy small Federal Farm Loan Bonds are on their way to farm ownership. The farm hand who purchases Federal Farm Loan Bonds is forming habits of thrift and saving investment which lead toward the ownership of land.

Locate Your Federal Land Bank on the Map
Locate your Federal Land Bank on the map above. Write to it for free bulletin giving detailed information as to these bonds. Consult your county agent or secretary of your local national farm loan association. Stand back of the Federal Farm Loan System.

FEDERAL FARM LOAN BOARD
TREASURY DEPARTMENT
WASHINGTON, D.C.
Hand in Hand Fire and Life Insurance Society

Established as a mutual society in London on 12 November 1696, the Hand-in-Hand was once the world's oldest existing fire insurance office and was a forerunner of the modern co-operative system.
The **Great Fire of London** swept through the central parts of the English city of London from Sunday, 2 September to Wednesday, 5 September 1666. It consumed 13,200 houses, 87 parish churches, **St Paul's Cathedral**, and most of the buildings of the City authorities. It is estimated to have destroyed the homes of 70,000 of the City's 80,000 inhabitants.

Measurement
The Goal
The Challenge

Establishments of all domestic businesses and organizational units of multi-establishment businesses…

…covers more than 160,000 multi-establishment companies, representing 1.8 million affiliated establishments, 5 million single establishment companies, and nearly 21 million non employer businesses.
Interim Reporting with Public Data

The Cooperative Economy version 0.1.1
Measuring the Cooperative Economy
http://mce.uwcc.wisc.edu/

### All Sectors

<table>
<thead>
<tr>
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<th>Establishments</th>
<th>Total Employment</th>
<th>Average Employment</th>
<th>% of Total Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Sales, Marketing &amp; Production</td>
<td>7,777</td>
<td>82,134</td>
<td>10.6</td>
<td>12.9%</td>
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<tr>
<td>Financial Services</td>
<td>27,149</td>
<td>428,311</td>
<td>15.8</td>
<td>67.3%</td>
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<tr>
<td>Social &amp; Public Services</td>
<td>1,975</td>
<td>22,303</td>
<td>11.3</td>
<td>3.5%</td>
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<tr>
<td>Utilities</td>
<td>2,666</td>
<td>103,344</td>
<td>38.8</td>
<td>16.2%</td>
</tr>
<tr>
<td>Total</td>
<td>39,594</td>
<td>636,181</td>
<td>16.1</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Data Sources

• 2015 historical data report on all U.S. business establishments created by InfoGroup
• All major sectoral trade associations
• UWCC survey of new cooperative startup
• Excludes housing cooperatives
Methods

**Step 1:** Extract co-op candidates by name and business type classification
- Obvious name substrings; e.g. 'co-op', 'cooperative', 'credit union', 'mutual insurance', 'farm credit', etc.
- A few NAICS and SIC codes that identify some cooperatives

**Step 2:** Examine results to detect
- disqualifying name substrings
- additional qualifying name substrings

This step requires research on thousands of individual enterprises, mostly by internet search.
Step 3: Modify selection code to exclude new disqualifying criteria and add new name substrings.

Step 4: Return to Step 1! Again and again.
This is an iterative process of refinement and discovery.

There is a better way!
NCBA CLUSA is thrilled to announce the decades-long absence of federally-recognized co-ops in the U.S. will end with the main 2017 Economic Census. The Office of Management and Budget on Friday approved without question the main 2017 Economic Census package, which includes a question identifying cooperative businesses.

“This is a breakthrough moment for cooperative businesses nationwide,” said Judy Ziewacz, president of NCBA CLUSA. “The data gathered by the Economic Survey will fill a critical gap in understanding our cooperative sector, allowing us to tell a more complete story of cooperative economics.”
Stay tuned and be patient!

Disseminating More Timely and Relevant Results

**Economic Census Timeline**

**RESEARCH AND TESTING PHASE**

- **2015**: Conduct research to determine new content and support 100 percent electronic collection (Complete)
- **2016**: Develop collection strategy
- **2017**: Develop electronic instrument (In Progress)
- **2018**: Finalize content, OMB clearance, Begin respondent outreach, Begin electronic collection
- **December 2018**: Release Advance Report
- **2019**: Release Collection Progress Measures
- **May 2019**: Release economy-wide business statistics for the United States and all states
- **June 2019–April 2020**: Release Geographic Area Statistics for all industries and places with population of 2,500+

**BENEFITS OF RESEARCH**

- Provide businesses with the right tools to make data-driven decisions.
- Disseminate data for use by policy-makers.
Cooperative Impact: Beyond the Balance Sheet
Making Sense of Our Very Competitive, Super Monopolistic Economy

by Walter Frick

JULY 25, 2017
Worker Cooperatives: A Bipartisan Solution to America’s Growing Income Inequality

June 15, 2016
Towards a Political Theory of the Firm

Luigi Zingales

JOURNAL OF ECONOMIC PERSPECTIVES
VOL. 31, NO. 3, SUMMER 2017
(pp. 113-30)

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(Complimentary)
Cooperative impacts are significant in each area.

Data are key to providing credible evidence for these “beyond the balance sheet” impacts.
Thank You
hueth@wisc.edu