

Cooperative Convergence Discussion Guide

VI. The 2007 census of agriculture results indicate that agriculture concentration has increased in the last five years. In 2002, 144,000 farms produced 75 percent of the value of U.S. agricultural production. In 2007, the number of farms that produced that same share of production declined to 125,000 (USDA). Further evidence of concentration includes farms with more than \$1 million in sales produced 59 percent of U.S. agricultural production in 2007, while in 2002 this same class only produced 47 percent of all production (S 8.8b and 8.8c). Examples of concentration include the takeover of Continental Grain by Cargill and IBP by Tyson foods. These mergers are often referred to as vertical integration as not only are these organizations involved in the feeding of livestock; they are also involved with processing.

A significant difference exists between agricultural concentration and cooperative convergence. Webster defines “concentrate” as: to gather into one body, mass, or force (power was concentrated into a few hands.) Webster defines “converge” as: to come together and unite in a common interest or focus. (S 8.8a)The idea or concept of convergence is the fundamental principle from which cooperatives exist and is, in fact, the reason why cooperatives were started in our state in the early 1900s. Nebraska, like many Midwestern states, has experienced mergers and unification of many farmer-owned cooperatives in the recent past.

Cooperatives in Nebraska are not in the mode of concentration, but rather in a mode of convergence that is beneficial to the economic well-being of our state. This reorganization is not concentrating power in the hands of a few but rather uniting in a common interest or focus. Because of the one vote per shareholder rule, the voting power of each producer or shareholder remains the same after unification as it was before.

The focus should be on this process making it possible for cooperatives to continue serving members by providing inputs, services, technical expertise, and the marketing of the products of our farmers and ranchers across the state. By converging, cooperatives are positioning themselves to be able to compete with multi-national companies that are operating in Nebraska. They are continuing to be able to provide services and products to their members at competitive prices and still maintain an infrastructure that will allow cooperatives to be sustainable in the future. Convergence is allowing communities to keep services, jobs and investments that fuel the economy. (S 8.9)

Key Question: What are the benefits to a community of a cooperative convergence?

Suggested Activities: Using the National Agricultural Statistics Fact Sheets (<http://www.agcensus.usda.gov/>) research the results of the 2007 census. Discuss farm numbers, farm typology, income, diversity and production data. What conclusions can be drawn?