

UNIT  
3

# Understanding Cooperatives

## FOCUS

A cooperative is a business that is owned and democratically controlled by the people who use it. Farmers, workers, consumers, service providers and small businesses form cooperatives to meet their members' needs. Farmers form cooperatives to buy seeds, equipment, and other supplies they need less expensively and to get paid better prices for the products they grow. Workers form cooperatives so they can work in a business they control. Consumers form cooperatives to buy things less expensively or to get products and services they might find anywhere else. Cooperatives make decisions based on their members' needs, rather than on what makes the most profit. Cooperatives help create an economy that spreads benefits across the communities they serve. Cooperatives build community.



“Before we were organized, most of the kids of coffee farmers only got through primary school. Now that we’re organized and don’t have to sell to intermediaries at whatever price they are paying, most of the children are completing secondary school. And of the 1,640 farmer members of CEPICAFE, there are 30 with kids studying at the university level.”

**ARNALDO NEIRA CAMIZAN,**  
CO-FOUNDER OF CEPICAFE, PIURA, PERU

## SUMMARY OF CLASSROOM ACTIVITIES

### *CLASS #1: Cooperatives Meet People's Needs*

Students learn that cooperatives are businesses that are owned by groups of people and are designed to meet their needs. They help us do things we can't do as individuals.

### *CLASS #2: Democracy in Action*

Students perform a role play as members of a farmer co-op making an important decision about whether to build a storage barn or earn increased wages.

### *Class #3: Running a Student Cooperative*

Students operate a cooperative lunch room or school supply store for a day and learn what it takes to have a successful cooperative.

### *CLASS #4: Making Choices*

Students write a play or a story to teach people about the choices we have as consumers and perform it for their classmates.

## BACKGROUND ON COOPERATIVES

*From Kate Surber, U.S. Overseas Cooperative Development Council (OCDC), July 2005, "An Introduction to Fair Trade and Cooperatives: A Methodology"*

The idea of working together for mutual benefit is as old as work itself. While cooperatives exist for nearly every industry, agriculture-based cooperatives remain the dominant form in the U.S. The earliest recorded cooperatives were formed in England during the 18th century as a reaction to industrialization.

Cooperatives are a fundamental part of the Fair Trade movement in that the majority of Fair Trade producers are members of various cooperatives. Cooperatives provide a support network for small farmers because they are democratically run, return profits to the producers, and provide technical training. These goals are very similar to the goals and standards of the Fair Trade system.

What do cooperatives have to do with Fair Trade? A lot. Cooperatives provide a way for small-scale farmers to enter the international market and receive increased benefits from their sales. Small farmers who can form a larger exporting group have the scale necessary to export their goods directly to a buyer. Cooperative ownership gives small-scale farmers a chance to be an owner of scale and players on the international market, and to have more control over the trading process, reaping higher returns as a result.

Some benefits include quality supplies at discount/bulk rates; increased marketing power; a share of the earning relative to the percent of business performed with the cooperative; and increased economic activity within the local community.

Cooperatives are governed by General Membership. The members who own the co-op make the biggest decisions, such as electing the Board of Directors, setting the rules and bylaws for the cooperative, making plans for the future and approving large expenses. The Board of Directors works with managers for operational and budgetary decisions. Big decisions cannot be made without approval from the General Membership.

### COOPERATIVE PRINCIPLES:

- Voluntary and open membership
- Democratic member control
- Member economic participation (members democratically control the capital of their cooperative)
- Independence (agreements made with other organizations must ensure that democratic control is retained by members, and that cooperative independence is also maintained)
- Education, training and information among members
- Cooperation among cooperatives
- Concern for community (members approve work that enhances the sustainable development of their communities)



# CLASS 1

## Cooperatives Meet People's Needs

### MATERIALS NEEDED

Student Activity Handouts

### CLASSROOM NARRATIVE

**WARM UP:** Cooperatives are businesses owned by groups of people and designed to meet their needs. They help us do things we can't do by ourselves.

If we need housing and can't afford to buy our own home, we can own an apartment building cooperatively with other families. If we need a job and can't find someone to give us one, or we don't want to start a business on our own, we can own a business with other people. If we are farmers and need a business to help us market and process the food we produce, we can join a farmer-owned cooperative to buy equipment or build a processing facility together.

**ACTIVITY:** Invite members from a local worker-owned co-op, a farmer-owned co-op or a consumer-owned co-op (food co-op, housing co-op, credit union, or electric co-op) to come visit your school. Ask the co-op representative questions about why they started their co-op. What problems did it address? What kinds of goals are the members accomplishing together that they couldn't if they worked alone?



NAME:

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# Cooperatives Meet People's Needs, 1

Interview a member of a local cooperative. Ask them these questions and write down what they say.

What is your name? \_\_\_\_\_

What is the name of your cooperative? \_\_\_\_\_

How long have you been a member? \_\_\_\_\_

Why did you join? \_\_\_\_\_

\_\_\_\_\_

Who owns this cooperative? \_\_\_\_\_

\_\_\_\_\_

Why is your cooperative structured as a cooperative rather than a conventional business? \_\_\_\_\_

\_\_\_\_\_

What benefits do you get from being a member? \_\_\_\_\_

\_\_\_\_\_

What are some challenges you face because you're structured as a cooperative? \_\_\_\_\_

\_\_\_\_\_

How are profits shared? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

NAME:

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# Cooperatives Meet People's Needs, 1

Do you belong to or work with other cooperatives? Why?

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How do you market your product or service?

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How does your co-op interact with or give back to the community?

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NAME:

DATE:

## Cooperatives Meet People's Needs, 2

A cooperative is an organization of individuals who share and work together for a common purpose. The members of a cooperative control the organization democratically. Farmers, workers, and shoppers may all form cooperatives to benefit the members by working toward a goal as an organized group of individuals.

List the cooperatives in your community, who their members are, and what they do for their members. Record your information about cooperatives in this grid.

Co-op Name	Type	Owners	Member Benefits

Explain which co-op on the list you might like to join and why.

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Check off any of these other kinds of cooperatives that you think would help meet the needs of people in your community:

- |  |  |
|--|--|
| <input type="checkbox"/> Food co-op (helps you get food from local farmers and producers)                | <input type="checkbox"/> Worker co-op (helps you get a job where you're one of the bosses)   |
| <input type="checkbox"/> Housing co-op (helps you get a good place to live)                              | <input type="checkbox"/> Farmer co-op (helps farmers buy seeds and equipment less expensively and sell their crop or a better price) |
| <input type="checkbox"/> Day care co-op (helps parents get good day care for their children)             | <input type="checkbox"/> Other:  |
| <input type="checkbox"/> Energy co-op (helps you get affordable energy)                                  | <input type="checkbox"/> Other:  |
| <input type="checkbox"/> Credit union (helps you get loans to buy a home, car, or other things you need) |  |







# CLASS 2

Democracy in Action

## MATERIALS NEEDED

Role-play cards  
Student Activity Handout

## CLASSROOM NARRATIVE

**ACTIVITY:** Students do a role-play as members of a farmer co-op. They make an important decision about whether to build a storage barn or pay themselves more money. Have four students volunteer to act out this role-play in the front of the room. Give them each one of these cards. Ask one of the students to read the setting to get the role-play started. Once students have completed the role play, ask students to write about which option they would vote for and why.

**DIALOGUE:** Gather the class again after they have completed the writing assignment and ask:  
What made this decision hard?  
Is there a right answer?  
How should a group of farmers make a decision like this?  
Should they talk about it until someone makes a proposal they can all live with?  
Should they vote and have the majority win?  
Which way did you vote? Why?



# Role Play Cards

## **BACKGROUND INFO**

You are a member of the Red Creek Farmer Cooperative. Your co-op signed on to sell your cocoa to a Fair Trade company and a good-sized check just came into the co-op to pay for all your cocoa beans. For the last two years, your co-op has not been able to get a good price and your family got very thin because there was so little food. Everyone has been thinking about all the things they'll be able to do now that they'll have good checks coming in.

## **FARMER #1**

You're excited about getting some money, but you have been thinking a lot about how best to use it. Part of the reason you made so little money over the last two years was that you lost a lot of your crop just when you were ready to ship it out. Storms came and destroyed it. You're thinking that all the co-op members should put their money together to build a storage shed to protect your crops. Waiting just a little more to get your money will mean there will be fewer times when you don't get it.

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## **FARMER #2**

You are so excited about getting some money. You are planning to put your money into rebuilding part of your house. It always feels like it will fall down during a storm and your children get scared. You are looking forward to building something just a little more sturdy for your family. You've heard a rumor that someone is going to propose that the co-op keep all the money at the meeting today, but you're sure no one could be that crazy.

## **BACKGROUND INFO**

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## **FARMER #3**

You're up for anything. You really want everyone to get along and you're not as concerned about what the decisions are. You've heard that some of the members want to invest in the co-op's future and some have things they feel their family needs to invest in. You see the wisdom in both choices.

## **BACKGROUND INFO**

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## **FARMER #4**

Your oldest daughter is interested in going to a business program at a community college in the city. If she goes, she might be able to really help the co-op better understand how to run the business with so many complicated things going on. You're really looking forward to having the money to pay for her to go.









# CLASS 3

## Running a Student Cooperative

### MATERIALS NEEDED

Copies of the Student Activity Handout  
Money to buy equipment or supplies to start up the student cooperative

### CLASSROOM NARRATIVE

**INSTRUCTIONS:** This activity is complex and will require a substantial time commitment, so plan accordingly.

Explain that the class is going to form a cooperative. Our cooperative will either help us buy something we all need or give us a way to earn some money. Steps 1 and 2 on the student handout pose critical questions to guide the planning process. After completing Steps 1 and 2, determine the length of time available for enacting the plan in Step 3. At the end of the project, ask students to complete Step 4, evaluating the success of the project.





NAME:

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# Running a Cooperative

**Step #1:** First, let's decide what kind of cooperative we want to be.

Do we want to be a consumer cooperative that helps us buy things we need? Or...

Do we want to be a worker cooperative that helps us have control over our workplace and helps us participate in our work?

**IF YOU DECIDE TO BE A CONSUMER COOPERATIVE:** What does everyone in the class need to buy? Which items may be too difficult or expensive to buy? Which items would be fairly easy for our cooperative to buy together and sell at school? *Choose what you want to purchase together, for example: lunch, sports equipment, school supplies, or healthy snacks.*

**IF YOU DECIDE TO BE A WORKER COOPERATIVE:** What work can you do together? What work do you have the equipment/resources/knowledge to do? Are there any jobs where a cooperative could help recruit more work or get the work done more quickly or better? *Choose what you want to do for work together, for example: lawn mowing, selling food at sports events or parent events, cleaning houses, taking care of pets, fixing computers, videotaping or audio taping conferences, or making websites.*

Record your decision on paper and post it in the front of the classroom.

**Step #2:** Let's get organized.

What do we need to do to get ready to launch our cooperative?

How does our group make decisions?

Who will do what, and by what time, to help us get ready?

How will we set our prices and divide up the money we earn?

When we open for business, who will do what?

How will we know if we are successful?

Record your plan on paper and post it in the front of the classroom.

**Step #3:** Let's get started.

Encourage students to implement their plan, checking off each step as they accomplish it and making changes to their plan as needed.

**Step #4:** Looking back.

How did it go? Did we get our cooperative started? Did it work? What would we do again? What would we do differently?





# CLASS 4

Making Choices

## MATERIALS NEEDED

Student Activity Handout: Making Choices

## CLASSROOM NARRATIVE

**ACTIVITY:** Students work with two classmates to write a role play, a story, or advertisement that teaches people about some of the choices they have before them as consumers and how their food choices make a difference. Groups share their play, story, or advertisement with the class.



NAME:

DATE:

# Making Choices

Work with two classmates to write a play, a story, or an advertisement that teaches people about some of the choices we have as consumers. Educate people about how their food choices make a difference.

## Topics to Consider -

We can choose to buy food based on:

- where the raw materials are from that were used to make the product;
- where it was produced and processed;
- how workers, farmers or other producers are treated;
- what impact the product has on the environment;
- whether it has any connection to a cooperative or how the business is structured;
- what quality ingredients were used;
- whether it has preservatives;
- whether its organic;
- how much packaging it has;
- and the nutritional value.

Perform the play, story, or advertisement for your classmates.

You'll be graded using the following point system:

**4 POINTS** for a play, story, or advertisement that clearly presents some of the choices we have as consumers in our society, how we can approach those choices and the way those choices impact other people and the environment around the world

**3 POINTS** for creativity

**3 POINTS** for an effective group process that values and encourages each person's contribution

**TOTAL: 10 POINTS**



## FOLLOW-UP PROJECTS

Invite people to come into your classroom to talk about their work. Have them talk about how hard they work, what they do, and how much they are paid. Ask students to keep a chart, ranking each type of job by how much education is needed to get that job, how much physical work is required, work hours per week, how much they get paid, and whether the work is done through a cooperative. Ask them to predict how other types of jobs will rank in relation to this job and then have them test their predictions. Ask them to describe how society determines the value of various kinds of work. (Include small-scale and large-scale farmers, worker owned cooperatives, homemakers, family day-care providers, construction workers, teachers, ministers, computer programmers, scientists, social workers, etc.)

Invite business owners to come into your classroom to talk about their businesses. Have students find out who owns the business, who benefits from the business, who makes decisions, and how the community benefits from their work.

Find out about the Mondragon cooperatives. Find out how they got started and what impact they have on their local economy in Spain.

Learn about cooperatives in the U.S. Find out how they got started and what value they bring to us as shoppers and to the broader community.

Child Care cooperatives: [www.preschools.coop](http://www.preschools.coop)

Credit unions: [www.creditunion.coop](http://www.creditunion.coop)

Electric cooperatives: [www.nreca.coop](http://www.nreca.coop)

Food cooperatives: [www.cooperativegrocer.coop](http://www.cooperativegrocer.coop)

Housing cooperatives: [www.nahc.oop](http://www.nahc.oop)

Producer cooperatives: [www.ncfc.org](http://www.ncfc.org)

Other cooperatives: [www.ncba.org](http://www.ncba.org)

