Twenty-Second Annual Aldrich C. Bloomquist Lectureship

NDSU

QUENTIN BURDICK Center for COOPERATIVES

Farmers Union Cooperatives—Staying Power for Rural America

An address by Roger Johnson
President of National Farmers Union

7:00 a.m., Wednesday, April 16, 2014
Crystal Ballroom #1-Ramada Inn and Suites, Fargo, ND

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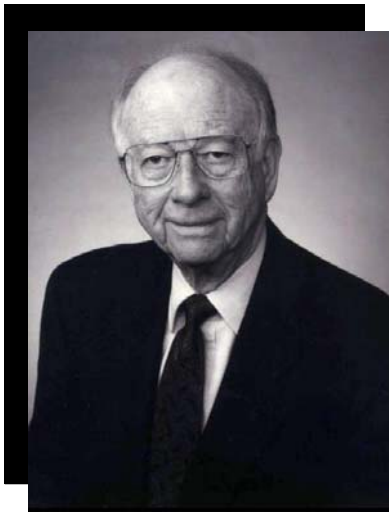

This lectureship series was created to honor Al Bloomquist, who served as president and longtime executive of American Crystal Sugar. A driving force in the development and success of the Red River Valley's farmer-owned cooperative sugar industry, he became the first executive secretary of the Red River Valley's Sugarbeet Growers Association in 1961. When American Crystal was acquired by the growers' association in 1972, he became a part of the new cooperative corporation. He received an honorary degree from NDSU in 1992. In recognition of his contributions to the company and the industry, American Crystal has established this lectureship series through the Burdick Center for Cooperatives at NDSU. American Crystal Sugar is a cooperative that produces 16 percent of the country's sugar. The company is owned by approximately 2,900 shareholders and employs 2,000 men and women in the states of Minnesota and North Dakota. The company generates approximately $1 billion in sugar sales annually.

Roger Johnson was elected National Farmers Union's 14th president during the organization's 107th anniversary convention in 2009.

Prior to leading the family farm organization, Johnson, a third-generation family farmer from Turtle Lake, N.D., served as North Dakota Agriculture Commissioner, a position he was first elected to in 1996. While Agriculture Commissioner, Johnson served on the State Industrial Commission, the North Dakota Trade Office Advisory Board, and the State Board of Agricultural Research and Education, among many other boards and commissions.

Mr. Johnson is a past president of the Midwestern Association of State Departments of Agriculture (MASDA), past president of the Food Export Association of the Midwest and a former chairman of the Interstate Pest Control Compact. Johnson graduated from North Dakota State University with a degree in agricultural economics.

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Aldrich C. Bloomquist

Lectureship

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Let me say first of all that it's really a pleasure to be back here, to be part of an event that is named after Quentin Burdick. He was, in many ways an idol of mine and of a lot of folks. This was a man who served as the legal council for North Dakota Farmers Union. In the rural electric family he was council for Cass Electric. A great, great, great man. He was, in fact, the lawyer who drew up the papers for the NDSU Farmers Union Co-op House, which is the place where I stayed when I went to school here. It is no more. But the Co-op House was a fraternity, but it was also kind of like a sorority. We had guys and gals. We had two different houses, so the gals were in a different house. It operated as a cooperative. In most fraternities, you pledge to it as a freshman and sophomore and you do all the grunt work. As you move up in the ranks you get to pick on the young guys and poke fun at the fact they have to do all the work. In the Co-op House it wasn't like that because we were a co-op and everyone was equal. If you were a senior you were in there cleaning the bathroom because it was one of the assigned tasks of the various folks. Everyone who stayed there had responsibility. The board of directors was elected from the students who were members. Because of the transitory nature of students, there would be difficulty keeping that business model going, so there was a board of trustees. The board of trustees had three members. It was comprised of a representative from North Dakota Farmers Union, from the Farmers Union Grain Terminal Association, and the Farmers Union Central Exchange. Now, we all know that the GTA as subsequently becoming Harvest States. Farmers Union Central Exchange becoming Cenex. These last two merged into what is now CHS, the largest co-op in the United States. It employs something like 10,000 people. It is a big supporter of what's going on here and lots of other cooperatives that are a part of this effort as well.

I thought I would do three things here today and then I would hopefully have some time for questions and answers. I want to give you a little bit about my upbringing viz a viz co-ops and Farmers Union. Then I want to tell you a little bit more about the history of Farmers Union. Finally I want to segue into some observations about Washington, DC, which is where I have lived for the last 5 years, and share some thoughts about how if we had a whole lot more cooperatives and leaders from co-ops that were in Washington, DC it might be a better place.

I grew up in Farmers Union. I was a Farmers Union kid. My parents were members of Farmers Union. We were loyal patrons of all the co-ops. Folks in agriculture and in North Dakota and in the upper Midwest, and in lots of other parts of the country as well, I think come to understand that agriculture and cooperatives are inextricably linked together, almost to the point where we don't even think about it. Every bit of business that is or needed to be done on the farm is or can be done through cooperatives. That was the

experience that I had growing up.

As a Farmers Union kid we went to the camps. It was the only chance we had to get away from the farm and family in those days; it was a really, really big thing. I think it's still a really, really big thing for a lot of young folks today. My understanding is that something like 1000 plus members of North Dakota Farmers Union are members simply because their kids in urban areas go to Farmers Union camps and want to experience that. So why is that a big deal? Why such importance? Why do I even talk about it? Because the fundamental thing that you do at camps in terms of learning is something that you don't even think about as a kid. You're thinking about having fun and doing all those great activities and meeting new people and all that kind of stuff. But the one thing that is central to every single Farmers Union camp is organizing cooperatives, talking about cooperatives.

Farmers Union and cooperatives are one in the same in my mind, that's the way I grew up. Every camp that we ever went to, the campers formed a cooperative. They actually formed and put money into it. It was usually a candy store; in fact every one I ever went to, was a candy store. They had all kinds of neat names for these candy stores. All the kids, campers, put a bit of money into it and with that money we bought an inventory of candy. During the tenancy of the camp the candy was sold to campers. We elected board members for the co-op and the board members made business decisions, including hiring a manger. I don't ever recall the manager being paid. Perhaps there was some payment for it. And then at the end of the camp the cooperative was dissolved. The net savings, referred to as profits, or the margin, is something the members of this cooperative, the campers, made a decision as to what to do with. It was usually donated to a charity. If you think about that, what an enormously important way of teaching fundamental concepts to a bunch of kids. If you sat them down and said we're going to teach you about cooperatives, you wouldn't get very far.

That was part of my upbringing. I went to these camps over the years. I was very actively involved in the organization. There's a very organized process in North Dakota, because North Dakota Famers Union is probably the strongest state Farmers Union organization there is in the country. In fact I was just at a book signing on Monday in the Famers Union office where I was interviewed for one of the chapters, and the name of the chapter is "Lessons from the Candy Store". Maybe now after that little story you'll come to understand why that's the case. It's probably the only chapter in the book that talks about the importance of cooperatives.

That was my upbringing. I came up through the system that way and came to NDSU to go to school. It was a wonderful experience. I loved college. It was a great place to be. As I indicated, an important part of that was being a member of the NDSU Farmers Union Co-op House as well.

Farmers Union was organized in 1902, so we're well beyond 100 years now. As an organization we were founded because there was a need for farmers to get together and solve some really big problems. And those big problems are not unlike those that exist today. Those problems were fundamentally about access to markets. Is there a fair price? Is there a competitive market for the inputs you're buying or the products you're selling; either way? Back at that time much of the country's agricultural industry was developing. It's not hard to imagine having only a few buyers of commodities. If you were a farmer opening up new land and raising flax or wheat, or whatever the commodity might be, and looking for a market to sell it there may be one buyer and you accept the price and sell it.

Farmers Union organized, in its initial days and years, cooperatives. We were largely focused on organizing cooperatives. Not because cooperatives are the only way of doing business but because there had to be a measure of competition so that the marketplace would behave in a rational and fair way. That way, farmers would get a fair shake. As a consequence, Farmers Union organized lots and lots of supply cooperatives and marketing cooperatives.

We were heavily involved in the organization of rural electrics and rural telephone cooperatives. We all know the story. The investor-owned businesses basically said there's not enough business out in the countryside to make a profit and so we're simply not going to provide the service. If the service was something you needed in agriculture you had no alternative but to create a business to provide that service. That's a very important part of our history. I often say that organizing cooperatives in dealing with this issue of economic concentration in the marketplace is in our DNA. I mentioned earlier where sometimes the issues today seem to be the same as they were back then.

Last week, in fact, I was at a Surface Transportation Board hearing in Washington, DC. There the issue was the same issue we've been dealing with for many years except that it seems to have gotten a whole lot worse. The issues is rail transportation and can you get a fair price or even service at all on the railroads right now? We're in a state blessed with lots of natural resources, lots of economic activity. We have enormous, explosive oil development in western ND. As I left my position as Ag Commissioner, also serving on the Industrial Commission, in 2009 North Dakota produced about 200,000 barrels of oil per day. The vast majority of that oil either was refined in state or went out of state in pipelines. I remember when we started having the conversation about can we putting this oil in tanker cars and shipping it by rail. The initial thoughts were "that's kind of crazy.

Do you know how expensive that would be? How quickly we would run into capacity issues? We're not going to do a whole lot of that." Today we've increased from 200,000 barrels of oil to about one million barrels of oil per day. Almost all of that increase is now going out by rail. When you couple that with the fact that the whole industry in the US has been under significant pressure from an environmental standpoint, and enormous price pressure more recently because of cheap natural gas prices and you see the coal mining industry look longingly at and accessing export markets. We have major rail terminals that are being built out in the Pacific Northwest for overseas markets of coal. In just the last two years coal production and transport by rail to the PNW has doubled. This is coal coming out of the Powder River Basin, just west of here.

Now, why do I mention that? Those two industries are providing significant increased demand for rail service. Also, in agriculture we need rails to move our crops, which were not bad last year, they were sizable. We have large amounts remaining in storage either on the farm or in the local elevator, most of which are co-ops by the way. You need to find a way to get that pressure off the railroad.

The issues are not dissimilar. It's the same sort of question, is there competition in the marketplace? It's a fundamental reason for government to exist.

Let me go to the third and final point. That is to make some observations about cooperatives and Washington, DC. The central point that I want to make is really that it's not that cooperative's are really just staying power for rural America but they may well be the salvation for American government.

When I became president of National Farmers Union in 2009 and moved out to Washington, DC, I was already accustomed to paying a lot of attention to what was going on in Washington. I had been out there a number of times, maybe half a dozen times a year mostly to interact with the different entities at government, including Congress, administrative agencies and so forth. I had developed this understanding that the place had become, shall we say, at least marginally dysfunctional. Things weren't working as they ought to be working. I got out there and within a couple of months I thought it was far worse than I had ever imagined. I think over the last five years you all, just by reading things in the press, probably have come to the same conclusion. We have a government that just does not work very well.

We are in the second year of a two-year seating of Congress. The first year of this Congress was the least productive legislatively in the history of the country. That's measured not by the number of bills that were passed, that's because gobs and gobs of bills get past, mostly in the House because it's easier and quicker to pass them there. And these are mostly messaging bills between the House and the Senate. So it's not a measure of how many bills are passed. It's a measure of how many bills were passed by both houses in the identical form and sent to the president and signed into law. In other words, the number of laws that were created. It was something like 57 or 59 I forget the number. It was the lowest number in history. That includes bills to name post offices. We have a government that doesn't function very well right now.

We have a government that, in the time that I've been in Washington, there has been a budget for the first time now for the full year. And that didn't even start that way at the beginning of the year. It's a government that operates in lurches. Programs are funded for maybe three or six months at a time. Do you want to talk about business planning? Long-term planning? How in the world do you run anything when you don't know what is going to happen? What programs are going to be funded, what programs are going to be cut, what will be eliminated, until the day it happens? And then you only have enough money to do it for the next three months before for you start all over again.

So Congress has become dysfunctional. Why is that? I have spent a lot of time thinking about that question. I'm trying to figure out why we have become so dysfunctional. And I think a part of it, maybe a really big part of it, is because of who we have become in America as citizens. Congress is a reflection of us. A lot of folks would argue that it's not a really good reflection because you've got this inordinate increase in the influence of money in the political process, which is caustic and disruptive; and I would agree with that. But I do think that there is something fundamentally different in how Washington operates with the two political parties today and what used to be the case when I was growing up, and in fact during all the years that I was Ag Commissioner. It has become much, much more difficult. I call it the TV syndrome. So here's the deal. Most Democrats go home at the end of the day and turn on the news on MSNBC and they get a certain worldview. And Republicans go home at the end of the day and turn it to a different channel, Fox News, and they get a different worldview. And it's not to say that one is right or one is wrong. It is to say, however, that the MSNBC worldview is over here and it describes all these kinds of problems and things that are going on. The Fox worldview is over here. And there is very little that interacts, that interconnects between the two. Think about drawing circles and looking for overlap, areas for compromise and for areas that people can work together on. That area of overlap is almost nonexistent today. We don't even recognize the same problems. So if we don't recognize the same problems, why would we ever talk about solving something? The Democrats will talk about solving this problem, and the Republicans that

problem, while the Democrats don't recognize that is a problem and the Republicans don't recognize this is a problem. And I think that is part of who we have become as a society.

Now when I was a kid we had three TV stations you could tune to. But it didn't much matter because the evening news, the Huntley Brinkley report, Walter Cronkite, or whoever it was didn't much matter because those folks in those times were so professionally committed to being objective and unbiased about the news stories that they were reporting on that opinion was never a part of it. When opinion was rendered, it was almost always done at the end of a broadcast, the broadcaster would take their glasses off and start talking to the camera about what he or she thought of the issues of the day. And that was not something that happened routinely. Today, it's almost like no matter what channel you tune to it starts with opinion and they try to find the facts that support it. It's upside down. It's a big problem. I'm not sure how to resolve it. But I do know if this country's going to survive it needs to be resolved.

Let me make a few observations about what I said earlier about cooperatives. And here's my premise. I really believe that anyone who's ever elected to Congress or ever given a political appointment to any position in government ought to, first, spend some time governing a cooperative—either managing or spending time as a board member—because you come to understand something fundamental about business because cooperatives are about business. I mean if they don't make money for their member patrons that can be redistributed and can be held to capitalize new ventures and expand and update and modernize they cease to exist. So they are about business. But they're also about something much, much more important in my judgment. They're about democracy. It's one of the fundamental principles of cooperatives, they are about democratic control. And they're about problem-solving. They're about working together. They are officially nonpartisan. And I deliberately don't say bipartisan, I say nonpartisan. They are deliberately a business organization that is created with folks who have common interests or needs in mind, to create a service, to form a business, to provide that service and income back to its members regardless of beliefs or politics. They are, in their nature, nondiscriminatory. One of the founding principles of cooperatives is that membership is open to everyone and you discriminate against no one. There are times I suppose when we break some of these rules a little bit. Nonetheless, having those as basic principles of how you operate a business seems to me like an enormously important proving ground for problem-solving for the rest of society. And that problem-solving gets done in legislatures and in our US Congress. Cooperatives are the tool to bring this to the world stage, the fundamental tool that is used for development in undeveloped countries. They as a business entity also involve all these other important business principles that are a part of governance. That's unlike what we think of as traditional businesses although I would argue that cooperatives in this state largely operate under the political radar. We don't do a good enough job of telling our own story as cooperatives because we tend to solve problems and we tend to not be so much in the news.

As I get close to concluding maybe I have to mention this. One of the most important principles of cooperatives everywhere, and of Farmers Union in particular, is education. Wherever we go we try to provide education about what's going on, the issues of the day, and education back to our members because it's critically important. Our forefathers came to understand that if you do not educate the members of a cooperative as to how it operates, how it ought to operate, why the need exists for that cooperative you will soon lose that cooperative. It will cease to exist. Education is vitally important. And in both places, both internally: to educate co-op board members about how you do your duty as a governing board of the cooperative; as well as externally: how you educate the rest of the world about the matters that are important to you as a cooperative.

To tie it back to Farmers Union, for pretty much all of our 100+ years of existence we have had as an enduring symbol a triangle, an equilateral triangle. At the base of the triangle is education. It is that important. It is that important to cooperatives as well. If you don't keep training board members as to what their responsibilities are, and some of the ethical issues that you end up dealing with as a member of the Board of Directors of the cooperative, you end up putting the business and the community in peril. Another of these fundamental principles of cooperatives is community support. As I think about all of these things that are important in the cooperative movement I just am convinced if we could somehow get this dysfunctional Congress to pass a law saying that anyone that is going to be elected has to serve in some sort of leadership capacity in cooperatives, the world would be a better place because we would have a Congress that would function better. Now don't take from this that I think we ought to pass that sort of law. Take from this that we all need to become active members of, and leaders of, cooperatives. It is a very important civil society training tool.

I've talked about the nonpartisan nature of cooperatives. I want to conclude by reading something that two former Secretaries of Agriculture said about cooperatives. Now, they are not nonpartisan. Believe me they are both far from it. But it is a bipartisan reading. The first one comes from Earl Butts. Now, anyone who knows or remembers Earl Butts remembers that he was kind of a lightning rod on the right. He was probably not nonpartisan. Nonetheless here's what

Earl Butts said in 1976. “I think there is no better training ground for democracy in this country than in the self-management and operation of these cooperatives. That to me has been the greatest contribution that cooperatives have made in the past 50 years and I think will be the greatest contribution they will make in the next 50 years.” Those words were from Earl Butts, conservative, Republican Secretary of Agriculture. From the other side of the political aisle, someone who in fact provided one of these Bloomquist lectures, Bob Bergland, former Secretary of Agriculture, while he was serving as CEO of NRECA, said, “cooperative businesses are deep into community. They care about the place and won’t pull out unless people don’t understand what they have. They’re a vital part of our private enterprise system.” He went on to call cooperatives “truly an economic democracy.” And he said that some large-scale business enterprises are driven mostly or almost entirely by profits. Meaning the non-cooperative world. And then he said that “cooperatives have an entirely different agenda, to serve the communities in which they are embedded.” Well said, from both sides of the political aisle. Maybe that can be a measure of what we ought to use as we think about this dysfunctional government that is a part of all of our lives.

Thank you and I’ll be happy to take any questions.

Question 1. We’re steeped in the agricultural cooperatives tradition, but what’s going on in urban America with cooperatives?

Co-ops, I think, are an emerging business model in a society that feels like they aren’t part of a system anymore. The fastest growing area of membership in National Farmers Union is food co-ops. It’s members around large urban areas that are wanting something more to say about how they eat, and feel they can’t find it in the superstores. And so they’re creating their own. In the New England states—which is the 6 states up in the New England area that recently joined the Farmers Union family about a decade or so ago—that is their growth model. Every little community you walk into in the New England area has a food co-op. It’s phenomenal. You walk into these stores and they kind of take you back some years ago to the local grocery stores we had in Turtle Lake, North Dakota. They’re very personable and they have boardrooms in the upper part of the store, they have the co-op principles on signs scattered throughout the store. This is not an old thing to be discarded. I think the cooperative business model is a new emerging model in a lot of those places. I would argue that we’ll continue to see that as you see more and more demand for fresh and locally grown and processed food stuffs wherever there is sufficient population to support that sort of an economic venture. I think you’ll continue to see it.

Question 2. Is there a co-op movement in third world countries? If so what’s the Farmers Union doing?

That’s a real good question and I’m not the best one to answer that. We work very closely with NCBA, the National Cooperative Business Association. It gets significant support from USAID, the international development arm of the US government. We work through them on things like farmer-to-farmer exchange programs and so forth.

One of the fundamental changes USAID has recently made in their economic development efforts in third world countries is requiring these countries to establish certain minimum governing capabilities before we go in and do stuff. A lot of our earlier experience with the economic development activities has been mixed, to put it kindly. Often it interferes with economic markets; creating more dependency. It's a big challenge in the international development arena. The co-op model is a fundamental model that is used in a lot of these countries. There are probably better experts on this subject in the room than I.

Three years ago the National Famers Union helped organize the World Farmers Organization. We just had our third annual meeting in Buenos Aires a couple weeks ago. Robert Carlson, who is the former North Dakota Farmers Union President, up until two weeks ago, was president of the World Farmers Organization. We’re in 50 different countries, 70 different organizations. I say that because this international assistance is a world you have to approach from a bunch of different angles. Working with the country farm organization is a really important way of connecting with the local organized “whatever it is” as you try to do development work in these countries.

Question 3. Cooperatives are merging across our state and across the Midwest. We gain efficiencies, since farms are bigger. But I feel conflict since we’re losing local control. Members don’t differentiate us from the big corporate ownership. I wonder if you could comment about that. I see it as something we need to be worried about.

I do too. In the rest of the world these concerns are very real in that the largest co-ops that are in areas of the marketplace that are occupied by few players, when one of these few players is a co-op and the other couple of players might not be, then you tend to have the tendencies I described earlier about the economic conditions that existed when Farmers Union was organized. You have to be careful that there’s always competition in the marketplace.

Now, in defense of the cooperative model, at least what mitigates against that is that cooperatives, if they make economic profits, that economic profit gets redistributed back to the patrons. So that is at least, in a significant part,

one measure to mitigate against that possibility. It's a growing area of concern. And I would also say that that very issue is what is driving more and more conversations about whether the Capper Volstead Act and various pieces of federal legislation that embrace the cooperative model ought to apply if you have large cooperatives that behave more as large for-profit businesses. A couple of years ago there was a lot of talk in Washington about how you deal with that issue. Since Congress has the tendencies that I earlier described that conversation has sort of fallen away.

Question 4. From your perspective do the cooperatives, RECS, Telcos, ag co-ops, financial co-ops, do a good job speaking with one voice?

I think they do. There are two major voices for cooperatives in the country, the National Cooperative Business Association and the National Council of Farmer Cooperatives. They're not always on the same page and they tend to sometimes maybe lean a little more to one party than the other, sort of like Farmers Union and Farm Bureau do. But I think they do a pretty good job of speaking with one voice for cooperatives. I think, frankly, Farmers Union and Farm Bureau do a pretty good job, in Congress, of speaking with one voice as well on really important issues.

Question 5. What is the best way to get involved in cooperatives?

Part of my story that I didn't tell is that when I went through the camp program in Farmers Union and then got my degree here at NDSU, I went back and started farming with my father. It wasn't more than a year or two after that, because of my involvement in the organization, that folks said, "Well, you ought to be county Farmers Union president." And believe me, most of these jobs are not highly sought after. I didn't fully appreciate that at the time. It was quite an honor. Not only was I asked to run, but to run unopposed. It wasn't long after that, that just going to the annual cooperative meeting for the Turtle Lake Farmers Union Oil Company, part of the CHS family, where the same thing happened.

My point is that if you're a member of a co-op organization you have an obligation to participate in governance. The first part of governance, that every, absolutely every member can participate in, is showing up at annual meetings. It's funny how folks that show up at those meetings tend to quickly find themselves in leadership positions, elected to the board, or chairman of the board, those kinds of things. That would be my advice.

There are cooperatives everywhere. Our life is laden and infused with cooperatives in every part of the business world. There's an interesting statistic, in the US there are something like 30,000 cooperatives, but do you know how many members they serve? About 350 million. Anyone know what the population of the US is? Significantly below that number. So in the US there are more members of cooperatives than there are people in the country. One might say, well how can that be? I'm a member of the Turtle Lake Farmers Union Oil Company and the local co-op elevator and the credit union and the farm credit system. I get electricity from McLean Electric Cooperative, telephone from another co-op, and the list goes on. Lots of folks are involved in lots of different cooperatives. Show up at the meetings, that's 90% of it.

Question 6. Renewable energy has an impact on farm income and rural prosperity. We've hit the blend wall, so we have policy, technological, and market issues. What does National Farmers Union think about where we are and where we need to go and what role National Farmers Union should play?

Last week I had a meeting with Gina McCarthy, who is the administrator at the EPA, who ultimately needs to make the decision of how the Renewable Fuel Standard is deployed. To very directly answer your question, we are very, very strong, strong supporters of renewable energy. My argument with Administrator McCarthy was there is no such thing as a blend wall. In fact it's a creature of a talking point of the oil and gas industry. That industry, by the way, globally, is larger than the gross national product of every country in the world save three. That industry, by the way, has decided that their number one legislative objective in Congress is to get rid of the Renewable Fuel Standard.

We all love to beat up on the EPA because everyone hates environmentalists. It's just who we are as American's or maybe North Dakotans. It's who we are. It's the wrong place to beat up, in my opinion. We need to hold them accountable but let's not lose sight of the fact of who it is that's making these arguments.

There are very easy ways to get over the blend wall. My training was in economics. I tend to be one who believes that you ought to place the economic pressure such that people can freely choose what they want to do and they will respond. To that point, right before these proposed rules came out from EPA, right before they were leaked late last fall, there were, I think 5,000 blender pumps that were queued up to be ordered by a major retailer, because that's the easy way to get over the blend wall. You just put in blender pumps. If the price is right consumers are going to buy higher blends. The day that rule was leaked the order was cancelled. Why is that? Those blender pumps were being ordered and it was going to cost something to put them in. They were being ordered because the oil and gas industry had come to understand that they needed to figure out a way to move more than 10% ethanol into the marketplace and if they did not they would be economically penalized. Once the proposed rule came out and dialed back the Renewable Fuel Standard by something like 15-16% it immediately erased that economic incentive. When the RFS was first put in place in 2005 and later in 2007, it was contemplated that someplace between 25 and 30% of

the entire gasoline use in America was going to be ethanol. That was built into the legislation. Now for the oil industry to argue we're at 10% and we can't go anymore and the use of gasoline is dropping and we can't get above it, I think is an extraordinarily disingenuous argument. I'm dumbfounded that somehow the EPA accepted it. I chalk it up to the enormous lobbying power of an industry that is that large.

We're big supporters of renewables and, in fact, cooperatives have been a leading force in getting those ethanol plants off the ground and up and running. These plants have had good returns in some years and not so good in other years. It's been very good for the rural economy. Probably the single biggest thing that came out of the co-op fever decade of the 90s, that followed the decade of despair, the 80s, was the development of these sort of new age cooperatives. I know that Bill Patrie was one of the lecturers here a few years back and was one of the leaders of that effort. All of those new business ventures, whether they were cooperative or otherwise, tend to have a very high failure rate. It's just the nature of starting new businesses. Where all of those efforts really hit a sweet spot was where it came to renewable energy. A large part of the reason for that, I would argue, was because we had supportive public policy that helped businesses come to understand, co-ops being a form of business, there was some certainty in public policy. That there was going to be a market for what you produced. Probably the biggest reason a lot of other businesses failed was because what they thought was the market really wasn't there.