

COOPERATIVE ORGANIZATION
ApEc 5811, Spring 2009

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Office Hours	Tuesday, 10:00 - noon

Class Meetings M,W 4:30 – 5:45 ClaOff B22

Course URL <http://myu.umn.edu> or <http://webct.umn.edu>

Prerequisites ApEc 3001 or Econ 3101 or PA 5021 or instructor consent

Course Description

Application of economic analysis to cooperative form of organization. Producer/consumer cooperatives used to examine economic issues such as changing market organization, financing, management incentives, taxation, and antitrust regulations. Cooperatives as a tool for economic development.

Course Objectives

1. Develop an awareness of the variety of cooperative businesses in the economy.
2. Understand the defining characteristics and principles of cooperative businesses.
3. Understand the economic forces that determine the choice of an appropriate form of business organization for a wide range of enterprises.
4. Develop skills in applying economic theory to cooperative business decisions.
5. Understand the unique challenges facing cooperative businesses.

Student Learning Outcomes

1. Be able to identify, define, and solve problems.
2. Master a body of knowledge and a mode of inquiry.
3. Acquire skills for effective citizenship and lifelong learning.

Required Text:

Hansmann, Henry. *The Ownership of Enterprise*. Cambridge, MA: Harvard University Press.
1996. **(H)**

COURSE OUTLINE

<u>Date</u>	<u>Topic</u>	<u>Reading Assignment</u>
Jan. 21	Introduction and Overview	
26	Theory of Enterprise Ownership: Analytic Framework	H 11-23
28	Theory of Enterprise Ownership: Costs of Contracting	H 24-34
Feb. 2	Theory of Enterprise Ownership: Costs of Ownership	Williamson
4	Theory of Enterprise Ownership: Costs of Ownership	H 35-49
9	Theory of Enterprise Ownership: Costs of Ownership	Fama&Jensen
11	Investor-Owned Firms	H 53-65
16	An Introduction to Cooperatives	Zeuli&Cropp 1-48
18	The Benefits and Costs of Employee Ownership	H 66-88 NCF C
23	Governing Employee-Owned Forms	H 89-119
25	Agricultural and Other Producer Cooperatives	H 120-145 Cook
Mar. 2	Agricultural and Other Producer Cooperatives	H 120-145 Cook
4	Case Study: Organic Valley	
9	Retail, Wholesale, and Supply Firms	H 149-167
11	Midterm Exam	
16	No Class (Spring Break)	
18	No Class (Spring Break)	
23	Guest Speaker: Coop Law	
25	Utilities	H 168-181
30	Housing	NCF A

Apr.	1	Housing	H 195-223
	6	Nonprofit Firms	H 227-245
	8	Case Study: Red Tomato	
	13	Banks	H 246-264
	15	Guest Speaker: Credit Unions	
	20	Stock and Futures Exchanges	Hart&Moore
	22	New Cooperative Models	Chaddad&Cook
	27	Emerging Institutional Architectures in China	Krug&Hendrichke
	29	TBA	
May	4	Term Paper Presentations	
	6	Term Paper Presentations	
	11	Final Exam (4:30 – 6:30 p.m.)	

Additional Readings

Chaddad, Fabio R. and Michael L. Cook. "Understanding New Cooperative Models: An Ownership-Control Rights Typology." *Review of Agricultural Economics* 26(Fall 2004):348-360.

(Chaddad&Cook)

<http://www.jstor.org/stable/3700806>

Cook, Michael L. "The Future of U.S. Cooperatives: A Neo-Institutional Approach." *American Journal of Agricultural Economics* 77(December 1995):1153-1159. **(Cook)**

<http://www.jstor.org/stable/pdfplus/1243338.pdf>

Fama, Eugene F. and Michael C. Jensen. "Separation of Ownership and Control." *Journal of Law & Economics* XXVI(June 1983):301-325. **(Fama&Jensen)**

<http://www.jstor.org/stable/pdfplus/725104.pdf>

Hart, Oliver and John Moore. "The Governance of Exchanges: Members' Cooperatives versus Outside Ownership." *Oxford Review of Economic Policy*. 12(Winter 1996):53-69. **(Hart&Moore)**

<http://oxrep.oxfordjournals.org/cgi/reprint/12/4/53> (subscribers only)

Klein, Benjamin, Robert G. Crawford, and Armen A. Alchian. "Vertical Integration, Appropriable Rents, and the Competitive Contracting process." *Journal of Law and Economics* 21(October 1978):297-326.

(Klein, et al.)

<http://www.jstor.org/stable/pdfplus/725234.pdf>

Krug, Barbara and Hans Hendrischke. "China's Institutional Architecture: A New Institutional Economics and Organization Theory Perspective on the Links between Local Governance and Local Enterprises." Erasmus Research Institute of Management Report ERS-2008-018-ORG, Erasmus University, April 2008. **(Krug&Hendrischke)**

<http://hdl.handle.net/1765/12191>

Northcountry Cooperative Foundation. *Cooperative Housing Development Toolbox: A Guide for Successful Community Development*. **(NCF A)**

<http://ncdf.coop/documents/FinalCompleteToolbox.pdf>

Northcountry Cooperative Foundation. *Cooperative Housing Toolbox: A Practical Guide for Cooperative Success*. **(NCF B)**

<http://ncdf.coop/documents/HousingToolbox.pdf>

Northcountry Cooperative Foundation. *Worker Cooperative Toolbox – In Good Company: The Guide to Cooperative Employee Ownership*. **(NCF C)**

http://ncdf.coop/documents/worker_coop_toolbox.pdf

Sexton, Richard J. and Julie Iskow. "Factors Critical to the Success or Failure of Emerging Agricultural Cooperatives." Department of Agricultural and Resource Economics, University of California, Davis, Giannini Foundation Information Series No. 88-3, 1988. **(Sexton&Iskow)**

<http://ageconsearch.umn.edu/bitstream/11921/1/is880003.pdf>

Williamson, Oliver E. "The Theory of the Firm as Governance Structure: From Choice to Contract." *Journal of Economic Perspectives* 16(Summer 2002): 171-195. **(Williamson)**

<http://www.jstor.org/stable/pdfplus/3216956.pdf>

Zeuli, Kimberly A. and Robert Cropp. *Cooperatives: Principles and Practices in the 21st Century*. A1457, University of Wisconsin Extension. **(Zeuli&Cropp)**

http://www.community-wealth.org/_pdfs/articles-publications/coops/report-zeuli.pdf