

In each of the areas discussed here—preventive medicine, the “drug ripoff,” spiraling costs—the fashionable indictments of the present health care system collide with a collection of real-world facts. But these facts are seldom aired, for the men who set the terms of the national debate simply are not interested in hearing them. These men have been appointed to bring in a system of National Health Insurance. So the existing system is by definition bad, and anything at all is fair that might help to discredit it.

Their job is not an easy one, however. For one thing, the line shifts radically from year to year. Ten years back, when the economy was booming, we were told that although National Health Insurance would be expensive, it was necessary because many Americans were receiving unequal care. Then came Medicare and Medicaid, the problems of equity and access were alleviated, and we were told that, although we were all getting it, American medical care was shoddy and incompetently practiced; that we were not getting what we paid for; and that, although National Health Insurance would be expensive, it would enable the government to exercise control over the *quality* of care.

Now, however, the line has shifted again. It isn't quality we're worried about any longer. It's cost, pure and simple. Previously

the approach was to try to convince us that National Health Insurance was affordable. Now we're being told that we cannot afford not to have it.

One wishes, before Califano nationalizes our system of medicine, that he would reassure us all by pointing to just one instance in which government intrusion into the private sector has resulted in a less expensive product—or for that matter, a product of higher quality. To my knowledge, that has never happened, and it would be highly unlikely to happen in the complex field of health care.

But perhaps we needn't worry. The first target date for National Health Insurance was late 1977. Then it was moved up to mid-1978. Now Califano is talking about early 1979. In the meantime, as the projected NHI cost estimates continue to soar, the American people, already afflicted by inflation and threatened by a huge new Social Security tax bite, may decide they simply do not want to foot the bill for a nationalized system of medicine. Besides, as most Americans who think about it have come to understand, we already *have* a comprehensive national health care system, created by the private sector. And in comparison to the systems of those nations—especially Great Britain—where medicine has been socialized, it doesn't look bad at all. □

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Adam Meyerson

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## Co-op Capitalism

*Cooperatives are not only one of the most rapidly expanding forces in American agriculture, but also one of the most creative institutions in our market economy.*

A great transformation is taking place in American agriculture. Giant corporations, as we are constantly informed, play an increasingly dominant role in the processing, marketing, and exporting of farm products, and in the provision of farm supplies like pesticides and machinery. Agribusiness middlemen are taking a larger proportion of farm profits, while the beleaguered family farmer is squeezed between the rising costs of land and supplies, on the one hand, and a diminishing share of food prices, on the other. But of all the developments in our nation's farmlands, one of the least remarked but most remarkable is the growth of farmer cooperatives. Not only are co-ops one of the most rapidly expanding forces in American agriculture, but they are one of the most creative institutions in our market economy: Through them, farmers are becoming middlemen themselves, and they are erasing some of the distinctions between corporate agribusiness and family farming.

Consider, for example, Farmland Industries, a regional cooperative whose chief function is to provide its members (mostly in the Great Plains and Midwest) with petroleum, fertilizer, feed, and other farm supplies. Owned by 2,277 local co-ops, which in turn are owned by over 500,000 farmers, Farmland embodies the traditional ideals of the cooperative movement by electing its board of directors democratically—one co-op, one vote—and by annually returning its profits to its members, according to their patronage. But Farmland combines with these ideals the sophisticated management practices of modern business—diversification, vertical coordination, even international operations. From being primarily a distributor of farm provisions, Farmland has moved to

control its sources of supply: The co-op is now the nation's second largest fertilizer producer (the largest is CF Industries, another cooperative), and its many energy projects include oilwells in Colombia, part ownership of an interstate pipeline, and, at Farmland's phosphoric acid plant in Florida, the extraction of uranium for a subsidiary of Westinghouse. Farmland has also begun to market farm products. A subsidiary, Farmland Foods, is the nation's 12th largest meat packer and has entered the frozen foods business. And just last year, Farmland merged with Far-Mar-Co, the nation's largest grain marketing cooperative and proprietor of the world's longest grain elevator (half a mile). Together the two cooperatives' sales amount to more than \$3 billion a year, enough to make Farmland the 75th largest firm on the Fortune 500, and the single largest enterprise based in Kansas City.

Farmland is the largest of America's more than 7,000 co-ops, but its aggressive and entrepreneurial spirit is by no means unique. Land O' Lakes, the Minneapolis dairy co-op, began to manufacture and market margarine when confronted with shrinking opportunities for butter. California Canners and Growers, which grows and processes fruit in its home state, opened a vegetable cannery in Wisconsin. Gold Kist, once a Southern cotton growers co-op, recognized the need to diversify: Its operations now include the world's largest peanut-processing industry, a large poultry division, and a fishing fleet off the coast of Peru. In 1975, when farmers discovered that corporate grain sales to the Soviet Union were clogging transportation for their own grain, six regional co-ops jointly bought a Mississippi River barge line. And the familiarity of several cooperative brand names—among them Sunkist oranges, Welch's grape juice, Ocean Spray cranberry products, and Sunsweet prunes—suggests that the

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members of some co-ops have long combined farming with more profitable ventures like processing and nationwide marketing.

Dating from the late 19th century, but organized most actively in the 1920s, farmer co-ops were at first generally stolid institutions. Their original purpose was supply management—the securing of voluntary agreements among farmers to curb their production and thus to mitigate, without government intervention, the farm depression that followed World War I. But unfortunately, the depression proved too intractable a problem for co-ops to solve, and in the 1930s the federal government arrogated the task of production control. The co-ops, meanwhile, began to concentrate on other functions of self-help: They improved farmers' market-bargaining positions by pooling their harvests, they facilitated cooperation in irrigation and other services, and they kept prices of farm supplies in line by competing with private dealers. Only in recent years, however, have co-op managers hit upon the insight that has led to their transformation of agriculture: namely, that the best way to preserve the small-scale ownership of family farms is to combine it with the efficiencies of large-scale organization and the security offered by diversification.

Today five out of six farmers belong to at least one cooperative (the typical farmer belongs to two or three), and the cooperative movement has become a powerful force. In some critical sectors of agriculture, for instance livestock and farm machinery, cooperatives play an insignificant and diminishing role. But in 1975 co-ops accounted for 29 percent of the farm chemical market, up from 11 percent in 1950; for 30 percent of the fertilizer market, up from 15 percent; for 35 percent of the agricultural petroleum market, up from 19 percent; for 40 percent of all grain and soybean marketing, up from 29 percent; and for 75 percent of dairy marketing, up from 53 percent. In the lucrative export trade, co-ops are also making inroads. They account for over 40 percent of American fruit and vegetable exports. And since many farmers feel that grain and soybean exports have benefited the international trading companies more than themselves, they have formed the Farmers Export Co., whose aggressive competition is forcing the corporate exporters to better serve farmers' interests. The co-op now handles 8 percent of American corn exports, 10 percent of soybeans, and by the early 1980s it plans to double its market share.

Not surprisingly, the growth of cooperatives has attracted criticism—from those who see in bigness the potential abuses of power, from businesses large and small that chafe at the increasingly sophisticated competition co-ops pose, and from those who fear that cooperatives are betraying their democratic ideals and behaving more like corporations. There is some legitimacy to these fears. Farmers often grumble, for example, that co-op management is becoming too distant. Co-ops have indeed abused their growing power: Dairy co-ops were among the worst offenders in the recent scandal of illegal campaign contributions; and in the Southwestern states especially, where many co-op members own extensive property and hire dozens of employees, co-ops have often mistreated farmworkers. Moreover, competition from cooperatives has helped drive many rural merchants out of business. As farmers become middlemen themselves, and their co-ops attain the economies of scale found in many corporations, it is not the small farmer but the small middleman—the independent feed and fertilizer dealer, the private proprietor of a county elevator, the small-scale canner—who is most vulnerable before the forces of modern, rationalized agribusiness. In the long run, the only salvation for small rural businessmen may be to form semi-cooperative chains of independent firms, as has happened with grocers and

hardware stores. But in the meantime, rural middlemen vent their spleen as much at co-ops as at large corporations.

The criticism is at times especially bitter, because co-ops have benefited from several advantages conferred by government. The Farm Credit Administration has lent considerable sums to cooperatives at lower-than-market interest rates (in 1976, over \$10 billion). Though by no means exempt from antitrust law (the Federal Trade Commission has prosecuted several co-ops and prevented a number of co-op mergers), cooperatives receive more latitude from antitrust officials than do investor-owned corporations. Finally, cooperatives are not subject to the double taxation that affects corporations and their stockholders; by law co-ops may return up to 80 percent of their patronage refunds in the form of equity, and thus can generate substantial capital accumulations without first having to pay the corporate income tax.

As cooperative officials point out, however, these advantages are often offset by considerations that limit co-ops' flexibility. During the worldwide fertilizer shortage of 1974 and 1975, fertilizer fetched a higher price abroad than domestically, and many American corporations accordingly shipped their supplies overseas. Not so the cooperatives: Despite the higher profit opportunities elsewhere, they had to remain faithful to their patron-owners' interests and supply the domestic market. In the

last three or four years, many oil companies have been relinquishing their rural petroleum facilities, which have been relatively unprofitable. Cooperatives have been moving in to fill the gap—simply because their members need oil, whether or not it is profitable to provide it. Co-ops must also protect the health and safety of their members. For those who see a threat to the ecosystem in modern, mechanized agriculture—with its intensive use of energy, fertilizer, pesticides, and herbicides—co-ops are as anathema as big business. But on one controversial question, the danger to farmers' health from agricultural chemicals, co-ops tend to show more concern than corporations; corporations by no means treat this problem cavalierly, but for co-ops the well-

being of their members is at stake, and they are less likely to risk health for the sake of additional sales.\*

To hold their managers accountable, and make sure they do not undertake such risks, co-ops usually prescribe both democratic elections and frequent consultation with members. Even more important, the managers of regional co-ops are kept in line by the forces of competition—not only with large corporations and small businesses but often with other co-ops themselves. Regional cooperatives conduct most of their business, both in farm supply and in farm marketing, with their local member co-ops; the locals' participation is purely voluntary, however, and since many locals belong to more than one regional, the regionals are constantly vying with each other for their members' patronage. Within its marketing area, for example, Farmland must contend with the Missouri Farmers Association, FS Services of Illinois, Midland Co-op, Land O' Lakes, the Mississippi Chemical Co. (of which, incidentally, both Billy Carter and Miss Lillian are members), and a good number of other regionals; if Farmland's prices are too high, or its patronage refunds too low, or if its service is sloppy, or its management policies unpopular, Farmland's members will shift their patronage elsewhere.

The farmer cooperative movement is an international phenomenon—and in some countries it has developed further than in America. Agricultural marketing is

\* This solicitude for health and safety does not always extend to employees. In Texas last December, an explosion at a cooperative's grain elevator killed 18 workers and injured 21.



almost exclusively cooperative, for example, in Scandinavia. The single largest enterprise in Western Australia is a farmer co-op, cooperatives handle 80 percent of Canada's enormous wheat harvest, and in most West European countries, as well as Japan, cooperative movements are flourishing. The movement is also advancing in many developing nations: Co-ops are partly responsible for the agricultural prosperity of Taiwan and Thailand, and a number of governments, e.g., Kenya, have established Ministries of Cooperatives, explicitly to encourage their formation and growth.

In foreign countries as in America, cooperative movements have drawn some of their fervor from anticapitalist ideologies. Often organized by religious or quasi-socialist groups which object to the use of investment for purposes of making money, cooperatives have offered an alternative to traditional capitalist institutions—a way of serving, in the hackneyed phrase, the interests of “people, not profit.” And yet it is significant that farmer cooperatives should prosper so much in countries with strong market economies.

One reason why is that cooperatives are really more capitalistic than many of their advocates and founders have imagined: Farmers the world over are in truth small businessmen, and in serving farmers' interests (for example, in supplying them with fertilizer even though prices are higher overseas), co-ops are primarily serving farmers' financial interests. A second reason is that cooperatives fill niches that market economies often leave open. Co-ops cater to demands (e.g., for agricultural petroleum) that most enterprises would find it unprofitable to cater to. They keep prices in line by introducing more competition. Above

all they help to preserve small-scale ownership in an age of large-scale enterprise.

There is still a more important reason why cooperatives flourish in market economies—they are allowed to. The economic system of market capitalism is connected in the popular imagination with mammoth corporations out to maximize profits for the sake of their investors. But while such institutions do dominate the marketplaces of many Western countries, they are accompanied by many alternative forms of organization. If the rules are fair, markets work on the principle of voluntary exchange; and if farmers (or other groups) want to organize cooperatives and do business with them, their organizations may freely enter the marketplace. Indeed, the American farmer cooperative movement belongs to a larger cooperative sector, parts of which, e.g., rural electrification co-ops, have generally been set up by government, but large parts of which, e.g., credit unions and mutual insurance companies, have arisen from private initiative. Compare this phenomenon with the centrally-planned economies of Eastern Europe and the Soviet Union, where in several cases there used to be active cooperative movements, but where now—despite official nomenclature that calls collective farms “voluntary cooperatives”—farmers are employees of the state with little control over their own decisions. Marx would have had the utmost contempt for Western cooperatives, regarding them as petty bourgeois institutions that impede the movement of farmers into the propertyless proletariat and therefore arrest the consciousness of class division within society. That is precisely what cooperatives are and what cooperatives do, and that is precisely why it is so exciting that they should flourish in America and the Western world. □

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Arnold Beichman

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## *A War Without End*

*The terrorist should be thought no different from the secret agent who when caught behind the lines in wartime is shot.*

Being a terrorist means never having to say you're sorry. In fact, today's terrorist expects an apology from his intended victims and front-page publication of his manifestoes by the media. After all, they are willing accomplices of a society which has forced the terrorist to threaten apocalyptic murder when he'd rather be making careless love. It is the terrorist's sometimes warranted assumption that when apprehended he is not expected to express regret at what he's done but to raise his fingers in a victory salute. And the hostage syndrome is well recognized. Hostages, unharmed in body if not in spirit, often express concern after their release for the terrorist's welfare, or else they praise the terrorist's good manners, breeding, education, intelligence, fondness for children, and allowing airline passengers unrestricted access to the bathroom. It has been noted that on occasion the liberated have resented their liberators.

Contrition, repentance—such primitive sentiments are what one might expect from ordinary criminals, not from terrorists. Criminals will their criminality but terrorists do not will their terrorism. It is bourgeois society which drives them to their “propaganda of the deed” showmanship. (1) Their criminality is

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not criminality; their deeds are mitigated by sacred inner drives and a utopian hatred of bourgeois values. (The phrase “bourgeois morality,” George Orwell wrote, is a hostile translation of the phrase “common decency.”)

Alexander Solzhenitsyn has noted the parallel between Russia in the nineteenth century and the West today, the same “universal adulation of revolutionaries...if not as a cult of terror in society, then as a fierce defense of the terrorists.” Conor Cruise O'Brien has described “the sense of guilt which many educated middle-class people feel about the privileges they possess and which of course they don't want to give up.” (2) There is also a desire to spread the guilt of the terrorists among friends, relatives, class, society. Thus, Anthony Lukas' 1971 book on the student terrorists was titled *Don't Shoot, We Are Your Children*. In *Hitler's Children*, Jillian Becker argues that the Baader-Meinhof terrorist band was granted absolution in advance by leading academicians and intellectuals in Germany because the *Rote Armee Fraktion* (Red Army Faction), as this band called itself, had engaged their sacred honor in a struggle against what they called “consumption fascism.” The phrase justified firebombing department stores in Germany, Belgium, and Japan because the terrorists were acting “on principle,” not for personal gain.

Becker points out that “Ulrike's [Meinhof] rich and important helpers were numerous and ubiquitous.” Without such support,