

Statement
Kenneth A. Spearman, Board Chairman
Farm Credit Administration Board Meeting
October 13, 2016

The theme, "Cooperatives Build," is particularly appropriate for the 2016 National Cooperative Month. As our economy continues to strengthen following the Great Recession, the theme recognizes the important role that cooperatives play in creating jobs and strengthening communities.

Not only do cooperatives provide opportunities for economic growth, they do so in a way that is consistent with the democratic principles on which our country was founded.

Cooperatives empower people. By definition, they are user-owned, user-controlled businesses that are governed democratically for the benefit of users. Also, the profits generated by a cooperative are either returned to its members or reinvested in the cooperative, keeping more of the profits local and incentivizing members to work hard and be engaged in the governance of the business.

Cooperatives play an important role in the U.S. economy. The United States has approximately 29,000 cooperatives with 350 million memberships, generating \$650 billion in annual revenue and 2.1 million jobs.

I discovered the unique value of the cooperative business model in the early 1980s when I joined a large agricultural supply and marketing cooperative in Florida. I later moved on to a federated agricultural cooperative. Then, in 2006, I had the chance to broaden my knowledge of the world of cooperatives still further.

I joined the board of AgFirst Farm Credit Bank, one of the banks of the Farm Credit System, the network of cooperative lenders serving our nation's farmers, ranchers, and farm cooperatives. A few years later I joined the board of the Farm Credit Administration, the regulator of the System.

The cooperative Farm Credit System was established by Congress exactly 100 years ago this year to provide a dependable, affordable source of financing for U.S. agriculture. Congress chose the cooperative business model after carefully considering agricultural credit systems in other nations. Now, 100 years later, the Farm Credit System is part of the reason the United States has such a strong agriculture economy.

As the regulator of the System, FCA strongly supports cooperative principles, and we periodically issue guidance to promote member-borrower participation in the governance of their institutions.

In observance of 2016 National Cooperative Month, I would like to recognize the many cooperatives in our nation and the contributions they make to our economy and our communities.