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REPORT OF
THE (INQUIRY ON)
COOPERATIVE
ENTERPRISE
IN
EUROPE
1937

WASHINGTON, D. C., 1937

**INQUIRY ON COOPERATIVE
ENTERPRISE**

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INQUIRY ON COOPERATIVE ENTERPRISE

1734 NEW YORK AVENUE NW.

WASHINGTON, D. C.

FEBRUARY 19, 1937.

The PRESIDENT, *The White House*.

DEAR MR. PRESIDENT:

We have the honor to submit to you the report of this Inquiry on Cooperative Enterprise in Europe. This is based upon 2½ months' work in Europe and a considerable examination and analysis of a large quantity of printed informational and statistical material which we brought home with us.

We feel that there is a unique quality in the thoughtful observations and comments made by the large number of people we talked to about cooperative enterprise, its place in the State and the economic structure, and in the life of the people. Parts I and III, The Methods and Relationships of Cooperative Enterprise (descriptive of the way cooperatives work, their relations to agriculture, labor, the State, etc.); Cooperation at Close Range (a simple description of a number of local societies—Basle, Drinagh, Liverpool, etc.); and the section, Growth of Cooperative Enterprise in Europe, which is appended, are made up of material drawn from our interviews and conversations and the printed literature. While the members of this Inquiry have felt themselves in full understanding of each other and in agreement on all of the fundamental facts that surround cooperative and related enterprise, we have felt it would be useful to present individual memoranda, which are included in part II, The Meaning of Cooperative Enterprise in America.

For quick reading, the Introduction at the beginning and part II presents in brief form the observations of the Inquiry in Europe and the individual views of the members as to the significance of those observations here.

Yours very sincerely,

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THE SCOPE AND METHOD OF THIS INQUIRY

IN MAKING this Inquiry on Cooperative Enterprise in Europe, we endeavored to make a broad survey of fact and opinion, indicating the present status and extent of cooperative enterprise and its effects on the national economy and welfare of the countries we visited.

Though we gave our attention to all forms of cooperative enterprise, we found consumer organizations more widely extended than farmers' marketing and purchasing organizations, or industrial workers' productive organizations. This report deals mainly with consumer cooperative enterprise, except where the context shows otherwise. In any community the same people are likely to participate in several different kinds of cooperatives.

Cooperative enterprise, like any other human institution, is not fully revealed in statistical tables. Our report includes these; it also includes an account of more human factors.

The members of the Inquiry, sometimes altogether, sometimes singly or in twos or threes, went from place to place in England, Scotland, Ireland, France, Switzerland, Czechoslovakia, Denmark, Norway, Sweden, and Finland, visiting cooperative institutions, talking to employees and executives, and observing as far as possible the actual operations. In the same way the members visited and interviewed a wide range of other people who were in a position to know something about cooperative enterprise, or to interpret its effect on the nation.

Our initial contacts in each country were usually with government officials, including cabinet ministers, who were in a position to appraise the place of cooperative enterprise in

the life of the nation. Major industrialists and bankers, business men (including store owners who were in competition with cooperative enterprise, as well as those who had no competitive relationship with them), and consumers all talked with us freely from their widely varying viewpoints.

Immediately after each interview, essential points were noted. From these notes this report is largely drawn. Statistical facts were secured from cooperative sources, and checked as far as possible with official governmental records.

Our Inquiry was directed to the following matters, chiefly of fact, but partly of opinion:

1. How do European cooperatives work?
2. Their origin, history, and growth.
3. Their consumer policies.
4. Their labor policies.
5. How they differ from private business on the one hand, and from governmental and municipal enterprise on the other.
6. Their political attitudes.
7. Their relations with and effects upon government, agriculture, and private business.
8. Their influence on the national economy.

Added to these were the questions: Is European cooperative experience peculiar to European conditions; can its history there be expected to repeat itself in the United States; if so, would that be economically and socially desirable; and should it be stimulated by government financial or other aid?

European data alone are of course insufficient for a determination of domestic policies. The applicability of European data to conditions in the United States is open to individual

interpretation. What people may finally think about the future of the cooperative method will be linked with their views as to the economic, political, and social destinies of mankind.

The main body of this report does not undertake to answer any such far-reaching questions, but rather to give information which may be of use to those who are forming their own opinions on cooperative enterprise.

Expression is given to the individual views of the members of the Inquiry in the final section of this report.

The members of the Inquiry wish to express their gratitude to all who gave them help in their mission: To United States diplomatic and consular officials, and commercial and agri-

cultural attachés, who arranged interviews with care and foresight; to the government officials, businessmen, and university professors, who gave so generously of their time and thought; to the staff of the International Labor Office, who were very helpful; to the officials of the cooperatives, both consumers' and agricultural, and of labor organizations and kindred groups, who placed their information so freely at our disposal; to those members of the staff of the Consumers Project, United States Department of Labor, the Self-Help Cooperative Division of the Federal Emergency Relief Administration and the Information Service of the Works Progress Administration who assisted in the organization and preparation of this report.

Part One

COOPERATIVE ENTERPRISE IN EUROPE

**THE METHODS
AND RELATIONSHIPS
OF COOPERATIVE
ENTERPRISE**

IT IS INTENDED in this part to explain how cooperatives are built up, to describe the way in which they work, their distinctive methods of operation, their major accomplishments, and to present their relationships to other parts of the community and the Nation.

COOPERATIVE ENTERPRISE IN EUROPE

APPENDIXES

A TO F

Appendix A

GROWTH OF COOPERATIVE ENTERPRISE IN EUROPE

THIS is a description of the development of cooperatives in each of the countries visited by members of the Inquiry. The information was assembled from reports and bulletins of governments, trade associations, banks and cooperative organizations that we collected, as well as from the memoranda of members of the Inquiry. While we believe this correctly describes cooperative enterprise in the countries covered, it will, of course, reflect inadequacies in the source from which it is drawn.

THE GROWTH OF COOPERATION IN CZECHOSLOVAKIA

PRESENT STATUS

In 1934, the total trade of consumer cooperative shops in Czechoslovakia, including about 689,000,000 koruny (\$29,248,000) of purchasing of both home and farm supplies by the rural societies, amounted to about 2,323,000,000 koruny (\$98,512,000). This is roughly 3.8 percent of the total national consumption which is estimated at 60,000,000 koruny (\$2,544,000,000). However, it would be a mistake to judge the importance of the cooperative movement in Czechoslovakia by this low percentage, for if data were available to make the comparison on foodstuffs it would be much higher.

How important a place cooperation fills in the country's economic life may perhaps appear better from another set of figures compiled by the State Statistical Bureau to show the number of cooperative associations.

	1920	1934
Consumers' cooperatives.....	1,949	903
Credit cooperatives.....	5,559	7,096
Agricultural cooperatives.....	1,471	5,376
Building and housing cooperatives.....	566	1,489
Industrial producer cooperatives.....	1,080	1,492
Miscellaneous cooperatives.....	89	135
Total number of cooperative societies.....	10,714	16,491

The total membership for all these societies is not available. However, the 903 consumers' cooperatives alone account for about 800,000 families and the more than 5,000 agricultural cooperatives for about 600,000

families in a country whose total population is less than 15,000,000 individuals. The reduction in the number of consumer cooperatives was caused largely through consolidation of small societies for more effective operation.

SOCIO-POLITICAL BACKGROUND

This extensive cooperative movement must be viewed against its peculiar racial and socio-political background. The Czechoslovakian Republic was formed only 18 years ago by the fusion of territories and language groups which, up to then, had had no unified development. While in the eastern part of the country a relatively primitive agricultural economy was predominant, the western part, Bohemia and Moravia, was highly industrialized and accounted for about 80 percent of the industrial production of the entire former Austro-Hungarian Empire.

When the Republic came into being, there existed a number of separate cooperative movements, each federated along different lines not only territorially but also by languages. The Czechs, the Slovaks, the Germans, the Ruthenians, the Poles—each group had its own federations for one or more types of cooperatives. The patterns were already so set that little rearrangement became possible, although the federations have to some extent united in superfederations for specific purposes and have in other ways established working relationships.

EARLY GROWTH OF COOPERATION

Western Czechoslovakia, which has the most extensive cooperative development, lays claim also to the founding of the first real consumer cooperative, the Workers' Consumer Society organized by a group of poor German weavers in the Moravian town of Sternberg in 1861. Although this group had apparently never heard of the Equitable Pioneers of Rochdale, it was actuated by very much the same motives. The organization continued uninterruptedly until a few years ago when it amalgamated with another society.

Both German and Czech workers were quick to seize upon cooperation as a means of improving their economic condition. The Czechs, being a suppressed minority in the Austrian Empire, saw in this economic activity at

least a temporary substitute for political activity in which they were not permitted to engage. By 1872 more than 400 societies had been organized, but inexperience and internal differences broke down most of them within a few years.

In the late nineties the movement gained new impetus and in 1903 it joined in the organization of a Central Union of Austrian Consumers' Societies with headquarters in Vienna. Most of the Czech societies, however, seceded in 1908 to form their own federation (U.S.C.D.) and their own wholesale in Prague. At the beginning of the World War U.S.C.D. included 272 societies with 66,000 members while the 217 German societies in Bohemia and Moravia had 120,000 members.

The last quarter of the nineteenth century also marks the development of the credit societies. They were patterned chiefly after Raiffeisen or Schultze-Delitsch, serving industrial workers, small farmers, and small tradesmen. By 1913 there were 3,700 German and Czech Raiffeisen societies with 360,000 members. The earliest proponent of the Raiffeisen idea among the Czechs was F. C. Kámpelík and the Czech movement consequently bears his name.

Aside from credit cooperatives there was little cooperative development in the rural areas before the turn of the century. Some joint purchasing of seed, feed, and fertilizer was carried on by credit societies and by consumer cooperatives that included rural membership. But by 1914 more than a thousand rural cooperatives had been formed for various specific economic activities such as purchasing home and farm supplies, marketing milk and dairy products, grain, potatoes, vegetables, beets, flax, chicory, joint use of heavy agricultural equipment, and production and distribution of electric current.

DEVELOPMENT SINCE THE FOUNDATION OF THE REPUBLIC

The establishment of the Republic brought additional influences to bear on cooperatives, besides those of racial character. Newly formed political party organizations appealed to the cooperatives for support, promising protection in return. Although the movement as a whole has retained political neutrality, the economic interests and political convictions of the membership in the different sections of the movement have at times prevented full mutual understanding.

The rural cooperatives are inclined to side with the Agrarian party, and the urban cooperatives with the Social Democrats or the National Socialists. However, organized attack on the cooperative idea by competitors and the recent suppression of the cooperative movement in neighboring countries have lately tended to bring all cooperative groups in the Republic closer together for mutual protection.

The friendly attitude of the Republican Government toward cooperative effort gave the movement an added

impetus throughout the country. The Agrarian Reform Act of 1919, which created thousands of new small peasant holdings, led to a tremendous development of rural cooperatives of all types, as is indicated by the comparative statistics shown previously.

At present there are about 50 cooperative federations of all types, most of them furnishing auditing and technical advisory services to their affiliated groups. Some federations operate wholesales and engage in production of goods for distribution to members. Nearly all federations perform some banking services for their members, thus building up a structure of loan capital from which expansion and new enterprise can be financed. They also carry on educational work through the publication of periodicals and pamphlets, through lectures and study classes, and through special institutes and training courses for leaders and employees. Many of the federations are again affiliated into several central organizations that represent the federations and their affiliated societies with regard to legislation and in dealings with cartels and with the national banking structure.

RURAL COOPERATIVES

The national central organization for farmers' cooperatives is the Centro-Kooperativ with headquarters in Prague. In 1934 it served 12 federations with 11,454 affiliated societies—nearly all of the farmers' cooperatives in Czechoslovakia. Nearly every one of these federations includes credit societies, purchasing societies, marketing societies, cooperative dairies, bakeries and flour mills, electric and machinery cooperatives, and cooperatives handling consumers' goods. The complexity of the situation can be further illustrated by a listing of these federations, with the respective date of organization:

Central Union of Agricultural Cooperatives at Prague (1896); Union of Czech Cooperatives at Prague (1909); Central Union of German Agricultural Cooperatives of Bohemia (1896); Central Union of Czech Agricultural Cooperatives (1899); Central Union of Agricultural Credit Societies of Moravia (1896); Central Union of German Agricultural Cooperatives of Slovakia (1893); Union of Czech Agricultural Cooperatives of Silesia (1901); Central Union of Germany Agricultural Cooperatives of Silesia (1894); Union of Polish Cooperatives (1921); Central Cooperative Federation of Slovakia (1919); Union of Agricultural Credit Societies of Slovakia (1924); Cooperative Union of Uzhorod (1925).

The consumer societies in this list are really general purpose societies, handling consumers' goods and farm supplies and doing miscellaneous barter with, and marketing for, their members. They are confined mostly to Slovakia and must not be confused with the purely consumers' cooperatives of Bohemia and Moravia which are not federated with the agricultural groups.

Statistics of Centro-Kooperativ for 1934 show the affiliated societies by major types as follows:

Credit societies	6, 101
Purchase and marketing societies	329
Cooperative dairies	483
Baking and milling societies	74
Electric and machinery cooperatives	2, 138
Consumer cooperatives	1, 003
Miscellaneous societies	626
Total	11, 454

The combined 1935 trade of the central wholesale societies for the 12 federations is given by Centro-Kooperativ at 2,338,240,000 koruny (\$97,364,000), of which 609,980,000 koruny (\$25,400,000) accounts for purchasing of supplies and consumers' goods and 1,728,260,000 koruny (\$71,964,000) for the marketing of agricultural products.

The functions of Centro-Kooperativ, which was organized in 1921, are auditing of central wholesales and federations, arbitration between federations, legal advice to and representation of the agricultural cooperatives in dealing with the public and with the Government.

There are several other central organizations for specific purposes. Kooperativa and Agrasol supply agricultural implements, coal and fuel oil, feed and fertilizer, and handle large sales of agricultural produce. V. E. S. is the electro-technical wholesale society specializing in the construction of rural electrification systems. Selecta is a wholesale supplying agricultural cooperatives with seed and plants.

The largest federation affiliated with Centro-Kooperativ is the Central Union of Agricultural Cooperatives at Prague, which consists primarily of Czech-speaking farmers' cooperatives in Bohemia. Its membership in 1935 included:

Credit societies	1, 948
Purchasing societies	97
Flour-milling societies	20
Bakery societies	6
Dairy societies	89
Distillery societies	144
Potato-growing societies	12
Fruit-growing societies	6
Vegetable-growing societies	4
Chicory-drying societies	32
Beet-growing societies	5
Flax-growing societies	7
Machinery societies	122
Electricity societies	1,439
Building societies	11
Pasture societies	16
Miscellaneous societies	119
Total societies	4,077

In the miscellaneous group are included a few weaving societies, consumer societies, cooperative breweries, malt factories, printing plants, poultry, beekeeping, and fishing societies.

The electricity societies have gradually absorbed the machinery societies. The first rural electric cooperatives were set up in 1911. By 1926 there were 739 with a total of 6,300 kilometers of high-tension lines, serving 1,720 village areas. Most of them own and operate expensive electric equipment, such as threshing machines, which the individual members cannot afford to purchase.

The Central Union gives auditing service to its member societies, furnishes technical advice, and carries on general educational work. Its magazine has a monthly circulation of 150,000 copies. It also circulates several films, two on thrift, as propaganda for credit societies, one on grain culture, one on the dairy cooperatives, one on Electricity in Rural Life.

Another of the larger federations, the Central Union of German Agricultural Societies of Bohemia, in 1934 had 1,235 member societies, with 208,910 members. Its 738 credit societies, with 126,822 members, did a yearly business amounting to 1,130,915,000 koruny (\$47,950,000). Its 48 purchasing and marketing societies, with 27,927 members, purchased feed, seed, fuel, and fertilizer amounting to 111,746,000 koruny (\$4,738,000) and sold agricultural products amounting to 102,244,000 koruny (\$4,335,000). Its 328 electricity societies, serving 26,931 members, valued their lines at 17,177,000 koruny (\$728,300) and used up about 2,000,000 kilowatt-hours of electricity. Retail prices to consumer members ranged from 0.58 koruna (2.4 cents) per kilowatt-hour upward. The total range of activities covered by the member societies of this German federation is similar to the list previously given for another Central Union.

CONSUMER COOPERATIVES

While many of the agricultural societies also embrace certain functions of consumer cooperatives, the organized consumer movement is represented principally through six independent federations. The most important of these are the Czech U. S. C. D. and the German V. D. W. In 1930 these 6 federations had 1,978 affiliated societies with 915,000 members and an annual turnover of 2,695,000,000 koruny (\$79,879,800). In this total, however, are included some 800 housing, credit, producers', and general-purpose societies. The membership of consumer cooperatives when analyzed by the State Statistical Bureau was found to consist of about 75 percent wage workers, 21.7 percent Government employees and other salaried persons, 1.6 percent farmers and 2.1 percent self-employed artisans and owners of small business enterprises. The Bureau therefore, in its official tables, often refers to the consumer cooperatives generally as the "working-class cooperatives."

U. S. C. D. is the largest consumer federation. Its growth is indicated by the following table:

Year	Societies	Members
1908.....	86	14,000
1921.....	1,326	605,000
1928.....	1,084	430,000
1930.....	1,035	461,000
1935.....	755	469,000

The large membership in 1921 was due to the official encouragement given to cooperatives by the new Government. The ensuing drop coincides with the inflation period and is an indication of the economic distress experienced by the low-income groups. However, since 1928 cooperative membership has again increased. The 1,035 societies in 1930 included productive, building, housing, credit, and agricultural societies besides 253 exclusively consumer cooperatives. The latter numbered 380,000 members, who through their 2,245 stores, did a business of about 1,000,000,000 koruny in 1930 (\$29,640,000).

The General Cooperative Bank of Prague was founded by U. S. C. D. in 1919. Twelve years later its annual turn-over amounted to 7,860,000,000 koruny (\$232,813,200).

Another of U. S. C. D.'s ventures is the cooperative insurance company "Czechoslovakia" chartered in 1919 to write life, fire, theft, accident, automobile, and several other kinds of insurance. In 1931 it had in force 153,000 policies. The year's premiums amounted to 46,400,000 koruny (\$1,362,500), and payments to policyholders to 14,800,000 koruny (\$438,376). In 1931 it had a share capital of 4,000,000 koruny (\$118,500) and reserves totaling 130,000,000 koruny (\$3,850,600). By 1934 the number of policies had increased to 177,000 and reserves totaled about 220,000,000 koruny (\$9,332,400).

The cooperative wholesale, V. D. P., was opened in 1909 to serve U. S. C. D. societies, and by 1931 had grown into the largest enterprise of its kind in the Republic. Its total trade in 1931 was about 480,000,000 koruny (\$14,217,600) and its own production 118,000,000 koruny (\$3,495,200). V. D. P. operates several coffee roasting and grinding plants, two flour mills, a number of bakeries, an underwear and clothing factory, a margarine factory, a soap factory, a meat packing plant, and manufactures brooms, cosmetics, fish products, condiments, and special foods. V. D. P. has established a business relationship with Kooperativa, the central wholesale organization for the agricultural societies in western Czechoslovakia under which it supplies various of its products to farmers' cooperatives and purchases other products from them. V. D. P. also buys tea from the British Cooperative Wholesale Society and electric bulbs from the Swedish Cooperative Union.

An important group in the U. S. C. D. federation is the building and housing societies, of which there were 212 in 1931. Up to that time they had erected for their members' use 4,373 residences, housing 5,732 families, and 351 tenement houses providing living quarters for 5,055 families, at a total investment of 731,000,000 koruny (\$21,652,200). Their activities were not confined to urban centers but also resulted in the establishment of several new model communities.

In 1931 U. S. C. D. and its affiliated societies paid out 55,000,000 koruny (\$1,629,100) in wages and contributed over 11,000,000 koruny (\$325,800) in aid to unemployed members. U. S. C. D. officials stated that all employees of cooperative plants and stores are required to be members of trade unions with which the cooperative federation maintains the most friendly relations. The trade unions, they said, frequently hold up the cooperative plants as models for private employers to measure up to, and frequently cite such plants as proof that private employers can grant better wages and conditions to labor. All difficulties arising between labor unions and any of the cooperative enterprises are settled by a joint committee comprised of representatives selected by the central union of the cooperatives and the central labor union.

The largest federation of German consumers' societies in the Republic, V. D. W., has a similar record of growth as is shown by the following table:

Year	Societies	Members
1919.....	194	182,000
1921.....	259	303,000
1929.....	168	230,000
1935.....	137	243,000

The continuous decline, since 1921, in the number of societies is largely due to consolidation of small societies. V. D. W. societies in 1935 operated 1,565 stores and had a turn-over amounting 447,500,000 koruny (\$18,633,900). A number of V. D. W. societies operate their own bakeries and abattoirs.

The Cooperative Wholesale, G. E. C., of this federation had a trade of 273,727,000 koruny (\$11,398,000) in 1935. Its own production has increased steadily from a value of about 6,000,000 koruny (\$94,200) in 1920 to 52,731,000 koruny (\$2,195,700) in 1935. G. E. C. manufactures coffee substitutes, chocolate, starch, fish products, condiments, canned fruits and vegetables, operates a cabinet and store-fixture shop, a flour mill, several bakeries, pickle works, a winery, underwear, clothing, and shoe factories, and a knitting mill.

We were told that G. E. C. and the Czech wholesale V. D. P. had reached an informal agreement that neither would build a productive plant if the other is already engaged in that line. It was cited as an evidence of close

working relations between V. D. P. and G. E. C. that the latter buys margarine and soap from the former and retains the V. D. P. trademark on such products for sale in its affiliated retail stores. Also, V. D. P. sells various chocolate goods and other products in G. E. C. packaging.

WORKERS' PRODUCTIVE SOCIETIES

There were 190 industrial producers' societies affiliated with U. S. C. D. in 1931. Their total membership was about 20,000. The workers numbered 6,500 persons whose annual earnings totaled nearly 70,000,000 koruny (\$2,000,000). These societies, operating such enterprises as bakeries, abattoirs and meat markets, clothing factories, construction companies, book binding, painting, and paper hanging, had an annual turn-over of 295,000,000 koruny (\$8,737,900).

Besides the producer groups affiliated with U. S. C. D. there were in 1930 eight independent federations of industrial producers' cooperatives including 1,184 societies. Five hundred and fifty-three of these were credit societies of the Schulze-Delitsch type, confining their cooperative activities to the providing of production credit rather than to actual production. Of the others, 503 engaged in cooperative production. Their own capital amounted to only about 10,000,000 koruny (\$296,400) making it necessary for them to borrow a total of nearly 100,000,000 koruny (\$2,960,400), in order to carry on operations.

Very few of these producer cooperatives seem to have attained any marked success. Aside from insufficient capitalization they seem to have difficulties in obtaining efficient management and in finding satisfactory market outlets. The producer cooperatives affiliated with U. S. C. D. fare somewhat better on the whole, since at least part of their market is provided by consumer cooperatives from which in many instances they receive financial support and management advice.

OPERATING METHODS OF CONSUMER COOPERATIVES

Except in the case of goods produced and sold locally the cooperatives endeavor to maintain uniform standards for all products. The desire of consumer cooperatives for quality goods at fair prices has resulted in a constant expansion of production activities by their wholesales. This is instanced by the production increase of G. E. C. and V. D. P., the two largest wholesales, that has been mentioned above. V. D. P. has succeeded in freeing itself of the margarine cartel's price dictation by setting up its own margarine factory.

Efficient merchandising is promoted through the amalgamation of small societies in the same area. The average consumer society now has upward of a thousand members and operates several stores, through one central management. This makes it possible to locate the stores with regard to the distribution of membership. The average cooperative store serves about 175 of the society's member families. Private stores have a much lower average.

Centralized purchasing, centralized management, and the relatively larger number of patrons per store enable the cooperatives to have lower goods and operating costs than the private traders. Most of this saving is passed on directly to the consumer in lower prices. The State Statistical Bureau made a comparative price study in 1933. It was found that in the large urban societies average prices were as much as 9.6 percent lower than in adjacent private stores. The average for the whole country is estimated at about 5.1 percent below private retail prices. In view of this policy, however, the annual patronage refunds are very low, averaging about 2 percent.

This price policy is made possible on account of the relative inefficiency of privately owned retail shops due to poor merchandising methods and small turn-over. In certain areas there is 1 private store for every 14 families.

Wages of cooperative employees are generally higher than those paid in private stores. Most consumer cooperative employees belong to trade unions. As previously stated, the largest federation, U. S. C. D., definitely requires trade union membership of its employees. Executive salaries seem to be somewhat lower than are paid for the same services in private business.

Since the Government requires each society to submit periodical audits made by accredited auditors who are not members of the society, the federations have established complete auditing services for their affiliated societies. In fact, this has grown to be one of the most important functions of the federations. The auditors at the same time act as critics and advisors, pointing out weaknesses in organization, merchandising, and accounting methods. They assist in installing uniform accounting systems and in the preparation of detailed annual reports for the information of the general membership.

Especially during the inflation period the cooperatives suffered great losses by extending credit to members on their purchases. The tendency for the past 10 years has been towards complete cash trading. Depending on the financial strength of the individual society, a limited amount of credit is still granted in some societies, but it is generally not allowed to exceed the amount of the member's investment. The extension of credit by private traders makes it somewhat difficult for cooperatives to enforce strict cash purchasing. A good deal of the efforts in membership education is devoted to stressing the importance of the cash policy.

The extension of credit is more prevalent today in agricultural than in urban consumer societies due to the more or less seasonal income of the rural population.

The financial resources of the average consumer society are made up about as follows: 25 percent paid up capital and reserves, 40 percent loans by members, 10 percent raised on mortgages, 25 percent loans from other sources and business credit.

The operating expenses of the federations are carried principally by the yearly contributions of the member societies. These contributions are determined at the annual meetings of the federations according to the preceding annual business of the societies. Regular auditing services and general educational activities of the federations are also covered by these contributions.

The larger federations are connected with banking institutions to facilitate financial transactions of their member societies, and with insurance companies that issue special policies for cooperatives. In some instances the federations have themselves set up such banks and insurance companies.

RELATIONS BETWEEN CONSUMERS' AND AGRICULTURAL MARKETING COOPERATIVES

In Czechoslovakia farmers are not often members of the regular consumer societies; instead they have their own general purpose societies which not only handle household supplies but also feed, seed, fertilizer, and other producer goods, and may in addition render other agricultural services. They purchase extensively from Kooperativa, the wholesale farm cooperative, and from private concerns, but in the western Provinces from V. D. P. and G. E. C., the urban consumer wholesales.

V. D. P. and Kooperativa have occasionally conducted joint purchasing operations, particularly of imports. Under an informal understanding of several years standing the two wholesales purchase from each other when mutually advantageous to do so. In 1931 and 1932 V. D. P. bought farm products from Kooperativa and Kooperativa bought household goods from V. D. P. to a total value of 11,354,700 koruny (\$336,000). The two groups have also used their influence to minimize the competition between their affiliated societies.

Direct dealings between the wholesales as well as between local consumers' societies and farmers' marketing cooperatives are conducted without favoritism. The relations are therefore the usual buyer-seller relations, with each saying the other is a stern trader as to price.

A handicap to more widespread commercial relations are political differences. Most of the urban consumer cooperative leaders hold to the belief that the purpose of cooperation is to eliminate the capitalistic system; and collaborate with the left-wing parties. Most farm cooperative leaders, on the other hand, say they oppose abolition of private enterprise and they are identified with the conservative party.

To prevent destructive controversy between the two groups of cooperatives numerous efforts have been made to promote informal collaboration, many of which have been very successful.

Since 1928 there is also in existence an informal committee representing all types of cooperative federations whose function it is to consider changes in cooperative corporation law, questions of taxation, tariff regulations,

and other matters affecting the cooperative movement as a whole.

COOPERATIVES AND THE GOVERNMENT

The Government has shown a very sympathetic attitude toward the cooperatives. When, in 1924, the Government put up 1,640,000,000 Koruny (\$48,445,600) to remedy the losses caused to all types of business by post-war inflation, 150,500,000 Koruny (\$4,445,800) of this fund was allotted to urban cooperatives and 171,500,000 koruny (\$5,066,100) to rural cooperatives. In addition, Government loans have been made to producers' cooperatives and to many of the electrification societies. The Minister of Social Affairs is authorized, under certain conditions, to grant to cooperatives a subsidy not to exceed one-fifth of 1 percent of their gross surplus to be used for educational work.

Cooperatives receive some special consideration in the matter of taxation. While private profit enterprises pay an 8-percent tax on profits, cooperatives dealing only with members are taxed instead two-tenths of 1 percent on their paid up capital. If, however, a cooperative serves also nonmembers it must pay the profit tax the same as the private profit enterprises. In order to guard against malevolent denunciations the law provides that inadvertent sales to nonmembers and sales under specified conditions shall not deprive the cooperatives of this tax privilege. Agricultural cooperatives are exempted from both profit and capital tax.

The transaction tax is applied to all business whether private or cooperative. However, the cooperative wholesales are not required to pay it, since their business is reflected in the business of the retail societies which they serve. In the case of real-estate transfers cooperatives pay only a transfer tax of 1½ percent while private individuals and corporations must pay 7 percent.

In certain types of business the Government has established regulations limiting expansion and the setting up of new enterprises. Private retailers have attempted to get such restrictions to apply also to cooperatives but the Government has so far upheld the right of cooperatives to exemption from this rule.

Representatives of the cooperative movement have been asked to serve on several Government boards. Thus the Grain Marketing Board, which holds a complete monopoly over production and marketing of grain, has representatives both from the agricultural and from the consumer cooperatives. The Ministry of Social Affairs has a division dealing specifically with consumer cooperative matters. It also has a consumers' council on which a committee selected by the major consumer cooperative federations represents consumers' interests.

IN CONCLUSION

It may be said that during the first years of the Republic the cooperative movement in Czechoslovakia suffered

from over-expansion and from too great a diffusion of energies. Societies and federations for virtually identical purposes, but separated by language barriers, by feeling of class distinctions, or by difference in occupation, duplicated a good deal of effort. This waste of effort has been generally recognized. During the past 6 years most of the federations have devoted their energies to a strengthening of the existing societies rather than to the organization of new ones. And they have learned by experience the advantages of interfederational cooperation and of uniting for common action wherever possible.

The opinions expressed to a member of the Inquiry by the manager of one of the largest banks in Czechoslovakia (not a cooperative bank) are indicative of the place of cooperation in the social economic structure of the Republic. He considered both urban and rural cooperation essentially a "self-help movement." The rural movement, in its effort to improve the lot of the peasant farmer, "does not disturb deeply the various components of our economic structure and it cannot be held that it brings havoc to the small businessman despite the fact that it performs an important distribution function. Farm progress is furthered by the agricultural cooperative through supporting the peasant class in developing their economy, thereby improving and intensifying production.

The urban consumer movement "can help the general situation, provided it does not reach such proportions as to disturb the economic balance. In this direction it has certainly augmented consumption because of the policy of selling cheaply and has brought to the private trader a competitive force. This competitive force is beneficial if it does not reach monopolistic proportions. In our urban centers it has been helpful to the laboring classes."

The effect of cooperation in the agricultural field has been to lower the small farmers' production costs, to furnish him cheap production credit, to enable him to get better prices for his products and to increase the real purchasing power of his income. The effects of urban consumer cooperation have been an increase in the purchasing power of cooperative members who are mostly wage earners, and a competitive pressure on private traders to improve their business methods. While the consumer cooperatives may be responsible for the elimination of some of the most inefficient private traders, it was asserted by national cooperative leaders that the number of small business men increased three to five-fold during the 11-year period 1925-35, inclusive. These leaders also expressed the opinion that the further growth of consumer cooperation in Czechoslovakia would not be so rapid as to endanger the structure of private trade for at least 100 years.

COOPERATIVE ENTERPRISE IN DENMARK

Cooperative enterprise today occupies a position of major importance in the predominantly agricultural economy of Denmark. In the rural areas almost every

phase of agriculture is in some way dependent on cooperation. In the cities both the consumers' societies and the workers' productive associations, while not as large, are of growing importance.

With a population in 1935 of 3,705,500 Denmark had approximately 8,000 local cooperative societies of various kinds. Chief among these in membership and annual business turn-over were the following:

Type of cooperative society	Number of societies	Membership	Turn-over	
			Krone	Dollars
Consumers' distributive.....	1,939	354,000	289,500,000	63,400,500
Dairies.....	1,411	189,250	460,000,000	100,740,000
Bacon factories.....	61	183,890	441,400,000	96,666,600
Fodder purchasing.....	1,412	90,685	79,100,000	17,322,900
Fertilizer purchasing.....	1,468	61,000	20,100,000	4,401,900

In addition there are cooperative societies for egg collecting and export, cattle export, fishing, seed culture, and marketing, generating and distributing electricity, housing, baking, insurance of several kinds, and banking. There are workers' productive associations or mechanics' leagues, industrial workers' canteens, livestock breeding and control societies; and a number of small societies for crushing and distributing lime, and for the operation of cooperatively owned farm machinery.

It must be borne in mind that simply adding together the membership figures for all types of cooperative enterprise does not really show how many people are members of cooperative societies, or how large a proportion of the population is affected by cooperative enterprise. If all duplication were eliminated, however, the total individual membership would be close to 400,000, according to an official of the Central Cooperative Committee.

Each Danish cooperative society is usually limited to a single specific function. A farmer may belong to a dairy, a bacon factory, an egg-collecting society, a feed-supply society, a fertilizer-supply society, a store, a village bank, a bull club, and a "control" or cow testing society, all of them cooperative. The executive committees of these various societies may be identical, but the business of each is kept separate. Societies of each type are usually federated in their own district and provincial associations, finally coming together in the Federation of Danish Cooperatives, whose executive body is the Central Cooperative Committee. This plan of organization, according to the secretary of the Central Cooperative Committee, permits greater decentralization than is exhibited by the cooperative movement in other countries, notably Sweden.

THE CENTRAL COOPERATIVE COMMITTEE

Practically all cooperative enterprise in Denmark (with the exception of the credit associations) are represented on the Central Cooperative Committee. The C. C. C.

was formed as a result of a meeting in 1898 of delegates from the Cooperative Bacon Factories, two associations of Cooperative Dairy Societies, the Cooperative Wholesale Society of Denmark (F. D. B.), the Danish Cooperative Egg Export Society, and the Jutland Cooperative Society for Feed Purchase. The purpose of the Committee was to represent the cooperatives in their relationships with one another and with outside groups.

Many additional societies affiliated with the C. C. C., and to give them adequate representation the Federation of Danish Cooperative Societies was organized in 1917. The C. C. C. is the executive committee of the federation. It is composed of 26 members elected by the federation's annual meeting of delegates. The various societies are represented on the C. C. C. as follows:

Society:	<i>Number of representations</i>
Association of Cooperative Dairy Societies	5
Association of Cooperative Butter Export Societies	1
Association of Cooperative Bacon Factories	2
Association of Cooperative Cattle Export Societies	1
The Danish Cooperative Egg Export Society	1
The Danish Seed Supply and Seed Growers' Association	1
The Central Cooperative Wholesale Society of Denmark (F. D. B.)	3
The Association for the Purchase of Goods for the Cooperative Societies of Ringjobing	1
The Jutland Cooperative Society for Feed Purchase	2
The Islands Cooperative Society for Feed Purchase	1
The Funen Cooperative Society for Feed Purchase	1
The Danish Cooperative Fertilizer Supply Society	2
The Danish Cooperative Coal Supply Society	1
The Danish Cooperative Cement Factory	1
The Association of Danish Cooperative Agricultural Insurance Societies	1
The Danish Cooperative People's Bank	1
The Danish Cooperative Societies Sanitorium	1

The federation publishes an official organ, the *Andelsbladet*, a weekly with a wide circulation; also books, reports, and statistical information on the cooperative movement.

The Federation of Danish Cooperatives is a member of the International Cooperative Alliance.

CREDIT ASSOCIATIONS

The growing need of agriculture for credit facilities developed credit associations as the first of the modern cooperative forms. The advantages of cooperative credit associations were first pointed out by a Danish economist

who in 1839 published a description of the German credit societies. Although this aroused considerable interest it was not until 1850 that anything came of it.

In 1850, the *Rigsdag* passed a law on credit associations and credit offices for estate owners. Meetings were called in Jutland and Sealand to form credit associations. On December 1, 1851, the bylaws of The Credit Association of Landed Estate Owners in Jutland were approved, and on December 6 the bylaws of a similar organization for the islands were accepted.

A third association, The Credit Association of Jutland Towns, was formed the following year. In the financial crisis of 1857-58 this society failed, though its creditors received the full value of their holdings.

This failure shook public confidence in the credit associations, and a law was passed in 1861 stipulating that new associations could be formed only by the passage of a special act in each case. By 1865 a bill was introduced for the formation of another association. Though some maintained that there were already enough such credit organizations to serve the country, the bill was finally approved after a declaration "that there was no more need to inquire whether there were enough credit associations than to inquire whether there were enough tailors in town; people ought to be free to form what associations they wanted."

There are today 12 such credit associations which, up to 1929, had made 359,356 loans. Ten of these associations serve the general population including the large property owners. The other two are specifically for small property holders, and originally no one might be accepted as a member if his estate was valued at more than 4,000 kroner (\$1,072). This limit was later raised to 20,000 kroner (\$5,360). The growth of these associations is shown in the following table:

Year	Total mortgages held (less part repayments)		Reserves	
	Kroner	Dollars	Kroner	Dollars
1852	2,489,000	667,052	27,700	7,423
1860	34,254,000	9,180,072	750,200	201,053
1870	68,375,000	18,324,500	2,417,800	647,970
1880	195,372,000	52,359,696	7,980,900	2,138,881
1890	451,613,000	121,032,284	14,860,300	3,982,560
1900	744,111,000	199,421,748	26,815,100	7,186,447
1913	1,606,342,000	430,499,656	66,753,100	17,889,831
1918	1,856,027,000	556,808,100	86,216,000	25,864,800
1923	2,629,247,000	483,781,448	116,269,000	31,393,496
1928	3,328,066,000	888,593,622	142,587,000	38,070,729
1929	3,409,920,000	910,448,640	151,972,000	40,576,524
1930	3,586,501,000	961,182,000	161,900,000	43,389,200
1931	3,851,500,000	962,875,000	171,700,000	42,925,000
1932	4,184,764,000	786,735,632	195,124,000	36,683,312
1933	4,262,029,000	814,047,539	200,233,000	38,244,503
1934	4,434,562,000	997,776,450	214,150,000	48,183,750
1935	4,621,749,000	1,012,163,031	(1)	(1)

¹ Not available.

The only association that has had to liquidate was the one that failed in 1857. During the recent depression one of the associations for small holdings got into diffi-

culties and was placed under the special administration of the Minister of the Interior.

DISTRIBUTIVE SOCIETIES

The earliest efforts to organize cooperative stores patterned after Rochdale were made in 1851, and were unsuccessful. In 1866, in an urban community, the Society of Workingmen in Thisted Town was organized. This enjoyed a moderate success but the spread of the idea was slow, particularly in the cities. By 1874 there were 92 local societies.

In 1871 a central society for joint purchasing was formed. This central society, however, did not open a wholesale business but employed a merchant at a fixed commission to purchase goods for the stores. This proved a failure, and as a result 37 societies dissolved.

In the meantime, another cooperative store organized in a Jutland village in 1868 was so successful that other stores began to join with it for wholesale buying. In 1884 a similar wholesale business was established in Sealand and in 1896 these two associations of cooperative societies amalgamated to form the Cooperative Wholesale Society of Denmark (F. D. B.), with headquarters in Copenhagen.

From that time on there has been steady and consistent growth even during the depression years. In 1935 there were 1,939 local societies with 354,000 members and an annual retail turn-over of 289,500,000 krone (\$63,400,500). Of these local societies 1,869 were affiliated with F. D. B., which is open to all consumers' societies that wish to join.

Figures showing the growth of F. D. B. and its affiliated local consumers' societies over the last decade are given below:

Year	Membership local societies	Number of stores	Share capital of F. D. B.	
			Krone	Dollars
1926	323,500	1,802	1,463,000	383,306
1927	321,500	1,785	1,454,000	388,218
1928	321,500	1,784	1,451,000	387,417
1929	321,500	1,750	1,450,000	387,150
1930	321,500	1,791	1,447,000	387,796
1931	321,500	1,796	1,519,000	379,750
1932	306,500	1,819	1,525,000	286,700
1933	307,600	1,833	1,532,000	292,612
1934	309,100	1,853	1,537,000	345,825
1935	344,000	1,869	1,545,000	338,355

Many of the items which F. D. B. handles for its member societies are made in its own factories. In 1935, F. D. B. owned and operated factories producing hosiery, ready-made clothing, cotton garments, bicycles and automobile fittings, boots and shoes, spices, coffee, tea, wine and spirits, chocolate, confectionery, cigars and tobacco, twine and rope (two factories), soap, mustard, margarine, wooden shoes, and harness. It also owned and operated a flour mill, a tannery, and a technological plant.

The figures below show the total turn-over of F. D. B., and total volume of goods produced in its own factories, and the rate of patronage refunds which member societies received from F. D. B.

Year	Total turn-over		Value of own production		Patronage refunds
	Krone	Dollars	Krone	Dollars	
1926	136,869,000	35,859,678	38,932,000	10,200,184	Percent
1927	133,433,000	35,626,611	36,869,000	9,844,023	5
1928	134,369,000	35,876,523	38,079,000	10,167,093	5
1929	141,612,000	37,810,404	40,307,000	10,761,969	7
1930	143,534,000	38,467,112	39,645,000	10,624,860	7
1931	131,513,000	32,878,250	36,783,000	9,193,750	6
1932	135,158,000	25,409,704	38,477,000	7,233,676	7
1933	151,925,000	29,017,675	42,927,000	8,199,057	7
1934	168,051,000	37,811,475	47,469,000	10,680,525	7
1935	184,187,000	40,336,953	51,165,000	11,205,135	6 3/4

The local societies affiliated with F. D. B. in 1932 had a total retail turn-over of 236,300,000 krone (\$44,424,400). By 1935 this had increased to 286,000,000 krone (\$62,634,000).

Several societies in the district of Ringjobing, in 1885 formed their own association, the Consumer Cooperative Association for the District of Ringjobing. They did not affiliate with F. D. B. because they believed that private wholesalers and manufacturers performed their functions satisfactorily. In 1935 there were 70 local societies with approximately 10,000 members, affiliated with this district association. Their total turn-over in 1935 was 3,500,000 krone (\$766,500).

URBAN CONSUMERS' SOCIETIES

Most of the local societies affiliated with F. D. B. are in small towns and villages of the rural areas. Cooperative enterprise in the cities has grown slowly. In recent years and particularly during the depression, the growth of consumers' societies in the cities has been more rapid, as is shown by the figures for the years from 1931 to 1934.

Year	Stores	Membership	Turn-over	
			Krone	Dollars
1931	30	42,230	14,922,100	3,730,525
1932	32	52,200	15,925,700	2,994,031
1933	32	55,400	18,803,500	3,591,468
1934	36	60,860	22,501,100	5,062,747

These urban societies are members of F. D. B. and the figures in the table above are included in the totals previously given for F. D. B. and its affiliated societies. They are also members of the Cooperative Mutual Association which has a membership of 158 societies embracing urban cooperative bakeries and housing societies as well as consumers' societies.

The Cooperative Mutual Association was formed, not because of any direct conflict between the urban and rural societies but because most of the members of the urban societies are members of trade unions. It was argued that the various farm processing and marketing societies were large employers of labor and that many of their employees belonged to labor unions. This situation, they said, called for a separate association of those societies whose members were predominantly workers so that they should not find themselves in the paradoxical position of close association with their employers in case labor disputes should arise.

In this connection it should be pointed out that at one time many of the cooperative dairies and bacon factories were members of the Danish Employers Association. They withdrew in order not to unduly antagonize organized labor which looked upon the Employers Association as purely capitalistic.

CANTEENS

About 10 years ago industrial workers started cooperative canteens in the neighborhood of the factories in which they were employed.

In 1934 there were 22 of these canteens with an annual turn-over of 3,098,200 krone (\$697,095). The canteens are federated in a single organization, which in turn is a member of the Cooperative Mutual Association.

BAKERIES

Cooperative bakeries, with their chief aim the production of pure bread in clean bakeries, have been started in several towns. Many of these are workers' productive societies that received their original capital from labor unions.

In 1931 there were 35 bakeries with a turn-over of 5,822,900 krone (\$1,455,725). By 1934 there were 37 plants and the turn-over had increased to 9,288,000 krone (\$2,089,800). Most of them are members of the Danish Associated Cooperative and Joint Bakeries Society which was formed in 1916 for the joint purchase of raw materials.

WORKERS' PRODUCTIVE SOCIETIES

Although slow to take up consumers' cooperation, urban industrial workers have organized many productive enterprises on cooperative principles. Some of the bakeries have been mentioned.

Somewhat different are the cooperative mechanics' leagues, which grew out of a lockout declared by the Danish Employers' Association in 1899. These leagues of carpenters, masons, ironworkers, undertake the same sort of jobs as private contractors. The working conditions and wages which the leagues are able to afford their members are held up by workers as examples in disputes between private contractors and their employees.

In 1934 there were 40 of these various productive enterprises, excluding the bakeries, and their annual turn-over was 46,692,500 krone (\$10,505,812). These societies are all members of the Cooperative Mutual Association.

HOUSING

There are 2 cooperative housing societies in Copenhagen and 13 in other urban centers. The largest of these, the Workers' Mutual Building Society, has 5,000 members and has erected buildings with 4,200 apartments.

Each apartment house is operated as an independent unit, but the society as a whole retains ownership of the property. The tenants are the members. Forty percent of the capital required is secured on a first mortgage from a credit association, another 15 percent from an association taking second mortgages, while the balance up to 90 percent is supplied by the State from a building fund established by law in 1933. The remaining 10 percent is put up by the members in the form of a membership fee of Kr. 40 (\$9) and, after assignment of an apartment, a sum equal to 1 year's rent. If a member withdraws, both these sums are returned to him, as well as a proportional share of the amount by which the mortgage has been reduced during his occupancy of the apartment. When the mortgages have been cleared, rents are reduced to the level necessary to provide adequate maintenance and operation.

The next largest society, the Workingmen's Cooperative Building Association, has buildings with 3,000 apartments. The members of this association are members of the various mechanics' leagues. The tenants of the houses are not members. Financing is similar to that of the Workers' Mutual Building Society.

SOCIETIES FOR THE PURCHASE OF FARM REQUISITES

Cooperative societies for the purchase of farm requisites came after the development of Danish agriculture to a position of major importance in the national economy. From an exporter of many kinds of grain and feed, Denmark became an importer of these things.

The increased demand for feed, fertilizer, and seed tempted many private traders to adulterate their wares and maintain high prices. In the nineties merchants formed the Jutland Corn & Feed Co.

This was interpreted by the farmers as a trust for the exaction of high prices for goods of inferior quality. They countered by organizing the Jutland Cooperative Society for Feed Purchase in 1898. Beginning with 68 local societies, the number increased rapidly. By 1917 there were 848 local societies in the federation.

Within a few years four more associations were established, each serving the local societies and farmers in its district. These provincial societies are not federated in a national organization as are many other cooperative enterprises. Most of the feed they handle is imported,

though they make a certain amount of oil cakes, etc., themselves, from domestic products.

These societies now handle more than three-quarters of the total Danish imports of feed, as is shown in the following table:

	1928	1930	1932	1934
Provincial societies.....	5	5	5	5
Local societies.....	1,275	1,360	1,379	1,412
Members.....	75,000	79,000	83,350	90,685
Turn-over:				
Million kroner.....	145.8	116.1	106.0	79.1
Million dollars.....	38.4	31.1	19.9	17.8
Percentage of total imports	42.1	52.5	55.4	82.9

Most of the shrinkage in turn-over is due to Government control and restriction of imports of foreign grain. In 1935 the turn-over rose to 85,000,000 kroner (\$18,615,000).

FERTILIZER

Many local societies for the joint purchase of fertilizer had been formed before 1900, usually securing their supplies from private wholesalers. In 1901, a federation of 21 local societies, the Danish Cooperative Fertilizer Supply Society, was formed to coordinate the activities of the local societies. Subsequently several other local societies joined the federation.

By 1915, however, most of the imports of fertilizer had been monopolized by a private firm, the Danish Fertilizer Supply Co. In 1915 this company notified its customers that if they wanted to be supplied at all they would have to bind themselves for a period of several years to buy their total needs through the company.

This aroused the indignation of the farmers and in July 1916, farmers' organizations of all kinds sent 871 delegates to a meeting where it was decided to form the "Danish Cooperative Fertilizer Supply Society of 1916." The structure of this society differs from that of the feed societies in that it is one large national federation of local societies.

The following figures show the development in recent years and the present size of this enterprise:

	1928	1930	1932	1934
Local societies.....			1,426	1,468
Members.....			57,389	61,000
Turn-over:				
Million kroner.....	18.3	23.6	14.3	20.1
Million dollars.....	4.9	6.3	2.7	4.5
Percentage of total imports.....	31.4	29.2	35.2	39.3

In 1935 the total turn-over increased to 21,200,000 kroner (\$4,642,800). Though the Government control of imports extends to fertilizer, no restrictions have been imposed on the quantity of imports.

SEED

The demand for pure seed of known germinating power led to the formation in 1906 of the Danish Agricultural

Societies' Seed Supply Association (D. L. F.). Many private seed merchants had been adulterating seed with dead or poor grade seed. (It was said in justification that this was "to counteract the unfortunate inclination of farmers to sow too closely.") Another and more extreme form of adulteration was the use of powdered quarry stone which could be made to resemble clover seed. As much as 30 percent of this stone powder, which came to be known in the trade as "Bohemian Mountains," was to be found in commercial clover seed.

The D. L. F. set out to encourage the production of good seed and to facilitate its exchange between farmers who grow seed and farmers who buy seed. To become a member, a grower must contract to deliver only good seeds of select strain and to have them officially tested at the Government seed testing station. The D. L. F. undertakes to sell the seed for its members at the best possible price but makes no minimum guarantee.

The D. L. F. itself does not produce seed for commercial sale, leaving that to the individual members, but it does operate experimental farms for testing and developing improved strains. In this work it cooperates closely with the Government experimental farms.

In 1913 the D. L. F. reached an agreement with the Cooperative Wholesale Society (F. D. B.), which had already been growing and selling seed. This agreement stipulates that the D. L. F. shall make available to F. D. B. all the seed that F. D. B. can sell to farmers through its affiliated local societies. Any seed in excess of the needs of F. D. B. may then be sold on the open market. F. D. B. on its part agrees to sell only seed supplied by the D. L. F. so long as the supply is sufficient. If its needs are greater than the capacity of the D. L. F., it may purchase on the open market.

Prices are agreed upon in joint meetings and every effort is made to assure fair prices both to the seed growers and the farmers.

Figures showing the membership and volume of business done by the D. L. F. are given below.

Year	Members	Total sales		Sold to F. D. B.	
		Kroner	Dollars	Kroner	Dollars
1928.....	2,959	3,400,000	907,800	2,300,000	614,100
1930.....	3,343	5,800,000	1,554,400	4,500,000	1,206,000
1932.....	3,436	3,700,000	695,600	2,800,000	526,400
1934.....	3,820	5,600,000	1,260,000	4,400,000	990,000
1935.....	-----	6,600,000	1,445,400	5,100,000	1,116,900

OTHER SOCIETIES

In 1901 there was formed the Danish Cooperative Dairy Societies' Joint Purchase Society and Engineering Works, which supplies machinery and other equipment for dairies. Both local cooperative dairy societies and private dairy owners belong to this organization.

The Danish Cooperative Coal Supply was formed in 1913 as a direct result of efforts by private coal merchants to fix prices. It supplies coal to the cooperative dairies and bacon factories, and to many local consumers' societies who in turn supply their members' fuel needs.

CEMENT

Another move to defeat monopoly price fixing brought the organization of the Danish Cooperative Cement Factory. Prior to 1911 the Cooperative Wholesale Society (F. D. B.) had made year to year contracts with the association of private cement manufacturers. In 1911 F. D. B. made a 5-year contract and immediately the cartel raised its prices.

This led the cooperatives to start building their own factory, which was completed and ready for operation in 1913. In the meantime local societies started dealing with independent importers. Thereupon the cartel went into court and argued that in its discussions of the 5-year contract it had used the term "cooperative societies" rather than "Cooperative Wholesale Society," and that independent purchasing by the local societies or the operation of a cooperative factory was a violation of the contract. The courts upheld this view; consequently the cooperative factory did not start production until 1916.

The cooperative factory sells cement at prevailing prices. During the first years of operation, it was not able to make any savings. Recently, however, it has been able to pay a 5-percent patronage refund.

In the opinion of cooperative leaders, the existence of the factory has prevented the cartel from raising prices.

PRODUCTION AND DISTRIBUTION OF ELECTRICITY

A high percentage of the farms in Denmark are electrified, and according to Danish experts over 50 percent of the power consumed in rural areas is either produced or distributed by cooperative societies. Frequently generating plants owned and operated by municipalities supply power to rural cooperative distribution societies.

Seventy out of 137 major generating plants operating in 1934 were cooperative, while of a total of 72 rural distributing sub-stations 40 were cooperative. Before the introduction of alternating current, a great many small direct-current plants were built in the rural areas. In 1934 there were 347 of these in operation, 243 of them cooperative.

FISHING

Fishermen have formed cooperative associations for the marketing of fish, both domestically and abroad. They have also formed many societies for the purchasing of gear; credit societies; and mutual societies for the insurance of their boats.

INSURANCE

A great many cooperative insurance societies, covering a wide variety of risks, exist in Denmark. Most of them

are small societies, operating over a limited area, and confined to one type of coverage. Some are national in scope and insure against several forms of loss.

A number of these societies are quite old, one that is still in existence having been organized in 1812. Many more were organized after the Law of the Constitution in 1849.

Most of these societies cover agricultural risks. In 1915 an inquiry disclosed in operation 2,221 societies that insured livestock; 1,090 horses; 757 cattle; 212 pigs; and 162 several kinds of livestock. There were also 15 societies with 84,400 members, that insured against loss by hail, and 7 societies with 87,000 members, covering damage to buildings by storm.

In 1898, as a result of the passage of an industrial employers' liability act, 712 dairy societies formed an insurance society to cover their employees. By the end of the following year practically all the cooperative dairies had joined, as well as many private dairies.

In 1908 another act imposed a similar liability on owners of agricultural holdings. Provisions in this act provided that the State pay one-half of the premiums and that both owner and employee be covered in case of accident. The insurance society serving the dairies received the approval of the Minister of the Interior to extend its activities under this law; at the same time it started to write private accident insurance.

In 1916 the society had 158,000 members of whom 51,500 were compulsorily and 14,000 voluntarily insured agricultural holdings; about 90,000 were private persons, and the remainder were dairies. Automobile insurance and pension fund departments were added and by 1930 membership had increased to approximately 225,000.

Early in this century a cooperative life insurance society was organized, which in 1911 bought out a private company and assumed its name "Tryg", which means safety. In 1930 Tryg had 165,000 member policyholders and reserves of over Kr.30,000,000 (\$8,040,000).

In 1899 the cooperative bacon factories organized a liability insurance society similar to that of the dairies, and in 1914 another society writing marine and war risk insurance.

Workers in many of the cooperatives have formed pension organizations limited to employees of one society, to which both the society and employees contribute. Another pension plan is operated by an independent cooperative organization covering employees of several societies.

COOPERATIVE BANKING

Although established cooperative societies and farmers with property were readily able to secure loans from the Credit Associations and private banks, new cooperative enterprises found it more difficult to secure short-term loans for operating capital. As a result, the Central Cooperative Committee, in 1905, conducted an inquiry

to determine to what extent cooperative societies would be willing to support a cooperative bank.

The suggestion of a cooperative bank was opposed by some private bankers, who conducted a widespread campaign to show how dangerous it would be to the nation if all cooperative banking were done through one institution. In spite of this, the cooperative congress of 1906 appointed a committee to draw the plans for a bank and to secure promises of capital from cooperative societies. The purpose of the bank was to support every reasonable cooperative scheme that was presented to it. By 1909, 236 societies had pledged over Kr.650,000 (\$174,200). However, the bank did not open until 1914.

The members of the bank were cooperative societies, which purchased shares in proportion to their annual trade. Individuals could also participate by joining "bank clubs" which would take shares in proportion to the number of individuals in the club. Cooperative Village Banks, which were started in 1915, might also become members by taking a number of shares based upon the amount of their local deposits.

The Cooperative Bank did not restrict its business to members, but accepted any business that came its way. After paying 4-percent interest on share capital, and setting aside reserves, the surplus income was distributed to members annually in proportion to the amount of business they had done with the bank.

The bank prospered for a time; but the financial strain of the post-war years forced it to close in 1925. Various attempts to reopen it failed and finally shareholders were repaid about 92 percent of their investments.

Later in 1925 a new institution was organized, the Danish Cooperative and Folk Bank, with a capital of Kr. 200,000 (\$42,200), which was later increased to Kr. 1,000,000 (\$211,000). This new bank has 20 branches in different parts of the country. It operates along lines similar to those of the Cooperative Bank. Its growth is shown by figures for recent years:

	1932	1933	1934
Shareholders.....	6, 185	7, 224	7, 447
Capital:			
Krone.....	4, 300, 000	6, 200, 000	7, 500, 000
Dollars.....	808, 400	1, 184, 200	1, 667, 500
Clearances:			
Krone.....	2, 075, 000, 000	3, 300, 000, 000	5, 309, 000, 000
Dollars.....	390, 100, 000	630, 300, 000	1, 194, 525, 000
Balance:			
Krone.....	31, 900, 000	53, 500, 000	62, 800, 000
Dollars.....	5, 828, 000	10, 218, 500	14, 130, 000
Reserves:			
Krone.....	6, 800, 000	1, 100, 000	1, 500, 000
Dollars.....	1, 128, 000	210, 100	337, 500

Six thousand of the share holders in 1934 were individuals, both members or nonmembers of cooperative societies. The other share holders were cooperative societies.

VILLAGE BANKS

The Cooperative Village Banks are small rural savings banks which restrict their activities to their own locality.

They were started in 1915 to provide small short-term loans to the smaller farmers and to fill the gaps where other banking facilities were lacking. They spread rapidly at first, and by 1930 there were 150 of them, with an annual business of Kr. 300,000,000 (\$80,400,000).

Each bank is a separate institution, managed locally, though about one-third of them have joined an association, the "Danish Village Banks," which represents them on the Central Cooperative Committee. As a result of the depression the number of these small banks has been reduced to about 100.

The Village Banks introduced the use of bank checks in rural areas. They also function as financial clearing house between the cooperatives. Thus the accounts of a person who is a member of several local cooperatives, such as a dairy, store, seed, or fertilizer supply, are all cleared through the local bank, with practically no cash changing hands. Patronage refunds declared by the store are credited directly to the member's bank account.

FARMERS' PROCESSING AND MARKETING SOCIETIES

The change of Danish agriculture during the early part of the nineteenth century from grain to dairy farming created conditions favorable to the extension of cooperative enterprise. Following by several years the first successful distributive societies, farmer-owned dairies were the first of the agricultural enterprises to be operated cooperatively. These were followed by cooperative slaughterhouses and bacon factories, egg collecting and marketing societies, and societies for cooperative purchase of farm requisities such as feed and fertilizer.

DAIRY SOCIETIES

In 1875 seven farmers of Kaslunde, in the province of Funen, built and operated a dairy on cooperative principles. Although this dairy is still in existence, its existence was not known elsewhere for many years. Hjedding dairy, built in 1882, in Jutland, is generally considered the first cooperative dairy in Denmark, since it was from this group that the movement spread to the rest of the country.

Underlying the development of this movement was the necessity for small farmers to improve and standardize the quality of their butter if they were to compete successfully with the large estate owners in foreign markets. Home-made butter produced by the small farmer in his own churns and then collected and sold by commission merchants brought about 10 cents a pound less in the English market than the already famous "estate butter."

The cooperative dairies changed this. Not only has the large production of indifferent and always variable small farmers' butter completely disappeared, but Danish "dairy butter" has come to surpass the "estate butter."

The advantages offered by the cooperative dairies were immediately grasped, and the idea spread rapidly throughout the country. The spread of the cooperative

dairies has been called "a wave from the sea in the west." The following table shows the growth of the cooperative dairies:

Year:	Local societies	Year—Continued.	Local societies
1885.....	84	1914.....	1,168
1890.....	679	1928.....	1,367
1895.....	832	1930.....	1,388
1900.....	1,029	1932.....	1,402
1909.....	1,157	1934.....	1,411

To protect their common interests and to facilitate exchange of ideas and statistics on the dairy industry, the local societies joined together in district associations, of which there are now 21. The district dairy associations in turn formed three provincial unions of dairy associations, and in 1899 the unions delegated the chairman of each to a central general purpose committee. In 1912 this committee was reorganized and became the Central Organization of Danish Dairy Associations. Each district dairy association elects one delegate for every 20 affiliated local dairy societies to a general meeting of delegates. Four members elected from the general meeting and the three chairmen of the provincial unions, compose the Central Organization.

The Central Organization represents the cooperative dairies in their internal and external relations. Among other things, it deals with questions relating to the dairy industry which may be raised by legislative or administrative authorities.

In 1900 both cooperative and private dairies formed the Danish Dairies Butter Mark Society for the purpose of having all Danish butter marked with a common trade mark. By 1906 all but 13 of the dairies in the country had joined this society. Their mark was the "Lur Brand" which appeared on the packaging of all the butter they produced for export.

This action met with complete approval in foreign markets, the British Cooperative Wholesale Society being among the first to require the "Lur Brand" on all butter which it bought in Denmark. With the pressure of all the dairy societies behind it, a law was passed in 1906 making it compulsory for all butter produced in Denmark for export to bear the "Lur Brand."

Approximately 95 percent of the milk produced in Denmark goes through the cooperative dairies. Export of butter is handled by 11 regional butter export associations and the Federation of Danish Cooperative Butter Export Associations. The volume of butter exported by these associations and its proportion to total butter exports from Denmark are shown below:

	1932	1933	1934	1935
Value of butter exported by cooperative societies:				
Million kroner.....	143.4	134.4	129.6	142.9
Million dollars.....	27.0	25.7	29.2	31.3
Percentage of total Danish butter exports handled by cooperative societies.....	45.7	47.1	48.9	-----

The decline in volume during 1933 and 1934 is due to the declining price level rather than to a reduction in the physical volume handled.

The extent of the cooperative dairies will be seen from the following:

	1932	1933	1934
Number of members.....	191,300	190,000	189,250
Number of dairies.....	1,402	1,402	1,411
Percentage of all dairies.....	82.0	82.0	81.0
Total turn-over:			
Million kroner.....	465.0	445.0	460.0
Million dollars.....	87.4	85.0	103.5

BACON FACTORIES

With dairying established as a principal agricultural industry, the next step in Danish agriculture was pig breeding. The dairies had large quantities of skim milk, buttermilk, and whey which were turned back to the farmers, enabling them to keep more pigs economically.

In 1837 there were 235,000 pigs in Denmark, of a variety of breeds and indifferent quality. Forty-four years later this number had risen to 527,000. During the next 7 years, the period of the beginning of the dairies, the number rose rapidly to 771,000. The export of live pigs was made difficult by quota restrictions and duties imposed by importing countries, high transportation rates, etc.

With the success of cooperation in the dairy industry before them, leaders in the Horsens district had for some time been considering cooperation to facilitate the sale of their pigs. In 1887, 5 years after the first cooperative dairy had been established, the first cooperative bacon factory was opened.

Unlike the cooperative dairies, the bacon factory met with opposition from owners of private bacon factories and dealers who bought pigs. Letters were published in the papers to prove to farmers that the production of bacon pigs did not pay. Local banks refused to advance the necessary funds, while the sanitary committee of the Town Council of Horsens thought it might be injurious to public health and prohibited the construction of the slaughterhouse.

The cooperative won out, however, and the first pigs were killed in December 1887. More pigs were killed the first year than had been expected, in spite of keen competition.

The larger farmers were not at first wholly in sympathy with the idea of cooperative bacon factories, but the small farmers took the idea up eagerly. In 1888 four cooperative factories were opened, and in 1889 four more. By 1897 there were 24 cooperative bacon factories.

Many plans were proposed to combine the cooperative factories with those that were privately owned, to form one large organization or trust. But the cooperators refused to risk losing the gains they had made and remained independent.

It has been estimated from official figures that, by 1903, of all the farm holdings on which pigs were being raised, at least one-third were in connection with a cooperative bacon factory. An analysis of figures collected in 1903 shows that, of all those replying to a questionnaire addressed to pig raisers, 75.9 percent of those connected with cooperative bacon factories had holdings of less than 73 acres.

The table below shows the growth in the number of cooperative factories and the membership:

Year	Members	Number of factories	Year	Members	Number of factories
1888.....	1, 218	1	1929.....	182, 872	49
1890.....	15, 648	10	1930.....	177, 221	51
1900.....	60, 000	26	1932.....	169, 587	59
1910.....	90, 000	34	1933.....	179, 873	60
1925.....	169, 433	45	1934.....	183, 890	61
1928.....	179, 876	48			

In 1897 the Cooperative Bacon Factories formed the Union of Danish Cooperative Bacon Factories, with offices in Copenhagen. Practically all of the bacon produced in Denmark is exported to Great Britain, less than 10 percent of the total production being retained for domestic consumption. Fifteen cooperative factories have formed the Danish Bacon Co., Ltd., which maintains offices and warehouses in London, and acts as wholesale merchant. Among other things, the Union has effected a cheap marine insurance for bacon shipments.

By the same statute that established the "Lur Brand" for butter, a similar brand was prescribed for pork products intended for export. This brand indicates the factory in which the pork was processed.

During the recent depression Great Britain imposed restrictions on the amount of bacon imports. As a result the production of Danish bacon had to be curtailed. This was done by means of the "card system", which is a control of the sale of hogs to the factories but not of the production of pigs.

Hogs that are delivered to the factories accompanied by cards receive a price appreciably above that paid for hogs delivered without cards. Producers receive a varying number of cards; the number depending on the value of the farm, the amount of skim milk returned to the farmer from the dairy, and the number of hogs delivered the preceding year.

We were told by government officials that the existence of the cooperative factories had made it unnecessary to set up any special and elaborate machinery for the administration of this control program. The cooperative organizations were charged with carrying out the plan and "they did it fairly and without discrimination."

The following table shows the total number of hogs slaughtered by the cooperatives each year, as well as the value of the total turn-over, of which the cooperatives

handle about 85 percent. It will be seen that although the number of hogs slaughtered in 1934 was about 18 percent below the 1933 level, the drop in turn-over was only about 1.3 percent, due to sharply rising prices.

Year	Hogs slaughtered by cooperatives	Turn-over for Denmark	
		Krone	Dollars
1928.....	4, 417, 178	452, 800, 000	120, 897, 600
1929.....	4, 134, 881	469, 500, 000	125, 356, 500
1930.....	4, 974, 624	495, 900, 000	132, 901, 200
1932.....	6, 266, 127	376, 400, 000	70, 763, 200
1933.....	5, 111, 153	470, 800, 000	89, 922, 800
1934.....	4, 185, 200 (¹)	464, 500, 000	104, 512, 500
1935.....		441, 400, 000	96, 666, 600

¹ Not available.

EGG COLLECTING SOCIETIES

It has been said that the Englishman sitting down to his breakfast egg, can, if he chooses, find out exactly whose hen in Denmark laid it.

This was not always the case. Like the butter industry before the advent of the cooperative dairies, the collection and export of Danish eggs was extremely haphazard. Most of the trade in eggs was in the hands of small private collectors and agents who collected the eggs from farmers' wives and resold them to merchants who in turn exported them to England. The farmers' wives learned that by holding their eggs for a week or two at certain seasons they were able to get a higher price for them. The merchants too would hold them for a time and, after going through several middlemen's hands, when the eggs finally reached England they were frequently unfit for use.

In 1894 the Agricultural Society of Horsens attempted to get egg producers all over Jutland to form one large society for the improvement of the egg trade. Although it did not succeed, the discussion that was aroused drew attention to the problem. It was argued that the middlemen would have to be eliminated, and that a system of marking eggs must be adopted, so that if bad eggs were delivered they could be traced to their source.

In 1895 the Danish Cooperative Egg Export Society was formed. The Society started with 24 branches and less than 3,000 members throughout the country. Among the first to lend support to the new Society was the Cooperative Wholesale Society in England which purchased a large part of its needs from the Danish Cooperative Egg Export Society.

The Society grew rapidly. Through its efforts the value of Danish eggs was reestablished in the English markets. Each egg handled by the Society is rubber-stamped with the trademark of the Society, with the number of the member from whom it came, and with the number of the collection branch.

The Cooperative Bacon Factories also took up the collection of eggs. Those that they handle are similarly marked to show their origin.

The Cooperative Egg Export Society does not handle as large a share of the total Danish trade as do the cooperative dairies and bacon factories, but its proportion is gradually increasing. In 1932 it was 23.4 percent of the total and by 1935 it had risen to about 25 percent. The reforms introduced, however, have spread throughout the trade, and the price of Danish eggs is now such that this is an economically practical industry. Virtually all eggs exported from Denmark are marked as are the cooperative eggs.

Year	Turn-over of Cooperative Egg Export Society	Turn-over of eggs handled by bacon factories	Total cooperative turn-over
1928.....	Kroner 14,500,000 (\$387,150)	Kroner 7,600,000 (\$202,920)	Kroner 22,100,000 (\$590,070)
1929.....	14,900,000 (\$397,830)	7,000,000 (\$186,900)	21,900,000 (\$584,730)
1930.....	14,300,000 (\$383,240)	6,300,000 (\$168,840)	20,600,000 (\$552,080)
1932.....	13,900,000 (\$361,320)	5,300,000 (\$99,640)	19,200,000 (\$360,960)
1933.....	15,600,000 (\$297,960)	5,400,000 (\$103,140)	21,000,000 (\$401,100)
1934.....	17,100,000 (\$384,750)	6,000,000 (\$135,000)	23,100,000 (\$519,750)

In 1932 the cooperatives entered upon the killing and dressing of poultry for the export market. In 1935 the value of their exports was 4,500,500 kroner (\$985,610). This was about 45 percent of the total exported.

CATTLE EXPORT SOCIETIES

The Cooperative Cattle Export Societies deal only in beef cattle and calves. They were commercially important during the early 1900's. Since the World War they have steadily decreased both in membership and in the volume of their trade.

In 1931, Germany, which was Denmark's best customer for beef, placed an embargo on Danish cattle. For the years 1922 to 1926 the average price per head of cattle was 351 kroner (\$94.07). By 1930 this had dropped to 284 kroner (\$76.11). The decline of these societies is shown below:

Year	Number of societies	Member-ship	Turn-over	
			Kroner	Dollars
1922-26 (average).....		20,224		
1928.....	15	14,729	10,300,000	2,750,100
1929.....	15	14,465	9,800,000	2,616,600
1930.....	15	11,680	10,300,000	2,760,400
1932.....	15	13,595	5,000,000	940,000
1933.....	15	13,277	4,800,000	916,800
1934.....	16	11,613	4,200,000	945,000
1935.....			7,700,000	1,686,300

The Cooperative Cattle Export Societies handle somewhat over one-third of the total exports of Danish beef cattle.

BREEDING SOCIETIES

It is evident from what was done by the cooperative dairy, butter, bacon, and egg societies that cooperators realized the importance of maintaining high quality. This naturally extended itself to the breeding of livestock.

In 1884 the first cooperative Bull Clubs appeared. Each club has its pedigreed bull or bulls which are available for the service of members' herds. In 1915 there were 925 Bull Clubs with 23,100 members. The clubs have joined together in Cattle Breeding Societies, and in each of the three provinces (Jutland, Sealand, and Funen) there were formed Central Associations of Bull Clubs.

The Danish Government, which extended no active aid to the distributive or dairy societies in their formative stages, from the first approved the breeding societies. Grants of funds were made to the societies to be offered as prizes for the best bulls raised.

Similarly, and with State aid, horse and pig breeding societies have been formed in all parts of the country. The result has been a vast improvement of the livestock of the country. This has brought with it better prices for higher quality bacon, and greater yields of butterfat per cow.

Another cooperative undertaking was the formation of Control Societies for measuring quantity and testing the quality of milk from individual cows. Precise records are kept by these societies of the amount of different kinds of feed consumed by each animal, and the food consumption is checked against the yield of butterfat.

Control Societies, alone or in conjunction with Bull Clubs and Cattle Breeding Societies, have formed district and provincial associations which collect statistics and publish regular reports.

In 1929 there were 1,336 Control Societies with 41,759 members. Records were being kept on 545,833 cows, somewhat more than 35 percent of all the cows in the country.

OTHER RURAL COOPERATIVE ENTERPRISES

Of lesser importance than the organizations already mentioned are the many cooperative societies which own and operate steam and electric threshers, drills and seeding machines, mowers, harvesters, and binders. A number of societies have machinery for cleaning and sorting seed.

These societies usually start by borrowing the funds necessary for the purchase of machinery, and charge each member in proportion to the use he makes of the machines.

Other cooperative enterprise includes the cooperative marling societies which quarry, crush, and transport marl for their members. Aided by the State and working in connection with the Danish Health Society, they operate light movable railways for the transportation of the marl from local pits to their members' farms, usually within a radius of 10 miles.

WELFARE AND EDUCATION

In 1904 several local dairy societies organized the Danish Sanatorium Society for the purpose of building convalescent homes for members and their families. Individuals and societies subscribed a capital of 200,000 krone (\$53,600). A hospital and sanatorium, Krabbeholm, was built in a beautiful 53-acre park. The society has grown until there are now over 1,100 local societies of all kinds affiliated with it.

Much has been written about the Danish folk high schools and the important part which they have played in developing the spirit of cooperation in the Danish people. Briefly (because extended treatment would be outside the scope of this report), these schools are private institutions; moderately subsidized, but not controlled, by the State. They are not part of the cooperative movement, but they are credited by Danish cooperative leaders with having created the cultural atmosphere in which cooperation thrives. Their appeal has been principally to the young people on the farms. To their rural isolation they brought literature, the arts and sciences, not the least of which was scientific agriculture and a love of the land. The farm youth who attended these schools 40 years ago are today the backbone of the Danish cooperative movement.

The cooperatives have established their own educational center at Stauby Skov, near Middelfarth, where cultural and technical courses are available to members and employees of the societies. F. D. B. contributes from 10,000 krone (\$2,680) to 15,000 krone (\$4,020) annually to help workers in cooperative stores attend this school.

The original cost of establishing the school, 400,000 krone (\$107,200), has been completely paid off and the school is now supported entirely by student fees paid either by the students themselves or by the societies sending them.

COOPERATIVE PRICE DETERMINATION

Efforts have occasionally been made by trade associations to persuade the cooperatives to join in price fixing agreements on certain articles. This the cooperatives have refused to do, maintaining that if they are able to sell at lower prices the members of the trade associations are, or should be, equally able to do so. Thus, though they often control only a fraction of the market, the cooperatives are able to set the general market price of a commodity.

An instance of this is the price of binder twine, of which the cooperatives sell more than 40 percent of the total sold in the country. They produce somewhat less than one-half the quantity they sell; the balance they purchase from private manufacturers. By operating their own factory, the cooperatives have first-hand knowledge of fair wholesale and retail prices.

The extent to which consumers' distributive societies engage in manufacturing is dictated entirely by practical considerations, a director of F. D. B. said, and the Whole-

sale Society starts to manufacture only when it seems possible to do it more efficiently. As a matter of policy, the cooperatives say they never go into manufacture if they are well treated by private industry—that is, they only manufacture when they can do it more cheaply.

An interesting illustration of the effectiveness of cooperative attacks on monopoly prices is the production of rolled oats by F. D. B. Through extensive advertising, a large international milling trust developed a market for packaged rolled oats retailed 76 Øre (16.7 cents) per kilogram. The cooperatives failed to have this price reduced, and they finally decided to manufacture their own brand of packaged oats.

They found it immediately possible to sell a product, equal in every way to the private brand, at a packaged price of 56 Øre (12.3 cents) per kilogram, a saving of more than 25 percent. The same product is sold in bulk for 44 Øre (9.7 cents) per kilogram. Bulk sales exceed in quantity the package sales.

Prices in cooperative stores run somewhat lower than in private shops. In rural areas, where the members prefer high patronage refunds, ranging from 8 to 12 percent, prices are higher than in the city cooperatives, where the patronage refunds rarely exceed 4 or 5 percent.

ORGANIZATIONAL AND OTHER PROBLEMS

An outstanding characteristic of almost all Danish cooperatives is that they are unincorporated membership associations, and that members are jointly and severally liable for the debts of the enterprise. The principle of joint and several liability has in Denmark long been considered fundamental to cooperative organization; of equal importance with the principles of one member, one vote; and distribution of earnings in proportion to patronage.

This principle has been called "ideal" since it compels members actively to participate in the affairs of their societies. Some leaders today, however, maintain that "experience refutes this view", and that joint and several liability should be done away with.

Many of the new societies have adopted the principle of limited liability. Most of these are cooperative bank and urban consumer societies.

As a rule members of the farm marketing and supply societies pledge themselves to deal exclusively with their own association for extended periods, 5, 10, or even 15 years. Commonly, in the case of the dairies, when the pledge period has expired, the enterprise is liquidated, and a new society is then organized and new pledges are taken to operate the same plant.

Because of the seasonal nature of farm income, most of the cooperative distributive stores in rural areas sell on credit, the risks being borne by the store managers. Some cooperative leaders feel that the extension of credit is unsound; they are making efforts through the Central Cooperative Committee to persuade local societies to adopt a rule to make the boards of directors share the

risks equally with the managers. This, it is hoped, would materially reduce the volume of credit sales.

Such disagreements as have occurred between the urban and rural members of the consumers' societies may be traced principally to the political complexions of the two sections of the population. The members of the urban societies are predominantly industrial workers whose political sympathies lie with the left parties, while the farmers generally tend to ally themselves with the more conservative political groups. The differences have not been severe enough to result in open breaks over matters of policy; and in the opinion of most of the leaders of the Danish cooperative movement there is much less chance of an open split today than there was 10 years ago.

In actual business dealings there is no division at all, most of the urban societies being members of F. D. B., the Cooperative Wholesale Society. Recently there has arisen the question of adequate representation of the urban societies in the management of F. D. B. All concerned agree that, with the increasing membership of the city groups, a more equitable system of representation must be worked out.

The Cooperative Mutual Association brings together in an independent organization, urban cooperatives of all types in efforts to improve the well-being of workers and "make the workers independent." The three points of its program are cooperatives, labor unions, and a workers' political party.

With the exception of the relatively small number of city members, most of the members of the consumers' societies are identical with the members of the various farmers' processing and marketing societies. Relationships between these two forms of cooperative enterprise have been harmonious, since the members know intimately the problems of both production and distribution.

Workers employed in cooperative enterprises, on the whole, enjoy better working conditions and wages than employees in similar private enterprises. A director of F. D. B. told us that the Wholesale Society had agreed to pay the highest wages paid anywhere in the country by private industry, and that frequently they paid higher wages. As a consequence, he said, if there should be a strike or lock-out, the cooperatives would not be affected.

The employees of the cooperative dairies and bacon factories are all organized and affiliated with the Danish Central Labor Organization.

Workers in the distributive trades have only recently begun to organize and are not yet affiliated with the Central Labor Organization.

LEGISLATION AND TAXES

With the exception of the credit associations, which came into being as the result of legislation, Danish cooperative societies have developed without any special laws

either to encourage or restrict them. Practically all of the cooperatives are unincorporated associations restricted only by the principles of common law.

The general statutes regulating trade, which require that all business enterprises secure licenses, apply equally to cooperative and private enterprise, with one exception: Cooperative societies that sell only to members do not have to obtain licenses. This exemption applies to wholesale societies as well. Any society that sells to nonmembers must secure a license. The license fee is small.

Cooperatives which sell to members only are not subject to taxation of their earnings. If they sell to nonmembers as well as to members their earnings are taxed at the same rates applied to private enterprises. The tax is applied to total earnings; not only to that portion of the earnings resultant from nonmember trade.

Wholesale societies are taxed in the same way if they sell to nonmembers. If, however, they sell only to member societies they are not subject to taxation even if some of the local societies sell to nonmembers.

The cooperatives enjoy no exemptions from any other taxes.

About one-half of the cooperative stores sell to nonmembers as well as to members and are thus subject to the same taxes that private merchants pay.

THE GROWTH OF COOPERATION IN FINLAND

Finland, the youngest of the Scandinavian states, became a republic in 1919, upon its declaration of independence from Russia. Four-fifths of its people live in rural areas; three-fifths are engaged in agriculture, although less than 7 percent of the land is under cultivation.

Forests cover nearly 75 percent of Finland; they are its greatest natural wealth and supply the bulk of its export products. Its population of about 3,600,000 is scattered over 150,000 square miles, a territory 60 percent larger than that of Great Britain. Nine-tenths of the people speak the Finnish language while the other tenth speaks Swedish. There is practically no illiteracy.

The present Finnish cooperative movement dates from the beginning of this century. Within 35 years the movement has grown until now it includes well over one-half of the families of Finland.

We were told by an official of one of the two national consumer cooperative federations that the total retail trade of Finland amounted to from \$200,000,000 to \$250,000,000 per year and that the consumer cooperatives accounted for \$73,000,000 or about 30 percent of this total. On the basis of reports for the first half of 1936, he thought that cooperative retail business would show an increase of at least \$4,000,000 during 1936.

The governor of the Bank of Finland estimated that the Finnish consumer cooperatives handle from 25 to 30 per-

cent of the country's combined wholesale and retail trade. He added that, if only the retail trade in foods and household commodities were considered, the percentage would be as high as 40 percent.

The Finnish retail price level is said to be one of the lowest in Europe, and cooperatives are given considerable credit for this. On the other hand, wages in Finland are low, lower for example than in the other Scandinavian countries.

The plants and office buildings of the various central cooperative associations are impressive structures. Cooperative services extend into the remotest corners of the country where the population has a density of less than one person per square mile.

The phenomenal growth of cooperation corresponded to a national need. For more than 100 years, until 1917, Finland, under the rule of the Russian Czars, was gradually and systematically deprived of self-government. They turned to economic organization as a substitute for political action in which they were not permitted to engage. After 1866 repeated attempts were made at cooperative organization of consumers and of agricultural producers, but without marked success.

PELLERVO SOCIETY

In 1899, when Russian oppression threatened the very existence of Finland as a nation, the Pellervo Society was founded for "promoting the economic improvement of the people by means of cooperation, and to establish a bond between the various different cooperative societies in the country." Its founder was Hannes Gebhard, lecturer in agriculture at the University of Helsinki. In most other countries the cooperative movement began with local societies that later federated into central organizations. In Finland cooperation started from an established center outward, according to a definite, preconceived plan. Gebhard had made a thorough study of cooperation in other countries, particularly as it concerned agricultural groups. He applied his knowledge to the needs of the hard-pressed Finnish rural population with whom his sympathies largely lay. He was convinced that cooperation was the only hope of the small landholder, and he directed the efforts of Pellervo toward teaching this to the rural population.

Gebhard was the chief author of the Cooperative Act of 1901. Under this act, still in force today with certain amendments, a cooperative association can be formed for any activity whose object is to secure economic advantage to its members, either by raising their income or by reducing their expenses. Only insurance societies are excepted from it. At the option of the members, liability can be limited to the society's own resources, or a limited or unlimited individual liability may be specified in the articles of incorporation.

By 1903 there were 189 cooperative societies registered under the act, among them 66 consumer cooperatives, 75

cooperative creameries, and 24 cooperative credit banks. Consumer cooperation was at first confined to industrial workers, but soon spread into the rural areas. All three forms of cooperation were propagandized by Pellervo, through agricultural experts, folk-school teachers, and trained business advisors, and through pamphlets and Pellervo's magazine, which reached a circulation of 23,000 in 1905.

Pellervo did not confine its efforts to these three types of cooperatives. Wherever it found some economic activity, especially among the rural population, that could be carried on more effectively through cooperative organization, Pellervo assisted the people to organize. For each new type of cooperative it helped to plan and set up central organizations almost at once, so as to guard against diffusion of individual efforts. In this way it was possible for all new societies to benefit by the collective experience of those already functioning and to avoid repetition of costly errors. This policy of one nationwide central organization for each type of cooperative activity has been carried through successfully. The chief exceptions come from the split in the consumer movement (which will be described later), and the establishment of paralleling central organizations serving relatively small numbers of societies developed in minority language groups.

While Pellervo lent its full support to this cooperative development by issuing propaganda material, providing organizers, supplying model rules, text books, account books, giving management advice, making audits, compiling statistics and generally assuming the role of protector of cooperative interests and ideals; it was careful not to attempt any control over the economic activities of the societies it helped to get started. Holding to its self-imposed function of educational and advisory agency, it was able to remain impartial and on good terms with all types of cooperatives.

THE SCOPE OF FINNISH COOPERATION

Besides 1,500 local societies, Pellervo gradually came to include in its membership the following national central organizations: Y. O. L., the federation of neutral consumer societies and its wholesale society S. O. K.; Hankkija, the central organization handling supplies for farm societies and cooperative dairies; Valio, the creamery wholesale, and its affiliated dairies; Muna, the federation of egg marketing societies; Karjakekuskunta, the central cooperative livestock society; and M. M., the forest products federation.

The other central organizations not directly affiliated with Pellervo are O. T. K., the cooperative wholesale for K. K., the federation of progressive consumers' societies; Enigheten, the marketing wholesale of cooperative dairies operated by Swedish speaking people; and Labor, serving the Swedish speaking population as Hankkija serves the Finnish speaking population.

In addition, there are a number of mutual insurance societies which, although not incorporated under the Cooperative Act, were organized by cooperative federations for the benefit of their member societies. S. O. K. is served by Tulenvara, a fire-insurance society, Elenvara, which covers death, sickness, disablement, and old-age pensions, Oma, providing workmen's compensation, and Pohja, a life-assurance society. K. K. is served by Kansa Life and Kansa Fire Insurance Societies. There are many local mutual fire-insurance societies operated largely under rules prepared for them by Pellervo, which also aided them in 1917 to form a reinsurance society for a wider spreading of risks. A number of mutual livestock-insurance companies, and their reinsurance society, owe their existence to Pellervo's initiative.

The following table, taken from the 1936 edition of the Finland Yearbook, gives a summary of cooperatives in Finland for 1933:

Local Cooperative Societies in Finland in 1933

	Number	Membership	Turn-over in dollars
Cooperative distributive societies.....	545	491,400	\$51,516,000
Cooperative dairies.....	696	76,300	12,979,000
Cooperative rural banks (credit societies).....	1,401	142,500	24,123,000
Cattle-selling cooperative societies.....	7	5,300	2,539,000
Egg-selling cooperative societies.....	195	13,700	1,035,000
Forestry societies.....	5	3,100	694,000
Machinery cooperative societies.....	400	5,500	43,000
Moss litter cooperative societies.....	110	4,200	28,000
Sawmill, flour mill, and electrical cooperative societies.....	250	15,000	281,000
Telephone cooperative societies.....	335	18,000	215,000
Bull and hog cooperative societies.....	1,216	18,300	65,500
Miscellaneous cooperative societies.....	300	6,800	299,000
Total.....	5,460	800,100	93,817,500

In the item of rural banks, the balances of these banks have been calculated as their turn-over. The membership total contains, of course, considerable duplication since many farmers are members of several cooperative societies. The Finnish cooperative movement was, in 1933, still far below the saturation point; the membership figure for all distributive societies in 1933 was 491,400; by 1935 the figure was 517,763.

The growth of the major forms of Finnish cooperation is described in the following pages.

RURAL CREDIT AND BANKING

The rural cooperative credit banks were Gebhard's special concern. He found the small Finnish farmer subjected to the same pitiless usury that had prompted Raiffeisen in Germany to evolve his principles of cooperative rural banking over 50 years earlier. Gebhard emulated the Raiffeisen credit societies, but here again he reversed the usual order of development by first establishing a central cooperative bank (O. K. O.) in 1902 before there were any local credit societies whom it could serve. Share capital was furnished by interested

private persons. The Government agreed to support the bank with an amortization loan at low interest and an annual subsidy for education on the cooperative rural bank movement and for the inspection of the banks. The central bank was authorized to grant credit to loan credit societies, not to individuals. The local societies in turn could make loans to their members for productive purposes. The charters, however, called for unlimited individual liability of the members.

The period from 1902 to 1910 was one of moderate growth, resulting in the establishment of 374 credit societies, largely in the southeastern Provinces, where poverty and usury had been most notable. The next 10 years were a period of retrogression, as it proved necessary to wind up a considerable number of badly managed societies; in addition, O. K. O. fell into disfavor with the Russian authorities. Nevertheless, the movement spread geographically even though its resources dwindled to one-third during the World War years. In 1920 there were nearly 700 credit societies with about 32,000 members.

From then on the movement grew rapidly and effectively, due partly to assistance from a sympathetic Government, and partly to a doubling of the number of small-farm owners as a result of an act of 1918 enabling tenant farmers to acquire their own land. By 1926 there were about 300,000 small holdings, supporting approximately 40 percent of the Nation's population. More than 100,000 of these farmers were organized in 1,400 credit societies covering the entire country in a close network. In some of the eastern and sparsely settled far northern parishes the membership included more than 75 percent of the farm owners. About 80,000 of the members owned less than 25 acres of cultivated land; 30,000 owned 5 acres or less.

On the occasion of the twenty-fifth anniversary of O. K. O. in 1927, Dr. Gebhard, then still its managing director, told of the accomplishments of the credit societies during the previous year. With a modest share of \$403,200, deposits of \$2,116,800, loans of \$7,938,000 from O. K. O., of which \$4,410,000 was repaid during the year, a wealth of farm improvement was accomplished, as shown by the following table:

Uses to which loans from cooperative rural banks were put in 1926

Bought 458 new holdings..... acres..	13,800
Bought additional land for 1,353 farms..... acres..	28,700
Bought 1,014 existing farms..... do....	60,700
Built new homes..... buildings..	1,439
Built dwelling accommodation to replace old..... buildings..	2,509
Built accommodation for 22,280 head of cattle..... buildings..	3,290
Built other buildings..... do....	5,639
Repaired..... do....	5,426

Cleared fields for cultivationacres..	27, 200
Dug ditchesmeters..	8, 340, 000
Carted materials for improving soil..loads..	2, 022, 500
Bought artificial fertilizerssacks..	107, 887
Bought seedkilos..	1, 544, 000
Bought fodderdo....	1, 254, 700
Bought haydo....	6, 767, 200
Bought machineryitems..	2, 379
Bought agricultural implements . . .do....	3, 244
Bought cattlehead..	9, 079

Dr. Gebhard commented on this table: "It was one of Raiffeisen's original principles that loans should only be granted for purposes of increased production. In Finland we attempt to adhere to this principle as closely as the undeveloped condition of the country will allow, and exercise the utmost strictness in its supervision. The boards of the rural banks must appoint special inspectors for the purpose, whose duty it is to visit every member who has received a loan and control the uses to which the loan has been put and to draw up a written report of what they have seen. The preceding compilation is drawn up from these reports. * * *

"The list given here is incomplete, for it does not take into account the fact that in the same year the Central Bank had outstanding loans to cooperative dairies amounting to almost \$1,260,000 and about \$378,000 lent to about 100 other cooperative undertakings. * * *

It can thus be seen that the credit societies or rural cooperative banks have become the most important lending institutions for Finnish farmers, both for short-term production loans and for long-term amortization loans.

They operate at an extremely low overhead. Their expenses are only 0.61 percent of the balance-sheet total. The difference between rates of interest on credits and deposits is below 2 percent on short-term notes and only 0.2 percent on long-term amortization loans.

In 1935, O. K. O., the central bank, had a share capital of \$865,200, of which the State held \$540,750 and the local credit societies held the rest. Nevertheless, the State has only a minority vote in general meetings; it can nominate 3 members of O. K. O.'s advisory board of 12. O. K. O. has reserves of \$876,000. In 1935 it loaned out \$22,690,000, including \$19,250,700 to 1,299 affiliated rural credit societies with a membership of 140,000, and \$735,400 to other cooperative societies. Members' deposits in the local and central credit banks amounted to \$14,913,900. The Government supplied \$4,297,900 in loans and the balance was raised by bond loans issued by O. K. O.

In most of the local societies the office work is handled by nonprofessional bookkeepers. More than 700 are farmers or farmers' sons, a few hundred are school teachers and only a relatively small number have had any previous training in accounting methods. O. K. O. provides brief training courses and its auditors also act as instructors on their inspection trips. In fact, these

auditors have multiple duties. They also spread general education in cooperative principles and assist farmers in founding various forms of cooperative enterprises. The Finnish credit societies not only recognize their kinship to the whole cooperative movement, but also take a leading part in expanding and strengthening the movement in all its phases.

S. O. K., THE "NEUTRAL" COOPERATIVE WHOLESALE SOCIETY.

Largely through Pellervo's educational and promotional activities, and aided by the Cooperative Act of 1901, a number of consumer cooperatives both in town and country arose side by side with cooperative creameries and credit societies. By 1903 there were 72 consumer societies. There was, however, no cohesion and no joint action among them. They purchased individually from private wholesalers, to whom most of them, because of inadequate capital, soon became credit-tied.

In 1904, on the initiative of one of the urban workers' consumers' societies, delegates from a number of consumers' societies, with the assistance of Pellervo, met to discuss a central wholesale society. Thirty-seven societies were represented. One of the delegates was Väino Tanner, then the manager of a small society, later to be Minister of Finance and Prime Minister of Finland, and still prominently connected with the cooperative movement. The meeting resulted in the organization of S. O. K., with an initial membership of 12 societies, most of them consisting of urban workers.

S. O. K. immediately set out to promote a uniform and sound development of consumer cooperatives. It advocated Pellervo's model rules; discouraged credit sales; and persuaded societies to insist on compulsory members' shares at from 10 to 25 Finnish marks (19 to 48 cents) to supply working capital, and to lower the liability of individual members. By 1905 it went into wholesaling. The following table indicates the development of consumer cooperation in Finland up to 1915:

S. O. K. Statistics, 1905-15

Year	Societies purchasing from S. O. K.	Number of shops	Total membership	Total sales of societies	Purchased from S. O. K.
1905.....	155	210	26, 000	\$2, 200, 000	\$200, 000
1910.....	405	695	79, 000	8, 800, 000	2, 800, 000
1915.....	413	980	110, 000	17, 400, 000	7, 000, 000

While nearly all societies purchased through S. O. K. almost from the beginning, only 27 were members of the Wholesale Society in 1905. By 1908 there were 115 member societies.

In 1905 Pellervo organized the agricultural supply wholesale society Hankkija. Therefore, S. O. K. con-

fined its trade almost exclusively to consumer goods. Thus, the local rural societies dealt with two wholesalers, while the urban societies dealt only with S. O. K. All societies, however, did direct buying of their own in the open market, since the wholesalers could not supply all their needs.

Agitation for a separate federation to carry on the educational functions of the consumer movement resulted in the organization of a general cooperative union, Y. O. L., in 1908. Its membership was practically identical with that of S. O. K.

THE SCHISM

Many local societies went into production, and had rather sizable staffs of employees. The urban cooperatives, consisting largely of trade-union members, were for unionization of, and collective agreements with, their employees. The agricultural consumers' societies were generally opposed to such policies. Furthermore, the one-member, one-vote principle which had been carried into the membership set-up of the central organizations S. O. K. and Y. O. L. was unsatisfactory to the urban societies, which were generally much larger than the rural societies. The former wanted representation according to membership. The latter were opposed to this change which would have vested control in the urban groups. They feared that this would mean unionization of employees and other so-called socialistic innovations.

In 1916 matters came to a rupture. A number of societies withdrew from Y. O. L., founding the new educational federation K. K., but continuing to purchase from S. O. K. In 1917, the K. K. societies set up their own wholesale society, O. T. K. More than half of the consumer societies remained with Y. O. L. and S. O. K., but although K. K. and O. T. K. had fewer societies, they comprised fully one-half of the total consumer membership. The self-styled designations "neutral" and "progressive" for the two consumer movements date from this time.

The division, however, was not altogether clear-cut as between urban and rural societies. While K. K. and O. T. K. are supported mostly by townspeople and industrial workers, they took into their fold and still retain a considerable number of small farmers and agricultural workers. S. O. K., on the other hand, retained a number of urban societies. Both movements have continued along consumer cooperative lines, both are members of the International Cooperative Alliance and of the Scandinavian Wholesale Society, and they often act together when general consumer interests are threatened.

Since 1917 only societies affiliated with S. O. K. are permitted to purchase from that wholesale. The retail societies still sell to nonmembers, and it is from nonmember customers that most of the increase in membership is drawn. The development of S. O. K. societies since the split is indicated by the following table:

S. O. K. Societies, 1920-35

Year	Societies	Number of shops	Total membership
1920.....	484	1,587	174,570
1925.....	451	1,749	181,892
1930.....	423	2,485	225,367
1935.....	417	2,884	252,360
	Total sales of societies	Purchased from S. O. K.	S. O. K. production
1920.....	\$30,000,000	\$11,070,500	\$512,200
1925.....	33,500,000	17,667,800	1,221,600
1930.....	43,764,000	24,720,900	3,110,700
1935.....	42,926,000	23,050,800	4,585,800

As the table shows, the split in the movement did not check the growth of S. O. K. The obvious alignment with the interests of the agricultural population and S. O. K.'s refusal to sell to unaffiliated societies brought it increased membership from rural areas to make up for the loss of the urban societies. In fact, the realignment between the two movements caused increased educational and propaganda activities in both rural and urban areas that resulted in an even more rapid spread of consumer cooperation.

The table also shows the tendency, observed in other European countries, of consolidating local societies for more efficient operation. Thus, while the membership and the number of shops increase, the number of societies becomes smaller.

The cooperative stores offer a great diversity of goods and services. Besides groceries and provisions, most stores sell cloth and knitting wools, shoes, household utensils, work clothes, dress goods, and in the rural areas generally also fertilizer, feed, seeds, oils, cement, rope, canvas, hardware, paints, brushes, explosives, poultry, appliances, bicycles, motorcycles, even automobiles and tractors. Farm machinery, dairy equipment, etc., the societies purchase largely through Hankkija.

The rural societies often function as general purpose societies, purchasing grain, eggs, butter, meat, garden produce, etc., from their members for sale in the store, to other societies, or on the open market. Some rural consumers' societies even have grain silos of their own. We were told that the S. O. K. societies include about 1,600 gasoline distribution points.

The variety of needs of the members of S. O. K. societies can be realized by considering the composition of membership. In 1927, about 68 percent of the total membership owned or occupied land, 19.5 percent were salaried persons, teachers, Government employees, professional workers, etc.; 12 percent were industrial workers.

The managing director of S. O. K. told us that there is a great advantage in having groups of producers and consumers in the same federation. This has made possible a rationalization of distribution impossible to

achieve in any other way. He said that the statistics of S. O. K. societies showed that approximately 35 percent of all their business is completely local.

All kinds of local and home-grown agricultural products, such as potatoes, other vegetables, meats, butter, milk, and eggs, go directly from the local producer society to the local consumer society, thus eliminating unnecessary transportation. Only the overproduction of an area needs to be marketed in other localities.

Patronage refunds are not considered of great importance among Finnish consumer societies. Much more stress is laid on keeping retail prices as low as possible. Most retail prices are established by the cooperatives, and private traders adjust their prices accordingly. Patronage refunds amount to only 1 percent or 2 percent of annual purchases.

There is very little credit trading done. In 1927 individual credit to members was only 2.1 percent of the annual turnover of all S. O. K. societies. When members require personal credit, they are generally able to procure it from a cooperative credit society or savings bank.

The capital requirements of consumers' cooperatives are met largely through loans from members. Since 1917 many S. O. K. societies have established savings departments where members are encouraged to deposit their savings, thus furnishing part of the capital needed for improvement and expansion of the societies' activities. Share capital is usually small.

The Central Cooperative Union, Y. O. L., works closely with the wholesale society, S. O. K. The boards of directors and the management are practically identical. Educational and propaganda work is carried on by the same advisory bureau for both organizations. This bureau audits the societies' books and supervises their savings departments. Its weekly journal, said to be the paper with the largest circulation in Finland, goes to 182,000 families.

Due to the standardized and extremely complete accounting procedure initiated by S. O. K., it is possible to obtain very detailed statistical information of the status of affiliated retail societies. Some information for the year 1935 is presented in the following column:

Status of S. O. K. affiliated societies, 1935

Affiliated societies.....	417
Membership.....	252,360
Number of stores.....	2,532
Other distribution centers.....	239
Cafes and restaurants.....	113
Productive works.....	121
Total employees.....	7,088
Annual turn-over.....	\$42,926,231
Sales of cafes and restaurants.....	592,429
Sales of productive works.....	1,075,206
Purchases from S. O. K.....	23,050,800
Cash on hand.....	1,562,183
Goods inventory.....	8,185,862

Total fixed assets.....	\$5,391,682
Total of balance sheets.....	17,154,041
Accounts and notes payable.....	1,013,143
Share capital.....	208,593
Reserves.....	4,260,262
Loans from members (including deposits).....	5,487,154
Other loans (from credit banks, etc.)....	3,754,258
Net surplus.....	930,746
Salaries and wages.....	1,573,670
Other operating expenses.....	1,063,415
Depreciation charges.....	442,240
Loss on bad debts.....	25,603
Transferred to reserves.....	500,634
Interest paid on share capital.....	9,375
Patronage refund.....	353,813

The annual report also reveals that 399 societies carried fire insurance and 300 carried employee insurance against sickness and old age; 184 societies had savings departments with total deposits of \$4,001,550. Of the societies' total turn-over, 70 percent represented consumers' goods, and 30 percent agricultural requisites and products.

The Cooperative Wholesale Society, S. O. K., is said to be the largest wholesale business in its sphere in Finland. Since 1916 it has developed a number of production enterprises, including a hosiery mill, a tailor shop, chemical works, a machine shop, a packing house, match, margarine, sweetstuffs, paper bag, woodworking and brush factories, and two large flour mills.

The member societies are under no compulsion to purchase from S. O. K. Its large trade, we were told, is due to superior service, to the known quality of the goods it offers, and to effective membership education. More than 1,000 lectures, attended by about 200,000 persons, were given in 1935.

Hugo Vasarla, managing director of the S. O. K. wholesale society, in showing us through S. O. K.'s testing laboratories, pointed out that no goods are purchased by S. O. K. without testing. About 25 percent of all goods submitted for laboratory examination are rejected as of inferior quality. He estimated the consequent savings to the members at about \$1,000,000 a year. S. O. K. sends out weekly confidential bulletins to member societies, advising them which goods to buy or not to buy, on the basis of these laboratory tests.

The control of S. O. K. is vested in its affiliated societies, each of which has one vote. At the annual meeting, the delegates elect a supervisory council of 18. The council appoints the managing executive and important officials such as department heads and district managers.

S. O. K. and Y. O. L. jointly carry on training courses for employees in the field, and operate an all-year business college in Helsinki with 2-year courses in a wide range of subjects. S. O. K. employs more than 2,000 persons directly.

Of S. O. K.'s sales in 1935, about 44 percent represented foodstuffs, 30 percent industrial products, and 26

percent hardware. The status of S. O. K. at the end of 1935 can be seen from the following statistics:

Status of S. O. K., 1935

Total sales, 1935.....	\$23, 819, 180
Sales to member societies.....	23, 334, 640
Export and other sales.....	484, 540
Output of productive works.....	4, 585, 797
Cash and accounts receivable.....	978, 995
Finished goods inventory.....	1, 529, 710
Goods in production.....	1, 433, 170
Total fixed assets.....	2, 530, 710
Total of balance sheet.....	6, 538, 990
Accounts and notes payable.....	1, 161, 937
Share capital.....	22, 134
Reserves.....	3, 198, 019
Loans from member societies.....	544, 427
Other loans.....	546, 212
Net surplus.....	489, 054
Salaries and wages.....	238, 362
Other operating expenses.....	231, 669
Depreciation charges.....	181, 958
Educational expenses.....	54, 232
Transferred to reserves.....	148, 008
Patronage refund.....	272, 841

HANKKIJÄ, THE FARM SUPPLY WHOLESALE SOCIETY

In 1901 Pellervo established an agency to assist farmers' cooperatives in the purchasing of supplies and equipment. In 1905 this agency became the wholesale society Hankkija, with 47 affiliated societies. Hankkija's purpose was to supply its members with agricultural requisites not supplied by the consumer wholesale, S. O. K., to give advice and information to them in their buying and selling activities, to promote more farmers' cooperative societies, to manufacture needed articles that could not be obtained satisfactorily elsewhere, and to sell agricultural produce for its members.

The activities of Hankkija have been expanded to include its functioning as contractor for the erection of rural electrification lines, of cooperative creameries, sawmills, moss-litter works, flour mills, water systems, etc. It also carries on experimental work in grain culture and other plant improvement.

The importance of Hankkija to the agricultural population of Finland is best illustrated by the following statistics:

Year	Number of member societies			
	Total	Cooper- ative store societies	Cooper- ative dairies	Others
1905.....	67	2	30	35
1910.....	236	25	73	138
1915.....	694	179	160	355
1920.....	1, 014	385	195	435
1925.....	1, 006	357	197	452
1930.....	526	321	167	38
1935.....	528	324	169	35

Year	Hankkija sales	Hankkija share capital	Hankkija re- serves
1905.....	\$139, 439	\$1, 285	\$1, 386
1910.....	688, 370	7, 806	1, 340
1915.....	1, 749, 704	19, 149	60, 037
1920.....	4, 662, 076	13, 324	176, 506
1925.....	5, 525, 475	20, 932	142, 745
1930.....	6, 303, 222	33, 048	636, 801
1935.....	6, 140, 324	28, 676	795, 984

The fluctuation in membership is due mostly to the withdrawal in 1930 of 342 rural credit societies whose affiliation, entered into primarily to give moral and financial support, had become unnecessary.

Sales to cooperative dairies are confined largely to machinery and equipment. The main customers of Hankkija have always been the cooperative stores. Hankkija's banner year was 1928, when its total sales amounted to \$9,500,265; its poorest business since 1925 was in 1932, when sales dropped to a low of \$2,745,928.

The organizational set-up of Hankkija is similar to that of S. O. K. Its educational and propaganda work also follows similar lines.

About 15 percent of Hankkija's turn-over represents its own manufacture. Besides growing and sorting seeds, milling grain, and mixing cattle and poultry feed, it manufactures all sorts of agricultural machinery especially adapted to local condition. Hankkija's tested seeds are sold all over Finland. It handles about 40 percent of all fertilizer and cattle feed sold in Finland. Its machinery and construction department is said to be the largest of its kind in the country. It supplies about 45 percent of all agricultural machinery sold in Finland. About 75 percent of the Finnish dairies have been equipped by Hankkija.

By 1925, Hankkija had planned, erected, and equipped 300 creameries, 350 flour mills, 200 saw mills, 215 electricity works (including several power stations), 3,750 miles of high- and low-tension lines, and 750 transforming stations. Besides rural electrification lines, the society also constructs telephone lines and wireless installations and supplies electrical equipment to public institutions so that it is known as "the greatest electrifier of the countryside."

VALIO, THE BUTTER EXPORT COOPERATIVE

Next to forest products, dairy products are the most important in Finnish export trade. About half of the country's farm land is devoted to dairying.

Cooperative dairies are largely the result of Pellervo's propaganda. The cost of a farmer's membership is based on the number of milch cows he owns, but voting rights and participation benefits follow established cooperative practice. Members are heavily penalized for failure to deliver all except household milk to the dairy. The size of the dairy business is apparent from the fact that 684 cooperative dairies with a membership of 75,000 farmers

(450,000 cows) in 1934 did a business amounting to \$16,086,160.

About one-fifth of the dairy output is sold abroad in the form of butter and cheese. As with most export goods, the world market determines the price level at home. Despite the world crisis of recent years, the cooperative dairies, which manufacture about 95 percent of the country's butter supply, have been able to survive in relatively sound condition. In 1934 their own capital amounted to \$4,010,400, or 65 percent of their balance sheets. This soundness must be ascribed to their rationalized methods and to the effective functioning of Valio, their wholesale society. In 1935, for instance, farmers received 84 percent of the retail price paid for butter by consumers. Manufacture, shipping, and selling absorbed only 16 percent.

Valio was formed in 1905 with 17 cooperative dairies as members. Its purposes were to save the middlemen's commission for the farmer, to improve and standardize the quality of butter and thereby to develop the butter trade. Despite the importance of butter exports, the standard of Finnish butter sold in the European market was low until the cooperative dairies united to improve it.

In 1935, Valio handled 93 percent of the export trade in butter and 58 percent of that in cheese. Fine cheese making was practically an unknown art in Finnish dairies as late as 1912, and has been taught largely by Valio. Valio's turn-over of \$12,156,060 in 1935 included not only butter and cheese, but also milk sold through its own retail shops in the larger towns. This question of retailing has caused conflict with K. K. consumer societies and particularly with the Elanto Society in Helsinki.

The issues in this milk controversy were set forth for us by officials of Valio and Elanto. Valio officials say that Valio went into milk retailing in Helsinki in order to protect the farmers against the possibility of Elanto's gaining a virtual monopoly in milk distribution and thus being able to dictate prices to the milk producers. Elanto officials, on the other hand, say that such price dictation is entirely foreign to their policies, which aim to guarantee the agricultural producer a bigger return for his products. When the retail price of unparteurized, unbottled milk in Helsinki was 1.50 markkaa (a little over 3 cents) per liter, Elanto paid the farmers 1.35 markkaa. It cost the farmer about 0.05 markkaa to deliver his milk to Elanto, leaving him a net price of 1.30 markkaa per liter. From Valio, on the other hand, the farmer received only 1.10 markkaa per liter.

Elanto's margin of 0.15 markkaa (about three-tenths of a cent) is said by other distributors to be insufficient to cover its distribution costs; these other distributors say Elanto makes up these losses on other commodities—a charge that Elanto denies. Valio officials further say that Elanto restricts its purchases to the number of producers it requires for its needs, and thus leaves the surplus of the milk shed in the hands of farmers who must sell it

at lower prices for manufacturing purposes if they are to avoid demoralizing the fluid milk market. Therefore Valio, which accepts responsibility for marketing all the milk of all producers who choose its services, pays a blended price to producers in the Helsinki area which is averaged downward by the large proportion which it must convert into butter and cheese. The farmers who sell milk to Elanto are well satisfied.

In an effort to increase the percentage of its milk going into fluid use as compared with butter and cheese manufacture, Valio is aggressively seeking more customers for its milk stores. It has added groceries and bread to its stock, and built its own bakery. No patronage refund is paid to its customers. Elanto officials object to this invasion of what Elanto considers is the consumer cooperative field and thinks Valio should remain in the wholesale milk field.

Valio is organized very much like Hankkija. Besides its selling activities, it operates a testing and experimental laboratory, gathers trade statistics, conducts training courses in creamery management, issues books and two periodicals, and through its staff of 20 technical advisers gives extension service to dairies and their farmer members.

OTHER FINNISH SOCIETIES OF AGRICULTURAL PRODUCERS

There are eight cooperative livestock societies with about 5,000 members. These societies own abattoirs and packing houses. In 1918 they combined with a number of cooperative creameries to form S. K., the Central Livestock Federation, which operates packing plants and retail stores in some of the larger towns, and engages in some export. S. K.'s sales in 1935 amounted to about 180,000,000 pounds of meat products.

In 1921, farmers with timberland formed M. M., the forest products federation, organized as a joint-stock company. By 1928 it included 10 societies with 4,500 members, but in 1935 there were only 4 local societies. M. M.'s sales in 1935 amounted to \$1,254,540.

Muna, the central wholesale society of poultry and egg producers' societies, was formed in 1921. Its purpose was to rationalize the egg trade in Finland and to create an export market for Finnish eggs. By 1935 Muna comprised 205 cooperative societies with 13,000 members, and did a business of \$1,405,950. Muna's share in Finnish egg export amounted to 38 percent of the total.

The three central organizations just described are also members of Pellervo. However, there are a great many unaffiliated rural cooperative societies scattered over the country. Cooperative societies solely for the joint ownership of large agricultural machinery, or for the use of breeding bulls, stallions, and boars, are common. They are often financed by cooperative credit societies. Peculiar to Finland are the moss-litter societies, trading in moss-litter as a substitute for straw as animal bedding.

Most rural telephone systems are said to be cooperative, as are many rural electric lines. Of the latter, 190 existed in 1929 with a membership of 9,000 farmers.

Altogether, it is estimated that about 3,000 such minor cooperative societies exist in rural Finland. As many as 30 separate cooperative societies may be found in a single parish.

K. K., THE "PROGRESSIVE" CONSUMER MOVEMENT

Leaders of the "progressive" movement give a version of the split in the consumer movement in 1916-17 that agrees substantially with that of S. O. K. leaders. However, they insist that K. K. societies, too, are politically "neutral," even though the political affiliations of the majority of their individual members may be toward the left.

K. K. societies are by no means confined to membership among urban industrial workers. This is indicated by the following table:

Members of K. K. Societies

	1920	1925	1930	1935
Farmers.....	13,958	20,913	25,146	28,556
Percent of total.....	9.7	10.6	10.4	10.8
Cottagers.....	12,951	16,506	17,379	18,694
Percent of total.....	9.0	8.4	7.2	7.0
Agricultural workers.....	13,238	20,853	26,908	28,446
Percent of total.....	9.2	10.6	11.1	10.7
Government officials and wholesale merchants.....	5,900	6,157	6,686	7,035
Percent of total.....	4.1	3.1	2.8	2.7
Tradesmen and clerks.....	11,800	15,222	20,742	24,657
Percent of total.....	8.2	7.7	8.6	9.3
Industrial workers.....	63,602	88,361	112,420	123,547
Percent of total.....	44.2	44.8	46.5	46.6
Other workers.....	14,821	18,350	19,023	21,850
Percent of total.....	10.3	9.2	7.9	8.2
Professional class.....	3,022	3,588	4,410	4,753
Percent of total.....	2.1	1.8	1.9	1.8

It appears that the agricultural population now provides 28.5 percent of the membership, and in addition many other members are no doubt drawn from the rural areas. Another 14 percent is drawn from the white-collar class.

The complaint of the urban societies against insufficient representation in S. O. K. implied that the urban societies were being penalized for applying sound judgment. The relative density of population in town necessitated either the setting up of several average-size consumer cooperatives in a city or their organization in one city-wide society. For economy and effectiveness in operation the latter was usually done. On the basis of one-society, one-vote, the urban societies with trade-union and other liberal leanings constantly found themselves out-voted by groups totaling a smaller membership. In the "progressive" federation, K. K., this has been remedied by a system of proportional representation.

K. K. has about tripled its membership since 1918. Consumers' cooperatives in Finland sell to nonmembers

also, and since the cooperatives lay more stress on low retail prices than on patronage refunds, nonmember consumers are attracted to their stores. Cooperative leaders say that purchases by nonmembers amount to about one-fifth of the turn-over of all consumer cooperatives. This policy helps to bring in new members.

The "progressive" societies average a patronage refund of only 1 percent. About one-third of the societies make no savings returns at all, and few pay more than 2 percent. The societies generally operate on a gross margin of about 10 percent. This necessitates very efficient operation if any net surplus is to be obtained for building up reserves. This is accomplished despite the fact that K. K. societies generally pay union wages and permit trade-union organization among their employees, while most employers in private retail trade pay lower wages and ban union organization.

Cooperative leaders attribute part of their low operating costs to their insistence on the cash payment principle, as a result of which bad debts incurred by the retail societies average only about one-half of 1 percent of turn-over annually.

The progress of K. K. societies is shown in the following table:

K. K. Societies

	Number of societies	Number of members	Number of employees	Number of shops	Production enterprises
1918.....	87	95,000	-----	503	-----
1920.....	106	143,896	3,730	780	71
1925.....	113	197,315	6,082	1,202	144
1930.....	112	241,732	7,157	1,603	164
1935.....	115	265,169	8,015	2,281	156

	Retail sales	Own production	Own capital	Loans from members and saving deposits
1918.....	\$4,469,600	\$652,300	-----	-----
1920.....	17,298,000	2,479,500	\$1,067,000	\$365,900
1925.....	26,531,400	5,013,700	3,422,400	1,929,300
1930.....	31,412,200	6,909,200	5,456,900	7,445,300
1935.....	28,886,900	5,327,500	5,139,300	6,220,800

The table shows that building larger societies rather than more societies has been the policy. This is even more noticeable in the "progressive" than in the "neutral" movement. S. O. K. societies in 1935 averaged about 600 members while K. K. societies averaged about 2,300 members. This large average, however, partly reflects the great membership in a few cities. Elanto in Helsinki, the biggest distributive society in Finland, has about 50,000 members.

Direct participation by all members is impossible in the annual meetings of the larger societies. Many K. K. societies therefore have adopted a system similar to that of their federation. From 30 to 60 delegates are elected

by the members of a society, by a system of proportional representation, thus insuring a voice to minorities. While the members often group themselves along political lines in electing delegates, political differences rarely enter into the discussions of the annual meeting. This block voting system has been found very effective in keeping member interest alive. K. K. societies generally muster a much larger vote on a percentage basis than do most of the British societies, for example.

The Delegate Assembly elects a Supervisory Council which appoints an Executive Committee of three to five persons. In the medium-sized societies there is no delegate system, and the members themselves elect the Supervisory Council. The smallest societies usually follow Pellervo model rules which provide election of the Executive Committee directly by the rank and file membership.

The variety of goods handled by the larger K. K. societies runs into thousands of different items. These societies often have separate stores for groceries, bakery goods, meats, dairy products, and even textile goods and shoes. Since the larger K. K. societies generally extend far into the surrounding rural areas, they even furnish the same range of agricultural supplies and equipment as the S. O. K. societies. The stores are designed by K. K.'s architectural division and are noted for their modern attractiveness and efficient arrangement.

The cooperative restaurants in Finland are generally owned and operated by distributive societies. Attractively designed and equipped, and with a reputation for their good food, music, and flowers, these restaurants enjoy the patronage of workers and middle-class people.

A number of the retail societies operate productive enterprises such as bakeries, dairies, soft-drink works, shoe-repair shops, abattoirs, more rarely a flour mill, saw mill, lumberyard, pig farm or cabinet shop.

The education department of the K. K. federation audits all of the societies' books, and receives detailed monthly statements from every society. How comprehensive and uniformly complete this accounting is, can be seen in excerpts from K. K.'s 335-page annual report on all societies for the year 1935:

*"Progressive" Cooperative Union (K. K.), Finland Excerpts
From Annual Report for 1935*

GENERAL STATEMENTS

Number of affiliated societies	115
Members of affiliated societies	265, 169
Societies with savings departments	87
Subscribers to K. K.'s cooperative weekly	154, 000
Subscribers to K. K.'s periodical for employees	9, 000
Grocery stores	1, 455
Other stores	404
Warehouses	300

Restaurants	122
Societies with productive enterprises	75
Bakeries	68
Soft drink bottling works	30
Other productive enterprises	46
Value of retail societies' own production	\$5, 328, 548
Number of employees in stores	5, 621
Number of employees in restaurants	1, 112
Number of employees in productive departments	1, 282
Turn-over in stores	\$26, 956, 544
Turn-over in restaurants	\$1, 363, 701
Turn-over in other business	\$566, 487
Purchases from wholesale O. T. K.	\$16, 293, 101

Combined Balance Sheet of all K. K. Retail Societies

ASSETS

Cash on hand	\$290, 090
Bank deposits	1, 149, 730
Goods inventory	5, 117, 871
Inventory in percent of turn-over, 17.7.	
Accounts receivable from members	94, 939
Percent of turn-over, 0.3.	
Accounts receivable from other societies	116, 837
Percent of turn-over, 0.4.	
Value of equipment	1, 419, 224
Real estate	7, 147, 753
Securities	817, 032
Losses	100
Total assets	16, 153, 576

LIABILITIES

Accounts payable	\$2, 523, 428
Notes payable	194, 779
Percent of turn-over, 9.4.	
Unpaid expenses and obligations	28, 310
Loans from members (savings deposits)	6, 220, 810
Mortgage loans	1, 061, 410
Other loans	985, 070
Share capital	395, 014
Reserves	3, 119, 055
Other own funds	992, 035
Net surplus	633, 668
Own capital as percent of total liabilities, 21.8.	
Total liabilities	16, 153, 579

Profit and loss statement

INCOME

Gross earnings from stores	\$3, 363, 400
Percent of turn-over, 12.5.	
Gross earnings from restaurants	469, 903
Percent of turn-over, 34.5.	

Gross earnings from production.....	\$921, 998
Percent of turn-over, 17.7.	
Other income.....	184, 498
Total gross earnings.....	4, 939, 799
Percent of total turn-over, 17.1.	

EXPENSES

Stores, offices, and warehouses.....	\$2, 551, 596
Percent of turn-over, 9.5.	
Restaurants.....	306, 131
Percent of turn-over, 22.4.	
Production.....	613, 246
Percent of turn-over, 11.8.	
Total operating expenses.....	3, 470, 973
Percent of total turn-over, 12.0.	
Interest paid.....	411, 849
Percent of total turn-over, 1.4.	
Taxes paid.....	128, 419
Depreciation of equipment.....	168, 727
Depreciation of real estate.....	134, 006
Net surplus.....	625, 829
Net surplus as percent of total turn-over, 2.2.	

SALARIES AND WAGES

Office.....	\$265, 609
Percent of total turn-over, 0.9.	
Warehousing.....	189, 634
Percent of total turn-over, 0.7.	
Stores.....	1, 093, 288
Percent of stores' turn-over, 4.1.	
Restaurants.....	201, 871
Percent of restaurants' turn-over, 14.8.	
Production.....	459, 843
Percent of production value, 8.9.	
Total salaries and wages.....	2, 210, 245
Percent of total turn-over, 7.7.	
Percent of total expenses, 55.1.	
Percent of total expenses and depreciation, 51.2.	

DIVISION OF NET SURPLUS

To reserves.....	\$289, 762
To profit and loss account.....	10, 652
Above 2 items as percent of net surplus, 47.4.	
Interest on members' shares.....	20, 898
Patronage refund.....	303, 784
Patronage refund as percent of net surplus, 47.9.	
For other purposes.....	8, 572

Such statements have been prepared annually since 1920. Similar detailed statements exist for the savings deposit departments operated by 87 K. K. societies. Deposits in these at the end of 1935 amounted to \$5,747,121; belonging to 139,171 depositors.

This careful analysis of all costs, submitted from month to month, makes it immediately possible for the central federation to note mismanagement or inefficiency and to send its auditors or technical experts to help the societies in question.

The local societies carry on little educational work directly, with the exception of Elanto and a few other large societies. This is the function of the central federation itself.

K. K. is supported by membership fees and by the income derived from its auditing, advisory, and publishing activities. K. K. officials told us that the societies contribute annually 3 markka (about 7 cents) per member and the wholesale O. T. K. matches the amount contributed by the retail societies. The following data on the central federation for the year 1935 indicate some of its activities:

Number of employees.....	179
Number of lectures given.....	4, 442
Total audiences.....	753, 758
Subscriptions to periodicals.....	163, 000

K. K. societies contributed \$34,506 in membership fees for the year. The value of K. K.'s productive output was \$164,214, and its entire turn-over was \$317,344.

K. K. operates a book and job printing plant, a book-binding, a paper-bag factory. Its departments include a propaganda department, a department for extension study, a cooperative training school, an audit and instruction department, an architectural and building department, and advertising, legal, employment, and sales departments.

K. K. is controlled by the Annual Congress which elects a Supervisory Council whose members are actually nominated by the District Associations. The Supervisory Council appoints an Executive Committee. For the Annual Congress each society elects 1 delegate for every 200 members up to 5,000. From 5,000 to 10,000 members an additional delegate is allowed for every 500. Beyond 10,000 there is one delegate for every 1,000 or part thereof.

The district organizations elect their own executive committees annually through the delegates within the districts. Their function is to develop local interest through cultural, recreational, and propaganda activities.

O. T. K., THE "PROGRESSIVE" COOPERATIVE WHOLESALE SOCIETY

O. T. K. was organized in 1917, when S. O. K. refused to continue selling to K. K. member societies. Actual wholesaling operations of O. T. K. began in 1918. The method of electing the administrative bodies is the same as in the K. K. federation, and the two organizations work in close collaboration.

O. T. K. has a number of branch offices and warehouses throughout the country, with its main office in Helsinki. Since 1923, O. T. K. has more and more gone

into production where membership demand seemed to justify it. Its productive enterprises now include a margarine factory, an underwear factory, men's and women's clothing factories, a coffee-roasting plant, a fruit-packing plant, a techno-chemical factory, a dairy, several flour mills, a fish-packing plant, and a match factory. A meat-packing plant is under construction.

O. T. K. has a central laboratory for the examination and testing of consumers' goods. In 1935 a total of 3,225 analyses was made, resulting in the rejection of 470 articles of consumers' goods, or 14.6 percent of those tested. In addition, several of the production plants have their own technical laboratories. We were told by the president of K. K. that the cooperatives' confidence in the goods handled by the wholesale has reached the point where people are ready to say: "If it is an O. T. K. product, we will buy it." With the approval of the state, O. T. K. also acts as auditor and controller of the savings departments of K. K. societies.

The following table indicates the growth of O. T. K.'s services to the "progressive" societies:

	1918	1920	1925
Turn-over.....	\$1,736,525	\$3,380,251	\$16,548,763
Own production.....			
Sold to K. K. societies.....		3,302,561	16,231,592
Share capital.....	77,304	39,926	44,067
Net surplus.....	31,307	106,223	222,929
Reserves.....	27,180	171,000	882,700
		1930	1935
Turn-over.....		\$16,888,563	\$16,801,010
Own production.....		1,653,670	2,247,360
Sold to K. K. societies.....		16,803,680	16,293,100
Share capital.....		58,759	54,243
Net surplus.....		206,280	333,200
Reserves.....		1,988,430	2,573,970

O. T. K. employed 994 persons at the end of 1935, and paid out \$344,651 in salaries and wages during the year. It has a pension fund for its employees amounting to \$245,276.

The agricultural supplies department of O. T. K. not only sells supplies for agricultural production (seeds, feed, fertilizer, farm equipment) but also purchases farm produce, such as butter, eggs, grain, from affiliated societies.

K. K. societies purchase from O. T. K. more than 50 percent of the goods sold in their stores. They usually report to O. T. K. monthly on purchases from other sources. O. T. K. analyzes these reports and utilizes the information in its own merchandising and in advising the purchasing departments of retail societies.

It is to be noted that O. T. K., as well as S. O. K., operates a match factory. Offhand, this would seem like an unnecessary duplication of effort and facilities, since either factory could probably supply the entire

cooperative demand. But cooperative leaders say that this excess of production capacity is directly responsible for breaking down the pegged prices of the Swedish match trust, which had dominated the Finnish match market. The trust finally agreed to permit S. O. K. and O. T. K. jointly to fix the price of matches in Finland on condition that any export would go through the trust's sales agencies.

COOPERATION AMONG THE SWEDISH LANGUAGE GROUP IN FINLAND

In 1897, Swedish-speaking farmers and landed proprietors formed a joint purchasing agency, Labor. This was converted into a cooperative wholesale in 1906, in conformity with the Cooperative Act. Labor carries on a business similar to Hankkija, but on a smaller scale. By 1929, Labor's membership consisted of 961 individual members and 131 societies, most of them consumers' societies. Its annual turn-over had risen to \$3,016,197, and its reserves amounted to \$87,400. Its activities are confined principally to south and west Finland. In addition to wholesaling farm supplies, Labor operates some feed mills and a flour mill, also a seed cleaning plant and a building department.

The cooperative creamery wholesale Enigheten was organized by creameries in the Swedish-speaking section of Finland in 1918. Its operations resemble those of Valio. In 1928 it handled 6 percent of the country's butter exports and 14.2 percent of the country's cheese exports. Its turn-over was \$1,080,300, most of which was for butter. Enigheten maintains Finland's only Swedish-speaking creamery managers' training school.

Finland's Swedish Cooperative Union was founded in 1919. It has functions similar to K. K., such as auditing the accounts of member societies, giving advice, conducting propaganda and educational work, publishing cooperative literature and representing the Swedish-speaking cooperatives in the joint undertakings and conferences of the central cooperative federations of Finland. The Swedish Cooperative Union publishes its own newspaper, Farmers and Cooperators, and assists Labor and Enigheten in the publication of their periodicals. The Union, it is estimated, represents about half of the Swedish-speaking population of Finland.

COOPERATIVE INSURANCE

Under the Cooperative Act of 1901, cooperative societies were not permitted to carry on the insurance business as one of their functions. However, the cooperative federations have set up separate insurance societies which are operated for cooperatives and according to cooperative principles.

About 25 years ago, S. O. K. organized the fire-insurance society Tulenvara as a mutual company to serve its affiliated societies and their members. This arrangement proved so satisfactory that after the split

in 1917 both the "neutral" and "progressive" movements set up additional insurance societies.

S. O. K. formed the society *Elonvara* in 1918 for the employees of S. O. K. and its affiliated societies, to provide insurance against accident, sickness, disability, and old age. This was followed in 1919 by *Oma*, for workmen's compensation insurance.

The life assurance society *Pohja*, though formed in 1923, has grown to be the largest and most important of these cooperative insurance enterprises of S. O. K. It introduced lower premiums than existing life insurance companies demanded; and the general reduction of the premium rate in Finland is attributed by cooperators to this step. From 7,600 policies issued during its first year of operation it had increased to 75,000 in 1929. At that time it had a premium reserve of \$770,800, while policies in force amounted to \$17,286,000. By 1935 the sum of policies amounted to \$22,906,200. The policyholders are mostly small farmers. Its agents are largely executives, managers, and other employees of the consumers' cooperatives, cooperative creameries, and credit societies affiliated with or friendly to S. O. K.

S. O. K. Insurance Societies, 1935

	Paid-up capital	Annual premiums	Real reserves	Mathematical reserves
<i>Tulonvara</i>	\$173,040	\$126,950	\$132,800	\$74,800
<i>Elonvara</i>	86,550	86,550	49,890	848,700
<i>Pohja</i>	86,520	585,760	172,130	2,182,800

The K. K. federation in 1920 established the *Kansa Mutual Fire Insurance Society*, which was at first operated by O. T. K.'s savings department control division. In 1923 followed the *Kansa Mutual Life Assurance Society*. They are separately conducted, but under the same administrative board and the same management.

In 1929 *Kansa Life* had 70,000 policies in force. The majority of the policyholders are of the working class. Group insurance is carried for the personnel of K. K. societies. Nearly one-half of the policies in force in 1929 were of this type.

Kansa Life also handles the burial funds of K. K. societies. Through this centralization the cost of burial insurance is greatly reduced. In order to keep necessary insurance in cooperative hands, *Kansa Life* in 1926 added accident insurance for the personnel of K. K. societies.

The shareholders of both *Kansa* companies are the K. K. societies, who control them as they do K. K. and O. T. K., on the basis of membership. Insured persons are not directly shareholders, but they are represented through the delegates of their societies. The articles of the *Kansa* companies specify that all net surplus or other property must be used solely for the benefit of the insured persons.

The following combined table indicates the growth of *Kansa* insurance:

(In thousands of dollars)

	1926	1930	1932	1934
Life-insurance policies.....	\$7,941.2	\$20,863.4	\$11,018.7	\$17,777.2
Fire-insurance policies.....	17,773.1	46,000.7	26,280.1	38,306.0
Accident-insurance policies.....	3,892.4	7,873.2	3,567.2	5,088.8
Annual income.....	335.3	911.2	510.0	811.0
Insurance reserves.....	184.0	1,334.0	1,180.3	2,283.7
Other reserves.....	158.8	347.3	297.0	557.0
Annual net surplus.....	37.8	62.9	48.2	82.4

In 1929, the two cooperative life-insurance companies, *Kansa* and *Pohja*, issued more than one-fourth of all new life-insurance policies for the entire country, although there are a number of much older private companies in existence.

Mutual fire insurance on a local scale is well known in Finland. Local fire aid societies have been customary for hundreds of years. Most of these mutuals now operate under model rules prepared by *Pellervo*. In 1917, *Pellervo* assisted such societies in forming a reinsurance company, *Vakava*. There are at present about 300 local mutual fire-insurance companies in Finland.

There are also a number of mutual livestock-insurance companies, for which *Pellervo* prepared model rules and a handbook. For these too, *Pellervo* helped establish a reinsurance society, *Kiekri*, in 1926.

Valio and *Hankkija* have their own pension-fund schemes for the employees of affiliated societies.

RELATIONS WITH THE STATE

Private retail trade in Finland seems to be the only group that actively opposes the cooperative movement. The growth of consumer cooperation has offered keen competition to private retail trade and forced down retail prices. Private retailers sometimes assert that the Government favors the cooperative movement at the expense of other distributive enterprises.

Cooperators, on the other hand, maintain that they enjoy no special advantages. Since 1925 the cooperative school operated by S. O. K. receives an annual subsidy amounting in 1931, for instance, to \$2,149. According to S. O. K. this is only one-fifth of the annual operating cost and is in fact very little when compared with the other educational State subsidies, such as \$95,520 for other commercial schools, \$35,820 for higher commercial education, and \$358,200 for technical instruction. The only other direct State subsidies to cooperatives seem to be for education and auditing of rural credit societies, for agricultural experimentation in seed improvement carried on by *Hankkija*, and \$11,940 annually for *Pellervo's* educational program.

The State does own \$570,000 of share capital in O. K. O., the Central Credit Societies' bank, as mentioned before. Furthermore, the State makes extensive loans

to credit societies through O. K. O. The Bank of Finland also makes loans to other cooperative associations. The Governor of the Bank of Finland stated that the two large consumer cooperative federations were among the preferred credit risks, who could obtain almost unlimited credit at a low discount rate because they always paid off their loans quickly. In fact, he said, "Any Finnish bank would be glad to get their business."

Private traders particularly complain about the partial exemption from income tax to which cooperative societies are entitled. According to law, domestic cooperative societies whose object is to supply their members with commodities or to promote their productive efforts in agriculture, fishing or other endeavor are permitted to omit half of their net earnings from income tax calculations, provided they pay no more than 6 percent interest on shares and provided that patrons of the society may become fully participating members.

Cooperators maintain that this provision is merely a recognition of the peculiar character of cooperative societies, which are organized not for profit but for service to their members. They further point out that private traders, if they consider this partial tax exemption of such great advantage, can organize into joint stock companies which are also allowed to deduct half of their profits up to 4 percent of their assets for purposes of tax calculation. If the taxable profit of a joint stock company, however, is more than 12 percent of the assets, the tax is proportionately increased.

Cooperators point to their freely distributed balance sheets, indicating low annual net earnings just sufficient for the societies' security; and they recommend that private businessmen also published their detailed audits and balance sheets so that the public may know what their profits are.

With regard to legislation, Finnish cooperative leaders by and large do not approve of Government restrictions and regulations in trade and commerce except as temporary measures, to be discontinued as soon as the national necessity has passed. They prefer free competition, and maintain that the low cost of living in Finland, as well as the general improvement in distributive methods, is largely the result of cooperative activities.

Many Government officials, high and low, are members of cooperative societies. A number of Finnish cooperative leaders hold high Government positions either simultaneously with their cooperative positions or alternately. The Delegate Assembly of the large consumers' society, Elanto, in Helsinki, counts among its 60 members 21 members of Parliament.

IMPORTANCE OF COOPERATION TO THE NATIONAL ECONOMY

The place of the Finnish cooperative movement in the national economy was strikingly summarized for the Inquiry by a high official of the Bank of Finland.

It is important to keep real competition alive, he said, to prevent any single group in the country from gaining a monopoly position. The cooperative movement has, in effect, reintroduced competition on a basis which is effective in terms of modern large scale business. It has made distribution more efficient and has materially reduced retail margins. The resulting almost automatic control of prices, preventing inequitable increases, has "rendered Government interference with private business enterprise unnecessary."

The effectiveness of cooperative competition at present is due, in his opinion, to the large percentage of the national retail trade handled by cooperatives. He estimated the cooperative retail trade at about 25 percent to 30 percent of the total national retail trade, and at about 40 percent of the national retail trade in the commodities distributed by consumers' cooperatives, specifically foodstuffs and household commodities.

Consumers' cooperatives on the whole tend to reduce the margin between the price the producer (particularly the agricultural producer) receives and the price the consumer pays. Thus it is of advantage to both.

Private retailers have, as a result of the competition of the cooperatives, improved their merchandising methods and set up their own central wholesale organization, which assists its member stores with accounting service and advice on business methods. Since private trade has "learned this lesson", he pointed out, it has grown at about the same rate as cooperative trade. As the savings in distribution costs are passed on to consumers, the increase of purchasing power is reflected in more business in both private and cooperative stores. One type is not growing at the expense of the other.

Cooperative competition, he thought, favorably affects the entire national retail price structure, even in lines of trade where the cooperatives have not yet been particularly active. The mere knowledge that the cooperatives would enter a particular field if prices were too high acts as a sufficient deterrent against price pegging. As a result, he thought, Finland had the lowest distribution costs and the lowest prices of any country in Europe.

He considered both major consumer movements politically neutral, although one is composed predominantly of Agrarian and Conservative elements while in the other, industrial workers and adherents of the Social-Democratic party predominate. The fact that the combined movement includes both liberal and conservative groups makes it of greater value to the national economy since it is thus not restricted to one class of society.

He saw more advantage than disadvantage in the two large consumer federations existing side by side. This condition "keeps each federation on its toes" and prevents either from becoming bureaucratic and static. Dr. Gebhard, the father of Finnish cooperation, just before his death a few years ago, had expressed grave concern over the bureaucratic tendencies becoming

apparent in one of the cooperative marketing federations that was unopposed in the field. On the whole, however, the farmers' supply and marketing cooperatives have been of great value in helping farmers to produce more efficiently and thus lower production costs, to create higher quality products and "to obtain prices in line with the quality of the goods."

It would be a mistake, said our informant, to attribute the increase in the standard of living entirely to the cooperatives. Improved agricultural production has been a big factor. Another important factor is the increased export of agricultural and of forest products. But here again "cooperative organization has been useful."

The cash policy of consumer cooperatives and the establishment of savings departments have proved "beneficial in teaching cooperative members the importance of thrift." The cooperatives have also done an excellent job in educating people in economics. The fact that members share in the local management of their societies is an important part of this education.

These statements very nearly express the general opinions of well-informed persons in Finland to whom we talked regarding the value of the cooperative movement. Labor leaders and leaders of K. K., the "progressive" consumers' federation, state in addition that the latter is making an effective contribution toward assuring better wages and better working conditions to labor. While S. O. K. also pays wages averaging better than in similar private trade, S. O. K. societies are definitely committed to an open-shop policy and will not permit unionization of employees. The K. K. federation on the other hand is sympathetic to organized labor. Most K. K. societies have collective agreements with their employees. Any employee is free to join or not to join a union. An official of the central federation of the Finnish labor union estimated that K. K. shops were about 40 percent unionized, which he considered satisfactory in relation to the state of development of the Finnish labor movement.

The Finnish Minister of Agriculture, in an interview with members of the Inquiry, stressed the advantages of a balanced economy with four forms of economic enterprise, State, communal (parish), cooperative, and private; supplementing and controlling each other. As a result "developments which would be bad for the country as a whole are eliminated." Such a balance of interests and enterprise was impossible in nondemocratic countries or countries completely controlled by one type of business enterprise.

The 100-percent systems, he thought, fail to utilize the great energy latent in free societies which can mobilize all classes of people to work for the good of society as a whole. A balanced economic system like that of Finland can use each to the best national advantage. A sufficient amount of cooperative and public enterprise as op-

posed to 100 percent private enterprise "makes possible a truly free society", in fact "serves to maintain a free society." Such a balance of forces leaves the Government only the job of assuring that the values resulting from all these competing interests are preserved and stabilized from the national point of view.

THE GROWTH OF COOPERATIVE ENTERPRISE IN FRANCE

French consumer cooperatives include more than two and a half million members and affect almost one-fourth of the population of the country. Their total retail sales during 1934 were \$233,000,000. The cooperatives estimate that they handle 12 percent of the retail sale of foodstuffs in France.

Despite this large membership and sizeable fraction of the national retail trade, the influence they have upon price levels and retail trading practices is local, and inconsiderable, we found.

In certain regions of France the cooperative movement is closely knit and of great local importance, as in the Charente country of the southwest and in Lorraine, where urban and rural consumers' societies and farmers' purchasing and marketing societies are intimately related.

Agricultural cooperation in France includes about a million farmers in 31,000 local associations—credit institutions, buying syndicates, insurance mutuals, and productive, processing, and marketing societies—chiefly in the dairy and wine industries. These, especially the credit societies, receive active Government support.

Workmen's productive cooperatives, relatively much more important during the nineteenth century than at present, number over 500. Their work is chiefly for the national Government and municipalities, in building and public works, the book and paper industry, instrument making, etc.

French cooperative enterprise has assumed forms and undergone developments which reflect much of the political and economic history of modern France. A country of small and medium peasant proprietors, to which modern capitalism came fairly late, and where small industry has been able to survive long, France is a nation which takes its political discussion seriously. Doctrinal differences are finely shaded and vigorously debated.

France is a "land of individualism", cooperators reiterated to us when explaining certain aspects of the cooperative movement. Broad historical tendencies, and manifestations of what is called the "national character", need not be final in determining the growth of any specific set of institutions. Yet it is clear that the history of French consumer cooperatives has been marked by schism flowing from political differences. The writings of French cooperators are full in theoretical discussion. France has been the "classic land" of workmen's productive cooperatives which have survived because large

economic units have developed more slowly in France than in England, Germany, or the United States. The small size of the average farm holding has given rise to large numbers of farmers cooperatives and "syndicates", with diverse purposes.

EARLY CONSUMER SOCIETIES

The French consumer cooperative movement has a history which reaches back to attempts at organization contemporary with the Rochdale Pioneers, in the period of French social struggle between the political upheavals of 1830 and 1848. Further attempts were made in 1865-67, especially in the great industrial center of Lyons. The societies then founded were wiped out by the war with Prussia in 1870 and the subsequent economic depression, which was also a time of political repression of all workers' organizations.

It was not until 1880 that consumer cooperation took permanent hold in France, 22 societies being started in that year, and 21 in the year following. The cooperative movement was at that time much influenced by the leaders in the city of Nîmes, middle-class intellectuals who were in turn influenced by their admiration for British cooperation of the Rochdale type. This represented a turning away from the distinctively French type of workmen's productive cooperatives (which will be described later). Chief of these cooperative leaders of "the school of Nîmes" was Charles Gide, then a young university professor, who became regarded even in his lifetime as the "patron saint" of French cooperation.

The influence of the Nîmes leaders had two effects. One was to give the consumer movement a vision of the achievement of a new economic order by cooperative means. The other was the creation of a national organization.

It was in 1885 that the Union of French Consumers' Societies was founded in Paris. Of the 85 local societies thus united, not all operated on Rochdale principles. The Rheims Society permitted voting in accordance with the number of shares held. (This society later transformed itself into a commercial chain store enterprise and became the property of a capitalist group.) Other societies were outgrowths of religious organizations, while still others were restricted to the employees of one industrial establishment, being more or less promoted by the company management.

During the remaining years of the century (1885-1900) there was much cooperative enthusiasm, repeated failure, continual growth, and internal dissension over politics.

The record of cooperative failures extends from that of a national warehouse in Paris to that of various regional wholesales, the plans being overambitious and the management inexperienced. Yet between 1886 and 1894 the number of societies increased from 600 to over 1,000; the membership increased from about 100,000 to about 300,000; and the annual business turnover from

about 50 million francs to about 100 million francs. The growth was so impressive as to arouse the hostility of small merchants, who then for the first time organized and began a long continued campaign for parliamentary legislation adverse to cooperatives.

More dangerous than any outside opposition was the internal discord in the cooperative movement. Socialism was growing in France, Socialists controlled most of the societies in the large cities and industrial centers, and they wished the cooperatives to ally themselves with and help subsidize the Socialist movement. They were impatient with fellow-cooperators who did not regard consumer cooperatives as instruments of the class struggle. They became alarmed by the Cooperative Union's endorsement of profit-sharing, and by its acceptance of a subsidy from a rich social reformer. After many bitter debates on this whole subject, the Socialists in 1895 set up a federation of their own within the Cooperative Union. In 1900 they left the Cooperative Union, and formed the National Bourse of Socialist Consumer Cooperative Societies.

This period of schism lasted for 12 years (1900-1912). Much cooperative energy went into factional dispute. However, within the Socialist Bourse itself a nonpolitical theory of consumer cooperation was being approached. Immediately after the split, at the 1906 convention, it was decided that contributions by Socialist cooperatives to the Socialist Party should be voluntary, not compulsory. The Socialist Party, moreover, under the moderate leadership of Jaurès, came to favor autonomy and Rochdale neutrality for the consumer cooperative movement. The breach was finally healed in 1912.

THE WHOLESALE SOCIETY

In the meantime the Socialist cooperatives made a great practical contribution to the French movement through the organization of their Wholesale Society (Magasin de Gros) in 1906. The neutral societies had set up a less effective wholesale in 1902; at the time of the amalgamation in 1912, the business of the neutral wholesale was only 2,000,000 francs a year, while that of the Magasin de Gros was 10,500,000 francs a year. The Magasin de Gros represented strong centralized organization on a national scale, rather than activity merely as a purchasing agency.

Consumer cooperation had already become much more important in France than workmen's productive cooperative enterprise, despite State aid to the latter. Workmen's productive societies demanded a high investment from members; industrial equipment was becoming much more costly; and there was necessarily a much smaller supporting membership than in the consumers' societies. On the other hand, consumers' cooperation required little investment and risk; while at the same time, as wages failed to keep up with the increasing cost of living, consumer cooperation was of immediate

benefit to both workers and professional people in their continued struggle to make ends meet. Workmen's productive societies, while still retaining much of their traditional prestige, were now of less significance than consumer cooperation in France.

Nevertheless, though many new consumer cooperatives were continually being formed, the mortality was very high. The average membership in surviving societies was declining, and so was the amount of business transacted from year to year. The movement was hit particularly hard in Paris, where private enterprise was developing new efficiencies, especially in chain stores.

Only a reunited cooperative movement could muster the resources necessary to meet this situation. There was still opposition to unity from the Syndicalists, but it was endorsed by the Socialist Party and the General Federation of Labor. A statement of cooperative aims satisfactory to Socialist and neutral cooperators was formulated by Gide. And at the Congress of Tours in 1912 attended by delegates representing 603 societies, the two associations were reunited, under the name National Federation of Consumer Cooperatives. Societies requiring political or religious beliefs of their members were banned by the National Federation, which, however, took as its descriptive motto the phrase "Organ of the Emancipation of the Workers."

CONSUMER COOPERATIVES AND THE WORLD WAR

It was 18 months before the World War broke out that the French consumer cooperative movement reformed its ranks. The new National Federation still included only a minority of cooperative societies. The movement felt the full effects of early wartime derangement, in loss of leaders sent to the front, difficulty of transportation, and scarcity of foodstuffs. But as war conditions became regularized, the societies revived. Cooperatives' business was recognized as of utmost social benefit in such times; the long-standing hostility of small merchants temporarily vanished; and the Government gave special financial assistance to cooperatives.

A permanent advisory body to the Government on cooperative matters, the Superior Council of Cooperation, was set up. The cooperatives acted as public agencies of food distribution; foodstuffs bought by the State or by cities were distributed at a fixed price, to prevent profiteering, along with the cooperatives' own foodstuffs.

The later war period thus brought a great acceleration to cooperative growth in France. The figures for new societies show:

August 1914–December 1915.....	15
January 1916–December 1916.....	68
January 1917–December 1917.....	219
January 1918–July 1918.....	273

Of these 575 new societies, 359 were foodshops and 49 were bakeries. A membership of 415,983 was reported by 526 of these "war-babies."

Through 1919 and 1920, while wartime factors still operated, the cooperatives were able to render services to the Government and continued to receive subsidies.

The 1920 figures revealed a 47 percent increase in the number of societies during the previous 6 years, and an increase of 183 percent in the number of members. There was a 472 percent increase in the money value of the business transacted, but this huge statistical increase was in part due to the rise in prices. (Purchases per member had actually doubled, but the cost of living had gone up 295 percent in Paris, 320 percent in the provinces.) But the post-war depression affected the Wholesale very seriously. It was necessary to close down some of the departments in deficit. A number of local warehouses were ceded to regional societies and others entirely given up. The banking department was separated from the Wholesale and made an independent institution (1922).

THE COOPERATIVE BANK

The Wholesale Society had set up a banking department in 1913, to get workers' savings for the use of the cooperative movement. On the small sums it received it paid a high interest rate. Its growth was nevertheless slow at first, until in 1920 deposit-receiving branches were opened in the chief retail societies affiliated with the Wholesale.

The interests of the banking department were so different from those of the Wholesale, and its business had grown to such an extent, that, especially in this post-war depression period, it was considered unsafe and unbusiness-like to continue it as a department. In 1922 an independent charter was obtained for the bank, which was to be controlled by the societies and the Wholesale. Its existence as the French Cooperative Bank dates from this time to 1934, when it failed as recounted later.

PRODUCTION BY CONSUMERS' SOCIETIES

Production by the Cooperative Wholesale has never reached great proportions in France. Three shoe factories were acquired from workmen's productive cooperatives, at their request (in 1906, 1911, and 1918). Sales were good immediately after the war, half a million pairs being sold in a year in the affiliated retail societies. But there followed a crisis in the industry, including a disastrous fall in prices, from which private manufacturers also suffered; the cooperatives had to meet the competition of more highly styled models and luxurious presentation by competitors, and there was a declining interest on the part of the societies, all of which put the cooperative shoe business in the red. A fourth shoe factory, opened in 1923, had to shut down in 1925. The Wholesale tried going into specialized shoe stores, and 30 outlets were opened between 1928 and 1935; but still the business lost money.

Recently the Wholesale has created and advertised a new line, the Uni-Coop, described as "a series of a few models, well styled, and of superior quality, at known prices." This is expected to allow the retail cooperatives, including even food stores, to resume the sale of shoes on a great scale, without much investment in fixtures or stock.

The total production of the Wholesale in 1935 was over \$3,000,000 in 10 factories. In addition to the three shoe plants, these included three canneries, a chocolate factory, and a salt mine (owned in conjunction with several local societies) which keeps its corporate identity and is merely managed by the Wholesale. The Wholesale owns 50 percent of the stock of a soap factory.

The whole labor force in production numbers only 1,140. This at least avoids most of the labor problems which have come up in the vast production enterprises of the British C. W. S.

The French Wholesale has not gone into production for the purpose of control and check of monopoly. The secretary-general of the Federation of Consumer Cooperatives told us that they "have not been particularly bothered by monopolies."

The retail spread is "excessively high", we were informed by a Bank of France official. It is to this condition, rather than to the threat of monopoly, that the consumer cooperatives in France have addressed themselves, according to French cooperators.

The director of the Wholesale felt that the "existence of a great number of competitive producers ordinarily makes it possible for the cooperatives to buy advantageously even though they do not manufacture extensively."

The salt mine enabled them, he said, to lower the price of salt in the north of France. Beyond that, shipping charges made it impossible for them to influence salt prices.

Officials of the Wholesale described their experience with electric light bulbs. They began selling these in 1926. All French producers, except a few small ones, belonged to a patent pool. At first the Wholesale got its supplies from members of the international cartel, with a rebate which enabled it to sell at retail below the market price. In 1927 the cartel suppressed the rebates.

The Wholesale then persuaded some dissatisfied French producers to put out a lamp with the Wholesale's own brand name. Most of the members of the pool started producing brands to compete with the Wholesale's brand, to sell for about 50 percent below that of the established brands. The Wholesale now sells almost a million lamps a year, 15 to 20 percent of French consumption.

The individual societies do more manufacturing than does the Wholesale. Bakeries and breweries are the most common enterprises. No figures on the amounts of this production are available. Leaders in production are the great regional societies.

REGIONAL SOCIETIES

The salvation of the Wholesale during the post-war depression, and of all French cooperatives, according to the official historian of the movement (Gaumont), was due to the regional societies. These should be distinguished from the regional federations, which are unions of autonomous societies in a region, loosely federated for educational purposes. The regional societies are each single organizations, with many stores, closely knit for merchandising efficiency.

Succeeding the small local societies which they absorbed, the regional societies "realized, in the cooperative scheme of things, an economic revolution", says one of the leaders of French cooperation. "In relation to the local cooperatives they have been what the great chain-store organizations are to petty independent merchants."

Before the war, in imitation of the small merchant, decentralization was the rule in retailing. Typically the cooperative was a small store which supplied a limited group of industrial workers of a particular neighborhood or corporation, and specialized in a single commodity, such as bread. Wholesale buying was rather haphazard, in some instances through joint buying agencies and in others through the Wholesale Society.

Since the war, the watchwords of cooperation have become "concentration" and "integration." The isolated neighborhood cooperative is being replaced by the society with a large membership, based on the chain-store idea. The control is central and employs up-to-date business methods. Each cooperative chain has its own wholesale warehouse supplying the branch stores. Business methods are standardized and stores are generally in charge of managers who work on a commission basis. Chief dealings of the regional societies are in foodstuffs and beverages, but the tendency is to go into general merchandise.

This development is definitely post-war. It is true that as early as 1910 some Parisian societies began opening branches; but, with the exception of one society, they had little success. It was only after the war that they had their phenomenal growth.

Because of their size and volume of trade, these regional societies can give additional service on a cooperative basis. For example, the Paris society operates a medical, surgical, and dental clinic for its members. It has a benefit fund which pays sickness, death, and maternity benefits to members. It owns and operates five vacation colonies or resorts, at which members may vacation at small expense to themselves.

The number of regional societies has remained almost stationary, varying from 47 in 1920 (the first year for which the figures are segregated), to a high of 52 societies in 1928. Then the number went steadily down, in accordance with the prevailing policy of "concentration", to 40 in 1934.

Growth has come chiefly through the absorption of scattered local societies. Some of the regional societies are restricted to a single department; others extend into several departments; some cover one city and the immediately outlying territory. Continuous growth of the regional societies is shown by the most recent figures.

	1934	1935
Number of stores.....	4, 937	5, 006
Number of members.....	1, 033, 051	1, 072, 813
Subscribed share capital, francs.....	119, 170, 779	122, 872, 930
Paid-in share capital, francs.....	100, 035, 828	102, 810, 218
Total sales, francs.....	1, 579, 000, 000	1, 491, 000, 000

(It should be noted that the fall in retail prices accounts for the apparent 5.5 percent decrease in volume of total sales. The fall in price is in fact considerably more than 5.5 percent.)

At Saintes, in southwestern France, we saw the leaders and visited the headquarters of one such regional society, the Regional Cooperative of the Charentes and Deux-Sèvres. This regional society was started in 1919 with the merger of 35 weak local societies. Now it has 150 stores, with 150,000 members. Its turn-over was about 56,000,000 francs in 1935 and is on the increase.

GROWTH OF THE NATIONAL FEDERATION

The reunion of the split movement into the National Federation of Consumer Cooperatives has proved permanent. The National Federation's strength has increased since the war. Previously, less than one-fifth of all French cooperatives were affiliated with the Federation. In 1935 there were 1,098 member societies, as against 1,810 not adhering to the Federation. The member societies had 7,006 stores, while the independent societies' stores numbered only 2,233.

In the post-war period, the Federation, though still embracing less than half of all the societies, outstripped the independent societies in membership and in amount of business transacted. These gains are shown by the following table:

1924		
	Societies affiliated with Federation	Unaffiliated societies
Number of societies.....	1, 483	2, 075
Total membership.....	1, 351, 457	801, 245
Average membership per society.....	911	386
Total business in francs.....	1, 402, 090, 682	1, 742, 423, 567
Average annual sales per society in francs.....	945, 442	357, 794
1934		
Number of societies.....	1, 073	1, 767
Total membership.....	1, 691, 686	848, 604
Average membership per society.....	1, 576	480
Total business in francs.....	2, 505, 678, 000	1, 038, 968, 000
Total number of stores.....	7, 006	2, 233
Average annual sales per society in francs.....	2, 473, 514	761, 142

¹ For 1,470 reporting societies. ² For 1,995 reporting societies.
³ Includes regional societies.

The number of societies inside the Federation would be larger but for the dissolution or merger of many societies. Mergers whenever feasible, "concentration", is the policy advocated by the Federation. The process of consolidation is illustrated by 1935 developments. During the year 47 societies dissolved, 16 merged, 9 resigned from the Federation and 13 joined.

At the present date over half the consumer societies are still outside the Federation. Scattered Catholic societies formed a federation in 1923, but it soon dissolved.

The Federation represents the consumer movement on official extraparliamentary bodies. Its representatives sit on the Superior Council of Cooperation, on the National Economic Council, the Committee on the High Cost of Living, the Railroad Council, and the Superior Council of Labor. Recent legislation (1936) reforming the control of the Bank of France gave the Federation one delegate to the administration of the bank.

FAILURE OF THE BANK

While French consumer cooperatives have come through the latest depression fairly well, the movement suffered one great disaster when in April 1934 the Cooperative Bank suspended payments. The Twenty-first Congress of the Federation, meeting in May 1934, accepted a plan to repay all depositors of the bank, with interest, in 15 years.

For the bank was substituted a society composed of all the consumer cooperatives of France, in collaboration with the Wholesale, called the Central Banking Society of French Cooperatives. Voluntary contributions were to be made by all cooperative societies, amounting to 0.3 percent on their total turn-over.

A primary cause for the bank's failure, we were told, was its overexpansion of credit, including commercial (noncooperative) enterprises. The new banking society bars all investments in or loans to noncooperative enterprise.

REORGANIZING THE MOVEMENT

A drastic reorganization within the cooperative movement followed the failure of the bank. A General Society of Control of French Cooperative Societies was formed to furnish technical auditing and control services to the National Federation and the Wholesale, and to retail societies.

The Control Society is a union of societies (all of whom must be members of the National Federation), with voting power in its general assembly based upon membership. Consumer cooperatives which receive Government loans must have their books audited by the Control Society. Other societies may do so, and the National Federation is encouraging local societies to make increasing use of its technical accounting and merchandising services, and to adopt its uniform bookkeeping methods. These services, which

are available at a slight fee to local consumer cooperatives, are now being used by about 25 percent of the societies, we were told.

Membership in the Wholesale is now a prerequisite of membership in the Federation, except for such specialized societies as butcher shops and breweries. Representation in the National Congress is on a basis of membership rather than turnover. A national committee of 50, chosen by the regional federations, is to exercise a general supervision of the whole movement.

Unity of action in the movement is achieved by interlocking directorates in the Federation, the Wholesale, the Control Society, the Society of Cooperatives which has replaced the bank and the Insurance Society. These national organizations, moreover, include the same local societies.

The reorganization is designed to achieve both greater centralization of responsibility and more democratic control. French cooperators now hope for the development of the movement as a whole.

THE WHOLESALE TODAY

The year 1935, bad for French business in general, saw the Cooperative Wholesale more than holding its own. Its total business for the year, 761,597,181 francs, was 5.47 percent less than the 1934 total. But this represented a greater volume of goods sold, since prices had been going down much faster (wholesale prices in food-stuffs declined 9.3 percent during the year). Meanwhile the Wholesale was repaying its loans and consolidating its financial position.

Its surplus for the year came to 6,187,180 francs, as compared with 3,619,751 for 1934. Of this surplus, however, 4,365,347 francs was turned over to repay depositors in the defunct Cooperative Bank. This left a net surplus of only 414,883 francs for the year.

CONSUMER COOPERATION AND GOVERNMENT

In contrast to the long record of subsidies and loans to workmen's productive and farmers' cooperatives, it was only during the war that the Republic began aiding consumer cooperatives financially, in order to have their aid in meeting the high cost of living. Between 1917 and 1926, loans were made to 180 consumer societies totaling 30,930,500 francs. All but 26,940 francs of the 21,255,774 francs due prior to 1927 had been repaid.

During 1935 a Government commission, including representatives charged with advising on applications for loans from the Ministry of Labor, approved loans of 1,840,000 francs (\$121,440).

This credit allocation "has been used very wisely and has served to broaden cooperative enterprise without any weakening of the financial structure", we were told by an executive of the Bank of France. "It has been operated on sound credit plans."

WORKMEN'S PRODUCTIVE SOCIETIES

It was in France that workmen's productive cooperatives began, under the stimulus of the great French economic and social theorists who were the prophets of producer cooperation; St. Simon, Fourier, Proudhon, Louis Blanc, and their disciples.

From the forties to the last decade of the nineteenth century, workmen's productive societies represented the most important form of cooperative endeavor among French workers. And although consumers' cooperation, as in other countries, became more important, workmen's productive cooperation had taken a sufficiently firm hold in various industries and services to maintain itself even against increasingly large capitalist production units.

About the middle of the century the movement had made considerable headway, especially in Lyons. From 1848 to 1865 it struggled against political repression; but in 1866 it benefited by a fund established by Napoleon III, to aid cooperation. Such workmen's productive societies, giving workers self-employment, seemed to offer a guaranty of stability and conservatism. Liberal economists regarded them as an antidote to socialism. Radical writers and many cooperators, however, regarded these organizations as a means of economic emancipation for the working class.

In 1868 the movement encountered a great reverse with the failure of the most popular and most active bank of credit. Societies failed, but the weakened movement continued. Like other workers' groups, it led a precarious existence after the Franco-Prussian War and the Paris Commune. In 1883 there were only 51 rather shaky societies, with no central organization; some tended to become closed corporations or copartnerships; and those that persisted in the original ideals of the movement were generally without adequate capital or markets.

In 1884, a national federation, the Chamber of Workmen's Productive Associations, was formed—a year earlier than the consumer cooperatives formed their national union. The chamber included 22 of the 51 known societies when it was formed, and has continued to include about half of the eligible associations.

Early in its life, the chamber and the whole movement which it represented might have gone under, except for Government subsidies and preference in Government contracts and purchases. Legislation in 1888 enabled public authorities to give preference to workmen's productive cooperatives in competition with private entrepreneurs for Government contracts. The extensive building and furnishing program for the great international exposition at Paris in 1889 afforded the movement an opportunity which it needed and which it utilized to the full.

Among the workmen's productive cooperatives of the period, the building trades claimed the largest number. Printers, coachmen, locksmiths, shoemakers, diamond

cutters, were other important groups. The figures for 1899 show a total of 134 professions in 246 societies. 110 societies, almost half of the total number, belonged to the chamber.

By 1892, the chamber had in its fold only 40 of the 81 recorded workmen's productive societies. The next year, however, it started a journal which still appears twice a month, and it founded a bank, controlled by the societies represented in the chamber. The bank was immediately given a Government deposit of 150,000 francs, to be loaned out to the societies. The Government extended the preference granted on national contracts, to purchases and contracts by municipalities and other local government agencies.

Workmen's productive societies increased in number before the World War, but the total membership did not gain correspondingly. (The 331 societies reporting in 1907 had a membership of 15,838; the 466 societies reporting in 1913 had a membership of 19,097).

A tendency exists in many workmen's productive cooperatives to restrict their membership, while employing what are termed "auxiliary workers", who receive wages but do not share in business gains. Some of the most powerful societies admittedly closed their books to new members and began operating on a partnership basis.

The chamber has enlarged its services to member societies. It set up an orphanage for children of cooperators and auxiliary workers, a legal bureau, an insurance office, and an accountants' department. A benefit society was founded to give technical instruction to members, maintain an employment office, and provide insurance against death, old age, and unemployment.

In 1900, membership in a trade-union affiliated with the French General Federation of Labor (C. G. T.) was required of all members of societies affiliated with the chamber. The present agreement between the chamber and the C. G. T. requires arbitration of disputes, and (like that between the consumer societies and the C. G. T.) engages the societies to grant retroactively any gains won by strikes—while protecting them from a walk-out of their own workers whose unions may go on strike.

The volume of business of 297 societies in 1907 amounted to 50,358,700 francs; that of 446 societies in 1913 amounted to 71,309,000 francs.

It was immediately after the war that the workmen's productive societies enjoyed their greatest prosperity. The government was repairing some of the war's devastation, and there was a boom in both public and private building.

Of the 199,524,800-franc volume of business reported by 379 societies in 1921, the public-works industry category showed a total volume of 62,707,100 francs, recorded by 131 societies. The public-works societies have continued to hold this predominance.

During 1935, the Cooperative Bank of French Workers' Productive Societies reported that its 329 participating societies were divided as follows:

	Percent
Building and Public Works.....	52
Book Industry.....	9
Metals.....	10
Clothing.....	6
Transport.....	8
Furniture.....	4
Food.....	3
Glass and Ceramics.....	3
Miscellaneous.....	5

The Government has continued to be a patron of workers' productive cooperatives, both as a customer and as a source of needed credit. The French State has shown much more interest in workmen's productive cooperatives than in consumers' cooperatives. Subsidies were given as early as 1848. In 1893, when the State reestablished grants to workmen's productive societies, the annual subsidy was set at 145,000 francs. Beginning in 1902, the money was appropriated for loans, not subsidies, but in ever-increasing amounts (165,000 francs in 1902; reaching 375,000 francs by 1913) until the war, when there was a reduction.

In 1919, the appropriation came to 1,190,000 francs. In the 30 years between 1893 and 1923, close to 10 million francs were made available to producer societies. The record of repayment of loans has been good.

The workmen's productive cooperatives have been able to count to some extent upon a noncompetitive market. Government agencies award a proportion of contracts to cooperative societies when their bids are the same as those of private contractors; and when the contract involves less than 40,000 francs, it may go to a workmen's productive cooperative without competitive bidding. (It is sometimes possible to divide larger jobs into parcels of 40,000 francs or less apiece.)

For contracts of 50,000 francs or less, the societies need not post bonds, though private contractors are required to do so. The latter must also await the usual Government routine for payment, whereas the cooperative societies are paid twice a month.

When a workmen's productive society dissolves, the law requires that its assets be turned over to another similar society. They cannot be divided up among the individual members of the disbanding cooperative.

We visited an important workers' productive society, the Association of Workers in Instruments of Precision, which manufactures telephonic equipment. Here all members get the same salary, 2,000 francs a year, except the engineers, who are paid the going salaries. Three years' apprenticeship is required for admission to membership, as well as the investment of 15,000 francs (about \$975). This sum may be given to the firm by deductions from a new member's annual share of profits,

In addition to salaries, 20 percent of the net profits are divided among all workers, members and nonmembers, on the basis of hours worked. The Association, founded in 1896, now has 650 workers, of whom 250 are members of the society.

In bidding for contracts, the Association is granted the right by the State (which owns the telephone and telegraph systems of France) to take up a fourth share of the contract even though it has submitted no bids or design of its own. It has access for this purpose to the accepted designs and specifications.

AGRICULTURAL COOPERATION

Among farmers, cooperation took hold in France during the great agricultural depression of the last quarter of the nineteenth century. Societies grew up spontaneously, but in isolation from one another. In response to local conditions, the forms of organization varied from special cooperatives for credit, purchasing of supplies, processing of products, and marketing, to societies embracing all these activities.

An 1884 statute gave legal sanction to the earliest societies, which were organized for the joint purchase of fertilizer and control of its quality. Seed, equipment, and household goods were the next objects of cooperative purchasing activity. Cooperative purchasing or renting of expensive equipment, such as tractors and grain sorters, has more recently grown to considerable proportions.

Processing cooperatives, developing in the last decade of the century, filled a great need, especially in the regions where small peasants lacked the necessary working capital. Cheese-making plants, creameries and dairies, wine societies and distilleries, were the most important of these.

A little later, insurance against agricultural risks on a cooperative or mutual basis came to occupy an important place in the economy of rural France.

These various farmers' societies are known as agricultural syndicates, mutuals, and cooperatives, with only minor functional distinctions to separate them. Most of the purchasing and marketing of these organizations has been on a pooled basis.

By 1908 there were about 4,000 agricultural syndicates and cooperatives, of which the largest number were cheese factories, dairies, wine cooperatives. There were then 8,000 mutuals for insurance against livestock mortality, with 430,000 members; 1,800 fire insurance mutuals, with 47,000 members. (Livestock slaughter and fluid milk distribution remained largely in private hands.)

Numerous federations of agricultural societies by regions or by departments grew up. In 1912 the Agricultural Cooperative Union was established. This organization, which has grown steadily, differed from preceding unions of a similar nature in its favorable attitude toward con-

sumer cooperatives. In 1923 it joined the International Cooperative Alliance.

State advances have gone to many of the farmers' societies. At the beginning of 1932, of the 5,509 production and processing societies, 2,166 had received such aid.

The Inquiry felt that in general, agricultural cooperation in France is not very well developed and contains few features that are important to America.

CREDIT COOPERATION

Credit societies in France go back to the period of social ferment between the revolutions of 1830 and 1848. The appearance of true credit cooperation on a successful basis, however, waited until farmers were organized economically. When in the eighties these had begun to form their rural syndicates there were available local groups with fairly homogeneous economic interests, whence agricultural credit societies on a voluntary basis might arise.

The principles of the successful Federated Centre of Popular Credit, founded at Marseilles in 1890, became generally accepted throughout France. They included cooperation between the credit society and other institutions of the same social group; local utilization of savings; decentralization; and political and religious neutrality. Variation in methods to correspond with local situations was encouraged.

In the cities there had earlier been an efflorescence of credit cooperatives about the middle of the century. But these had usually been subsidiary to workmen's productive cooperatives. In more recent times urban credit societies have not grown to the same proportions as rural institutions. Many of the urban societies, moreover, have not been veritable cooperatives, but rather semi-philanthropic foundations.

The rural credit organizations were still scattered and far from numerous when their progress was aided by a law of 1894 which limited members' liability. The societies were also granted wider latitude in framing their bylaws.

Legislation in 1897 placed capital at the societies' disposal. An advance of 40,000,000 francs (\$8,000,000 then) was placed at the disposal of the Government by the Bank of France, without interest, from which annual contributions were to be made to the credit societies. Two years later regional credit institutions were set up to receive and allocate this State aid.

In 1920, the Government created a National Bank for Rural Credit.

Corresponding to the growth of other farmers' cooperative agencies, and steadily aided by the Government, the progress of rural credit societies has been maintained since 1894, and at a more rapid rate since the World War.

By the end of 1929 there were 5,897 local credit societies, with 433,400 members. These had 82,838,000

francs in paid-up capital, and 28,000,000 francs reserve. The hundred regional banks had a joint capital stock of 117,716,000 francs and reserves of 100,832,000 francs.

Despite State aid, French peasants have been somewhat slow to trust their own savings to the agricultural credit institutions. Only recently did deposits begin to come in more liberally—1,295,000,000 francs being on deposit as of June 30, 1932.

In 1933 there were 98 regional Banks of Agricultural Credit, with 6,195 affiliated local banks, with 564,314 members. State advances to the regional banks then amounted to 2½ billion francs. Subscribed capital of the regional banks was 200 million francs. Deposits were 1,241,000,000 francs. (These figures are according to the *Annuaire Statistique* of the French Government for 1934.)

Reports to the 1935 Congress of the Federation of Agricultural Cooperation and Mutuality showed that the national agricultural credit institutions had outstanding almost 4 billion francs in loans. Short-term loans came to 1,200,000,000 francs; intermediate credits, 850,000,000 francs; and long-term loans, 1,450,000,000 francs. Five hundred million francs were outstanding in loans to rural electrification cooperatives.

The agricultural credit societies, during a period of 30 years (1902-32) have made it possible for nearly 80,000 agricultural workers (of whom 25,000 were disabled ex-service men) to acquire rural small-holdings.

INTER-COOPERATIVE RELATIONSHIPS

The three chief forms of cooperative enterprise—consumers', agricultural, and workers' productive societies—are today working together reasonably well. In many regions, farmers' marketing or processing societies have an assured market with consumer cooperatives. Workers' productive societies likewise find in consumer societies a steady market for certain types of goods.

There are no serious jurisdictional difficulties, since farmers' cooperatives have not gone in for retailing; nor consumers' societies for processing. Market prices usually govern these transactions.

Nationally, there is an informal working agreement between the various forms of cooperatives, by which they do not oppose each other's legislative proposals. While recognizing that their interests may not coincide at all points, they work together on such bodies as the National Economic Council and the Superior Council of Cooperation, on which consumers', farmers', and workers' productive societies are all represented.

A law passed in 1936 allows consumers' and farmers' societies to have interlocking directorates. We were told by one consumer cooperative official that "it is too soon to see how this law will work out", but that both groups had wanted it.

THE GROWTH OF COOPERATION IN GREAT BRITAIN AND IRELAND

The consumer-cooperative movement in Great Britain has almost 7½ million members out of a population of 46 millions. It has more than a thousand retail societies, through which it does an annual business of over 1 billion dollars, which is estimated to be between 12 percent and 15 percent of the total national retail trade. British cooperatives employ 300,000 people.

The following figures indicate the extent of consumer cooperation in Great Britain and Northern Ireland for the year 1935:

Number of retail societies	1, 118
Number of members	7, 483, 976
Cooperative retail trade ¹	£220, 429, 517
Share capital of members	£135, 745, 524
Production by cooperatives	£79, 276, 000
Persons employed by cooperatives:	
In retail distribution	145, 463
In production and services	117, 526
In transport	38, 728
	<hr/>
Total	301, 717

The wages and salaries to employees amounted to £38,606,296. In 1934 British cooperators received £4,749,000 interest on share capital and £19,003,000 in patronage refunds.

Of the total consumer cooperative membership of 7,483,976 for 1935, England and Wales accounted for 6,586,479, Scotland for 836,239, and Ireland for 61,258 members. Developments peculiar to Scotland and Ireland will be described separately following this general account.

The cooperative movement in Great Britain is the oldest in Europe, dating back to the early nineteenth century. Cooperation was one of the methods suggested as means of improving the conditions of the workers, who had been plunged into helpless misery by their unrestricted exploitation as factory hands. One of the social reformers of the period was Dr. William King, who in his newspaper, the *Cooperator*, advocated the establishment of cooperative communities and stores. Such stores were set up, and Dr. King in his paper gave advice on business management, emphasizing the principles of cash trading, accurate bookkeeping, and democratic control. Under the influence of the philanthropic manufacturer, Robert Owen, cooperative colonies were formed, one of them in the United States. Workmen's productive cooperative societies were also set up. But most of these early cooperative undertakings were short-lived.

The first continuingly and conspicuously successful consumer cooperative was that set up in Lancashire by the Equitable Pioneers' Society of Rochdale, in 1844. It originated the policy of patronage refunds, and adopted

¹ In 1935 the English pound was equivalent to \$4.90.

other principles already formulated, which together have become the basis of consumer cooperative enterprise throughout the world.

The original Rochdale Pioneers were 28 flannel weavers who, after the failure of a strike, resolved to try cooperation; they saved up and put in a pound apiece as share capital. Their first intention was to establish a complete cooperative colony, including production as well as distribution. They did later set up a manufacturing society; but it was upon consumer cooperation that they set their mark. Storekeeping was the field in which cooperation was to achieve its great success in Great Britain and throughout Europe.

By 1851 there were some 130 cooperative stores in the north of England and in Scotland, most of them having less than 50 members. The Rochdale Society was outstanding with its 670 members. It established its first branch in 1856; in 1863 it had eight branches in and near Rochdale, 3,500 members, and was assisting in the establishment of a central wholesale society, such as has become an important feature of consumer cooperative enterprise in all countries. Back in the early thirties there had been a United Cooperative Society in the northwest of England, but it had failed because cooperative stores were then too weak to maintain it.

Now, however, there were 300 retail societies in England. In 1862 the passage in Parliament of the Industrial and Provident Societies Act cleared the way by permitting one society to hold shares in another. The new wholesale was at first called the North of England Cooperative Wholesale Industrial and Provident Society, with offices temporarily in Liverpool and then permanently in Manchester.

The Scottish Cooperative Wholesale Society was organized in 1868, with headquarters in Glasgow.

A need was felt for a central organization for purposes of education, promotion, and statistical and legal information. A central board was set up in Manchester in 1873, supported by subscriptions from local societies. A national federation with these same purposes, at first informal in character, was given legal existence as the Cooperative Union in 1889. The Cooperative Union has ever since been the chief unifying force in the British cooperative movement.

A late development, the English and Scottish Joint Cooperative Wholesale Society, was set up in 1923 for the purpose of handling the production and packing of imports, particularly Indian and Ceylonese tea, cocoa and chocolate; it has packing centers in London, Luton, and Manchester. (Its share capital of £2,409,000 is owned three-fourths by the C. W. S. and the rest by the S. C. W. S. In 1935 its wholesale trade totaled £5,864,114; and in that year, besides its share capital, it had loan capital of £2,837,697.)

LOCAL DISTRIBUTIVE SOCIETIES

The total patronage refunds of British cooperative societies in 1934 amounted to £19,003,000, or an average of 9.6 percent on purchases. The average amount of purchases per member in 1934 was £28 14s. 9d. (\$143.70). The average patronage refunds, therefore, amounted to £2 15s. 2d. (\$13.80). The average share capital investment in the same year was £17 17s. 7d. (\$89.40) and the average interest on share capital about 4 percent or 1½s. 2d. (\$3.60). The average return per member, not counting interest on savings deposits, was therefore £3 9s. 4d. or \$17.40 for the year.

English cooperatives are registered under the Industrial and Provident Societies Act, which provides for auditing under Government supervision; and fixes maximum shareholding per member at £200, but requires each member to accept liability for his subscribed amount of share capital. (Within the terms of these provisions, a cooperative society fixes the value of the share and the amount purchasable by each member.)

Among the self-imposed rules of English cooperatives are these: The minimum membership permissible to a society is seven. Some societies limit membership to one person in a family. Each society sets its own rate of patronage refund; some maintain high retail prices in order to have a high refund, while others have a low refund because they maintain low prices, according to members' preference and local conditions.

Local societies do not usually maintain regular banking services for their members, because the Industrial and Provident Societies Act requires shares to be transferable. But, under the terms of this act, they may operate small savings or penny banks, each separate deposit not to exceed 10 shillings, and the aggregate for each depositor not to exceed £20. They are largely used by children for the accumulation of savings to be used later in buying cooperative membership shares. In 1935 there were 867 societies operating such small savings departments, with a total of £5,631,546 in deposits.

Reliable statistics for the British cooperative movement begin with the activities of the Cooperative Union in 1889. In 1881 the average number of members in local societies is said to have been 564; in 1900 it was 1,186; in 1935 it was 6,694.

In 1900, the largest of the retail societies had only 48,000 members; and this was still true in 1914. In 1935, the membership of the 6 biggest societies ranged from 115,000 to 575,000, the largest being the London Society with 575,000 members, the Royal Arsenal Society (also of London) with 319,000, and the Birmingham Society with 192,000. There are 22 societies which have each a membership of over 50,000; there are still 399 societies which have each a membership of less than 1,000.

The number of the societies has decreased while the total membership and volume of trade has increased, as is shown in the following table:

Year	Number of societies	Membership	Trade
1884.....	1, 128	696, 282	£19, 569, 940
1894.....	1, 421	1, 212, 945	32, 242, 394
1904.....	1, 454	2, 078, 178	59, 311, 885
1914.....	1, 385	3, 053, 770	87, 979, 898
1924.....	1, 314	4, 702, 868	175, 077, 825
1934.....	1, 135	7, 202, 721	207, 014, 809

The proportion of cooperative membership to population runs fairly high in some English counties. In 1931 it was 18 percent of the entire population of London, 20 percent or more of Cumberland, Derbyshire, Durham, Lancashire, Leicestershire, Northumberland, and Yorkshire, and 30.7 percent of Northamptonshire.

Originating among industrial workers, cooperation has continued to have its stronghold in the working class. Nevertheless, in pre-war days, London and many other large cities were "cooperative deserts." Since the war, the movement has taken hold and grown tremendously in London, Liverpool, Bristol, Birmingham. The four London societies have a total membership of about a million.

Before the war, cooperative membership had increased from 1,785,000 (4.3 percent of the population) in 1901, to 2,640,000 (5.8 percent of the population) in 1911. Between 1914 and 1919 the movement gained about 1,000,000 members, bringing the total membership to about 4,000,000 in 1919.

(Cooperative sales increased from 152 million pounds in 1914, to about 314 million pounds in 1919. But prices were then rising, and the actual increase in cooperative trade is smaller than these figures would indicate.)

Membership continued to increase after the war. By 1921, there were 4,549,000 cooperators in the United Kingdom (9.5 percent of the population). By 1931, the total was 6,590,000 (13.4 percent of the population). The present membership is 7,484,000.

Total share capital held by members of retail societies increased from £39,537,000 in 1914 to £112,958,000 in 1930. Average share capital per member grew from £12.96 in 1914 to £17.64 by the end of 1930.

These figures of average-share capital holdings, however, should not obscure the fact that a small proportion of the members hold a great percentage of the total share capital.

Membership in cooperative stores has, in increasing numbers, since the war, been taken out by young people and women in homes where formerly only the head of the house was a member. This is partly a result of the demand for open membership, as it is called; it is also a result of the enlarged participation of women in their own right in the cooperative movement. All this time, moreover, the number of separate families has been growing in Great Britain, though the average family is smaller.

It is important to examine the shifts in cooperative trade by volume, rather than by pounds sterling. Com-

paring the momentary trade figures with changes in the price level, we see that during the 1921-23 post-war slump, there was little change in the real volume of trade. Between 1924 and 1933 there was a gain of about 40 percent in cooperate retail trade by volume.

Purchases per member, which had fallen heavily during the war, recovered slowly, after the war. In 1924, average purchases (allowing for changes in the retail price level) were about 30 percent lower in 1924 than in 1913. Since then the changes have been slight. This decreased member loyalty has been one of the chief problems facing the British cooperative movement.

While the local societies were small, their trade was confined largely to foodstuffs. With larger membership and capital, they expanded their activities, selling a wider variety of goods, and operating a few factories. Even before the organization of the wholesale societies, some of the larger retail societies either carried on some production of their own, or bought from workmen's productive societies engaged in manufacturing clothing and household goods. As the English and Scottish wholesales developed, they increased the range of commodities and began to undertake production of goods which were in large demand. Today it is possible for a British cooperator to purchase nearly all of his requirements through a cooperative store.

The war greatly stimulated the growth of monopolies and concentration of control of production and price. To combat this growth and to avoid being forced to enter price-fixing agreements, the British cooperative movement enlarged its productive activities and increased the range and variety of its enterprises.

The production carried on by the local societies amounted in 1934 to £35,472,000. About 80 percent of this was in food and tobacco, about 6 percent in farming and dairying, 6 percent in clothing and another 6 percent in building and woodworking. Laundry service is extensive; it is often carried on directly by the local societies, but sometimes through special laundry societies owned jointly by a number of local societies. In 1934 the laundry services of consumer cooperatives amounted to £950,000, and resulted in a surplus of £100,000.

On the average the retail societies turned over their merchandise 12.35 times in 1935. The lowest frequency, 8.45, was in Ireland and the highest, 14.51, in Scotland.

The cash-trading policy is not as rigidly observed in Great Britain as in the Scandinavian countries and in Switzerland. In fact, credit trading is more prevalent now than it was in pre-war days, although it is usually subject to definite regulations established by the local societies. In 1935, cooperators owed their societies for goods of various sorts a total of £6,307,717. About one-half of this amount is accounted for by "hire purchases" and "mutuality clubs", systems of deferred-buying developed by English cooperators after the war.

Some form of credit selling by cooperatives, it is pointed out, is necessary, especially in commodities other than foodstuffs, such as furniture, dry goods, and clothing. Otherwise many families of low income will have to go where they can get credit—and perhaps pay higher prices.

Hire purchasing is confined to furniture and home furnishings and resembles our installment buying. Mutuality club trading is confined largely to shoes, dry goods, and clothing. Mutuality clubs are organized within a local cooperative, usually by a collector appointed by the local society. Club members pay over to the collector a regular amount per week (usually 1 s. per share) toward the purchase of a number of £1 shares, thereby establishing a special credit with the society. The collector is paid on a commission basis, generally 5 percent, and is responsible to the society for the collection of payments.

Local consumer societies in 1935 employed 210,953 persons who received £27,638,219 in wages and salaries. Employment in distribution accounted for 133,663, in production and service 39,595, and in transport 37,695 workers. The average annual wage per worker in these three fields was £126.05, £140.63, and £138.53, respectively. Labor relations and labor conditions in consumer cooperatives are discussed later in this chapter.

THE ENGLISH COOPERATIVE WHOLESALE SOCIETY (C. W. S.)

The English, Scottish, and Irish wholesale societies, in 1935, together distributed to their affiliated retail societies goods amounting to £117,490,000 or a little more than one-half of the value of total distributive trade of the retail societies.

The English Cooperative Wholesale Society (C. W. S.) was organized in 1863. Originally, the purpose of the C. W. S. was to carry on wholesale trading for affiliated societies and to aid the workmen's productive societies in finding outlets for their products in the cooperative movement. In 1873 it entered the field of production with the opening of a biscuit factory and has in time built up extensive production enterprises in various fields. In 1935 the total trade of the C. W. S. amounted to £98,284,000 and its own production to £34,589,000. The C. W. S. extends over the whole of England and Wales, with branches and depots in many large centers such as London, Newcastle, Leeds, Cardiff, Birmingham, and Bristol. Its growth is indicated by the following table:

Year	Share capital	Trade	Own production
1864		£51,857	
1870	£19,015	677,734	
1890	434,017	7,429,073	
1900	883,791	16,043,889	£2,626,516
1910	1,740,619	26,567,833	6,963,689
1920	4,270,408	105,439,628	38,532,164
1930	8,515,097	85,313,018	28,970,862
1935	13,017,445	98,283,975	34,588,624

The total capital of the C. W. S. at the end of 1935 amounted to £104,098,072. In addition to share capital, this included loans and deposits of £82,446,207, trade and bank reserves of £2,788,076, insurance funds of £2,582,943, and reserves of £3,263,401.

The value in pounds of both the trade and the production of the C. W. S. was largest in 1920. However, these figures do not take into consideration the war-time and post-war rise in the price level. The price index number based on 100 in 1914, was 214 in 1919 as compared with 164 in 1929 and 140 in 1935. Actually, the physical volume of trade and production has increased fairly regularly from year to year except during the war period.

The remarkable expansion of productive activities after 1910 resulted in part from the pressure upon the C. W. S. for a greater variety of goods brought by the retail societies during and immediately after the war years, and in part from a general policy of "getting back to the source of raw materials." The C. W. S. acquired productive plants by absorption from local consumers, societies or workmen's productive societies, others by purchase from private enterprise, and still others by building its own factories.

In 1934 the productive enterprises controlled by C. W. S. included two biscuit works, four jam plants, three soap works, nine flour mills, one tobacco factory, one lard refinery, one margarine factory, one vegetable oil plant, five printing plants, one rope mill, one colliery, two flannel mills, one hosiery factory, one corset factory, four shirt factories, two underwear factories, three woolen mills, three weaving sheds, six clothing factories, two tanneries and seven shoe factories, one cannery, five furniture factories, two brush works, one iron works, one bucket and fender works, one tin-plate works, one paint and varnish works, one pottery, a jewelry shop, two drug factories, two packing plants, an aluminum ware factory, a cutlery works, two glass works, a building and engineering department with several branches, several farms, and establishments for bacon curing, quilt making, cartwrighting, hat and cap manufacture, umbrella making, and butter manufacture. Together with the Scottish C. W. S. it farms over 30,000 acres of tea plantations in India and Ceylon.

In 1935, the C. W. S. employed 49,182 persons in distribution, production, and service activities, and paid out £6,609,398 in salaries and wages, an average of £134.39 per employee.

The capital of the C. W. S. is of two kinds: (1) Share transferable (not withdrawable, in order to allow the C. W. S. to engage in banking), and (2) loan capital. Member societies must hold one £5 share for every two members unless exempted by previous (1931) rulings under which they took membership. Loan capital is derived primarily from members' savings deposits. In addition, the Society has reserve funds and insurance funds.

Surpluses are returned to the member societies as patronage refunds on their wholesale trading—after deductions for depreciation, reserves, donations, etc., have been made. The C. W. S. paid a refund of 4 pence per pound (about 1½ percent) in 1913; during the slump of 1919 and following, the refund fell to nothing; but for 1934 it was 4 pence per pound; and an additional 2-pence refund per pound was made on purchases of C. W. S.'s own products.¹ These refunds are in turn passed on by the local societies to their members as part of the patronage refund on retail purchases.

According to statements published by the Cooperative Union, cooperative control extends to only about 2 percent of the total national volume of industrial production. But it is claimed that cooperative control extends over more than 10 percent of the grain milling industry, 8 percent of jam and preserve manufacture, 2 percent of tobacco manufacture, 5 percent of shoe manufacture, and 15 percent of bread and biscuit production.

The C. W. S. banking department was set up in 1872 in order to provide loan capital for cooperative development. Its early customers were not only distributive societies, but also private industries, including collieries, spinning mills, foundries and others. On account of the provisions of the Industrial and Provident Societies Act, already referred to, the bulk of cooperative banking has been done by the banking department of the C. W. S.

The banking department covers England and Wales thoroughly. In Scotland the Scottish Cooperative Wholesale Society acts as its agent, but cooperative banking is not well developed in Scotland. For a time the C. W. S. acted as a banking agent for all of its member societies. Then a system was evolved whereby the member societies may act as the agents of the banking department of the C. W. S.

The following table gives an indication of the development of the banking department:

Growth of C. W. S. banking department, 1873-1935

Year	Number of trading accounts	Total assets	Turn-over
1873.....	62	£188, 672	£1, 581, 495
1882.....	144	214, 256	13, 772, 551
1892.....	314	605, 623	30, 679, 914
1902.....	694	1, 629, 271	84, 644, 940
1912.....	987	5, 287, 227	158, 637, 300
1922.....	16, 209	16, 444, 347	496, 600, 174
1932.....	30, 966	68, 321, 681	657, 015, 517
1935.....	35, 514	95, 018, 684	668, 460, 381

The total number of accounts, including both savings and trading accounts, was 66,844, at the end of 1934. The assets of the bank are invested largely in Government, municipal, and public-utility securities.

The services offered by the banking department were expanded from time to time. In 1897 it began to offer

¹ 1933 was the first year of this practice.

financial assistance for cooperative and individual housing to members of retail societies and loaned as high as 75 percent of the cost of a project. Altogether, £600,000 has been advanced to societies for this purpose.

Since 1910 the bank has accepted individual depositors who make deposits through their local societies. By 1929, the bank had 22,420 such depositors, who had a total of £5,004,039 to their credit. In 1934 the number of individual depositors had grown to 45,179.

When, in 1912, during a coal strike, the Northumberland Miners' Association applied to its bank for an overdraft to raise strike funds, the request was refused although the union offered excellent security for the loan. The C. W. S. Bank supplied the needed funds immediately when approached. Since that time the British trade-union movement has been one of its depositors.

In 1934 a total of 9,932 trade-unions had their accounts with the C. W. S. Bank. This number is said to include nearly every national trade-union and its branches in England and Wales.

In 1934 the C. W. S. Bank carried 10,830 accounts of fraternal associations, thrift societies and clubs organized under the Friendly Societies Act. Farmers' cooperative dairying and marketing associations are also among the depositors.

The bank has for a number of years arranged for the financing of grain and other imports from Russia, of New Zealand cooperative dairies and of Australian wheat pools.

The C. W. S. Bank has successfully weathered several severe crises—during the war, the post-war depression, and the general strike of 1926, when within 3 weeks the trade-unions withdrew £2,500,000 and required additional overdrafts amounting to £1,500,000.

COOPERATIVE INSURANCE

A number of cooperative societies in Great Britain have built up insurance funds for covering specified risks and for benefit payments to members. The only cooperative organization in Great Britain doing business in all the main branches of insurance (except marine insurance) is the Cooperative Insurance Society, Ltd., (C. I. S.) at Manchester.

The C. I. S. was founded in 1867 under the (private) Companies Act by a number of cooperative societies, and was converted in 1899 into a cooperative society under the Industrial and Provident Societies Act. It was reorganized in 1913 as a joint insurance department of the C. W. S. and the S. C. W. S., these two societies taking over its entire share capital. In 1900 its insurance fund amounted to less than £100,000. By 1930 it had accumulated an insurance fund of £11,206,934 which had increased to £20,516,965 by the end of 1935. The growth of premium income from the main types of insurance written is shown in the following table:

C. I. S. premium income

	1915	1925	1935
Ordinary life.....	£185, 194	£1, 090, 185	£1, 713, 747
Industrial life.....	5, 118	1, 087, 752	3, 735, 354
Fire.....	64, 173	173, 737	348, 584
Employment liability.....	32, 864	90, 658	128, 719
Accident and general.....	20, 395	454, 135	1, 065, 885
Total premiums.....	307, 744	2, 896, 467	6, 992, 289

The total amount of the 362,104 claims during 1935 was £3,434,180, including annuities. From the surplus a dividend of 12½ percent was returned to cooperative societies on cash premiums paid by them during the year. Societies not members of the C. W. S. or the S. C. W. S., however, received only a 6¼ percent dividend.

The Cooperative Insurance Society's chief contribution to the British insurance field is its pioneer work in group insurance. This field is not nearly so completely developed in Great Britain as it is in the United States. Of its group insurance schemes the most prominent is a life assurance scheme which provides benefits to the wife (or husband) of a deceased member of a cooperative society in proportion to his average purchases from his retail society during the 3 years preceding his death. This type of insurance is financed at present by a premium charge of 1 pence per pound of retail purchases. In 1935 the premiums on this type of insurance (which is included under "ordinary life" in the table above) amounted to £476,253 and the claims paid to £449,498.

The C. I. S. has also developed endowment schemes, fire and theft schemes, accident policies, public liability, automobile insurance, and livestock insurance.

In 1933, the C. I. S. handled about 2 percent of the ordinary life insurance of Great Britain, 6 percent of the industrial life, 1 percent of the fire insurance, and 2½ percent of the employees' liability insurance.

At the end of 1935 the C. I. S. had the following number of policies in force:

Types of C. I. S. policies

Fire.....	580, 788
Accident.....	137, 324
Automobile.....	158, 235
Ordinary life.....	206, 772
Industrial life.....	4, 587, 296

The assets of the C. I. S. are held available for use in the cooperative movement whenever needed. Thus in 1921, when the wholesales' development of production plants strained their own resources, more than one-half of C. I. S. assets was invested in industrial and provident societies' securities. At present the resources of the distributive societies are more than sufficient and only £251,000 out of a total C. I. S. investment of £20,693,000 is used for that purpose. The bulk of C. I. S. assets are therefore invested in government securities, municipal and railway bonds, real estate mortgages, etc.

The personnel of the C. I. S. has grown from 200 in 1913 to 7,297 in 1935 and its pay roll in this latter year amounted to £390,394, not including commissions. In 1934, commissions alone amounted to £1,286,000 in addition to a pay roll of £379,000.

Mutual insurance of various kinds is provided by many organizations, such as fraternal orders organized under the Friendly Societies Act. These societies are not considered a part of the cooperative movement.

WORKMEN'S PRODUCTIVE SOCIETIES

The idea of cooperative self-employment as a means of escaping the wage slavery of the new industrial era was foremost in the minds of many of the early cooperative leaders in England. The Christian Socialists established a number of workmen's productive societies (or cooperative copartnerships, as they are generally known in England). The Rochdale Pioneers, who regarded cooperative shop-keeping as a first step toward cooperative production, in 1854 established the Rochdale Cooperative Manufacturing Society, which served as an example for a number of similar experiments. The movement continued to spread after the I. and P. Societies Act of 1862 made possible the formation of productive societies under a limited liability clause.

Capital for such enterprises came not only from the prospective workers themselves, but also from the surpluses of consumers' societies and from various working-class organizations. For many years, trade-union capital flowed into cooperative productive ventures, until repeated losses and a change in trade-union philosophy led to the discontinuance of the practice.

Many of the early experiments in cooperative self-employment were in reality joint-stock companies with worker shareholders and, if successful, soon lost every trace of cooperative character. In other cases, workers' participation consisted merely in a profit-sharing scheme in a privately owned business, with the workers entitled to invest capital in the firm.

Prior to 1880, most of the productive societies were formed in the textile, machine shop, and coal-mining industries. The mining societies failed without exception and their failure cost the cooperative movement, both retail and wholesale societies, a good deal of money. The machine-shop societies fared little better; the failure of one in 1876, after 7 years of operation, even caused a bank failure. Experiments in industries where the factory system was less developed or where most of the cost went into labor rather than into equipment, such as the light metal trades, flour milling, and certain types of textile manufacturing, were relatively more successful. But by 1880 there were only 15 productive societies left in existence.

In 1882 the Cooperative Productive Federation was formed for the purpose of coordinating the productive societies, for securing capital for their use and markets

for their goods. Model rules were drawn up for the guidance of new societies. A new growth ensued along more practical and effective lines, in light industries which were just developing, such as shoe, hosiery, and clothing manufacture, printing, baking, and in laundering.

Outlets through consumer societies, which often supplied part of the capital, were promoted systematically. Occasionally, one or more distributive societies were able to take the entire output of a productive society in which they had large investments; and they absorbed the enterprise, carrying it on as a subsidiary production enterprise.

Very few of these productive and service societies today are exclusively associations of workers. Their consumer membership (individual or through affiliation with distributive societies) in some cases far outweighs the producer membership, so that many are in effect associations of consumers. Generally referred to now as cooperative copartnership societies, they have in many cases only slight resemblance to workmen's productive cooperatives of the last century.

The relative share of these productive societies in the productive output of the British cooperative movement since 1900 can be seen from the following table:

Value of production output by types of societies

Year	Retail distributive societies	Wholesale societies (C. W. S. and S. C. W. S.)	Productive and service societies
1900.....	£4,293,000	£3,827,000	£2,854,000
1910.....	12,685,000	9,359,000	3,395,000
1920.....	38,377,000	48,073,000	8,746,000
1925.....	32,627,000	35,134,000	6,139,000
1930.....	39,156,000	36,138,000	6,730,000
1935.....	33,146,000	40,010,000	6,372,000

It is evident that the productive societies have not kept step with production by the retail and wholesale distributive societies. In 1900 there were 149 productive societies. By 1930 there were only 97 left, several having been taken over by the C. W. S.

By 1935 the number had dropped to 90. Their status for 1935 is shown as follows:

Productive and service societies in 1935

Number of societies.....	90
Number of members.....	33,264
Number of workers engaged.....	18,981
Share capital.....	£2,012,000
Loan capital.....	£2,670,000
Turn-over.....	£6,372,000
Surplus.....	£586,000
Wages.....	£1,991,000
Average wage per worker.....	£104.91
Value of output per worker.....	£336

THE COOPERATIVE UNION

The national cooperative educational federation is the Cooperative Union. It was formally incorporated in 1889 to serve the entire cooperative movement in Great Britain and Ireland. It admits to membership all bona-fide cooperatives, whether of the distributive or productive type, but has so far been unsuccessful in enlisting agricultural societies. To the Cooperative Union is largely due whatever degree of unity the large British cooperative movement possesses today.

Of the 1,267 cooperatives reported in 1935, those affiliated with the Union numbered 1,156, of which 27 were in Ireland, 242 in Scotland, and the rest in England and Wales. Nearly all consumers' distributive societies and most of the workmen's productive cooperatives are members of the Cooperative Union, as may be seen from the table which follows:

Members of Cooperative Union, 1935

Type of society	Number of societies	Membership of societies
Distributive societies.....	1,037	7,326,342
Distributive federations.....	16	.....
Productive societies.....	82	31,514
Supply associations.....	1	512
Special societies.....	15	5,661
Wholesale societies.....	4	1,742
Cooperative insurance societies.....	1	.....
Total.....	1,156	7,365,886

Besides those listed above, there were among the societies not affiliated with the Cooperative Union 81 distributive societies with a membership of 157,634.

For many years the Cooperative Union has had a parliamentary committee to watch legislation, and just after the war it established the Cooperative Party. The purpose of the Cooperative Party is to secure the election of official representatives of the cooperative movement as members of Parliament and local governing bodies. At present it has nine representatives in Parliament. Ordinarily the Cooperative Party works rather closely with the Labor Party, though it claims to represent a "consumer interest", as distinct from any producer interest.

The work of the Cooperative Union is concerned with educational, legal, statistical, promotional, and protective activities. Its legal department gives assistance in contractual matters, legal advice in connection with local or national governmental regulations, and aid in the revision of bylaws.

The Publications Department issues books, pamphlets, periodicals, posters, and general propaganda material. It has a press service supplying cooperative news to daily papers. It assists local societies in their advertising campaigns.

The extent of the British cooperative press is shown in the following table.

COOPERATIVE NEWSPAPERS AND JOURNALS

I. Weekly periodicals

<i>Title</i>	<i>Circulation</i>
The Cooperative News	75,000
The Scottish Co-operator	21,000
Reynolds Illustrated News	400,000

II. Monthly periodicals and other journals

The Co-operative Review	5,500
The Co-operative Official	5,300
Co-operative Citizen Series	1,100,000
The Wheatshaf	1,072,500
The Producer	18,500
The Co-operative Productive Review	3,500
The Millgate Monthly	7,500
Our Circle	10,000
The Women's Outlook	32,000
Sunshine Stories	4,000
The Co-operative Guildman	4,000
Ourselves	25,600
Co-operative Youth	2,250

III. Quarterly periodicals

The Co-operative Educator	3,800
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IV. Annual publications

The Congress Report	9,500
The People's Year Book	13,000
The Co-operator's Year Book	9,000
The Wheatshaf Holiday Guide	51,000
Christmas Cracker	67,300
Sunshine Annual	14,508

The Cooperative Union's Labor Department assists in the making of collective agreements between member societies and unions of their employees, and tries to prevent or adjust labor disputes. It gives advice in connection with employee superannuation schemes and other labor problems. It appears before Government bodies in connection with labor questions, social insurance, etc.

The Agricultural Department concerns itself with the various governmentally controlled or sponsored agricultural marketing schemes and represents the Cooperative Union before Government committees in this connection.

The Statistical Department compiles the statistics of the British cooperative movement.

The Cooperative Union has set up a National Educational Council on which the various guilds, employees' associations, and cooperative federations are represented. This Council supervises the preparation of textbooks and the extensive program of general and technical education in cooperation throughout the country. Its report to the 1936 Congress describes 898 junior and adolescent classes attended by 27,785 students; 245 adult classes in cooperation and the social sciences, with 4,730 participants; 1,013 classes for employees, attended by 18,720 persons;

51,235 students were enrolled during the year in 2,156 classes. Two thousand six hundred and fifty-six students took courses by correspondence.

There are also 1-day, week-end, and summer schools. At the cooperative college at Manchester, courses are carried on throughout the year.

In 1935 the Cooperative Union received an income of £59,457 from the annual subscriptions of its 1,177 affiliated societies. Additional income from sales of publications, etc., brought the total for 1935 up to £74,233. A member society takes out one 5-shilling transferable share in the Cooperative Union and pays an annual subscription according to its membership.

The annual Cooperative Congress reviews the work of the Cooperative Union, publicizes cooperative activities, and brings together representatives of societies from all over Great Britain for discussion of problems and policies of the cooperative movement.

GUILDS

The Women's Cooperative Guild (of England), which was organized in 1883, is the oldest and largest of the British cooperative guilds. Others are the Women's Cooperative Guild of Scotland, the National Cooperative Men's Guild, the Irish Women's Guild, and the National Guild of Cooperators.

At its Ten-Year-Festival in Manchester in 1893, the Women's Cooperative Guild celebrated the formation of its one hundredth branch. Many women came to the festival who had not been away from home for from 10 to 20 years. Thus began the first exchange of ideas among women cooperators of the Nation.

Since the formative 10 years the organization of the guild has remained more or less the same. Local branches of the guild are self-governing groups, although they follow certain model rules of the central office. District and sectional organizations lead up to a central committee, and an annual congress of the guild. All work of the guild is voluntary except for that of the general secretary and her staff. The guild is financed by member contributions, donations from the C. W. S. and the Cooperative Union, and the sale of publications.

The guild urges loyalty to the cooperative store, to the C. W. S. and to cooperative production. It has worked vigorously to increase both trade and membership in the cooperative movement. It has demonstrated how the poorest could be brought in, particularly through its experiments with the Sunderland Society and its Settlement House, set up in one of the worst sections of London.

The guild has always sponsored educational movements and helped to raise funds for cooperative education. Furthermore, it has urged political activity on the part of cooperators and affiliation with the Labor Party and trade-unions.

The guild has fought for shorter hours, union wages, and minimum wages for women employees of cooperative societies.

The guild has steadily worked for equality of opportunity for women. It objects to the almost exclusive control of the cooperative movement by men while women are its chief supporters through the stores. The fact that one woman now is a member of the board of directors of the C. W. S. is considered important not as a personal achievement but rather as a foot across a threshold long closed to women.

The guild has spoken for women cooperators and working-class women on national issues of special interest to women. It has supported public health and housing, divorce-law reforms, insurance and maternity benefits, national care of maternity, and enfranchisement of women. The guild is taking an active part in the world-peace movement.

COOPERATION AND LABOR

Cooperative societies claim that their employees receive wages and have conditions of work superior to those prevailing in similar occupations in private enterprise. The original purpose of the British cooperative movement was to raise the standard of living of low-paid industrial workers. However, cooperative employees did not in the past enjoy the best possible working conditions, or wages.

The most important factor in awakening the cooperatives to their labor problem was the establishment of trade-unions among their employees. During most of the nineteenth century, the controversy about profit-sharing kept the labor problem within the cooperative societies from coming to the fore, as it did later.

As the cooperative movement expanded and each employee could not longer be personally acquainted with every member of his own society, employees began to feel they had more in common with the employees of other societies than with the membership of their own society. Clubs were formed, at first for social reasons, which as early as 1891 turned into a district employees' union in Manchester, and by 1895 expanded into the Amalgamated Union of Cooperative Employees.

The A. U. C. E. at first attempted to obtain improvement of working conditions by persuasion, making representations before local society meetings as well as before national conferences. After about 1911 it became more militant and resorted to strikes and threats of strikes.

In 1920, after jurisdictional conflicts with other unions, the A. U. C. E. amalgamated with the National Warehouse and General Workers' Union, almost all of whose members were employed in private enterprise, to form the National Union of Distributive and Allied Workers (N. U. D. A. W.).

Meanwhile, beginning in 1916, the Cooperative Union began to establish machinery for dealing with and resisting the union on a wide front. District hours and wages

boards were set up in the nature of cooperative employees associations of a given area. From these, there has been developed a generally satisfactory machinery of collective bargaining and adjustment of labor disputes. District and sectional hours and wages boards, to which most of the societies belong, arrange uniform agreements with the representatives of N. U. D. A. W. and other unions. A National Conciliation Board with panels composed of an equal number of members from cooperative societies and trade-unions may arbitrate when local negotiations break down. Strikes and lockouts have been practically eliminated.

By 1933, N. U. D. A. W. had 127,600 members, of whom all but 6 percent were cooperative employees.

The National Amalgamated Union of Shop Assistants, Warehousemen, and Clerks has about 30,000 members among cooperative workers, we were told by one of its officials. Its membership is almost evenly divided between workers in private trade and in cooperatives. So far efforts to amalgamate these two chief organizations of cooperative employees have been unsuccessful.

The C. W. S. deals largely with national unions of the various crafts and transport workers. It does not take any part either in the National Conciliation Board or the Hours and Wages Boards.

By the end of 1933, according to the secretary of the Cooperative Union's Labor Department, between 85 and 95 percent of the total number of cooperative employees were trade-union members. The productive employees were almost all organized, and about 80 percent of the distributive employees were union members.

A National Union of Cooperative Officials, founded in 1917, had by the end of 1933 attained a membership of 5,159, chiefly among the employees of retail societies. This union combines professional objectives and the discussion of policy with a demand that the cooperative movement "pay more for brains."

Cooperative employees, particularly in distribution, work shorter hours than employees in comparable private trade. Cooperative societies are ahead of private business in employee insurance and retirement schemes. (These conditions are discussed in pt. I, ch. XII, *Cooperatives and Labor*.)

COOPERATION AND AGRICULTURE

Agricultural cooperatives have not developed strongly in the United Kingdom. During the early years of the cooperative movement, efforts were repeatedly made by cooperative leaders to interest farmers in cooperation. Yet by 1900, according to the Cooperative Union, Great Britain (with the exception of Ireland) had no more than a dozen agricultural cooperative societies, with a membership of about 500 and an annual trade of less than £10,000. In that year, the British Agricultural Organization Society was formed, patterned somewhat after the Irish Agricultural Organization Society. The Coop-

erative Union became a supporting member and a few years later the Government began making an annual money grant to the A. O. S.

The activities of the A. O. S. were largely directed toward the establishment of two kinds of societies, (a) for the joint purchase of requisites, including seeds, fertilizer, utensils, etc. (requirement societies); and (b) for the processing and marketing of agricultural produce (produce societies). The following table, based on governmental statistics, indicates their development from 1913 to 1932, the last year for which data are available. A number of these societies perform both functions and the table therefore contains some duplications.

Requirement societies, 1913-32

Year	Number of societies	Number of members	Annual turnover
1913.....	257	27, 204	£1, 583, 268
1920.....	667	115, 553	13, 260, 251
1925.....	478	95, 115	8, 995, 056
1930.....	355	85, 934	7, 375, 385
1932.....	324	84, 881	7, 458, 704

Produce societies, 1913-32

Year	Number of societies	Number of members	Annual turnover
1913.....	124	9, 732	£840, 849
1920.....	338	45, 688	8, 202, 694
1925.....	284	37, 094	3, 989, 136
1930.....	286	39, 147	5, 150, 036
1932.....	259	41, 040	3, 752, 206

Dairy products accounted for over half the sales of the produce societies; other large items were eggs, poultry, wool, and meat.

At the end of 1932, there were 812 "service" societies with 163,521 members, for cattle insurance, threshing, horse and cattle breeding, livestock auctions, etc.

In 1924 the Government withdrew its financial assistance from the Agricultural Organization Society, and the society was dissolved. Since then, the National Farmers' Union has to a certain extent concerned itself with agricultural cooperatives. The agricultural department of the cooperative union has also offered advisory service.

At the Annual Congress of the Cooperative Union in 1932, the agricultural committee's report, which was adopted as official policy, stated:

"The actual point of contact between organized producers and organized distributors is obviously marketing, and the first essential to general agricultural stabilization should be the organization of agricultural marketing * * * the committee is also of the opinion that in view of the dearth of capital in the agricultural industry, and the growing difficulty experienced by consumers' societies in utilizing their surplus funds, no opportunity should be lost, consistent with the safety of the capital employed, of utilizing consumers' capital and the experience of agriculturists in joint undertakings for their mutual advantage."

According to a member of the Executive Committee of the Cooperative Union, the chief reason why the British Government has to take measures to help agriculture is that fully one-third of all agricultural product is absorbed by the landlord in the form of rent.

England is overwhelmingly an industrial country. There were only 672,000 agricultural workers employed in England and Wales in the year 1935. Despite the minor role of agriculture in the nation's economy, there seems to be little doubt that in the past the English cooperative movement could, by a different attitude, have fostered a more extensive development of agricultural cooperation. The fact that some of the retail societies and even the two wholesale societies operated farms of their own, with the repeatedly declared intention of establishing more and more consumer control over agricultural production, did not make for particularly cordial relations.

In no other country have consumer cooperatives gone into farming as extensively as in England, although almost continuous losses have tended of late to lessen their enthusiasm for engaging in this type of productive enterprise. Of the 103 retail societies operating farms in 1934, surpluses amounting to a total of £15,000 were returned by 45 societies; the others, as well as the Wholesale, lost money on their farming. The following tables give comparative statistics of these farm operations from 1924 to 1934:

Farms operated by retail societies

Year	Acreage	Capital invested	Value of production	Net losses
1924.....	53, 332½	£2, 254, 678	-----	£59, 979
1926.....	45, 879	2, 225, 895	£648, 117	113, 404
1928.....	45, 394½	2, 152, 177	688, 951	108, 764
1930.....	40, 519½	1, 831, 380	640, 490	60, 048
1932.....	40, 000	1, 712, 396	564, 934	81, 413
1934.....	38, 597	1, 636, 228	539, 105	32, 997

Farms operated by wholesale societies

Year	Acreage	Capital invested	Value of production	Net losses
1924.....	19, 464	£807, 812	-----	£11, 952
1926.....	19, 822	736, 599	£227, 527	46, 530
1928.....	20, 177	1, 229, 530	256, 791	27, 366
1930.....	21, 292	813, 457	313, 412	36, 380
1932.....	17, 917	767, 944	221, 939	42, 567
1934.....	18, 802	810, 955	266, 844	23, 531

The extent of the farming operations of retail and wholesale societies combined in 1935 are shown in the following statement:

Farming operations, 1935: Retail and wholesale societies combined

Acreage owned.....	51, 073
Acreage leased.....	2, 045
Acreage rented.....	3, 725
Investment in land and buildings.....	£1, 844, 089

Investment in implements, stocks, etc. . . .	£634, 676
Interest charged to farms.	£36, 000
Rent paid.	£18, 941
Value of farm production.	£918, 134
Net result before charging interest and depreciation (surplus).	£35, 373
Net result after charging interest and depreciation (loss).	£7, 770

While British consumer cooperative leaders differ on the wisdom of having undertaken this farm program, they point out that in connection with the losses incurred several factors must be taken into consideration. Many of the farms were purchased at a time when farm values were high. The construction of up-to-date buildings and installation of modern equipment have further increased capital costs above the customary amount. And the comparatively high wage rates paid to farm labor by the cooperatives result in higher direct operating costs than on large privately owned farms.

COOPERATION AND THE GOVERNMENT

The British cooperative movement is the only one that has considered it necessary to establish its own political party. The cooperative movement was politically neutral until 1914, but during the war cooperators began to feel a need for representation of their interests in Parliament.

They resented what they felt to be the Government's discrimination against them in its wartime demands and allotments for supplies and services, and in its large draft of men from among employees of the cooperative stores. It was felt that the cooperative movement should have been represented on the trade advisory and food-control committees, because it was the largest single distributive agency in Great Britain, dealing with about one-seventh of the entire food supply. The application of the "excess profits duty" to cooperatives was strongly resented. (In 1918, however, practically all cooperative societies were exempted from this tax.)

In 1917 a Cooperative Parliamentary Representation Committee was formed, which in 1919 was given the title of the Cooperative Party.

Membership in the Cooperative Party is not obligatory for societies affiliated with the Cooperative Union. In the past the Cooperative Party has worked closely with the Labor Party, and its present group of nine members of Parliament usually votes with the Labor Party on general matters. In elections, the two parties consult on candidates.

British consumer cooperators differ with recent governmental policies regarding tariffs, quotas, subsidies, and marketing schemes. They believe that many of these measures throw a heavier burden on the consumer without accomplishing the objective of strengthening the national economy or really helping the farmer. They are seeking to obtain representation of the move-

ment on the various boards set up to plan and regulate such matters.

Despite its political organization (and perhaps because of it, it has been said), the movement was not able to avert the imposition, in 1933, of an income tax upon that portion of cooperative societies' surpluses not employed in providing services for members nor distributed as patronage refunds. The Cooperative Union and the Cooperative Party are trying to effect an amendment to this act, with the object of "restoring the principle of mutuality in respect to cooperative trade." The outcome is as yet uncertain.

SCOTLAND

The Scottish cooperative movement, though it has its own wholesale society and productive plants, is closely linked with the English movement through the Cooperative Union, and more recently through the Cooperative Party, both of which extend over the United Kingdom. The English and Scottish Cooperative Wholesale Societies also carry on some joint trading activities and operate tea plantations in India and vegetable-oil purchasing stations in Africa, through a wholesale society set up specially for this purpose. The Scottish C. W. S. also acts as the agent of the English C. W. S. Bank. The general statistics of the Cooperative Union quoted for the British movement include figures for the Scottish movement.

PRESENT EXTENT OF MOVEMENT

An idea of the relative size of the Scottish consumer cooperative movement can be gained by comparing its membership of 759,962 in 1931 with the total population of Scotland, which was 4,842,554 at that time. Cooperative membership was thus held by 15.7 percent of the population. While Scottish population figures remained almost stationary, cooperative membership increased to 836,230 in 1935, an increase of roughly 2 percent of the population in 4 years. In one Scottish county, Clockmannan, direct cooperative membership in 1931 was held by 42 percent of the entire county population.

Cooperation in Scotland appeals to a wider group of people than in England; for example, to professional people, who in England have only recently begun to manifest an interest in the movement. In Edinburgh about 50 percent of the professional classes are cooperative members, according to S. C. W. S. directors.

Scotland claims to have the oldest consumer cooperative movement. There are several societies existing now in Scotland which claim continuous operation from a time earlier than that of any English society.

RETAIL DISTRIBUTIVE SOCIETIES

In 1935, there were in Scotland, according to Cooperative Union records, 236 cooperative societies, 10

productive societies, 2 distributive federations, and 224 retail distributive societies. The status of the latter for 1935 is shown by the following summarized statement:

Number of societies.....	224
Membership of societies.....	836, 200
Number of employees.....	37, 216
Share capital.....	£14, 476, 214
Loan capital.....	£2, 916, 533
Reserves.....	£3, 087, 551
Salaries and wages.....	£4, 490, 828
Turn-over.....	£36, 811, 557
Own production and services.....	£6, 000, 053
Net surplus for year.....	£5, 329, 141

The Scottish societies have on the whole received more patronage from their members than the English societies. This is obvious from the following table:

Average sales per member

Year	England		Scotland	
	£	s.	£	s.
1901.....	27	12	37	5
1911.....	26	7	37	10
1921.....	43	14	70	9
1931.....	29	8	47	5

Wages in Scottish retail cooperatives run slightly lower than the average for Great Britain.

The rate of patronage refunds is considerably higher in Scotland. In 1933 it averaged 12½ percent in Scotland, while for Great Britain as a whole it averaged 9 percent.

Credit sales amount to nearly 3 percent of retail sales in Scotland. Small-savings bank deposits amounted to £696,876 in 1935.

THE SCOTTISH COOPERATIVE WHOLESALE SOCIETY

The need for a wholesale society was felt perhaps even more greatly by Scottish than by English societies because of geographical conditions. In 1863, when the North of England Cooperative Wholesale Industrial and Provident Society (later the English Wholesale Society) was formed, the formation of a Scottish wholesale was advocated by "The Scottish Cooperator", founded in that same year. It was proposed that the English Wholesale establish a Scottish branch, but this was declined as too great a strain upon the infant English Wholesale. In 1868, 28 Scottish societies out of 134 joined in the formation of the Scottish Cooperative Wholesale Society.

In 1870 the wholesale trade of the S. C. W. S. amounted to £105,000. In 1875 it suffered a heavy blow through the failure of the Scottish Cooperative Ironworks Co., involving a loss of £10,000, which was more than its share capital at the time. Its membership agreed to reduce the patronage refund rate by 1 penny per pound of purchases, the sum to be applied to wiping out this loss.

At first distribution was confined to groceries and other foodstuffs, but in a short time commodities in wide variety were made available and trade increased greatly. The new depots outside of headquarters in Glasgow were opened at Leith and Kilmarnock during its first 10 years.

Production was begun as early as 1878, when home weavers were employed in the production of cloth. The first factory was started in 1881 for the making of wool shirts.

The S. C. W. S. paid higher wages than competitors in its shirt factory and maintained a 44-hour week, a tremendous step forward at that time.

By 1935 there were 50 factories in operation under the direction of the S. C. W. S., in addition to its six service departments—engineering, motor engineering, electrical, building, and two transport departments. In 1935 the value of S. C. W. S. production was £5,421,240, or 29.08 percent of the cooperative wholesale trade and 14.73 percent of cooperative retail sales in Scotland.

Its productive departments include a tweed mill; several clothing, shirt, underwear, and hosiery factories; a jute works; a linoleum factory; cabinet, brush, bedding, tinware, boot and shoe factories; a printing plant; preserve, confection, and chemical products plant; a tobacco factory; several flour mills; a soap works; a fish-curing plant; and several smaller productive units such as sausage, fodder, motor body, soda water, and paper plants.

Bakery goods are supplied to most of the Scottish local societies through a separate organization, the United Cooperative Baking Society of Glasgow, founded in 1869, which now has numerous branches in Scotland and a few in Northern Ireland. The U. C. B. S. is owned by local societies and the S. C. W. S. joined together for this special purpose. (This society is described in pt. III, ch. VIII.)

One of the outstanding accomplishments of S. C. W. S. service is its funeral furnishing department. This department, it was stated by a S. C. W. S. official, has succeeded in reducing the price of funeral furnishing from an average of £50 to £10:

Nearly all Scottish retail societies are members of the S. C. W. S. Two large societies, however, those of Aberdeen and Dundee, have no connection with the Wholesale.

A number of retail stores, in sparsely settled areas, are directly operated by the Scottish Wholesale Society. The S. C. W. S. secures staffs and equips stores in such areas and operates them as branches. Patrons are invited to join as purchasing members on payment of 1 shilling, and are encouraged to leave their patronage refunds in the society towards the purchase of shares. In theory these local groups, once they are strong enough, may take over the management of the store.

At the present time the value of the share capital of the S. C. W. S. is £2 per share (formerly £1). Each local society is required to take out one share per member. The strong financial position which the S. C. W. S. has attained is shown in the following table:

Financial standing of the S. C. W. S.

Year	Number shares societies	Subscribed employees	Capital shares and deposits	Reserves and insurance fund	Sales
1869			£5,545	£199	£81,094
1879	36,008		87,550	5,506	630,097
1889	107,004		437,073	45,964	2,273,782
1899	240,873	5,629	1,282,030	187,431	5,014,189
1909	400,618	15,159	2,778,890	584,914	7,457,136
1919	649,995	26,946	5,523,710	1,181,832	24,773,381
1922	721,305	30,371	6,151,587	1,132,824	16,976,056
1923	729,161	29,528	6,622,300	1,198,021	17,259,900
1924	739,683	29,033	7,313,233	1,267,661	17,307,707
1925	747,980	29,118	7,853,485	1,348,785	17,659,069
1926	751,283	29,266	7,543,395	1,464,826	16,717,923
1927	765,433	28,731	8,030,147	1,554,220	17,720,621
1928 ¹	775,547	28,831	8,366,642	1,621,116	15,713,348
1929	804,438	29,306	8,327,314	1,685,987	18,341,337
1930	811,621	30,221	8,739,100	1,694,780	17,682,450
1931	822,867	31,181	9,324,669	1,788,395	16,552,349
1932	835,873	32,091	9,186,526	1,808,679	16,141,553
1933	844,773	32,936	9,733,733	1,856,994	16,016,360
1934	860,526	33,896	10,320,758	1,923,642	17,664,855
1935	877,469	33,486	10,980,968	2,014,948	18,635,116

¹ 45 weeks.

When financial aid is necessary to the continuance of a weak, independently founded local society, the policy likewise is to operate it as a branch of the S. C. W. S.

Even in the management of its branches, however, the S. C. W. S. is subject to democratic control. It is managed by a board of directors of 12 full-time salaried persons elected by the Society. The provision that they may not accept salary additional to the S. C. W. S. salary precludes their holding political positions.

Retail societies have maintained a high price policy in order to pay high rates of patronage refunds, sometimes as high as 20 percent. But the S. C. W. S. favors a lower price and lower patronage refund rate and sometimes manages to influence the societies in this respect. For example, the Kinning Park Society of Glasgow reduced its prices when the Wholesale claimed that the slow turn-over of S. C. W. S. goods was due to the local society's high price policy.

The S. C. W. S. and the Scottish section of the Cooperative Union supply lecturers, arrange training courses, and publish books, magazines, and pamphlets. The educational work is further supported by the Scottish Women's Guild with 391 branches and 31,055 members (1933), and by the Men's Guild.

COOPERATIVE EMPLOYEES

In 1935 a total of 12,314 workers were employed by the S. C. W. S., in production and distribution. Their wages for the year amounted to £1,574,622.

In its relations with its employees the S. C. W. S. has always sought to maintain trade-union conditions. One

historian, writing in 1920, states that there is no case on record of any wages being paid below the trade-union standards and that no obstacle was ever put in the way of trade-union organization.

From 1893 to 1915 employees received bonuses in addition to their regular wages. This policy was abandoned by the S. C. W. S. as contrary to cooperative principles though some local societies continue to give their employees bonuses.

The S. C. W. S. permits its employees to become shareholders while most other wholesale societies limit shareholding to member societies. A worker who desires to become a shareholder must subscribe for not less than 5 shares valued at £1 each, while 50 shares is the maximum allowed to an employee. For every 150 employee-shareholders one delegate may be sent to the general meetings of the Society. Individuals, other than employees, are not permitted to become shareholders.

A joint committee formed by the Scottish section of the Cooperative Union and the Scottish Trades Union Congress recommended: (1) That cooperative societies in their own businesses employ only union labor; (2) that trade unions encourage their members to become purchasing members of cooperative societies; and (3) that in placing outside orders the cooperative societies make it a condition of acceptance that employees be under the terms of the fair wages clause.

OTHER TYPES OF COOPERATION

In 1935 there were 10 workmen's productive societies in Scotland. Their total membership was 15,688, their combined share and loan capital £1,994,628 and their production for the year amounted to £1,582,761. They employed 3,172 persons whose combined income was £424,987. Their net surplus (including share interest) for the year was £230,591. These productive enterprises were confined largely to the baking, laundry, textile, and printing industries.

Farmer cooperatives in Scotland are very few, practically the only ones being the Scottish Wool Growers' Society and a few small farm-supply societies.

IRELAND¹

AGRICULTURAL COOPERATION

Northern Ireland has a few agricultural cooperatives which are represented by the Ulster Agricultural Organization Society.

Farmers' cooperatives in the Irish Free State are of much greater importance. There are, at present, two central societies, the Irish Agricultural Organization Society (I. A. O. S.) and the Irish Agricultural Wholesale Society (I. A. W. S.), serving several hundred farm-

¹ Including both Northern Ireland and the Irish Free State.

ers' cooperatives with a membership of well over 100,000 farm families.

The farmers of Ireland were formerly for the most part tenants whose farms were owned by absentee landlords. The rent collectors "rack rented" the farmers by a system of yearly leases. Despite comparatively rich natural resources, the rural population was poor and debt ridden. What was saved from the rent collector usually went to the "Gombeon man", the local money lender whose usurious practices kept the tenant farmers in constant debt. Around the turn of the century the British Government adopted the policy of aiding tenants to become proprietors of small farms.

This change of ownership, however, was not in itself enough to solve the difficulties occasioned by poor farming methods, inexperience in marketing, and inability to purchase needed requirements at reasonable cost, all of which were due to the persistence over many generations of the old system of exploitation. Meanwhile, Sir Horace Plunkett—to whom the greatest credit is due for the development of agricultural cooperation in Ireland—appealed in 1888 to the British Cooperative Union for assistance in organizing the Irish tenant-farmers cooperatively.

The Cooperative Union formed an Irish section and allocated funds to it for cooperative propaganda. But Plunkett soon realized that the cooperative store as found in England was not the type of cooperative most needed in Ireland. The Irish tenant-farmer's first need was an income; the problem of spending it advantageously did not arise until he had it. Plunkett proposed three ways to the farmers for conserving and utilizing their resources to better advantage—cooperative credit, cooperative purchasing of farm requisites, and cooperative processing and marketing.

From 1889, when Plunkett got the first cooperative creamery organized, to 1894, there were established 50 creamery societies, 10 farm purchasing societies, and 1 credit society. The creameries were owned by the farmers who furnished the milk, the purchasing societies by the farmers who bought through them. The credit society has furnished cheap seasonal credit to its members, who deposit their savings in it, and (under the Raiffeisen plan, generally used in Ireland) are jointly and individually liable for its debts.

THE IRISH AGRICULTURAL ORGANIZATION SOCIETY

The English C. W. S., looking for a reliable source of dairy products supply, had set up a number of creameries in Ireland which purchased milk from individual farmers without giving the suppliers any voice in the control of the creameries nor any share in the surplus earnings. Plunkett, who felt strongly that the Irish farmer should manage his own affairs cooperatively, objected to this policy. When the C. W. S. persisted in it, Plunkett and other members of the Irish sectional board of the Cooper-

ative Union resigned, and in 1894 founded the Irish Agricultural Organization Society as an advisory and promotional federation.

Since that time, the I. A. O. S. has helped farmers to organize; to obtain needed credits from banks or governmental agencies; to improve their methods of farming, processing, and marketing; and to adapt their societies in various ways to the needs of their members.

The purchasing or requisite societies, which started out by handling fertilizer and seeds, gradually added oil cakes and other fodder, coal, farm tools, and machinery to their list of goods. In time, on the insistence of farmers' wives, most of them also began to stock groceries and other household commodities. In the absence of organized marketing for minor farm crops, the supply store further assumed the function of marketing, by taking in the eggs, bacon, potatoes, honey, etc., which the members wished to dispose of. Thus these requisite societies often became "general purpose" societies.

A similar development took place in the case of some of the creameries, where no supply society had been set up by the members. Beginning with dairy products, the creamery societies marketed other agricultural products for their members, they purchased supplies of fodder and farm utensils, and eventually even commodities for the farm home, while their main function remained the processing and marketing of dairy products.

The I. A. O. S., however, does not confine itself to these three types of societies. Its helpful efforts are directed toward any developments in individual or cooperative enterprise that promise to improve the conditions of the rural population, such as poultry raising and lace making, cooperative meat packing, and turf cutting and marketing societies.

In 1926, all Irish creameries not operated by local cooperatives, among them 43 belonging to the English C. W. S., were taken over by the Free State Government; the less efficient ones were discontinued, and the others are gradually being turned over to responsible societies of milk producers.

The progress of agricultural cooperation in Ireland is indicated by the summarized statistics of the I. A. O. S. on its affiliated societies in 1934 shown on the following page.

In 1934 there were also 157 cooperative turf societies which are not included in the table, although most of them were organized by the I. A. O. S. These societies, composed of the owners of peat-bogs, sell turf for fuel purposes.

IRISH AGRICULTURAL WHOLESALE SOCIETY

The I. A. O. S. had not been set-up for trading activities. The Irish Cooperative Agency Society was organized in 1892 as a federation of cooperative creameries for the sale of butter. The agency set up an office

Status of I. A. O. S. affiliated societies in 1934

Type of cooperative society.	Number of societies	Number of members	Paid share capital	Loan capital	Annual turn-over	Reserves
Creameries.....	239	55, 231	£377, 371	£287, 648	£5, 138, 276	£688, 536
General-purpose.....	106	22, 288	80, 041	169, 272	560, 127	78, 326
Miscellaneous.....	29	18, 932	141, 292	62, 984	946, 769	74, 529
Total of trading societies.....	374	96, 451	598, 704	519, 904	6, 645, 172	841, 391
Credit societies.....	92	9, 580	.....	52, 361	19, 397	3, 269
Federations.....	1	.....	44, 705	152, 000	538, 665	.....
Total, all societies.....	467	106, 031	643, 409	724, 265	7, 193, 234	844, 660

¹ Loaned out during year, while total loans outstanding at end of year amounted to £25,325.

in Manchester, in order to sell directly to English distributors, including consumer cooperatives. This caused some friction with the English C. W. S., which at that time had its own creameries in Ireland. The agency for a while attempted to act as general purchasing as well as marketing agent for Irish cooperatives, but a separate purchasing agency seemed desirable. One was set up in Dublin in 1897, and reorganized a year later as the Irish Agricultural Wholesale Society (I. A. W. S.), with broad powers permitting it to undertake practically any service that its affiliated societies might require.

The I. A. W. S. started with farm supplies, but now also handles dairy equipment, groceries, and other household commodities. It serves primarily the general purpose societies. Since their members have little money, these societies are generally undercapitalized; and I. A. W. S. has to give extensive credit. For financial reasons it also had to accept individual shareholders. The C. W. S., through which it purchases much of its goods, gives it large trading credits.

The I. A. W. S. broke up a fertilizer cartel by importations from America, with the result that fertilizer prices dropped 50 percent. By selling only tested seeds, it has forced private merchants to do likewise, with consequent benefits to Irish farmers.

The following table shows the business done by the I. A. W. S. for selected years since 1913:

Year:	Turn-over
1913.....	£223, 785
1919.....	1, 318, 806
1921.....	1, 118, 718
1923.....	353, 350
1925.....	486, 968
1927.....	543, 896
1929.....	592, 178
1931.....	543, 417
1935.....	561, 721

In 1911, the I. A. W. S. established a banking department, which, however, never gained much importance and was discontinued after the World War.

The membership of the I. A. W. S. in 1935 was 469 including agricultural and consumers' distributive societies as well as individual shareholders. The following statement gives an indication of its status at the end of 1935:

Share capital.....	£43,897
Trade credit loans.....	167,554
Total assets.....	343,432
Turn-over.....	561,721

The greatest benefit from agricultural cooperation in Ireland is the education it has given the small farmer in farming methods, in standards and quality, in the keeping of records and accounts, and in becoming acquainted with his neighbor and learning to work with him, despite religious or political differences, for their mutual benefit.

The president of the I. A. O. S. said that the cooperative creamery, which is the heart of the Irish cooperative movement, tends to become a real agricultural community center. There are societies still engaged solely in the dairy business, as in Limerick, but many others transact a good deal of general community business; e. g. in Drinagh it amounts to 70 percent.

Political cross currents in Ireland have greatly retarded the growth of cooperation. However, the Free State Government is very friendly to the cooperative movement and gives it all possible assistance.

CONSUMERS' COOPERATIVES

There are hardly any consumers' cooperatives, as distinct from general-purpose societies, in the Irish Free State, and those in Northern Ireland are chiefly concentrated in Belfast. The British Cooperative Union lists 22 consumer cooperatives with a total membership of 61,258 for all Ireland in 1935, but 48,350 of these cooperative members are in the Belfast Society.

The Society's policy is to give 5 percent patronage refunds. Its turn-over in 1935 amounted to £1,425,307. The Belfast Society owns 39 grocery shops, 18 meatshops, 5 pastry shops, a fish and poultry shop, a restaurant, and 6 shoe repair shops. It has pharmacy and optical depart-

ments and a large clothing and home furnishings department. It provides funeral services and maintains a free life-insurance system.

The Belfast Society stays out of politics; although a member of both the Scottish and the English Cooperative Wholesale Societies, it does not approve of their political tendencies, nor does it make contributions to any political party.

The 1,422 employees of the Belfast Society are required to be trade-union members. It runs on a 45½-hour week, while competing private shops in Belfast are said to run on a 60-hour week.

THE GROWTH OF COOPERATION IN NORWAY

Consumer societies affiliated with the Cooperative Union of Norway (N. K. L.) included 138,500 members in 1935, or about one-fifth of Norway's total population of 2,900,000. The 795 stores operated by N. K. L. societies did a business of 129,700,000 kroner¹ (\$32,000,000) in 1935.

EARLY CONSUMER COOPERATION

Norway is split by mountains and fiords into a number of districts, each varying in character from the neighboring districts, and only recently and partially joined by modern means of communication and transport. This sectional isolation hindered the early development of a cooperative movement and has made difficult the organization of societies into a nation-wide movement.

The first cooperative societies were formed between 1860 and 1870. They had a central organization, the Thrift Societies Federation, which at its height included about 20,000 individual members and carried on a fairly large trade. The crisis of 1880 put an end to this movement, although a few of the societies survived and are still in operation today.

The first society on the Rochdale plan, the basis of the present movement, was organized in Oslo (then Christiania) in 1894. Its leader was Ole Dehli, a prominent attorney who had studied cooperation in Great Britain. He devoted much time to cooperative propaganda, helped to establish a number of societies, and in 1906 brought several societies together in the cooperative union (N. K. L.) of which he was president for a number of years.

GROWTH OF THE CONSUMER MOVEMENT

The present consumer movement can properly be said to have begun with the organization of N. K. L. 30 years ago. The federation was at first only an educational and propaganda organization, but the member societies almost immediately enlarged its functions to include

¹ The Norwegian krona is now about 4 to the dollar. Before the war it was equivalent, roughly, to 27 cents, and between 1916 and 1934 varied from 14 to 30 cents.

wholesaling services. To these were later added production, banking, and insurance.

The growth of the consumer cooperative movement is shown in the following table:

Growth of N. K. L. societies

Year	Societies	Members	Retail turn-over	
			Kroner	Dollars
1907.....	19	6,347	2,327,000	600,000
1911.....	77	19,000	5,934,000	1,500,000
1915.....	172	36,000	16,252,000	4,000,000
1920.....	401	88,000	112,874,000	18,600,000
1925.....	437	103,000	135,580,000	21,000,000
1930.....	455	110,000	110,385,000	29,500,000
1935.....	497	138,000	129,700,000	32,000,000

In connection with this table, it must be pointed out that during the war the cooperatives were hampered by an insufficient quota of imports, based on their consumption in 1913. The post-war crisis in 1920, which threw many private banks, insurance companies, industrial and commercial concerns into bankruptcy, also retarded the cooperative movement. On the whole, however, consumer cooperatives pulled through without serious losses, and have continued to build up capital resources. Share capital of the societies in 1935 was 17,300,000 kroner, and their reserves 13,800,000 kroner.

CENTRALIZED ECONOMIC ACTIVITIES

The central federation N. K. L. had difficulty at first in bringing enough societies together and collecting enough capital to carry on an efficient wholesale business. In 1911, however, N. K. L. moved into its own quarters in Oslo, and opened its first branch at Trondheim, and set up its first production enterprise, a margarine factory.

In the same year, N. K. L. started its own savings department, thereby taking a decisive step toward its eventual independence from private financial sources. Member savings deposits have now grown to about 10,000,000 kroner which have been invested in N. K. L.'s growing activities.

The production enterprises gradually acquired by N. K. L. include three coffee roasting plants, a flour mill, and factories for manufacture of tobacco, soap, margarine, chocolate, and shoes. It also has a branch factory of the Swedish Luma Bulb plant.

N. K. L.'s own production amounts to 44.4 percent of its total trade, having steadily increased from a volume of 2,100,000 kroner in 1920 to 18,200,000 kroner in 1935. In 1935 N. K. L. employed 847 persons.

The factories are for practical reasons organized separately as limited companies, but under N. K. L.'s control, and their net earnings provide patronage refunds to the local societies in proportion to purchases. The margarine and soap factories have lately made refunds of 10

percent and the tobacco factory 6 percent, while N. K. L. grants additional patronage refunds to local societies amounting to 1¼ percent on general purchases.

N. K. L. is a member of the Scandinavian Cooperative Wholesale Society, through which it handles some of its imports.

The growth of the central wholesale is shown in the following table:

Growth of N. K. L.

Year	Wholesale trade		Share capital and reserves	
	Kroner	Dollars	Kroner	Dollars
1907.....	182,471	49,000	18,600	5,000
1911.....	1,234,000	331,000	73,600	20,000
1915.....	4,458,000	1,172,000	213,400	56,000
1920.....	18,076,000	2,982,000	1,060,000	175,000
1925.....	31,926,000	5,709,000	2,085,000	373,000
1930.....	30,568,000	8,161,000	2,567,000	685,000
1935.....	41,393,000	10,183,000	4,455,284	1,096,000

N. K. L. also operates an architectural department, for itself and for local societies. It is credited with the introduction of many modern ideas in the planning and arrangement of retail stores.

OTHER ACTIVITIES OF N. K. L.

An audit department was set up by N. K. L. in 1928. Although not used widely at first, it now gives auditing service to 70 percent of the societies affiliated with N. K. L. Use of the audit department has improved the financial status of the societies.

N. K. L. has carried on an educational campaign against the extension of credit, and has succeeded in decreasing the percentage of credit trade among the societies. In 1935 credit extended amounted to 6.5 percent of the societies' turn-over.

The educational and propaganda work of N. K. L. include lectures, films, and courses for employees and officers. A summer school for managers and employees is conducted every year. Plans are being made to establish a permanent cooperative school, similar to those in Sweden and Denmark. The publishing department of N. K. L. has put out a number of books and pamphlets, and issues a fortnightly magazine with a circulation of 130,000.

THE LOCAL SOCIETIES

Norwegian consumer cooperatives include farmers and workers in all industries and professions. The largest group of members of societies affiliated with N. K. L. consists of laborers in industry, handicraft, fishing, shipping, and transportation. The following table shows the relative percentages:

Membership of N. K. L. societies

	Percent
Industrial and marine workers.....	49.2
Farmers.....	26.3

Farm and forestry workers.....	6.2
Independent craftsmen.....	3.2
White-collar workers.....	11.6
Business and professional people.....	3.5

Total..... 100.0

The Norwegian consumer movement has sometimes been criticized as a political movement alined with the Social Democratic Party. Cooperators, however, point out that its political neutrality has been affirmed time and again by the National Cooperative Congress. They also point to their large farmer membership as evidence of the movement's neutrality. But there is no doubt of the consumer movement's sympathy with the working classes from which most of its membership is derived.

The local societies in 1935 employed 575 persons in their productive enterprises and 3,228 persons in retail distribution. With the 847 people employed by N. K. L., the cooperative movement employs in all 4,650 workers. Total cooperative wages and salaries in 1935 were 8,835,000 kroner, or about \$2,200,000. Most cooperative employees are trade-union members. An agreement between the National Trade Union Federation and the Cooperative Union regulates conditions of cooperative employment. Its provisions have been summarized as follows:

"Collective agreements are to be based on the principle that conditions of employment in cooperative undertakings are to be at least as favorable as in private undertakings of the same kind and in the same locality. Wages shall as hitherto be somewhat higher than those in private undertakings in the same locality, provided that the position of the cooperative undertaking is such as to make this a reasonable demand.

"If agreement (in case of dispute) is not reached by direct negotiation, there shall be no giving of notice or stoppages of work, but the dispute is to be referred to a committee consisting of two representatives of each party. This committee may put forward proposals for a settlement. If it is unable to do so, or if the parties do not accept the proposal, the matter is to be referred to a board consisting of five members, the parties electing two each, who together choose the fifth. The decision of the board will be binding on the parties."

Geographical conditions in Norway make it difficult to follow out the policy of consolidating the small societies as has been done in other Scandinavian countries. In consequence, there are 393 out of a total of 497 societies with only one store each; and only 5 societies have more than 10 stores each. The total number of stores is only 795, many of which, however, are rather large and handle a complete line of merchandise.

The purchases of the local societies from N. K. L. in 1935 amounted to 27.4 percent of their retail trade. The retail societies obtain locally such commodities as meat,

pork, fish, milk, eggs, potatoes, fresh vegetables, and various handcraft products. Many local societies have productive enterprises of their own. There are 171 of these, of which 103 are bakeries and the rest largely sausage factories.

Individual members' purchases in cooperative stores averaged the comparatively high figure of 835 kroner (\$209) in 1935.

Cooperative leaders say that cooperative prices are considerably lower than prices in most private retail stores, and claim that they have influenced the price level to the benefit of the general consumer public. While there are apparently no figures available to prove this contention, the following incident related to a member of the Inquiry indicates that at least in certain localities this has been the case.

At Sandvika, N. K. L. had under consideration the setting up of a cooperative society in response to local request. N. K. L. shopped 12 items from the town's 18 private stores, recording the exact quality and price of the items purchased. Two months after the shopping test was made a cooperative society was set up. Two months after that a second test of the same 12 items was made. The result showed a 7½ percent decline in price. No exact figures were obtained as to the movement of national prices on those 12 items, but it was the general opinion that unquestionably the cooperative had been the cause of the decline.

OTHER TYPES OF COOPERATION

The agricultural cooperative movement includes numerous local supply societies which purchase flour, fodder, fertilizer, and machinery for their members. These are affiliated with seven regional wholesale societies. There are also marketing and processing societies, cooperative dairies, slaughter houses, and flour mills. A farmers' cooperative bank was organized in 1918.

In Bergen and along the coast north of Bergen the fishermen are just beginning a cooperative sales organization, into which, we were told, about seven or eight thousand out of forty or fifty thousand fishermen are organized. Four thousand of the fishermen are members of consumer cooperatives.

COOPERATIVE INSURANCE

In 1921, a mutual fire-insurance society was organized by N. K. L. This was followed in 1930 by a life-insurance society. In Norway, as in Sweden, the two types of insurance cannot be combined in one company. But both companies are controlled by the cooperative union N. K. L. In 1935 they employed 1,400 agents.

The fire-insurance society, at the end of 1934, had 23,875 policies in force, amounting to 144,938,000 kroner. Its paid up capital and reserves totaled 540,000 kroner and its annual premium income was 528,000 kroner.

The life-insurance society, at the end of 1935, had issued life-insurance policies totaling 23,557,000 kroner and collective pension policies amounting to 1,611,000 kroner. Its own capital and reserves were 2,134,000 kroner and its premium-income 893,700 kroner for the year.

There are also a fishermen's cooperative insurance society, and a Mutual Forest Fire Insurance Society. The latter, founded in 1911 by 50 forest proprietors, supplies insurance which in 1935 amounted to 365,270,000 kroner. It has been recognized as a public utility and as such has received a certain exemption from taxation, making possible lower premiums. As an encouragement to good risks, the premiums charged decreased over a period of years and are entirely remitted to policy holders of 22 years' standing.

COOPERATION AND THE STATE

The Norwegian law prohibits chain stores and multiple shops but does permit a consumers' cooperative to open branch stores within the municipality in which it operates, as long as it sells only to members. No cooperative, however, may establish branches in other municipalities.

The cooperatives have tried, so far in vain, to get the law broadened so that they may sell to nonmembers and apply their patronage refunds to the purchase of membership shares. Private traders, on the other hand, maintain that the cooperatives are already enjoying unfair advantages in being permitted to set up branch stores, though on a limited scale.

In taxation, the cooperatives of Norway receive some special consideration. They pay property taxes and taxes on the presumed income of their property. But unless a society trades with nonmembers, it does not have to pay an income tax on its earnings from its trading activities. This was the law in effect from 1917 until 1933, when Parliament by a small majority passed a law requiring cooperatives to pay State taxes on their entire surplus, including that part of the surplus returned to the members as patronage refunds. A campaign of protest resulted in the repeal of this law a year later, and the reestablishment of the provisions of the 1917 law.

Some Government credit was made available to consumer cooperatives during the early years of the movement when their own resources were meager and it was difficult to obtain credit with the private banks. As the movement gained strength and built up its own reserves and savings funds, it gradually became financially self-sufficient and had not further need of Government credit. Agricultural cooperatives have been aided by Government credit.

THE GROWTH OF COOPERATION IN SWEDEN

The Swedish cooperative movement is known in America chiefly for its effective check of monopolistic abuses in connection with several commodities, such as

electric light bulbs, galoshes, margarine, flour, and fertilizer. This, however, is only one phase of a very broad and well planned cooperative development which is generally recognized by Government officials and business leaders as having contributed materially to the building of a sound national economy. According to studies by the International Labor Office, the standard of living of Swedish workers is higher than anywhere else in Europe. Sweden has a higher per capita consumption of milk, creamery products, meat, and eggs than the United States.

PRESENT EXTENT OF COOPERATION

The strongest cooperative organization in Sweden is the Cooperative Union (K. F.), which serves the consumer movement. In 1935 it comprised 719 distributive societies with about 600,000 members and 4,144 stores. The business of these societies amounted to 412,000,000 kronor¹ (\$103,000,000) or about 10 percent of the total national retail trade. Their trade in foodstuffs is estimated at 15 percent of national retail food distribution. The production enterprises of K. F. have a turn-over of 104,000,000 kronor (\$26,000,000) annually.

In the agricultural field we find farm supply cooperatives with 100,000 members, cooperative dairy associations with 155,000 members, and livestock marketing associations with about 180,000 members, besides federations for the marketing of eggs, fruits, and forest products.

Other cooperative developments of importance have taken place in housing, in rural credit, and in the distribution of electricity.

The comparative extent of cooperative enterprise in Sweden becomes more apparent if one considers the size of the country. With its 6,200,000 population scattered over an area of 270,000 square miles, it corresponds roughly to the State of California both in size and population. Swedish consumer cooperative membership alone includes about one-third of the nation's families. Considering also the agricultural cooperatives and allowing for some duplication of membership, it can be fairly estimated that more than one-half of the population is served by cooperative enterprise.

EARLY EXPERIMENTS

The first reported attempt at organized cooperation in Sweden was made in 1850 by peasants in the village of Orsundsbro, who joined together to purchase certain household goods and agricultural requirements. Swedish law at that time prevented the members from running a store, but they were permitted to order the goods in advance and to "fetch them personally immediately upon their arrival." The notice to members to hand

¹ The Swedish krona was before the war, and is at present again, lightly less than 4 to the dollar; it reached a high of 33 cents in 1916, and fell to 18½ cents in 1932.

in their orders, which were sent in twice yearly, was given from the pulpit of the local church. There, too, announcement was made when the order was received. Share capital was subscribed equally by the members, but no surplus was budgeted, other than share interest not to exceed 6 percent; no thought was given to any other distribution of earnings. This society existed for some time. It grew to be an organization of fair proportions, having its own barges for bringing in its supplies and for transporting such agricultural produce as the members wished to ship. It continued for some years but finally dissolved, apparently without any influence on later developments.

General interest in the cooperative idea was first aroused by stories brought home by Swedish visitors to Great Britain in the sixties and seventies. The early advocates of consumer cooperation are reported to have thought of it primarily as a means for satisfying the needs of the artisan. Because the country was not sufficiently industrial at that time for such an approach, few of the societies resulting from their efforts were able to survive.

In the eighties there was considerable interest in a type of association called Workers' Rings. The program, one item of which was the reduction of the cost of living, was not very clear-cut. The plan of operation was through agreements between the rings and private merchants and manufacturers, the members to get a certain discount on their purchases. Although the idea was avidly embraced, and in the course of a few years several hundreds of the rings were in operation, it resulted in almost complete failure, and became another disillusionment creating a general distrust of cooperative ideas.

Up to the turn of the century, Swedish consumers' cooperation was characterized by a series of failures. Aside from the fact that special cooperative legislation was lacking until 1895, which was a decided disadvantage, several reasons are given for these failures. The ability of consumers to conduct their own business required time for development. At first, when the members in their regular meetings tried to handle the details of management themselves instead of employing people trained for the purpose, their knowledge of merchandise was often poor, and their purchases frequently showed bad judgment. Also, we were told, the leaders failed to realize the importance of buying and selling for cash. When hard times came, credit purchases increased, working capital was hard to get, and the financial position of the cooperatives was undermined.

THE COOPERATIVE UNION (K. F.)

By 1899 about 300 consumers' cooperatives were in existence, scattered all over the country, generally without any mutual contact. In that year a committee representing consumer societies in Stockholm, Gothenburg, and Malmo, the three largest towns in the kingdom, realizing that the fatal weakness of Swedish cooperation

had been the want of a coordinating agency, issued invitations to a "General Swedish Cooperative Congress", which was held in Stockholm on September 4, 1899. Only 41 societies with a combined membership of 8,875 were represented by the 44 delegates who gathered to launch K. F. into the world.

Despite its unobtrusive beginning, the organization of the Union marked a new era, and consumers' cooperation has made rapid progress since that time. The Union's activities during the years 1899 to 1904, referred to as the starting years, were limited to the field of propaganda and to serving as a center for information and guidance for the societies. It soon became apparent, however, that the service rendered by the central organization would be greatly increased if it could be made to serve as a central buying agency for the scattered groups.

The manager of one of the local societies was authorized to enter into negotiations with a number of firms and secured their permission to sell their goods on a commission basis. By 1904 the business had grown to demand the services of a manager of the business department on a full-time basis. The turn-over for the first year, 1904, was about 300,000 kronor (\$75,000), with a net surplus of 5,000 kronor (\$1,250). In 1906 the sales had amounted to 2,250,000 kronor (\$565,000), on which the net surplus was 37,500 kronor (\$9,350).

In 1906 a group of retailers succeeded in getting agreements of private manufacturers with K. F. canceled. Societies in the south of the country felt the effect of the repudiations more than elsewhere. The result was that K. F., which had heretofore acted largely as an agency, began making its own purchases, and established a warehouse in Malmö.

MARGARINE PRODUCTION

A national association of retailers, formed in 1908, attempted various boycotts against cooperative enterprise. Its first effective attack was on the cooperative margarine trade. When supplies of margarine was cut off, K. F. purchased a small independent margarine factory. Prices of margarine were immediately reduced upon the announcement of the purchase of the small factory by K. F., although the cartel had previously refused a price reduction.

At the same time, pressure was brought upon banks, to get them to refuse credit to consumers' societies. K. F. thereupon established its own savings department, and began collecting loan capital from among its own membership.

K. F.'s margarine was enlarged in 1910 to include the manufacture of soap. In 1921 a new factory was built at Norrköping. The K. F. factory is the largest in the country, doing about 30 percent of the total margarine business. Since that time the margarine cartel (now the international Unilever) has never been able to keep its prices at an unreasonable height.

Because of the continued monopolistic tendencies of the margarine industry in Europe, K. F. wished to avoid being dependent upon the international organization for the supply of raw material. It decided to build an oil factory to provide the needed supplies for the manufacture of margarine.

The K. F. oil factory is an example of a case in which the cooperative has had to enter the field of manufacturing a product not directly used by its members, but necessary to assure the supply of a commodity needed by them. A cooperative problem of a special nature has developed in this connection. Besides the oil needed in the manufacture of margarine, the K. F. factory produces a number of byproducts for which there is not a sufficient market at the present time within the cooperative movement. K. F. in this instance has had to go outside its usual sphere of activity to provide a sales agency for these byproducts.

BREAKING THE FLOUR MONOPOLY

When State regulation of the grain market came to an end in 1920, and until 1924, the Swedish Flour Mill Association (the monopoly) maintained a wide disproportion between grain and flour prices, thus keeping for itself the advantages which it was the intention of the Swedish grain duty to confer on farmers. Despite a tremendous fall in the price of home-grown grain, and despite rationalization of the industry which brought milling to a high level of efficiency and effected a great decrease in milling costs and freight costs, the price to the consumer remained the same.

In 1922 K. F. entered the flour milling industry, buying one of the largest mills in the country, Tre Kronor (Three Crowns), at the entrance of Stockholm harbor. In 1923 this was completely modernized and enlarged, and in the same year another large mill, Tre Lejon (Three Lions) was purchased and subsequently enlarged and modernized. K. F.'s intervention in this field brought materially reduced prices to the consumer, coupled with higher grain prices to the farmer. It also had a beneficial effect on the industry as a whole, through compelling the more powerful members of the flour milling cartel to relax the production quotas imposed on the less powerful, and to dispense with some of the fines formerly collected from those who either exceeded or fell short of their quotas.

The report of an official inquiry authorized by the Government gives two reasons for the reduction of the spread between the prices of grain and flour. One was the competition of foreign grain, and the other was the entrance of the Cooperative Union and wholesale society into the industry. This report spoke of the benefits received both by the consumer and the farmer.

A cooperative specialty mill for oatmeal has been in operation since 1929, and has had a strong influence as a price regulator in its market. K. F. has through propa-

ganda popularized this product, and the farmers in Sweden have been able to sell more oats, with benefits to the economy of the whole country.

REDUCING THE PRICE OF GALOSHES

In 1925 a shoe factory was purchased, which concentrates its production on the types of shoes that currently are selling in the largest quantities in the societies' shoe stores. K. F.'s requirements for other types of shoes are still supplied by private factories.

One important part of the cooperative shoe business consists of rubber shoes or galoshes, which are so commonly used in Sweden in the winter seasons as to be practically a necessity. The distribution and manufacture of galoshes were largely in the hands of one of the strongest monopolistic combinations in the country. The Cooperative Union Congress in 1926 decided unanimously that K. F. should, as soon as possible, break this monopoly control.

It had been formed by the four large rubber companies of Sweden under the shelter of an import duty on galoshes. By setting the highest possible prices for the home market, the cartel made enormous profits year after year, while the farmers in certain sections of the country, where rubber shoes are sorely needed, were forced to wear wooden shoes because they could not pay the high prices on galoshes.

K. F.'s activities in protecting consumers against unwarranted monopolistic price practices had already found favor with the general public. In June 1926, K. F. issued a general proclamation urging the public to subscribe to an industrial fund to be used in breaking the galoshes cartel. The response was immediate, and resulted in the subscription of 7,500,000 kronor (nearly \$2,000,000).

By July 30, the galoshes cartel had decided to reduce the price of galoshes about 50 cents, varying somewhat with the quality and pattern. This reduction did not bring the price to a reasonable level, and K. F. decided to enter manufacturing. It purchased the Gjalved Galosh Factory, which it enlarged and modernized. As a result the price of galoshes dropped to less than half the price charged the year before.

In its subsequent expansion, K. F.'s factory has begun the manufacture of automobile tires in increasing quantities. Importation of the latter product was formerly one of the heaviest import burdens on the nation.

In 1927 an additional rubber factory was purchased at Viskafors. The effect of lower prices and increased consumption in the galosh business has been to increase greatly the number of workers employed in private factories as well as in the cooperative rubber factories.

FERTILIZER

In a successful effort to take fertilizer out of the control of importers, K. F. purchased a superphosphate factory in 1928.

The factory produced half a million bags of superphosphate annually, equivalent to a quarter of the country's demand. Since the consumer societies could not dispose of the entire annual output, an agreement was worked out by which the Farmers' National Purchasing Association leases the plant, in turn re-leasing it to the private company which owns the country's remaining superphosphate plants. This collaboration with the private monopoly is justified economically by the fact that the freight costs are so high that nation-wide competition would increase the price or ruin the factories.

The lease to the private monopoly, however, contains a clause which enables the cooperative organizations to control the price. As a result the prices of superphosphate have fallen to such an extent as to save the farmers about \$500,000 in the first 2 years.

The joint action of the two cooperative organizations in this field also enabled them to exert considerable pressure on the German-French lime syndicate, with the result that Swedish farmers have obtained cheaper lime. Following the success of this collaboration, it has been extended in other fields.

THE STORY OF LUMA

The tremendous increase in active support received by the Swedish cooperative movement during and since the war also resulted in a continuous strengthening and building up of its resources. The management of K. F. pursues a cautious economic policy in the use of these accumulated funds, so as not to disturb the equilibrium of the national economy. Only when in its opinion private industry fails to give the consumer a square deal does K. F. enter the field of production. If necessary it will even tackle an international trust, as in the case of electric-light bulbs.

Research by K. F. indicated that the price of bulbs was at least 12 cents too high, and that Swedish consumers of the 12,000,000 bulbs sold each year were paying \$1,500,000 more than seemed reasonable. When the cartel refused to lower the price as requested by K. F., the latter decided to build its own light-bulb factory.

A very capable technical engineer, who had been technical director of the Osram Lamp Company's Stockholm factory, was commissioned by K. F. to start erection of a modern and efficient plant immediately.

From the first it was the intention to make this plant an international organization. Although the Swedes took the initiative in getting it started, and financed its construction, representatives from the five Scandinavian cooperative wholesale societies met frequently for consultation all during the time it was being built. When it was completed in 1931, the international organization was officially set up as the North European Luma Cooperative Society, and production was begun at once.

Luma, as it is generally called, is truly an international cooperative society. Two managers are responsible for

actually running the business. These are elected in a general meeting of representatives from the five Scandinavian wholesale societies, each member society having one vote. Between general meetings a supervisory council and a board of managers outline the duties and supervise the work of the management.

The success of this undertaking was immediate and far-reaching. Even before the factory was completed, prices of lamp bulbs in Sweden had dropped from 37 cents to 27 cents. Luma was able to price its lamp at 22 cents, a price the trust was compelled to meet. The plant is now able to supply about one-third of Sweden's demand for lamp bulbs. Part of the production was exchanged for products imported by K. F. from Argentine, Brazil, Iceland, Egypt, and Bulgaria in 1934.

OTHER K. F. PRODUCTION

In 1932, K. F. began the manufacture of cash registers, another product which had been a considerable burden on Swedish imports. In 1933, at Viskafors, it started a crisp-bread factory and a macaroni factory. In the same year, semolina and hulled barley as well as wheat and corn-flakes cereals were added to the list of own productions. It owns a plant in Malmö for the packaging of tea, spices, etc., where toilet articles on a small scale are also manufactured. It roasts coffee in several plants in different parts of the country.

A rayon factory, the first in the country, was started by K. F. at Norrköping in 1935. At the directors' meeting last May, it was decided to use a large percentage of the net surplus of this factory to expand research, and to offer engineers throughout the country an opportunity to come to the factory, where they might study the process and learn formulas and methods kept secret by cartel manufacturers.

This factory is now producing cellulose from wood pulp and selling it in the raw or as cellophane. It is carrying on experiments in the production of artificial silks, wool, etc., from this raw material.

K. F.'s BUSINESS AND PRODUCTION

The wholesale department of K. F. did a business amounting to 177,700,000 kronor (\$44,900,000) in 1935. Its own production amounted to 104,000,000 kronor or more than \$25,000,000. This does not include the output of the Luma factory, since the latter is owned jointly by all Scandinavian wholesale societies. K. F. itself employs some 6,000 persons in its various activities. In addition to its production and wholesaling enterprise, K. F. directly operates some retail stores. It recently purchased the second largest department store in the city of Stockholm and it has for some years directly operated about 30 shoe stores for reasons of greater efficiency of distribution. Purchasers of shoes in these stores receive their patronage refunds through the local society of which they are members.

Not the least important of K. F.'s achievements is its contribution in the architectural field. Cooperative leaders in Sweden recognized early that they would have to make provision for modern and attractive stores employing the highest degree of cleanliness and efficient arrangement if they were to serve their members effectively. In 1924 an architect's office in connection with K. F. was opened bringing together a group of the best trained architects in the country. K. F.'s factories and other buildings and those of the local societies have gained recognition as models, because of the excellent work of this department.

MEMBERSHIP OF CONSUMER COOPERATIVE ENTERPRISE

While the national cooperative union K. F. as the central organization is the planning, directing, and unifying force of the consumer movement, its basic strength lies in the local societies, which include in their membership a representative cross section of the population. Farmers as well as industrial and professional workers are united in the local consumers' cooperative for a common purpose, regardless of their individual political affiliations. The distribution of members in the different occupational groups in 1935 can be seen in the following table:

	<i>Percent</i>
Farmers.....	14.6
Farm workers.....	4.2
Artisans.....	2.3
Handcraft workers.....	5.6
Industrial workers.....	28.6
Other workers.....	14.7
Higher public officials.....	2.6
Lower public officials.....	9.6
Professional workers.....	2.4
Independent producers.....	4.1
Others.....	11.3
Total.....	100.0

LOCAL SOCIETIES

Membership in a local society is open to anyone desiring to use its services. Nonmember purchasers may become members by allowing their patronage refunds (usually 3 percent of purchases) to accumulate until they equal a share of stock. The minimum membership investment required is generally 100 kronor (\$25), and 5 percent interest is paid on this share capital; it can be withdrawn by giving notice.

Democratic control in the local society was comparatively simple while the societies were small. In 1908 the average membership was 157 and in 1920 it was 250 members. During the past 16 years the tendency has been to consolidate small societies for more efficient operation. Although during this period the total membership has more than doubled (it was 567,443 at the

end of 1934), the number of societies has decreased from 943 to 719, bringing the average membership to about 800. In the larger centers, membership often runs into several thousands. However, nearly 70 percent of the societies are located in rural areas.

Swedish cooperators, concerned about the preservation of democratic controls in the movement, recognized that "it is obviously no longer possible in the large societies to retain the old simple form of organization." A system of representation has therefore been introduced which is substantially the same in all large societies.

The area covered by the society's activities is divided into districts which elect representatives to the annual meeting; and the district meetings elect members' councils which act as links between the members and the management of the society. The annual meeting elects a central board, which in turn elects an executive committee and makes decisions on all the more important questions. In this central board the cooperative movement in Sweden has found an organ which admirably meets its need for a central body which is "alike efficient in operation and firmly anchored in democratic principles", both in the larger societies and in the Union (K. F.) itself.

MERCHANDISING

The 4,144 stores operated by Swedish consumer cooperatives distribute primarily foodstuffs (90 percent of total sales), but also textile goods, household appliances, glassware and chinaware, men's and women's clothing, shoes, galoshes, tires, and anything else in the retail line for which there is a sufficient member demand. In the rural areas cooperative stores also carry all sorts of tools and agricultural supplies such as seed, feed, and fertilizer for their farmer members, often acting as agent for farm-supply cooperatives.

While the total sales of the consumer societies have steadily increased until in 1935 they amounted to 412,000,000 kronor (\$103,000,000), the sales per member have decreased from 799 kronor in 1924 to 678 kronor in 1934. During this period, however, price levels have changed in such a way as to make the actual increase in volume of goods purchased appear a decrease when stated in terms of money. Taking the 1924 commodity index as 100, the Royal Social Board places the 1934 figure at 163. This means that the real value of turnover per member has actually increased considerably during the 10-year period.

Swedish cooperative stores are notable for their modern appearance, high standards of cleanliness, and effective arrangement and display of goods. They have led the way in the rationalization of retail trade, and through their low price policy have forced private retailers to greater efficiency, with resulting benefits to all consumers. Cooperative retail prices are generally set at levels which will yield a net surplus permitting a 3-percent patronage refund.

FINANCIAL POLICIES

The requirement that cooperative undertakings in Sweden shall be built up out of the capital and funds of their own members, which has almost become an unwritten principle of operation, is a further safeguard of democratic organization. This was accomplished through the building up of surplus, the establishment of savings departments within the societies, and insistence on the principle of cash trading.

The savings departments were started in the early days of the movement, when it was difficult to obtain credit from the banks. The building of capital resources has, however, progressed so rapidly, both in the local societies and in K. F., that savings-account deposits are not needed for current operations. Savings-bank activity is now carried on by K. F. and some 40 local societies. By the end of 1935 these funds amounted to 73,000,000 kronor (slightly over \$18,000,000) and 17,500,000 kronor (\$4,400,000), respectively.

From 1919 to 1933 the shares and funds of the Swedish distributive societies rose from 17 to 92 million kronor. During the same period, the debts of the societies were reduced from 21 to 9 million kronor. Even during the depression years the movement showed a constant growth.

The situation immediately following the war was disturbing to cooperators; net worth was small, real estate was heavily mortgaged, accounts receivable were large, merchandise was bought on credit to a considerable extent. Great parts of the movement's assets in reality were owned by its creditors. As one of the steps to remedy this situation, stricter rules regarding cash trading were applied. The change in the consumption credit situation of the local societies is indicated in the following table:

[In millions of kronor]

Year	A Sales	B Net worth	C Accounts receivable	C in per- cent of A	C in per- cent of B
				Percent	Percent
1908.....	22.0	1.6	0.8	3.6	50.0
1917.....	105.8	9.5	1.1	1.0	11.8
1926.....	265.0	45.0	2.1	.8	4.7
1935.....	412.2	105.7	2.2	.5	2.0

Accounts receivable, figured in kronor, increased slightly since 1926; but, as sales and net worth (capital and surplus) have risen considerably, the accounts receivable have decreased relatively.

The cash trading principle was strongly emphasized in the first model bylaws for consumers' societies, published by K. F. in 1908. At that time the accounts receivable amounted to 3.6 percent of sales and 50 percent of net worth. The corresponding figures for 1935 were 0.5 and 2 percent.

The development is, as a matter of fact, even more favorable than these figures show, since about half the

present accounts receivable are large orders placed by municipal institutions, while in early days they represented credit extended to individuals.

During the post-war depression years, 1922-23, a number of local cooperative societies got into financial difficulties. A supporting association, S. H. F., was organized by several local societies and K. F. to assist financially weak societies to get back on a sound financial basis. As soon as this is accomplished, the intervention of S. H. F. in the particular instance is ended, and the society carries on as a fully independent unit. There are at this time 37 societies operating under S. H. F.

COMBINED BALANCE SHEET OF CONSUMER SOCIETIES

The economic status of the Swedish consumer movement is shown by the following balance sheet, which is a combined statement of 700 consumer societies for the year 1935:

<i>Assets</i>		
	Kronor	Dollars
Current assets:		
Cash.....	15,400,000	3,850,000
K. F.'s bonds.....	5,400,000	1,350,000
Merchandise.....	36,700,000	9,175,000
Accounts receivable.....	2,200,000	550,000
Long-term investments:		
Capital shares in K. F.....	22,400,000	5,600,000
Others.....	500,000	125,000
Property:		
Real estate.....	98,300,000	24,575,000
Fixtures and equipment.....	4,100,000	1,025,000
Total.....	185,000,000	46,250,000
<i>Liabilities</i>		
Current liabilities:		
Accounts payable (merchandise).....	10,500,000	2,625,000
Accounts payable (others).....	1,900,000	475,000
Long-term loans:		
Mortgages payable.....	24,400,000	6,100,000
Other loans.....	1,600,000	400,000
Pension fund.....	4,600,000	1,150,000
Savings deposits.....	17,500,000	4,375,000
Net worth:		
Capital.....	46,100,000	11,525,000
Reserves.....	34,600,000	8,650,000
Other funds.....	25,000,000	6,250,000
Surplus.....	18,800,000	4,700,000
Total.....	185,000,000	46,250,000

It will be noted that the net worth amounts to about two-thirds of total assets. This very favorable condition has been brought about over a period of years, largely through crediting the members' capital accounts with their annual patronage refunds until the full minimum capital (usually 100 kronor) is paid up, and through a rapid building up of reserves.

K. F.'s ACCOUNTING

There is an Accounting Division in K. F. which not only attends to its own work of this kind, and to the management and operation of K. F.'s savings bank system, but

also examines the accounts of nearly all the local societies at their request. Highly trained auditors visit the local societies at least twice a year, at the annual closing of accounts and at mid-year stock-taking. In addition to examining accounts, they survey the whole field in which the society is operating and make any recommendations they consider necessary to the resident auditors, the store managers or the society's executive committee.

COOPERATIVE EMPLOYERS

As employers, consumer cooperatives have set standards in advance of those generally observed in the retail trade. The Swedish consumer movement employs about 14,000 persons in the retail societies, or 11 percent of the total number of persons employed in retail trade. Most cooperative employees are trade-union members. A high official of the Swedish Federation of Labor told members of the Inquiry that cooperative employees on the whole receive more consideration and enjoy better working conditions than do those in private employment. K. F. itself, as employer of some 6,000 persons, has set an example for the local societies.

The current collective agreements for the different occupational groups are accepted as a basis for wages and salaries, and in addition, we were told, cooperative employees receive certain other benefits. For example, the workers at the cooperative flour mill, Tre Kronor, have a 48-hour working week with a weekly wage of 68 kronor. They have a vacation of 12 days with pay and receive half pay during illness up to 120 days. In a comparable private flour mill the weekly wage for the same hours is said to be only 65 kronor, the vacation only 6 days, and during illness half pay is granted only up to 90 days.

In some instances, K. F. has helped its factory workers to solve their housing problems by constructing inexpensive but well built workmen's houses. The members of the Inquiry visited the colony at Kvarnholmen near Stockholm and were impressed not only by the sound construction of the buildings but by their attractive appearance and by the many modern conveniences they provided.

While in 1918 the wages paid to cooperative employees amounted to 3.4 percent of total cooperative retail sales, in 1935 they had risen to 6.7 percent. This increase was made possible through a thorough rationalization of retail methods after the war, with better service to consumer-patrons and higher requirements of the personnel. The sales volume in the average cooperative store is about 100 percent larger than in the average private store, and the sales per employee are about 50 percent larger.

COOPERATIVE INSURANCE

In 1908, K. F. organized the mutual fire insurance society "Samarbete." The private fire insurance companies were at that time forming a syndicate for regu-

lating insurance premiums, and K. F. wanted to forestall the setting of high rates for the small policyholders. K. F. subscribed the guaranteed capital which is required by Swedish law for mutual insurance societies. Later, "Samarbete" added accident, automobile, guarantee, burglary, and liability insurance. The life assurance society "Folket" was organized by K. F. in 1914 also as a mutual, with the guaranteed capital subscribed by K. F. because of the unsatisfactory state of working-class insurance in Sweden.

Both societies have the same management chosen by delegates of the policyholders who convene simultaneously with the K. F. annual congress. The president of the insurance societies is a member of the board of directors of K. F., and K. F.'s administrative council also supervises the insurance societies. In 1935 these two societies had 473,000 policyholders and paid claims amounting to \$1,300,000 during the year. Their growth is indicated in the following tables:

Samarbete

	Number of policies	Total of policies		Premium income	
		Kronor	Dollars	Kronor	Dollars
1908.	6,238	12,200,000	3,050,000	34,012	8,500
1935.	266,985	2,028,500,000	507,125,000	6,597,178	1,650,000

Folket

	Number of policies	Total of policies		Premium income	
		Kronor	Dollars	Kronor	Dollars
1914.	11,141	11,211,045	2,800,000	310,611	77,600
1935.	206,372	255,497,357	63,870,000	8,831,012	2,207,000

Special benefits to policyholders, besides a bonus allocation of approximately 25 percent of premiums, include premium exemption in case of illness and up to 1 year's grace for premium payments in case of unemployment or labor disputes. Despite such liberal policies the resources of the two societies have now grown to \$20,000,000.

Premiums are computed on an actuarial basis. In 1929 "Folket" took the lead in reducing premiums in consequence of a drop in the mortality rate. "Samarbete" has recently reduced insurance in certain classes by 20 percent and is constantly adjusting its rates whenever they are found higher than necessary.

Cooperative insurance funds have been used extensively in the past for financing consumer cooperative activities. Lately, however, the consumer movement has built up sufficient reserves of its own, and the two mutuals now invest their funds more and more in municipal housing enterprises. They also make annual grants of 25,000 kronor (\$6,200) to K. F.'s cooperative college Var Gard.

COOPERATIVE HOUSING

The Tenants' Savings Bank and Building Society of Stockholm (H. S. B.) grew out of the Housing Society which had unsuccessfully attempted to improve unsatisfactory housing conditions through appeal to landlords and by trying to interest the authorities in a large housing program. H. S. B. was organized in 1923 as a limited liability society to provide housing for its members. Its immediate success led other cities to follow the example. In 1926, all H. S. B. societies federated into a national union which by 1935 comprised 59 societies with more than 16,000 members. About 60 percent of the membership is drawn from the working class. The following table indicates H. S. B.'s development:

Year	Number of units	Real-estate value
1924	149	Kronor 1,782,900
1925	519	6,754,000
1926	1,155	15,043,585
1927	1,237	16,475,000
1928	923	10,618,000
1929	1,238	15,326,000
1930	1,002	14,460,600
1931	1,207	16,244,800
1932	1,512	20,644,200
1933	1,010	13,006,000
1934	951	11,117,000
1935	1,591	19,188,000
	12,494	160,658,085 (\$40,000,000)

The H. S. B. Union organizes everything relating to the construction of the proposed housing, constructs the buildings, and assists in the financing. When construction is completed, each development is turned over to a Housing Society consisting of the tenant-owners of the particular development. Each unit has its own managing board elected by and from its members, but H. S. B. operates the building, keeps the accounts, attends to the sale of apartments, and buys any necessities, such as coal, etc.

Four types of housing are constructed by H. S. B. Types A and B are the ones to be owned and managed cooperatively. Type C housing consists of tenements, ownership of which remains with H. S. B. These are partially financed by municipalities. Type D housing receives a State subvention and is intended exclusively for low-income families with three or more children. The State also contributes from 30 to 50 percent of the rent of these families, according to their size.

Financing of the cooperative projects is generally done without direct State or municipal loans. About 60 percent of estimated construction costs is obtained through bank credit. Additional costs up to 90 or 95 percent are covered by savings-bank deposits (H. S. B. operates a savings bank for this purpose) as well as by the working capital of the National Union and of the local H. S. B. societies. The remaining 10 or 5 percent is covered

by the basic deposits of the members. After completion a first mortgage is taken for about 60 percent of construction cost and a second mortgage for from 12 to 15 percent. The balance, up to 90 or 95 percent, is loaned by the National Union and the local parent society. Members' down payments make up the rest. Amortization is usually arranged over a period of 20 years.

H. S. B. has established a special division to negotiate exchange and resale of individual apartments in these cooperative projects. A purchase fund has been set up to make it possible for any member wishing to dispose of his equity for reasons of unemployment, illness, or death.

The living quarters built under the H. S. B. program are modern in every way and their high standards have had a beneficial influence on private building construction. In addition, the projects provide day nurseries and facilities for adult recreation.

The National Union operates a furniture factory to supply members with solid, practical, but low-priced furniture; has a central purchasing department for building materials; and has even gone into manufacturing of certain materials such as stairs, plaster, and stucco, with resultant savings in building costs.

Cooperative housing in Sweden is not confined to H. S. B. societies. There are a number of independent projects as well. The Cooperative Union reports a total of 31,000 cooperatively owned apartments, about 4 percent of all city apartments, for 1934. (See also appendix B, Cooperative Housing in Europe.)

COOPERATIVE DISTRIBUTION OF ELECTRICITY

Sweden has made excellent use of its abundant water power in electrifying the country. It is said that the first town in the world to light its streets with electricity was Harnosand in Sweden. It is also stated that a larger proportion of pipens in Sweden are electrically lighted than are farm houses in America. While both the state and private industry have worked together in this power development, much of the distribution of electricity, particularly in rural areas, is done on a cooperative basis.

The cooperatives receive their power largely from governmental generating plants. The state also assists them with consulting services, both of a technical and accounting nature and in connection with their budgets.

Electric cooperatives serve approximately one-third of the farm area. The average society has from 50 to 100 members and covers an area of about 4,000 acres. Up to the present, 85 percent of the capital invested in cooperative distribution systems has been amortized.

AGRICULTURAL COOPERATIVES

The various agricultural cooperative federations are joined together in a central union, S. A. L., which was founded in 1917 and reorganized in 1929. This is not a

wholesale organization but serves mainly as the organ for collaboration between the various kinds of agricultural societies, gives legal and technical advice, and also has educational and auditing activities.

The wholesale purchasing society for the agricultural cooperative organizations is the Swedish National Farmers' Union (S. L. R.), which was founded in 1905. It buys fodder, fertilizer, and other products for the members and markets their grain. The society's present turnover is about 85,000,000 kronor (\$21,000,000). It has some 100,000 members and represents more than 25 percent of the total number of farmers in the country.

There are some 730 cooperative creameries with 155,000 members responsible for close to 90 percent of the total milk volume weighed in at dairies. In 1932, the Swedish Cooperative Dairies Federation (S. M. R.), was founded.

The farmers have created a chain of livestock marketing associations, which are federated into a central organization (S. S.). These associations have about 180,000 members, and they handle 80 percent of the nation's total slaughter of cattle and swine.

A Central Egg Marketing Society (S. A.) is operating in close harmony with K. F. distributive societies.

The year 1932 brought the organization of a federation of fruit marketing societies. There is also a federation of forestry cooperative societies.

During the last few years rural credit societies have acquired considerable importance in Sweden. By 1933 a central organization (S. J.) had been formed. During 1934, loans were granted up to a total of 43,500,000 kronor (\$10,900,000).

The farmers have no need for separate consumer cooperatives since K. F. societies are well distributed over the rural areas. More than 100,000 farmers and farm laborers are members of local consumer societies affiliated with K. F.

CONSUMER COOPERATIVES AND AGRICULTURE

The fact that many Swedish farmers are members of consumer cooperatives has been helpful in working out satisfactory relationships between agricultural producer groups and the consumers' distributive societies. Both groups have realized more and more in recent years that their interests are not necessarily antagonistic and that both can gain through friendly collaboration. Consumers as well as agricultural producers have this interest in common, to eliminate unnecessary distribution costs.

K. F. has helped the farmers in obtaining fertilizer at reasonable prices through the purchase of the superphosphate plant described previously.

The Stockholm consumers' society has made an agreement to purchase all the produce from an egg marketing cooperative in a province in western Sweden. Prior to the agreement, the marketing society main-

tained storage facilities and a sales agency in the city.

A different solution was worked out in Malmö with regard to milk. A milk distributing organization was formed jointly by the consumers' society in that city and the producers of milk in the vicinity. On its board of directors are an equal number of representatives from the consumers' society and from the milk producers, together with the general manager. One-third of the net surplus goes to the consumers, one-third to the producers, and one-third is left in the organization.

Friction has at times been caused by the question of defining clearly the field of activity for consumers' and agricultural producers' cooperatives.

At the K. F. congress in 1924 the consumers' societies took the stand that farmers' cooperatives should take care of the production of raw materials and the processing closest to these, while consumers' cooperatives should take care of the manufacture of the finished product and the retail distribution.

However, K. F. itself deviated from this rule by setting up several slaughterhouses and dairies. The reason given by K. F. is that the farmers appealed to K. F. for help and that K. F. wanted to get practical experience in this field. K. F. leaders insist that as soon as the capital resources of these enterprises are satisfactorily strengthened they will be turned back into cooperative producer control. On the other hand, the livestock marketing association (S. S.) has gone beyond the processing stage and has opened a number of retail meat shops in the south of Sweden. Also, in Stockholm, the dairy marketing association operates a number of retail milk stores.

To avoid a serious situation K. F. and the federation of farmers' cooperatives entered into direct negotiation and came to a tentative understanding under which K. F. is not to extend its operations in slaughtering and dairying, while the livestock cooperatives are not to set up additional retail units.

An agreement offered by the 1936 K. F. congress and now under consideration by the National Federation of Farm Cooperatives proposes a committee of delegates from the two central cooperative organizations. The purpose of this committee would be "to effect understanding and cooperation both from an economic and ideal point of view between the consumers' societies and the farmers' associations and to prevent and alleviate conflicting purposes between them." Within this larger committee a committee of arbitration would be appointed and given the task of solving conflicts between consumers' cooperatives and farmers' cooperative enterprises. Any disagreement that might lead to conflict would, before any steps are taken, be brought before the arbitration committee. It is furthermore proposed that the consumers' cooperatives, as a rule, shall limit their activities to retail distribution and such meat packing as is more directly connected with the retail distribution,

while the producers' cooperatives are to take care of the product of the raw materials and the processing closest to the production.

COOPERATIVES AND GOVERNMENT

Although the Swedish Government recognizes the importance of the cooperative movement to the national economy, cooperatives maintain that they have neither asked nor received special favors from the Government. In fact, high Government officials as well as leaders in industry told members of the Inquiry that the cooperatives, through their effective check on monopolistic price tendencies in private business, have made it unnecessary for the Government to establish and enforce anti-monopoly legislation.

There is close cooperation between the Government and cooperative development in the fields of rural electrification and of housing. Agricultural cooperatives assist the Government in carrying out its control and protective measures with regard to certain agricultural products.

In the matter of taxation, both the cooperatives and the Government feel that the present laws are not entirely satisfactory. Until 1910 there were no laws applying to taxation of cooperatives. The taxation laws of 1910 were intended to recognize the principle "that the surplus which arose on the members' purchases and which was afterwards distributed among the members in proportion to the extent of their purchases was of a different character than an ordinary commercial profit." However, as the law was drafted it was found unsatisfactory in its application to cooperatives and from 1920 to 1928 new regulations were therefore evolved which are still in force.

There are at present two tax laws which apply to cooperatives as well as to other business enterprises and to individuals. One is the Municipal Tax Law and the other is the Ordinance for State Income and Capital Tax, both finally revised in 1928.

Under the Municipal Tax Law, cooperatives pay property taxes like any other business. In the payment of municipal income taxes cooperatives are not required to pay taxes on that part of their income which is distributed back to member or nonmember customers in proportion to purchases made by them in the society during the preceding year of business. The same applies to refunds made to farmers in proportion to their deliveries of milk or other farm products. However, it was stipulated that a society must be cooperative in character in order to qualify for such deductions. Such patronage refunds are also exempted from taxation as a part of the personal income of the individual. The Municipal Taxation Law states expressly that such refunds are "free of tax in instances where they only imply a decrease in the cost of living." However, surplus used for interest payments on shares of stock are taxable.

Under State Income and Capital Tax laws, with regard to income from business the rules are the same as those of the Municipal Taxation Law. With regard to income from capital, Swedish cooperatives are at a disadvantage, being now subject to a graduated progressive tax the same as natural persons or foreign companies, while domestic joint stock companies are taxed on a different basis in which the basic amount is calculated by placing the income in relation to the share capital plus the reserve fund. It is for this reason that the Swedish Cooperative Wholesale Society and a few of the larger local societies such as the one in Stockholm are using the joint stock company form for their productive units, thus securing certain relief from what they consider an abnormal pressure of taxation to which they would otherwise be subjected.

The Government has recognized this situation as inequitable and a special committee has been studying the problem for future revision of the tax laws. The recommendations of this committee are to apply the same method of taxation to cooperatives which is now applied to joint stock companies as far as State income and capital tax is concerned.

COOPERATIVES AND PRIVATE TRADE

It is a general rule with Swedish consumers' cooperatives not to start any new activity unless it can be more efficiently managed than competing firms are capable of doing. Thus, the retail societies are advised not to introduce specialty goods unless they can expect a sales volume large enough to compete with the best local specialty stores. And K. F. does not start wholesaling a commodity until the demand from local societies is large enough to place K. F. in a favorable competitive position with private wholesalers. The tendency is therefore to limit the number of lines carried rather than to extend it.

With regard to production the same reasoning is applied. Cooperative self-production is considered desirable only where it becomes necessary for K. F. to influence the price-level and the quality of goods. Where the objective can be reached through direct cooperation between K. F. and private manufacturers, K. F. does not itself undertake production. To do so would be considered by Swedish cooperative leaders as a sign of social irresponsibility.

Certain fields of economic life, such as farming, fishing, forestry, mining, and heavy industries, are not considered within the scope of consumer cooperation, according to Swedish cooperators. They also recognize that there are many other fields in private enterprise, at present at least, which consumer cooperatives have no reason to enter as long as existing private enterprise gives satisfactory service and charges reasonable prices. Particular fields where consumer desires vary considerably (fashions) or are of very specialized character (art

objects) Swedish consumer cooperatives consider outside their scope of activity.

It is no doubt due to this attitude and to the obvious accomplishments of the cooperatives in increasing the purchasing power of low-income groups and in establishing higher standards of retail trade that the leading business men in Sweden have expressed themselves in favor of the Swedish cooperative movement.

MEMBER EDUCATION

Swedish cooperators have given much attention to the need of educating the members of local consumer societies in the theory and practice of cooperation, and have succeeded in developing a most effective system. Various organizations in Sweden had for some time made good use of a study-circle system of adult education, which has come to be known as the group system. Cooperative leaders have adapted this plan to their needs in such an effective manner that the system itself is frequently associated in the minds of the people with cooperation. The results of this program of education have been so satisfactory that cooperatives in many other nations, particularly Switzerland, France, and the United States, are adopting it.

These groups are study circles organized in connection with the Konsums, the local cooperative societies, by the people in the community. Often cooperative employees take the initiative in starting them. But just as frequently the initial steps are taken by cooperative members, quite often by women. K. F. lends its assistance by furnishing guide books which contain, besides suggestions on the technique of organization, an outline of subjects for discussion, bibliography of books and other available resource material, and comprehensive questions to be considered by the group. In 1935 there were some 3,000 active study groups, with about 40,000 participants.

The group work is based on three main principles: (1) The group should be composed of members of approximately equal capacities for learning. (2) The discussions should take place under such conditions as will put the group at its ease and encourage each and all to take an active part. (3) The groups should maintain relations with and receive information and advice from a central bureau.

Question papers are supplied, and local study circles are urged to write their answers and forward them to K. F.'s education department, where they will be corrected and returned to the group with constructive comments.

The work of these study circles, however, is not confined to cooperation, nor to economic subjects. Many of them pursue general cultural interests, according to the wishes of the members.

Another educational influence is provided by the cooperative women's guilds. These have some 11,000

members and their work is similar to that of the women's guilds in England, already described.

The organization division of K. F. is the educational center of the consumers' cooperative movement. K. F. not only issues the study courses used in the local societies, and a weekly magazine with a circulation of more than 500,000, but is also the largest publisher of books and other literature on economic subjects in the country. In addition, it publishes special bulletins for store clerks, managers, supervisory boards, etc.

The cooperative college at Var Gard has the primary function of training cooperative employees for the entire movement. Before students are admitted to the college, they must have satisfactorily completed a preliminary correspondence course. Even then the students are carefully selected with the assistance of the local cooperative management committee and the K. F. district auditor. After a week's schooling, employees return to their jobs and to additional correspondence work for a year. They may then apply for a second week's course, after which they return as before. By the next year they may apply for acceptance for a month's course. When they have completed this, they are considered properly trained as cooperative managers. The college also offers special training courses for study-group leaders. Many more applications for entrance to the college classes are received than can be accommodated under present conditions.

Some cultural activities are provided the students of Var Gard, which is beautifully located on the Baltic Sea. Buildings and grounds are attractive, and the place appears to the visitor a quiet retreat for concentration on cooperative problems and methods.

IN CONCLUSION

The major social economic effects of Swedish cooperation can be summarized briefly as follows: Its production policy has broken up several monopolies and has reestablished competition; it has resulted in lower retail prices, in increased sales, and consequent increased employment to the benefit of the national economy. Its merchandising policy and methods has been a leading factor in the rationalization of retail trade and in the wider distribution of purchasing power, particularly in low-income groups. Its educational efforts have resulted in a greater understanding of economic problems and in a wider practice of democratic methods, as well as in bringing the individual family economy more nearly to a cash basis by discouraging credit buying and stressing the benefits of thrift.

In the words of Albin Johansson, K. F.'s outstanding leader for many years, the Swedish cooperative movement is "a form of good neighbor enterprise guided by the self-help principle" in which families cooperate for their mutual benefit, thus creating more self-reliance and less self-sufficiency among the citizens of the Nation.

THE GROWTH OF COOPERATION IN SWITZERLAND

EXTENT OF THE MOVEMENT

The Swiss people can look back on more than 400 years of democratic government. Their spirit of cooperation asserted itself in the economic field by the organization of forest and grazing societies as long ago as the fifteenth and sixteenth centuries. Today the cooperative movement in Switzerland includes about 12,000 societies of all types, with a total membership estimated to represent about one-half of the 4,066,000 population.

The three largest consumers' federations, in 1933, with 879 societies, had a membership of 418,300, representing over a million people. (This includes a rural federation which also engages in marketing.) Retail business of consumers' cooperatives amounted to 310,834,000 francs (\$77,198,732),¹ which is estimated to be from 10 percent to 12 percent of the total national retail trade in consumers' goods. In addition there were—

- 2,866 dairy and cheese making societies,
- 709 agricultural purchasing societies,
- 1,436 cattle raising societies,
- 426 water supply societies,
- 323 electrification societies,
- 206 agricultural processing societies,
- 87 soil improvement societies,
- 83 grazing societies,
- 787 loan and savings societies,
- 783 cooperative insurance societies of all sorts,
- 263 building and housing societies,
- 140 cooperative restaurants,

and a miscellany of other cooperatives. The various rural societies are estimated to have several hundred thousand members; however, no detailed statistics are available for most of the agricultural cooperative societies and federations.

The beginning of the present Swiss cooperative movement was the organization of the consumers' society of Zurich in 1851. Within 2 years, 33 other consumers' societies had sprung up, but most of them were very short-lived. The first society on the Rochdale pattern was founded in 1863 in the town of Schwanden. In 1865 followed the organization of the Basle Society, and in 1868 that of the Consumers' Society of Geneva. These two societies, by their success, served as the greatest stimulus to the movement; and in 1890 they took the lead in organizing 27 societies into the federation of Swiss Consumers' Societies (V. S. K.).

Consumer cooperation among the rural population began in 1874 near Winterthur with the organization of a society that engaged at first only in the joint purchase

¹ The Swiss franc is now a little more than 3 to a dollar of our currency; in 1933 it was about 4 to the dollar, and from 1925 to 1932 it was about 5 to the dollar.

of artificial fertilizer, but later added other farm supplies and consumers' goods. This example was quickly followed by other groups of farmers, and led to the organization of the Federation of Agricultural Societies of Eastern Switzerland (V. O. L. G.) in 1886, 4 years before the urban consumers federated.

The following statistics indicate the comparative growth of these two consumers' federations and the trade in consumers' goods by their wholesale societies:

Year	Federation	Member societies	Total members	Wholesale turn-over in consumers' goods	
				Francs	Dollars
1891	V. S. K.	49	35,000	-----	-----
1891	V. O. L. G.	56	3,428	-----	-----
1920	V. S. K.	493	363,400	172,028,000	29,078,000
1920	V. O. L. G.	226	20,015	25,285,000	4,274,000
1934	V. S. K.	534	390,000	168,422,000	54,511,500
1934	V. O. L. G.	310	23,505	18,533,000	5,998,500

There are several reasons for the differences in development between these two federations. V. O. L. G. extends regionally, while V. S. K. covers the entire nation; and V. O. L. G. is confined to people engaged in agriculture, while V. S. K. membership is open to all consumers regardless of occupation. Also, in the V. O. L. G. federation, each member is individually liable for claims against his society, and this fact deters many people from joining. V. S. K.'s large membership is in part due to its extensive program of member education and its efficient wholesale service at prices which permit retail societies to return large patronage refunds to their members.

V. S. K., THE LARGEST CONSUMER FEDERATION

The federation of Swiss Consumers' Societies (V. S. K.) serves about one-third of the population of Switzerland. In 1933, its 533 affiliated societies did a total business of 284,787,000 francs (\$70,000,000) in 2,404 stores. They employed 8,946 persons. Savings returns to members totaled 17,650,000 francs (\$4,383,500) for the year. Of these societies, 175 had productive units. These included 156 bakeries, besides small abattoirs, dairies, flour mills, wineries, etc.

Nearly every Swiss town and village has its cooperative store, and about 80 percent of the cooperative stores belong to V. S. K. societies, according to its officials. V. S. K. membership varies according to the community—in the farm areas the members are mostly farmers, and in the cities they are mostly workers. It is on the whole a city organization, since only 30 percent of the Swiss population are farm people, many of whom have their own cooperative stores under another central organization.

In Basle it is estimated that the cooperative stores handle about 50 percent of all food consumed, including about 40 percent of the bakery goods and about 40 percent of the milk. The consumer societies are sufficiently

large to serve as price regulators. V. S. K. societies pay their employees somewhat better wages than most private employers (with smaller executive salaries). Their operating costs are lower because of effective rationalizing of merchandising. Few private stores, except the chain stores, have as high sales per employee as the cooperatives. The one chain that competes most seriously with the cooperatives is the Migros chain, which handles only about 250 articles in which there is the quickest turn-over and the largest profit. Many cooperative stores, on the other hand, handle as many as 1,200 commodities.

The general policy of Swiss cooperatives is to charge what they consider a fair market price and distribute further savings to their members in patronage refunds. These patronage refunds vary with individual societies, ranging from 2 percent to 15 percent on purchases; the average is estimated to be about 8 percent. Retail sales are generally made only for cash, but in the case of unemployed workers, or of small farmers whose crops are in the growing stage, exceptions may be made. Most cooperative-store managers are allowed to give credit up to 2 percent of their gross business. Sometimes the store manager is held personally responsible for credit extended.

V. S. K. is friendly to organized labor, and its affiliated societies permit their employees to belong to any organization they wish, but do not compel membership in unions. The larger societies generally have collective agreements with the unions. Most trade-unionists are members of consumers' cooperatives.

V. S. K. itself is governed by a council of delegates from the local societies (1 delegate for each 135 individual members), who in turn elect a supervisory council of 21 and an executive board of 5. There is also a separate auditing committee. Individual members vote by ballot at their local stores. V. S. K. leaders told us that votes are cast by about 50 percent of the membership. V. S. K. headquarters are in Basle, where the largest retail society in Switzerland is located.

A chemical testing laboratory for food products was established by V. S. K. more than 25 years ago, before the State had enacted protective food legislation. An account of the work of this laboratory will be found on a later page under the heading, "Cooperative testing of goods for quality."

The direct functions of V. S. K. include both wholesaling and member education in cooperation. For the latter purpose it publishes a number of pamphlets and periodicals. The most popular periodical appears in three languages in a total weekly edition of 335,000 copies, printed in V. S. K.'s own print shop in Basle.

Wholesale service includes groceries, fresh fruits and vegetables, wines, meat products, dairy and poultry products, coal, wood, and fuel oil, drugs and chemicals, tobacco, soap, feed and fertilizer, household goods, and clothing. V. S. K. operates few production projects

directly. It has a few farms, a coffee roasting plant, a gristmill, the chemical laboratory and the print shop mentioned above, and an architectural bureau that gives excellent service.

V. S. K., however, has organized and financed a number of separate production and service enterprises which are under its control, notably a milk-purchasing society, a cigar factory, a garden truck society, a wholesale furniture company, a shoe factory, a milling society, with one large and several smaller flour mills, a cooperative bank, and a cooperative insurance society. V. S. K. has also a controlling interest in a large meat-packing plant in Basle. In addition, it holds membership in the National Union of Cheese Manufacturers in Berne, the National Poultry Federation, and various other enterprises. V. S. K. has established a number of foundations (including the cooperative colony of Freidorf), a fund for the study and promotion of cooperative colonies, an institute for education in cooperation, an insurance fund for employees of V. S. K. and its affiliated societies, and two vacation homes for employees. V. S. K. employs directly about 700 persons.

PREVENTION OF MONOPOLIES

Several of V. S. K.'s enterprises were started as the result of a boycott by private business interests. When the flour mill industry refused to sell flour to the cooperatives, because the bakeries of the latter refused to be bound by the bread price increase set by the Master Bakers' Association, V. S. K. in 1912 negotiated the purchase of the municipal mill of Zurich. This is the largest mill in the country, with a yearly capacity of 25,000 tons of grain. As a result of this competition, the flour cartel was broken up, and the price of flour decreased immediately by about 3 francs (58 cents) per 100 kilograms. In 1935 the Milling Society had a turn-over of 8,528,923 francs (\$2,771,650). The organization has built up an amortization fund of more than 2,000,000 francs (\$650,000) from which it can finance any desired expansion.

The Cooperative Shoe Factory in Basle has a similar history. The cooperatives had been in conflict with the Swiss Shoe Manufacturers' Association over prices since 1895, and were forced to obtain their stocks of shoes in roundabout ways and through purchases from foreign countries. In 1911 V. S. K. decided that the cooperative demand for shoes and the status of the financial resources of V. S. K. justified its going into shoe production. Immediately several of the larger shoe manufacturers broke away from the cartel in order to sell to V. S. K. Before the cooperative factory was completed, the boycott had entirely broken down. The factory specialized in the types of shoes in greatest demand, leaving the supply of other shoes to the private factories.

V. S. K.'s shoe business, however, encountered difficulties during the war and post-war period. In 1925 a

complete reorganization was undertaken, production methods were modernized, and the ownership of the factory was transferred to the Shoe-Co-op Society, the members of which are the interested retail societies. Since then Shoe-Co-op has been doing well. In 1935 its turn over was 8,841,000 francs (\$2,873,000). Its reserves amount to 1,150,000 francs (\$373,715). In that year the 220 employees received bonuses amounting to 5 percent of their wages, and the retail societies received a patronage refund of 1.5 francs (48.7 cents) for each pair of shoes purchased from Shoe-Co-op during the year.

A venture that created a stir throughout the country, and that was at first severely criticized by many cooperators, was undertaken by V. S. K. in 1914 in connection with the manufacture and distribution of meat products. A few scattered butcheries and small abattoirs operated by consumers' cooperatives could supply only a small fraction of the societies' needs. To set up a new large packing plant seemed too much of a risk. V. S. K. solved the problem by purchasing a majority interest in the Bell Corporation at Basle, the largest meat packer in Switzerland.

It was agreed that the Bell Corporation was to operate its production and distribution facilities throughout the country in the interest of the consumer, and to work with and through V. S. K. and its affiliated societies as far as feasible; while V. S. K. was to discourage further expansion of meat production by consumer cooperatives, and to use its influence to obtain them as customers for the Bell Corporation.

The results of this combination of private and cooperative enterprise, despite the economic difficulties of the period, have justified V. S. K.'s venture. By 1934 the Bell Corporation's trade had increased 50 percent to 32,500,000 francs (\$10,519,000) annually. Its amortization fund amounted to 9,500,000 francs (\$3,074,800) in 1934, and had increased in 1935 to 10,000,000 francs (\$3,249,700). V. S. K., as majority stockholder, has limited the dividends on investment to 6 percent (in 1911 the corporation paid 12 percent dividends), thus making possible a liberal policy and better and cheaper service to the consumer.

An interesting chapter in V. S. K. history is the so-called chocolate war that lasted from 1913 to 1916. A cartel of the largest Swiss chocolate manufacturers raised the wholesale price of chocolate but refused to permit the raising of the retail price. They offered to increase the smaller margin by paying a quantity discount at the end of the year to those retailers who had refrained from handling cocoa products of independent manufacturers. If the independents were squeezed out, the cartel would have a complete monopoly. The private retailers objected to the wholesale price increase, but finally agreed to accept it if they were allowed to increase retail prices accordingly. V. S. K., however, feared the growth of a monopoly and the danger of consequent price dictation.

After fruitless efforts to get the cartel to change its policy, V. S. K., in a special meeting of delegates from its affiliated societies, decided to boycott the cartel and to deal exclusively with the independents. All but 11 of its 390 societies took part in the boycott. V. S. K. arranged for a special "Co-op" labeling. V. O. L. G., the federation of agricultural consumers' societies, took the same steps.

The cartel in turn boycotted V. S. K. and its retail societies, but later offered to sell directly to the retail societies. That offer was not accepted, and early in 1915 the cartel dropped its boycott against V. S. K. The latter, however, held out until the clause limiting quantity discounts to exclusive purchasers was also dropped, early in 1916.

OTHER ACTIVITIES OF V. S. K.

The cigar factory in Menziken was organized in 1929, primarily in an effort to relieve unemployment. It is financed jointly by V. S. K., local societies of V. S. K., and a few other consumers' societies. It employs 50 workers and did a business of 272,557 francs (\$88,215) in 1934; it is not yet on a paying basis.

The Central Cooperative Bank in Basle grew out of the needs of the federated consumers' societies. Prior to 1911 many societies had already utilized V. S. K.'s banking services. In that year a banking division was established for the purpose of providing from among the membership any financing necessary for V. S. K.'s activities and funds needed to assist weaker societies through loans, credit, or investment on a reasonable basis.

The banking division was instructed, in order to encourage deposits by individual members and member societies, to invest the deposits on good security and at reasonable interest rates, but only in enterprises whose activities would not be harmful to the organized consumers. The purchase of the municipal flour mill of Zurich was made possible largely through financing by this banking division.

By 1927 the functions of this division had grown so large that it was considered advisable to separate it from V. S. K., whose principal function was wholesaling of commodities. Since the Swiss Trade Union Federation was also considering the establishment of a bank, the two organizations jointly set up the Central Cooperative Bank with a capital of 3,500,000 francs (\$674,200), most of which was subscribed by V. S. K.

In 1935 the bank statement showed:

	Francs	Dollars
Turn-over.....	1,233,000,000	400,688,000
Deposits.....	53,734,000	17,462,000
Paid-up capital.....	10,500,000	3,412,200
Reserves.....	1,150,000	373,700

Of the paid-up capital, about 8,000,000 francs (\$2,600,000) was supplied by V. S. K. and its affiliated societies.

The cooperative colony Freidorf near Basle was founded by V. S. K. in 1919 as an experiment and demonstration in cooperative living. It is an integrated garden village with 150 houses and a large community center with a store and with educational and recreational facilities. In Freidorf is also located a training school for cooperative employees.

KONKORDIA, A CATHOLIC CONSUMERS' FEDERATION

While more than 90 percent of the Swiss consumers' cooperative movement is included in the V. S. K. federation, mention must be made of two other federations of consumers' distributive societies.

Konkordia, a federation of Catholic consumers, in 1932 had 52 societies with 138 stores and a total membership of 5,500. The turn-over of these societies was 7,346,000 francs (\$1,425,490) and the turn-over of their wholesale 3,534,000 francs (\$685,775).

V. O. L. G., A FARMERS' FEDERATION

The other is the Federation of Agricultural Societies of Eastern Switzerland (V. O. L. G.), which has already been mentioned briefly. It combines the three functions of distributing consumers' goods, distributing farm supplies, and marketing farm products (except milk and dairy products, which are marketed by a separate federation for the entire country).

Until 1891 V. O. L. G. dealt only in feed, seed, and fertilizer. At that time the delegates of its 63 affiliated societies decided to set up stores that should handle anything needed by the rural population in the home and on the farm. It is the only agricultural federation in Switzerland giving this comprehensive service to its members.

In 1934, as shown in the table on a previous page of this article, V. O. L. G. comprised 310 societies with 23,505 members; it had also about 25,000 nonmember customers. Its business in consumers' goods amounted to 18,533,000 francs (\$5,998,400); in farm supplies, 14,890,000 francs (\$4,819,300); and in the marketing of agricultural products for its members, 4,188,000 francs (\$1,355,500). Dr. Durtschi, the secretary of V. O. L. G., said that V. O. L. G. handles about 50 percent of the Swiss fertilizer business and is therefore able to protect farmers against inequitable price increases.

Among the 275 societies belonging to V. O. L. G. in 1930, there were 220 societies with 416 stores dealing in consumers' goods and farm supplies. The other societies confined their business largely to farm supplies. Sixty-one societies owned agricultural machinery and equipment for the use of their members. Forty-eight societies operated feed mills, 15 had cider presses, 4 operated distilleries, 8 had flour mills, 7 operated bakeries.

All V. O. L. G. societies have joint and individual liability of their members. This has the advantage of enabling them to operate with practically no capital investment, and relieves V. O. L. G. of financing problems with regard to local societies. It has the disadvantage of preventing over-cautious persons from joining as members. However, that disadvantage is reduced by the fact that V. O. L. G. societies are permitted to sell also to nonmembers. Patronage refunds to members vary among V. O. L. G. societies from 5 to 11 percent, but nonmember patrons receive less, if any, refund.

In contrast to V. S. K. with its separate enterprises, V. O. L. G. includes all central activities under one management. Since 1891 all auditing of the local societies has been done by the central office, which also gives legal and tax advice and has charge of education and promotion.

All societies are obliged to purchase only through V. O. L. G. except in the case of goods produced locally or not carried by the wholesale division. The latter owns large properties in Winterthur and has established several branch warehouses. It engages in a certain amount of processing and production. Thus it has its own winery, several flour and grist and feed mills, a seed-cleaning establishment, also a large machine shop for the general repair of agricultural equipment and for the manufacture of light machinery, a large dehydrating plant for cherries, apples, pears, and string beans, and several cold-storage plants for fruits and vegetables. V. O. L. G. employs directly about 300 persons.

RELATIONS BETWEEN CONSUMERS' AND AGRICULTURAL SOCIETIES

There has been a very satisfactory settlement of friction arising between agricultural producers' and consumers' cooperatives. According to Dr. Jaeggi, for many years president of V. S. K., the consumers' cooperatives realize that in a country of small farmers like Switzerland, agricultural production must be done on an individual basis and that extensive production enterprises by consumers' cooperatives in this field are out of the question. On the whole, the Swiss consumer movement welcomes cooperative organization of agricultural producers and prefers to purchase agricultural products from them rather than from private jobbers.

In 1932 an agreement was reached between V. S. K. and V. O. L. G., specifying that V. S. K. was to purchase agricultural products as far as possible from V. O. L. G.'s marketing division, and that V. O. L. G. was to give preference to V. S. K.'s wholesaling and production plants in the purchase of consumers' goods, such as coffee, sugar, etc. Both federations were to purchase jointly whenever possible. Both also agreed not to enter into competition with each other in the same territory.

In 1934, as a result of the retail store restriction law which will be discussed later, a Committee for Inter-

Cooperative Relations was formed by the following: V. S. K.; V. O. L. G.; the National Union of Agricultural Cooperative Federations; the Central Union of Swiss Milk Producers; the Catholic Consumers' Federation, Konkordia; and the Union of Swiss Egg and Poultry Societies. This committee unanimously backed the following program:

I

Protection of the important interests common to the societies and federations represented on the committee, with regard to the authorities and the general public, by:

1. United action whenever State or local governments should contemplate or enact measures likely to hamper unjustifiably or otherwise unduly harm the cooperative movement in its self-help efforts;
2. Joint consideration of defensive measures against systematic attacks of the self-help idea that are intended to misinform the public regarding the purposes and activities of cooperatives and to destroy their effectiveness.

II

1. The fostering of direct business relations between cooperative producer and consumer organizations;
2. Support of the movement to give preference to and to increase the consumption of Swiss products;
3. All possible mutual consideration in the business activities of the individual societies, especially where they operate in the same economic area;
4. The fostering of complete understanding between producer and consumer in the spirit and on the basis of cooperative endeavor.

In the past there was a particular conflict of interests in connection with the processing and marketing of milk and dairy products. The Central Union of Swiss Milk Producers, consisting of several federations, with about 3,000 local societies, and (according to the Union's secretary) 114,000 members with 600,000 milch cows, controls through its societies about 90 percent of the country's milk production. Some of the Union's affiliated federations, in addition to their own processing plants, have their own retail-outlet stores. On the other hand, some of the larger consumers' societies not only sold dairy products in their retail stores but also operated their own processing plants.

Since the Swiss Government for some time has controlled the price of milk, friction between consumers' and milk producers' groups existed only in those areas where both groups duplicated the same services. The solution of these difficulties, as worked out in the Geneva area, forms an interesting chapter in Swiss cooperative history.

The Geneva Consumers' Cooperative Society, which is a member of V. S. K., is the third largest in Switzerland. It was founded in 1868 and has a membership of about 21,500 families in an area with a total population of 160,000. Its membership therefore includes

approximately half of the population. It operates about 50 stores, of which 47 are food stores, and does an annual business of 16,000,000 francs (\$5,200,000). Since 1907 the Geneva Consumer Society has processed and handled milk and dairy products. In 1933 these were distributed through 12 dairy stores owned by the Society and 48 milk wagons for house delivery; and butter and cheese were sold through its other food stores.

The United Dairies of Geneva, organized in 1911 and affiliated with the Central Union of Swiss Milk Producers, is a federation of 111 village societies representing 2,150 members with 12,600 milch cows. This organization also had a central plant in Geneva with 64 dairy stores and 39 milk delivery wagons. The two organizations competed with each other for years.

Since 1919 repeated attempts had been made on both sides to reach a mutual understanding. At last in 1933 the two organizations formed the Geneva Dairy Union in which they pooled their joint milk processing and outlet facilities. Each is paid 5 percent on the appraised value of its investment. In addition, each supplied 50,000 francs (\$12,418) cash capital. All 76 stores and 84 milk wagons are now operated by the new Dairy Union, which also retained all employees. The United Dairies furnishes all milk, milk products, and eggs under its trade name while the Consumers' Society supplies other commodities handled under its trade name.

Within the limits allowed by the Government, prices are set by each organization for the products supplied by it. The net earnings are computed and distributed monthly to the two organizations in proportion to their net earnings from 1930 to 1932. It is stated that the elimination of costly competition and of duplication of efforts is resulting in considerable savings to both organizations.

The management of the Dairy Union is in the hands of the United Dairies under an operating agreement. However, the executive committee is composed of an equal number of representatives from each organization. The president and vice president are alternately chosen from one or the other organization. In case of a tie, the president has the deciding vote. In addition, there is an arbitration committee composed of one representative from V. S. K., one from the Central Union of Swiss Milk Producers and a third member chosen by the two other members. This body has final jurisdiction in case of disagreement between the two local organizations.

THE COOPERATIVES AND THE GOVERNMENT

The Swiss Consumers' Cooperative Movement is non-political. It is largely for this reason that the movement has succeeded in including in its membership as much as 85 percent of the population in a city like Basle. However, consumer cooperative leaders frequently serve on various governmental commissions and councils affecting consumers, such as the food commission, the import

control commission, the housing commission, and the tariff commission. V. S. K. successfully fought a proposed law that would have prevented Government officials from serving in executive positions in consumers' cooperatives.

In the fall of 1933 a law was passed prohibiting for several years the establishment or expansion of multiple retail shops except on special permit. This law was applied not only to private chain stores, which so far handle less than 5 percent of the Nation's retail trade, but also to all cooperatives.

Some 567,000 voters signed a protest petition, insisting that the law could not fairly be applied to cooperatives. The agricultural societies sided with the organized consumers. The Committee for Inter-Cooperative Relations, representing both producer and consumer cooperatives, reached an understanding with the National Chamber of Commerce, which had been largely responsible for this law, in accordance with which the Government was urged to rescind or modify the law so as to permit new private and cooperative retail enterprises of one or two stores, and exempt from the restrictions all consumers, producer and marketing cooperatives organized prior to May 1935. It was further agreed, should the Federal Congress deny these requests, to urge that decisions with regard to expansion or establishment of cooperative shops be left to a joint commission composed of representatives from the cooperative federations and from the National Chamber of Commerce.

By a majority of one vote the Federal Congress decided in 1935 to continue the law until December 1937, and to refuse special consideration to cooperatives. However, the Bundesrat (the highest Federal body), was empowered to exempt large enterprises from these restrictions, and from having to apply to the authorities for special dispensation if they had previously obtained the approval of the affected organized retailers. The government of Basle immediately requested and received permission from the Bundesrat to exempt the Basle area from these restrictions.

Exemption was further granted in December 1935 to V. S. K., V. O. L. G., Konkordia, the National Union of Agricultural Cooperative Federations, and the Central Union of Swiss Milk Producers; and an agreement was made with the National Chamber of Commerce (representing private retailers) concerning the expansion or opening of new cooperative sales outlets.

The agreement provides an arbitration commission composed of two representatives from the National Chamber of Commerce and two from the cooperative federations, and of a neutral chairman elected by the commission. If a society wishes to expand or open a new store, it transmits a detailed statement and justification through its federation to the National Chamber of Commerce, which notifies the respective retailers' association. If no protest is voiced within 2 weeks, the

society is entitled to proceed with its plans. If a protest is submitted with detailed reasons, the arbitration commission must meet within 10 days to decide the matter by majority vote. Unless serious economic consequences are apparent, the commission is expected to grant the request. The two cooperative commissioners are from V. S. K. and V. O. L. G., but represent the other federations as well. Thus, the need of governmental control in the matter has been obviated.

IN CONCLUSION

The Swiss cooperative movement is fortunate in having a number of very capable leaders who have grown up with the movement and therefore are thoroughly familiar with the practical problems as well as with theoretical considerations. The one who has exerted the greatest influence on the form and direction of Swiss consumer cooperation is undoubtedly Dr. Bernhard Jaeggi, for many years President of the Swiss Cooperative Union. Some years ago he submitted to the Cooperative Union, as a result of his 25 years' cooperative experience, some "guiding thoughts for the further development of the cooperative movement" which were accepted as a program for the movement. It seems appropriate to close this chapter with a summary of that programmatic statement.

"1. It is the constant task of cooperative leadership to discover where and in what way cooperative services can be improved and expanded so that a maximum of consumer needs may be covered through cooperative endeavor.

"2. The large consumer societies have a tendency to lose contact with the individual members and to grow away from democratic control and administration thereby losing one of the greatest advantages of cooperative organization—active identification of the individual consumer member with the ownership of the cooperative enterprise.

"3. To regain this consciousness of identity and to enlist the constructive energies and loyalties of the members, it is necessary to revive and carry through consistently the federational idea which leaves to each working unit a maximum of self-determination and responsibility.

"4. Such decentralization will recreate more local interest and individual loyalty. It will also make possible a more effective member education and training in cooperation by enlisting the energies of small group leadership and by making the local unit the recognized cultural and economic center for the local membership. It is important that women be encouraged more to function not only as patrons but to participate in the administrative and other activities of the cooperative. Organization in comparatively small local units will also make possible more direct consumer management on a voluntary basis, thus keeping down the operating expenses.

"5. The central wholesale should be fully utilized for all services and purchasing which it can perform more effectively than the local society or the district federation. Large production enterprise should not be carried on directly by the wholesale, but by special purpose societies in which the wholesale, the district federation, and particularly interested local societies should have joint ownership and control. Small production enterprise, such as bakeries, may be carried on directly by a group of local societies. Efforts should be made to obtain all necessary operating capital from among the membership served by the particular activity.

"6. Cooperatives should always be politically neutral."

While this program has not been realized completely, its influence on the character of the Swiss cooperative movement is very decided. It is typical of the thoroughness and purposefulness that have guided the Swiss cooperative movement in its effective growth.

Appendix B

COOPERATIVE HOUSING IN EUROPE

THERE is a great diversity in objective, in form of organization, and in method of operation among the various housing cooperatives in the European countries visited by the Inquiry. In some cases, as in Denmark, the housing cooperatives take the form of savings organizations which bear a very close relationship to the earlier forms of building and loan associations. In Denmark there is at least one organization which operates on the plan of drawing lots from time to time to determine which member is to build his house with the funds assembled by the savings of the cooperative members. When houses have been built for all members, the society is terminated. This was the original form of the building and loan association, and is characteristic of the manner in which a number of European housing societies in the late 1920's operated.

Any analysis of the cooperative housing movement in Europe is handicapped by a lack of adequate comparable statistics. In many cases the records give only total construction of dwellings by the several agencies over a period of years, which can prove very misleading in an endeavor to determine the success or failure of the projects. The great variety of forms taken by cooperative housing enterprises also complicates the situation and limits the usefulness of such few statistical data as do exist. It is, for instance, difficult to distinguish between the bare form of cooperative enterprise, and the public utility or limited dividend society, which has many of the same characteristics. As will appear later, most of the forms of government aid to housing societies make no distinction between the different types of cooperative and quasi-public housing societies.

While it is true that many organizations in the various countries employ the savings of members for financing construction, it is probable that the majority secure most of the necessary capital by means of advances either from private credit sources, or from the state or municipality. In some cases the capital is secured from private sources by first and second mortgages, with the state or municipality guaranteeing the second or third mortgage. In most societies the equity capital beyond the borrowings of the first, second, and even third mortgages, is provided from the individual savings of the cooperators. An out-

standing exception to this practice is found in Stockholm, where a parent society, the H. S. B., under certain conditions assists in financing the equity through loans to the daughter societies, which in turn advance a portion of the equity payment of the individual members in return for notes. These notes are transferred to the parent society as security for its advances. Under this plan only a small cash payment is required of the individual cooperators and the balance of the equity is payable in monthly installments.

The necessity of forming federations of cooperative housing societies for the purpose of providing leadership and technical assistance is becoming more paramount. In some cases these federations are nation-wide; in other cases the principal societies are located in only one city, or in a few large cities. It is a frequent practice for some of the strong cooperative societies to build a number of projects with a separate subsidiary organization for each project. This type of organization has the advantage of providing financial support to individual societies and of providing technical assistance to all. It also permits the large scale purchase of materials and equipment, and has other advantages which lead to more efficient management. At the same time, it provides for a greater measure of self-government in the individual projects and creates a more positive sense of responsibility on the part of tenant-owners.

Where the dwelling units provided from cooperative action are sold to individual members, this occasionally gives rise to difficulties, in case the member finds it necessary to move away or relinquish his dwelling.

Many of the societies only rent the dwelling units to the members. This method, of course, permits the free movement of tenants, but has the objection that in times of a declining market the competition of privately owned property may rebound to the detriment of the cooperative.

In some cases the dwelling units produced by cooperatives are sold not only to the members of the cooperative, but to nonmembers as well.

In most countries the cooperatives are subject to various degrees of government control. In Stockholm, for instance, it is customary for a representative of the municipality to sit on the board of directors. In England

the few cooperatives which exist are under the general supervision of the Chief Registrar of Friendly Societies and are required to submit periodic reports.

It is difficult to compare the relative cost to the occupants, as between cooperative housing and that provided by private enterprise. It appears, however, that for units of equivalent size and rent, the tenants in cooperatives generally receive greater conveniences and a higher standard of housing. There is some evidence that the actual charge for units of equivalent size is lower in cooperatives.

One of the most important factors in the development of the cooperative housing movement in Europe has been the aid given by the State and municipalities. In some countries this aid takes the form of assistance in promoting and organizing housing societies and in other cases technical assistance is granted. Long-term, low-cost leases on State or municipal building sites and low-cost building credit are the most usual forms of aid.

Outright subsidies and grants are no longer a regular form of public aid to cooperative housing societies. In the early post-war period, when heroic efforts were being made to overcome the housing shortage, this type of assistance was employed in most of the countries. In England, public utility societies were eligible for subsidy under the same terms as local authorities, but cooperatives made relatively little use of this provision.

Another form of financial assistance to cooperatives has been the exemption from taxation and, in certain cases, exemption from the payment of interest over stated periods. Often documents and contracts are stamp-duty free, and bond issues for financing construction bear no capital and no income tax. Often the municipal transportation taxes on building materials are not levied.

One of the most significant and appropriate types of assistance in common use is the guarantee by the State or municipality of loans to cooperatives. In some cases, guarantees are used for all financing below the equity, and in some cases, where private funds at low interest rates are available on first mortgage, it is customary for the municipalities to guarantee the junior liens. The advantage of public guarantee of advances to cooperatives is that it serves to provide money at a lower interest rate than could otherwise be obtained. Furthermore, from the standpoint of the public authority, only a contingent liability is created.

At the present, direct loans to cooperative societies by State or municipalities are less commonly employed than the device of guarantee.

There are a number of conclusions which may be drawn from European experience in cooperative housing which should prove of value in any development of policy with respect to cooperative housing in this country.

(1) Cooperative housing in Europe has not reached the lowest-income group. There is no evidence even

where subsidies have been available that the unskilled workers and other low-income groups have been served to any appreciable degree through cooperative-housing organizations. It must be remembered that usually deposits are required of the occupant in a cooperative project to supply equity money. As a result of this and other factors, the occupants of cooperatives are, in the main, skilled artisans and white-collar workers.

(2) An important contribution of the cooperative movement lies in its actual and potential accomplishments of improvement in planning and designing. In some countries cooperatives have led the way for private initiative with respect to modernization of housing design and construction.

(3) It is unquestionable that in the early post-war period cooperatives served an important function in a number of countries in helping to overcome serious housing shortages. Their activities were naturally stimulated by means of subsidies and other financial aids, and, as a result, a firm foundation should have been laid for the future expansion of a general cooperative movement in housing.

(4) Cooperation in housing has attained its highest development in those countries where the social philosophy of the people provided fertile soil. In some countries cooperation in housing has been but one division of an extensive cooperative movement embracing many other aspects of economic activity. As a result, it has received both moral and financial support from the cooperatives of other fields and has had the approbation of a large portion of the citizenry.

(5) There is little doubt that cooperative housing projects have succeeded in providing dwellings at a lower cost over a period of years than private initiative. In many cases a cooperator may in the beginning have to make monthly payments approximating current rent for equivalent facilities, but his payments go in part toward building up an equity and are eventually reduced to the mere cost of upkeep.

(6) It is significant that a substantial proportion of housing cooperatives were organized by persons engaged in the same occupation, as for instance, building workers and railway employees.

(7) Financial assistance to housing cooperatives has been of major importance. The growth of the movement would undoubtedly have proceeded at a much lower pace except for the provision of mortgage money at low interest rates. The provision of land at low cost has also been highly important. The fact that advances could be secured up to a higher proportion of the value of a project has meant that the equity to be subscribed for by the cooperators has been relatively small, thus broadening the basis of participation.

(8) There is no evidence that private initiative has received any permanent injury by the development of cooperative housing. On the contrary, it is probably true that in some countries it has been benefited by

virtue of the fact that much of the technical pioneering in the field of large scale housing has been done by the cooperatives. Housing needs generally are so great that the relatively small cooperative development must be considered more as a stimulus for better housing than as a narrowing down of private initiative.

(9) One of the most outstanding phenomena of the cooperative housing movement in Europe, is the fact that in most cases, regardless of the assistance granted by governments and municipalities, in recent years the number of dwellings constructed by cooperatives has declined rapidly, with a corresponding increase noted in private construction.

(10) In addition, where the cooperative housing has been in terms of building and loan association activities, the movement has been more persistent in character and today is flourishing. Great Britain is a notable example of this.

(11) The cooperative housing movement on the whole has not tended to supply the lower paid wage earners with proper housing. Mr. K. Bjerregaard, head of the City Real Estate Department of Copenhagen, in his publication of 1930 *Building Activities of the Copenhagen Municipality*, states that the question "whether comprehensive activity during the past 15 years has provided satisfactory housing conditions in Copenhagen" can be answered in the negative, pointing to the existing surplus of vacant apartments and to the large number of old and unhealthful living quarters that are still occupied. He states that it will be necessary to provide living quarters sufficient to end the problem of the homeless families now temporarily taken care of; and that satisfactory quarters must be provided for persons living in unhealthful apartments in the center of the city, and in shacks in suburban districts, before housing conditions can be characterized as normal.

(12) There seems to have been an utter disregard in Europe, as in this country, of provision of sanitary dwellings for the lowest-paid wage earner. Such apartments and dwellings as have been constructed have been of a character requiring (even with low interest and amortization and other grants) a rate for rent which such a workman is unable to pay. Attention is called to the slum-clearing projects in at least one large American city where tenements have been torn down, new apartments constructed with steam heat, elevator service, and most modern conveniences, the rate for such apartments, even upon a nonprofit basis, being such as only skilled artisans or the better class of office workers can afford to pay, the net result of which has been greater crowding in many of the tenements left standing.

NORWAY

In Norway the cooperative housing movement has been less significant than in other Scandinavian countries. Its development has occurred mainly since the

war, and up to 1928 had resulted in the construction of only 791 dwelling units in 56 communes.

The State formerly subsidized up to 20 percent of the building in some areas, but is granting no subsidies now, although some municipalities are still granting concessions. Originally a number of the municipalities of the State guaranteed 80 percent of the total mortgage. It was later found that equally useful was a guarantee of 30 percent of a second mortgage of 50 percent, leaving a first mortgage of 50 percent to be placed locally and privately.

SWEDEN

Due to the extremely unsatisfactory housing conditions in Sweden during and following the war, especially in Stockholm, considerable encouragement has been given to cooperative building societies. Cooperation in housing is characterized by its close relation with cooperation in other fields of activity. The movement is strongly organized, and to a considerable extent the success of the movement arises from the existence of parent societies which provide financial and technical assistance to numerous daughter societies.

The objective of cooperative housing is to provide in time 25 percent of the houses in Sweden. At the present it is building or has provided about 10 percent. This 10 percent has had a very important effect on rents; and also an equally important effect in setting good standards for housing, and in providing many facilities for workingmen not previously available.

In Stockholm the Tenants' Savings Bank and Building Society, termed the H. S. B., has had a rapid growth. The society was founded in 1923. It soon became evident, from the rush for membership in the new society and the accompanying demand for housing, that a further building program should be proceeded with.

During the past years the organization has rapidly developed, and its early success in Stockholm stimulated other towns to follow the same example. Gothenburg and Vasteras came next to Stockholm, and H. S. B. societies were founded in these towns in 1924. By the middle of 1936 the total value of H. S. B. real estate amounted to the equivalent of \$35,000,000, of which the main part, or \$27,000,000, is the property of the Stockholm society.

In 1926 all of the H. S. B. societies were federated into a national body, which at the end of 1935 had more than 16,000 members.

The organization is politically neutral and open to everyone who intends by means of cooperation to solve the housing problem in a rational way. When a building is constructed it does not pass into the possession of the parent society, but is transferred to a housing society, of which there is one for each housing development. At present the H. S. B. constructs four types of houses:

TYPE A.—To this category belongs the majority of H. S. B. housing, old buildings as well as new. The

deposit required of occupants amounts to 10 percent of the real estate value.

TYPE B.—The deposit required amounts to only 5 percent of the real estate value. The sale of apartments in these buildings is subject to certain regulations of the city of Stockholm.

TYPE C.—These buildings consist mainly of benevolent institutions. The apartments are intended for tenants not paying any deposit. In respect to these buildings the city of Stockholm has issued certain regulations having a bearing on the letting of apartments.

TYPE D.—These are buildings erected in conjunction with the city of Stockholm. The State subsidizes the building of this type of house, which is intended for big families. To secure an apartment in one of these buildings one has to belong to the lower-income group and have at least three children. The State contributes toward the rent 30 percent for families of three children, 40 percent for families of four children, and 50 percent for families of five children.

The H. S. B. has also created a building materials purchase center, and has taken over the manufacture of certain building materials, such as plaster, stucco, cabinet work, etc.

About 60 percent of the membership of the Stockholm Society are workmen, and about 40 percent represent other professions.

In Stockholm, construction activity has heretofore been financed through loans granted by the city and State, and by insurance companies. Priority over such loans is enjoyed by loans secured from private banking institutions, insurance offices, and land mortgage societies.

The general financial plan aims at repaying membership deposits after 20 to 25 years. The parent society lends to the subsidiary society an amount corresponding to the deposits of the membership as soon as the building has been completed, and the subsidiary society is obligated to amortize this loan within 20, and in the case of certain buildings, 25 years. The subsidiary society collects the money required for such amortization from the tenants in the form of annuities included in the monthly payments. In addition, a fee of 2½ percent of the assessed value of the real estate is payable in the course of 20 years for administration costs.

In other H. S. B. societies in Sweden, due to the lower general rent level, the creation of capital is arranged in a somewhat different manner, and for this reason the administration costs are assessed at 0.125 percent of the estimated cost of the real estate, to be paid annually during the period of 20 years.

The H. S. B. offers its members the facilities of a savings bank, and in addition sells H. S. B. Union building bonds bearing interest at 4½ percent, payable every 6 months and issued in denominations of 50, 100, 500, and 1,000 Swedish kronor.

The general method for financing building construc-

tion is as follows: The building credit is obtained at a bank for about 60 percent of the estimated cost of construction. From 30 to 35 percent of the estimated cost of construction is covered by savings bank deposits, as well as by the working capital of the subsidiary and parent societies. The remaining 10 or 15 percent of the costs of construction must be covered by the basic deposit of the members.

Noncooperatively owned houses are those containing apartments for rent, intended for large families. They are financed partly by State loans, to which H. S. B. adds the 5 percent which is repaid to the Union in 10 years. During the time of construction these buildings are financed by bank credit.

For the purpose of controlling or facilitating the disposition of an apartment, due to unemployment, illness, death, or reasons which may be connected with poverty, the H. S. B. has established a special central body to protect both the interests of the members and the Society. This body operates a so-called repurchase fund, which by means of annual contributions makes such purchases possible.

One of the important contributions of the Swedish cooperative-housing movement has been its establishment of higher standards in design and equipment, and the reduction in costs of housing to its membership. Both of these aspects have served as a competitive stimulant to private initiative and have resulted in a general improvement in housing standards in new construction by all agencies. Even the smallest apartments are equipped with hot and cold water, a tub or shower bath, and toilet facilities.

DENMARK

In Denmark various laws have been enacted to encourage the construction of dwellings. Beginning with Law No. 204 of July 1916, which grants to municipalities the right to remit taxes on new apartment houses, other laws have been enacted and extensions granted which include cash grants and permission for the remission of taxes and interest for certain periods.

Government-aided dwellings are principally built for the less well-to-do people. However, the economic conditions of the lessees are not made subject to investigation in the case of apartment buildings, although in the case of small houses an investigation is made to insure that the building is constructed on an economically sound basis.

The building companies and societies in Denmark are private organizations, although a number of these have had to accept municipal or other Government representation within the management in order to obtain Government loans and other assistance. This representative has certain privileges, such as the right to demand the remortgaging of the properties, the distribution of profits, etc.

The organization works out the plan for construction, directs the building, and administers the property. The rules and regulations of the society must be approved by the Ministry of Interior Affairs, which decides the Government aid; or by the municipality, which decides municipal aid.² The regulations must contain the conditions necessary to obtain the aid, rules regarding the selection of management, auditing and accounting, limitation of dividend payments, possible liquidation, etc. The regulation of joint-stock companies under the joint-stock company law also gives further supervision.

Practically all properties of housing companies and building societies belong to the category of "high buildings" (apartment buildings). The few exceptions are of societies of adjoining small houses, which follow generally the regulations of the apartment houses. The chief points of these are that the dwellings must not be sold to the occupants, but are turned over to them for their use, in accordance with varying rules, the most important of which are:

(1) The societies or companies let the dwellings on the basis generally established for lease forms, giving the dwellers the right to give notice in the same manner in which they may be given notice.

(2) Dwellers become shareholders of the society or company, are secured against arbitrary discontinuance of lease, and have some voice in the management, etc.

(3) They may sell their shares and still remain in the dwellings, or they may move and keep their shares.

(4) The dwellers may become the owners of bonds issued against a loan on the property, or become owners of deposit receipts without any lien, which insures them against being given notice, but does not give them any part in the actual management.

(5) A building society is able to give its members a fairly well secured right to live in apartments at rental values corresponding to the capital deposited by them and against a payment proportionate to the expenses of the property. Transfer of deposit for the right to a dwelling can as a rule only be made with the approval of the management of the association.

(6) Members, as soon as they have registered as such, have the right to a dwelling as soon as one becomes vacant. A society may own several buildings, and in such event the dwellers administer through a committee the building in which they live, but the administrative board of the society is elected by the various committees as well as by the nondwelling members.

Of the 9,139 apartments built in Copenhagen in 1934, 81.3 percent were equipped with baths, 97.2 percent had their own toilets, and 81.9 percent central heating, according to the Copenhagen Municipal Bureau of Housing. Built-in garbage drops have become quite common during recent years. Refrigerating equipment is found only in the more expensive apartments.

The total cost of housing under present conditions, as

reported by the Copenhagen Municipal Bureau of Housing under date of May 9, 1936, approximates the following:

	Land	Labor	Charges	Total
Per square foot of floor space in high or apartment buildings.....	\$0.41	\$2.45	\$0.37	\$3.23
Parcelhus (small house of 1 apartment).....	770.00	3,080.00	550.00	4,400.00
Parcelhus (small house of 2 apartments).....	770.00	3,960.00	770.00	5,500.00

The maximum limits set by law for labor costs cause the two-apartment houses to be of somewhat inferior get-up than the one-apartment house.

The heading "Charges" is the cost of architectural and legal services, financing expense, documents, etc., which may be estimated at 15 percent of the labor expense for high buildings and 20 percent for small ones.

The average price per two-room apartment of 646 square feet of floor space with kitchen, toilet, and shower in Government aided buildings approximates from \$1,980 to \$2,200.

Governmental financing of housing is controlled by a number of laws. Laws No. 178 and 179 of March 1917, state that Government loans are subject to a charge of 5 percent to cover interest on the amount owed at any one time and 1 percent for amortization to be made in 82 semiannual instalments. Loans granted in accordance with Law No. 178, however, were exempt from amortization charges during the first 5 years.

Laws No. 479 of September 1920, and No. 150 of April 1931, stipulate that the loans are to carry an annual charge of 6 percent, of which 5 percent is to cover interest on the amount owing at any one time, and the balance of 1 percent to cover amortization payments, which are to be made in 73 semiannual instalments.

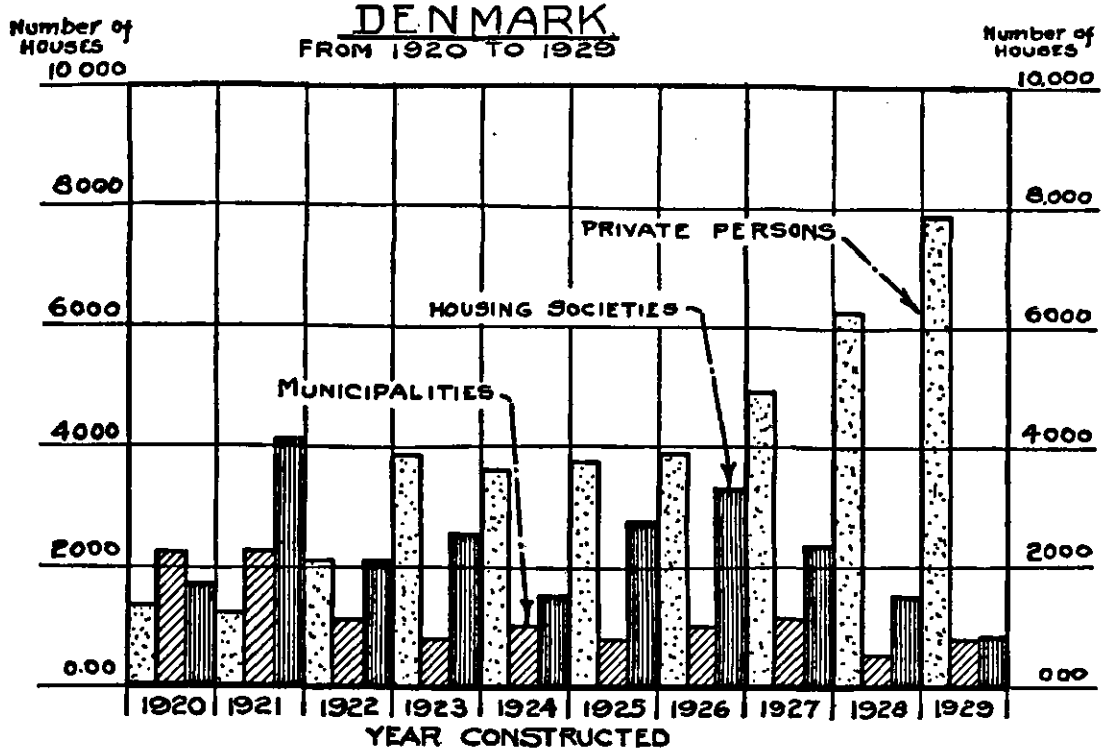
Law No. 551 of December 1922, sets forth that the State Housing Fund loans were to carry an annual interest and amortization charge of 6.2 percent, 5 percent to cover interest on the amount due at any one time; 0.2 percent is for administration charges and the remainder of 1 percent covers amortization payments which are to be made in 73 annual instalments.

Law No. 128 of April 1933, carries a charge for loans of 5½ percent, of which 4½ percent is for interest, and the balance for amortization to be paid in 77 semiannual instalments.

Instalment loans granted under Law No. 279 of October 1934, carry a charge of 8 percent, of which 4½ percent covers interest, and the balance is for amortization, which is to be paid in 37 semiannual instalments.

The interest charge for municipal loans and ground mortgages may be said to vary greatly. As an illustration: A report from Copenhagen shows that the municipality's mortgage claims as of March 31, 1935, vary

HOUSES CONSTRUCTED BY VARIOUS BUILDING AGENCIES



from 3 to 6 percent, with a portion interest exempt. The same report shows conditions applying to amortization vary greatly, but as a rule it can be said that the loans have been granted on long terms of from about 30 to 40 years.

The first mortgage, as a rule, covers from about 40 to 45 percent of the value of the property, and the second mortgage from 10 to 15 percent.

The following table showing the trend of dwelling construction in Denmark by agencies for the years 1920 to 1929, inclusive, is based upon *Housing Policies in Europe*, page 147, International Labor Office, Geneva, 1930.

This tabulation shows that during the period 1920 to 1929, inclusive, the trend of dwelling construction by municipalities and housing societies decreased greatly, with a corresponding increase in dwelling construction by private persons.

Government aid to housing projects can hardly be considered as a cooperative movement. The loans granted have been principally to private organizations of building companies and societies, and the cooperation of the individual applies only to the extent of his membership, which is not necessary to secure housing through such organization. It should also be noted that the laws contain clauses requiring municipal guarantees for at

least a portion of the loan; and, as reported by the Copenhagen Municipal Bureau of Housing, recent laws presuppose that the applicant should be in a position to pay from 10 to 20 percent of the acquisition price himself.

A number of the apartment houses were visited on the outskirts of Copenhagen, a city with a population of 680,000 people. These apartments are within 20 minutes of the center of the city by tram and bus. They are remarkably attractive in design. The individual apartments are comfortable, and all contain two to two and one-half to three rooms and kitchen and toilet, which invariably have a shower. The apartment buildings are three, four, and five stories high, all without elevators. They have ample neighboring ground for central grass and flower plots. The cleanliness and general appearance of the neighborhood are beyond criticism. In fact, it is what one would expect to find in the neighborhood of the more expensive apartments in Washington, D. C. All the apartments are centrally heated, and from the central heating plants hot water is supplied. Gas is available for cooking and electricity for lighting. One staircase takes care of two apartments to the side of each floor, regardless of the height of the building. A modestly well-to-do American would find these apartments in every way satisfactory.

SWITZERLAND

The Ministry of Public Health reported in 1933 that there does not exist in Switzerland what may be termed a housing crisis.

No cooperative activity of any importance occurred prior to 1900. In 1932 the total number of societies was 130; to these should be added some 100 others of the same nature, which are classed as a public utility. The development of this small number has been facilitated by the considerable rise in construction costs, which made it necessary for the State to intervene in order to provide working class apartments at a price which the working man could afford to pay.

These cooperatives, with the aid of the State and the communes, have been able to lower rents from 200 to 300 francs, and in a number of cases as much as 400 francs, at the time the report was written in 1932.

Regardless of cooperative activity, the rent for homes for workers is high. The average for a two-room apartment is approximately 1,110 francs, and for a three-room apartment 1,380 francs; and it must be remembered that the Swiss franc has not been devalued. Money spent for rent represents more than a sixth of a worker's income, and it is not uncommon to discover him paying as much as 25 to 30 percent of his wages for housing.

At Basle the cooperative building enterprises have been aided in their work by the Basle Cooperative Society which frequently gives assistance when an organization is unable to secure sufficient bank loans. Since 1925 the aid of the State has been limited to groups of houses built for large families.

In Bienne 285 houses have been built by cooperative societies, of which 213 have been built since 1925 at a cost of 4,000,000 Swiss francs. Each home has a bathroom, running hot and cold water, and central heating. The monthly rents for an individual home of four rooms, bathroom and garden, is from 80 to 83 Swiss francs a month. The rent of a two-family house is from 100 to 114 francs a month. The city of Bienne has granted cooperative building societies a second mortgage at 5 percent interest and 1 percent amortization.

The city of Berne has encouraged the work of building societies, and its participation in the capital of these societies reaches 8,700,000 francs.

At Lausanne the cooperative low-cost housing society has erected 26 individual houses and 8 two-family houses, which rent for approximately 1,350 francs per year. It has also constructed three collective apartment houses, representing a total of 60 homes; the rent for three-room apartments with kitchen is 1,008 francs per year, and for four-room apartments is from 1,080 to 1,200 francs per year. The city itself has given aid to various cooperative societies.

The city of Zurich has come to the aid of workers' housing by encouraging the activity of cooperative

societies. The construction of apartment houses must be approved by the municipal council, and houses built with the aid of the society cannot be sold except in the case of individual homes. The city spent approximately 50,000,000 francs between 1910 and 1930 in aiding the construction of 2,044 houses containing 8,589 homes.

In 1933 the building societies of Switzerland had a membership of 10,000, who had invested 8,500,000 Swiss francs in construction.

An inspection was made of the Freidorf cooperative community, located about 20 minutes' drive by automobile from Basle. It consists of approximately 150 detached houses, occupied by people who are employed in some phase of cooperative work; a community building, a cooperative grocery store, and a school for training cooperative shopgirls. A regular bus service is maintained to and from Basle.

All of the houses are two-story buildings of stucco, built on the same general plan. They are simple in design, but well kept, with rents approximately \$350 to \$500 a year.

The garden cities built by municipalities and cooperative societies, which exist in a considerable number, are built after the manner of row houses or in double houses of one or two stories. The tenants of these garden cities are generally Government clerks, artisans, and citizens of the middle class, as poorer workers do not have sufficient income to pay the rental demanded.

CZECHOSLOVAKIA

The so-called public-benefit housing, carried on through public-benefit housing organizations, constitutes a significant part of the housing policy of the Czechoslovakian Republic. These organizations take the form of cooperatives, societies, or joint-stock companies. Of these three types the cooperatives are the most numerous, and have been organized in the Provinces of Bohemia and Moravia-Silesia under the laws of the former Austrian monarchy, and in the Provinces of Slovakia and Subcarpathian Russia under Hungarian law.

The most fundamental feature of a Czechoslovak public-benefit housing cooperative is its nonprofit character. To insure this, bylaws of cooperatives which are to be organized as public benefit cooperatives must make provisions limiting disbursements to cooperative members from net earnings up to 5 percent of paid-in value of the member shares; moreover, the members have no legal claim against the property of the cooperative if their membership lapses or if the cooperative is dissolved.

In the case of dissolution, the net assets of the cooperative must, pursuant to the bylaws, be used for further public benefit housing purposes.

Vitally connected with the nonprofit motive is the added condition that officials in public benefit housing

cooperatives must have no material interest in its operation, except in their effort to procure dwellings for themselves. Thus, managing and supervisory functions of members are considered purely honorary and non-remunerative, though members of the managing board (but not members of the supervisory board) may receive pay out of the net earnings of a cooperative for actual services rendered. To attain the aim of procuring for its members healthful and inexpensive dwellings, the public benefit housing cooperatives are limited in principle to the construction of buildings with small dwellings. The law specifies a "building with small dwellings", which is construed to be one in which not less than two-thirds of the total floor space is for dwellings having a floor space up to 80 square meters, and to small workshops. The remaining one-third of the total floor space may be devoted to other purposes.

The 80 square meter limit includes only the floor space of dwelling rooms and excludes:

1. Kitchens with floor space not exceeding 12 square meters.
2. Maid's quarters, with floor space not exceeding 12 square meters, provided such quarters can be entered only through the kitchen.
3. Halls, pantries, bathrooms, washrooms, etc.

Small workshops are understood to be workshops or stores of small tradesmen, without regard to floor space, living in a small dwelling in the same building in which his small workshop is located. If the tradesman does not live in the same building, a small workshop is defined as one having a maximum floor space of 36 square meters.

Small dwellings must be built as structurally isolated units, i. e., must form, together with anterooms such as halls, pantries, bathrooms, washrooms, etc., entirely independent units, separated by walls from other dwellings and small workshops. However, the small dwelling and the small workshop of a tradesman need not be separated.

Buildings with small dwellings, depending upon their specific use and their technical arrangement, are divided into four groups:

1. Family houses of one or two dwellings, and possibly three if the house is erected on a slope, destined to be sold upon completion by the housing cooperative to its members.
2. Apartment houses with a greater number of dwellings, the ownership being retained permanently by the cooperative, with dwellings and other space being leased to cooperative members.
3. Houses for single or unmarried persons in individual structurally isolated rooms.
4. Lodging houses containing dormitory lodgings for transients.

Public benefit housing cooperatives in Czechoslovakia must confine their activities exclusively to the construc-

tion of houses and to the sale or leasing of family dwellings and other available spaces in such houses.

The Ministry of Social Welfare is the authority in matters pertaining to the recognition of housing cooperatives as a public benefit, and acts in a general supervisory capacity over public benefit housing cooperatives. The Ministry is empowered to make occasional audits, attend meetings of cooperative officials and, if deemed necessary, suspend the members of managing or supervisory boards and name a special board to manage the cooperative, effective until such time as the cooperative members elect new members to the board to replace those suspended.

There is no single central organization of public-benefit housing cooperatives in Czechoslovakia. Compulsory audits for cooperatives of all kinds have been in existence for some years. Officially recognized associations usually carry out this work, although selection thereof is left to the free choice of the cooperative. Membership in such an auditing association is not mandatory. If the cooperative so desires, the provincial committee will carry out the order. In cases where the cooperative is not a member of the association, and is audited by neither an association nor the provincial committee, audits are to be carried out by the district court.

There are 27 auditing associations uniting local housing cooperatives. These are grouped as follows:

1. Association of Agricultural Cooperatives in Czechoslovakia, combining 10 auditing associations, in which 189 housing cooperatives are organized.
2. Mutual Central Association of Cooperatives, combining 5 auditing associations with 407 housing cooperatives.
3. Financial Credit Association of Tradesmen Cooperatives, combining 5 auditing associations with 45 housing cooperatives.

In addition to the foregoing there are 7 independent auditing associations uniting a total of 551 housing cooperatives.

On the basis of the records of the Ministry of Social Welfare, there were at the close of 1935 a total of 1,420 public benefit housing organizations in Czechoslovakia, of which 1,394 were cooperatives, 23 were societies, 2 were joint stock companies, and 1 was a foundation. The records of the State Statistical Office show that as of December 31, 1935, there were 1,418 active cooperatives of public benefit and others, which was a decline from 1,633 in 1932.

The decline is largely ascribed to the serious contraction in rentals which appeared in 1933, 1934, and 1935, and as a consequence of falling prices for construction materials and lower wages paid in the building trades. This resulted in difficulty in renting vacant dwellings, particularly because persons who might have been good prospective tenants were not in a position to deposit with the cooperative the cash investment which the

cooperative was obliged to return to the departing tenant.

To assist this unfavorable situation, a Government decree was announced making possible an increase in Government guarantees, and providing that the Government should contribute to the annuities payable on loans. The same decree also introduced a moratorium to the repayment of the investment deposits made by tenants.

During the course of the depression the cooperatives have noted that in view of impoverishment, unemployment, and part time employment, the bulk of the demand is for one-room dwellings. However, in view of the fact that the maximum Government aid was given on apartments containing dwellings with floor space up to 180 square meters, most of the apartment houses constructed contain two-room dwellings. To remedy this situation by embarking upon a program of apartment houses with one-room dwellings was impossible, cooperatives alleged, because: (1) Of the limited government subsidies; (2) under construction laws in force to December 31, 1935, the erection of apartment houses exclusively with one-room dwellings was not permissible.

Since conditions preclude the building of apartment houses containing types of dwellings in greatest demand, together with the fact that there was a certain normal liquidation of cooperatives as they disposed of dwellings to their members and a certain abnormal liquidation brought about by financial reverses, the decline in the number of cooperatives is an accepted phenomenon. In all justice to the cooperatives it should be stated, however, that such decrease has hardly been greater than that for the entire field of residential building.

The most recent analysis made of housing cooperatives in Czechoslovakia by the State Statistical Office was for the year 1930, which was not published until 1935. In that year there were registered 1,690 active housing cooperatives, with an analysis applying to 717. These 717 had 94,462 members, of which 3.3 percent were farmers, 13.5 percent tradesmen, 22.2 percent laborers, and 52.5 percent office workers.

Deposits of these cooperatives were relatively small, as most of them came into being through public aid and later procured working capital through the construction deposits of their members. According to the 1930 record the average paid-in value of a membership share was 215 crowns (1 Czechoslovakian crown is equal to \$0.0416 United States currency at present rate of exchange) and the average holding per member was 2.4 shares of a total value of 516 crowns, and the average own per member was 6,082 crowns.

The working capital of the 717 cooperatives aggregated 3,700,000,000 crowns, 3,550,000,000 of which represented outside capital composed of 2,671,000,000 crowns in mortgage loans and 575,000,000 crowns in member loans. At the close of 1930, these cooperatives owned 8,604 family houses, 2,181 apartment houses and 7 houses for single persons, totaling 38,809 dwellings.

Of these the members owned or expected to own 4,503 houses of 5,980 dwellings. The gross rent for the year totaled 109,800,000 crowns.

Housing cooperatives unquestionably have been a most powerful agency in carrying out construction work under Government aid. It is unfortunate that the records are such as give only the total construction over a period of years, as records in this shape prevent an analysis of trends to show by years whether the movement in comparison with the total construction is increasing or decreasing.

In addition to blanket measures of Government aid employed to promote the development of housing in general, public benefit cooperatives have enjoyed advantages which do not accrue to other buildings, such as:

1. Lower special income tax;
2. Assessment of surtaxes on only one-half of the tax base evaluation with respect to so-called small dwellings if assurance is given the Ministry of Social Welfare that tenants will not be evacuated;
3. In Bohemia and Moravia-Silesia the halving of transfer fee on transfer of dwellings from cooperative to members where the cooperative has erected buildings with small dwellings on undeveloped land within a period of 3 years after the cooperative acquires it;
4. If a cooperative transfers family dwellings to its members within 5 years of the time they are built, no transfer fees are paid, nor taxes on the increase in the value of the real property paid.

As far as general Government aid measures are concerned, housing cooperatives, like municipalities and other public corporations, enjoy advantages through higher limits of guaranteed loans. On the basis of the more recent law the Government guarantees second mortgage loans, above which it cannot be assumed that the loan would be covered by the normal value of the building. On apartment houses, houses for unmarried persons, and lodging houses, first loans to public benefit housing cooperatives may represent 50 percent of the construction cost, and together with the second Government guaranteed loan above, limited to 40 percent, may represent 90 percent of the total cost. Other builders are allowed loans only up to 40 percent, which together with the above mentioned grant of a limit of 35 percent, makes a total of not more than 75 percent of construction costs. The lower loan guarantees apply to all family dwellings regardless of who the builder is.

Under recent law, buildings with small dwellings newly constructed by public benefit housing cooperatives are exempt from house tax and surtaxes for a period of 25 years and exempt from rent tax for 20 years. Similar buildings erected by other constructors enjoy these provisions for only 15 years and 10 years respectively.

Since the establishment of the Czechoslovakian Republic, Government aid to housing has been effected through laws of short validity. This has been due to the unsettled economic conditions which have made

impossible long range solution. Even the 1936 legislation is valid for only 2 years.

FRANCE

The French Cooperative Building Societies, which are nationally federated, have endeavored to serve largely the low income groups. Up to the end of 1934, Government loans totaling 112,550,800 francs had been made to 67 societies. The cooperative housing movement seems to have retrogressed in 1935, due to unfavorable laws, and there were in May of that year only 460 active societies as compared with 555 in the same month of the preceding year. Apparently these societies engage primarily in financing individual homes for private ownership of individual members. From the information secured, there seems to have been a complete reorganization of the federation in 1931, but we have no statistical or other information regarding their activities, the above being gathered from the annual reports of the low-cost housing commission of the Ministry of Public Health.

GREAT BRITAIN

Cooperative housing in Great Britain in relation to the 3,000,000 new homes constructed in England and Wales since the armistice is relatively unimportant, and has been linked with building societies' activities rather than constituting a separate movement. This is in decided contrast to the low-cost housing movement, for example in Sweden, where the financing of cooperative house building has been far more centralized, and is evidenced during more recent years in large apartment house groups.

Most low-cost housing seems to have been done municipally, often with governmental assistance. The famous garden cities cannot be classed as cooperative enterprise, although they were to some extent assisted in their financing by the Cooperative Permanent Building Society.

As a whole, England's building societies correspond more to our American building and loan associations than to a truly cooperative housing movement. Their objective is financing of low-cost individual houses rather than cooperative ownership and management.

There are many mutual building societies in Great Britain which are really analogous, with respect to the one purpose of purchasing or erecting a dwelling house, to the cooperative credit societies common in Europe.

The function of the building societies under the laws governing them is that of a specialized housing bank; they are unable to initiate schemes of construction on their own account and must wait for suitable schemes to be presented to them for financing. Building societies have sponsored a considerable part of the houses built in England and Wales without Government assistance since 1919. Of the total number of 2,827,444 houses produced by all agencies, 1,551,647 of these were built without Government aid.

Building societies came into existence in Great Britain in 1834 and with exception of a few minor set-backs, the movement has grown steadily. The following statement of policy of the Cooperative Permanent Building Society, which was organized in 1884, illustrates their method of operation:

"The Society concentrates on making advances in respect of working class properties. It has seldom, if ever, made any advance in respect of large houses, and then only when the amounts required were small. At the outset it did make advances upon business premises to a few cooperative societies, but with that exception it makes no advance on business premises other than small shops, and then only under special circumstances. Every effort is made to peculiar difficulties which beset working-class life."

The growth of the building society movement of Great Britain is shown in the following tabulation:

Year	Number of societies	Number of members	Amount advanced on mortgage during year	Balance due on mortgages
1890.....	2,795	646,388	.....	£47,760,404
1900.....	2,286	584,651	.....	45,641,411
1910.....	1,723	626,366	£9,291,571	59,696,055
1920.....	1,271	747,589	25,094,961	68,811,690
1921.....	1,226	789,052	19,673,408	75,503,123
1922.....	1,184	826,032	22,707,799	83,724,928
1923.....	1,151	895,524	32,015,720	98,844,991
1924.....	1,112	1,000,988	40,584,606	119,744,926
1925.....	1,092	1,129,455	49,822,473	145,857,119
1926.....	1,064	1,257,400	52,150,941	171,220,815
1927.....	1,054	1,416,456	55,886,903	197,748,150
1928.....	1,035	1,130,066	69,853,853	227,532,832
1929.....	1,026	1,265,329	74,718,748	268,141,456
1930.....	1,026	1,449,432	88,767,426	316,313,559
1931.....	1,013	1,577,905	90,253,133	360,176,859
1932.....	1,014	1,692,167	82,142,116	388,377,535

† Share investors only in this and following years. In previous years borrowers who were not also share investors were included.

The following tabulation contains statistics relating to the 10 largest building societies in the order of their total assets, and is taken from the Building Societies Yearbook, 1933:

Society	Founded in—	Total assets	Advances made in last completed year	Liabilities to—	
				Shareholders	Depositors
Halifax.....	1853	£88, 676, 292	£16, 618, 117	£73, 043, 649	¹ £12, 617, 651
Abbey Rd.....	1874	40, 721, 415	3, 548, 690	33, 560, 929	¹ 5, 831, 996
Woolwich Equitable.....	1847	22, 910, 423	2, 446, 124	18, 841, 138	¹ 3, 146, 212
National.....	1849	21, 076, 024	4, 256, 564	19, 755, 876	.....
Leeds Permanent.....	1848	19, 139, 519	3, 921, 294	13, 728, 835	¹ 4, 582, 021
Cooperative.....	1884	16, 317, 336	2, 435, 640	13, 874, 232	¹ 1, 988, 366
Bradford Third.....	1854	13, 076, 829	1, 447, 198	10, 733, 817	¹ 1, 862, 012
Huddersfield.....	1864	11, 847, 667	2, 027, 019	10, 086, 943	¹ 1, 377, 708
Westbourne Park.....	1885	11, 542, 191	2, 863, 409	10, 048, 601	¹ 1, 025, 444
Leicester Permanent.....	1853	10, 887, 388	1, 954, 625	9, 814, 114	¹ 631, 617

¹ These figures include "other credits."

Appendix C

RURAL ELECTRIC COOPERATIVES IN EUROPE

by E. Johnston Coil

ONE of the objectives of the European study undertaken in the summer of 1936 was to procure information in respect to the organization, financing, administration and functioning of electric cooperative societies serving rural areas. In particular, the inquiry was directed toward discovery of the major problems which these organizations had encountered and the lines of action which had proved to be most successful.

During July, August, and the first week of September the following countries were visited: Sweden, Finland, Denmark, Switzerland, Czechoslovakia, France, Great Britain, and the Irish Free State. In each, interviews were held with recognized officials and leaders in public, private, and cooperative enterprise in the power industry and in other economic fields. This report represents a factual synthesis of findings rather than an interpretation.

SECTION I

EXTENT AND DEVELOPMENT OF RURAL ELECTRIC COOPERATIVES

The purpose of this section is to sketch briefly the position of cooperatives in the rural electrification developments in each of the European countries visited. Discussion of the particular experiences in rural electric cooperatives and of specific problems in their organization and operation follows in other sections for which this is but the background indicating the extent, nature, and type of such enterprises. The countries are covered in the order visited.

Sweden

Without any extensive coal resources, the industrial development of Sweden was retarded until the growth of electric power technology enabled the water resources to be utilized. Because the deficiency in coal was acutely felt, the Nation soon appreciated the importance of hydroelectric power and consciously sought to extend its application. Today the underlying power policy of Sweden is that electric power constitutes one of the basic necessities of modern life. As a basic necessity, electric power should be cheap and available to all people, regardless of class or location. The state, therefore, seeks to obtain for the people adequate sup-

plies of power at low rates; to facilitate widespread utilization; and to promote large consumption. As about one-third of the developed power resources are owned and operated by the state, facilities are not lacking for the execution of these policies. In execution, the state is both cooperator and competitor of other power interests, both private and municipal.

Starting with the policy that power is a necessity of life, the Swedish Government does what is necessary to make power plentiful and cheap. The basic question is not public or private ownership, but the consumer's interests.

It is the duty and function of the state to keep constant vigilance, to see that areas supplied by private and municipal companies are supplied at reasonable costs and rates, to eliminate middlemen, to render competition where private companies are unreasonable, and to provide areas with power that private companies do not supply. The state does not wish to interfere where other power interests are operating with rates approximately the same as the state would charge. Where rates are excessive, or services inadequate, the state, through the Royal Board of Waterfalls (State Water Power Administration) first seeks readjustment by negotiation with the private or municipal company. If there is a refusal to reconsider, the state acts promptly and directly, for it always has the recognized rights of sovereignty, the facilities, and the personnel.

Although vigilance is the motto of the state, it does not follow that the state is always a competitive agent. Low rates require low costs which, in turn, depend on used and useful fixed investment. The state is willing to promote whatever economies are potential in the technical situation. All power interests, whether they be private, municipal, or state, frequently coordinate their efforts. Integration of activity even reaches the point of collective development of water power resources and common usage of transmission facilities.

As the concept is generally accepted that electricity is a basic necessity, it follows that to strengthen the national economy requires electric power nationally used. Throughout Sweden emphasis is placed on what seems best and cheapest in the long run to obtain widespread utilization and high consumption.

It is not surprising, therefore, that rural electric lines were being built even before the war. As the director general of the State Waterpower Administration said "It has always seemed normal and natural that rural areas should have electricity. It has paid to deliver electric power to farmers, so there never has been any particular discussion of the advisability of encouraging it. In my judgment rural electrification pays and pays well. Of course, you never get the farmers to admit it, just as they never say they earn money, but the fact that farmers are enlarging their use is evidence."

The simple fact that electric power is useful and that the farmers needed it and wanted it explains in large measure the activity in electrifying the rural areas of Sweden. By the beginning of the World War there had been sufficient experimental work to provide the technical and economic basis for extensive work. With the prolongation of the war the available supplies of kerosene and gasoline became more scarce and more dear. In the closing war years it became almost impossible for the neutral Nation of Sweden to obtain supplies. The farm people who depended on kerosene for light were literally left in the dark—and the winter nights are long in Scandinavia. These conditions gave rural electrification a great impetus, especially as the prices of farm products were very high during this period and the farmers were prosperous.

Despite the urgency of the need for electric power and light, it was recognized that rural electrification is only possible by keeping costs down. The State, which has always been one of the principal producers of electric power, encouraged the formation of rural cooperative distribution societies.

Today the State participates in the power industry through The Royal Board of Waterfalls or The State Water Power Administration. This Government agency owns waterfalls, generating stations, transmission and distribution lines. Today the State distributes about one-third of all the electric power in Sweden.

Sixty-five percent of all farms have been electrified, and it is estimated that this figure represents 70 percent to 80 percent of all farms that can be electrified at the present stage of the art. As other companies, both municipal and private, serve farm areas, the State is not alone in this field of electric distribution. However, it is estimated that about one-third of all rural distribution is in the hands of the cooperatives to which the State supplies power. There are other rural electric cooperatives besides those sponsored by the State. It is estimated that about one-half of all rural distribution is cooperative.

The general system of rural distribution in the areas supplied by the State Water Power Administration is as follows:

(1) The State owns and operates the generating stations and the high tension transmission lines of 20,000 volts or higher;

(2) The State owns and operates the rural networks or transmission lines for rural supply and voltages of from 10,000 volts to 20,000 volts. It is from these networks that power is delivered to the lines of the cooperative society;

(3) The cooperative owns the rural lines, or agricultural lines, which serve local districts of farmers, small villages, or clusters of houses, small handicraft works, flour-mills, repair shops, sawmills, etc. Each society receives its power at some central load point within its district, usually at a tension of 3,300 volts, and then distributes this power to its own transformer stations where it is stepped down to 380/220 volts for distribution to members.

In this connection, it should be noted that the State distinguishes between rural and agricultural electrification. Rural electrification includes decentralized factories and large villages. If any customer such as a factory or large village has a 50 kilowatt demand, it is served directly from the rural networks (no. 2 above) which are owned by the State. On the other hand, agricultural electrification applies to predominately farming loads. It is for local distribution or agricultural electrification that the State has promoted cooperative organizations with limited personal liability.

A typical rural electric cooperative comprises about 4,900 acres of cultivated land or 100 members. The capital necessary for the construction of the distribution lines and transformer stations is contributed by the members of the society. The societies, under state supervision, have the responsibility of operating and maintaining their lines and of selling the power at retail to the individual consumers, i. e., the shareholders.

To be able to understand the cooperative rural distribution system of Sweden, it should be borne in mind that the cooperatives served by the State Water Power Administration have received valuable assistance and continuous guidance from the Administration. The State has drawn up statutes for the associations and has designed and checked their distribution systems. The associations agree to conform to these statutes and to apply rates approved by the state. Its engineers inspect the lines and supervise their maintenance. Moreover, the state has placed special account-books free of charge at the disposal of the cooperatives. These books have been so framed as to suit the special requirements of cooperative accounting. The state also has provided other forms for records. Finally its auditors and accountants assist the societies in the preparation of budgets and in closing the books. It is generally recognized that the consulting and supervisory activities of the state have largely contributed to the success of the cooperative system of rural power distribution.

Besides these direct supervisory services, the state also engages in educational and promotional work. The best propaganda for rural electrification is, of course, to be found in low rates which make possible increased

consumption at relatively low costs. But instruction is required. For the purpose of education the Royal Board of Waterfalls distributes free to individual farmers a quarterly periodical dealing with electricity in agriculture. The so-called demonstration farms represent another form of propaganda which, in recent years, have been started by the board. A number of suitably located farms, which in any case would require reconstruction or rebuilding, are furnished with assistance, drawings, suitable electric plant, and other equipment on the condition that they shall be available to visitors and especially local farmers, who are thereby afforded an opportunity to study at first hand the advantages of electric power.

By continuing research and application, the State believes that electric power gradually will become the means by which agriculture "industrially rationalized", will be raised from its present and in some respects primitive state to a better care of and utilization of crops in functionally correct and inexpensive buildings.

Finland

The progress made by Finland in cooperative rural electrification, as well as in other types of cooperative endeavor, is astonishing. Today there are 223 registered cooperatives supplying electricity, and, in addition, there are 177 cooperatives which supply electricity to neighbors though they operate primarily as flour mills and sawmills.

Before the war, only a few country estates and villages had their own generating equipment which was used principally for lighting. There was no systematic distribution. During 1918-19, however, there occurred a serious shortage in kerosene, and carbide lamps proved to be so inefficient that electricity had to be produced at any price. When copper became unattainable, even iron conductors were used. During the post-war crisis there followed a period of consolidation and gradual replacement and rebuilding of lines. It was not until 1926 that a new period of expansion began. Today almost all of the major agricultural areas are electrified, with only the most sparsely settled and isolated areas without electric power.

The most important feature of rural electrification from the technical aspect is the large number of small hydro-power plants. Finland has many lakes and streams and small waterfalls. According to the statistics on electric establishments in 1934 there were a total of 787 power plants, 481 of which had a generator capacity of less than 100 kilovolt-amperes. The latter are mostly rural establishments. All of these are, however, not economic. During the "boom" period of rural electrification many small hydroplants were constructed in localities where central station service is not available. Being less efficient than central station service, many of the small plants have ceased operation, while others have poor load

curves and are not being properly maintained. Eventually they will go out of existence as funds are not available for replacement. There is a definite trend for many of these small enterprises—a large number of which are cooperatives—to consolidate with larger units.

The work of the State Bureau of Electrical Inspection during the past 6 years has contributed greatly to technical improvements. Although the costs of improvement were heavy for cooperatives with limited means, the fact has been definitely established that effective maintenance of plant is the best economy.

The systems of cooperative electrification vary from complete ownership of generation, transmission, and distribution facilities to only the distribution lines, the energy being purchased on the low tension side of the transformers. There have been difficulties, however, in securing adequate maintenance and relatively competent personnel. These difficulties, which are economic as well as technical, have hindered the increased consumption of energy. They are largely responsible for establishment by the Government of an inspection service.

There is a tendency for cooperatives to get out of the field of generation and transmission and to confine their operations to distribution. This system gives the central station control of sales policies, maintenance and operation, repairs and extensions, but permits economies in construction and financing, as the consumers may contribute partly in cash and partly in materials, such as poles, and also their labor. There also is the tendency to have the transformer or distribution districts laid out solely on technical lines, disregarding parish or political boundaries.

In short, technical considerations are forcing a consolidation of electric cooperatives and are resulting in centralized control of operations.

Denmark

The national Government of Denmark, unlike that of Sweden, has not directly and positively entered the electric power business. Nor does the State exercise any control or regulation over finances, operation and rates. The only aspect of the power industry over which the State does enforce rigid control and inspection is that of construction standards and technical specifications, including installations on the consumer's premises. To insure public safety, all plans must be submitted to the Electricity Board prior to construction. After erection, the State makes annual inspections. For the first violation, heavy fines are prescribed, while second offenses may carry imprisonment. Cooperative societies, in common with all other members of the industry, have to follow these rules regarding the erection, maintenance, and repair of lines and stations.

One reason for the limited participation of the national Government in the power industry is the fact that the

industry is largely in the hands of the public, either through municipalities and political subdivisions, or cooperative societies. Even so-called private stock companies are owned and controlled by municipalities and provinces through shareholdings. There are very few strictly private power companies in Denmark.

Rural electrification has had a long history of development. Today it is estimated that 85 percent of all rural farms and houses are wired. Even before the war electric power was being used for threshing and chaff cutting. The shortages of fuel oils which developed during the war greatly accelerated this development, about one-third of all farm electrification being accomplished during this period.

Much of this work was on a cooperative basis. The farmers combined in companies and those who wished to become consumers took shares. A board of directors was elected which appointed a technical assistant to build the plant and lines. Many of the installations at this time were small direct-current plants.

The cooperatives at first owned the generating plants and the lines. However, the towns and municipalities soon realized the advantage which would be derived from supplying electricity to the surrounding rural districts, and they began areal developments. As a result two systems arose. In one, the town financed all the costs of transmission and distribution and supplied power directly to the consumer's meter. In this case the town performed all the functions. In the other, the towns sometimes only wholesaled power. The farmers formed cooperative societies which erected and maintained the lines and transformer stations, and performed all the administrative operative functions, including maintenance, meter-reading and collections. In a few cases, the function of generation was transferred to a special partnership owned jointly by the town and the surrounding area. The town is responsible for the town lines, the rural area for the country lines, and both buy energy from the partnership at cost.

Today there are in Denmark about 283 rural electric cooperatives of which 230 operate on direct current and only 53 on alternating. They serve a large part of the rural area, having 200,000 meters for lighting on their lines and 80,000 power meters. Their annual sales of power are about 100,000,000 kilowatt-hours, of which three-fourths is for power and heating, or approximately 940 kilowatt-hours per power meter. These sales amount to between 20 and 25 percent of the total power sales of that country, indicating the significance of rural electric cooperatives in the power industry.

There is, however, some indication that the electric cooperatives are not maintaining their rate of development relative to that of municipal companies and the joint-stock companies owned by municipalities and provinces. As noted above, the majority of the cooperative plants are direct current and there exists some criticism

of their high costs of operation. On the other hand, through establishing the rural electric cooperatives, the Danish farmers were able to secure electric power during the early stage of power development even though their economies at present are not in line with those obtainable from more recent developments.

Switzerland

Although the rural areas of Switzerland are generally electrified, cooperative societies do not play a role comparable to that in the preceding three countries. The topography of Switzerland, the rather even distribution of water powers, industry and population throughout the principal valleys, and the intensive agriculture have tended to merge rural and urban areas. There is no sharp line of demarcation between city and country. The result is that the canton, municipal, and private power undertakings have expanded their areas of service and that the relative position of the cooperative as a medium of rural electrification is not of comparable importance.

Most cooperatives are relatively small undertakings. Some merely distribute power purchased wholesale, but others own or have joint ownership of generating facilities. The abundant water powers facilitated such developments during the early days of the power industry.

There are, of course, some highly successful cooperative enterprises. One society near Basle began almost 30 years ago. In this area many industries are carried on in the home, such as silk weaving, wood carving and pottery making, and electric lights were wanted so the artisans could work evenings, especially in the winter. The Society now buys its energy at low wholesale rates, it being conveniently located for bargaining purposes between three sources of supply. Management has remained capable, all indebtedness has been paid off, and rates are now at the level of the operating expenses. However, these circumstances are unusual.

One difficulty in examining the rural electric cooperative situation in Switzerland is the fact that limited dividend companies may adopt the name cooperative as long as capital and membership are variable. These are not really cooperatives in the Rochdale sense of the term. This situation has been encouraged by the fact that according to Swiss law any electric company serving an area must give service to anyone who applies—whether member or not. Members in such companies receive rebates or limited dividends on their capital. In some cases members vote according to the number of shares they hold.

The national or Federal Government, except for enforcing regulations regarding construction specifications and installation standards, exerts little control over the operation of the cooperative societies. The government feels that all villages should be electrified and has given subsidies to some isolated villages. However, other

power undertakings take the same attitude and set aside some reserve to electrify farms which will not pay. There is no standard practice for determining the amounts so set aside, it being a matter decided at the annual meetings.

Czechoslovakia

Great progress has been made in the electrification of rural Czechoslovakia. Few countries have accomplished more since the war. This progress has been made possible by a planned regional coordination of electric power distribution and by the use of the cooperative form of organization.

Beginning in July 1919, the Ministry of Public Works initiated a legal and technical program for rationalizing the electric power industry by systematically planning the utilization of the power resources and by constructing a high-tension grid or distribution network. Twenty-four public utility companies were established throughout the country in which the national Government, provinces, districts, municipalities, and private capital participated. The law provided, however, that the majority of all capital had to be supplied by public agencies, either the State or its political subdivisions, so that control would always rest in public hands, and so that if it is ever decided to nationalize the power industry completely, the first steps will have been taken. These designated companies are the "key" units of the power industry. The unification plans cover the entire country but the execution of the plans has been completed generally in the western provinces of Bohemia and Moravia.

The fundamental purpose of the cooperative societies is the establishment of secondary lines of distribution. At the end of 1935 there were 2,159 electrical cooperatives in Czechoslovakia. These societies may be grouped into three classes or types according to their functions. The first type of societies comprises those, 30 in number, which actually produce electricity and distribute it by their own means. These generating or production cooperatives have full responsibility for all the functions inherent in power production and distribution. They are autonomous. Most of them operate small hydropower plants in connection with some local industry, as flour mills. In 1930 these cooperatives had 5,312 members, of which one-half were farmers, and produced only 1.4 percent of the power generated in Czechoslovakia. This type of cooperative is tending generally to disappear on account of the development of the public companies and the grid.

The second type of cooperative societies, comprising about 500 in number, buy their electric supply of energy from a larger power undertaking and then distribute this energy to their members through their own installations. These so-called purchase and sale cooperatives perform all functions with the exception of generation, and have full responsibility for the construction, operation, and maintenance of high-tension lines, transformer stations,

distribution networks, and meter installations. In short, they assume all risks in buying power at wholesale and selling it to their cooperative members. In 1930 they had over 40,000 members. However, they have passed their zenith and are declining both in absolute number and in relative importance.

The third type, the most numerous and important, are cooperative societies for financing the low-tension distribution networks. There are now about 1,500 such societies, and their number is increasing. These societies are definitely a part of the national rationalized power system and work in conjunction with the 24 designated public companies.

These cooperatives, termed auxiliary in Czechoslovakia, have no operating or maintenance responsibilities. They are merely a means for financing. The public company builds the high-tension line. The cooperative by means of shares subscribed by its members, pays all the expenses incurred in building the 380/220-volt distribution system which is constructed according to the plans and specifications of the public company. When built, the distribution system is turned over to the public company whose property it becomes. The public company assumes all responsibilities for operation, maintenance, and administration. As a part of its physical plant, it takes care of all repairs and replacements, and all commercial and customer relationships, and it supplies electric power to the cooperative members at the uniform tariffs. The public company, in return for the distribution system it receives, gives to the cooperative society a part of its share capital. The cooperative does not receive shares in proportion to its investment, for there is a distinct subsidy involved. In other words, the values of the obligations received by the cooperative are fixed at a price lower than the costs of the investment. But in this way of financing, the cooperative becomes a coproprietor of the public company and participates as an organized group, through representation on the board of directors, in the administration and management of the enterprise.

The reason for this shift in emphasis from the operating cooperative to the financing cooperative is to be found in the fact that the operating cooperatives did not create sufficient reserves to cover maintenance, depreciation, and replacement expenses. The State in 1928 decided to cease giving any subsidies to the operating cooperatives. Since that time, only the financing cooperatives have received any assistance from the Government. In many cases, the operating cooperatives are voluntarily turning their lines over to the public companies. In one Province alone there were 240 operating cooperatives 5 years ago and only 80 remain today.

Unlike the rural electrification cooperatives in Scandinavia, those in Czechoslovakia do have some affiliation with the organized agricultural cooperative movement which is organized into 12 federations or central unions—

by province and by language. These central unions perform certain services for their electrical cooperative member societies just as for their marketing or purchasing societies. Such services, which are headed up in *Centrocooperativ*, a superfederation, include educational work, not only promoting the establishment of electrical cooperatives, but also promoting the increased utilization of electrical power, and, through a service corporation set up specifically for this purpose, also technical assistance in designing lines, laying out distribution systems and in managing the properties. The federations also help with financing, by arranging for loans from credit societies which are also members of the central unions. Another service rendered is that of auditing the books of the member societies, especially those which are operating cooperatives.

England and Scotland

The situation as regards rural electrification cooperatives in England and Scotland was summarized by the Secretary of the Electricity Commissioners, who said, "There are no electric cooperatives in England and I don't expect there ever will be any."

In North Ireland and in the Irish Free State the electrical power industry is now a public monopoly with all functions from the generator to the consumer being the responsibility of the respective electricity supply boards.

Summary

Cooperative enterprise for the distribution of electric power in rural Europe is of significance, among the countries visited, in only Sweden, Finland, Denmark, and Czechoslovakia. Public enterprise dominates in Switzerland and the Irish Free State; private enterprise in France and Great Britain.

Throughout Europe in general, the independent cooperative society which is responsible for all the functions of management including the financing, construction, operation, and maintenance of the distribution system appears to have reached the zenith of its development. The type of cooperative society which is growing is the state supervised society. Important managerial functions are regulated, the cooperative form of organization being used for purposes of financing, for economical operation of distribution lines and for promoting public relations. In Czechoslovakia, for reasons indicated, the operation of distribution lines is increasingly disappearing as a cooperative function.

SECTION II

CERTAIN ASPECTS OF COOPERATIVE ORGANIZATION AND OPERATION

Membership Procedure

In Czechoslovakia all consumers who receive electric power from a cooperative society must be members of the society, and each consumer has one vote. On the other

hand, in both Switzerland and Sweden, although voting power there too rests with members on the basis of one member, one vote, electric power is sold by the cooperative society to nonmembers as well as to members.

The Swiss law provides that any organization distributing electric power within an area must sell power to anyone who applies for service. The Swedish practice is unlike that of Switzerland in not being compulsory but optional, as far as could be ascertained, although the obligation to distribute power to any applicant has the sanction of custom.

In the agricultural districts of Sweden, practically all consumers are members of the society, and it is only in the villages and communities where one finds population turn-over that the nonmember problem arises. The opinion was expressed in Sweden that the cooperative form of organization for the distribution of power is not suited to communities and municipalities where a rapid turn-over of population occurs.

In Denmark and Sweden, it is the general practice for the consumer-members to meet annually and to select a board of directors which, in turn, elects its own chairman. In Denmark, where there is a general absence of state regulation and control, the board of directors appoint a managing director and works jointly with the manager in determining what extensions of line shall be made, what loans shall be contracted, what prices will be paid for electric power at wholesale, and what the tariff shall be to the consumer.

Because of the State assistance and supervision in Sweden, the responsibilities resting on the board of directors of the local cooperative society are not so heavy, although the obligations are fully recognized. There the board usually employs some locally recognized electrician to do minor installations, meter reading, and to take care of the transformer stations. The local electrician also has the function of making small repairs to the distribution network. The rendering of bills and the collection of the revenues are the responsibilities of the treasurer who is usually the school teacher or one of the small merchants in the community. It is this official who keeps the books and records which are considered to be one of the most important phases of the cooperative's function.

The provisions for admitting a new member to one of the rural electric cooperative societies in Sweden are determined by the conditions established by the State Water Power Administration. In common with all members, the new member must subscribe to a number of shares depending on the area of cultivated land in his farm. However, the amount that he must pay per share is determined by the books of account and corresponds to the value per share of the association. This value is obtained by computing the net worth of the association by adding the share capital, reserve-fund, and profit and loss accounts, and by dividing the net worth by the number of shares outstanding.

If the books of account show that the association has a capital deficit, the association may raise the total payment of the newly entering member so that it exceeds by a reasonable sum the pro rata actual cost of the equipment. In addition to this, the cooperative may request a special entrance fee if the line has to be extended a long distance and exceeds the average cost.

Financing Line Construction

(a) *Sweden*.—Practically all the capital invested in the electric distribution systems of the Swedish cooperative societies was subscribed by the members in the form either of cash or of bonds. Shortly after the war, a so-called rationalized basis for determining the amount of contribution each member should make was adopted and has been in force with some minor modifications. Each member subscribes for a number of shares according to the following schedule:

One hectare (2.47 acres) of arable farm land is equivalent to one share; for nonfarming residential houses, the number of rooms determines the number of shares; industrial and commercial users' shares are determined by the kilowatt demand of their motors and installations.

If the members are unable to pay all of their contributions in cash they give bonds to the society, which uses them as security for loans, particularly from the local savings banks. State loan funds and insurance companies also have been sources of credit.

The cooperative societies now enjoy a high credit standing so local savings banks and private institutions usually are glad to extend credit to them at reasonable rates. At only one time in their history have they been in rather serious financial difficulties. In the post-war depression of 1920 agricultural prices declined drastically, and some of the recently organized societies found themselves in difficulties. The state came to their aid through a program of refinancing on the basis of 20- to 30-year loans at 5-percent interest. These loans now have been generally amortized, and in only one or two cases has the state been compelled to take ownership of the lines. Even in these cases the state has profited handsomely because the increased consumption of electric power in the past 10 years has brought sufficient revenue to more than offset any losses from the original loans.

It is the general policy in Sweden that the state shall give no subsidies. Only in a few cases where significant rural communities are isolated by natural conditions has the state granted a subsidy in order that these communities might be electrified. In the northern part of Sweden, for example, forestry is the principal industry and farming areas are interspersed in the forests. Frequently there will be 10 to 15 miles of forests between villages and rural communities. Because men are needed in the forests and because of the long dark winters, it is considered to be of national interest and welfare to have electricity in order that the health of these people may

be protected and that they may have the opportunities for cultural release and the growth of character and personality which electricity facilitates.¹ Also, in the case of some islands located several miles from the mainland, the state has given grants for the laying of submarine cable.

Because the state believes that electricity is essential for rural welfare, it has decided to grant subsidies in cases where natural conditions isolate virile and self-supporting communities. In such cases the Parliament provides directly the amount of subsidy which will be granted and uses engineering surveys of the State Water Power Administration as determining data.

The amortization and interest charges on the individual member's indebtedness are paid independently of the rates for power consumed. The interest charges at the present time on publicly secured loans range from 3 to 4½ percent, with the prevailing average at about 4.15 percent. As amortization charges have been set regularly, the indebtedness has diminished progressively. At the present time it is estimated that about 85 percent of the capital of the electric societies has been paid in cash, and it is expected that the great majority of all societies will be free from indebtedness within 6 to 8 years. As debts are amortized the societies are free to receive benefits in the form of rate reductions.

The private power companies serving rural areas naturally follow an altogether different policy in financing the construction of rural lines. The South Swedish Power Co., for example, has each consumer make a flat charge contribution. Each farm customer is requested to pay approximately \$6.25 for each lighting outlet up to the maximum of 12, and approximately \$18.75 per kilowatt of motor or power installation. These are flat charges which are incurred but once. If the line costs more than these contributions provide, the company pays the difference.

(b) *Czechoslovakia*.—If a rural community desires electric service it initiates activity by forming a cooperative organization and making its desire known to the State Ministry of Public Works and to the State organized or designated public-utility company. The public-utility company makes the necessary surveys and estimates the annual revenue that may be anticipated in relation to the cost of construction. In general, this revenue should be equivalent to roughly 20 percent of the cost.

The members of the society have to buy shares and raise part of the capital for the construction of the distribution lines. The State is not directly interested in how the members of the society will allocate their investment

¹ It is of interest to note that I was informed that the tubercular rate in Finland has declined materially in the rural regions since the introduction of electric power. Before the days of electric light the farmer in northern Finland would be tempted to remain closely confined indoors amid a smoky atmosphere. Life was inactive because the long darkness determined that man should live in idleness. Since the introduction of electric power, a more normal routine of activity is maintained throughout the winter with beneficial effects on the rural health.

among themselves. The investment is usually allocated among the members according to their acreage of cultivated land, or to their kilowatt of demand, or by the number of rooms in their houses if the consumer does not have any farm land. If the member is unable to pay for his shares in cash, he may obtain a loan from one of the cooperative banks (credit societies) in an indirect manner. The member gives to the local cooperative society his note which is an unlimited guarantee on his land and livestock. The society, with this mortgage or lien as security, goes to one of the agricultural cooperative banks and borrows the necessary capital.

If the local society is unable to raise the entire capital from its members, it may appeal to the Government for a subsidy. The Government is authorized by law to give subsidies amounting to as much as 50 percent, but in practice the subsidies are about 20 percent and rarely exceed 30 percent. The amount of subsidy is determined after a study involving such factors as the type of soil within the community, the topography, and crop values.

It will be remembered that in the case of Czechoslovakia the rural electric cooperative is principally a financing mechanism. After the capital has been raised, the cooperative society turns this capital over to the public utility company, because it is the public utility company which will do the construction, take ownership of the lines, and operate and maintain them thereafter. In return for its capital contribution, the cooperative society receives securities of the public utility company. These securities, however, are of two types, one being interest-bearing, salable and redeemable; the other being noninterest bearing and nonredeemable.

For its contribution the cooperative usually receives from 15 to 25 percent in interest-bearing securities and the remaining 85 to 75 percent in noninterest-bearing obligations. The latter are in reality but little more than a receipt for the capital received. They represent a direct contribution by the cooperative to the facilities of the public utility company.

However, it must be remembered, that the public utility company is not a private enterprise, as we understand the term, but in reality a state enterprise or public enterprise with the greater part of the capital contributed by public authorities. The Eastern Bohemia Power Co., for example, has a total capitalization of 44,600,000 koruny (\$1,784,000), which is divided as follows:

- 6,000,000 koruny (\$240,000) from the Federal Government,
- 20,000,000 koruny (\$800,000) from the Provincial Government,
- 13,000,000 koruny (\$520,000) from cooperative societies,
- 4,000,000 koruny (\$160,000) from the county government, and
- 800,000 koruny (\$32,000) each from municipalities and private industries.

If a resident of the community desires to join in the cooperative society at a later date, he may become a new member by paying the same rate as the original members. If all of his capital contribution is not needed for the expenses of making the line connection and installation, the excess goes to a reserve fund which may be used for subsidizing more farms or homes or barns in the community. Such subsidies are usually given in case a farmer loses his farm or home through fire.

If a member dies or moves out of the community, a refund of his proportional part of the interest-bearing securities held by the cooperative society may be made after 3 years.

The cooperative society may desire to sell its interest-bearing securities and use the proceeds to retire its indebtedness with the local banks should it have such indebtedness. The noninterest-bearing securities, which are in reality a form of common stock, are usually held by the society which, in conjunction with other societies, elects representatives to the board of directors of the public utility company. In this manner, agricultural interests are truly represented on the boards of the public utility companies and all matters of policy, such as rates and utilization practices, reflect in part the attitude of the agricultural people.

(c) *Denmark*.—In Denmark the Government gives little supervision and financial aid to the electric cooperative societies. The financing of the cooperatives is principally a matter of private contract and private credit. After the amount of capital needed for the construction of the line has been determined, it is allocated among the members according to a complex formula involving such factors as the area of farm land, quality of soil, value of land, average value of crops, taxes paid, etc.

If the individual member does not have sufficient cash to pay his proportionate share of the capital, he gives to the cooperative society a declaration—a form of third mortgage—which is recorded in the provincial office of deeds. As this declaration is a mortgage on the land, the cooperative society may take it to the municipality which will guarantee the mortgage. Then a cooperative society takes the declaration and the municipality's guarantee to a cooperative bank, or savings bank, or insurance company which lends the necessary money for construction purposes.

These loans are for a term varying from 10 to 25 years. They are amortized by adding a fixed charge to the consumers' rates. In some cases, the farmers can borrow for their installations and even for equipment for giving a declaration.

The procedure of financing in the case of private or semipublic companies differs. The North Zealand Power Co., for example, stated that they required the group of farmers who were applying for service to pay about 75 cents for each \$250 of tax valuation. This payment suffices no matter how far the farmers may be

from an existing transformer station. This amount is a direct contribution to the company. The company does not pay the farmers for rights-of-way for low-tension lines. For high-tension lines, however, which may cross a farmer's property, the company makes a payment of about \$5 per pole.

(d) *Switzerland*.—It is difficult to ascertain what the prevailing method of financing cooperatives in Switzerland might be, for the practices vary. In one example cited, any individual could become a member of the cooperative society on the payment of 5 Swiss francs. To this initial contribution are added varying contributions depending on the appliances used by the members, for instance, 3 francs for light sockets, 15 francs for each horsepower of electric motors, 36 francs for an electric stove, etc. In this manner the members participate in the financing according to the appliances they use.

Financing of Operations

(a) *Maintenance expenditures*.—In both Sweden and Denmark, it is the prevailing rule for cooperative societies to meet the cost of repairs and maintenance from operating revenues. Only in isolated cases is it considered necessary to resort to new financing.

The Swedish system provides for the establishment of reserves. In Denmark, on the other hand, there is no established procedure for building up reserve funds. However, the societies usually set aside some of their revenues during good years out of which repairs and replacements are made.

In the case of Czechoslovakia, all operating functions are the responsibility of the public utility companies, and so the cooperatives have no obligation to meet for these expenditures.

(b) *Depreciation*.—In Sweden no formal charges are made for depreciation. The books of account provide for maintenance, amortization, and a reserve fund. These are considered adequate. As stated, if because of accidents or an unforeseen contingency, an unusually heavy charge has to be made, new capital usually can be secured from a local savings bank at an interest rate of 3 to 4 percent. The reserve fund is usually adequate to meet any such contingencies because, by law, there must be a minimum of 10 percent of the net revenues set aside each year as a reserve.

In contrast with the Swedish procedure, the Swiss Government establishes standards for depreciation. Electrical equipment must be depreciated over a period of 25 years, iron structures 40 years, and stone and cement structures 60 years.

Because of the Swiss system of water rights, amortization and depreciation reserves are of special importance. If either a private company or a cooperative has a hydro-plant, the water rights revert to either the state, the canton or the municipality within 80 years after the time of grant. All hydro structures are considered to go with

the right, and therefore also revert. The electrical equipment, however, does not revert, but it can be sold to the canton at the time of reversion of water rights. If it can be shown that the canton or municipality can use this equipment, the owners of the electrical apparatus may compel the canton to purchase it.

Policies regarding the investment of reserve funds vary. Some concerns invest the funds by replacing and extending their own facilities, while others invest the reserve funds outside of their own concern. It is of interest to note that over 50 percent of all the electric power plants and transmission and distribution lines in Switzerland have been written off or amortized.

In Denmark the normal period for amortization of capital in power stations and in lines is 25 years, while the amortization period for investments in installations and transformers is 20 years.

(c) *Patronage refund policy*.—In both Sweden and Denmark the patronage refund policy is one which favors low rates rather than high refunds. Only in isolated cases has there been some distribution of net earnings directly to the membership in the form of cash. With increases in consumption and in net earnings, the rates or tariff are lowered correspondingly in order to encourage further increases in consumption and in the utilization of appliances.

Business Relations With Other Cooperative Organizations

Although the electric societies have reached their greatest point of development in countries where both agricultural and cooperative organizations are highly developed, the relationships existing between the electric societies and these other forms of cooperative enterprise are not intimate.

The experience of the farmers with cooperative methods in agricultural operations, of course, paved the way for an understanding as to the procedure of forming and operating an electric cooperative. Because the farmers were already participating in cooperative enterprise, it was not necessary to do initial educational and promotional work.

With the exception of Finland, however, the farmers cooperative purchasing societies are not organized for the sale of electrical machinery and equipment to their members. In most cases, the members of the electric distribution cooperatives buy their electrical appliances either from the power companies or from dealers in the towns and cities.

The Hankkija Agricultural Cooperative Wholesale Society of Finland is the exception to this generalization. This society was established in 1905 for the purpose, according to its statutes, of supplying its members with agricultural necessities, assisting the local agricultural societies in their buying and selling, and promoting the formation of agricultural purchasing and selling coopera-

tive organizations. It was established, therefore, as a central trading and manufacturing organization to sell the agricultural produce of its members and to purchase for them such goods and supplies as they needed. Today the Hankkija Society is one of the largest business enterprises in Finland and its functions are classified in the following departments: Fertilizers and foodstuffs, feeds, plant breeding, agricultural machinery, dairy machinery, extension and information, and electrical machinery.

According to the information received, the society is now the third largest wholesaler of electrical equipment in Finland. It has built 50 percent more rural distribution systems than all other constructors in Finland together. It was estimated that the society has constructed over 350 power stations. Some of these stations were for private industry, others for municipalities, but the majority have been for cooperative associations.

In addition to its electric power activities, the society also is engaged in the construction and sale of telephone lines and equipment. As far as could be ascertained, the Hankkija Society is the outstanding example in Europe of cooperation between an electric distribution society and farm purchasing societies.

Landlord-Tenant Relationships

The general point of view on the continent of Europe, as far as could be ascertained, is that an extensive use of electric power and the creation of a politically and economically strong farm economy is dependent upon the extension of owner-operated farms. In the case of tenant farms, however, one usually finds either legal provision or the sanction of custom for the owner of the farm to aid and reward the tenant if he makes permanent improvements.

In Sweden, for example, owners are compelled by law to help the tenants with the installation of electric power. If electricity is offered to the farm by a reputable concern in accordance with an authorized plan, the owner of the farm is compelled to pay the wiring cost up to the point of outlet. The tenant usually pays for the electrical equipment and appliances.

If he should leave the farm, however, and not wish to take this equipment with him, he may be reimbursed by the landlord for the undepreciated value of the equipment plus some extra consideration for the higher value of the farm due to the tenant's use of electric power. The maximum that the tenant may receive is the amount he invested in the electrification of the farm.

If the landlord and tenant are unable to reach an agreement as to the amount of compensation the tenant is to receive for his power improvements, they may submit their case to an arbitration board composed of three people. If the findings of the board are not satisfactory, the case may be taken to court after the passage of 90 days.

In some cases, however, the farm owners are members of the electric cooperative association and as such pay all the costs of electrification, the tenant reimbursing the owner through his rental payment. In other cases, the tenants belong to the association and pay the entire cost of electrification, but the landlords then make an allowance for the amount so expended in the determination of rent.

Summary

The attitude prevalent throughout Europe is that electric power is necessary for civilized living and that the public weal demands that both rural and urban citizens shall have equal access to such a necessity. Since it has always seemed normal and natural that rural areas should have electricity, the obligation to make service available is widely appreciated by public and private power interests.

Throughout Europe, various power interests, whether they be private, municipal, or state, frequently coordinate their efforts. Through voluntary associations and mutual ownerships, power resources are developed with different interests sharing in the contribution of capital and in the output of electric power produced. The belief exists that the economic function to be performed and the technical conditions inherent in the performance determine the desired procedure.

The basic superiority of the public's right of access to the necessities of life is unquestionably accepted. It is the duty of the state to maintain this objective. The approach to the power problem is from the viewpoint of consumption. Consumers' interests have always been, in power as in other things, in high quality and low price. Plentiful and cheap power for all strengthens the national economy because it adds to the well-being and workability of the individual members.

Of the countries visited, the cooperative form of organization for rural electrification is of significance in Sweden, Finland, Denmark, and Czechoslovakia. Public enterprise dominates in Switzerland and the Irish Free State; restricted private enterprise dominates in France and Great Britain.

Because electric power is relatively intangible and automatic, electric cooperatives do not offer the opportunities for frequently recurring contacts between the individual member and the association which is so characteristic of other types of cooperative enterprise.

The principal functions of the rural electric cooperatives are those of assisting in the promotion and financing of line construction, of securing economies in distribution through cooperative operation of distribution systems, and of serving as a medium of public relation and consumer education. The societies are frequently subject to specialized forms of public supervision as regards technical, accounting and auditing, and commercial functions.

Appendix D

DOCUMENTS ON COOPERATION

VASARLA'S CHART

SHOWING EXTENT OF RATIONALIZATION IN THE DISTRIBUTIVE TRADE IN FINLAND

THE chart reproduced here was used by Hugo Vasarla, managing director of the Finnish "neutral" wholesale society, S. O. K., in a lecture on Rationalization and Distribution in Finland. In the lecture it was pointed out that sound economies in the distributive trade are those achieved, not by paying lower wages to employees, but by effecting as continuous and orderly a flow of goods as possible from producer to consumer. Each point at which this distributive process is interrupted by speculative bargaining represents economic waste. These interruptions are eliminated by control extending from the consumer backward to the producer.

In private trade, consumers' control of retail stores is very slight, since effective control cannot be achieved without ownership. Consumers endeavor to make private stores serve their needs by supplying goods cheaply, while the private stores are endeavoring to make a profit out of consumers. Each tries to control the other. This clash of purpose and energy in contrary efforts at control of distribution is represented in the chart by arrows which come from the different interests and meet head-on. But when the consumers own the retail stores, uninterrupted control and consequent economy are attained, as shown by the continuous arrows.

There is, as the chart shows, a middle realm of retail-wholesale relations in which control is achieved for a percentage of private trade (though not for the largest part of it) through the ownership by private retailers of their own wholesales. The chart shows the proportions to which all such control or rationalization exists in private and in cooperative distribution, as well as the points at which it exists.

It will be seen that about 40 percent of the whole distributive trade of Finland is unorganized, i. e., without control from any point to any other. About 20 percent is partly organized—i. e., private wholesales are owned by private (village) retailers but with no control of retailers by consumers. The remaining 40 percent of Finland's trade, being cooperative, is organized from the

bottom up—i. e., the consumers purchase through their own stores, and these in turn from their own wholesales.

In looking at the chart it should be borne in mind that the arrows represent efforts at control, not the direction of the flow of goods.

At the bottom of the chart, surveying it from left to right, we see that 60 percent of Finland's consumers direct their unorganized buying efforts into a retail field which they fail to control; while, over at the right, 40 percent of the consumers are organized and own their retail stores.

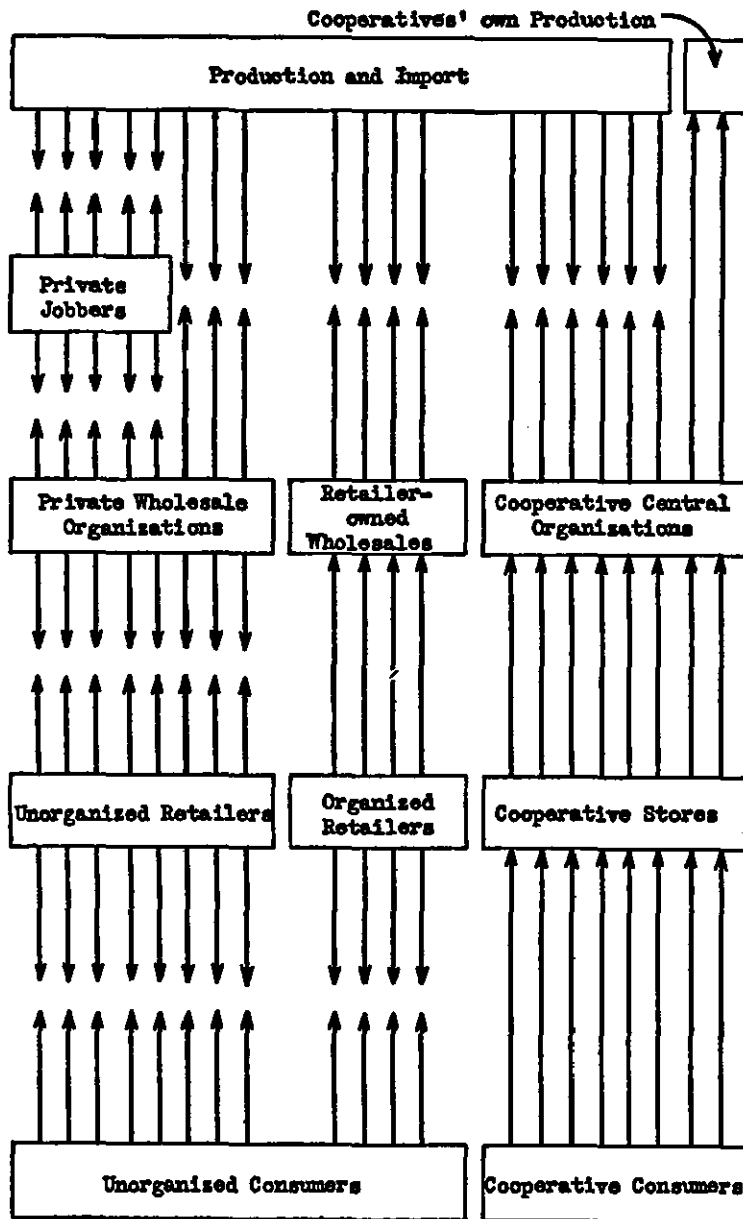
The relations between retail and wholesale trade are shown horizontally in the middle of the chart. Looking from left to right, we find that 40 percent of all retail trade has no control over the wholesales from which it buys. The 60 percent in which the wholesales are owned by the retail trade is divided between private and cooperative enterprise, with cooperatives showing twice as much ownership of wholesales as private trade.

Across the top of the chart are shown the relations between wholesale trade and the producers and importers of goods. Here, in general, is an arena of bargaining—an area into which rationalization has only just begun to be introduced. But we note, at the extreme right of the chart, that cooperatives have to some extent organized their own factories for the supply of goods, to the extent of supplying one-fifth of their needs. Thus they have eliminated, to that degree, one more interruption in the controlled flow of goods to the consumer.

It is, however, in the middle realm of wholesale-retail trade relations that order and economy have most widely been achieved through control, not only by cooperative trade but to a considerable extent also by private traders.

To sum up: Consumer control of retail stores shows only in the cooperative column; and retail control of wholesales exists in only a third of all private trade. The cooperative segment of distribution shows a smooth flow of distributive control from the consumer to the producer. The private segment of trade shows many clashes of control purposes, except to some extent in retail-wholesale relations. Rationalization of distribution appears as a normal result of cooperative organization on a basis of consumer control.

STRUCTURE OF HOME TRADE IN FINLAND *



*This chart is based on a chart prepared by Hugo Vasaaria, but is modified to indicate the place of cooperative production and the relative amount of business done by cooperatives and by organized and unorganized private retailers.

As a result of such rationalization, cooperative wholesale societies are able to conduct their distributive business at a cost of 3.9 percent; and the wholesales owned by village traders (shown in the second column of the chart) operate at a cost of 4.1 percent; while the private wholesale societies shown at the left of the chart have costs of 6.8 percent. These percentages are drawn by Vasarla from Government reports for 1933; comparable figures for private retail trade are not available.

COOPERATIVE TESTING OF GOODS FOR QUALITY

FINLAND

"In the course of the years, as new factories have been established which have needed laboratories of their own, the first laboratory of the O. T. K. has developed into a central laboratory for its own requirements and those of the member societies. In addition to the research required by the commercial operations, the central laboratory also analyzes the raw materials needed in the O. T. K.'s own productive establishments, controls the quality of the products, and, in the case of need, assists laboratories of the productive establishments.

"In the course of last year, 3,225 analyses of goods were made, out of which 200 were required by the member societies.

"Out of the analyzed goods, 67.6 percent proved to be of first-class quality, 26.1 percent were satisfactory, and 6.3 percent of an inferior quality. In 470 cases, or 14.6 percent of the analyses made, the report was negative." (Annual Report of the Finnish Cooperative Society, O. T. K., 1933.)

"In accordance with their object to furnish customers with sound and unadulterated goods, the Cooperative Wholesale Societies have founded laboratories of their own for the examination of goods. The S. O. K., the wholesale society of the Finnish neutral cooperative societies, established its laboratory in 1913. The significance of the laboratory is proved by the fact that annually one-fourth of the merchandise offered to the S. O. K. has proved to be faulty or not to correspond with its price, when the samples have been submitted to a scientific examination.

"A similar testing laboratory for merchandise is owned only by the O. T. K., the wholesale society of the Socialistic cooperative societies. No private wholesalers nor wholesale concerns of retail traders have such laboratories. Thus only the cooperative movement has paid attention to the examination of the commodities to be imported, or manufactured at home, before these commodities are bought and dispatched to the retail trade, the examination of goods at some domestic industrial works excepted. The consequence is that faulty goods at unreasonable prices, which have been neither bought nor delivered by S. O. K. to the cooperative societies, are continuously offered in the country. The steady

supply in the market proves that they find outlet in some way.

"But it is evident that by a scientific laboratory examination the interests of customers may be safeguarded in quite another way than by external surveys in spite of their being based on a comprehensive experience.

"Further, the samples of raw products wanted in the productive works of S. O. K. are also examined by its laboratory, and another examination is made upon the arrival of the goods ordered. The manufactures of the productive works have to go through a continuous examination." (Bulletin published by the Finnish Wholesale Society, S. O. K., 1933.)

SWITZERLAND

"The testing laboratories of the federation tested 4,241 articles during the year as against 3,925 during the previous year. These figures do not include the innumerable experiments and special preparations made by the laboratory concurrently.

"Of these tests, 3,044 were made at the request of V. S. K. and 1,197 at the request of local affiliated societies. About 4.2 percent (149 articles) of those tested, were rejected.

"The chief of the laboratory gave 18 lectures on its work to local cooperative organizations. The laboratory published a number of treatises on the results of its tests and experiments.

"Following are some of the reasons for rejection of articles: Five samples of bread for short weight, 5 samples of butter for impurities, 2 samples of cheese for inferior fat content, 6 cooking-oil samples for deficiencies in butterfat content, 16 samples of domestic lard for impurities and faulty treatment causing rancidity; 4 peanut-oil samples from Denmark were found to contain sesame oil; 3 samples of sausage on account of heat spoilage.

"Other rejected articles included dried fruits, vinegar, spices, honey, flour, wines, chocolate, syrup, sugar, cleaning preparations, yarns, soaps and washing powder." (Annual Report of the Swiss Cooperative Union, V. S. K., 1933.)

COLLECTIVE BARGAINING BETWEEN CONSUMER COOPERATIVE SOCIETIES AND THEIR EMPLOYEES

1. *France*: 1920 agreement (reaffirmed 1936) between National Federation of Consumer Cooperatives and General Federation of Labor.

This national agreement is only a statement of policy for local cooperative societies and unions to follow in negotiating specific agreements for employees involved.

PREAMBLE

"Consumer cooperatives are institutions which, by their nature, do not pursue profit and, by their ideals, constitute the elements of a new society. Labor organi-

zations should consider them in this light in the relations which they have with them.

"The cooperative organizations, on the other hand, have the obligation to establish the organization of work by their employees in conformity with union regulations.

"Nevertheless, consumer cooperatives must not be put at a disadvantage with regard to their private competitors or they will disappear and no longer fulfill their role in behalf of consumers and particularly of the workers who for the most part compose the societies.

"It seems then necessary that collective bargaining agreements be made between cooperative organizations and the unions belonging to the General Federation of Labor and including, according to their occupation, the employees of the cooperative societies."

The reciprocal rights and duties of the two parties are made specific:

"Cooperative societies must recognize the right of the contracting union to intervene with the society in order to know the reasons for dismissal of a union member, if he demands this intervention.

"In case of a protest by the union over the cause of dismissal, recourse will be had to a commission of arbitration composed of an equal number of members designated by the regional labor federation or local federation and the regional cooperative federation (not including the interested parties)."

In the case of a strike of a union or unions embracing members who work for the cooperatives:

"Cooperatives engage to put into effect immediately the modifications of conditions in the union scale.

"In case of a raise in salaries, the cooperatives engage to apply the new scales which are obtained as soon as the strike is terminated. This application will be retroactive from the first day of the strike.

"Members of the union on strike working in the contracting cooperative societies must give moral and financial aid to their fellow-unionists on strike. They must pay the assessments which the union levies on their salaries, up to 20 percent of their salary.

"In case the union does not succeed in obtaining its demands in their entirety, the cooperatives will only apply the advantages gained by the strike. * * *

"The cooperative societies are not to be made to suffer from sympathetic strikes."

2. *Great Britain:* Sectional agreement between Cooperative Societies' Hours and Wages Boards and Trade Unions:

"Memorandum of agreement between the Northern Sectional Council of Hours and Wages Boards of the Co-operative Union, Ltd. (acting on behalf of its affiliated District Hours and Wages Boards); and the National Union of Distributive and Allied Workers; the National Amalgamated Union of Shop Assistants, Warehousemen, and Clerks; and the National Union of Clerks and Administrative Workers.

* * *

"Where an employee, at the date of coming into operation of this agreement is not receiving wages in excess of the scale set out in this agreement, the wages of such employee shall be as per such scale. In respect of any wages in excess of such scale, such employee shall continue to receive such increases until the society by which such employee is employed has given the employee 2 weeks' notice (6 weeks' notice in the cases of workers covered by clauses (f), (g), (h), (i), and (j) of pt. I) in writing that the increase will be withdrawn. The union representing such employee shall, on such notice being given, have the right to make representations to the Northern Sectional Wages Council in respect of such withdrawal.

"Where at the date of coming into operation of this agreement, an employee is enjoying better conditions of service than those set out in this agreement, such better conditions can be withdrawn by the society employing the employee on its giving 2 weeks' notice in writing to the employee that the better conditions will be withdrawn. The union representing such employee shall thereupon have the right to make representations to the Northern Sectional Wages Council in respect of such withdrawal."

"GENERAL DISTRIBUTIVE AND TRANSPORT EMPLOYEES

"Part I. Weekly Rates of Wages

"Weekly scales of pay for the various classifications of employees are set. *Classifications:* Juniors; skilled adults (including drivers of motor vehicles of unladen weight, 1 ton or over); unskilled adults (including all transport workers other than drivers of motor vehicles of unladen weight, 1 ton or over); clerks; foremen or first assistants; grocery shop managers (nonbuyers); grocery shop manageresses (nonbuyers); butchery shop managers (nonbuyers); other shop managers (nonbuyers); other shop manageresses (nonbuyers), except butchery shops for which the relevant rates are those laid down for butchery shop managers (nonbuyers); men in charge of travelling shops. For managers and manageresses (buyers) "The National Union of Cooperative Officials' Agreement to apply."

"Part II. General Conditions of Labour

"(a) Hours

"The general working week shall be one of 44 hours, but in the case of clerks and check clerks the weekly hours shall be 40, with the exception of shop cashiers and others, whose duties are such as to necessitate their attendance during the full business hours of the society.

"(b) Overtime

"For all time worked beyond the weekly number of hours, payment to be made as follows:

"'First 4 hours, time and a quarter rate. All other hours, time and a half rate.'

"For Sundays and all statutory holidays, double time rate, provided that in any district or locality where it is the practice to work on a statutory holiday, another day shall be substituted by arrangement and paid for. Where it is necessary to clear the shops of customers after the usual hour for closing, 15 minutes shall be allowed free from any overtime payment.

"Overtime rates shall not apply until 44 hours (40 for clerks) have been worked, except in a week in which a recognized holiday occurs. In such a week, overtime rates shall apply after 36 hours (32 for clerks) have been worked, except that, in the weeks in which Christmas Day and Good Friday occur, overtime rates shall not apply until after 38 hours (34 for clerks) have been worked.

"(c) Wages During Sickness

"In all cases of absence from work arising through sickness or physical or mental incapacity for work the production of satisfactory medical evidence shall give the right to sickness payment under this agreement as follows:

" 'A total of 4 weeks' half-pay in the aggregate in any one year, dating from January 1 to December 31.'

"(d) Holidays with Pay

"Holidays with pay shall be allowed as follows:

- "(1) *Annual holiday*.—Workers with 6 months' service and over, 10 working days.
- "(2) *Other recognized holidays*.—Good Friday, Easter Monday, Whit-Monday, August Bank holiday, Christmas Day, and New Year's Day.
- "(3) *Further holidays*.—The allowance of any further holidays beyond those set out in (1) and (2) above shall be negotiated by the unions concerned and the societies or their representatives.
- "(4) *Additional holidays*.—An employee is entitled to an additional holiday when an agreed holiday falls within the period of the employee's annual holiday. A society is not necessarily required to give this immediately before or following the annual vacation, and this is a matter to be left to local arrangement.
- "(5) *Substituted holidays*.—Where it is necessary for any society to work on any holiday, the society shall have the right to substitute another day therefor."

"Part IV. Date of Operation of Agreement

"The terms of this agreement shall be effective on and from the first pay day in the week commencing September 23, 1935.

"Part V. Termination of Agreement

"This agreement shall be terminable by any of the parties hereto at the expiration of 2 months' notice given to each of the other parties.

"Part VI. Application of Agreement

"The foregoing rates of wages and conditions of labor are binding upon all cooperative societies affiliated to the District Hours and Wages Boards in the northern section of the Cooperative Union Limited; and upon all branches of the National Union of Distributive and Allied Workers; National Amalgamated Union of Shop Assistants, Warehousemen and Clerks; and National Union of Clerks and Administrative Workers; situate within the districts of the said northern section. They apply to all general distributive and transport workers of the classes named in clauses (a) to (n) of part I, other than those employed on milk work."

AGRICULTURAL AND CONSUMER COOPERATIVE AGREEMENT IN CZECHOSLOVAKIA

BETWEEN V. D. P., COOPERATIVE WHOLESALE SOCIETY OF THE LARGEST CONSUMER COOPERATIVE FEDERATION, AND KOOPERATIVA NATIONAL SUPPLY ASSOCIATION OF THE AGRICULTURAL COOPERATIVE SOCIETIES

In May 1928, Kooperativa, the cooperative supply association of the agricultural cooperative societies in Czechoslovakia, and V. D. P., the cooperative wholesale society of the largest federation of Czechoslovakian distributive cooperative societies, decided to establish their mutual relations on the basis of the following agreement:

1. The two organizations shall set up a committee of four members which will deal with all questions involved in this agreement.
2. All questions not within the sphere of both organizations shall be excluded.
3. The committee shall examine all possibilities of undertaking joint commercial operations, particularly with regard to importation (more especially wheat and fodder).
4. The two organizations undertake to respect the commercial relationships which each of them has with its own members, and each one is bound to make known the commercial relationships which it maintains with the members of the other.
5. Each of the central organizations undertakes to secure from the other its supplies of all articles sold by the latter and to grant it preference whenever the conditions of sale are the same as those in private trade. As a supplement to the present agreement, a list of the articles in which they deal will be exchanged.
6. The two organizations will endeavor to systematically organize their mutual relations; with particular reference to national agricultural products, purchases will be centralized by the Kooperativa. The latter body will insure the sale of these products by setting up the appropriate organization in the principal consuming centers.
7. With a view to facilitating commercial relationships, the two organizations become members of each other.

8. The joint committee shall deal with questions regarding the sale and distribution of agricultural products under the most favorable conditions.
9. The joint committee shall deal with questions of rationalization of the undertakings of the two organizations, each of which shall make known to the other all the factors entering into the calculation of the costs of production and distribution. This collaboration will allow the organizations to supervise more effectively their own undertakings and even private undertakings. It will, at the same time, allow them to gain the necessary experience in the sphere of production.

It is not as yet possible to show the results of this agreement in figures. By way of information, however, we are informed that the quantity of agricultural products (not including milk) bought in 1929 by V. D. P., its branches, its flour mills, and some of its large affiliated societies, amounted to 45,745 tons. Of this amount 19,043 tons (about 42 percent) were bought from private dealers. The remainder (58 percent) was bought for the most part from agricultural cooperative federations and societies; in part directly from individual farmers, and in a small proportion from Government estates.

A COOPERATIVE VIEW OF CREDIT TRADING

EXCERPT FROM *WOMEN AND CREDIT TRADING*, BY MARGARET HELEN AND A. HONORA ENFIELD, A REPORT TO THE BRITISH COOPERATIVE WOMEN'S GUILD, 1933

"Looking at the whole system of credit trading as defined at the outset of this report—namely the practice of buying with borrowed purchasing power—it is apparent that in a profit-making order of society this leads to two great social and economic evils.

"At one end of the social scale it leads to usury—to the exploitation by money lenders of the needs of those who have to borrow, too often for the purpose of repaying previous debts or clearing off the accounts of threatening traders.

"The extent of usury operations, and what they mean in terms of human life, is too little known and needs thorough investigation and publicity, and guildswomen could do good service in bringing such facts to light.

"At the other end of the scale, the system of trading on credit leads to the ever growing domination of the great financial trusts, and to the gradual but constant decrease of that portion of the world's wealth that passes as purchasing power through the hands of the consumers and which women as housewives can control.

"For every credit operation takes something from the real purchasing power of the people in the form of interest, leaving the consumer a little weaker than before, and passes it eventually into the great financial institutions on which all industrial enterprise, even cooperative enterprise, is increasingly dependent.

"Unless the cooperative movement can be released from dependence on outside finance, by means of its own financial institutions, which will help to maintain instead of lessening the purchasing power of the people, the Cooperative Commonwealth is only a dream. Careful consideration needs to be given to how best cooperative women can help to build up and strengthen the financial power of the movement.

"To sum up, we are led to the following conclusions and recommendations:

- "1. That the whole system of credit-trading is a pernicious one, which has increased with the recent economic distress of the world, but has also been an important factor in producing that distress by acting as a palliative to low wages and withdrawing purchasing power in the form of interest to creditors.
- "2. That credit-trading by consumers' societies, whether in the form of general credit or mutuality clubs, is injurious both to the movement and to the housewife, and that cooperative women should work for its gradual abolition.
 - "(a) This could be effected in the case of general credit by restricting it to fully paid shareholders; to a certain sum; to one order only; for 1 week only; to one department only—until it is eventually wiped out and members have accustomed themselves to cash payments. A system of 'credit books' or 'tokens' representing a certain sum paid by members in advance on which they can draw until the sum is exhausted, could be used to facilitate the change, as in some American and British societies, for members who have difficulty in going to the stores themselves.
 - "(b) This could be effected in the case of mutuality clubs by stopping the system of canvassing for new club members; by limiting the number of clubs a member is allowed to enter at the same time; by limiting the clubs to those members whose shareholding covers the amount of the club; and by limiting the departments which offer club facilities.
- "3. That alternative means must be provided for enabling those in real need of financial help to get it on fair terms and without any suggestion of charity. These methods should include:
 - "(a) The institution of special funds by consumers societies from which individual members could be assisted in emergencies up to small amounts repayable within a short time.
 - "(b) The development in conjunction with trade-unions or works councils of schemes for supplying cooperative members, under the circumstances agreed upon in the scheme, with goods, on presentation of vouchers from their trade-unions who would guarantee the credit.

- "(c) The organization of cooperative credit societies as an integral part of cooperative machinery in order to provide cooperative credit for those in need of loans and extend cooperative control in the sphere of finance.
- "4. That cooperative women should give special atten-

- tion to how they can assist in the building up of these cooperative credit societies.
- "5. That as a preliminary to this and to show the need for such societies, the International Guild, at an appropriate time, should make an investigation into the human consequences of usury."

Appendix E

STATISTICAL INFORMATION

Statistical Presentation of the Growth and Extent of Cooperative Enterprise in Countries Covered by the Inquiry

THE statistical information given in the following section is based upon facts secured from a great many sources. Wherever possible, reports and financial statements prepared and published by the cooperative federations and central wholesales themselves were used and were checked against governmental statistical records. In addition, reports of cooperative congresses and publications of the cooperative section of the International Labor Office have been drawn upon for information.

The available source material in most cases does not include nonfederated societies. The information given, therefore, represents only a part of the whole cooperative movement. While there can be no doubt that the presentation made covers the most important part of the movement in each country pertaining to consumer cooperative enterprise, the material is by necessity confined to items of major importance on which information is available.

In order not to convey a false impression through the information presented, specific attention is called to the following. Any illustration of the extent and growth of cooperative enterprise in the countries represented, irrespective of whether the national currency or the American dollar is used as a base, can at best be only relatively correct. In using the American dollar, it must be considered that the development took place without any relationship to the American dollar and that figures giving extent of enterprise, its growth or decline, are likely to be distorted by reason of the fluctuation in exchange rates.

In using the national currencies as a base, one must consider that there are also important internal commodity price fluctuations. The figures may not convey an accurate picture of the volume of merchandise handled if judged solely on the basis of monetary units. From the information available it is practically impossible to compile statistics corrected to allow for all these factors.

To make the charts and tables given herein more intelligible to the American reader, some of the financial statistics have been converted on a basis of average annual exchange rates and are shown in American dollars. The reader should keep in mind, however, foreign currency fluctuations prior to the dollar devaluation and later devaluation of both the foreign currency and the dollar. To assist the reader, a table of average annual exchange rates is given at the end of this statistical section.

For the reasons given, it is obviously impossible accurately to show extent and growth of the enterprises involved by using either national currencies or American dollars. As an indication of the effect of internal price fluctuations, a number of charts are included on which the extent of cooperative retail business is shown through the use of a commodity or cost-of-living index rather than in monetary units. In other words, the rate of growth or decline in trade is calculated in terms of the purchasing power of the countries' currency on a specific base. The base of the indices used varies from country to country. They were designed by various national authorities primarily to indicate changes in the cost of living of the various countries. In the case of Finland and Denmark information available was insufficient for the preparation of such charts. The procedure used may no doubt give rise to some inaccuracies; it should be remembered, therefore, that charts showing only fluctuations of growth within a country cannot serve for comparison of cooperative enterprise between countries.

Full information of the indices used as a base for calculation can be found in the International Labor Review of May 1935, published by the International Labor Office, and in *The Cost of Living in Foreign Countries*, published in 1927 by the National Industrial Conference Board.

CZECHOSLOVAKIA

TABLE I.—Consumer Cooperative Enterprises¹

	Year	
A. LOCAL DISTRIBUTIVE SOCIETIES		
1. Membership of societies.....	1934	*817,731
2. Number of societies.....	1934	903
3. Number of stores.....	1934	4,500
4. Total retail trade of societies.....	1934	*\$69,264,486
5. Average percentage of patronage refund (percent).....	1934	4.2
6. Total patronage refund to members.....	1934	\$1,385,000
7. Persons employed by retail societies.....	1934	12,195
B. CENTRAL WHOLESALERS		
1. Number of central wholesalers.....	1934	3
2. Total trade of central wholesalers.....	1934	\$39,480,000
3. Paid-up share capital of central wholesalers.....	1934	\$1,332,197
4. Fixed assets of central wholesalers.....	1934	\$2,370,800
5. Reserves of central wholesalers.....	1934	\$2,438,226
6. Total annual net surplus of centrals.....	1934	\$65,520
7. Production of central wholesalers.....	1934	\$8,205,738
8. Total of balance sheet.....	1934	\$9,883,575
9. Persons employed by central wholesalers.....	1934	3,200

¹ Not including consumer activities of farmers' cooperatives.

Population:		Percent
a. Rural.....	7,687,864	52.19
b. Urban.....	7,041,672	47.81
c. Total.....	14,729,536	100.00

² Estimated national retail trade: 2,544 million dollars.

³ In addition cooperative stores sell approximately 5.1 percent below the general market price.

TABLE II. Agricultural cooperative enterprises¹

	Year	
A. LOCAL SOCIETIES		
1. Membership of societies.....	1934	*597,079
2. Number of societies.....	1934	5,376
3. Trade of societies:		
a. Sales to members, consumer and farm supplies.....	1934	\$29,248,273
b. Sales for members and marketing.....	1934	\$58,496,550
c. Total trade of societies.....	1934	\$87,744,823
B. CENTRAL WHOLESALERS		
1. Number of central wholesalers.....	1934	12
2. Trade of central wholesalers:		
a. Sales to societies, consumer and farm supplies.....	1934	\$12,832,040
b. Sales for societies and marketing.....	1934	\$59,158,312
c. Total trade of central wholesalers.....	1934	\$71,990,352
3. Paid-up share capital of central wholesalers.....	1934	\$1,937,250
4. Fixed assets of central wholesalers.....	1934	\$2,105,838
5. Reserves of central wholesalers.....	1934	\$1,823,472
6. Total annual net surplus central wholesalers.....	1934	\$132,090
7. Wages and pay rolls of central wholesalers.....	1934	\$1,211,154
8. Total of balance sheets.....	1934	\$26,876,178

¹ Cooperative societies engaged in the purchase and sale of consumer goods and farm supplies, agricultural production and marketing societies and societies for the cooperative purchase and use of machinery, distribution of electric power, cooperative dairies, cattle breeding societies, etc., not including agricultural credit and loan societies.

² Rural population, 7,687,864.

TABLE III.—Growth and development of consumer cooperative enterprises¹

	1914	1919	1924	1929	1934
A. LOCAL DISTRIBUTIVE SOCIETIES					
1. Membership of societies.....	*166,353	758,000	692,015	722,560	817,731
2. Number of societies.....	994	1,415	1,407	1,066	903
3. Number of stores.....	.....	.....	3,083	3,441	4,500
4. Total retail trade.....	\$594,000	\$13,254,223	\$39,261,000	\$56,385,000	\$69,264,486
5. Average sales per member per year ²	\$3.57	\$17.48	\$56.73	\$78.03	\$84.71
B. CENTRAL WHOLESALERS					
1. Number of central wholesalers.....	(³)	(³)	(³)	(³)	(³)
2. Total trade.....	.....	\$12,886,350	\$23,552,400	\$32,280,510	\$39,480,000
3. Production.....	.....	.....	\$2,045,760	\$7,351,140	\$8,205,738
4. Paid-up share capital.....	.....	\$47,610	\$690,900	\$802,800	\$1,332,197
5. Fixed assets.....	.....	\$117,240	\$1,198,890	\$2,357,340	\$2,370,800
6. Reserves.....	.....	\$30	\$546,570	\$1,338,870	\$2,438,226

¹ Not including consumer activities of farmers' cooperatives.

² 1912 membership.

³ May 1935 Czechoslovakian State statistics on average incomes: Industrial workers, 4,592 Czech kronen (\$182.68) per year; agricultural day workers, 14 Czech kronen (\$0.56) per day; Government and white collar workers, 13,412 Czech kronen (\$536.48) per year.

CZECHOSLOVAKIA

TABLE IV.—Major Statistics on the Development of the Central Wholesales of Agricultural Cooperative Enterprise from 1894 to 1934¹

Year	Number of wholesales	Cash on hand and in banks	Stocks and bonds	Accounts receivable	Fixed assets, land, buildings, etc.
1894..	1	\$2, 430	\$780	\$3, 900	-----
1899..	6	66, 450	15, 570	148, 890	\$120
1904..	7	119, 040	197, 220	724, 620	41, 760
1909..	9	906, 030	642, 840	1, 348, 890	56, 820
1914..	9	424, 680	934, 140	1, 970, 130	130, 380
1919..	10	17, 966, 940	4, 161, 810	11, 591, 970	367, 320
1924..	11	17, 331, 480	24, 256, 800	18, 459, 090	1, 812, 600
1929..	12	16, 668, 582	36, 792, 672	38, 678, 178	3, 377, 640
1934..	12	8, 630, 202	25, 967, 718	77, 757, 750	4, 244, 814

Year	Number of wholesales	Paid-up share capital	Reserves	Deposits of members	Notes and accounts payable
1894..	1	\$60	-----	\$12, 090	\$30
1899..	6	1, 980	\$2, 100	220, 350	5, 940
1904..	7	7, 200	5, 430	1, 048, 110	21, 900
1909..	9	18, 960	21, 390	2, 659, 650	252, 390
1914..	9	63, 030	42, 540	2, 632, 560	751, 170
1919..	10	288, 600	256, 710	29, 413, 770	4, 175, 880
1924..	11	638, 520	435, 240	52, 447, 710	9, 314, 820
1929..	12	893, 928	609, 336	73, 426, 794	13, 040, 748
1934..	12	1, 490, 244	5, 894, 616	58, 501, 254	50, 632, 260

¹ Including assets and liabilities of finance departments.

DENMARK

TABLE V.—Consumer cooperative enterprise¹

	Year	
A. LOCAL DISTRIBUTIVE SOCIETIES²		
1. Membership of societies.....	1935	³ 354, 000
2. Number of societies.....	1935	1, 939
3. Total retail sales of societies.....	1935	\$63, 400, 500
4. Stock on hand.....	1934	\$6, 800, 625
5. Paid-up share capital.....	1934	\$3, 674, 475
6. Fixed assets.....	1934	\$12, 879, 225
7. Reserves.....	1934	\$3, 674, 475
8. Total annual net surplus.....	1934	\$4, 564, 800
B. CENTRAL WHOLESALERS		
1. Number of central wholesales.....	1935	1
2. Number of societies affiliated.....	1935	1, 869
3. Total trade of central wholesales.....	1935	\$40, 336, 953
4. Stock on hand.....	1935	\$5, 091, 969
5. Production of central wholesales.....	1935	\$11, 205, 135
6. Paid-up share capital.....	1935	\$338, 355
7. Fixed assets.....	1935	\$4, 018, 869
8. Reserves.....	1935	\$4, 816, 029
9. Total annual net surplus.....	1935	\$2, 446, 449
10. Total of balance sheet.....	1935	\$19, 114, 539
11. Number of persons employed.....	1935	3, 813

¹ Not including consumer activities of farmers' cooperatives.
² 4 to 8 incomplete, only 1,606 societies reporting.
³ Total population, 3,705,559.

DENMARK

TABLE VI.—Growth and development of consumer cooperative enterprise¹

LOCAL DISTRIBUTIVE SOCIETIES²

	1920	1922	1924	1926	1928	1930	1932	1934	1935
Membership	335, 104	337, 535	337, 500	323, 500	321, 500	321, 500	329, 000	347, 000	354, 000
Number of societies.....	1, 792	1, 805	1, 804	1, 802	1, 784	1, 791	1, 819	1, 853	1, 939
Trade.....	-----	-----	-----	-----	-----	-----	\$44, 424, 400	\$59, 602, 500	\$63, 400, 500

CENTRAL WHOLESALE

Year	Trade	Production	Stock on hand	Paid-up share capital	Reserves	Annual net surplus	Number of persons employed	Percent patronage refund
1920.....	\$32, 130, 248	\$6, 617, 356	\$4, 686, 596	\$202, 872	\$1, 153, 558	\$791, 106	1, 953	3.0
1922.....	25, 792, 690	6, 214, 615	4, 554, 319	288, 420	3, 069, 792	1, 305, 205	2, 076	5.0
1924.....	28, 320, 695	7, 713, 062	5, 270, 854	230, 961	3, 112, 713	1, 946, 552	2, 485	6.0
1926.....	35, 859, 678	10, 200, 184	6, 315, 248	383, 306	5, 950, 544	1, 741, 776	2, 540	5.0
1928.....	35, 876, 523	10, 167, 093	5, 419, 566	387, 417	5, 187, 009	2, 326, 905	2, 484	5.0
1930.....	38, 467, 112	10, 624, 860	5, 581, 368	387, 796	5, 341, 240	2, 886, 360	3, 028	7.0
1932.....	25, 409, 704	7, 233, 676	3, 932, 960	286, 700	4, 076, 028	1, 668, 876	3, 138	7.0
1934.....	37, 811, 475	10, 680, 525	6, 125, 175	345, 825	4, 924, 575	2, 456, 550	3, 562	7.0
1935.....	40, 336, 953	11, 205, 135	5, 091, 969	338, 355	4, 816, 029	2, 446, 449	3, 813	6.5

¹ Not including consumer activities of farmers' cooperatives.
² Membership and number of societies from 1920 to 1930 those affiliated with central wholesales only.

FINLAND

TABLE VII.—Consumer cooperative enterprises¹

	Year	
A. LOCAL DISTRIBUTIVE SOCIETIES		
1. Membership of societies.....	1935	\$117,763
2. Number of societies.....	1935	532
3. Total retail trade of societies.....	1935	\$73,076,586
4. Stock on hand.....	1935	\$13,531,276
5. Production of societies.....	1935	\$6,514,518
6. Paid-up share capital.....	1935	\$613,910
7. Fixed assets.....	1935	\$7,859,892
8. Total annual net surplus.....	1935	\$1,583,386
9. Total of balance sheets.....	1935	\$33,859,892
10. Number of persons employed.....	1935	15,103
B. CENTRAL WHOLESALERS		
1. Number of central wholesalers.....	1935	3
2. Total trade of central wholesalers.....	1935	\$41,637,816
3. Stock on hand.....	1935	\$4,140,466
4. Production of central wholesalers.....	1935	\$7,117,000
5. Paid-up share capital.....	1935	\$77,682
6. Fixed assets.....	1935	\$3,937,010
7. Reserves.....	1935	\$5,870,722
8. Total annual net surplus.....	1935	\$836,330
9. Total of balance sheets.....	1935	\$11,781,506
10. Number of persons employed.....	1935	3,286

¹ Not including consumer activities of farmers' cooperatives.
² Total population, 1,762,026.
³ Estimated at 30 percent of total national retail trade.
⁴ Approximately 25 percent of the total wholesale trade of Finland.

TABLE VIII.—Growth and development of consumer cooperative enterprise local distributive societies and central wholesalers¹

Year	Membership of societies	Number of societies	Number of stores	Total retail trade of societies	Average purchase per member per year
1905.....	26,000	155	210	\$2,053,040	\$78.96
1910.....	79,000	405	695	8,569,440	108.47
1915.....	110,000	413	980	16,536,960	150.33
1920.....	318,466	590	2,331	39,182,300	123.03
1925.....	379,207	564	2,875	58,690,048	154.77
1930.....	467,099	534	3,632	74,668,106	159.85
1935.....	517,763	532	4,860	73,076,586	141.13

Year	Trade of central wholesales	Production of central wholesales	Annual net surplus	Capital
1905.....	\$192,768	-----	\$3,264	\$24,384
1910.....	2,613,120	-----	31,680	220,032
1915.....	5,440,345	-----	225,835	597,835
1920.....	14,395,702	\$509,558	253,096	968,694
1925.....	34,115,625	1,301,050	485,050	2,414,175
1930.....	42,249,025	3,580,500	625,575	5,458,975
1935.....	41,637,816	7,117,000	836,330	7,092,536

¹ Not including consumer activities of farmers' cooperatives.

FRANCE

TABLE IX.—Consumer cooperative enterprises¹

	Year	
A. LOCAL DISTRIBUTIVE SOCIETIES¹		
1. Membership of societies.....	1934	² 2,540,290
2. Number of societies.....	1934	2,908
3. Number of stores.....	1934	9,239
4. Total retail trade of societies.....	1934	\$233,544,330
B. CENTRAL WHOLESALERS		
1. Number of central wholesalers.....	1935	1
2. Number of affiliated societies.....	1935	1,238
3. Total trade of central wholesales.....	1935	\$50,265,402
4. Stock on hand.....	1935	\$1,194,660
5. Paid-up share capital.....	1935	\$1,046,236
6. Fixed assets.....	1935	\$1,998,680
7. Reserves.....	1935	\$1,522,220
8. Production of central wholesales.....	1935	\$3,183,378
9. Total annual net surplus.....	1935	\$408,340
10. Total of balance sheet.....	1935	\$10,719,720
11. Number of persons employed.....	1935	1,140

¹ Not including consumer activities of farmers' cooperatives.
² Figures incomplete, membership based on reports of 2,840 societies retail trade on reports of 2,378 societies.
³ Total population, 41,834,932.

TABLE X.—Growth and development of consumer cooperative enterprise, local distributive societies, and central wholesales¹

Year	Membership of societies ²	Number of societies	Number of stores	Total retail trade of societies ³	Average purchase per member per year
1918.....	1,312,000	3,724	-----	\$113,386,000	\$86.42
1920.....	2,498,000	4,790	-----	129,466,000	51.82
1922.....	2,329,000	4,300	-----	143,254,000	71.51
1924.....	2,152,000	3,648	-----	112,345,000	52.20
1926.....	2,202,000	3,500	-----	93,920,000	42.65
1928.....	2,285,000	3,513	-----	159,238,000	60.94
1930.....	2,354,000	3,214	-----	158,211,000	67.21
1932.....	2,470,000	3,068	8,855	151,305,000	61.26
1934.....	2,540,290	2,908	9,238	233,544,000	91.94

Year	Number of affiliated societies	Trade of central wholesales	Production of central wholesales	Paid-up share capital	Number of persons employed
1908.....	228	\$889,917	-----	\$10,443	84
1910.....	282	1,902,224	-----	13,800	132
1912.....	295	2,075,015	-----	16,590	206
1914.....	425	2,218,604	\$180,892	23,345	271
1916.....	420	3,384,020	240,975	22,389	518
1918.....	670	10,592,869	675,292	103,311	723
1920.....	1,581	11,681,500	1,710,706	272,846	1,484
1922.....	1,651	17,871,687	1,962,153	594,335	1,469
1924.....	1,561	18,548,872	1,242,870	534,239	1,396
1926.....	1,480	14,582,313	738,069	346,728	832
1928.....	1,454	25,638,485	1,184,428	450,800	785
1930.....	1,327	29,603,487	1,660,500	472,007	902
1932.....	1,301	32,418,400	2,200,000	560,700	1,084
1934.....	1,270	41,370,200	3,012,489	940,200	1,095
1935.....	1,238	50,265,402	3,183,378	1,046,236	1,140

¹ Not including consumer activities of farmers' cooperatives.
² Incomplete, membership based on reports of 2,840 societies; retail trade on reports of 2,378 societies.

GREAT BRITAIN

Including England, Wales, Scotland, Northern Ireland
and the Irish Free State

TABLE XI.—Consumer cooperation enterprises¹

	Year	
A. LOCAL DISTRIBUTIVE SOCIETIES		
1. Membership of societies.....	1935	7,483,976
2. Number of societies.....	1935	1,118
3. Total retail trade of societies.....	1935	\$1,080,545,492
4. Stock on hand.....	1935	\$87,987,802
5. Production of societies.....	1935	\$162,480,295
6. Paid-up share capital.....	1935	\$665,424,559
7. Total annual net surplus.....	1935	\$131,105,157
8. Total of balance sheets.....	1935	\$971,315,913
9. Number of persons employed.....	1935	210,953
10. Wages and pay rolls.....	1935	\$136,298,855
B. DISTRIBUTIVE FEDERATIONS		
1. Number of member societies.....	1935	120
2. Number of federations.....	1935	19
3. Total trade of federations.....	1935	\$4,472,590
4. Stock on hand.....	1935	\$53,446
5. Production of federations.....	1935	\$1,485,360
6. Paid-up share capital.....	1935	\$1,226,907
7. Total annual net surplus.....	1935	\$372,527
8. Total of balance sheets.....	1935	\$1,875,101
9. Number of persons employed.....	1935	698
10. Wages and pay rolls.....	1935	\$376,512
C. CENTRAL WHOLESALERS		
1. Number of central wholesalers.....	1935	3
2. Total trade of central wholesalers.....	1935	\$573,137,384
3. Stock on hand.....	1935	\$53,459,849
4. Production of central wholesalers.....	1935	\$190,476,720
5. Paid-up share capital.....	1935	\$164,063,626
6. Fixed assets.....	1935	\$257,316,465
7. Reserves.....	1935	\$56,320,215
8. Total annual net surplus.....	1935	\$19,185,305
9. Total of balance sheets.....	1935	\$679,584,382
10. Number of persons employed.....	1935	63,325
11. Wages and pay rolls.....	1935	\$41,391,419

¹ Not including consumer activities of farmers' cooperatives.

² Total population, 46,082,000.

³ Including bonus of \$816,305.

TABLE XII.—Growth and development of consumer cooperative enterprises, local distributive societies, and central wholesalers¹

Year	Membership of societies	Number of societies	Average membership per society	Total retail trade of societies	Average purchase per member per year
1884.....	696,282	1,128	617	\$95,109,908	\$136.61
1889.....	932,000	1,297	719	125,811,986	135.01
1894.....	1,212,945	1,421	854	156,698,035	129.18
1899.....	1,613,461	1,446	1,116	218,930,685	155.69
1904.....	2,078,178	1,454	1,429	288,255,761	158.70
1909.....	2,469,396	1,430	1,727	342,257,524	158.60
1914.....	3,053,776	1,385	2,205	431,541,400	141.50
1919.....	4,131,477	1,357	3,045	880,466,114	213.11
1924.....	4,702,868	1,314	3,579	773,318,753	164.44
1929.....	6,168,994	1,234	4,999	1,053,809,200	170.82
1934.....	7,202,721	1,135	6,346	1,045,147,622	144.82
1935.....	7,483,976	1,118	6,694	1,080,545,492	144.38

¹ Not including consumer activities of farmers' cooperatives.

Year	Trade of central wholesalers	Production of central wholesalers	Annual net surplus	Capital ¹
1870.....	\$2,976,585	-----	\$32,396	\$258,552
1875.....	11,639,690	-----	140,532	1,555,671
1880.....	20,338,624	-----	309,752	2,285,909
1885.....	30,284,463	-----	569,937	5,496,266
1890.....	48,215,953	-----	985,866	10,000,123
1895.....	66,774,545	\$7,690,045	1,591,560	15,872,698
1900.....	104,763,130	18,641,317	2,491,550	23,769,009
1905.....	134,910,857	28,485,564	2,701,837	35,016,466
1910.....	167,035,870	45,763,731	3,583,740	49,298,887
1915.....	258,816,834	82,451,505	7,334,750	77,593,559
1920.....	494,600,443	176,139,076	1,182,228	128,296,088
1925.....	455,108,298	133,376,429	6,717,284	263,524,899
1930.....	500,763,960	175,702,956	8,546,632	374,135,883
1935.....	573,137,384	190,476,720	19,183,305	573,994,729

¹ Including share capital, deposits, reserves, and insurance funds.

TABLE XIII.—Workers' cooperative productive societies¹

	Year	
1. Membership of societies.....		
2. Number of societies.....	1935	33,264
3. Total trade.....	1935	\$31,233,660
4. Stock on hand.....	1935	\$2,330,540
5. Value of annual production.....	1935	\$30,002,630
6. Paid-up share capital.....	1935	\$9,865,400
7. Fixed assets.....	1935	\$10,370,410
8. Reserve and insurance funds.....	1935	\$4,636,080
9. Total annual net surplus.....	1935	\$2,874,400
10. Total of balance sheets.....	1935	\$29,945,520
11. Number of persons employed:		
a. In production.....	1935	18,109
b. In transportation.....	1935	455
c. In distribution.....	1935	417
d. Total.....	1935	18,981
12. Wages and pay rolls:		
a. In production.....	1935	\$9,156,088
b. In transportation.....	1935	298,998
c. In distribution.....	1935	306,203
d. Bonus paid to workers.....	1935	343,611
e. Total.....	1935	10,104,900

¹ Not including production of distributive societies.

Analysis of 1935 production and sales

	Number of societies	Number of members	Number of persons employed	Salaries and wages ¹	Sales
1. Cotton, linen, silk, and wool.....	10	21,435	5,319	\$2,462,770	\$9,472,950
2. Boots, shoes, leather.....	17	4,742	1,921	1,167,020	3,355,040
3. Metal, hardware.....	3	624	467	221,020	512,850
4. Woodworking.....	1	118	28	20,760	71,130
5. Building and quarries.....	1	50	31	22,110	44,740
6. Printing and binding.....	20	4,054	1,584	1,474,670	3,825,430
7. Corn milling.....	1	64	2	1,810	22,180
8. Baking, confectionery.....	16	1,402	2,752	1,840,070	8,434,050
9. Laundries.....	17	464	6,790	2,508,100	5,317,840
10. Various production.....	4	311	87	42,959	177,450
11. Total.....	90	33,264	18,981	9,761,289	31,233,660

¹ Not including bonus.

GREAT BRITAIN

TABLE XIV.—Agricultural cooperative enterprise¹

ENGLAND, WALES, SCOTLAND, AND NORTHERN IRELAND

	Year	
A. LOCAL SOCIETIES		
1. Membership of societies.....	1934	39,763
2. Number of societies.....	1934	157
3. Total trade of societies.....	1934	\$12,418,806

IRISH FREE STATE

A. LOCAL SOCIETIES		
1. Membership of societies.....	1934	110,253
2. Number of societies.....	1934	933
3. Total trade of societies.....	1934	\$41,700,348
B. CENTRAL WHOLESALERS		
1. Number of central wholesalers.....	1934	1
2. Trade of central wholesales.....	1934	\$2,693,325
3. Stock on hand.....	1934	\$342,985
4. Paid-up share capital.....	1934	\$219,225
5. Fixed assets.....	1934	\$341,855
6. Total annual net surplus.....	1934	\$715
7. Total of balance sheet.....	1934	\$1,627,830
8. Number of persons employed.....	1934	115
9. Wages and pay rolls.....	1934	\$116,465

¹ Cooperative societies engaged in the purchase and sale of consumer goods and farm supplies, and agricultural production and marketing societies, cooperative dairies, cattle-breeding societies, etc. Not including agricultural credit and loan societies. Rural population, 9,216,400.

NORWAY

TABLE XV.—Consumer cooperative enterprise¹

	Year	
A. LOCAL DISTRIBUTIVE SOCIETIES		
1. Membership of societies.....	1935	² 138,557
2. Number of societies.....	1935	497
3. Number of stores.....	1935	795
4. Total retail trade of societies.....	1935	\$31,923,321
5. Stock on hand.....	1935	\$4,605,415
6. Paid-up share capital.....	1935	\$4,264,852
7. Fixed assets.....	1935	\$5,336,009
8. Reserves.....	1935	\$3,401,196
9. Total annual net surplus.....	1935	\$1,602,296
10. Total of balance sheets.....	1935	\$13,509,213
11. Number of persons employed.....	1935	3,228
12. Wages and pay rolls.....	1935	\$1,959,586
B. CENTRAL WHOLESALERS		
1. Number of central wholesalers.....	1935	1
2. Total trade of central wholesales.....	1935	10,182,850
3. Stock on hand.....	1935	\$1,182,325
4. Production of central wholesales.....	1935	\$4,477,200
5. Paid-up share capital.....	1935	\$469,245
6. Fixed assets.....	1935	\$863,736
7. Reserves.....	1935	\$139,561
8. Total annual net surplus.....	1935	\$326,368
9. Total of balance sheet.....	1935	\$5,222,825

¹ Not including consumer activities of farmers' cooperatives.
² Total population, 2,817,124.

NORWAY

TABLE XVI.—Growth and development of consumer cooperative enterprise, local distributive societies, and central wholesales¹

Year	Number of members	Number of societies	Total trade of societies	Average purchase per member	Paid-up share capital	Annual net surplus	Reserves
1908.....	9,000	41	\$962,629	\$106.95	\$42,263	\$37,842	\$44,943
1910.....	15,000	66	1,395,047	93.00	74,155	102,617	57,834
1912.....	24,000	112	1,983,763	82.65	94,952	134,321	100,580
1914.....	32,000	149	2,685,252	83.91	162,247	185,375	146,486
1916.....	47,000	205	6,939,151	147.64	404,215	360,553	371,925
1918.....	60,000	233	14,586,389	243.10	787,103	701,838	1,062,560
1920.....	88,346	401	18,612,000	210.67	867,388	809,407	1,059,234
1922.....	93,202	411	18,427,500	197.71	1,509,602	727,317	1,213,730
1924.....	100,836	433	18,723,300	185.68	1,460,278	844,286	1,317,664
1926.....	102,853	434	24,819,900	241.31	2,366,676	1,006,733	2,317,326
1928.....	99,821	437	26,866,000	269.14	2,910,226	1,356,254	2,906,023
1930.....	110,076	455	29,476,800	267.78	3,302,843	1,563,578	3,099,629
1932.....	122,231	472	18,918,000	154.77	2,458,476	1,056,132	2,212,380
1934.....	130,245	479	29,702,200	228.04	3,845,600	1,518,000	3,314,300
1935.....	138,557	497	31,923,321	230.39	4,264,852	1,602,296	3,401,196

¹ Not including consumer activities of farmers' cooperatives.
 The decline in 1932 figures is partly due to the abandonment of the gold standard by Norway in 1931 and corresponding fluctuation in exchange rates.

NORWAY

TABLE XVI.—Growth and development of consumer cooperative enterprises, local distributive societies, and central wholesale—Con.

Year	Total trade of central wholesale	Production of central wholesale	Paid-up share capital	Annual net surplus	Annual patronage refund	Reserves
1908.....	\$164, 820	.....	\$6, 351	\$1, 313	.....	\$428
1910.....	256, 958	.....	10, 076	5, 279	\$2, 063	3, 269
1912.....	523, 752	.....	15, 678	8, 174	4, 073	10, 934
1914.....	823, 802	.....	24, 152	13, 885	3, 431	17, 635
1916.....	1, 595, 565	.....	39, 644	37, 709	26, 573	39, 415
1918.....	1, 793, 123	.....	94, 354	45, 147	27, 148	124, 290
1920.....	2, 982, 639	\$346, 500	93, 076	24, 354	.....	81, 757
1922.....	3, 630, 410	647, 500	123, 600	36, 855	12, 425	87, 307
1924.....	4, 389, 647	973, 000	148, 896	100, 107	60, 784	126, 059
1926.....	6, 049, 008	1, 204, 200	259, 839	67, 078	43, 931	205, 940
1928.....	7, 040, 461	1, 330, 000	335, 532	151, 380	85, 918	255, 759
1930.....	8, 161, 656	3, 177, 300	370, 916	138, 306	127, 946	314, 445
1932.....	5, 527, 890	2, 358, 000	282, 492	156, 510	134, 766	297, 414
1934.....	9, 183, 166	3, 997, 400	428, 050	309, 899	260, 866	565, 809
1935.....	10, 182, 850	4, 477, 200	469, 245	326, 368	288, 312	626, 783

SWEDEN

TABLE XVII.—Growth and development of cooperative consumer enterprises¹

	1905	1910	1915	1920	1925	1930	1935
A. LOCAL DISTRIBUTIVE SOCIETIES							
1. Membership of societies.....	20, 592	73, 545	133, 441	240, 716	315, 174	450, 908	568, 161
2. Number of societies....	100	391	675	943	871	731	719
3. Average membership per society.....	206	188	198	255	362	617	790
4. Number of stores.....	.....	370	852	1, 592	2, 229	3, 302	4, 144
5. Total retail trade.....	\$6, 127, 900	\$14, 138, 167	\$52, 340, 353	\$69, 729, 450	\$91, 973, 708	\$103, 716, 950	\$103, 716, 950
6. Stock on hand.....	\$974, 207	\$2, 195, 265	\$7, 353, 390	\$8, 230, 196	\$9, 768, 621	\$9, 276, 036	\$9, 276, 036
7. Average sales per member per year.....	.....	\$83	\$105	\$217	\$221	\$203	\$182
8. Paid-up share capital....	\$370, 028	\$809, 865	\$2, 872, 124	\$5, 831, 015	\$9, 655, 690	\$11, 665, 115	\$11, 665, 115
9. Fixed assets.....	\$357, 726	\$899, 859	\$3, 290, 325	\$9, 620, 301	\$19, 445, 495	\$25, 862, 101	\$25, 862, 101
10. Reserves.....	\$155, 520	\$491, 030	\$1, 650, 572	\$4, 784, 401	\$10, 151, 125	\$15, 056, 422	\$15, 056, 422
11. Annual net surplus....	\$238, 547	\$473, 243	\$1, 514, 949	\$3, 041, 890	\$4, 432, 344	\$4, 746, 161	\$4, 746, 161
12. Total of balance sheets.....	\$1, 644, 287	\$3, 722, 490	\$12, 954, 516	\$23, 018, 935	\$38, 558, 909	\$46, 745, 634	\$46, 745, 634
B. CENTRAL WHOLESALE							
1. Total trade.....	\$215, 740	\$1, 209, 484	\$4, 271, 332	\$14, 244, 648	\$26, 221, 979	\$38, 561, 443	\$44, 895, 945
2. Stock on hand.....	\$107	\$116, 848	\$361, 683	\$1, 375, 494	\$3, 179, 309	\$4, 272, 909	\$4, 324, 445
3. Production.....	.....	.....	.....	.....	\$10, 692, 498	\$17, 989, 500	\$26, 337, 265
4. Paid-up share capital....	\$804	\$21, 172	\$81, 554	\$469, 016	\$2, 131, 353	\$9, 242, 039	\$13, 055, 998
5. Fixed assets.....	\$134	\$50, 652	\$56, 699	\$824, 927	\$3, 181, 725	\$7, 698, 700	\$11, 650, 481
6. Reserves and funds....	\$536	\$31, 088	\$104, 078	\$319, 029	\$2, 475, 033	\$6, 448, 833	\$10, 023, 092
7. Annual net surplus....	\$4, 556	\$21, 440	\$76, 375	\$73, 969	\$506, 660	\$1, 331, 223	\$1, 686, 267
8. Total of balance sheet...	\$6, 164	\$288, 100	\$1, 218, 383	\$4, 429, 118	\$13, 257, 948	\$29, 563, 611	\$42, 695, 686

¹ Not including consumer activities of farmers' cooperatives.

SWEDEN

TABLE XVIII.—Cooperative consumer enterprise¹

	Year	
A. LOCAL DISTRIBUTIVE SOCIETIES		
1. Membership of societies.....	1935	568, 161
2. Number of societies.....	1935	719
3. Number of stores.....	1935	4, 144
4. Total retail trade of societies.....	1935	\$103, 716, 950
5. Stock on hand.....	1935	\$9, 276, 036
6. Paid-up share capital.....	1935	\$11, 665, 115
7. Fixed assets.....	1935	\$25, 862, 101
8. Reserves.....	1935	\$15, 056, 422
9. Total annual net surplus.....	1935	\$4, 746, 161
10. Total of balance sheets.....	1935	\$46, 745, 634
11. Number of persons employed.....	1935	13, 803
12. Wages and pay rolls.....	1935	\$6, 954, 600
B. CENTRAL WHOLESALERS		
1. Number of central wholesalers.....	1935	1
2. Total trade of central wholesalers.....	1935	\$44, 895, 945
3. Stock on hand.....	1935	\$4, 324, 455
4. Production of central wholesalers.....	1935	\$26, 337, 265
5. Paid-up share capital.....	1935	\$13, 055, 998
6. Fixed assets.....	1935	\$11, 650, 481
7. Reserves and funds.....	1935	\$10, 023, 092
8. Total annual net surplus.....	1935	\$1, 686, 267
9. Total of balance sheet.....	1935	\$42, 695, 686
10. Number of persons employed.....	1935	6, 190
11. Wages and pay rolls.....	1935	\$5, 759, 200

¹ Not including consumer activities of farmers' cooperatives.

² Consisting of 90 percent food products, 10 percent other goods. Prevailing prices in societies' stores are approximately 4 percent lower than prices in private stores. Average patronage refund approximately 3 percent.

SWITZERLAND

TABLE XIX.—Consumer cooperative enterprise¹

	Year	
A. LOCAL DISTRIBUTIVE SOCIETIES		
1. Membership of societies.....	1934	\$ 402, 535
2. Number of societies.....	1934	585
3. Number of stores.....	1934	2, 542
4. Total retail trade of societies.....	1934	\$94, 299, 933
5. Production by societies.....	1934	\$10, 185, 592
6. Paid-up share capital of societies.....	1934	\$2, 912, 801
7. Annual net surplus of societies.....	1934	\$6, 688, 110
8. Persons employed by retail societies.....	1934	8, 946
B. CENTRAL WHOLESALERS		
1. Number of central wholesalers.....	1935	2
2. Total trade of central wholesalers.....	1935	\$57, 573, 187
3. Paid-up share capital of central wholesalers.....	1935	\$543, 985
4. Fixed assets of central wholesalers.....	1935	\$942, 500
5. Reserves of central wholesalers.....	1935	\$3, 445, 000
6. Production of central wholesalers.....	1935	\$4, 431, 504
7. Investments in production enterprises.....	1935	\$2, 108, 363
8. Stock on hand.....	1935	\$1, 166, 191
9. Total of balance sheets.....	1935	\$7, 858, 808
10. Persons employed by central wholesalers.....	1935	706
C. CONSUMER PRODUCTION SOCIETIES		
1. Total trade of production societies.....	1935	\$6, 791, 366
2. Stock on hand.....	1935	\$407, 347
3. Fixed assets of production societies.....	1935	\$1, 689, 364
4. Paid-up share capital of production societies.....	1935	\$750, 400
5. Reserves of production societies.....	1935	\$453, 120
6. Annual net surplus of production societies.....	1935	\$4, 876
7. Total of balance sheets.....	1935	\$4, 282, 694
8. Persons employed by production societies.....	1935	469

¹ Not including consumer activities of farmers' cooperatives.

² Total population, 4,066,400.

³ Approximately 10-12 percent of total national trade.

SWITZERLAND

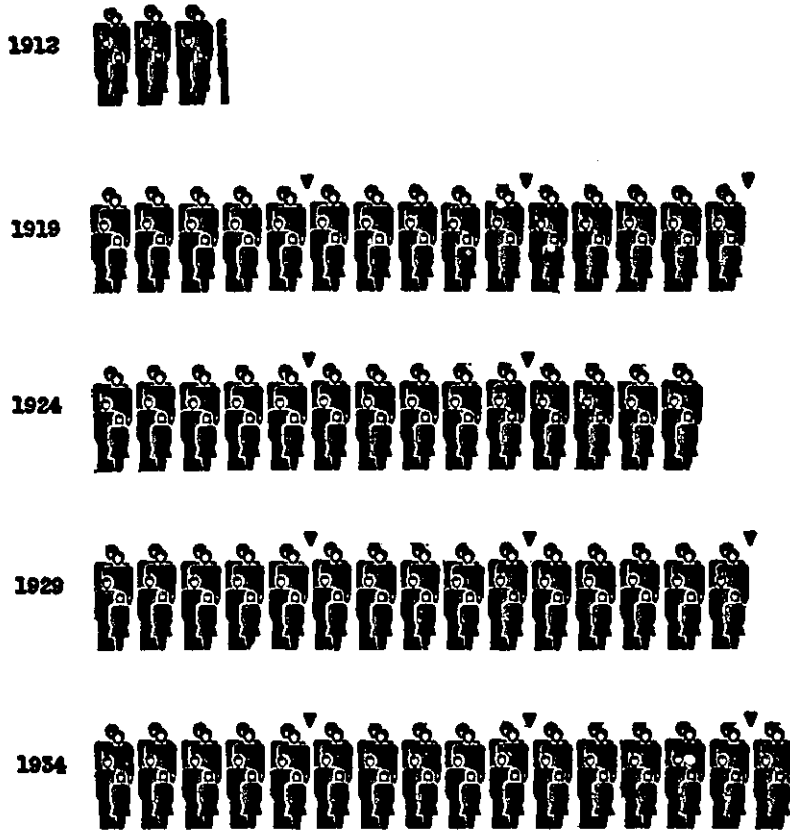
TABLE XX.—Growth and development of consumer cooperative enterprise¹

	1930	1931	1932	1933	1934
A. LOCAL DISTRIBUTIVE SOCIETIES					
1. Membership of societies.....	369, 000	376, 300	383, 400	395, 000	402, 535
2. Number of societies.....	577	579	581	584	585
3. Total retail trade of societies.....	\$58, 959, 377	\$59, 832, 704	\$57, 157, 056	\$70, 627, 176	\$94, 299, 933
4. Average sales per member per year.....	\$159	\$159	\$149	\$178	\$234
	1895	1905	1915	1925	1935
B. CENTRAL WHOLESALER, V. S. K.					
1. Number of societies affiliated.....	55	204	407	521	535
2. Total trade of central wholesaler.....	\$219, 046	\$1, 764, 624	\$9, 391, 140	\$24, 211, 056	\$57, 573, 187
3. Paid-up share capital.....	\$3, 136	\$11, 001	\$139, 988	\$307, 850	\$543, 985
4. Fixed assets.....		\$73, 344	\$336, 780	\$618, 560	\$942, 500
5. Annual net surplus.....	\$1, 758	\$16, 818	\$89, 693	\$122, 811	\$242, 684
6. Reserves.....	\$694	\$34, 740	\$465, 879	\$811, 860	\$3, 445, 000
7. Number of persons employed.....	3	67	591	504	706

¹ Not including consumer activities of farmers' cooperatives.

CZECHOSLOVAKIA

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE MEMBERSHIP OF THE LOCAL DISTRIBUTIVE SOCIETIES




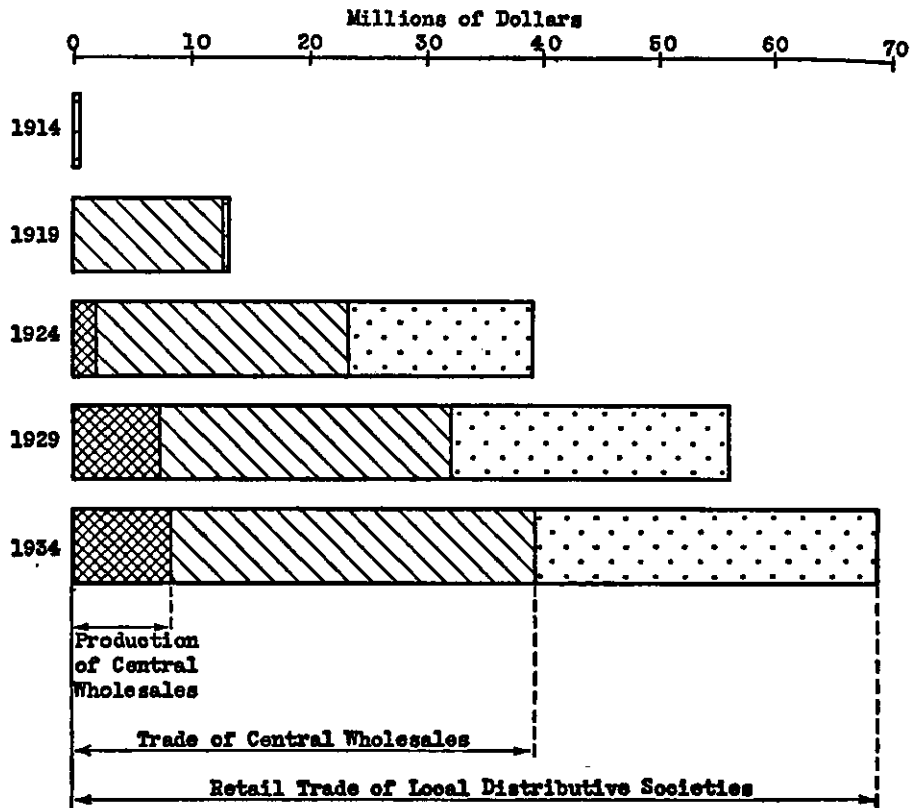
 Represents 50,000 Families.

PLATE I

CZECHOSLOVAKIA
GROWTH OF CONSUMER COOPERATIVE ENTERPRISE



TOTAL NATIONAL RETAIL TRADE 2,544 MILLION DOLLARS

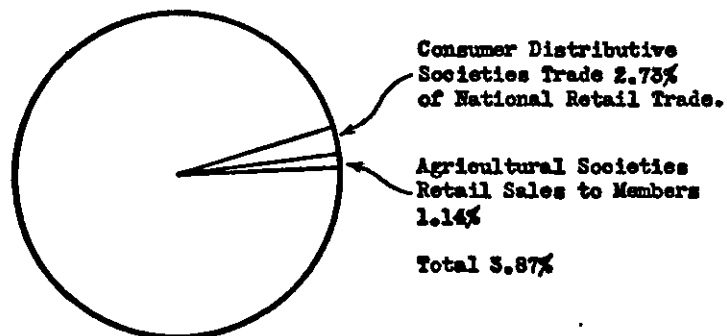


PLATE II

CZECHOSLOVAKIA
GROWTH OF CONSUMER COOPERATIVE ENTERPRISE
LOCAL DISTRIBUTIVE SOCIETIES

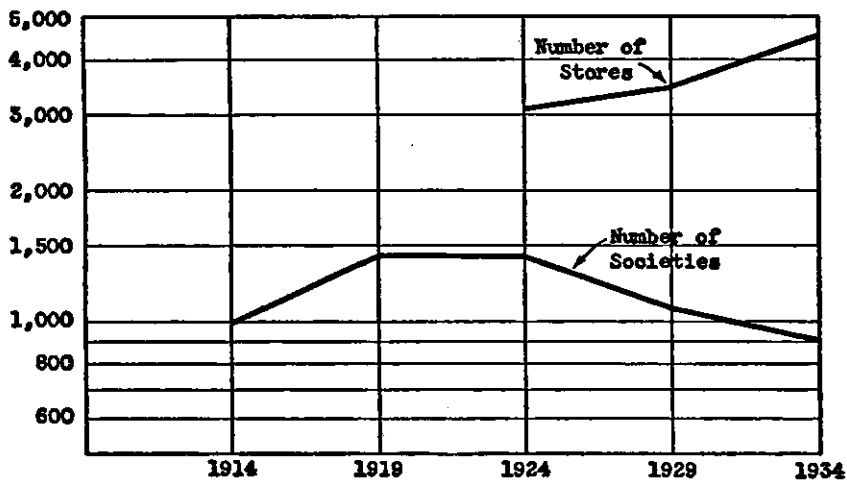
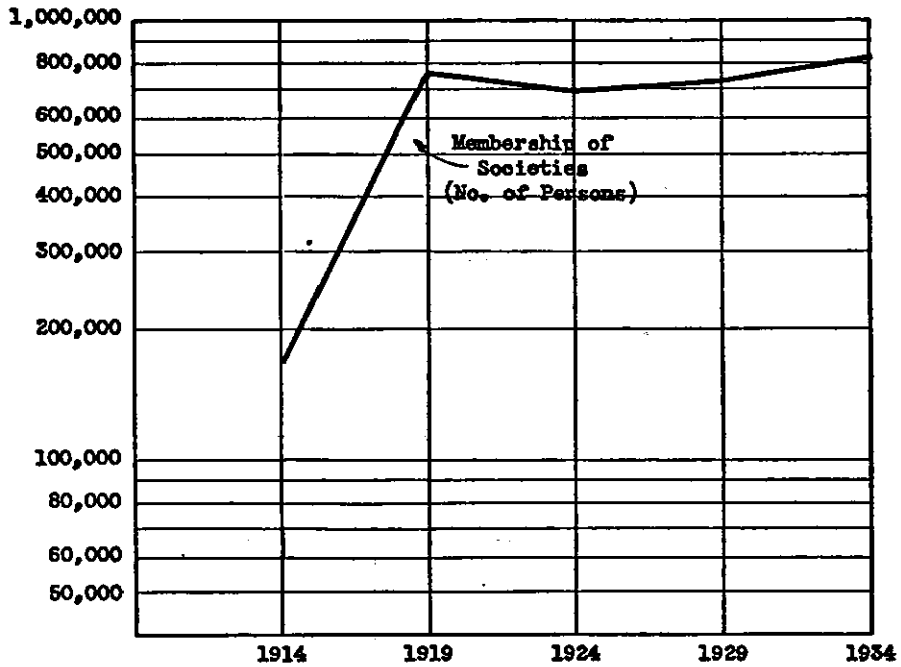
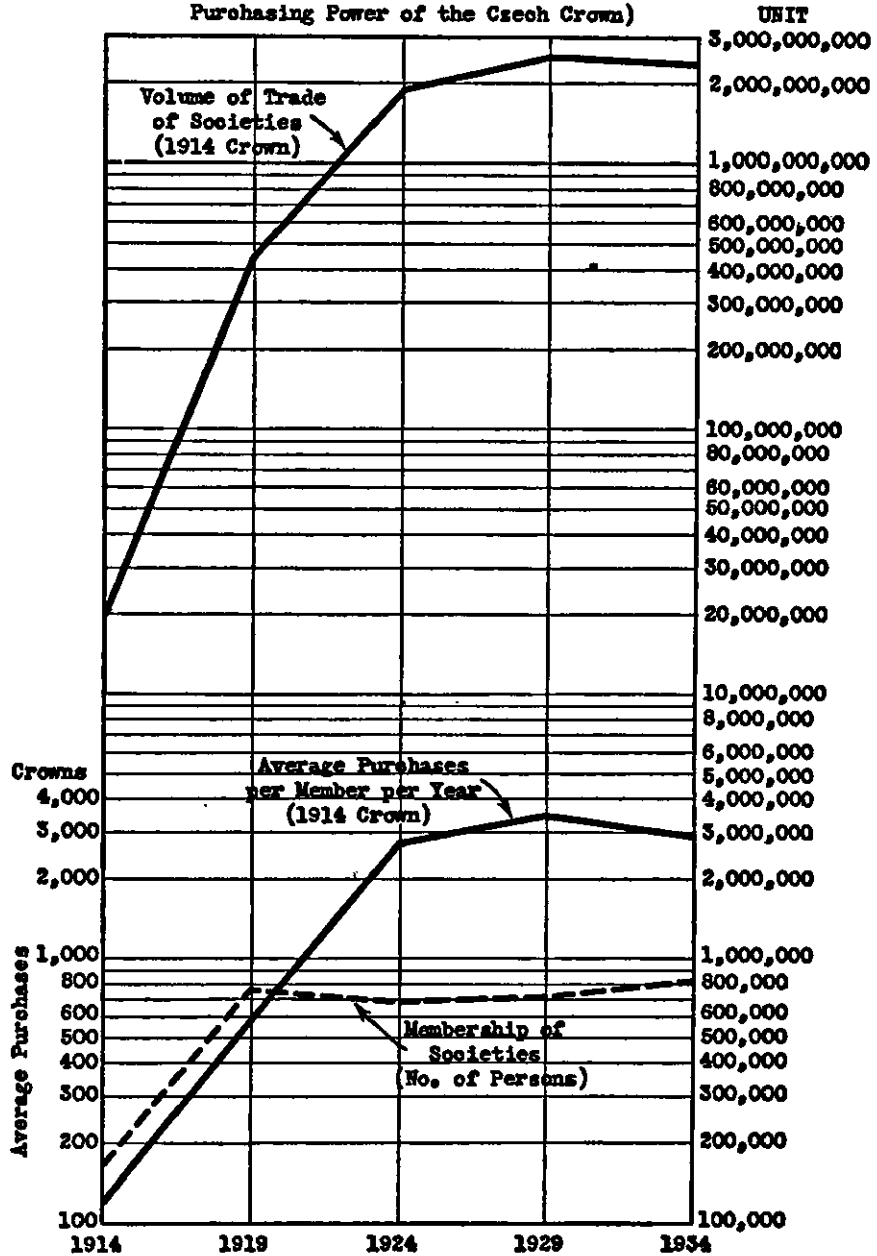


PLATE III

CZECHOSLOVAKIA
GROWTH OF CONSUMER COOPERATIVE ENTERPRISE
IN TERMS OF MEMBERSHIP AND TRADE

(Trade Calculated in Terms of the Domestic
Purchasing Power of the Czech Crown)



Cost of Living Index as Computed and Published by the Statistical
Office of Czechoslovakia. Base July 1914 = 100.

PLATE IV

DENMARK

GROWTH OF COOPERATIVE CONSUMER ENTERPRISE

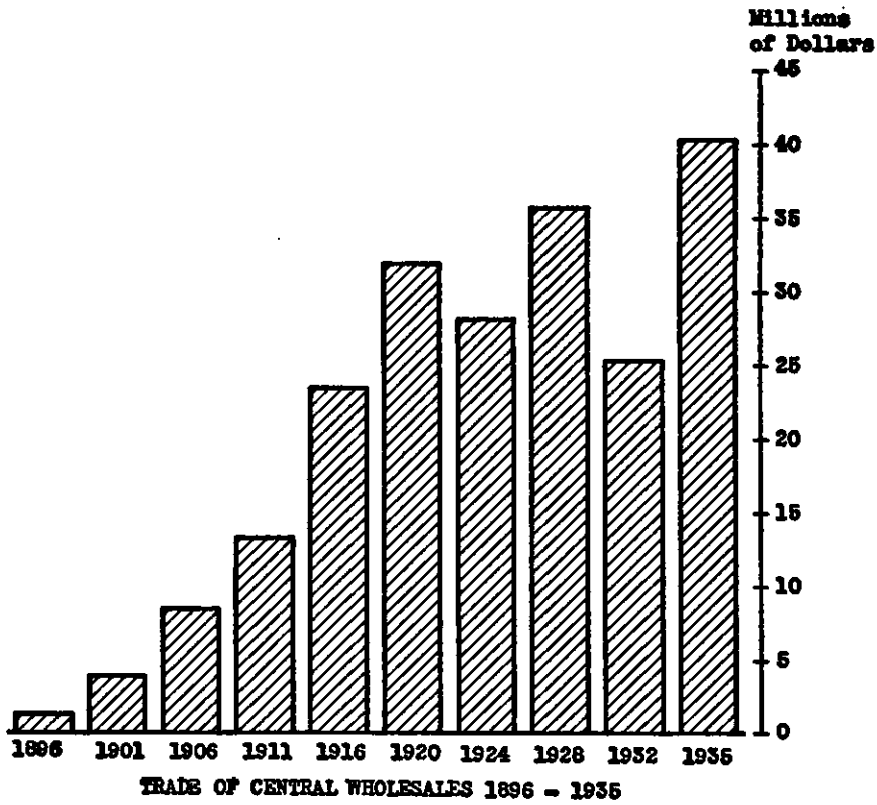
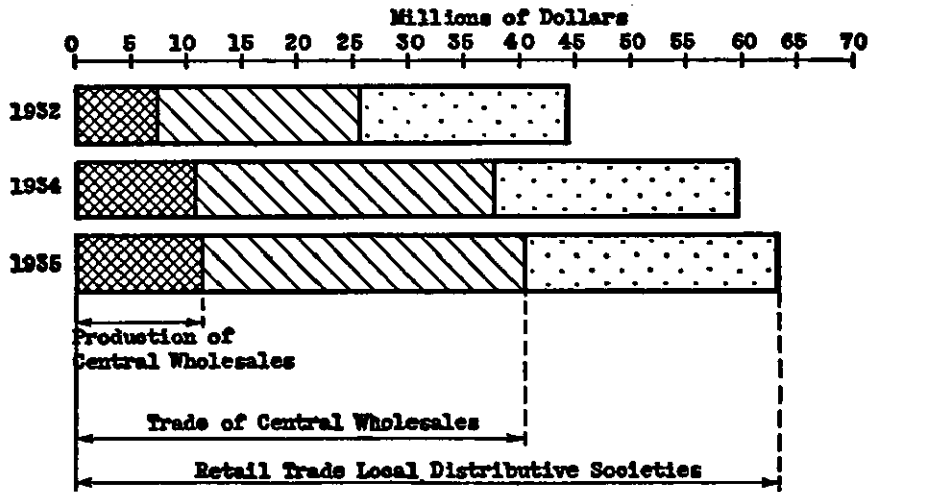
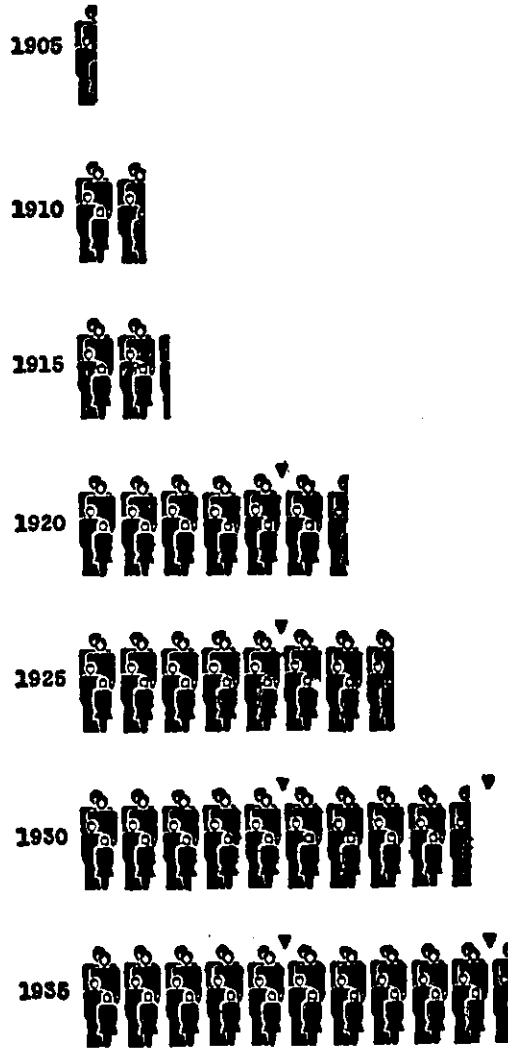


PLATE V

FINLAND

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE MEMBERSHIP OF THE LOCAL DISTRIBUTIVE SOCIETIES

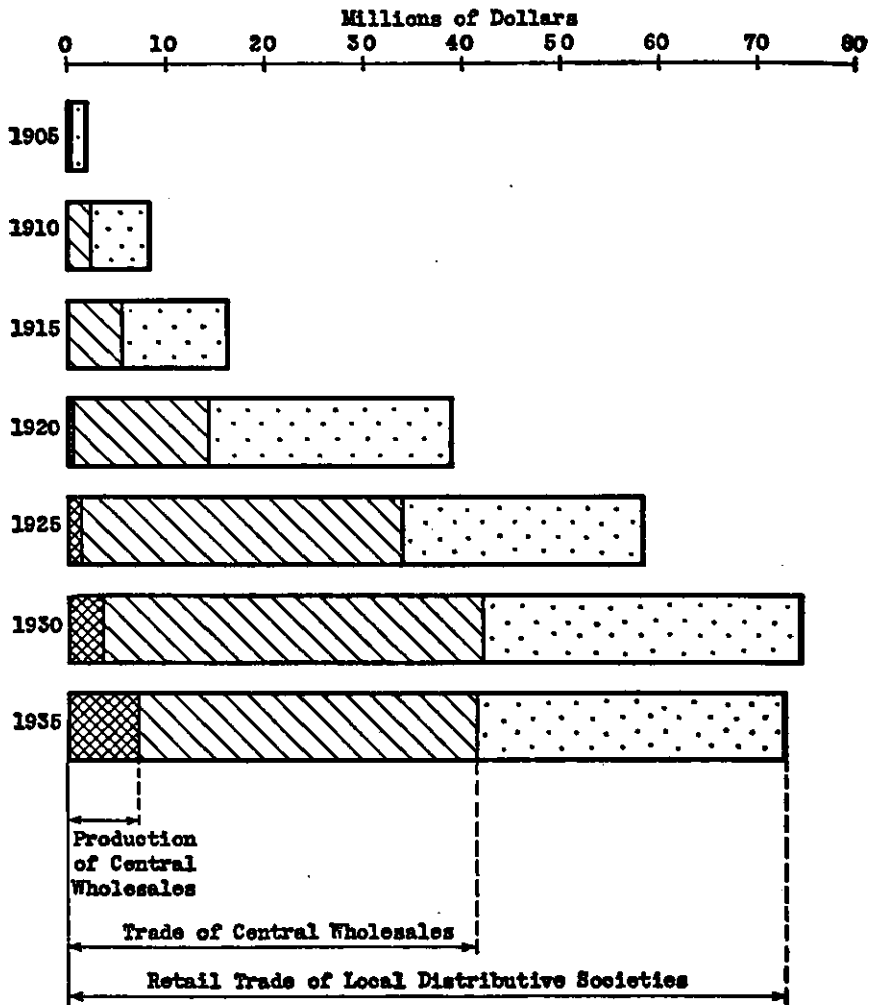


Represents 50,000 Families.

PLATE VI

FINLAND

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE



The 1935 Local Distributive Societies Retail Trade of 73 Million Dollars is approximately 30 per cent of the Total National Retail Trade of Finland.

PLATE VII

FINLAND

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE LOCAL DISTRIBUTIVE SOCIETIES

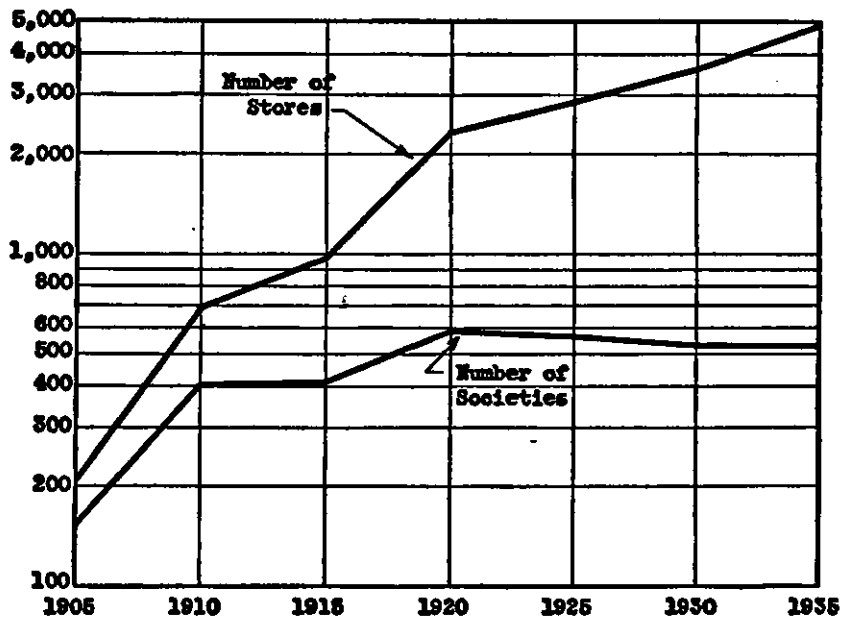
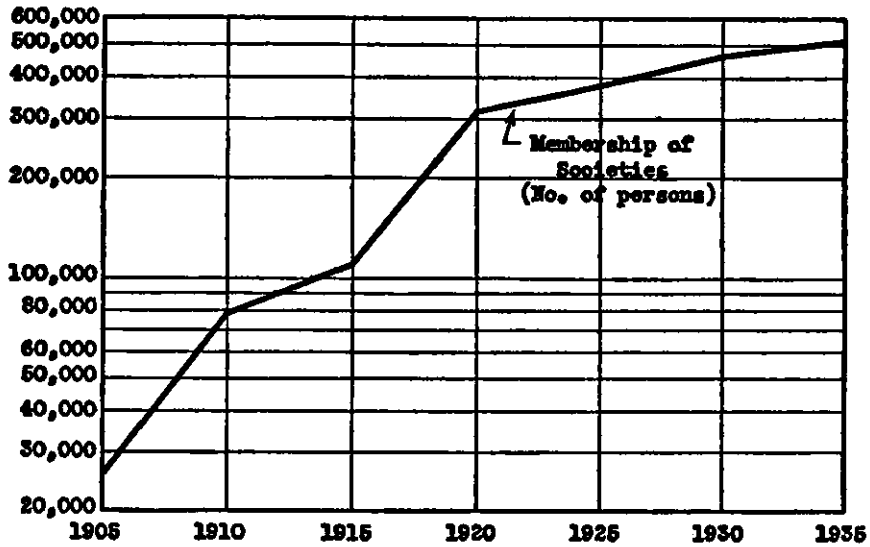


PLATE VIII

FINLAND

GROWTH OF COOPERATIVE CONSUMER ENTERPRISE LOCAL DISTRIBUTIVE SOCIETIES

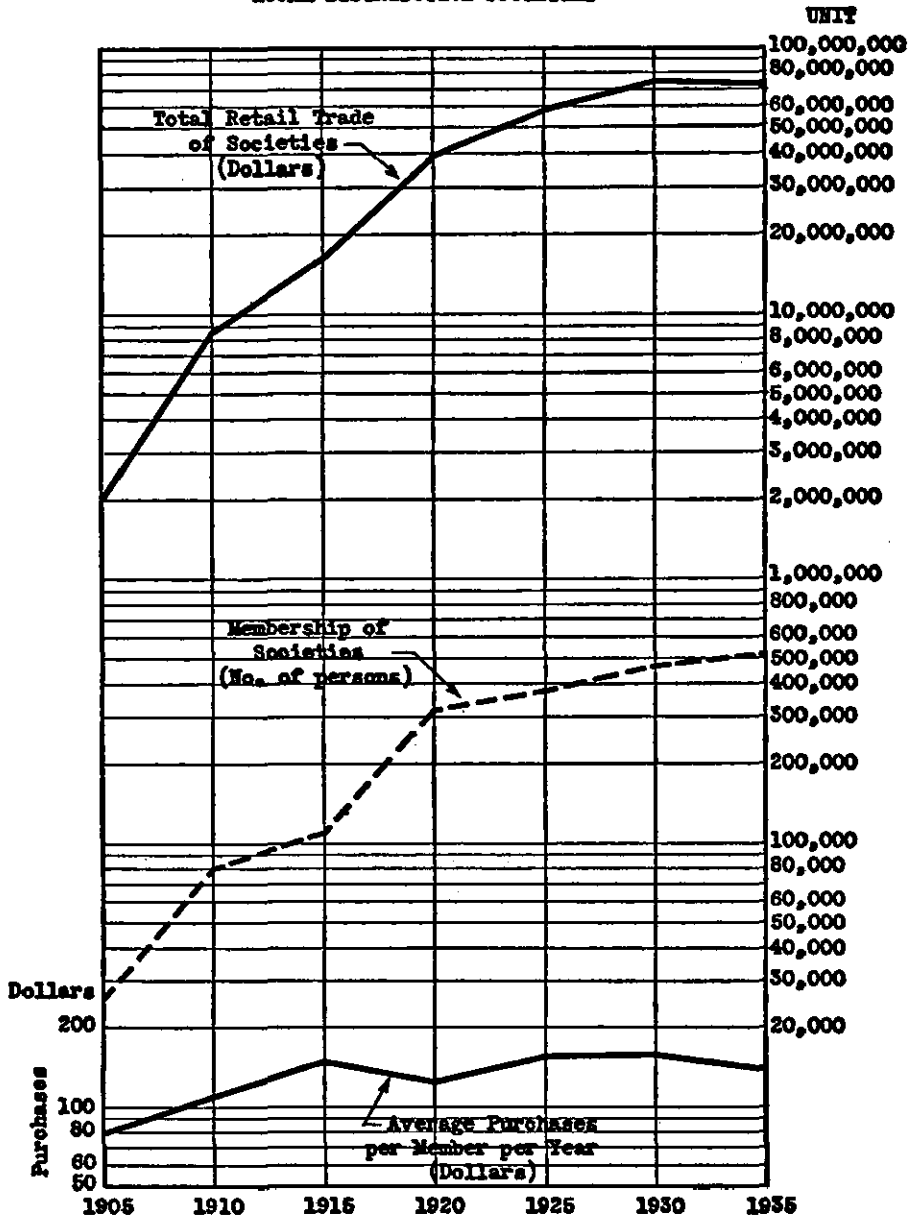
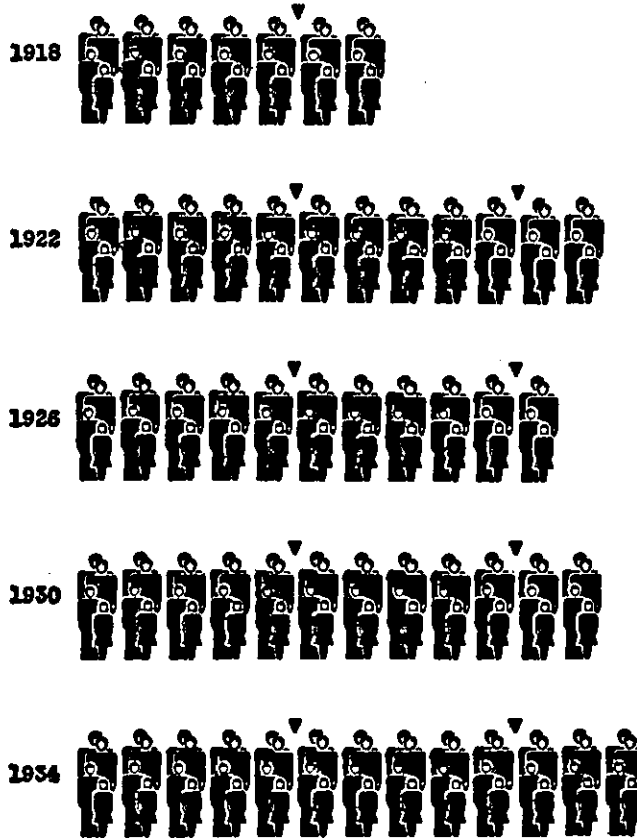


PLATE IX

FRANCE

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE MEMBERSHIP OF THE LOCAL DISTRIBUTIVE SOCIETIES 1/



Represents 200,000 families.

1/ Incomplete, only 2,840 out of 2,908 Local Distributive Societies Reporting.

PLATE X

FRANCE
GROWTH OF CONSUMER COOPERATIVE ENTERPRISE

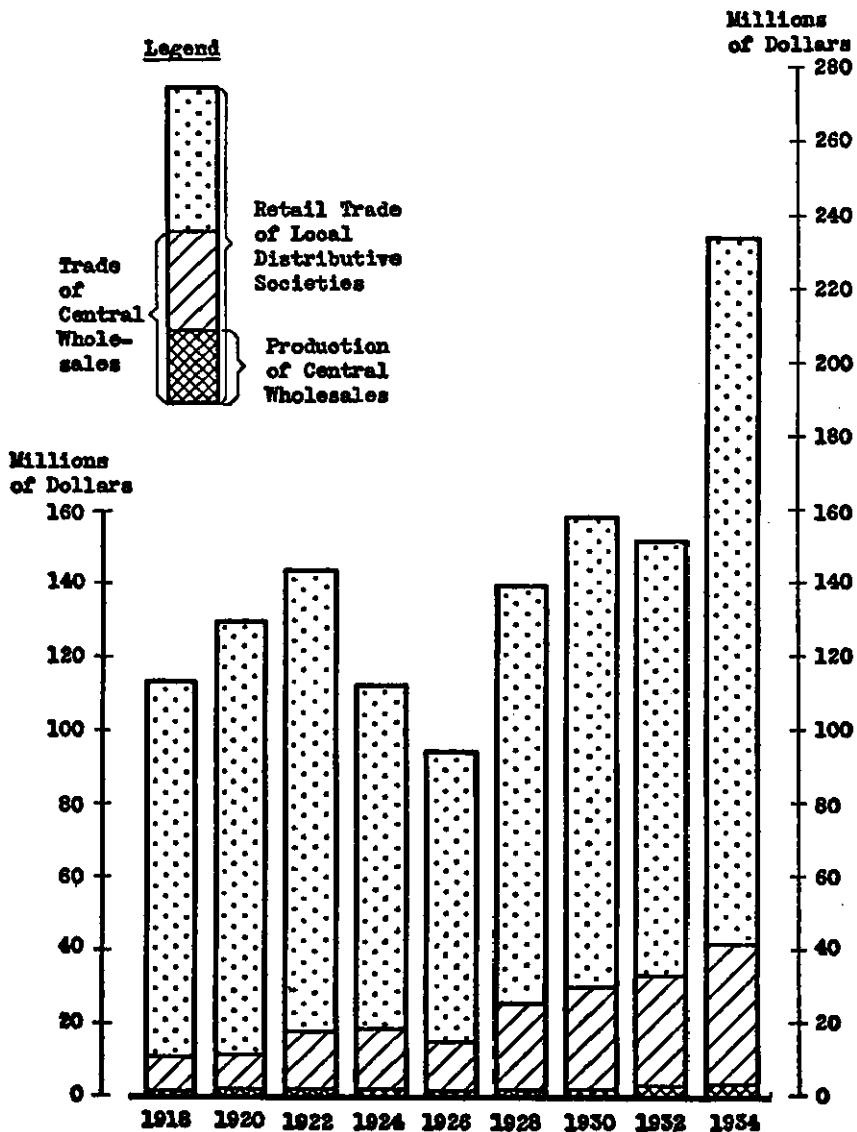
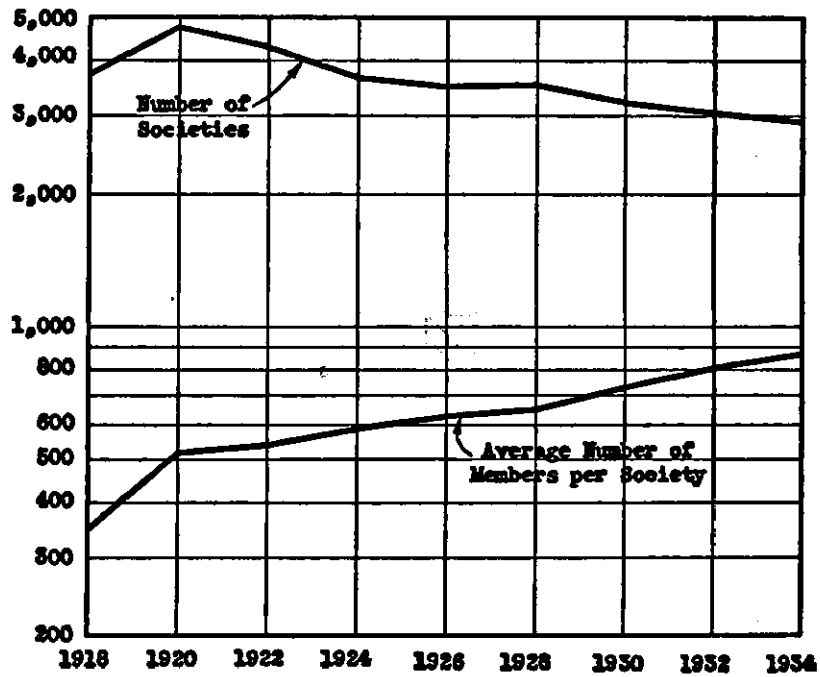
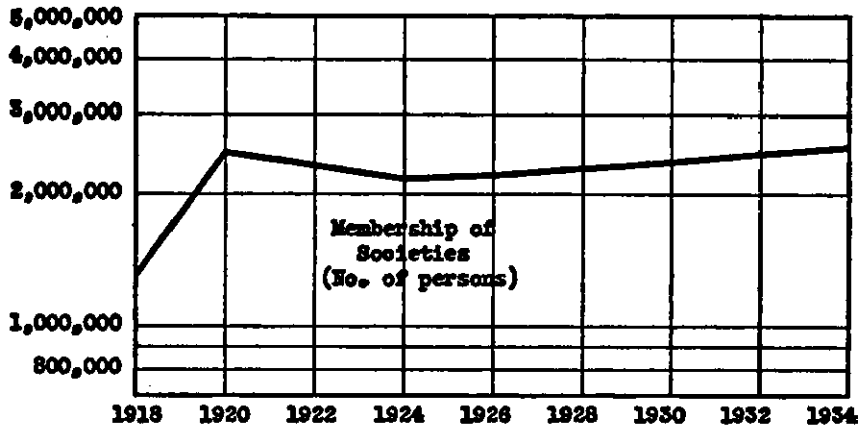


PLATE XI

FRANCE

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE LOCAL DISTRIBUTIVE SOCIETIES ^{1/}



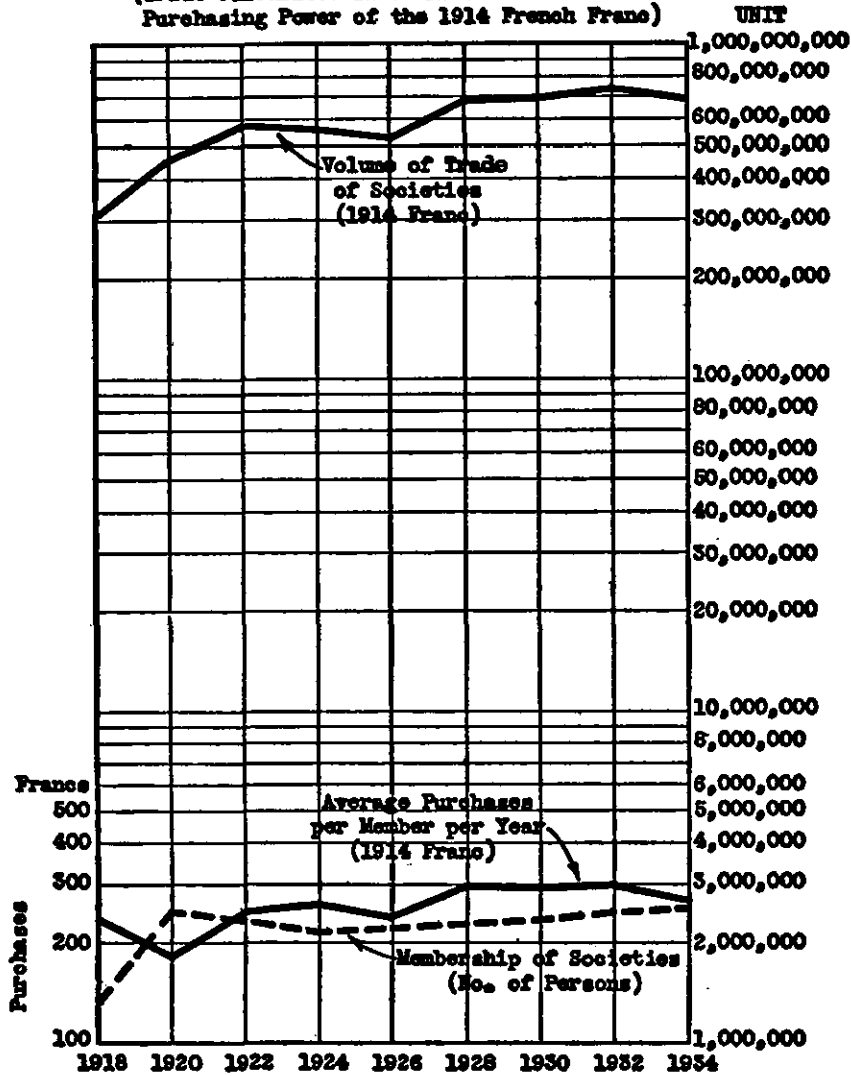
^{1/} Incomplete, only 2,840 out of 2,908 Local Distributive Societies Reporting.

PLATE XII

FRANCE

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE IN TERMS OF MEMBERSHIP AND TRADE

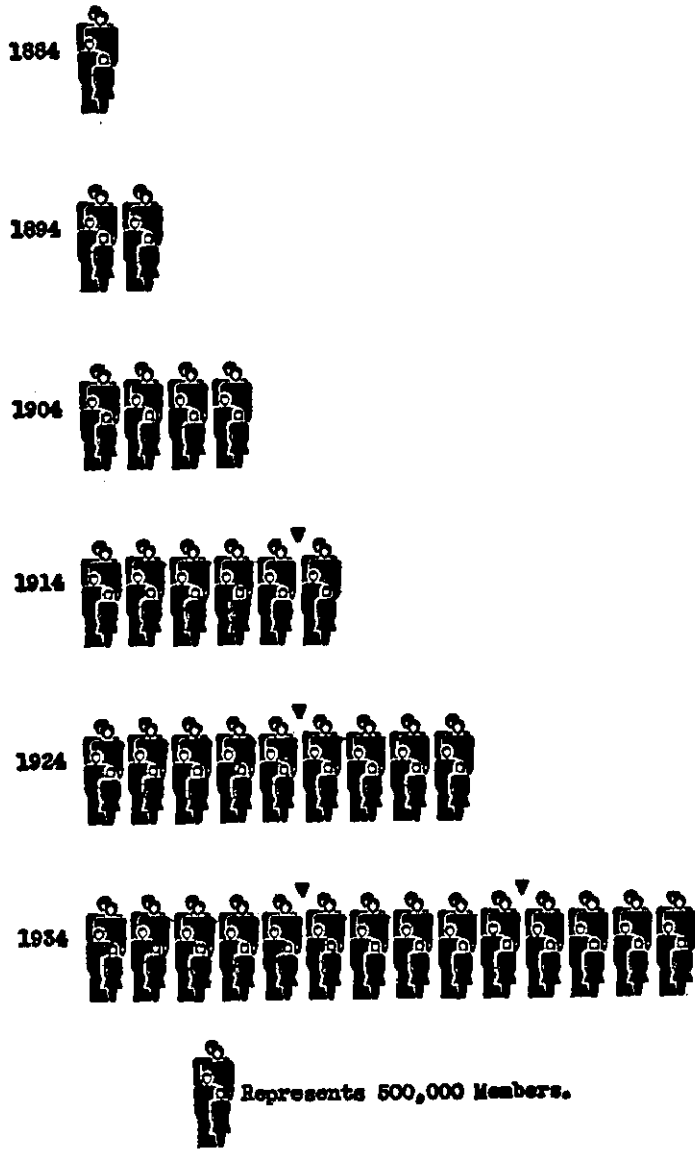
(Trade Calculated in Terms of the Domestic
Purchasing Power of the 1914 French Franc)



Cost of Living Index as Computed and Published by the General Statistical Office of France. Base Paris July 1914 = 100.

PLATE XIII

GREAT BRITAIN
GROWTH OF CONSUMER COOPERATIVE ENTERPRISE
MEMBERSHIP OF THE LOCAL DISTRIBUTIVE SOCIETIES 1/

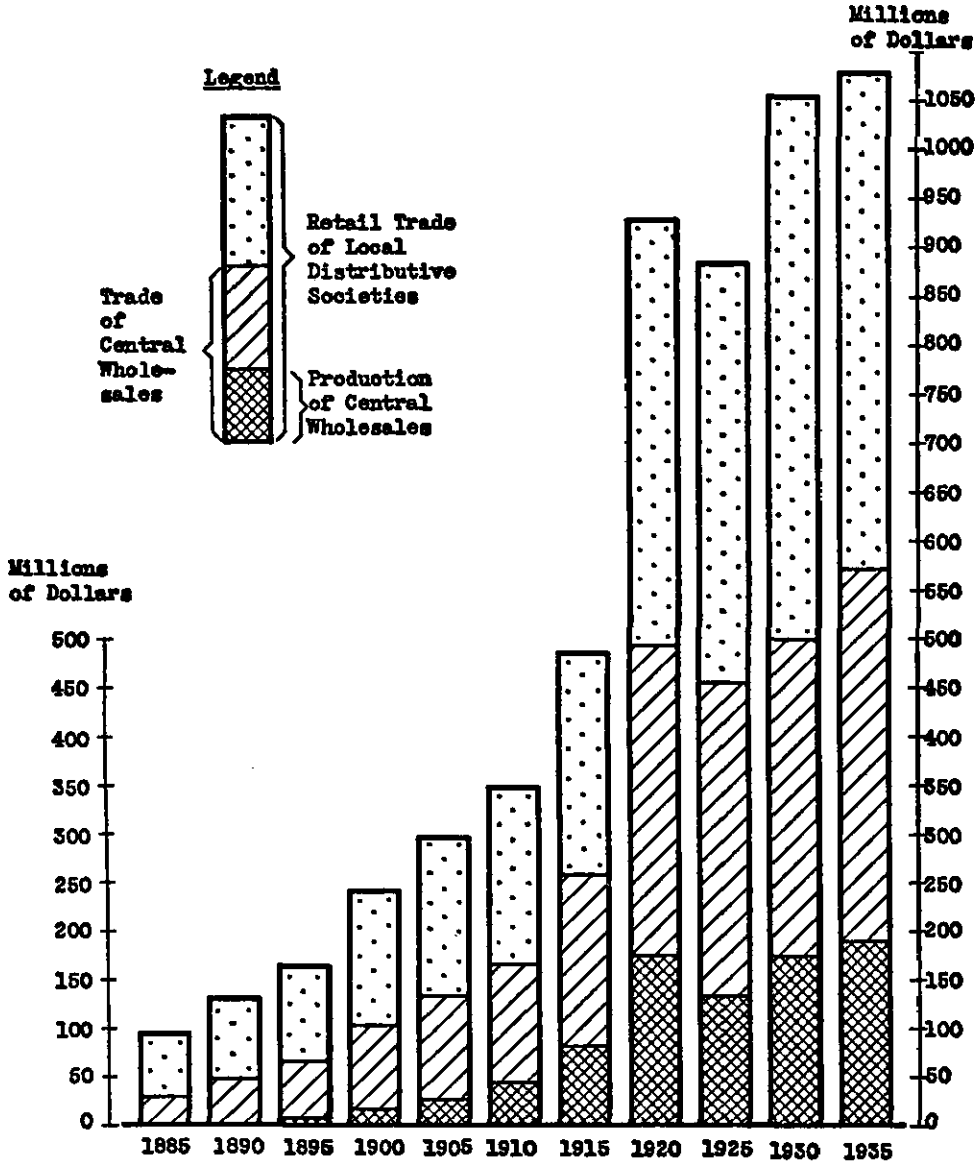


1/ Membership 1935 - 7,485,976 Members.

PLATE XIV

GREAT BRITAIN

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE



The 1935 Cooperative Retail Trade of 1,080 Million Dollars is estimated at 12 per cent of the Total National Retail Trade of Great Britain.

PLATE XV

GREAT BRITAIN
GROWTH OF CONSUMER COOPERATIVE ENTERPRISE
LOCAL DISTRIBUTIVE SOCIETIES

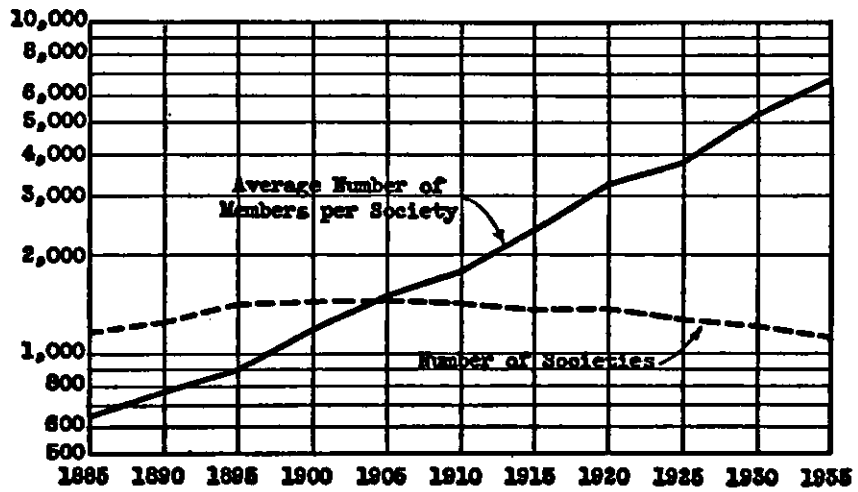
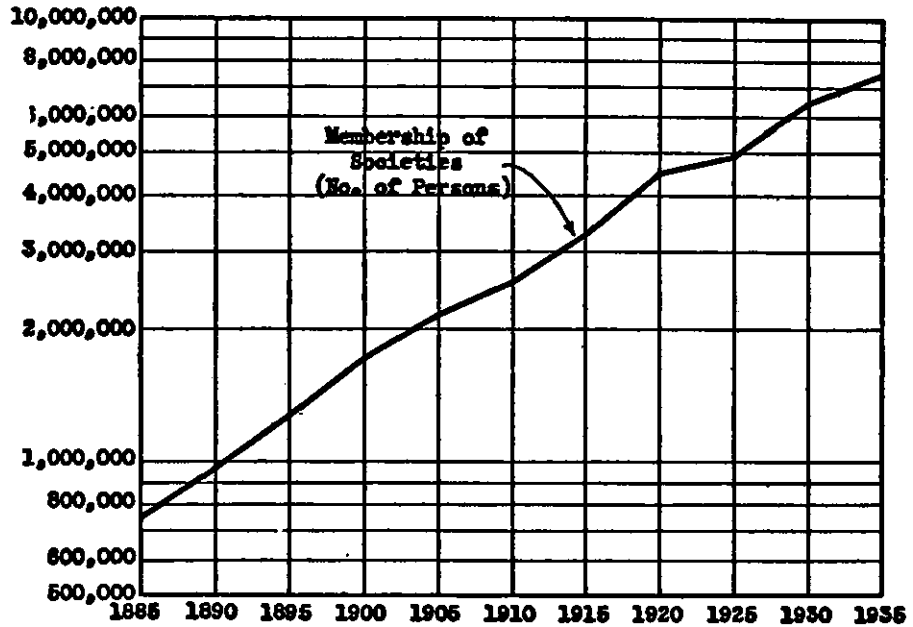
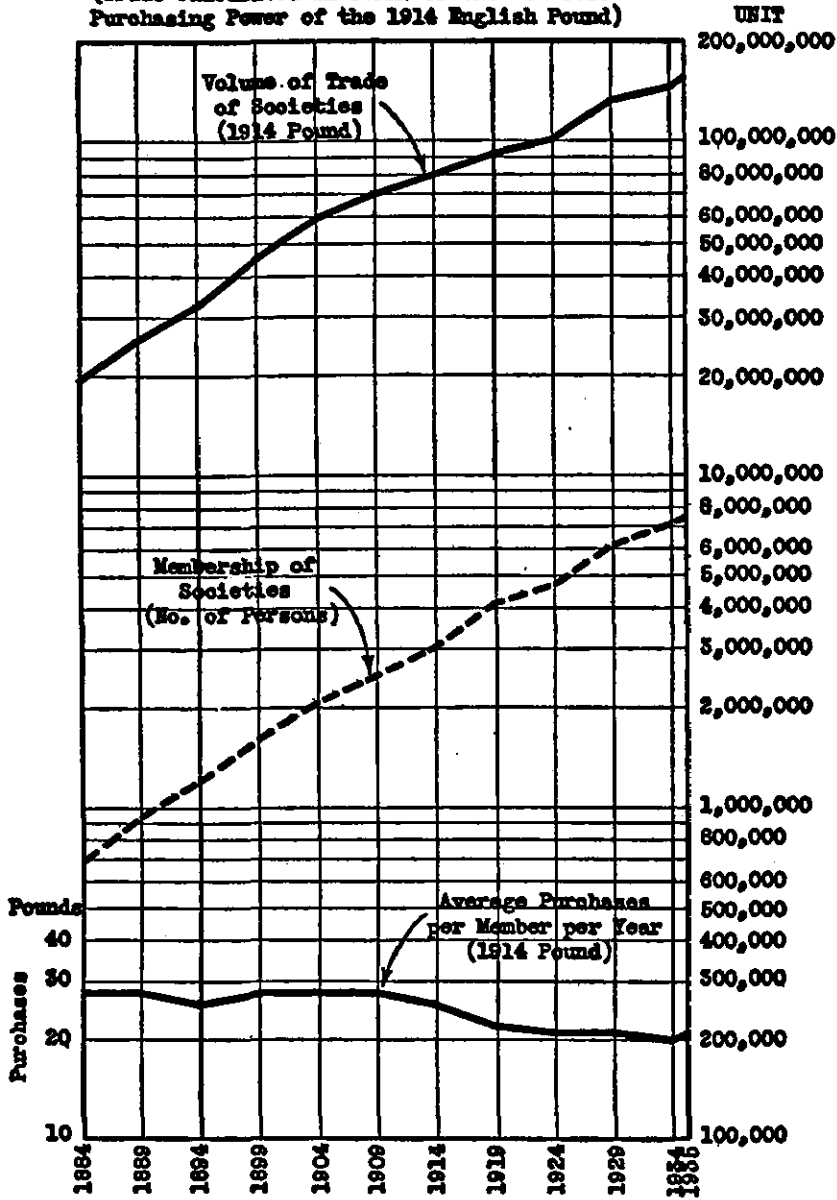


PLATE XVI

GREAT BRITAIN

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE IN TERMS OF MEMBERSHIP AND TRADE

(Trade Calculated in Terms of the Domestic
Purchasing Power of the 1914 English Pound)



Cost of Living Index as Computed and Published by the Ministry
of Labor of Great Britain. Base July 1914 = 100

PLATE XVII

NORWAY

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE MEMBERSHIP OF THE LOCAL DISTRIBUTIVE SOCIETIES

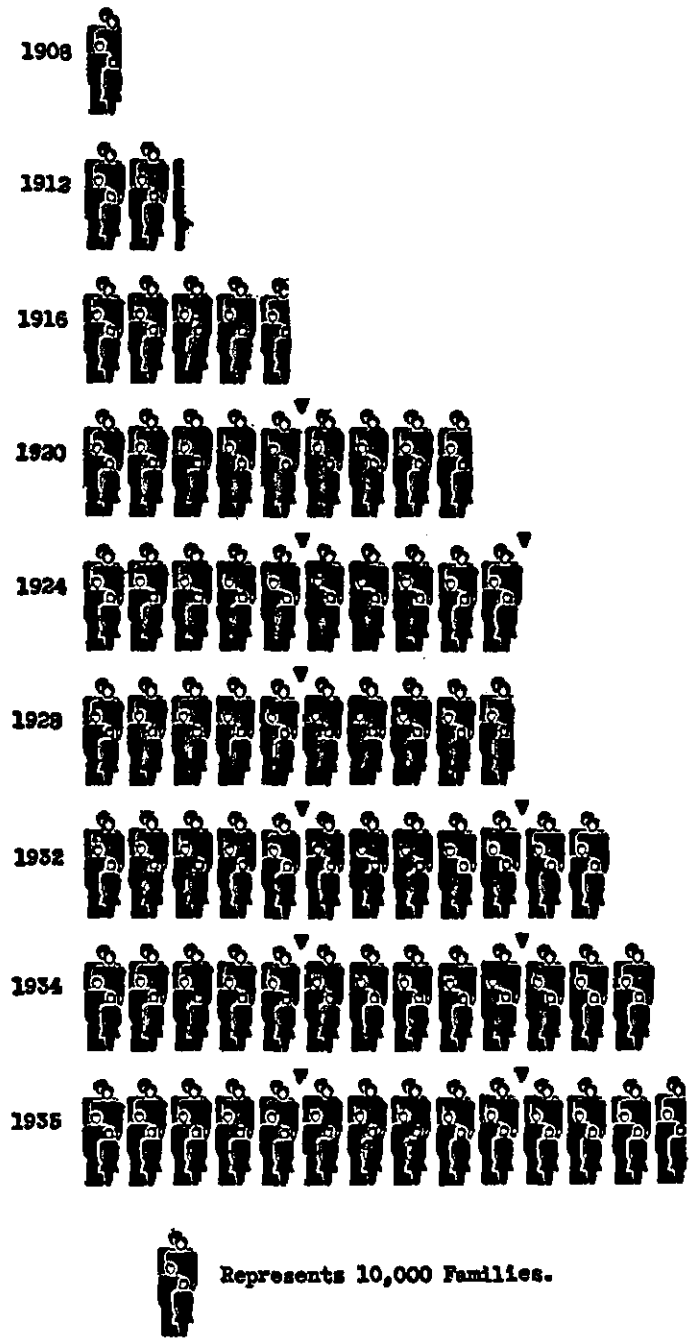
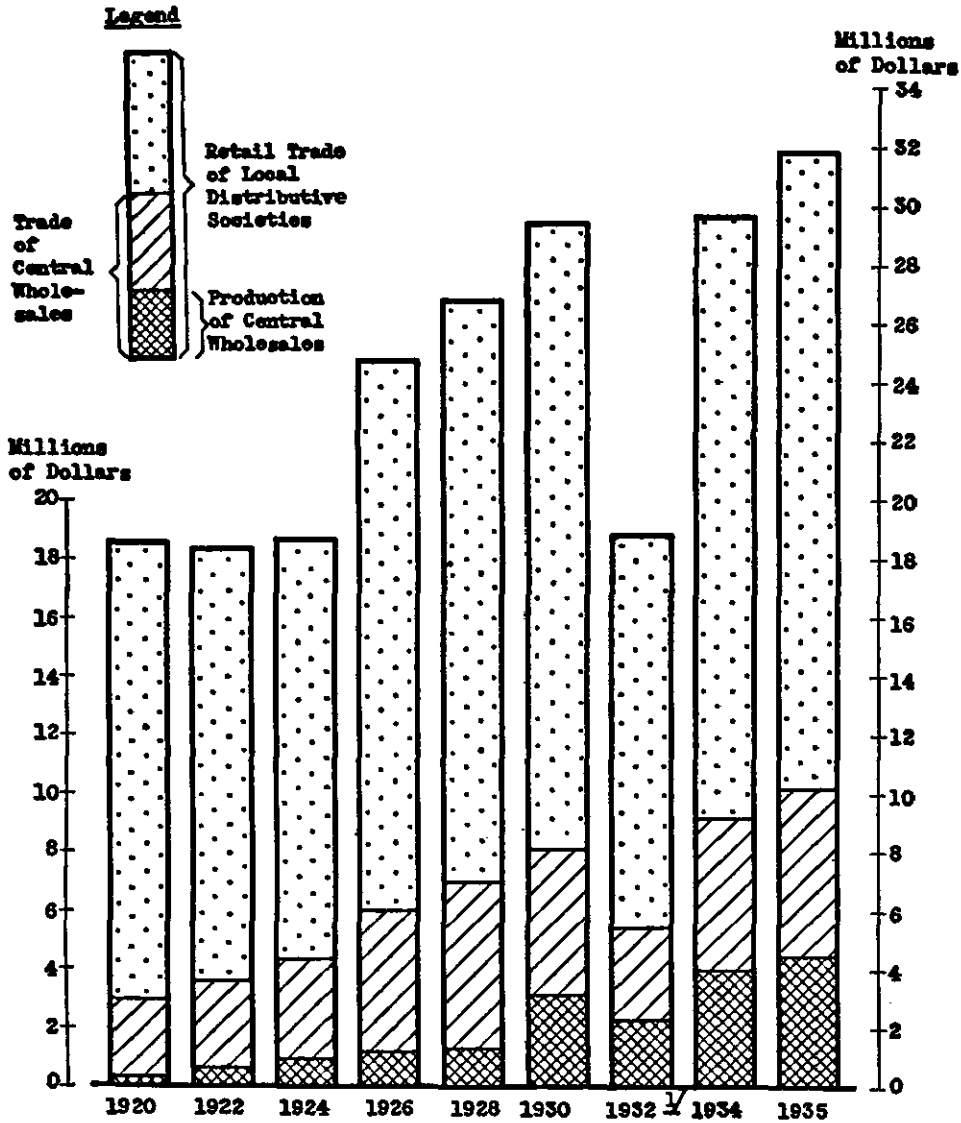


PLATE XVIII

NORWAY
GROWTH OF CONSUMER COOPERATIVE ENTERPRISE



1/ The 1932 reduction in sales and production is partly due to the abandonment of the Gold Standard by Norway in 1931.

PLATE XIX

NORWAY

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE LOCAL DISTRIBUTIVE SOCIETIES

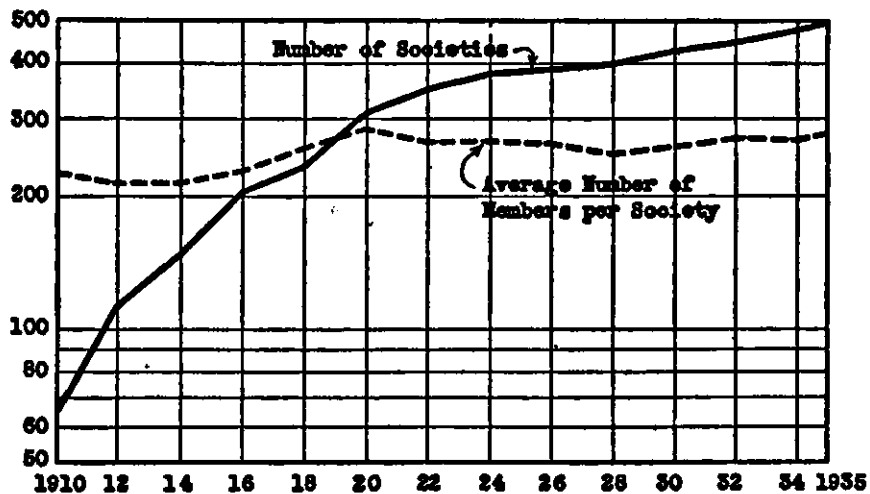
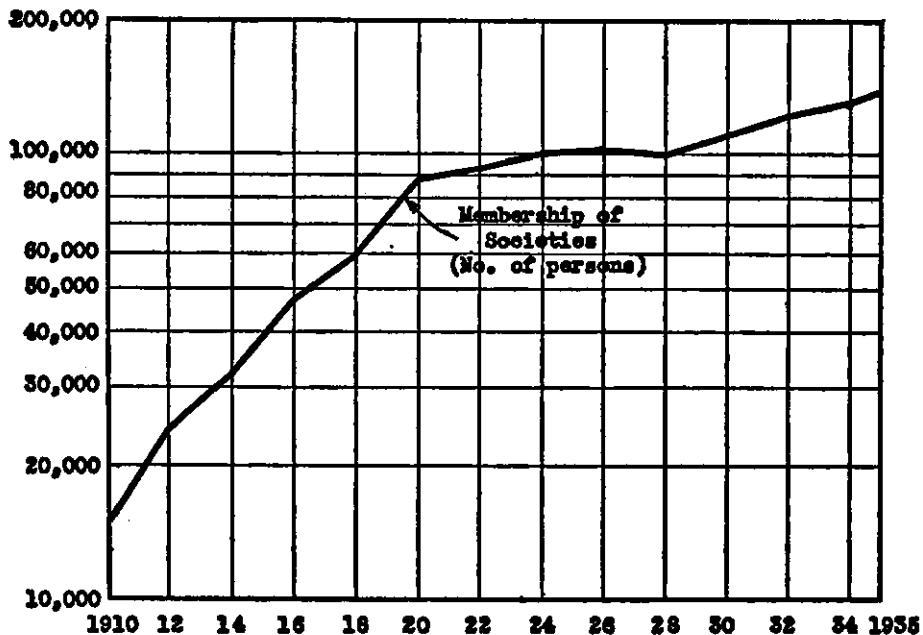
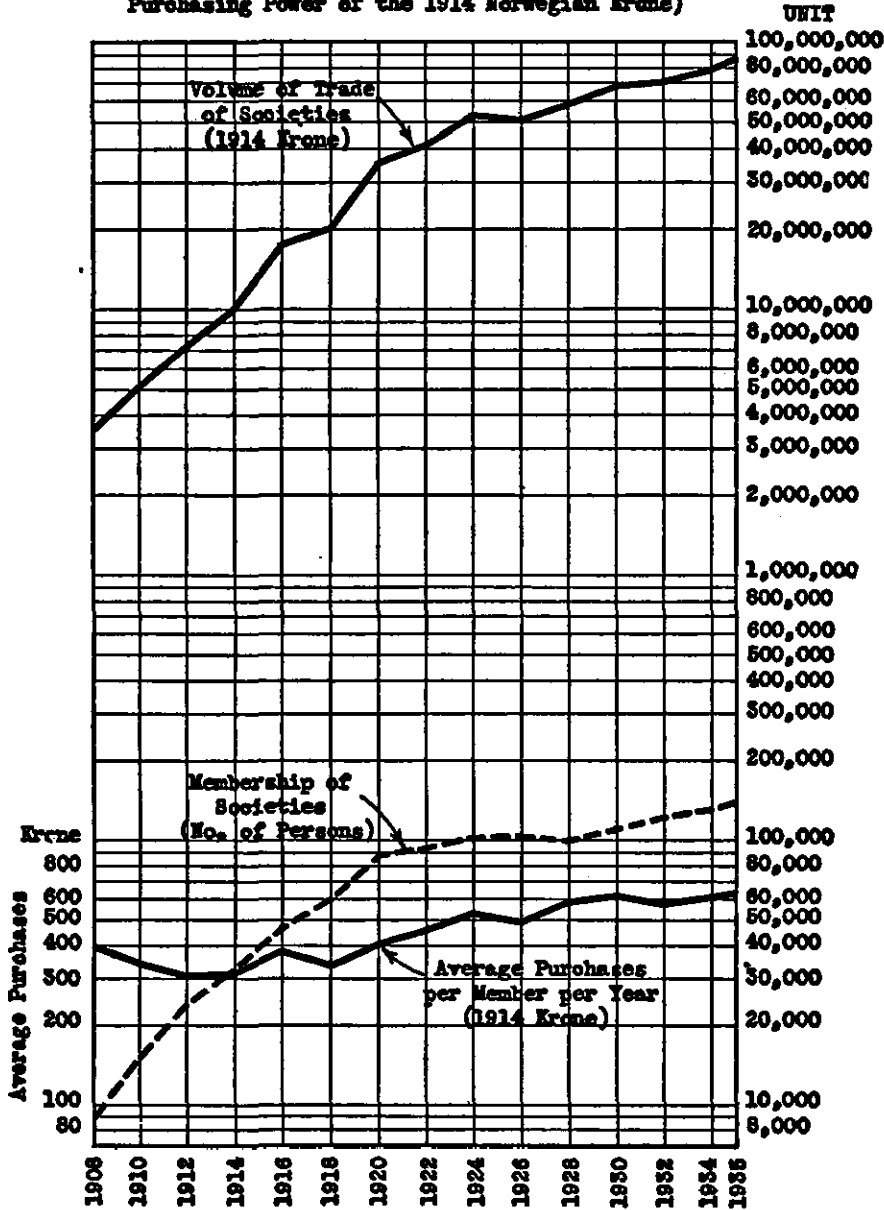


PLATE XX

NORWAY

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE IN TERMS OF MEMBERSHIP AND TRADE

(Trade Calculated in Terms of the Domestic
Purchasing Power of the 1914 Norwegian Krone)

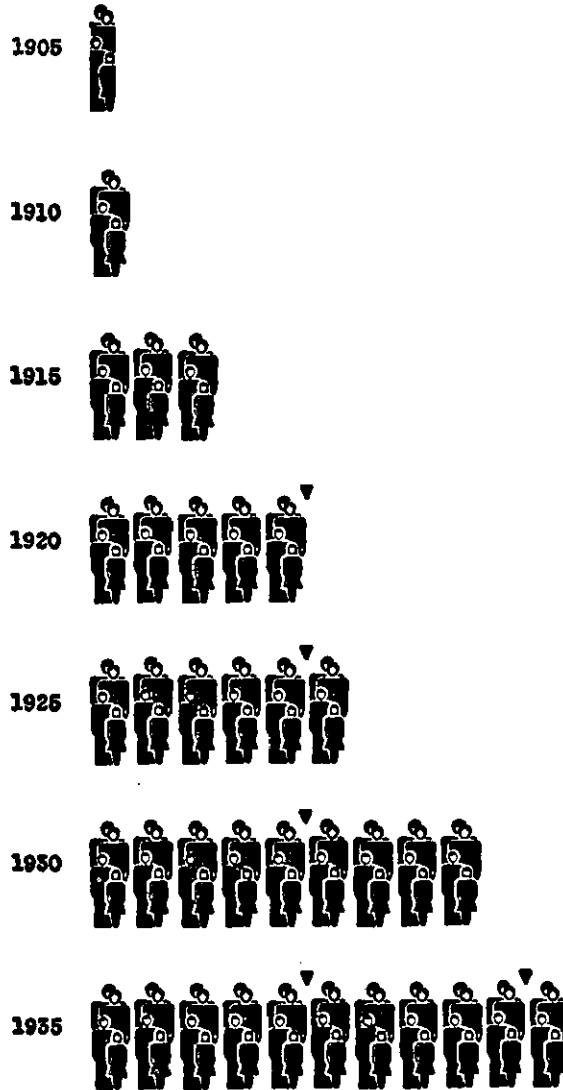


Cost of Living Index as Computed and Published by the Central Statistical Bureau of Norway. Base 1914 = 100

PLATE XXI

SWEDEN

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE MEMBERSHIP OF THE LOCAL DISTRIBUTIVE SOCIETIES

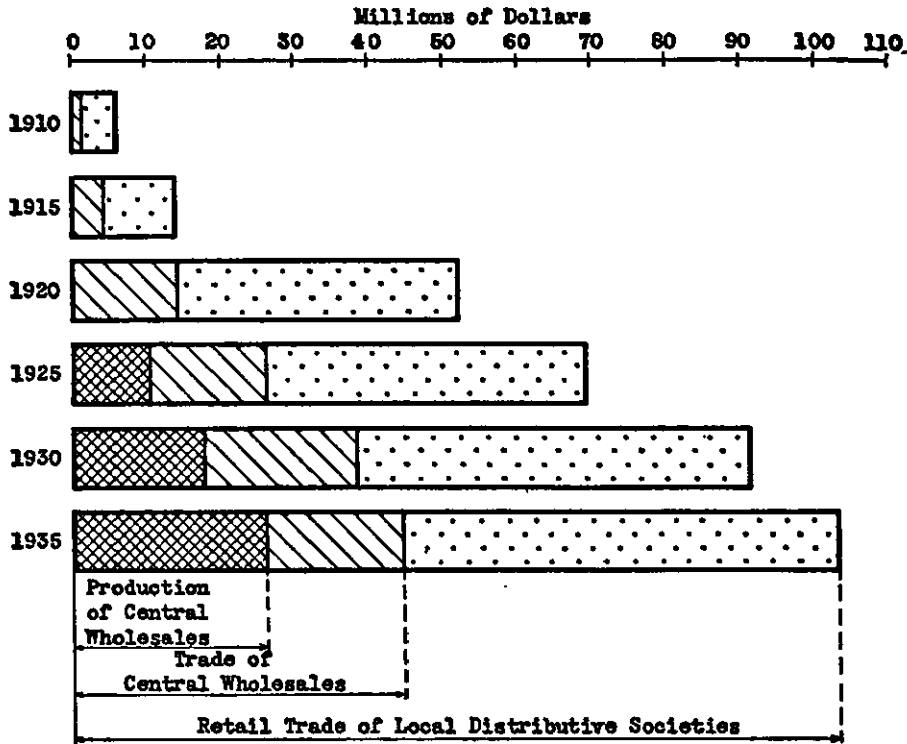


Represents 50,000 Families.

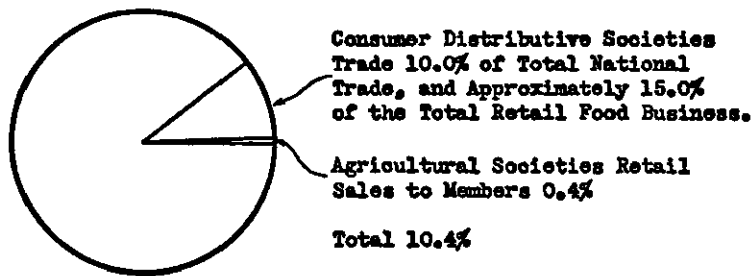
PLATE XXII

SWEDEN

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE



ESTIMATED TOTAL NATIONAL RETAIL TRADE 1,068 MILLION DOLLARS ^{1/}



^{1/} Royal Social Board and Board of Trade Official Statistics on Retail Trade in Sweden = Individual Retailers 84.0%; Department Store Sales 2.5%; Chain Store Sales 1.5%; Mail Order Houses 1.0%; One-Price Store Sales 1.0%; Cooperative Store Sales 10.0%.

PLATE XXIII

SWEDEN

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE LOCAL DISTRIBUTIVE SOCIETIES

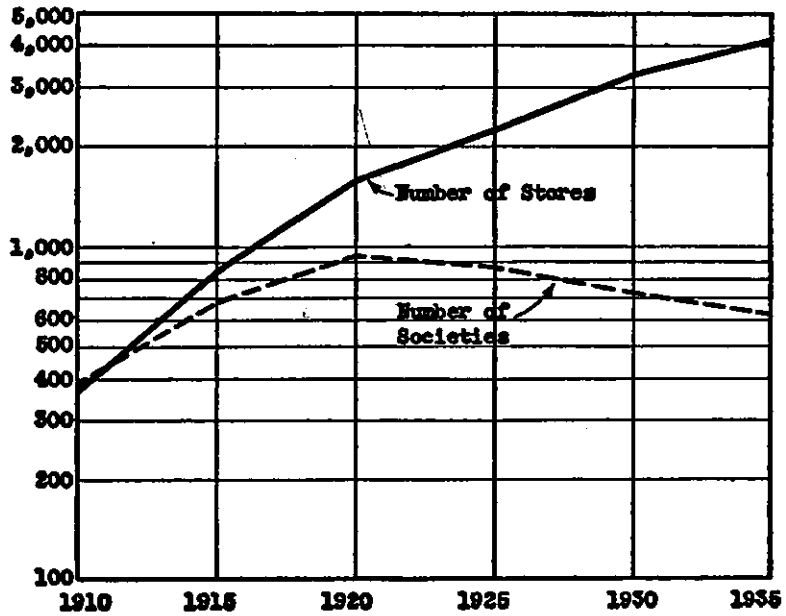
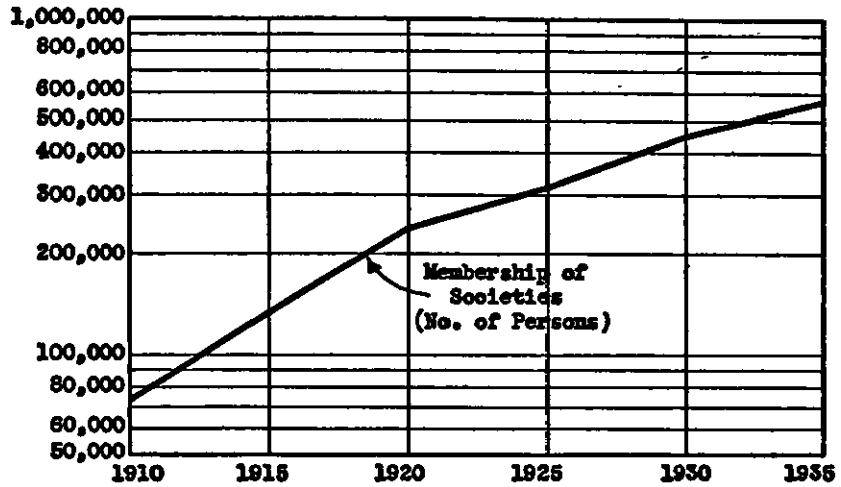
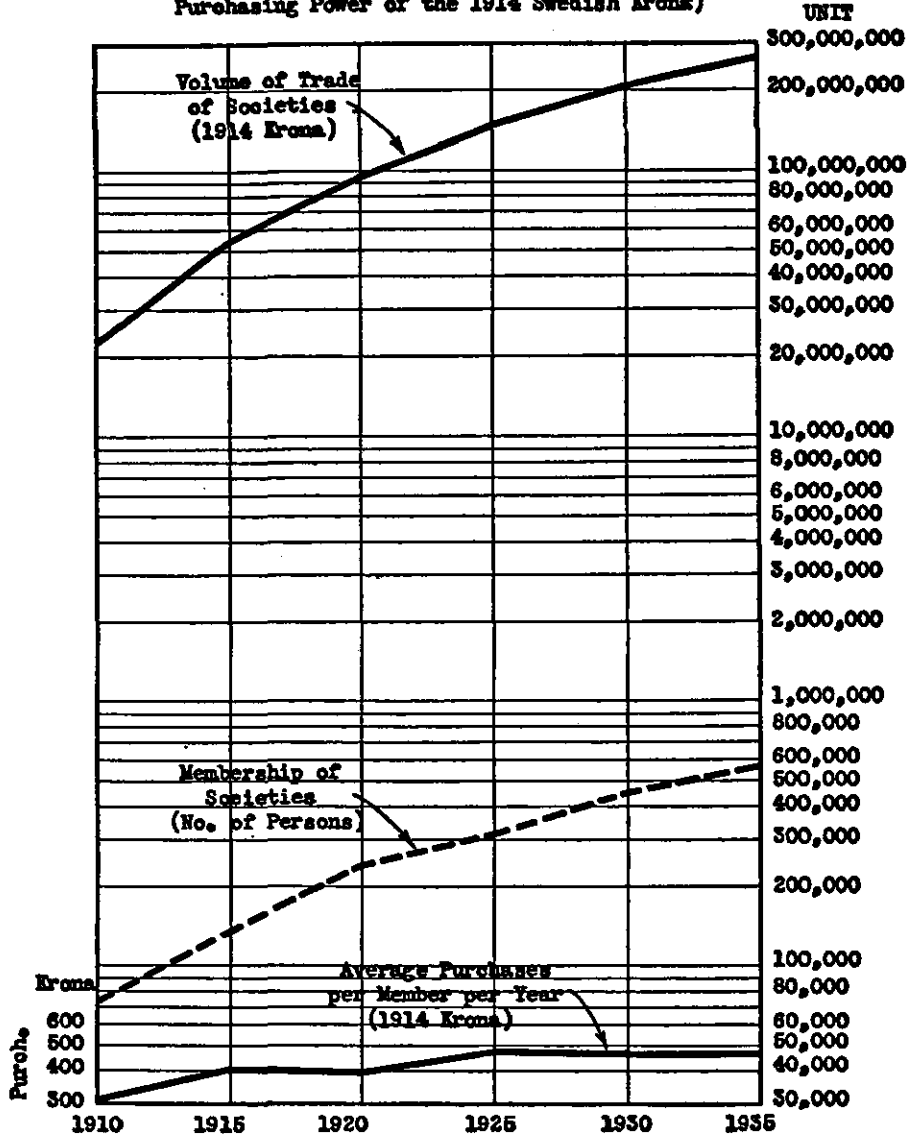


PLATE XXIV

SWEDEN

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE IN TERMS OF MEMBERSHIP AND TRADE

(Trade Calculated in Terms of the Domestic
Purchasing Power of the 1914 Swedish Krona)



Cost of Living Index as Computed and Published by the Royal Social Board of Sweden. Base July - 1914 = 100

PLATE XXV

SWEDEN

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE CENTRAL WHOLESALE

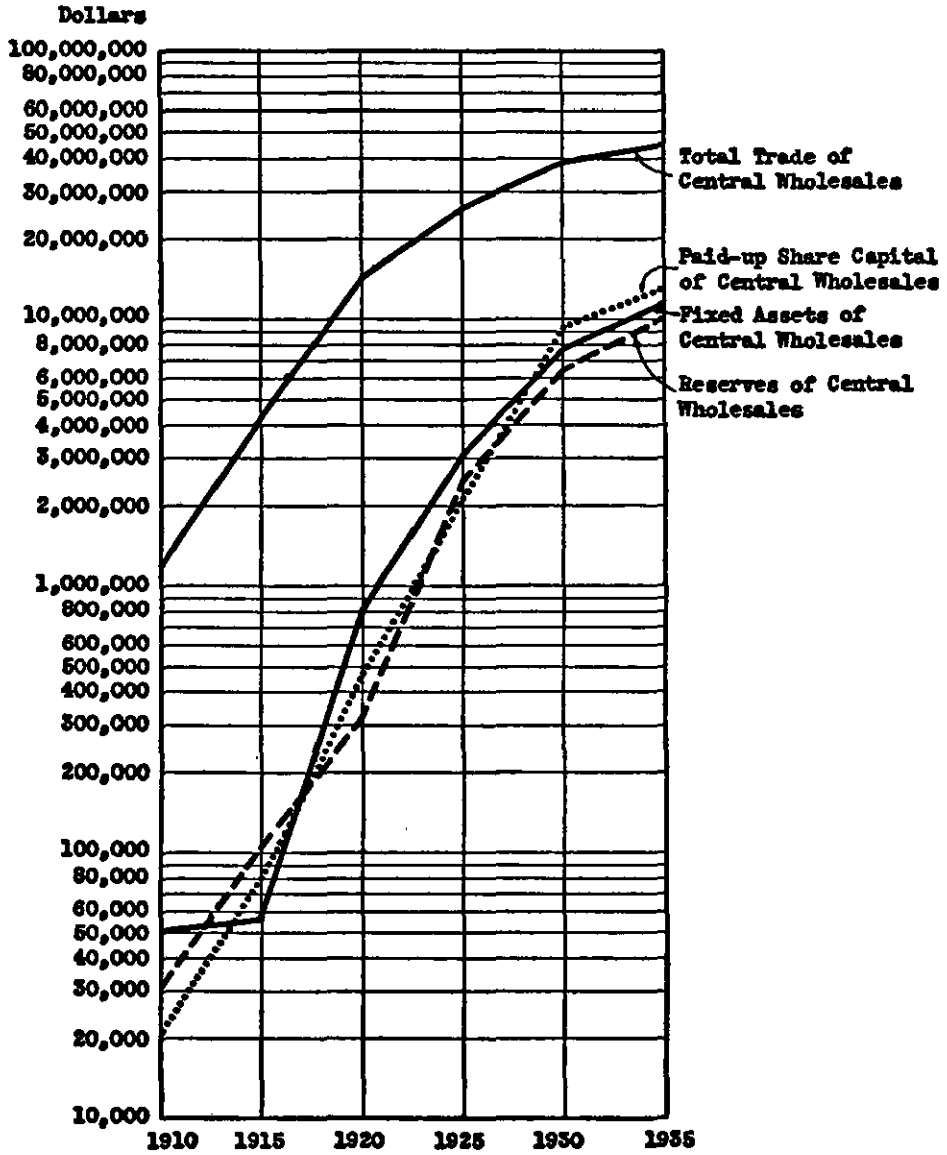
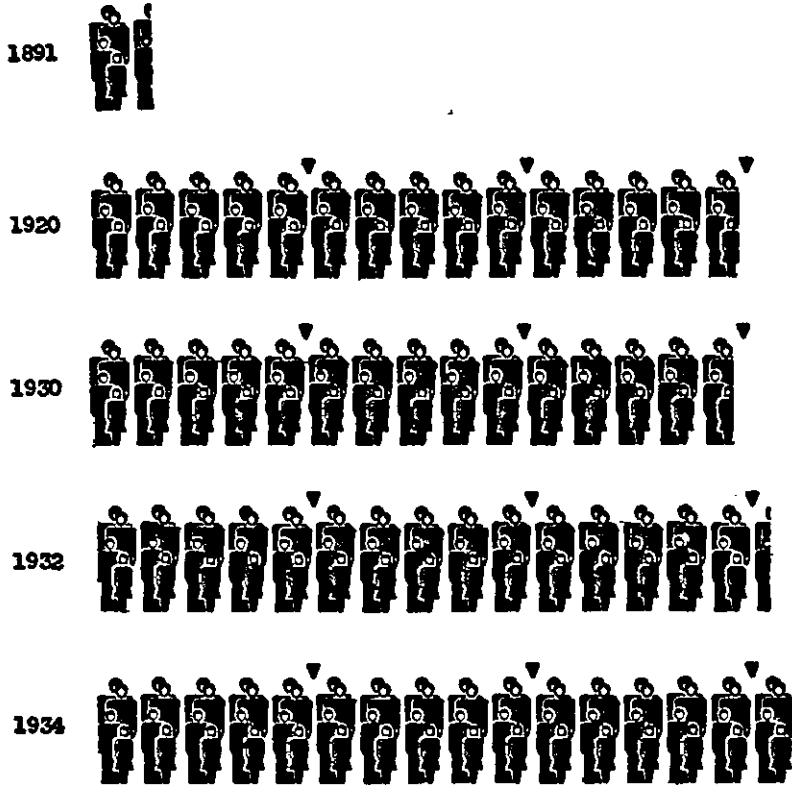


PLATE XXVI

SWITZERLAND

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE MEMBERSHIP OF THE LOCAL DISTRIBUTIVE SOCIETIES

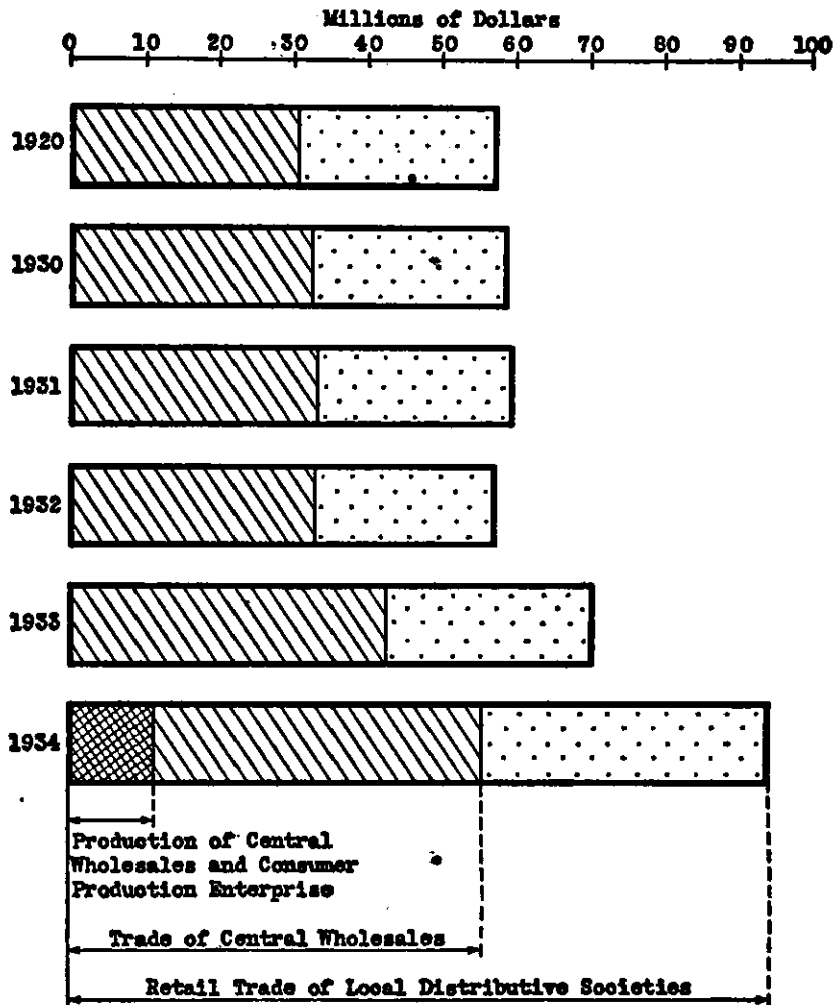


Represents 25,000 Families

PLATE XXVII

SWITZERLAND

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE



The 1934, Local Distributive Societies, Retail Trade of 94 Million Dollars is approximately from 10 to 12 per cent of the Total National Retail Trade of Switzerland. Statistics on production from 1920 to 1933 not available.

PLATE XXVIII

SWITZERLAND

DEVELOPMENT OF CENTRAL WHOLESALE V. S. K.

Yearly Trade Calculated in Terms of
the Domestic Purchasing Power of
the 1914 Swiss Franc.
1893 - 1935.

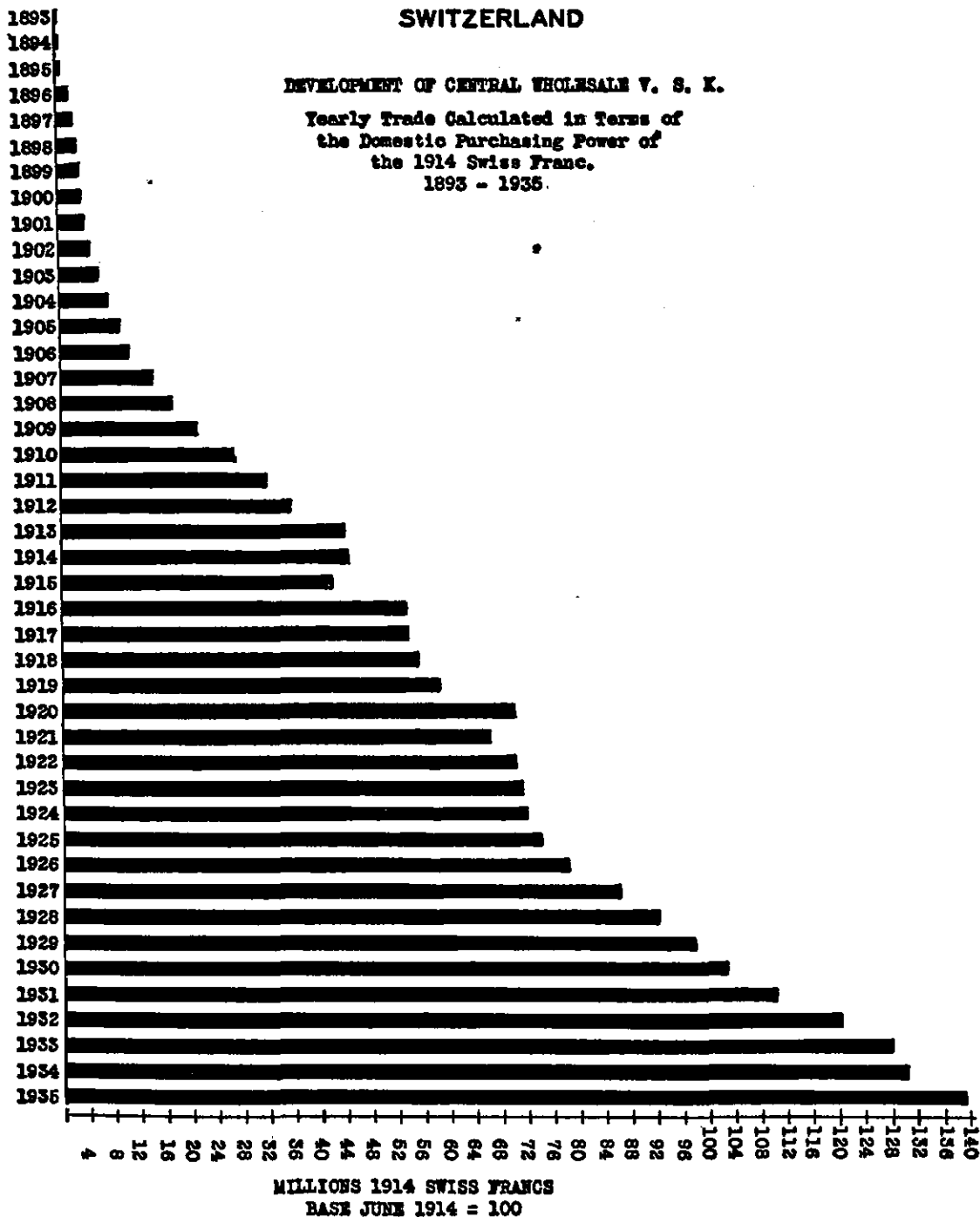
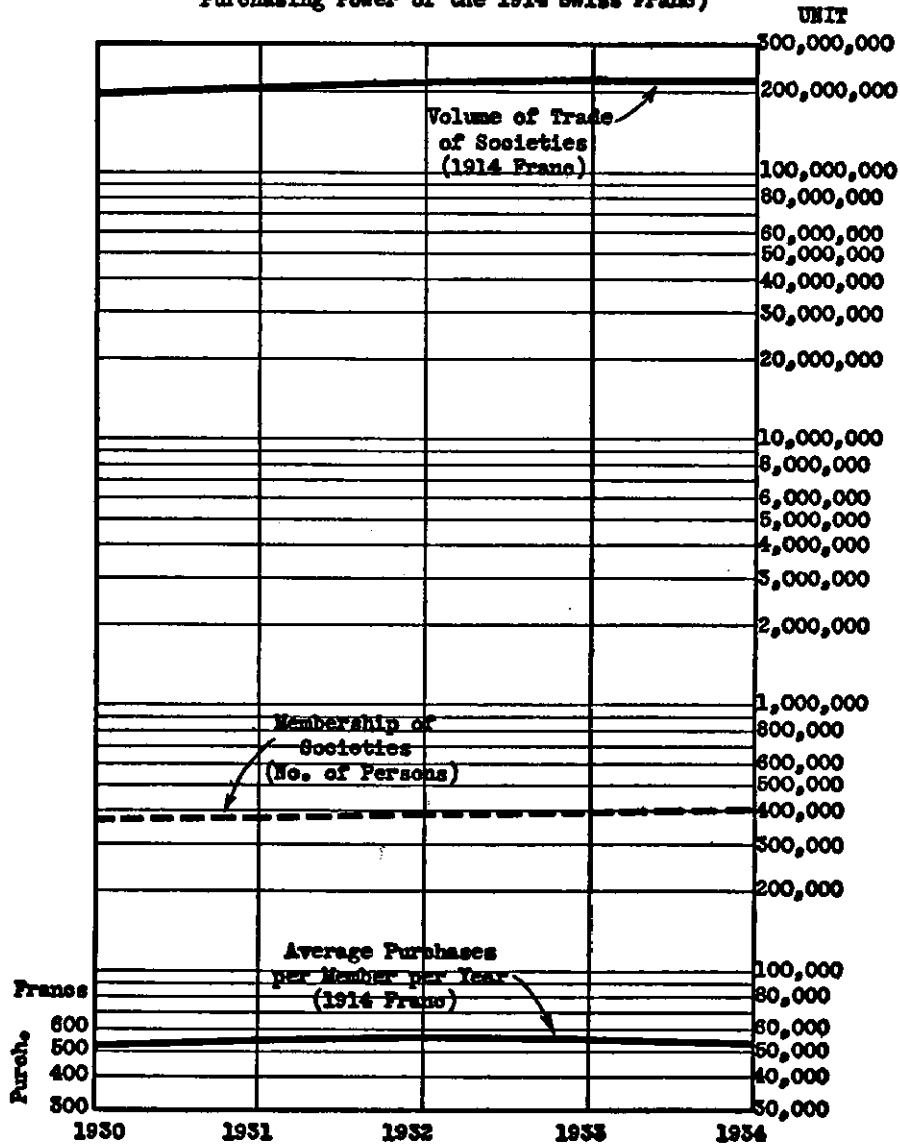


PLATE XXIX

SWITZERLAND

GROWTH OF CONSUMER COOPERATIVE ENTERPRISE IN TERMS OF MEMBERSHIP AND TRADE

(Trade Calculated in Terms of the Domestic
Purchasing Power of the 1914 Swiss Franc)



Cost of Living Index as Computed and Published by the Federal Labor
Office of Switzerland. Base June 1914 = 100.

PLATE XXX

Appendix F

CURRENCY CONVERSION TABLE

TABLE XXI.—Average annual exchange rates

Year	Czecho- slovakia koruna	Great Britain pound	Sweden krona	Switzer- land franc	France franc	Finland markka	Denmark kroner	Norway kroner
1935.....	\$. 0416	\$4. 902	\$. 2527	\$. 3250	\$. 0660	\$. 0216	\$. 2188	\$. 2463
1934.....	. 0424	5. 039	. 2598	. 3237	. 0657	. 0223	. 2250	. 2532
1933.....	. 0382	4. 237	. 2203	. 2484	. 0503	. 0187	. 1907	. 2143
1932.....	. 0296	3. 056	. 1847	. 1940	. 0393	. 0155	. 1883	. 1800
1931.....	. 0296	4. 535	. 2525	. 1940	. 0392	. 0239	. 2506	. 2505
1930.....	. 0296	4. 862	. 2685	. 1938	. 0392	. 0252	. 2676	. 2676
1929.....	. 0296	4. 857	. 2678	. 1928	. 0392	. 0252	. 2668	. 2668
1928.....	. 0296	4. 866	. 2680	. 1926	. 0392	. 0252	. 2674	. 2669
1927.....	. 0296	4. 861	. 2682	. 1926	. 0392	. 0252	. 2672	. 2605
1926.....	. 9296	4. 858	. 2675	. 1931	. 0324	. 0252	. 2623	. 2233
1925.....	. 0297	4. 829	. 2685	. 1933	. 0477	. 0252	. 2113	. 1788
1924.....	. 0295	4. 417	. 2652	. 1822	. 0524	. 0251	. 1672	. 1394
1923.....	. 0295	4. 575	. 2656	. 1806	. 0608	. 0268	. 1836	. 1667
1922.....	. 9241	4. 429	. 2617	. 1906	. 0820	. 0216	. 2095	. 1750
1921.....	. 0126	3. 849	. 2254	. 1735	. 0745	. 0192	. 1780	. 1491
1920.....	. 0157	3. 664	. 2049	. 1690	. 0704	. 0342	. 1577	. 1653
1919.....	. 0343	4. 426	. 2554	. 1898	. 1366	. 0642	. 2328	. 2458
1918.....	.....	4. 755	. 3280	. 2289	. 1780	. 1208	. 3005	. 3033
1917.....	.....	4. 754	. 3263	. 2102	. 1730	. 1344	. 3008	. 3046
1916.....	.....	4. 759	. 2876	. 1913	. 1697	. 1383	. 2815	. 2855
1915.....	.....	4. 752	. 2589	. 1871	. 1798	. 1548	. 2580	. 2630
1914.....	.....	4. 905	. 2655	. 1950	. 1952	. 1883	. 2663	. 2660
1913.....	.....	4. 869	. 2680	. 1930	. 1930	. 1912	. 2680	. 2680
1912.....	.....	4. 870	. 2680	. 1930	. 1930	. 1919	. 2680	. 2680
1911.....	.....	4. 865	. 2680	. 1930	. 1930	. 1919	. 2680	. 2680
1910.....	.....	4. 869	. 2680	. 1930	. 1930	. 1918	. 2680	. 2680
1908.....	.....	4. 868	. 2680	. 1930	. 1930	. 1916	. 2680	. 2680
1906.....	.....	4. 857	. 2680	. 1930	. 1930	. 1916	. 2680	. 2680
1905.....	.....	4. 866	. 2680	. 1930	. 1930	. 1918	. 2680	. 2680
1904.....	.....	4. 870	. 2680	. 1930	. 1930	. 1921	. 2680	. 2680
1902.....	.....	4. 878	. 2680	. 1930	. 1930	. 1919	. 2680	. 2680
1900.....	.....	4. 871	. 2680	. 1930	. 1930	. 1915	. 2680	. 2680
1895.....	.....	4. 895	. 2680	. 1930	. 1930	.....	. 2680	. 2680
1890.....	.....	4. 868	. 2680	. 1930	. 1930	.....	. 2680	. 2680
1885.....	.....	4. 859	. 2680	. 1930	. 1930	.....	. 2680	. 2680
1882.....	.....	4. 874	. 2680	. 1930	. 1930	.....	. 2680	. 2680

Appendix G

LIST OF COOPERATIVE ASSOCIATIONS¹

CZECHOSLOVAKIA

- "Centrokooperativ," svaz jednot hospodářských družstev republiky Československé.—"Centro-cooperative", Federation of Unions of Cooperative Agricultural Societies of the Czechoslovak Republic.
- Ústřední jednota hospodářských družstev.—Central Union of Cooperative Agricultural Societies.
- "Kooperativa," nákupní jednota hospodářských družstev.—Supply Association of the Cooperative Agricultural Societies.
- Svaz hospodářských družstev československých.—Union of Czechoslovak Cooperative Agricultural Societies.
- Central-Verband der deutschen landwirtschaftlichen Genossenschaften Böhmens.—Central Federation of German Cooperative Agricultural Societies in Bohemia.
- "Agrosvaz," Ústřední svaz českých hospodářských společenstev v Brně.—Central Union of Czech Cooperative Agricultural Societies.
- Ústřední jednota českých hospodářských společenstev úvečních.—Central Union of Cooperative Credit Societies.
- Zentralverband der deutschen landwirtschaftlichen Genossenschaften Mährens, Schlesiens und der Slowakei.—Central Federation of German Cooperative Agricultural Societies in Moravia, Silesia and Slovakia.
- Jednota českých hospodářských společenstev.—Union of Czech Cooperative Agricultural Societies.
- Zentralverband der deutschen landwirtschaftlichen Genossenschaften Schlesiens.—Federation of German Cooperative Agricultural Societies in Silesia.
- Zwiazek Spółdzielni Polskich Českém Těšíně.—Union of Polish Cooperative Agricultural Societies.
- Ústřední družstvo.—Central Cooperative Society.
- Svaz rolnických vzájemných pokladnic.—Union of Rural Credit Societies.
- Zemský družstevní svaz.—District Association of Cooperative Societies.
- Ústřední svaz československých družstev v Praze.—Central Union of Czechoslovak Cooperative Societies.
- V. D. P., Velkonákupní společnost družstev.—Cooperative Wholesale Society.
- Všeobecná družstevní banka.—General Cooperative Bank.

- Lidová pojišťovna "Czechoslovakia" akc. společnost.—People's Insurance Society.
- V. D. W., Verband deutscher Wirtschaftsgenossenschaften in der Tschechoslowakischen Republik.—Union of German Distributive Societies.
- "Gec," Produktions- und Grosseinkaufsverband für Erwerbs- und Wirtschaftsvereinigungen.—Wholesale Society of German Cooperative Societies.

DENMARK

- De samvirkende danske Andelsklubber.—Federation of Danish Cooperative Societies.
- De Danske Mejerforeningers Fællesorganisation.—Association of Cooperative Dairy Societies in Denmark.
- De Samvirkende danske Andels-Smørgeseksportforeninger.—Association of Danish Cooperative Butter Export Societies.
- De Samvirkende danske Andels-Kreatureksportforeninger.—Association of Danish Cooperative Cattle Export Societies.
- De Samvirkende danske Andels-Svineklæfterier.—Association of Danish Cooperative Bacon Factories.
- D. A. Æ., Dansk Andels Ægexport.—Danish Cooperative Egg Export Society.
- D. L. F., Danske Landboforeningers Frøforsyning.—Danish Seed Supply and Seed Growers' Association.
- F. D. B., Fællesforeningen for Danmarks Brugforeninger.—Cooperative Wholesale Society of Denmark.
- Ringkøbing Amts Vareindkøbsforening.—Ringkøbing District Supply Society.
- J. A. F., Jydsk Andels-Foderstofforretning.—Jutland Cooperative Society for the Purchase of Feeding-Stuffs.
- Øernes Andelselskab for Indkøb af Foderstoffer.—The Danish Islands Cooperative Society for the Purchase of Feeding-Stuffs.
- Fyens Andels-Foderstofforretning.—Funen Cooperative Society for the Purchase of Feeding-Stuffs.
- D. A. G., Dansk Andels-Gødningforretning.—Danish Cooperative Fertilizer Supply Society.
- Dansk Andels Kulforretning.—Danish Cooperative Coal Supply Society.
- D. A. C., Dansk Andels-Cementfabrik.—Danish Cooperative Cement Factory.

¹ This list is not intended to be exhaustive, but to identify the associations referred to in the list.

Andelsbanken.—The Danish Cooperative People's Bank.
 Andels-Anstalten "Tryg."—Cooperative Life Insurance Society.
 Mejeriernes og Landbrugets Ulykkesforsikring.—Accident Insurance Society for Dairies and Agriculture.
 Sogneraadsforeningernes Ulykkesforsikring for Landbrugere.—Farmers' Parish Union Accident Insurance Society.
 Dansk Forsikringsforening mod Stormskade.—Danish Cooperative Storm Insurance Society.
 Andelsforeningernes Sanatorieforening.—Danish Cooperative Societies' Sanatorium.
 Danske Andelskasser.—Danish Union of Cooperative Credit Societies.
 Danske Mejeriers Faellesindkøb og Maskinfabrik.—Cooperative Dairy Societies Joint Purchase and Engineering Works.
 Det Kooperative Faellesforbund.—Cooperative Union.
 De Samvirkende Brugsforeninger.—Union of Workers' Distributive Societies.
 Faellesorganisationen af almenyttige Danske Boligselskaber.—Union of Workers' Cooperative Building Societies for House Building.

FINLAND

Fellervo-Seura.—"Fellervo," Central Union of Finnish Cooperative Societies.
 Osuuskassojen Keskusliitto.—Central Union of Cooperative Rural Credit Societies.
 O. K. O., Osuuskassojen Keakuulainarahasto-Osakeyhtiö.—Central Bank of the Cooperative Rural Credit Societies.
 Keakusosuuliike Hankkija.—The "Hankkija" Agricultural Cooperative Wholesale Society.
 Vainvientiösuuliike Valio.—The "Valio" Cooperative Butter Export Association.
 Karjakeskuskunta.—Central Livestock Cooperative Society.
 Vientikunta Muna.—"Muna" Central Cooperative Egg Export Association.
 M. M., Metsänomistajain Metsäkeskus.—The Forest Owners' Central Organization.
 Y. O. L., Yleinen Osuuskassojen Liitto.—General Union of Supply Cooperative Societies.
 S. O. K., Suomen Osuuskassojen Keskuskunta.—The Finnish Cooperative Wholesale Society.
 Keskinäinen Vakuutusyhtiö Elonvara.—Fire, Motor Cars and Accidents Insurance Society
 Keskinäinen Henkivakuutusyhtiö Pohja.—Cooperative Life Insurance Association.
 Eläkelaitos Elonvara.—Staff Insurance Fund of the Supply Cooperative Societies.
 Keskinäinen Vakuutuslaitos Oma.—Insurance Office for Workers in Supply Cooperative Organizations.
 Finlands Svenska Andelsförbund.—Swedish Cooperative Union in Finland.

Centralandelslaget Labor.—"Labor" Central Agricultural Supply Cooperative Society.
 Centrallaget "Enigheten."—"Unity" Cooperative Butter Export Association.
 K. K., Kulutusosuuskuntien Keskusliitto.—Central Union of Finnish Distributive Societies.
 O. T. K., Osuustukkukauppa.—Cooperative Wholesale of the Central Union of Finnish Distributive Societies.
 Keskinäinen Henkivakuutusyhtiö Kansa.—Mutual Life Insurance Company.
 Keskinäinen Palo- ja Tapaturmavakuutusyhtiö Kansa.—Mutual Fire and Accidents Insurance Company.

FRANCE

Banque coopérative des Sociétés ouvrières de production de France.—Cooperative Bank of French Workers Productive Societies.
 Caisse nationale de Crédit agricole.—National Bank for Rural Credit.
 Chambre consultative des Associations ouvrières de production de France.—Chamber of Workers' Productive Associations.
 F. N. C. C., Fédération nationale des Coopératives de consommation.—National Federation of Consumer Cooperative Societies.
 Fédération nationale de la Mutualité et de la Coopération agricoles.—Agricultural Cooperative Union.
 M. D. G., Magasin de Gros des Coopératives de France.—French Cooperative Wholesale Society.
 Société Centrale des Coopératives de France.—Central Banking Society of French Cooperatives.
 Société de Contrôle des Coopératives de France.—General Society of Control of French Cooperative Societies.
 Union centrale des syndicats des Agriculteurs de France.—Central Union of Agricultural Syndicates.

GREAT BRITAIN, NORTHERN IRELAND AND IRISH FREE STATE

Cooperative Union.
 Cooperative Wholesale Society, C. W. S.
 Cooperative Insurance Society—(The Joint Insurance Department of C. W. S. and S. C. W. S.), C. I. S.
 Cooperative Productive Federation, C. P. F.
 The Welsh Agricultural Organisation Society, W. A. O. S.
 The English and Scottish Joint Cooperative Wholesale Society.
 Scottish Cooperative Wholesale Society, S. C. W. S.
 The Scottish Agricultural Organisation Society, S. A. O. S.
 Irish Agricultural Organisation Society, I. A. O. S.
 Irish Agricultural Wholesale Society, I. A. W. S.
 Ulster Agricultural Organisation Society, U. A. O. S.

NORWAY

N. K. L., Norges Kooperative Landsforening.—Cooperative Union and Wholesale Cooperative Society of Norway.

Forsikringsaktieselskapet "Samvirke."—Cooperative Insurance Society.
 Livsforsikringsaktieselskapet "Samvirke."—Cooperative Life Insurance Society.
 Böndernes Bank.—Farmers' Cooperative Bank.

SWEDEN

K. F., Kooperativa Förbundet.—Cooperative Union and Cooperative Wholesale Society of Sweden.
 Försäkringsanstalten "Samarbete."—"Samarbete" Cooperative Insurance Society.
 Livförsäkringsanstalten "Folket."—Cooperative Life Insurance Society.
 S. A. L., Sveriges Allmänna Lantbrukssällskap.—Central Union of Agricultural Cooperative Societies of Sweden.
 S. L. R., Svenska Landtmännens Riksförbund.—Swedish National Farmers' Union.
 S. M. R., Svenska Mejeriernas Riskförening.—Swedish Cooperative Dairies Federation.
 S. S., Sveriges Slakteriförbund.—Federation of Cooperative Livestock Marketing Societies.
 Skogsägareföreningarnas Riksförbund.—Federation of Forestry Cooperative Societies.
 Svenska Ägghandelsförbundet.—Central Egg Marketing Society.
 R. S. F., Riksförbundet Svensk Frukt.—Federation of Cooperative Fruit Marketing Societies.
 Svenska Jordbrukakreditkassan.—Union of Cooperative Rural Credit Societies.
 H. S. B., Hyregästernas Sparkasse- och Byggnadsföreningars Riksförbund.—Tenants' Savings Bank and Building Society.

SWITZERLAND

V. S. K., Verband schweizerischer Konsumvereine.—Union suisse des coopératives de consommation.—Federation of Swiss Consumers' Societies.
 V. O. L. G., Verband ostschweizerischer landwirtschaftlicher Genossenschaften.—Union des sociétés coopératives agricoles de la Suisse orientale.—Federation of Agricultural Societies of Eastern Switzerland.
 Verband der Genossenschaften "Konkordia" der Schweiz.—Fédération des sociétés coopératives "Concordia" de la Suisse.—Federation of Catholic Consumers' Cooperative Societies.
 Vereinigung der landwirtschaftlichen Genossenschaftsverbände der Schweiz.—Fédération des Associations coopératives agricoles de la Suisse.—Union of Swiss Agricultural Societies.
 Zentralverband schweizerischer Milchproduzenten.—Union centrale des producteurs suisses de lait.—Central Union of Swiss Milk Producers.
 S. E. G., Verband schweizerischer Eierverwertungsgenossenschaften.—Fédération des coopératives suisses pour la vente des oeufs.—Union of Swiss Egg and Poultry Societies.
 Genossenschaftliche Zentralbank.—Banque centrale coopérative.—Central Cooperative Bank.
 M. S. K., Mühlengenossenschaft schweizerischer Konsumvereine.—Minoterie coopérative des sociétés suisses de consommation.—Cooperative Flour Mills of Swiss Distributive Societies. (Cooperative Milling Society of Switzerland.)
 Schuh-Coop.—Chausure-Coop.—Shoe Factory.
 Zigarrenfabrik.—Fabrique de cigares.—Cigar Factory.

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