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CO-OPERATION IN NEW ENGLAND

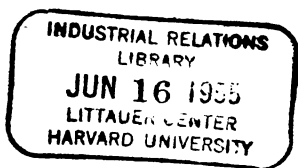
URBAN AND RURAL

BY
JAMES FORD, Ph.D.
INSTRUCTOR IN SOCIAL ETHICS, HARVARD UNIVERSITY

INTRODUCTION
By FRANCIS G. PEABODY, LL.D.

NEW YORK
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INTRODUCTION

INDUSTRIAL co-operation is regarded just now by many people as an antiquated and abandoned scheme. Its advantages are moderate in their dimensions and slow in their arrival. It calls for much patience and economy. It takes the world as it is and makes the best of it, instead of condemning it as incapable of good. For all these reasons co-operation is unattractive to those who expect a wholesale and immediate transformation of the industrial order. To such minds revolution looks more promising than evolution; patience seems more like a vice than a virtue; and economy seems to tempt the worker to submission rather than to inflame him with discontent. "Beware of thrift," a revolutionist has said, "it is the workingman's enemy; let him spend what he gets and demand more."

The world of industry, as it might be organized under co-operation, would in its outward form seem not unlike the Co-operative Commonwealth proposed by socialists. Capitalism would be supplanted by common ownership; and the profits of production and distribution would accrue to the wage-earners themselves. Indeed, there are signs that this kinship of ideals is becoming recog-

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nized, and that co-operation may be accepted as a step to the socialist faith. Yet in their spirit the two schemes have hitherto had little in common. They have stood, as it were, near to each other, yet back to back, looking out on different worlds. One has seen in the existing industrial order signs of hope and peace; the other has seen increasing discontent, hopelessness, and war. One has welcomed a practical movement toward industrial justice even though it may not realize all its dreams; the other has found such partial measures obstructive of the comprehensive plan of revolution and tempting working people to an ignoble peace. "To put money in the savings-bank," the English socialist Hyndman has said, "is to accumulate orders on other people's labor and is no benefit to those who save"; and to the same effect Mr. Bax taught: "The socialists are radically at variance with thrift. A man who works at his trade more than his necessity compels him, or who accumulates more than he can enjoy, is not a hero but a fool from the socialist's point of view."

It must be admitted that the history of co-operation in the United States goes far to encourage either scepticism or hostility. With few exceptions it has been the history of failures. Many co-operative enterprises which were launched with the most buoyant hope soon found themselves on the rocks of financial or moral ruin. The lessons which this volume teaches are, in the main, lessons of warning. It is not surprising, therefore, that the movement to improve the con-

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dition of wage-earners has, for the present, swept past the co-operative plan toward more radical and aggressive schemes. And yet the student of this world-wide movement toward industrial freedom finds his attention arrested by the fact that in all the progressive countries of Europe the co-operative system has played a notable part both in advancing the welfare and in consolidating the organization of wage-earners. In England, Ireland, Belgium, France, Italy, and Denmark, distributive stores, agricultural production, banking, farming, building—all these types of co-operative industry, though they have different lessons to teach, present examples of mutual advantage, popular education, and social hope. The single instance of the British organization with its membership in 1911, of 2,640,091, in 1,407 distributive societies, and its wholesale business of £35,744,069 of sales, and £1,000,518 of profits, is enough to demonstrate the capacity of plain people to conduct great business affairs, and to justify the conclusion reached by the leading economist of England, Professor Marshall, that it must be regarded as “unique among all the achievements that have been wrought by the working classes in the history of the world.” “In the world’s history,” continued the same teacher, in his address at the Ipswich Congress, “there has been one waste-product, so much more important than all the others that it has a right to be called *the* waste product. It is the higher ability of the working classes, the latent and undeveloped, the

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choked-up and wasted faculties for higher work, that for lack of opportunity have come to nothing"; and this opportunity for latent ability, he maintains, the co-operative system in an unequalled degree provides. One who attends an English or international congress of co-operators finds himself among an aristocracy of wage-earners, self-respecting, sanguine, and sagacious, demanding no social revolution to procure social justice, but securing by peaceful means the advantages of capital and the moral education of self-help.

In the presence of these facts it is impossible to dismiss co-operation as unimportant or ineffective. The history of abortive undertakings in the United States seems to point to unpropitious circumstances or unfaithful administration rather than to inherent defects of the plan; and the student of industrial conditions seems called to inquire, not whether co-operation can succeed, but what the special causes in the United States are which have made it so often fail. An arrangement of trade which has brought so much financial profit and so much self-respect to millions of hand-workers in many countries may have an important place in the future of the United States, even though it be for the moment unappreciated or opposed.

What, then, are the most elementary conditions of success in industrial co-operation? The first condition is that of independence. The co-operative plan must not be tied up with other and more dubious undertakings, whose failure may

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involve the wreck of co-operation. American history is strewn with these disasters, in which a practical plan of co-operation has shared the fate of a visionary or utopian re-arrangement of society. Communism, vegetarianism, pietism, feminism—all have annexed co-operation to their programs, and their abortive colonies have involved in their fall much disrepute for co-operative industry. Even in Great Britain at the present time co-operation is not free from the peril of being merged in more ambitious plans of social revolution, and sharing the vicissitudes of a new social order. It must be firmly maintained by co-operators that their undertaking is enough in itself to command their loyalty. Prophetic as it may be of a new industrial world of common ownership and administration, its best contribution to that future will be made by its own success and by the demonstration it may offer of the capacity of hand-workers to originate and conduct great business. Co-operation is too admirable a scheme to be made a bait for converts to Utopia.

The second condition is a considerable degree of fixity in residence. One joins a co-operative society as he might join a club, paying an entrance fee in the expectation of later profits. He has to wait for his dividend. The habit of buying at the co-operative store becomes gradually fixed in his family, and devotion to the cause is gradually strengthened by an increasing appreciation of advantage. All this gathering tradition of loyalty is hard to develop among the ordinary conditions of

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American life. We are for the present a nation of nomads. Twenty-two per cent of the native population reside in states other than those in which they were born. A workingman and his family are often quite as likely to be somewhere else at the end of the year as to be settled in a permanent home. While the nation is thus on the march it is not likely to appreciate a form of business which has to be planted and watered, and to strike down roots before it can bear fruit. This fluidity in population is, however, not likely to last. The evil of congestion has already supplanted in many communities the risks of migration, and the movement "back to the land" encourages an increasing permanence of tenure. Whenever, therefore, a reasonable fixity of residence has been reached, and families are likely to remain where they are, one obstacle is removed and an opportunity, on which other nations have seized, of free organization for mutual help, has arrived.

A third condition of success in co-operation is the desire to save. The plan proposes a bonus on thrift. Distributive stores under the Rochdale system, instead of underselling other traders, accept market rates and reserve the earnings for distribution in proportion to purchases. The wholesale societies are themselves the property of the distributive stores, so that the profits filter down through the stores to the individual members. Thus the expectation of a dividend at quarter day becomes the economic basis of loyalty. The co-operator cherishes the faith that a penny saved is

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a penny earned. When one compares this habit of mind with the prevailing ways of American life, he sees a sufficient reason for many failures of co-operation. The American people are beyond all comparison, and from richest to humblest, the most unthrifty and extravagant in the world. Vulgar and ostentatious prodigality among the prosperous is matched by reckless improvidence and foolish expenditure among the poor. A luxurious woman may spend far too much on her clothes, but a working girl may spend everything. The food and drink of the rich often kill them; but the food and drink of the poor often rob them of both life and money. The very instinct of economy seems to great numbers of all classes discreditable. The chances of luck are more enticing than the modest returns of thrift. The wonderful resources of the country provide a constant temptation to extravagance, lavishness, and speculation. The sky looks so bright that provision for a rainy day seems quite superfluous. Sooner or later, however, even so light-hearted and unprecedentedly prosperous a people will have to learn the ancient lesson of economy. Thrift will turn out to be more lucrative than luck. The chances of gain will diminish, and the rewards of saving will increase. Whenever that time arrives, in a neighborhood or a home, the co-operative scheme will attract fresh attention. It is the most obvious way of saving. It secures the participant from loss by leakage and makes his expenditure itself a way to save. Wholesome, steady-going, reasonably homogeneous communities are

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already in a position to utilize the experiences of other countries in this application of economy to trade, and may easily discover that they have at their command a great and often unsuspected waste product of modern life.

A final condition of success in co-operation is even more fundamental. It is a supply of what the advocates of the movement call "co-operative men." The scheme depends not merely on economic thrift, but on integrity, fidelity, and disinterestedness. A completely self-seeking man cannot be a good co-operator. Obstinacy and wilfulness have wrecked co-operative undertakings almost as frequently as deception and fraud. In other words, co-operation presupposes common sense, forbearance, and co-operative spirit, and can be successful only where such qualities exist. Without them it fails as business; and with them its successes are something more than business successes. Co-operation is, in fact, a form of moral education, an expression of social ethics, a way of trade which might write over its stores: "Bear ye one another's burdens"; "Ye are members one of another."

This condition of co-operation prescribes its limitations. It is applicable only to the more thoughtful and intelligent of wage-earners. The ignorant, the thriftless, and the short-sighted, will not be either tempted to embark in co-operative schemes or competent to handle them. Moral responsibility, a sense of loyalty, a willingness to sacrifice for the cause, are essential to business

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success. Yet this moral demand is precisely what gives to co-operation its peculiar place in the industrial world. It trains people in the co-operative habit of mind, so that for great numbers of wage-earners it teaches what the Christian Church might be expected to teach—the worth of the life in common, the membership of one body where the strength of each part is in the strength of all, the realization of self in the common good.

The dependence of commercial success upon this ethical requirement inevitably limits the sphere of co-operative industry in the United States. Many communities, as this book indicates, have experimented with the system before they were fit for it. They have tried to make it an instrument of personal profit, or a disguise for personal ambition, and the lack of a co-operative man has brought with it disaster to the co-operative plan. Many communities, on the other hand, have discovered either through success or through failure that good business is not inconsistent with moral idealism, and that the advantage of each may be found in the welfare of all. Even if the chequered history of industrial co-operation in the United States had taught no other lesson than this it would be worth reviewing, and would convey a lesson of self-respect and hope.

I commend, therefore, to American readers the following pages, of whose trustworthiness, moderation, and accuracy one may be confidently assured. Dr. Ford's studies on this subject have covered five years, and are fortified by extensive research in

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rural social problems as well as in the economic and social problems of the city. The book has had the great advantage of a reading by the most distinguished exponent of agricultural co-operation, Sir Horace Plunkett, who has expressed his judgment of it in the following words, with which I cordially concur: "What seems to me the pith and substance of this valuable economic survey is that co-operation, in the technical sense which appertains in Europe, is not very strong in New England, and this because the character of the people is intensely individualistic. At the same time, so far as the principle has been applied to production and distribution, both urban and rural, it has been proved to have all the merits which it is shown to possess in the Old World. . . . The writer's generalization from the foregoing facts is very shrewd and sound. He sees clearly that with the march of socialism it is immensely important to give full and fair trial to any rational alternative economic systems. He also realizes the essential dependence of co-operative organization on the idealism in the organizer. . . . Please send to the writer my congratulations on the very useful piece of work he has done."

FRANCIS G. PEABODY

Harvard University,
October, 1912.

AUTHOR'S PREFACE

THIS investigation into the nature and scope of industrial co-operation in New England was begun in 1907, subsequent to a year's study of industrial problems in Europe. A recognition of the success of the co-operative movement abroad in stimulating and developing the latent powers of mind and character in men ordinarily socially diffident or aggressively selfish, occasioned this attempt to ascertain in how far industrial co-operation was practiced in New England and the result of its operation there. It was found advisable to limit the research to the main types of co-operation: associations for the production and distribution of the immediate necessities of life. Four other local types of co-operation—co-operative telephone companies, mutual insurance companies, building and loan associations, and credit unions—are therefore omitted.

It is fair to state that the four kinds of co-operation excluded from consideration here are widespread and influential in New England. The co-operative telephone companies, though least important, still number probably over a score and are interesting examples of vigorous local endeavor to satisfy a common need. In some in-

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stances each process in the installation of the telephone system has been managed in person by the co-operating members, even to the making and setting of the telephone poles. These independent companies have found it necessary, however, to make terms with the Bell Telephone system for other than local service and in consequence most of them are now controlled or completely absorbed by that company.

The mutual insurance societies are of two main sorts, commercial and fraternal—the latter in both city and country being usually an incidental activity of secret orders. Co-operative insurance in New England far outnumbers all other types of co-operation, but the societies are not inter-related and have no common literature.

The co-operative building and loan associations, frequently termed “savings and loan associations” and “co-operative banks,” are America’s best known type of co-operation and are federated into both state and national leagues. They are formed to promote thrift, and to facilitate the acquisition of homes. On October 31, 1911, there were 160 of these “co-operative banks” in Massachusetts alone and well over 200 in the whole of New England, all operated and owned by the skilled workmen and small tradespeople of the cities and mill towns.

The credit unions are a new undertaking in American co-operative history, founded in Massachusetts since 1909 to fill a need until that date

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met only by unscrupulous money lenders known as "salary loan sharks." Their purpose is "to promote thrift among the members by giving them an opportunity to save money in small amounts, and to obtain loans at moderate rates for purposes which promise to be of benefit to the borrower."* These societies are in the main like the Schultze-Delitzsch† banks of Germany with limited liability of members; they were copied from the credit unions of Canada. Thirty-two such associations had been formed in Massachusetts up to October 31, 1912, giving evidence of a movement of consequence.

All the four above-mentioned co-operative practices are incidental to the main course of producers' and consumers' co-operation which in Europe at least aims at the complete reconstruction of industrial and social life—and to make unjust destructive competition give place to brotherhood and opportunity.

A complete account of the distributive and

* See page 19 of *Credit Unions: Statement and suggestions in regard to organizing and managing a Credit Union in Massachusetts*. Issued by the Bank Commissioner of the Commonwealth of Massachusetts, June 1, 1911.

† In 1850 Herr Schultze, Mayor of Delitzsch, Germany, founded a credit union in Eilenburg. This credit bank and others that followed had share capital of much higher denomination than the credit unions of Canada and Massachusetts and differed from these latter in other minor details. To-day there are over 1000 banks of this type in Germany. For an account of the methods of these banks see Fay, C. R.: *Co-operation at Home and Abroad*. Part I (London, P. S. King & Son, 1908); and Wolff, Henry W., *People's Banks*, especially Chapter VI. (3rd ed., London, P. S. King and Son, 1910.)

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productive co-operative societies of New England is rendered especially difficult because of certain local peculiarities of the movement. The lack of federation of the associations is both cause and result of an extreme isolation. Few societies are aware of the existence of more than two or three others and no list is available. Directories of cities reveal varied types of stores or factories or clubs styled "co-operative." Many an ordinary dry goods or grocer's shop has used the title because it "sounded well." Philanthropic societies,* too, sometimes use the name to cover their own endeavors and the anticipated reciprocation of their clientele. Business corporations having features of mutual benefit, such as profit-sharing schemes in the business world, have a somewhat better claim to the use of the word. But the societies that once were or now are truly co-operative may or may not indicate this feature in their corporate name. These facts, coupled with the taciturnity and suspiciousness of both native and immigrant New Englanders, therefore, render an all-inclusive account of co-operative societies impossible. The unincorporated and most elementary form of co-operation can not usually be traced.

Public and official sources of information have also proved of little value. Except in Massachu-

* For example, the Morgan Memorial Co-operative Industries and Stores of Boston, and the St. James Co-operative Sales of New Bedford.

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setts where in 1907 the Bureau of Statistics of Labor published a special bulletin (No. 47) on Distributive Co-operation in New England, state departments of labor have yielded no records of co-operative societies. The Massachusetts report was more limited than its title would indicate but it contained useful statements from 24 societies. Except for Maine the state departments of agriculture have proved ignorant of the co-operative organization of farmers within their boundaries. The files kept by secretaries of state of the corporations organized under their laws, have been of some service, especially in Massachusetts where statements of the assets and liabilities of all corporations are required and are published annually. Dairy commissioners in Massachusetts, and Connecticut have the names of associations within the dairy industry. But aside from these meager records and except for some slight assistance from state colleges, there has been no official source of data.

Private sources have proved more fruitful and among these the annual reports of all the state granges and of the state dairymen's associations of Vermont and Maine were of much value. Files of the *Arena* and its successor, the *Twentieth Century Magazine*, of the *New England Farmer*, the *Maine Farmer*, and especially the *New England Homestead* have also been of use. Chief reliance, however, has been placed upon correspondence with the secretaries of the co-operative associations

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which had been ascertained to be in operation, and upon schedules of from 20 to 40 questions filled out by their officers. Visits were made to the places of business of more than 100 societies.

A report on the subject of co-operation in New England was prepared by the writer in 1908 for the research department of the Boston School for Social Workers. This original study, a typewritten copy of which is permanently available among the doctors' theses of 1909 in the library of Harvard University, was an economic treatise on Distributive and Productive Co-operation in New England. The present volume by complete adaptation of the original material, and by exclusion of technical economic argument and of much detail, is intended as a practical treatment of the subject for popular use. During the summer of 1911 the status of New England co-operation was entirely recanvassed, by letters to the old associations and to others more recently formed, and by examination of all available published data of the intervening period. The statistical tables have been brought down to date, the descriptive portions of the report largely rewritten, and an introductory and concluding chapter added to show the relation of co-operation in New England to the general co-operative movement elsewhere.

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PART I
CO-OPERATIVE ASSOCIATIONS OF
WORKINGMEN



CHAPTER I

THE NATURE OF CO-OPERATIVE ENTER- PRISE

AIMS AND PRINCIPLES

THE past century has been characterized by a widespread abandonment of domestic and small-scale manufacture for large-scale production. The chief grounds for this transition are conceded to be, first, the use of steam, and later, the introduction of electric power in industry, which have made possible large undertakings and the employment of great numbers of operatives by single owners of capital. Two of the more serious social results of this revolution in industrial methods have been the severance of the personal relation and the increasing disparity in wealth between the employer of labor and his many employé's. The increased output made possible by large-scale production has also stimulated expansion of trade, which in turn has tended to destroy in commerce as in industry the personal contact and the comparative similarity in fortune and interest of shopkeeper, employe, and client. Moreover, the possession of great wealth has materially increased the power of employer or

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capitalist to do good or ill in business, in politics, and in general social life. Protest against the misuse of this power has given rise to industrial co-operation.

The aim of co-operation is the substitution of common ownership and operation of trade and industry for individual or capitalist ownership. The co-operator seeks common ownership not through the government, as does the socialist, but through voluntary association of producers or consumers. The immediate economic purpose is to save money for the members of the association or to earn for them some form of middleman's profits. Thus, associations of workingmen producers seek to have factories and workshops owned by the operatives there employed. The profits of the industry do not go to a capitalist owner, but are divided equitably among employees.* The consumers' associations, which are relatively of vastly greater importance, are unions of men who seek to reduce the cost of living by owning stores, bakeries, etc., by eliminating all unnecessary expense in business operations, and by distributing among themselves the profits which ordinarily go to retailer, middleman, or producer. The ethical purpose is to moralize business by elimination of the frauds and graft which are too prevalent in competitive industry, to produce and sell only goods of high quality made under proper conditions, and to promote fraternity in the industrial

* See Chapter IV, p. 48.

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world. The vital fact of co-operation which has everywhere given the movement significance is that it aims to conduct business democratically—with open membership and equal voting power—and that it further seeks to secure the common good through self-help untrammelled by patronage or by governmental compulsion. Co-operative societies then may be defined as associations of men who seek to better their condition through uniting their capital and their effort democratically in the common pursuit of honest trade or industry.

Co-operation as actually practiced today, especially in Europe, covers in some degree every phase of business. It is found in farming, manufacturing, banking, insurance, and in both wholesale and retail distribution. It has attained pronounced success in two sociologically distinct fields: among workingmen who are organized primarily as consumers of goods and among farmers who hitherto have co-operated most readily as producers. Workingmen's associations are found in cities and in manufacturing towns and villages; farmers' associations in regions predominantly rural, though they may penetrate the city for purchase or sale of goods. Both of these main divisions include co-operative banks, stores, and factories, but the problems that characterize them differ widely. The rural associations are formed by men who are owners of private property and employers of labor,—petty capitalists who organize

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to overcome the handicap of geographical isolation and to gain larger profit from the commerce with the city. The urban group is intimately bound to the labor problem, is constantly concerned with questions of capital versus labor, with methods of profit-sharing, with trade-unionism and socialism.

The essence of co-operation may be traced in primitive communal practice, or in certain phases of mediæval guild systems. Modern industrial co-operation, however, began in the factory towns of England and is the direct outgrowth of popular reaction against the evils of nineteenth century competition. The prophet of co-operation was Robert Owen, a manufacturer, at whose instigation hundreds of consumers' clubs were established in Great Britain between 1820 and 1840. Owen's intention in proposing these associations was to establish not a co-operative movement like that of today, but socialism of a type already in part outgrown. The business methods of these original associations which sold goods at cost were faulty. The active enmity of private tradesmen whose prices were undercut was needlessly aroused and no margin of profit for the common purchase and sale of goods was left which could be reserved and drawn upon in times of business stress. The inevitable result was the failure of the movement.

THE ROCHDALE MOVEMENT

Modern co-operation is essentially democratic—a people's movement far more truly than either

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trade unionism, agrarianism, or even socialism in its prevalent orthodox form, can be. Its effective practice dates from the adoption of a specific business and social policy drawn up in 1844 by a group of 28 flannel weavers in Rochdale, England. The dramatic early history of the co-operative grocery store with which the Rochdale Equitable Pioneers' Society began is, in the rough, quite commonly known, and is in some degree reproduced in the story of all new associations, especially where, as in New England, they are unaided either by a co-operative union or by the state. The business principles of this association require detailed mention since, directly and indirectly, they have served quite largely as model for successful co-operative societies of every sort throughout the world.

The Rochdale principles were:

1. Open membership with shares of low denomination—usually at £1 or \$5 each and payable by instalments, so as to be within the reach of all.
2. Limitation of the amount of shares to be held by any one member, to prevent wide inequality in financial status of members.
3. Democratic government, each member to have but one vote, irrespective of the number of shares that he or she may hold.
4. Sale of pure goods and fair measure at prevailing market price, to avoid arousing needlessly the destructive hostility of local merchants.
5. Cash sales, to avoid loss through delayed payments and uncollectable accounts, to

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reduce bookkeeping costs, and to insure purchase of goods on most advantageous terms.

6. Payment of not more than 5 per cent interest on shares, the rest of the profits, after deduction for depreciation and reserve, to go partly to an educational fund, partly to charity, and the remainder to be distributed to purchasers whether members or not, in proportion to their trade at the store.

The Rochdale pioneers, with a social farsightedness as rare as the economic sagacity of their business principles, drew up a social program which has largely governed the expansion of the co-operative movement. On a basis of complete religious and political tolerance, with membership open to all, they sought ultimately to establish co-operative methods throughout the whole range of the production and distribution of goods, and to unite all men in a world-wide brotherhood. They aimed to do this cautiously by rendering secure each step in the development of their association. Thus they planned to begin with a store for the co-operative distribution of household necessities. As capital accrued from the profits of their business, the store was to be followed by the purchase of factories in order to give employment to the unemployed members of the association and to make more cheaply the goods sold in the shop. Further capital was to be invested in farms for the production of raw materials and in the building of sanitary homes.

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Finally, by the encouragement of similar associations in other towns, and by federation for both business and social advantage, the goal—a co-operative commonwealth—was to be approached.

Other associations following the principles and program of the Rochdale store, were organized in British factory towns. In 1864 these local associations were federated for wholesale distribution and in 1873 they began centralized co-operative manufacture of goods. In 1869 the Co-operative Union* was established for purposes of education, propaganda, and the general protection of the movement. In 1911 these federated co-operative associations in Great Britain comprised † over 2,700,000 members, and jointly owned \$60,000,000 of stock in trade,

* Situated in Manchester, England. In 1911 there were 1531 local societies affiliated with the British Co-operative Union, of which 1407 were distributive associations and the remainder chiefly productive. The scope of the Union's activity may be indicated by a list of its committees and their functions. (1) Office Committee, Executive, (2) Finance Sub-Committee, to check accounts and control expenditure, (3) Educational Committee, to promote classes in the sciences, in bookkeeping, in co-operation, and to provide lecturers, scholarships, and diplomas, (4) Productive Committee, to advise and aid productive associations, (5) Parliamentary Committee, to watch legislation and protect co-operative interests in Parliament, (6) Committee of Trade-Unionists and Co-operators, to settle disputes and maintain cordial relations between the co-operative and trade union movements, (7) Exhibitions Committee, to organize and control exhibitions of co-operative production, (8) Propaganda Committee, to help establishment of new societies or branches of existing stores and aid struggling associations with advice and loans, (9) International and Foreign Inquiry Committee, to work with the International Co-operative Alliance, attend foreign co-operative congresses, and report on foreign methods. See chapter XXII of Catherine Webb's "Industrial Co-operation," 4th Ed. revised, Manchester, 1910.

† Statistics compiled by the Co-operative Union, published on pp. 594-5 of the Report of the 44th Annual Co-operative Congress, Portsmouth, 1912.

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\$80,000,000 of land, buildings, machinery, and fixed stock, \$40,000,000 of house property, and \$95,000,000 otherwise invested. Their sales for that year amounted to over \$500,000,000 and the net profits saved were \$60,000,000.

Similar associations on the continent of Europe, though of more recent foundation, are growing each year in membership and success, but the proneness of a large proportion of the continental associations to restriction of membership on political, religious, or professional lines has seriously impeded organized expansion. Of these non-Rochdale movements, only the most important, that of the socialists, has reached New England. Their associations differ from the prevalent Rochdale practice* in that no interest is paid on invested capital, for according to socialist principles "all wealth is due to labor," and "capital is unproductive." If dividends on purchases are granted, they are usually paid in store coupons rather than in money. The major portion of trade profits is used as a fund to further political socialism. In Belgium and to some extent in France and Italy, People's Palaces have been built by socialist co-operators, on the bases of the above principles, with shops, bakeries, libraries, theaters, cafes, and meeting halls for trade unions and all labor interests,—centers for the business, education, and recreation of "the people." To-day in Europe the question of method and of aim between non-partisan co-operators of the Rochdale

* See Chapter III, p. 29.

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type and the socialists are vital international issues. No other forms of co-operation are important.

HISTORY OF AGRICULTURAL CO-OPERATION ABROAD

The history of agricultural co-operation is obscure. Spontaneous local associations for purchase, manufacture, or sale of goods have probably existed among farmers since the days of primitive communism. Agricultural co-operation as an organized movement for business improvement and social betterment is, however, comparatively recent, and has only begun to borrow in method from the urban movements exemplified by the workingmen's co-operative associations, or to federate on matters of common importance. It ordinarily varies widely from community to community according to the prevailing local crops, possible markets, and the constitution, habits, and needs of the population. Co-operative purchasing associations are everywhere desirable. In Germany they are largely an off-shoot of the credit association or Raiffeisen bank,* a type of rural society that is scarcely known in America; in France they usually spring from the agricultural

*Banks of this type, founded by F. W. Raiffeisen in Flammersfeld in 1849 and modified somewhat later at Neuwied, have spread throughout the world, counting 15,500 local agricultural credit associations in Germany and 33,700 in Europe as a whole in the year 1910. Membership is restricted to the parish, there is little or no share capital, money as a rule is borrowed by the association on the unlimited liability of all members and loaned to individual borrowers, under close surveillance, for productive purposes only. Detailed explanation of the methods of these banks may be found in the books by Fay and Wolff mentioned in the note on page vii of the Preface.

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syndicates which are farmers' unions roughly corresponding in their activities to the granges of American farmers.

In Denmark, which is the most co-operative nation in the world, co-operation in significant form began only thirty years ago in the dairy industry. Notwithstanding its late adoption co-operative enterprise now embraces all of the agricultural industries upon which the commerce of Denmark is based, and has raised the whole country from poverty to prosperity and efficient democracy. In Ireland co-operation was urged upon the depleted farming population in the 90's by a handful of men of vision and tireless determination. In 1910, 800 farmers' associations were revitalizing Irish rural communities.

The co-operative movement today has reached every continent of the globe, but it is in Europe, where the movement is oldest, that its results are best recorded. In England, the general movement is still less than seventy years old, and on the continent of Europe but half that age; organized agricultural co-operation is in most places still more recent. Yet the urban and rural movements are already federated both nationally and internationally on matters of common interest and are constantly increasing in their social value and effectiveness.

CHAPTER II

SURVIVALS OF EARLY MOVEMENTS

THE United States was a nation of farmers until far into the nineteenth century. New England in 1820 counted but two towns of over 10,000 inhabitants; in 1830, three. The farm homes were largely self-sufficing, the families raising their own food, weaving and making their own clothes. It was not until 1830 that industrialism was at all widely felt in what is now the predominantly manufacturing district of America. It was not until the 30's, therefore, that the minds of the New England people turned to the need of industrial co-operation.

THE NEW ENGLAND UNION STORES

The first important co-operative movement began in Boston among the working classes. Its aim, like that of the English societies, was to reduce the cost of living by saving to the consumer the wastes occasioned by the credit system and to secure to him honest goods, fair measure, and the profits of the private retailer.

Clubs with these objects in view, spontaneous in origin and unrecorded, probably existed long

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before this century and exist today in fair frequency among neighbors in city or country—usually for joint purchase of eggs, butter, or other home necessities. In the beginning these clubs owned no real estate, delivered no goods, and sold at cost price. One member of the group did the buying, ordinarily with little or no stipend for his services. For one to whom the time involved in collecting and filling orders was of slight account, the saving through wholesale purchase was in itself ample compensation. The New England Association of Farmers, Mechanics, and other Workingmen,* discussed co-operation of this elementary type as early as 1832, but without unanimity. Later a few of its members joined their orders for household goods and got them at wholesale houses, with the price per article considerably reduced.

In 1845 a purchasing club of this sort in Boston sold stock, established a store, and kept on hand a surplus supply of provisions beyond the amount for which orders had been placed. The store soon commanded the attention of neighboring towns, and new co-operative associations were founded, resulting by 1847 in the formation of a federation for purposes of general co-operative purchase and for propaganda. The federation adopted the title Workingmen's Protective Union, which in 1849 was

* This association was an organization of open membership formed to reduce the hours of labor, to destroy the trucking system, and to promote the education of workingmen and their children. See Proceedings of the New England Association of Farmers, Mechanics, and other Workingmen, Dec. 16, 1831.

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changed to New England Protective Union.* The local shops were termed Union stores. Membership in the local divisions was restricted to men of good character; no man using or selling intoxicating liquors was eligible. The program adopted was one of broad social amelioration to which co-operation, mercantile and fraternal, was the means.

In business practice these stores at first sold goods only to members and at a price slightly above cost, allowance being made for rent of the building, for agent's salary, and other expenses, plus a slight reserve kept for contingencies. Later, the shops were opened to all comers; but non-shareholders paid market prices while members either bought goods at reduced prices, the usual Union method, or received their profits in the form of dividends on their shares. Certain recognized co-operative principles, such as cash sales, open membership, equal voting by members irrespective of number of shares, and federation of societies for wholesale purchase, were at first generally adhered to. There is no evidence that dividends were declared on purchases to members and non-members, as was the practice of the co-operators of England during this period. Dividends if paid at all were paid only to members and on shares.

Union stores increased rapidly throughout the northeastern states in the early 50's. There is

*A full account of the early history of co-operation is contained in the Eighth Annual Report of the Massachusetts Bureau of Statistics of Labor. 1877. See also Bemis, E. W.: Co-operation in New England. American Economic Association, 1886.

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record of about 700 such societies, mostly in New England. But as the movement extended attention was paid more and more to the securing of economic advantages, and the social and ethical aims became less prominent. The decline of the movement was marked by certain deviations from recognized co-operative principles, such as extended credit, limited membership, disloyalty to the federation. Ill-advised ventures were undertaken, many of them in regions of insufficient trade and with untrained managers. Hence it is not surprising that with the hard times of 1857 and the general commercial uncertainty occasioned by the Civil War, the whole system fell to pieces. Some associations failed disastrously, but it is stated that the majority of Union stores disbanded without loss to members on the original investment, while many distributed large accumulations of earnings.

In general, these stores sold out to private firms or fell into the hands of a limited number of their former members. There are, however, four survivors among the Union stores, two of which, through sixty years, have retained enough of the old co-operative features to make them worthy of study.

The purer type of these two is the Central Union Association of New Bedford, Massachusetts. It was founded in 1848 by thrifty mechanics, coopers, whalers, and shipbuilders of that city, as Division number 55 of the Workingmen's Pro-

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tective Union and still has 348 members, mostly men and women of fair means. Until its incorporation in 1906 no member held more than one share. Now there are three or four who hold more than one, but voting remains by members rather than by shares, so that democracy is maintained. Over half of the employes are shareholders. In the annual statement of September, 1910, the society reported outstanding share capital of \$10,560, a stock on hand of \$7,563, and a surplus of \$6,039; it owns no real estate and has no debts. Since 1894 it has annually distributed 10 per cent dividends on shares, besides the small rebates* on all members' purchases which have been paid since the founding of the store. Previous to 1892 the society, by practicing every economy, had for over fifteen years distributed dividends on shares varying between 25 and 33 per cent. This store was almost the last in New Bedford to adopt the delivery system. When finally in 1894 the management yielded to the general practice and put on teams, the dividends fell off to 10 per cent and have never recovered. Credit has been allowed to members and to non-members for years, but with discrimination. The store has been managed for many decades by a man who began as clerk in 1850. Apparently there has been little interference on the part of the members,

* For example, butter, coffee, baking powder, etc., at the rate of 2 cents per pound; eggs, 2 cents per dozen; potatoes, 2 cents per peck; flour, 25 cents per barrel, or 3 cents per bag, etc.

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for it is difficult to obtain a quorum for the semi-annual meetings. Administration has been efficient and the stockholders have confidence in it.

The other surviving Union store of the period, which is only partially co-operative today, is the Acushnet Co-operative Association, also of New Bedford. This association states that it began business in 1849 as an independent Union store, with 100 members, each of whom held one ten-dollar share. Goods were sold to members at a lower price than to non-members. There are now 95 shareholders, New Englanders together with a few Portuguese, each holding from one to 30 shares, at \$25 a share. In the past, dividends as high as 20 per cent have been paid, but of late years they have been low, for credit is given to members and to non-members. Voting is by members still, but there is a movement to change to voting by shares. Only two of the six employes are shareholders. Here, as in the Central Union store, management has been efficient and stable and members have not interfered.*

There are several noteworthy points in the evolution of the Union stores. They were co-operative

* Two other existing Union stores which are much less co-operative are the Protective Union Company of Worcester, and the Natick Protective Union of Natick, Massachusetts. The former, founded in 1847, had in January, 1910, an outstanding capital stock of \$10,000, and a surplus of \$30,000. The Natick Protective Union, organized in 1866, has a capital stock of \$6,000, and a surplus of \$1,800. Both of these organizations are prosperous middle-class concerns of increasingly restricted membership, paying high dividends on shares and not co-operative in their ideal.

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in their economic aim, which was that the consumer of small means should save to himself the retailer's and the middleman's profits. They were also co-operative in their method in that the status of members was democratic—one share and one vote per man. Payment of large dividends on shares is usually considered a non co-operative feature, but where each man has but one share there is no plutocracy, and where rebates are made on purchases the incentive to loyalty in trade is about as great as where dividends are paid according to purchase.

Nevertheless, these methods of co-operation are inadvisable. For it is apparently easier for societies employing them to evolve into joint-stock companies than it is for Rochdale stores in which an unequal holding of low-priced shares is expected, but equal voting is stipulated as an indispensable first principle. Shares are high-priced in the type of association that exists in New Bedford, so that membership is at once restricted to the thrifty. When sufficient capital has been attained for the natural trade of the locality where the store is placed, no new stock is issued and shares become difficult for outsiders to get, since members feel that the business built up by them should remain their own. Usually shares are obtainable only on the death or migration of stockholders. Since dividends are high and shares scarce, they are wanted by many when available, and sell at a premium. The tendency for old members, espe-

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cially directors, to keep the business in their own hands is so strong that they often pass by-laws permitting members to own more than one share; thus they can buy up shares placed on the market and in time make the society a restricted joint-stock company. When votes are cast by shares, and employes or patrons are not invited to membership, the last traces of the co-operative intention are lost. The ethical ideal of social amelioration having long since passed from view with the passing on of the founders, such Union stores differ not at all in the eyes of the new generation from other stock companies.

The end of New England's first native co-operative movement was thus, for the majority of associations, disbandment. The remainder, with the exception of the two New Bedford stores described, are characterized by evolution into joint-stock companies. Their history is thus much like that of the Owenite movement in England whose principles they largely followed. It should be noted, however, that even after sixty years there remain the two survivors mentioned. These societies were and are co-operative, though varying widely from Rochdale methods. Their success, despite handicap in method and in prevalent business ideals, offers valuable testimony to the possibility of real co-operation among native Americans.*

* There survive two other co-operative associations of the early period which were apparently never formally affiliated either with the Protective Union or subsequent co-operative movements. Both are quite individual in their make-up.

The first of these, the Plymouth Rock Co-operative Company of Plymouth, Massachusetts, was organized by five men in 1871 as a

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SOVEREIGNS OF INDUSTRY MOVEMENT

The second co-operative movement in New England was that of the Sovereigns of Industry, an order formed among workingmen at Springfield in 1874. The Sovereigns of Industry aimed "by wise and kindly measures to present organized resistance to the organized encroachment of the monopolies and other evils of the existing industrial

joint-stock company. After five years, membership was thrown open to others, shares selling at \$15 apiece until 225 shares were taken up, no one member being allowed over 10 shares. Since then no more shares have been issued; and undistributed surplus has been used for capital as business increased in size. There are now about 60 members, native Americans of small means, in general earning less than \$1,000 a year each. Shares are purchasable usually only upon the death of one of the members, but anyone may buy who can. On January 1, 1908, the ending of the fiscal year, 8 per cent interest was granted on shares and 4 per cent dividends on purchases were declared for both members and non-members. This last feature is almost peculiar to this society; most of the Rochdale associations of the last two decades grant one-half dividends on purchases to non-members but never grant them full dividends. The "one man, one vote" rule is followed, and since but few of the members come to meetings, the agent of the store has quite free rein in all matters. Credit is given only to members and only for one-week periods, which accounts largely for the success of the society. One point in which this association differs from co-operative societies in general is that not any of the five employees are members. This, together with the fact of the restricted membership and the lack of interest in meetings augurs alienation from early co-operative intention.

The second of these stores was founded by the Danvers Co-operative Association in 1872. It had in July, 1908, a membership of 50 American and Irish workingmen, mostly shoemakers and farmers. Each member holds one share, of which the par value is \$50. Though credit is given both to members and non-members the losses from bad debts since incorporation in 1882 have been less than \$500. In the fiscal year July, 1907-July, 1908, \$34 was distributed to each member on his share. Co-operative spirit is reported as strong, though attendance at meetings is small. This is a workingmen's society and is thoroughly democratic in voting powers and in the holding of capital, even though membership is restricted. Since it was founded by local consumers to lessen the costs to them of competition, it may be classified among co-operative societies even though local conditions of limited available business have compelled restriction of capital investment, resulting in restriction of membership.

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and commercial system." To accomplish this aim they proposed "to establish a better system of economical exchanges and to promote, on a basis of equity and liberty, mutual fellowship and co-operative action among the producers and consumers of wealth throughout the earth." The first ventures of this order, like those of its predecessor, the Protective Union, were purchasing clubs. These were followed by stores which sold only to Sovereigns and at less than market price. Later in the 70's a large number of the Sovereigns adopted the Rochdale method: market price, cash sales, equal vote, interest on shares, and dividends to members on purchases; with them thus begins the spread of the modern type of co-operative store. At the height of the movement in 1875 the order probably embraced in New England over 280* local councils, each with its purchasing club or store.† But the order declined during the financial depression of 1877-78 and broke up in 1879. Its co-operative stores, like the Union stores, for the most part fell into private hands, many of them without loss to shareholders. Nevertheless, five of the most prominent co-operative stores in New England today date from the Sovereigns of Industry movement.

* See Bemis, E. W.: Co-operation in New England, p. 43. American Economic Association, 1886. It was estimated that there were over 170 local councils in the Middle and Central States. The too rapid growth of the order was a cause of its instability and speedy disruption.

† A few stores of the Rochdale type were founded in the 60's before the Sovereigns of Industry movement. The Rochdale method did not become general until the latter 70's.

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The Sovereigns Trading Company of New Britain, Connecticut, organized in 1877, is the most individual of these surviving stores, and one of the largest in New England. The noteworthy feature of this society is that the shares cost \$100 each, payable by instalments and accumulating dividends, and that only one share is permitted to each member. Although the high price of shares makes them available only to workmen of thrift, the prescribed equality in holding and voting renders the society thoroughly democratic. At the end of the fiscal year, December 31, 1910, there were 237 members, native born Americans of various trades, each holding one one-hundred-dollar share. The society held real estate valued at \$70,000 and mortgaged for \$45,000. There was a surplus of \$14,618. Sales for the fiscal year amounted to \$98,172 from the profits of which a 5 per cent dividend was declared on members' trade besides 6 per cent interest on shares. Credit is given only to members and is limited to thirty days. Though the society is not growing, it evinces a fair amount of co-operative spirit. The average attendance at meetings is about 20. This society, although it varies from Rochdale methods in the high price of shares and in the provision that no member may purchase more than one is, in the words of its secretary, "the only society out of several in this vicinity that remains; we have been and are prosperous."

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The Sovereigns of Industry stores of New Britain, Gardner,* and Beverly† are the last surviving associations formed in the old pre-Rochdale style.‡ They mark also the end of native co-operative commerce in urban New England. Like the surviving Protective Union stores, through careful management they have been long-lived and locally successful, though characterized of late years by an unwillingness to extend their membership and by cessation of co-operative propaganda.

There are two remaining stores of the Sovereigns of Industry period, the Riverside Co-operative Association of Maynard and the Lowell Co-operative Association of Lowell, both of which finally adopted the Rochdale method and are prophetic of a new period in co-operative history. They deserve especial mention both because they have served as models for numerous other co-operative associations and because they have proved through nearly forty years the practicability of co-opera-

* The Gardner Co-operative Association of Gardner, Massachusetts, was organized before the Sovereigns of Industry movement, but joined it in 1874. It was among the first to sell at market price and pay dividends on purchases, but, like the old Union stores, it has issued no new shares for many years. Membership has thus become restricted; shares are hard to obtain, and now sell above par. The success of the association is shown by the fact that in 1910 the accumulated reserve fund amounted to \$21,215. The stockholders are, with few exceptions, native Americans who have prospered fairly well since the inception of the organization, and would be rated, economically speaking, as of the middle class.

† The Beverly Co-operative Association is unique in that it does not pay dividends on purchases, nor limit the amount of shares a member may hold, yet retains the essentially democratic features of manhood vote and sale of shares at par.

‡ See pp. 6 and 15.

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tion among the low-salaried, migratory, cosmopolitan population of New England mill towns.

The Riverside Co-operative Association is situated in Maynard, Massachusetts, a textile town with a population of 6,400. At the close of the fiscal year, December 31, 1909, the society comprised about 600 members,—Americans, English, Scotch, Irish, Swedes, Danes, Finns, and French,—workers in the woolen mills of the town, earning a typical wage of \$10 to \$15 a week. The capital stock in 1910 was \$14,710, divided into shares of \$5.00 each, no member holding over 60. The real estate of the association, which consists of a large, three-story wooden building, was estimated at \$11,000, mortgaged for \$1,500; stock on hand was \$8,600; there was also a reserve fund of \$4,700. Total sales during 1908 amounted to \$83,000. Besides 6 per cent interest paid on shares, an 8 per cent dividend was allowed on trade during the first half year, and a 5 per cent dividend in the second half year (January, 1908, to June, 1908). In all, the sum of \$4,860 in dividends had been distributed during that year. Credit is given only to members. Seven of the 11 employes are shareholders, and despite the age of the organization, attendance of 75 members at meetings can be counted upon. It is probable that no co-operative store in urban New England has a wider local influence among the English-speaking population of the community than has this association. By careful

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management, shrewd by-laws,* and high ideals, it has continuously attested the value of the co-operative method.

The largest workingman's co-operative society in New England today is the Lowell Co-operative Association (Sovereigns of Industry), of Lowell, Massachusetts. Organized in 1876, this society had in June, 1911, about 2,200 workingmen shareholders, mostly Irish, and a capital stock of \$13,895, in shares of \$5.00 each. There was \$26,400 invested in real estate free of mortgage. Sales of groceries and coal amounted to almost \$220,000. Four per cent interest was paid on shares, 7 per cent dividends on shareholders' purchases, and $5\frac{1}{4}$ per cent to "members,"—general patrons who pay 25 cents to the society and receive $\frac{3}{4}$ of the regular dividend on purchases without owning shares. In all, from \$10,000 to \$15,000 has been distributed annually as dividends on purchases. Arrangements are also made with seven local dealers in clothing, boots and shoes, furniture, cutlery, and other wares for 7 per cent discount to stockholders. This is apparently the oldest New England society that has secured and retained the trade discount system. Under continuous, painstaking management this association has in twenty years progressed from ninth to first place in amount of annual trade. By democratic voting, by restriction of credit to members only, and by inducing its employes to become share-

* For these by-laws see Appendix II, p. 193.

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holders, it has made co-operation grow out of difficult racial material and in the choking environment of one of the largest mill towns of America.

It will thus be seen that the Sovereigns of Industry movement began the modern period of co-operation in New England through the introduction and popularization of Rochdale methods. Though some of the surviving stores of this movement retain features of earlier forms of co-operation, or introduce methods peculiar to themselves, the two most famous stores, which are also the two largest in membership, are as completely Rochdale in their organization as any in New England today. The Sovereigns' stores mark the period of transition from workingmen's joint-stock co-operative companies to workingmen's Rochdale co-operative societies.*

* The Knights of Labor founded many co-operative stores in 1884. But co-operation was incidental to a radical political program, the failure of which destroyed the stores. There are no survivors of this movement.

The college co-operative stores—the Harvard Co-operative Society, the Yale Co-operative Corporation, and the M. I. T. (Massachusetts Institute of Technology) Co-operative Society—have conducted economic co-operative business for a quarter of a century and their methods have been copied by college stores throughout the country. The Harvard Co-operative Society is the largest and oldest of these. In the fiscal year ending July 31, 1912, it did a business in books, men's furnishings, tailoring, stationery, furniture, and coal and wood, amounting to approximately \$393,000. A dividend of 9 per cent was declared on members' purchases in addition to large contributions to the reserve and building funds. These college societies vary from the Rochdale method in that they are of exclusive membership and are not completely democratic in management.

Co-operative coal companies, founded in many New England towns during the coal strike of 1902, are now, with few exceptions, joint-stock companies.

CHAPTER III

ASSOCIATIONS AMONG IMMIGRANTS

THE transition in America from the co-operative methods of the Protective Union stores to the methods employed after 1876 by the Sovereigns of Industry is a close reproduction of the general evolution of co-operation throughout Europe—the change from the Owenite movement with sale at cost price to the present Rochdale movement in England, or from the conservative middle class German stores of the 60's and 70's to the more democratic Konsumvereine of German workingmen today. This transition in New England was, however, seriously affected by certain significant social facts of the period.

The heavy flow of European emigration to America had already well begun before the period of the downfall of the Sovereigns movement in the latter 70's. Not only the English-speaking Irish and Scotchmen but also the more foreign Teutonic peoples of Germany and Scandinavia were entering American industrial life in large numbers. Of late have come the men of Latin and Slavic blood. These immigrants, many of

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them unable to speak our language, usually drift at first into unskilled occupations. They and their children have largely formed the laboring, artisan, and mechanic groups of American industry. Native Americans of ability have become employers or at least overseers of this foreign labor, only the less fit among them having remained within the "working class."

The influence of these changes in population upon the history of New England co-operation is important, for the advent of alien immigrants marks the cessation of co-operative movements among native Americans and the importation of foreign co-operative methods and ideals. The native American in industrial communities ceased to found co-operative movements because with equal effort he could earn much more by the exploitation of foreign labor than he could save by co-operative thrift. The Irish immigrant, who did not import co-operative experience, quickly joined the native American in the exploitation of the foreigners.

ROCHDALE ASSOCIATIONS OF ENGLISH IMMIGRANTS

The English immigrant brought with him what has become the most familiar type of co-operative association to be found in New England towns to-day. For he had come from the textile towns of England, where he was proficient as artisan or mechanic or mill-hand, to the mill towns of New England. He saw reproduced in America the same needs that had created the consumers'

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associations to which he belonged in England and he instinctively urged co-operation. Thus throughout New England where English immigrants have congregated, consumers' stores have been started,—always on the Rochdale model, with shares at \$5.00 each and membership open to all applicants.

Three which were organized in the 80's survive, and are still influential as patterns for new ventures. These are the Sabbatus Co-operative Association and the Lisbon Falls Co-operative Association of Maine, and the Pascoag United Co-operative Association of Burrillville, Rhode Island. Their memberships are small, ranging from 100 to 300. Their sales are from \$30,000 to \$53,400 per year. Their reserve funds range from \$500 to \$2,500; but they exist in small mill towns where the need for larger shops is slight, and they run smoothly, governed by men practiced in co-operation in their home country. The Lisbon Falls and Sabbatus Associations pay 6 per cent interest on shares and from 8 per cent to 12 per cent to members on purchases as conditions may warrant. The association at Lisbon Falls has distributed over \$85,000 in dividends to its members during the twenty-six years of its existence, besides accumulating real estate free of mortgage valued at \$5,300 and a surplus of \$1,900. These two associations have largely served as models for the Freeport and Skowhegan Co-operative Associations as well as for many of the farmers' stores of Maine.

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The Pascoag Association is noteworthy in that it requires all employes to be shareholders, pays 5 per cent interest on shares, 5 per cent dividends to members, and one-half dividends to non-members on purchases. It has also developed a system of "commission sales" with private retailers of the locality. By this system the bill for a member's purchase at an affiliated store is sent by the latter to the co-operative association and is paid by them at once, usually at a 10 per cent discount; the purchaser meanwhile is charged full price for this purchase by the co-operative store and at the end of the fiscal period he receives a dividend on his purchase from the store at whatever rate the society is paying its general dividends. The difference between the cost of the purchase to the store and to the purchaser goes to swell the society's profits. Pascoag methods have been copied in part by the co-operative stores of Providence (the Greystone and District), Rhode Island, and of North Dighton, Massachusetts.

The North Dighton Co-operative Association was founded in 1906 at the instigation of the owner of a local bleachery who had the interests of his employes genuinely at heart. A former clerk of the Pascoag United Co-operative Association of Rhode Island was secured as manager. Attempts were made to buy out the local grocery store but without success, so that the two stores now run in competition, the former furnishing goods to the farm population with extended credit, the co-op-

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erative association dealing with the industrial worker and for cash. The records for its first year's business were good.

The most promising co-operative store of southern New England today is that of the Greystone and District Co-operative Association in a suburb of Providence, Rhode Island. This store, founded in 1908, already has a paid-up capital of \$6,435 contributed by 315 members, largely textile operatives, whose weekly wages range between \$9.00 and \$18. Sales already amount to over \$71,000 a year and dividends in 1910 amounted to over \$6,000 paid at the rate of 8½ per cent to members, and 4 per cent to non-members. The association is now building a large department store to handle its rapidly growing trade. Two important reasons may be assigned for the success of this association: First, its members are mostly Englishmen, who were trained in co-operation in their home country and whose qualifications are carefully scrutinized by the board of directors when they apply for membership. This method has prevented the danger of unassimilable and non-co-operative types of members, which have destroyed many earlier New England stores. The second reason for success is still more cogent, for the Greystone Association has practiced co-operation on an absolute cash basis, paying every seven days for all the goods it buys, buying direct from producer wherever possible, and selling to members without incurring bad debts or delayed payments.

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In Maine there are recent stores of this type* in Sanford, Skowhegan, Freeport, and Madison, all following the Rochdale principles, and engaged primarily in the grocery trade with mill operatives. Of these the largest and most successful is the Sanford Co-operative Association of Sanford. Founded in 1900 by ardent English co-operators, the store now has 450 members, workers in local woolen mills. The association has a capital stock of \$35,000, and besides a small grocery business possesses unencumbered real estate estimated at \$30,000 which pays \$1,600 rent yearly.

The associations of immigrant Englishmen have always been open in membership and many have taken foreigners very largely into the company. This cosmopolitanism has, however, sometimes been hazardous to the success of their societies, and has destroyed unity of sympathy and of ideals; for foreigners have not proved assimilable in large numbers. The experience of these latter in co-operation is either of a different sort or they lack all knowledge of it. Their political and religious differences may become pronounced under the direction of a popular member or of a priest. The racial cliques of Germans versus English at East-hampton, and of French versus English at Brockton, proved difficult to manage. At Orange, two Swedes formed a Swedish People's Co-operative Store to destroy the local co-operative association

* There are recent English stores also in Lynn and Brockton, Massachusetts, and a Scotch store at Jamaica Plain, Massachusetts.

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that was stealing their Swedish trade. At Burrillville, Rhode Island, the French members actually withdrew from the Pascoag Co-operative Store when a French clerk of that association set up a rival shop. Experience has thus repeatedly proved that among English or American societies where the foreign element is disproportionately large, dissension follows, though a small percentage of aliens can be carried harmoniously.

CO-OPERATIVE STORES OF NON-ENGLISH SPEAKING IMMIGRANTS

Many conditions of the immigrant's life in America make co-operation on racial lines desirable. Newly arrived immigrants are unfamiliar with American goods and prices, have difficulty in understanding and making themselves understood in trade, and when unorganized are often the victims of fraud. Co-operation is frequently resorted to in self-protection, a linguist from among their number being chosen store manager. An added reason for co-operation is that delicacies from the home country can be imported cheaply in large quantities. Among immigrants the co-operative center may also become the information bureau and the social headquarters of the colony.

The earliest foreign immigrants to found successful stores were the Swedes and Germans. The German stores resemble Rochdale stores far more than do the Swedish, for they invariably give divi-

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dends on purchases as well as interest on shares. The oldest, the German Co-operative Association of Lawrence, Massachusetts, was founded by operatives in cotton and woolen mills in 1874 and incorporated in 1890. The 344 members each hold but one ten-dollar share, on which they receive 5 per cent interest. Besides interest on shares, dividends of from 10 to 12 per cent have been paid on members' purchases for several years. Since the advent of the present manager in 1893, business has flourished and co-operation has proved a decided economic success. Since 1890 dividends amounting to over \$90,000 have been distributed to members. Credit is given, but only to German members; and only \$5.00 or \$6.00 a year are lost by this custom. The chief economy is effected by dispensing with delivery wagons. Flour is ordered through city firms and delivered by them; other goods must be taken home by the purchaser. Since the Germans are content with this plan they can save much money. The German Association of Fitchburg is similar in type, and through the patient thrift of its members has accumulated a capital stock of \$4,270 and unencumbered real estate valued at \$4,000.

The First Swedish Co-operative Store Company of Quinsigamond, a suburb of Worcester, Massachusetts, was established in 1882, and it now has a capital stock of \$4,500, and owns \$6,000 worth of real estate. This association, unlike many others founded in America by men of this nation-

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ality, follows Rochdale methods even to the payment of a dividend on non-members' purchases. The Scandinavian Co-operative Grocery Union of Worcester is of later foundation, and though its capital stock is \$4,000, its membership and its co-operative spirit are declining, and its business is considerably smaller than that of the earlier store. The Swedish Mercantile Co-operative Company of Worcester, founded in 1884, the Scandia Co-operative Grocery Company of Fitchburg, founded in 1894, and the People's Co-operative Store, of Orange, Massachusetts, which was founded in 1901, have all three failed within the past five years. In general it may be said of the Swedish associations that they are chiefly concerned with the business gains of the co-operative method, that they tend to become restricted joint-stock companies, and appear to be lacking in the idealism which elsewhere characterizes the co-operative movement.

Notwithstanding the success of certain undertakings which have been mentioned, the German and Swedish movements are no longer growing. The few new immigrants that come from Teutonic countries are met by Americanized friends in this country whose aid makes co-operation less essential, and whose teaching is individualism and gain, not brotherhood and thrift.

There is no evidence of an organized co-operative movement among French Canadians in New England. Yet many of this race in textile

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towns are members of the English stores, and at least two local stores have been founded, one in Fitchburg and the other in Springfield, Massachusetts. The Indian Orchard and Ludlow Co-operative Association of Springfield, Massachusetts, is a small but prosperous French Society, incorporated in 1906. Though housed in unpretentious quarters, this society carries on a brisk business at Indian Orchard. Its share-capital on January 1, 1910, was divided into 500 shares at \$10 each. The stock on hand at that time was \$2,400; surplus, \$1,298; and real estate \$4,575, free of mortgage. The Franco Co-operative Company of Fitchburg, organized in 1909, varies from the current type in that it permits but one ten-dollar share to each of its 78 members. Ten per cent dividends are paid on shares. Only 2 per cent is rebated on purchases, members and non-members being treated alike in this regard. Judged by these examples, the recent local tendency of French Canadians to co-operate may be not unpromising.

More significant are the Belgian co-operative stores which have entered one or two of our larger mill towns. The founders of the Co-operative Franco-Belge of Lawrence, Massachusetts, have copied in detail the principles of the Maisons du Peuple of their fatherland. The members have established a small but powerful labor center among their race in Lawrence, based upon a grocery store and a bakery. Membership which is

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open to all families sympathetic with the purposes of the association is contingent upon subscription to one ten-dollar share, which bears no interest. Each member's share is thus termed his *part sociale*. It may be subscribed by instalments. The association now has a membership of 300 families and conducts a yearly \$100,000 business in both groceries and bread. It sells at slightly under market price and for cash. Credit is given only upon the responsibility of the clerks and directors, who must refund the entire cost of goods unpaid for. Of the net profits of the business, 10 per cent are devoted to the reserve fund, 10 per cent more are apportioned for Socialist or co-operative propaganda; the remainder is returned to all purchasers, whether members or not, according to the amount of their purchases. One-fourth of the dividends due to a non-member and his family are reserved until he owns a full share in the society. In 1911, 7 per cent dividends were distributed. One local customer who conducts a boarding house is stated to have received \$42 back as dividends on his purchases.

The association affords evidences of a co-operative idealism that is peculiarly unalloyed. Its manager receives a salary of \$15 a week, which is no more than the clerks and bakers receive. The hours of labor for the bakers are restricted to eight per day; overtime work, if performed at all, must be done by other men. Members who through misfortune are unable to pay cash for

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goods at the store may be loaned money from the reserve fund of the association. The association reports no losses through this practice, which would seem dangerous unless carried on with the utmost caution.

The spirit and power of the association is shown by the part it played in the Lawrence strike in 1911. It had previously contributed over \$1,000 from its propaganda fund to strikers in Halluin, Belgium. When the Lawrence strike was proclaimed this society was among the first of local bodies to contribute largely to the strike fund. Furthermore, it gave bread at cost price—7 cents for a 10 cent loaf—to all strikers. More important still, it was able to furnish rooms, rent-free, for headquarters of the strike and for the distribution of the *soupe populaire*, and a hall for the use of strikers of all nationalities. This contribution was particularly valuable, as in times of strike a combination of landlords of capitalist sympathies may render it difficult or impossible for strikers to secure a hall in which to hold mass meetings. The co-operative Franco-Belge has thus created new and important resources for the labor struggle and has provided constructive social education of a sort scarcely to be found elsewhere among the syndicalists of America.

Immigrants from Italy have not founded co-operative stores in this country to a large extent, despite their practice in co-operation at home. The chief cause is probably the instability of pop-

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ulation through frequent returns to Italy and migration within this country. But Italians in America are also largely urban, whereas co-operation succeeds most easily in the smaller centers where push-carts and bargain sales are infrequent. The Barre Union Co-operative Store of Barre, Vermont, founded by Italian stonecutters in 1901, was until 1908 the only incorporated Italian store in New England. At the beginning of 1910 this association comprised a membership of 124 Italian stonecutters, earning a typical wage of \$3.20 per day. They carried on a business for 1909 of \$30,000 on a capital stock of only \$1,200 and with a reserve of \$2,600. With exceptional enterprise they began in 1911 to publish a fortnightly journal, *La Coöperazione*, dedicated to propaganda for "co-operation, thrift, improved housing, social hygiene, mutual benefit associations, people's banks, and immigration." In addition to reviews of important social movements in Italy, this journal has devoted space to the consideration of schemes for a national federation of the Italian co-operative associations of America. The Barre store and the Italian Co-operative Market in Lynn, founded in 1909 by shoemakers, are under socialist direction.* In accordance with the principle of orthodox socialism already quoted, no interest is paid on share capital by these asso-

* The Co-operative Elenese of Somerville, Massachusetts, founded in 1906 by workers in Squire's Ham Factory, was also of this character. It was dissolved in 1910, largely because of the migration of its members.

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ciations. The profits of the store make possible a considerable reduction of the cost of goods to the purchaser, as well as substantial contributions to broad working class interests and to socialist propaganda. The Italian socialists of Barre were probably the first in New England to attempt with any success to train themselves for ultimate political socialism through immediate common ownership of co-operative business. They have borrowed that powerful weapon of co-operation which constructive socialism in Belgium, France, and Italy, has of late years adapted from Rochdale usages.

Polish immigrants have founded several co-operative stores in New England towns. Few of these stores have been incorporated and all have apparently been short-lived. Polish associations in Westfield, Salem, and Chelsea, were incorporated under Massachusetts laws during the past three years but they speedily dissolved. New Polish stores have been founded in North Abington and Lynn within the past year. Two Hebrew stores were founded in Worcester, Massachusetts, in 1911. Others were started in Boston during the Kosher meat strike of 1912, but were speedily dissolved through ignorance of method and the boycott of wholesalers.

Lithuanian immigration is very recent and co-operative associations among members of this race may as yet have had little chance to prove their effectiveness. One was founded in South Boston

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as early as 1898, but this store, together with others in Cambridge, Massachusetts, and Naugatuck, Connecticut, has failed. Today Lithuanian stores exist in Brighton, Lawrence, Lynn, Worcester, Gardner, Middleboro, and Stoughton, Massachusetts. The West Lynn Lithuanian Co-operative Market was incorporated in December, 1909. It has capital stock of \$1,000 in ten-dollar shares, subscribed by men who earn only \$6.00 to \$10 a week, and who crowd with lodgers into small barren tenements. The Lithuanians though largely socialists adopt very closely the Rochdale principles in their by-laws. But carelessness in the giving of credit and the ignorance of the most elementary bookkeeping which some of their managers betray, seriously endanger the effectiveness of many of their associations. The members of these societies are very largely unskilled workingmen. The store managers are usually autocratic in their direction of the affairs of the association. True democracy in co-operation does not exist, and probably cannot exist among men so untrained in business as are the shareholders in these societies. Two American Lithuanian socialist papers, *Kovo* and *The American Lithuanian*, which were published in 1908, furnished propaganda for the spread of the movement. Today *Keleivis* is the organ of the movement.

The establishment of Finnish co-operative stores is a matter of the last twelve years. The Gardner Finnish Co-operative Company was founded in

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Gardner, Massachusetts, in about the year 1900 by Swedish-speaking Finns of the neighborhood. It was dissolved in 1910. A second co-operative store known as the Workers' Co-operative Company, was founded by Gardner Finns during 1908. As these latter spoke a different dialect from the founders of the first store, they had felt the need of having a separate store of their own. They now comprise over 70 members and in 1910 did a business of \$27,000. Besides these associations there were in 1907 at least six other Finnish Co-operative Societies in Massachusetts, the Aitta of Fitchburg, incorporated 1906,* the Kaleva of Maynard, incorporated 1907, the Turva of Quincy, incorporated 1906, the Elo of Peabody,* incorporated 1906, the Nousu of Rockport,* incorporated 1907, the Suomi of Gloucester, incorporated 1906. All sold shares at \$5.00 each. Recently new associations have been formed by Swedish Finns in Worcester, and by the Finns of Quincy. A co-operative boarding house was also opened in 1912 by 95 Finns of Fitchburg, each of whom subscribed to a five-dollar share.

The Kaleva Co-operative Association of Maynard, Massachusetts, deserves especial mention because it is largely responsible for a movement to federate the Finnish societies in New England. It was founded in 1907 by Finnish mill hands of that town and now has over 300 members, only one of whom is not a Finn. The capital stock of

* Since disbanded.

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\$2,900 is in five-dollar shares. The building in which the store is situated cost \$16,000 and \$2,300 is received in rents. The co-operative store deals in furniture and hardware as well as in groceries, and its members are now considering the erection of a bakery. Interest of 5 per cent is paid on shares; dividends of 3 per cent are annually declared on trade of members and non-members alike. This society had a hard early history because of the unemployment of its members, a large proportion of whom were forced to leave Maynard in 1908 to seek work. From caution, the management at that time marked \$521 off its books as "lost accounts," but much of this sum has since been paid. The store is exceptionally clean, large and attractive, the management experienced and enterprising, and the members interested and loyal.

At least half the members of the Finnish co-operative stores are stated to be socialists who have practiced co-operation in Finland. The first impulse of Finns upon arrival in this country is to introduce the system which has prevailed with success in almost every town of their native land. The incorporation papers of all associations stipulate that production as well as distribution may be carried on by them. Finnish journals in this country, especially *Raivaaja* (*Pioneer*), published in Fitchburg, and *Tyomies* (*Workingman*), published in Hancock, Michigan, favor co-operation, which for the Finns has, besides its ordinary advantages,

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two others; namely, that they can do business in their own language without the risk of being deceived by foreigners, and that they can import specialties from their own country, especially a sort of dried fish, and their customary holiday goods.

- Finnish immigrants are very clannish. The Kaleva Association is in touch with over 15 other co-operative stores in this country, a record which is unique. In the year 1910 these stores established a union of New England Finnish co-operative stores with headquarters at Maynard to serve as wholesale depot for five stores of this vicinity. Flour is bought directly from the mill; potatoes from Maine farmers; other goods are bought in bulk from wholesale firms at best cash prices. Finnish workingmen have thus reached a point in co-operation beyond that attained by any other workingmen's association in New England.

The increase in immigrant co-operation has been notable within the past four years. In 1908 only three new societies were incorporated in Massachusetts. In 1909 there were six; in 1910, 10, and in 1911, 11. These recent associations are formed chiefly by men of a single race, but two new types of society are now appearing. The first is the union of employes of like trades; the second is the cosmopolitan socialist store. Co-operative societies of railway employes have been organized in Greenfield, Massachusetts, and in Boston. Membership in the latter society, styled

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The Palmer Co-operative Association, is open to all employes of the Boston and Maine, New York, New Haven and Hartford, Boston and Albany, Maine Central, and other allied railways, electric car and steamship lines. One five-dollar share, which bears no interest, is sold to each member. The store contains groceries and meat which are sold at market price, dividends being returned to the 1,300 members on their purchases. This association differs from the Rochdale model in that membership is restricted and shares may sell above par, thus following the method usually practiced by the closed organizations of European railway employes. It is too early to pass safe judgment upon these later movements. This type of railway store is limited in its scope to the mere economic improvement of a restricted clientele. Under able management, however, its economic purpose is capable of fulfillment.

The employes of several large Boston retail or department stores have founded co-operative associations within the past year. The Filene Co-operative Association conducts a small grocery and restaurant for the employes of the firm of William Filene's Sons Company. The employes of the Riker-Jaynes Drug Company have organized the Mutual Benefit Co-operative Company which is chiefly concerned with securing trade discounts for members from private firms. The employes of William S. Butler's dry goods store and the department store of Gilchrist and Company have, under

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the patronage of Mr. Butler, founded the Everybody's Co-operative Grocery Store with one five-dollar share per member and distribution of dividends on members' purchases. This association, unlike its prototype, the Palmer Co-operative Association, has already invited the general public into membership. The Co-operative Society of Bank Men, Boston, formed in 1912, also plans to take outsiders into membership. Each member shall own one ten-dollar share, pay cash for goods, and receive dividends on trade.

During the past two years cosmopolitan Socialist associations for co-operative business have been organized or projected in Pittsfield and Westfield, Massachusetts, and in Keene, New Hampshire, which are loosely allied with socialist and co-operative associations in New York City. In 1912 a co-operative store was established in Clinton, Massachusetts, by German members of the Industrial Workers of the World. These socialist stores are indirectly an outcome of the International Socialist Congress, held in Copenhagen in 1910. The tardy but thorough-going endorsement of consumers' co-operation by that body has stimulated the movement of socialist co-operation throughout the world and this indorsement may result in a considerable impetus within New England. At present, however, lack of study, organization, and advice place these newer associations under handicaps quite as severe as those endured by their predecessors.

CHAPTER IV

CO-OPERATION IN MANUFACTURE

WORKINGMEN'S productive co-operative societies are societies formed by wage-earning operatives to own and manage mills, factories, and workshops. In their earliest and purest form such societies are founded not by consumers' associations but by the very workingmen who are employed in the factory, each of whom owns at least one share of capital stock and has but one vote irrespective of the number of shares he may hold. The aim of these associations is to dispense entirely with the capitalist exploiter of labor by making all workingmen owners and managers of the plants in which they labor; hence it is essential that all operatives should be invited to membership. To be consistent with the ideal of the emancipation of the working class from capitalism, a low maximum percentage of the earnings of the society should be paid as interest on shares and the remainder should go as a bonus to labor in addition to wages.

In England the ownership and management of factories by workingmen employed therein was urged by Robert Owen in the second and third de-

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cadecades of the last century, and again by Christian socialists in the fourth decade. The first recorded productive venture in urban New England was the Boston Tailors' Associative Union organized in 1849. This association, like the Christian socialist shops of that period in England, paid dividends according to labor performed, and invited all workers in the shop to membership. The association lasted but a few years. Between 1867 and 1887 many workers' productive establishments were founded in this country, the larger number paying dividends according to shares. During the 80's the Knights of Labor urged co-operative production indiscriminately upon the working classes. Owing to their influence, many co-operative workshops were formed by striking employes, especially in shoemaking, cigar making, foundry and printing industries. But with the decline of the movement in 1887 the incentive to undertake co-operative production declined. Today, operatives in these industries view co-operative production with discouragement born of experience, and the workman's energy is turned either toward individual mastership or, through the trade union, toward better conditions of employment under capitalist management. The few co-operative factories that have been founded since that date have been isolated ventures arising out of exceptional local conditions.

It appears from research that no purely co-operative factory association is in existence today

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in New England; that is, no workers' manufacturing association giving bonus to labor or including all employes in membership. Many workingmen's joint-stock companies have been founded within the last half century by operatives, to avoid employers' rule and to gain for labor the employers' profits. Such societies usually bear the name "co-operative," but in form they diverge far from the co-operative norm. The tendency among them, exactly as in the joint-stock "co-operative" stores, is toward restricted membership, and the end of such companies is usually a limited partnership.

Of 27 workers' productive societies recorded by E. W. Bemis in 1886,* only three still exist bearing the title "co-operative,"—the Brockton Co-operative Boot and Shoe Company, the Co-operative Iron Foundry of Nashua, and the North Dighton Co-operative Stove Company.

The oldest of the three surviving societies mentioned above is the Nashua Co-operative Foundry Company of Nashua, New Hampshire. The company was founded in 1881 with a capital of \$4,000, by American and Irish workingmen, in revolt because of wages withheld. Outside friends assisted by buying stock, and from the first there were employes who were not stockholders. While business has grown from \$42,000 to \$60,000 in twenty-two years the membership has passed more and

* Co-operation in New England, pp. 133-135. American Economic Association, 1886.

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more out of the hands of the workers until now only six out of 60 shareholders are workmen. Voting, however, is still by members, two-thirds of whom attend meetings. They report that there is much co-operative spirit.

The North Dighton Co-operative Stove Company, of Taunton, Massachusetts, was one of three or four societies in that vicinity founded by workmen who were incited by the Knights of Labor to a protracted strike against their employers. The society was founded in July, 1886, by 22 stockholders, 17 of whom worked in the factory. The capital stock then, as now, was \$11,500 in 115 shares at \$100 each, but the accumulated reserve amounted on December 31, 1909, to \$24,400. Twenty per cent interest was paid on shares in 1907. With the exception of one Portuguese the 22 shareholders are English, Irish, and American by birth. A stove-lining corporation owns six or seven shares; two or three women also have inherited shares. Yet about 17 of the 22 shareholders (the number has not been increased) are today workers in the factory, each owning at least two shares, none over 10, the prescribed maximum. The by-laws stipulate that shares when on the market must first be offered to the company, which usually can dispose of them among its members. In taking apprentices, sons of stockholders are given preference, a recognized co-operative feature. Though voting by shares is permitted in the by-laws, till now voting has always been by members.

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This fact coupled with that of a comparatively large employe membership (20 out of 50) and an excellent attendance at meetings, makes this society the most nearly co-operative of all New England productive societies.

The Brockton Co-operative Boot and Shoe Company of Brockton, Massachusetts, was founded in 1886 by Swedish immigrants. The capital in that year was \$10,000 in 200 shares at \$50 each. To-day the capital stock is \$25,500. Of about 30 shareholders 18 work in the shop, but there are in all approximately 200 workers, and shares are not on sale to them. The business is highly successful but the co-operative features have been outgrown, and the management, which in a business way is most efficient, expresses no interest in co-operation.

Both of these two last societies are incorporated under the Massachusetts co-operative corporation law,* and their initial intention was co-operative; but today the management of each testifies that to take in new employe members impedes business action,—which means that their intention today is the reverse of co-operative. The number of shareholders is closely restricted.

Co-operation in the manufacture of cigars has been practiced frequently in New England. To-day there remain at least three associations bearing the title “co-operative,”—The Cigar Makers’ Co-operative Association, The Boston Co-oper-

* For this law see Appendix I, p. 192.

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ative Association, and The Co-operative Cigar Company of Stamford, Connecticut. The Cigar Makers' Co-operative Association, which is located in Boston, began with 25 workmen members. There are now six or less. No attempt has been made to take in new members, but on the contrary the membership has been restricted as far as possible to a few who have bought out old shareholders. The C.C.A. cigar is now produced by a limited joint-stock company. Trade Union officials state that the history of the production of the M. C. A. (Massachusetts Cigar Makers' Association), A. C. A. (American Cigar Makers' Association),* and S.C.A. (Suffolk Cigar Makers' Association)* cigars has been similar. Societies originally formed by a score or more of workmen have been bought out by one or two men, and the co-operative features, never co-extensive with the number of employes, have been wiped out. Thus the co-operative factory, like the earlier types of co-operative store, has sacrificed the original co-operative features to the prevalent American joint-stock system.

All of the workers' societies found in New England thus diverge from the stated norm of true co-operative factory associations, because of restricted membership and payment of profits according to invested capital instead of according to labor. The first three societies are partly co-operative in that employe membership forms a fair

* Now dissolved.

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proportion of the total stockholding and in that voting is by members, not shares. The last mentioned societies are scarcely co-operative at all. There is probably no workingman's society in New England that fulfils the requirements of true co-operative production; namely, that invites all employes to membership or divides profits with labor in addition to wages.

Another possible type of workingmen's co-operative factory is the factory founded by consumers. A few short-lived associations of this type have also existed in New England. An instance is recorded in the following item from the Boston *Transcript* of January 9, 1908:

"CO-OPERATIVE BAKERY FORMED

THE JEWS IN LYNN REFUSE TO SUBMIT TO INCREASE IN PRICE ON BREAD

"As a result of a bread war between Lynn Hebrew residents and the Hebrew master bakers, in progress since last spring, a co-operative bakery has been started by the bread consumers on Marion Street by a corporation formed with \$2500 capital. Wednesday the first baking was made of 50 loaves of bread and 1300 rolls and today this was increased to 1000 loaves of bread and 2000 rolls. After unionizing their shops last spring, the Hebrew master bakers increased the price of loaves by one cent, and later reduced the weight one quarter. This was done to prove to consumers, who had insisted on union conditions, that their demands had put them to additional expense. About ninety per cent of the Jewish population of Lynn is reported pledged to support the co-operative bakery."

This attempt, though it resulted in quick failure, may be prophetic of successful importation by im-

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migrants of consumers' co-operative bakeries* and other productive establishments, such as are today prevalent in Belgium, France, and Italy.†

Correspondence with over two score productive societies bearing the name co-operative has failed to reveal any more societies having co-operative features. It is evident, therefore, that genuine co-operative production has ceased to exist in New England cities. This outcome is not surprising, for even under the best of circumstances it has proved difficult for co-operative factories to succeed. In most industries the amount of capital requisite for founding the establishment is almost prohibitive. A handful of workingmen seldom can raise at once several thousand dollars in order to buy or build a factory, and buy machinery and raw materials with which to begin business. But once under way the difficulties increase. The producers of necessary raw material may refuse to sell or may deliver poor goods. The Co-operative Packing Box Association of Boston, founded in 1905 by employes to make cigar boxes, was quickly put out of existence by lumber dealers who

* An example of a co-operative bakery owned and operated by an association that is primarily distributive is given in the account of the Co-operative Franco-Belge on pages 37-39.

† The only other examples of co-operative production are of a less proletarian nature. The Co-operative Building Company of Boston, for instance, is an organization of men of wealth formed for the construction of improved tenement houses. The Co-operative Publishing Company is an organization of public-spirited citizens but few of whom are workingmen, founded for the publication of the *Boston Common*—a fearless non-partisan journal of radical views, the Morgan Memorial Co-operative Industries, Boston, are operated by philanthropists to extend relief to destitute persons.

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first sold the association bad lumber and afterwards refused to sell to it at all.

The problem of management may also become very burdensome when the score of men who place the manager in his position are always at hand in the shop to criticize his every move. This difficulty accounts for the restriction of employe membership and the consequent decline of co-operation in the North Dighton and Brockton plants today. The market demands prompt decisions which hampered managers cannot give; it further requires that change of managers—which the impetuous majority of a co-operative society is liable to demand—should not be frequent. Problems of division of earnings, if profits have been made, prove a stumbling-block to many. If all net profits go as interest to stockholders on shares, as is the case in the New England "co-operative" factories, the society is, in so far, a joint-stock company. If part reward is given to labor, the standard of division is difficult. Reward in proportion to wages, which is the only method of distribution of profits to labor that has been recorded in New England, often creates dissatisfaction among the employes as to the amount of their wages. Further, true co-operative societies are handicapped in that they cannot easily dismiss help when the market demands restriction of output. Old shareholders are often retained at full wages beyond the period of their usefulness.

These are a few of the obstacles to workers' co-

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operative factories, in addition to the trade and management difficulties which equally beset establishments under private ownership. Even in England, where ability to co-operate runs highest, the number of independent workers' co-operative factories is stationary if not on the decline, giving way before the consumers' co-operative movement which, with large capital like a gigantic people's trust, capitalizes and manages huge productive plants of its own, in connection with its wholesale and its retail stores.

It is not surprising that true co-operative production does not exist in New England. Here large private factories enjoying the advantage of large-scale production already exist, the population is mixed and mobile, and industrial opportunities at an adequate wage are available to the most efficient worker. A few small workingmen's stock companies, like those into which the existing older co-operative factories have evolved, will doubtless continue to exist wherever workingmen save. Co-partnership methods, through which employers invite employes to buy stock in their companies with votes according to shares, may increase, but in New England today there is no evidence of a renewed attempt among workingmen to spread the old doctrine of independent democratic co-operative production.

CHAPTER V

NEEDS AND TREND OF THE MOVEMENT

FROM the history of New England co-operation it has been shown that New England has witnessed several co-operative movements, three of which have attained fair magnitude, but that these general movements of the past have been based upon business and social principles that have proved impracticable in America quite as much as in Europe. Yet in spite of complete isolation and exceptional handicaps in method, 13 associations have thriven through more than twenty-five years. Moreover, nine of these associations were formed by native New Englanders and attest the possibility of successful co-operation by men of American stock and traditions. All recent co-operative movements among New England workingmen are, however, the products of immigrants.

The form that co-operative associations have taken has been influenced largely by national and local characteristics, by the personalities of the founders, and by state legislation. The commercialism and individualism of the American people are in varying degrees reflected in the constitution

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and history of these societies. Influential members may, however, at times counteract this tendency and permeate the society with a spirit that is truly co-operative. In the mill towns—those undeveloped communities which often bear the curse of both city and country without sharing the beauties of either—the workers' co-operative stores often present a refreshing contrast to the tawdry display of the petty retailers about them. There is a distinctive note about truly co-operative stores wherever found, a note of good fellowship and of genuineness. Co-operative stores seem cleaner, without being offensively polished; their goods less multifarious and more methodically arranged; their clerks less nervous though perhaps more self-assertive and more companionable; their officers less brusque and sometimes revealing a spirit of fraternalism and idealism that is rare in this country.

Because of the lack of aid from private philanthropy and from the state, the movement is peculiarly one of self-help in America. In Europe, where paternalistic legislation offers special privileges to co-operative societies, exempts them from taxation, gives them preference in trade, grants them subsidies, or loans them capital at low interest rates, there may be danger of loss of self-reliance on the part of associations so aided. But in New England all that is gained by co-operation must be gained against the bitter opposition of tradespeople, against the skepticism and even ridicule

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of the general public, and against unsympathetic legislation.

The New England states not only fail to offer special privileges to co-operative associations, but also by their laws and practice undoubtedly hinder the formation and operation of such societies. Connecticut and Massachusetts have special laws for the incorporation of co-operative associations, the statutes* dating in both cases, with but slight change, from the period of the Sovereigns of Industry. Both these states require a minimum of seven men to found a co-operative society and \$1,000 as minimum capital. They further provide that no member shall hold over \$1,000 in shares, nor have over one vote. There shall be no distribution of profits before at least 10 per cent of net profits be applied to a sinking fund and until that fund amount to a certain percentage of the capital stock—in Massachusetts to 30 per cent, in Connecticut to 20 per cent. These provisions are good as far as they go, but they are severe. "The \$1,000 minimum capital" provision at once prevents the majority of newly formed societies from incorporating, thus leaving them exposed to serious danger from enemies within and without. The requirement of a 10 per cent reservation for a sinking fund is wise, though difficult for new societies which desire to justify their existence by large dividends. Further, incorporation itself is ex-

* For these statutes, see Appendix I, p. 189.

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pensive, costing in addition to annual taxes, \$25 in Massachusetts, and \$30 in Connecticut.

The four remaining New England states have no special law for co-operative associations, making it necessary for such bodies to incorporate, if at all, under the laws intended for joint-stock corporations. The result has been that associations in these states have been easily deflected from co-operative to joint-stock methods. The laws of Vermont actually stipulate that voting in all corporations with capital stock shall be by shares, thus destroying the democratic nature of all incorporated associations in which this question is raised. As no states except Connecticut and Massachusetts require annual statements of business accounts from their corporations, co-operative business sometimes fails to have the publicity that it needs. The lack of requirement for annual reservation of a portion of profits is also a disadvantage. In general, the state laws reflect the attitude of the people at large toward the co-operative movement: they understand it but slightly, and help it scarcely at all.

It is not possible to state with accuracy the present extent of workingmen's co-operative associations in New England as there exists no means of discovering the unincorporated associations, especially among recent immigrants. The records of state departments of corporations show the existence of at least 60 associations in the year 1910 with a combined capital stock of over \$300,000.

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Some of these associations have since dissolved, and many new ones have been formed, while there are others that are unincorporated. It is probable, however, that throughout New England there are not more than 100 workingmen's co-operative stores and factories conducting an annual trade of over \$25,000 each.

The returns from 29 societies from which full replies were received show memberships ranging from 20 to 2,200 and in the majority of cases increasing. They are in every instance composed of workingmen earning a typical wage of from \$6.00 to \$20 per week (lowest in the case of the Lithuanian, Polish, and Finnish stores) and are democratic and independent of philanthropy or of subsidization. Capital stock varies between \$780 and \$99,600. It is subscribed in five-dollar shares in two-thirds of the societies, only seven having shares costing over \$10. The maximum number of shares held by any one member fluctuates from one—in the case of seven associations—to 200, but in no instance is the fact of large holdings allowed to influence the voting power.

Real estate is owned by at least 20 associations and reaches the maximum amount in the case of the Sovereigns Trading Company of New Britain, with \$70,000. All of the older associations, in spite of the tendency to divide a surplus, have accumulated reserve funds; the largest of these is \$41,900 held by the Lowell Co-operative Association. Annual sales usually range between \$20,000

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and \$70,000; the maximum sum, which was reached in Lowell, being well over \$200,000. Ordinarily the stores sell groceries, fruits, confectionery, and tobacco; a few deal also in meats and provisions or crockery, the Riverside Association of Maynard in shoes, and the Lowell Association in coal. Rents from the letting of shops, offices, and halls in co-operative buildings form an important part of profits in the Riverside, Sanford, and Kaleva associations. Trade discounts allowed on "commission sales" by the local retailers who supply goods not carried by the co-operative store, add to co-operative profits in at least seven societies.

Among the societies studied there was wide variation in the application of established co-operative methods and much laxness in practice. The Barre Union Co-operative Store, for instance, for socialistic reasons described, pays no interest on shares, the other stores usually pay from 4 per cent to 6 per cent, higher only in the older non-Rochdale societies, and in the Franco Co-operative Company of Fitchburg. The Beverly Association and some of the socialist stores pay no dividends on purchases; the other New England stores ordinarily pay from 3 per cent to 8 per cent; the highest rate now paid is 11 per cent in the Sabattus and Lawrence German Associations. Only 11 out of 23 associations reporting on this subject expressed their desire for co-operative expansion through the paying of dividends to non-members on their trade. In the case of the Plymouth

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Rock and Kaleva Associations, full dividends are paid to non-members, half dividends in practically all other instances. In only six stores reporting are all the employees shareholders; in five, less than 50 per cent of them own shares. Only two stores do a complete cash business. One never gives credit beyond one purchase; about half give credit to members, secured by shares. At least 10 stores, especially among the Lithuanian, Polish, and Finnish immigrants, give credit to both members and non-members, thus sacrificing the chief gains that co-operation should offer. Only 11 associations report that there is much co-operative spirit. Only three report an average attendance at meetings of half their membership.

The significance of these facts concerning the present condition of New England co-operation may best be seen by examining the assigned causes of failure of the contemporary associations that have dissolved. There is no way to determine with any precision the number of co-operative stores which have failed. Few of these had ever attained sufficient size to attract comment outside of their own immediate locality; the majority were still-born. But among stores that have attained sufficient size to attract attention, the number of failures is striking. Of 53 co-operative stores of various sorts in New England, mentioned by Bemis in 1886, only 14 are still in business.*

* Plymouth Rock, New Britain, First Swedish, Gardner, Riverside, Lowell, Lisbon Falls, Beverly, Harvard, Yale, Natick, Patrons' Co-operative Corporation, Acushnet, Danvers, Central Union. Bemis: Co-operation in New England, pp. 130-131.

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Of 20 New England Rochdale societies, mentioned by him in 1896, only nine are extant.* Even since the Massachusetts report of March, 1907, nine of the 23 stores of the state from which returns were received have gone out of business.†

Of 56 societies that have dissolved within the past fifteen years‡ the stated causes of failure are surprisingly similar. The testimony tersely given by former managers or secretaries is thoroughly instructive. For example, the half illiterate manager of a small New Hampshire society which failed in 1907 wrote: "The hole cause of it going under they would not corprate and small capital." The secretary of another society of the same state wrote: "The association went up for the reason that its members could not be taught co-operation and its value in the future." A Connecticut society wrote: "The company went into bankruptcy for the reason that its members, 136 in number, did not sustain the store and the

* Lisbon Falls, Sabattus, Beverly, First Swedish, German (Lawrence), Harvard, Lowell, Plymouth Rock, Riverside. Bemis: Co-operative Distribution, Bulletin No. 6 of the United States Department of Labor, Sept., 1896, p. 617.

† The Arlington of Lawrence, the Co-operative Store Company of Kingston, the Massachusetts Co-operative Association of South Quincy, the Pittsfield Co-operative Store and the Swedish Mercantile Co-operative Company of Worcester, The Scandia Co-operative Grocery Company of Fitchburg, the People's Co-operative Store of Orange, the Fall River Workingmen's Co-operative Association and the Easthampton Co-operative Store. Massachusetts Labor Bulletin No. 47, March, 1907, p. 137.

‡ The number of societies that have failed within this period is of course very much larger. A statement of the causes of failure has been secured by the writer from 56 associations.

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management had to rely on outside trade, and not being able to collect from members, times being hard, the result as above." The secretary of a Maine society wrote: "There is something lacking, they cannot make one run in Maine. I think the most trouble is they do not get a man who is used to buying and is *honest* to run them."

These four letters contain the essence of the causes of failure usually ascribed: bad management, extended credit, dishonesty, ignorance of business, small capital, and most of all, the ignorance and disloyalty of members. Closer examination shows that these causes may be reduced to two of which all others are but phases—bad management and lack of co-operation.

The basic errors in management include ill-chosen location (not central) and ill-composed membership (mixed races or employees of different trades unable to work harmoniously). More important, however, are errors in the administration of the business of the societies. Business difficulties leading to failure are usually the result of a management that is either inexperienced, tactless, or dishonest on the one hand, or self-centered, subverting co-operation by what one ardent New England co-operator calls "one-man powerism" on the other. Yet the faults of the manager are the faults of the society he represents. If a society fails through the machinations of its manager, co-operation has in that instance proved itself inadequate; the members who were vic-

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timized chose the manager and are in so far responsible for the resultant failure.

Co-operative societies not only fail from unwise selection of officials but also they may try to save money by paying their manager too small a salary. Thus one of New England's largest co-operative stores pays its manager only \$21 a week, which is much less than his services would command elsewhere. If the manager is full of co-operative idealism he may accept the low salary and stay at a sacrifice, but otherwise, especially if he has business initiative, he may seek a more lucrative position elsewhere. Change results in instability of management, with consequent loss inevitable upon readjustment.

An outside cause of business failure is competition which steals trade. But neither the bargain sale nor the boycott can materially harm a co-operative society unless there is disloyalty on the part of members, who are willing to abandon a society that embodies their hopes in the pursuit of the momentary gain of a few pennies which an exaggerated market offers. The failure of co-operative societies through evolution to joint-stock methods is, viewed from the co-operative ideal, an instance of alienation from the broader moral principles of the movement. Apathy on the one hand and selfishness on the other often play a part in this. Other divergencies from co-operative intention are the giving of extended

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credit (a most fertile cause of failure), and the adoption of a delivery system.

The variety of forms that mismanagement may take may be best illustrated by the following cases. The Easthampton Co-operative Association of Massachusetts had granted excessive dividends at the expense of its reserve; it had also been unfortunate in its choice of clerks. Under normal circumstances it might have survived these mistakes, but the panic of 1908 caused a large proportion of the members, most of whom were employed in the same mill, to be thrown out of work; distress forced them to withdraw their share capital from the association. Lack of funds occasioned the dissolution of the society. The Lithuanian Co-operative Association of Cambridge, which failed in 1907, after a few months' business, gave as causes: poor management, dishonesty, the extensive giving of credit, and lastly, a trivial but very enlightening reason,—the use of expensive credit books, of which each member had one. The troubled history of a suburban association is concretely told by the Brighton Industrial Co-operative Society, and indicates in a very human way the predisposing causes of dissolution: "Ignorance of the principles of co-operation was the chief cause of failure. Many of the members neglected to purchase at the store and yet expected dividends on their investment. There were other causes which helped to hasten the breakup. We had too many meetings and these brought too many innovations.

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Our members, who were of different races, were jealous of each other. Our first storekeeper robbed us. Another undertook to build a refrigerator for \$100. It cost us about \$220. This depleted our treasury."

The failure of the Arlington Co-operative Association of Lawrence, Massachusetts, is peculiarly instructive both because it was for years the largest Rochdale society in New England, if not the largest in America, and also because of the slow, insidious way in which the forces working for disaster overcame the insufficient watchfulness of its members. This association, which was founded by employees of the Arlington Mills in 1884, grew wholesomely until it had a membership of 3,440, with branch stores in various parts of the city, wood and coal yards, and an annual business of over \$400,000. Naturally new societies formed themselves on its model—and wisely, for its by-laws and business methods were excellent. But the collapse of the Association is indicative of a danger which threatens democratic institutions. More and more power was put into the hands of the manager who seemed exceptionally competent. With his increased power he developed a sense of proprietorship. Faith in his leadership held some of his followers and timidity held others, until a few clear-headed men who saw the situation found themselves impotent before usurpation.

It is reported that during the last years of the society certain members were prevented from

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speaking at meetings, that lawyers were employed by the manager at a cost to the society of thousands of dollars a year, to advise and defend his methods, and that many sorts of dishonesty prevailed. Bitterness and hard feeling were strong among partisans of both sides for many years, and no reliable account of the disruption is available. But ultimately the manager was brought before the courts, and after a long and unsatisfactory trial condemned to a year's imprisonment. The books of the society had been destroyed, however, and tangible evidence of gross dishonesty was not procurable. In any case, confidence in co-operation fell; many members wanted to withdraw and the society closed its branch stores. It re-organized as the New Arlington Co-operative Association, and for two or more years attempted to continue business. The officers chosen, however, in order to restore confidence, borrowed money and declared a dividend although there was no profit. They were discovered and put out. But their successors did the same and were likewise found out. Everybody was discouraged; hence the society decided, in the spring of 1908, to disband and to sell out its business.

The lessons which the example of the Arlington Co-operative Association should teach—but which are equally true of scores of other co-operative failures—are, obviously, that extreme care should be exercised in the choice of managers of co-operative associations, that too much power should not

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be delegated to them, that vigilance over the society's business by competent directors be unceasingly exerted. The error lies, however, much deeper than this mistake in business practice, for when boards of directors feel that they must declare dividends which are not warranted by the profits of trade—as has been done by many societies besides this one—it indicates that the members are actuated by purely commercial interest in co-operation and that the co-operative spirit is lacking. However important the choice of an honest and efficient manager may be to the safety of co-operative associations, it is equally true that lasting success will not be obtained unless the members of the association are firmly bound to it by a steadfast belief in co-operation as a key to social advance. Where co-operation is dominated by fervor, where it looks to the remoter ideals of social brotherhood and industrial peace, immediate profit and personal convenience will be sacrificed when occasion requires.

With loyalty to the local association,—an essential manifestation of co-operative spirit,—members of co-operative societies can readily avoid the errors that have destroyed past associations: they will trade exclusively at the store in whatever goods it may carry, they will pay cash for goods, they will avoid delivery costs by calling at the store for their purchases whenever possible, they will pay salaries and wages high enough to secure managers and clerks of ability, they will not be trapped by the

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private retailer who temporarily sells a few goods below cost in order to steal their patronage, they will not distribute all the profits of the business but will make ample reserves for depreciation, security, extension of business, and purposes of common interest.

The presence of this co-operative spirit is felt in many of the New England stores. There are many managers, directors, clerks, and members of co-operative societies who have given themselves over with true devotion to the spread of the movement, have worked for inadequate pay or for no compensation, have made careful study of business accounts and have plead, though often bitterly misunderstood, for the truly co-operative measures. While in many of the oldest native societies commercialism dominates the members, there is still left among them some trace of the old spirit. The English stores have this spirit most strongly, having brought it from the land where it is most highly developed—indeed, an excess of co-operative idealism may sometimes have indirectly caused their ruin by causing them to leave their membership open to men of other races who, outnumbering the original members, proved a disruptive faction in the society. Among the socialist societies the co-operative spirit is often strong, for it is the very essence of constructive socialism. But lack of experience, of capital, or clientele, and of recognition of the difficulties of conducting busi-

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ness have so far prevented these societies from achieving large results in New England.

FEDERATION OF CO-OPERATIVE SOCIETIES

It is the utter isolation of the local co-operative societies in New England that is chiefly responsible both for their frequent failures as business ventures and for the comparative rarity of the true co-operative spirit. There is apparently but one way by which the larger co-operative ideal can be kept permanently before all of the members of co-operative groups or by which a majority of local enterprises can be made successful, and that is by the establishment of a co-operative union. Through federation of the existing societies a central office should be established which, like the Co-operative Union* of England and its European copies, would be devoted to the safeguarding of co-operation wherever found, and to the spread of the movement.

This union of New England associations like its British prototype should serve first as an information bureau. It should place at the disposition of local associations advice based on the accumulated experience of all societies. It should answer all questions of method that come up in co-operative business, as for example, the best by-laws for new societies to adopt, the types of book-keeping which may be used with greatest security. It should further establish courses of study in co-

* See note on p. 9.

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operative methods and ideals, for both children and adults, for without such constant training co-operative interest is displaced by other interests in the minds of a large number of local co-operators. The maintenance of correspondence courses to train clerks in co-operative stores or outsiders for positions of bookkeeper, auditor, and manager, supplemented by competitive examinations of the graduates for positions made vacant, would do away largely with the frequent incompetency of co-operative officials. A journal maintained by this union could publish co-operative news of importance. By affiliation with the International Co-operative Alliance* such a journal could keep the co-operative issues and accomplishment of the entire world constantly before all the federated associations, thus keeping alive the broader humanitarian consciousness and purpose of the movement. Lastly, the union should serve as responsible authority for the co-operative movement and as intermediary between it and the outer world, promulgating the attitude of the movement on matters of labor or politics. It would oppose legislation hostile to co-operation and work for

*Address: 146, St. Stephen's House, Westminster, London, S. W. The Alliance was founded in 1895 and has held eight international co-operative congresses. Its objects are: (1) The ascertaining of co-operative principles and methods; (2) the promotion of co-operation in all countries; (3) the maintenance of friendly relations between members of the Alliance; (4) the collection and unification of co-operative statistics; (5) the provision of information and the encouragement of studies concerning co-operation; (6) the promotion of trading relations between the co-operative organizations of the various countries.

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improvement in the existing corporation and tax laws of the various states so that each state may be provided with the most favorable and just legislation procurable.

The existing New England stores are handicapped almost as much by the lack of business federation as they are by the lack of the advisory, educational, and protective features of a co-operative union. In isolation each association is forced to make its own terms as well as it can with private wholesale firms. Few local associations are large enough to buy directly from manufacturers and other producers. By forming a federal co-operative wholesale store the purchases of the many local shops would be united, goods would be bought in quantities many times larger than any single store now can order, and at a price materially lower, especially for articles of which the entire output of a given factory could be commanded. A central wholesale store would further give an outlet for the investment of surplus capital, making it unnecessary for any local store to cease to issue fresh capital stock on the ground that it could not be used in its local business.

The difficulties of independent co-operative manufacture in New England, as in England, have proved almost insurmountable. The result in the latter country has been that local co-operative stores have bought shares in the co-operative factories, have had a voice in their management, and have largely purchased their product. The nor-

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mal and desirable evolution from these latter conditions has been the gradual purchase or control of the factories by federated associations of consumers, and especially by the Co-operative Wholesale Society.* This latter organization, since it is formed by workingmen of all trades, is concerned with the higher interests of the men whom it employs. It invites them to membership in consumers' associations and to the use of their educational facilities, and in general offers higher wages, shorter hours, and working conditions more sanitary and safe than prevail in the other factories of the community producing like goods. At the same time it procures manufactured products for the co-operating consumer at minimum cost consistent with proper conditions of employment.

The ownership of mills and factories by the consumers is desirable in New England and would, in addition to the above gains, eliminate or largely reduce the sums of money annually spent in advertising, in salaries of sales agents, and on graft, which in a consumers' movement with an assured stable market would be unnecessary. The purchase of factories, however, is a more remote step in co-operative expansion and because of the exceptional difficulties involved in management

* The Co-operative Wholesale Society of England was founded in Manchester in 1864. The Scottish Wholesale Society of Glasgow was founded in 1868. In 1911 there were 1428 retail associations owning shares in the two wholesale societies. These latter together conducted a trade of \$17,400,000 and employed 5000 persons in distribution and 21,652 in production. For a description of their methods see Chapters XIII-XV of C. Webb's *Industrial Co-operation*, 4th Ed. Manchester, 1910.

ERRATUM

Page 76. Footnote.

\$17,400,000 should read \$174,000,000.

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should not be undertaken until after a co-operative union and a wholesale society are firmly grounded.

Frequent and discouraging failures in England and on the continent of Europe preceded the successful establishment of co-operative wholesale societies and co-operative unions. It is only by the caution born of experience, personal or inherited, that co-operative ventures of small size can be given a permanent security. Once they are established, however, the power of the co-operative movement becomes greatly increased because of the new common profits and widened brotherhood. Thus, in England co-operative house-building, farming, banking, insurance, and transportation have grown in due time out of the consumers' movement. Funds are disposable for charity, hospitals, and convalescent homes—for scholarships and prizes, for the development of recreation, for congresses and exhibits, and for publication of co-operative literature to be distributed gratis or at cost.

Attempts at co-operative federation have already been made in New England. The Protective Union and the Sovereigns of Industry both maintained federal wholesale centers which were destroyed chiefly by the improper method of selling at cost price instead of at current market prices, thus leaving insufficient reserve capital to tide them over the periods of general commercial crises in 1857 and 1877. The stores and factories founded by the Knights of Labor in the 80's

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were also loosely federated. But members did not devote careful study to co-operative methods; which fact, combined with their unwise political activity, necessarily resulted in the general ruin of the movement.

More promising than these, however, was the Co-operative Union of America, which in 1895 originated from the Cambridge Co-operative Association. The latter was a workmen's Rochdale society, inspired by officers and students of Harvard University who were at that time conducting educational classes at the Prospect Union, a university extension center in Cambridge maintained by college men and townspeople. Professor F. G. Peabody and Mr. R. E. Ely were the men of the University who chiefly stood behind this test of co-operative expansion in America. Mr. James Rhodes and Mr. Richard H. Barlow, of Lawrence, Massachusetts, both of British birth, represented English co-operative enthusiasm and experience. Both the store and the Union lived on the personalities of these men and for about three years the store thrived and the Union gathered to it in federation some 14 associations.* Annual meetings of co-operative societies were held and problems discussed. An excellent journal, the *American Co-operative News*, was published from 1896-99, and its pages received many contributions from people famous in literature and philanthropy.

* *American Co-operative News*, Vol. II, No. 7, p. 134.

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Nevertheless, the members of the Cambridge Co-operative Association were unripe for co-operation; it was not their own idea but was imposed on them, and after a while they ceased to realize their corporate responsibility and failed to support the store. Delivery of goods throughout distant suburbs proved expensive; yet members demanded it, not feeling the necessity of thrift. Besides these difficulties the management, which was not composed of trained business men, was not strong enough to require strictly cash payments from members who were used to receiving credit in private stores. The result was the failure of the store, which in turn occasioned the collapse of the Co-operative Union it had fostered. The local societies which had joined the federation then withdrew into their restricted local interests, and made no further attempts to keep in touch with distant societies. This experience proved the hollowness of a co-operative federation which is forced upon existing societies from without and is not the democratic expression of their own realization of the necessity of federation.

The last of the historical movements to attempt union resulted in the Co-operative Association of America. This was not the outcome of a Rochdale movement, though the association affiliated several existing Rochdale stores to itself and founded many others. It was the idea of one man, Bradford Peck, author of *The World a Depart-*

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ment Store,* written in close imitation of Edward Bellamy's *Looking Backward*,† but without the latter's genius. The author's plan was to substitute complete co-operation for competition in every phase of life, "to unite producer and consumer through mill, farm, supply store, etc., into one combination, eliminating all waste and loss of energy, and for the benefit of all."

Mr. Peck owned a large department store in Lewiston, Maine, and devoted his wealth and time to the attempt to establish the Co-operative Commonwealth. The Co-operative Association of America, chartered under the laws of Maine, with an authorized capital of \$1,000,000, got its income largely from the earnings of the "Great Department Store" at Lewiston, the remainder from solicited subscriptions. Ninety per cent of the capital of the Association was held in trust for "the people" by the Co-workers' Fraternity Company, "a corporation chartered under the laws of Massachusetts," serving as an educational or propaganda body. The Co-operative Association of America for three or four years published a journal, *The American Co-operator*, and was instrumental in the founding of many co-operative stores, a printing shop, and a restaurant. Contact and reciprocity were effected to a slight extent with co-operative ventures throughout the United States,

* Published by the author. Address Co-operative Exchange, 5 Park Square, Boston, Mass.

† Bellamy, Edward: *Looking Backward*. New York, Houghton, 1888.

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and a degree of renown was attained for the movement.

The association was, however, never co-operative in the true sense, in that it was not a democratic society founded by a large group of consumers, but was from first to last distinctly autocratic in make-up. The self-appointed directors intended for a number of years to remain in control of the management. The association was co-operative, perhaps, in its ultimate ideal and in much of its propaganda. Several Rochdale societies were founded or helped by it. However, the following of the Co-operative Association of America was slight, and its members were met with ridicule and suspicion. New subscribers quickly ceased to appear, so that the directors were forced to restrict the Association's aim at universality and even to fail in support of societies already founded. The disloyalty of members and the mismanagement of superintendents brought speedy failure to the affiliated Rochdale societies. There remains today, therefore, only the Boston Co-operative Exchange which is now trying to induce private retailers to adopt co-operative methods, and the Great Department Store at Lewiston—which is built on a profit-sharing, non-co-operative plan—to bear witness to this earnest but ill-advised attempt to found autocratically a co-operative commonwealth on New England soil.

The Co-operative Association of America, as an

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experiment in co-operative union, is negligible, because it was not a fair test of Rochdale methods and principles. Its aim was very different in that it endeavored chiefly to secure an alliance of retailers and only secondarily to promote co-operation by the general public. Further, as has been said, the association was under a dictatorship that Americans would not tolerate. Its plan was highly suggestive, outlining a means to large business economy, but it was impracticable because not democratic. Most people are suspicious of such sweeping solutions to social evils and will not trust self-appointed guardians in business.

At present there are in New England a few sources of co-operative federation which, though limited in intended scope, are democratic. The Greystone and District Co-operative Association which, through cash sales and carefully selected membership, is one of the strongest New England societies, has urged co-operative wholesale purchase with Rochdale methods upon three neighboring societies, though till now with little response. Organized co-operative union now exists to a slight extent among socialist associations. The Finns maintain at Maynard, Massachusetts, a Union of the New England Co-operative Stores. The Italians and cosmopolitan socialists until 1911 dealt somewhat with the American Wholesale Co-operative Society of New York City, founded by members of the Rand School of Social Science. The wholesale co-operative so-

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ciety, however, dissolved in 1911 for lack of adequate support, fortunately without debt. Its advisory function is maintained today by the Masses Publishing Company,* which is in touch with several hundred socialist stores in this country. It is probable that organization for wholesale purchase will shortly be revived by the socialists. Meanwhile, the Italian stores of the northeastern states contemplate immediate federation, largely at the instigation of the Barre Union Co-operative Store.

The same apathy or lack of corporate sense that causes slim attendance at meetings prevents the formation of social and educational clubs, federations, wholesales, and exchanges, all of which, backed by enthusiasm, would render co-operation more effective in the business world. Members of co-operative associations are moreover completely ignorant of the history of co-operative practice in America and have only a rough impression of the real accomplishment of the movement in Europe. Few societies save those of recent immigrants profit in any way from the experience of their contemporaries. No New England society is a member of the International Co-operative Alliance, subscribes to its bulletin, or attends its congresses. Ignorance, apathy, lack of advice and experience, and particularly lack of corporate

* Address, 150 Nassau St., New York City. The issue of *The Masses* of September, 1911 (price 5 cents) contains much sound advice on co-operative methods for socialist stores in America—especially on pages 14-16.

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feeling are the worst foes within the co-operative group. No New England co-operative association is immune from these difficulties. All societies need to be continuously safeguarded against them, otherwise they will be unable to meet periods of special stress which are bound to overtake them.

PART II
CO-OPERATIVE ASSOCIATIONS OF
FARMERS

CHAPTER VI

THE GRANGE AND GENERAL AGRICULTURAL CO-OPERATION

THE fundamental sociological fact of rural life is the necessarily remote position of farm homes. Isolation is often responsible not only for a very inadequate social and intellectual life in rural communities, but also for serious business disadvantages to the farmer,—ignorance of the prices which his produce will bring in the city market, helplessness in making terms with the retailer from whom he buys or the contractor or commission merchant to whom he sells. It is true that this isolation is being constantly lessened by the railway, telephone, automobile, newspaper, rural free delivery, mail-order houses, and by state departments or colleges of agriculture, through their excellent extension work. Yet large numbers of farmers still suffer from their remote positions and are often victimized by corporations large and small. Alone, the farmer is the easy prey of organized city merchants. He is forced to pay high prices for wares, is often imposed upon with shoddy goods, and is forced to sell at a sum close to the cost of production of his crops. His margin of profit can be reduced

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lower than is possible in other industries because even in the absence of profit he is not necessarily driven from his farm, which may revert to the primitive self-sustaining type,—a fact that involves serious social consequences to all farmers and to society. Co-operation has proved to be a means of overcoming the business and social disadvantages of the isolated farm.

The amount and types of agricultural co-operation that are in practice in New England are largely influenced by certain physical peculiarities of that region. Its six states cover an area no larger than that of Missouri, and only one-fourth that of Texas. Yet it contains the two most densely populated states of the Union,—Rhode Island and Massachusetts. Its population in 1910 was 6,500,000, of whom 83.3 per cent lived in communities of 2,500 or more inhabitants. It is thus possible for a large percentage of farmers to make a livelihood at market gardening, selling their produce in the cities and mill towns to the retailer or directly to the consumer. Many townships, especially along the coast and among the Green and White Mountains and the Berkshire Hills, also offer a lucrative market for the sale of produce direct to summer residents at full retail price. Farmers in these neighborhoods are able to sell at top price and to buy goods personally in a competitive city market, hence they are least in need of organization.

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Over the greater part of New England large scale production of staple crops is impossible; hills and rocks restrict the use of agricultural machinery and limit the crops which can be advantageously raised. General farming, with hay, corn, fruit, wood, poultry, or cattle as chief sources of income, is characteristic of the larger part of rural New England. Special crops are limited to a few river valleys or plains; for instance, onion and tobacco fields to the Connecticut Valley, cranberry bogs to Cape Cod.

As a result of these conditions, co-operative associations among New England farmers may be classified into two fairly distinct groups; the first—in the regions of general farming—being concerned with general purchase or sale of goods, the second concerned with the interests of some one special crop. The difference between these two groups is accentuated by the fact that the former is almost invariably the creation of the grange and influenced by grange ideals; the latter is the offspring of common business interest.*

CO-OPERATIVE SUPPLY ASSOCIATIONS

There are three distinct types of organization among New England farmers for carrying on the business of co-operative supply. First is the co-operative store which, like that of the city, deals in groceries and often also in implements,

* Associations for the sale of special crops are considered in Chapter VII.

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seed, and so forth. These stores are organized with share capital, have a permanent paid manager, keep a stock of goods always on hand, often own real estate, and may be called perennial, whereas the other two types depend more largely upon year-to-year contract. The co-operative store among farmers is closely associated with the grange, which is discussed in the later pages of this chapter.

The second type is the purchasing club or supply association proper, an organization without capital stock or property and having no definite office save in the home of its agent, who serves either without pay or on commission. The agent of such a club finds out the prospective requirements of each of its members, gets bids from various wholesale houses, or if possible from the manufacturer, as to the cost of filling the order, and places the entire purchase in that company which promises to fill the order most cheaply or most satisfactorily. Unlike co-operative stores, such clubs are usually unincorporated and exist only during the period of the business negotiation; though ordinarily renewed from year to year they have in themselves no provision for permanent existence as co-operative societies. It happens usually that these purchasing clubs spring from the personnel of some more lasting group—a grange, or farmers' institute, a co-operative creamery or sales association within some prevailing industry—and so

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through the parent organization acquire a degree of permanence. The purchasing club may be used where farmers' co-operative stores do not exist, otherwise the existing store is usually most satisfactorily employed because of its experience in buying and the advantages of reserve capital. Yet for purchasing goods in large quantities a supply association is always advantageous, especially within a given prevailing industry, as, for instance, onion growing or potato growing, both of which require special machinery or chemicals.

The third type is that which uses the trade discount system. A farmers' organization makes arrangements with several private retail firms so that, in return for the regular patronage of its members, the latter shall receive a discount on all their cash purchases. The firm gets the advantage of increased patronage and cash sales, the farmer gets goods at a perceptible reduction in price. In this case, not only has the organization no stock or property, but after the initial arrangement there is ordinarily no agent, each farmer obtaining his discount individually on presentation of his membership card. The discount may be given at once from the shop at time of purchase or the goods may be bought at usual prices. In the latter case a receipt is taken for the amount of the purchase, and at the end of a stated period is sent to the agent of the society, who verifies the purchase, collects the discount,

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and returns it to the purchaser. It is evident that the trade discount is of use only where commercial centers are close at hand; otherwise the farmers' gains are lost in carfares and time, and the retailer's gain is lost through sparse trade.

The methods by which the members of these co-operative buying or supply associations obtain reductions in cost are as follows: (1) In the co-operative store the manager sells goods to these producers usually (unless they are goods of huge bulk, as grain) at market price, and ultimately distributes the general earnings of the society partly as interest on shares and the remainder as dividends to each member according to the total sum of his purchases. (2) In the purchasing club the agent distributes goods to members at cost price plus apportioned expenses. (3) Through the trade discount system each member gets his cash rebate directly at time of purchase, or else at the end of a defined period for cashing receipts. In all three instances the line of goods dealt in may be the same, though ordinarily small goods are bought by the first or third method, while for machinery, or goods bought by the ton or carload, the second method is used.

THE GRANGE

The first co-operative movement in the general farming region of New England was started by the Patrons of Husbandry, known as the Grange, a secret order among farmers, founded in Washing-

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ton, D. C., in 1867. The purpose of the founders of this order, who were men of broad vision, was to create in all farming communities a fraternal secular organization of honorable men, women, and older children, which should be perpetually concerned with the betterment of rural conditions in home, community, and state. Its general objects as stated by the Maine State Grange are: "To develop a better and higher manhood and womanhood among ourselves; to enhance the comforts and attractions of our homes, and strengthen our attachments to our pursuits; to foster mutual understanding and co-operation; to maintain inviolate our laws, and to emulate each other in labor to hasten the good time coming; to reduce our expenses, both individual and corporate." To accomplish this end they "propose meeting together, talking together, working together, buying together, selling together, and, in general, acting together for our mutual protection and advancement, as occasion may require."

In the East the grange has probably done more than any other private agency to improve rural conditions, both economic and social. It now counts in New England over 150,000 members, of whom 60,000 are in Maine, where the order is exceptionally strong; 30,000 in New Hampshire, 20,000 in Vermont, 27,000 in Massachusetts, 12,000 in Connecticut, and 2,500 in Rhode Island.

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Business co-operation is only incidental to the broad program of the Patrons of Husbandry, yet the grange has played a preponderant part in the history of distributive co-operation among New England farmers. The Declaration of Purposes of the Maine State Grange contains the statement: "For our business interests we desire to bring producers and consumers, farmers and manufacturers into the most direct and friendly relations possible, hence we must dispense with surplus middlemen, not that we are unfriendly to them, but we do not need them. Their surplus and their exactions diminish our profits." In accordance with this aim hundreds of co-operative stores and supply associations were founded by the grange in the 70's. But co-operation was then undertaken without adequate study, and was characterized by tactlessness and misjudgment, which resulted in the early ruin of many of the local associations and the bitter hostility of both retail and wholesale traders. An unwise political program in that period resulted in general discredit to the grange and almost destroyed the order in the later 70's. The deep social need of a non-partisan organization to unite farmers in matters of common social and educational activity saved the grange during its period of difficulty. Caution in politics and in business co-operation has ever since characterized the order, to the great increase of its stability, growth, and social value. Today each state grange has a

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permanent committee on co-operation which submits a report each year to the master and patrons of the state in their annual session. These reports, however, have as a rule been full of generalities, with little in them of practical value.

In New England, up to 1907, co-operation within granges was still in an early experimental stage. It was chaotic, local, and of slight consequence. The trade discount system was practiced with private retailers by the Rhode Island State Grange and by the Middlesex North Pomona Grange in Massachusetts. A few unrelated co-operative buying associations in each state purchased grain or fertilizers from whatever wholesale or other agency they induced to accept their business. Co-operative retail stores existed only in Maine and Vermont, and the only wholesale firm affiliated with the grange was the Patrons' Co-operative Corporation of Portland, Maine, founded in 1877 and indifferently maintained of late years. The last three years, 1908 to 1911, however, have witnessed within the order the most significant advance in the practice of co-operative distribution that New England has yet seen. Hence an examination of the practices of the year 1908, out of which the present effective methods have been woven, is thoroughly instructive.

The simplest method of co-operative purchase in use early in 1908 was the trade discount system of Rhode Island. Each member of the grange of

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that state was eligible to obtain from the grange headquarters a "trade house list," giving the names and addresses of the shops where the state grange officers had arranged for discounts. The member would then go to these shops, make his purchases, and in paying for them show his grange card and receive the specified rebate. In 1908 such arrangements were made with 17 retail houses: five in Providence, four in Newport, six in Woonsocket, and one in North Scituate, Rhode Island, and one in Fall River, Massachusetts. The lines of goods carried were clothing, pictures, jewelry, millinery, boots and shoes, dry goods, drugs, books and hardware, with discounts ranging from 5 to 15 per cent. These were mostly goods for personal consumption, but three of the 17 firms dealt in producers' implements: one firm in Newport gave 5 per cent discount on harnesses and 10 per cent on "blankets, whips, etc.," one Woonsocket firm gave 5 per cent discount on all cash sales of hardware of \$1.00 or over, and one North Scituate firm gave 5 to 10 per cent discount on "hardware, tinware, paints and oils." Although these three houses by no means covered the state, the latter two were available to a large part of the farm population in the north and center of Rhode Island. A considerable saving has probably resulted to farmers in some instances. The hardware discount, which is the one the farmers needed most, was the most difficult to obtain.

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In Providence the hardware dealers were said to have come to common agreement not to give discount, and the grange was unable to find any firm in that city selling agricultural implements that would make special rates. The success of trade discount in Rhode Island was thus only moderate.

In Connecticut the state trade card system was abolished about the year 1904, after having been in use for many years, because "neither patrons nor merchants are good enough to always do just right, and the result has been dissatisfaction on the part of both."* The state of Connecticut is too large for careful supervision of the firms by the grange,—a difficulty less felt in Rhode Island where business centers are concentrated within a narrow area. Apparently in Connecticut there was abuse on both sides, patrons loaning their cards and shopkeepers shifting their prices or disclaiming their discount rates. Both of these abuses are likely to appear in the trade discount system after the novelty of the method has worn off, for once this form of co-operation becomes a matter of course, unless there is some one in authority who can constantly insist on the co-operative ideal, members may introduce into the society dishonest practices which are too common in ordinary business. The type of morality that balks at loaning a trade card to a friend when

* Connecticut State Grange. Twenty-first Annual Session Report, p. 17, Jan., 1906.

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there is slight danger of detection, is rare, and many would commend their own generosity in making the loan. Especially is this true, since the trader is by long habit the farmer's enemy. This danger of abuse of the trade card is obviated, however, where the retailer and the farmer belong to the same immediate district and know each other, and where also in case of dishonesty appeal can be made at once to local grange authorities.

The state-wide trade discount system was abandoned in Connecticut on the assumption "that trade arrangement if made at all should be made by county granges," a practice carried on in 1908 with some success by the Cromwell Grange and the Watertown Grange of Connecticut. Certain difficulties of the trade card system have been avoided in Massachusetts by a second form of trade discount practiced by the Middlesex North Pomona Grange, whereby the farmer member makes his purchase at market price from the firms selected and takes a receipt for it. These receipts are delivered over to the grange agent, who twice a year after endorsing them turns them in to the firm, which pays back the specified rebate. The advantages of this scheme are obvious, for by the agent's inspection and endorsement dishonesty is prevented on the part of either the firm or the grange member, and thus the difficulties suffered by the Connecticut State Grange are easily avoided.

In general, the trade discount system may be

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termed the least advantageous method of co-operative supply, for it eliminates none of the superfluous middlemen between producer and consumer, and it is entirely dependent upon the consent of the private retailer who must make an ultimate profit from the farmer member despite the discount.

Co-operative supply associations for the wholesale purchase of grain and fertilizers were to be found in 1908 in every New England state. The usual practice is as follows: some one man is chosen by the group as agent to learn from each man of the district requiring the article, the probable amount that he will need. Then the combined order is placed with some wholesaler or manufacturer who bids lowest or who is known to be fair and reliable. When the carload of goods arrives the farmers who ordered are notified, and each man gets his own share personally at the depot and carts it to his farm. The process is simple, and the saving effected is often notable. The only serious difficulty involved lies in the task of the agent who must gather the orders of widely scattered men, compute their proportionate payments, and collect the money in advance for the goods.

The extent of co-operative buying in 1908 is in no way determinable, but purchasing clubs existed in a large number of granges in the three northernmost states, Vermont, New Hampshire, and Maine, where industrial centers are remote.

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The practice may be illustrated by the Portsmouth Grange of Middletown, Rhode Island. This grange through its peculiar situation is especially suited to this particular form of co-operation, and has through the energy and co-operative spirit of its agents attained marked success. These agents buy each year from 200 to 400 tons of fertilizer for members and non-members at a saving of \$5.00 on a twenty-eight dollar ton, despite expenses of about \$1.00 per ton for assaying and wharfage. This grange today supplies members in several townships. There are agents at Middletown, Tiverton, Warren, and Little Compton. The fertilizer is shipped by sea and received at the wharves of Newport, Bristol, and Tiverton. Any man who will pay cash on receipt of goods may purchase through these agents but the co-operative business is conducted through the grange, hence grange members only may vote upon questions of business policy. The agents receive a commission of only 25 cents on the ton, but as they save in the purchase of their own fertilizer, the effort is probably economically worth their trouble. They are, it happens, all men whom the people trust; further, they are men able and willing to make a sacrifice.

In general, a frequent cause of disruption of such clubs lies in the fact that the buyer feels that his sacrifice is not sufficiently realized, and grows tired of inconveniencing himself without at least receiving recognition for his services. A second

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cause is the suspicion among neighbors that the buyer pockets part of the gains. The Portsmouth Grange practiced grain purchasing at one time, but dropped it because the agents found themselves the objects of suspicion and tired of the thanklessness of their task.* A further difficulty is that in a club of this sort, which keeps no records, neighbors may refuse to take goods they have ordered. Hence, private clubs and granges both report that the task of the buyer is too hard. Through his discouragement the club often fails.

The most important method of co-operative purchase among the granges in 1908 was the co-operative store. There were several of these

* A noteworthy instance of the development of a grange supply association is found in the Co-operative Feed Company of North Haven, Connecticut. Twenty years ago this company began as a grange club for purchase of grain. In about the year 1896, 16 or 17 of the members decided to erect a grain store of their own. They incorporated with a capital of \$2,000, in \$100 shares, under the co-operative corporation laws of Connecticut (see Appendix I, p. 189), and bought a building in which to sell grain. Today their sales amount to over \$30,000 a year, and include a few other articles besides grain, such as Paris green and chemicals.

The store is open only twice a week, and the manager's pay is but \$600 a year. Occasional additional wages are paid to others at times of unloading cars. No interest on shares nor rebates on purchases have ever been paid, all earnings from the start being used as capital, so that today there is a surplus of \$7,000 invested in the business beyond the \$2,000 share capital. There are now 14 shareholders, all but one members of the local grange, no member holding over two shares or having more than one vote. Since the organization of the company no new member has been taken in, while on the other hand the company has bought back three shares from retiring members. Thus, although this organization remains co-operative within itself through democratic voting, the outer public makes no gain save through equitable market prices and well-selected goods. As membership is restricted to the original shareholders, the society is not strictly co-operative within the narrow definition of the term.

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associations; they were permanent in organization, and though uncentralized many had achieved commendable success.

The largest of the retail grange stores today is the Houlton Grange Store of Houlton, Maine. Founded in 1893, this store did a business in 1907 of \$115,669 which increased in the year ending June 11, 1910, to \$166,857. The store and stock were valued at from \$16,000 to \$18,000. In addition to the retail business which deals in "most anything a farmer needs, excepting dry goods, boots and shoes," a grist mill has been installed in a portion of the new lecture building built by the grange. The patrons have also a blacksmith shop, and a starch factory which grinds about 125,000 bushels of potatoes yearly. The membership of the grange in 1907 was 950, increased to 1,018 in 1910. To members, flour and sugar are sold at cost, grass seed at 2 per cent and all else at 5 per cent advance upon cost. Besides low prices to members on purchases, a fair rate of interest is paid yearly on share capital. Goods are sold only to members of the grange. All employes are shareholders. Credit is never given, hence the store can purchase and sell at cash prices and thus effect considerable saving for its members. This is the secret of their business success.

The Houlton store offers many unusual features. It does not sell at market price like the Rochdale stores, but since it sells to members only and for

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cash, it finds the 5 per cent advance upon cost a safe margin for conducting business. Though membership in the store is restricted to membership in the grange, this does not render the store undemocratic, for the grange is a growing order open to all honorable citizens interested in agriculture. The business principles of the Houlton store have been followed by several of the other grange stores of Maine.*

Other grange stores of 1908 which have not profited by the failures of the 70's give credit to members and to non-members, and permit voting by shares. This was true of the Penobscot Pomona Grange Store of Bangor, the Kennebec Patrons' Co-operative Association of Augusta, and the Brattleboro Grange Store, all three of which have dissolved within the past two years.

THE MOVEMENT FOR FEDERATION AMONG GRANGES

Out of the experience of recent years the grange has been learning the inadequacy of purely local co-operative organization and has begun to seek the lesser costs, larger profits, and safer methods which result from federated organization. A new group of co-operative leaders have appeared who have taken pains to study past and existing

*In 1911 there were local co-operative stores maintained by the Golden Sheaf Grange of Sherman Mills, the Patten, Caribou, Limestone, Island Falls and Monticello Granges of South Aroostook County, the Pamola Grange of Hancock County, and the Megunticook of Camden. There was also a small grange store in North Jay, dating from the 70's, and a new county store being opened in Auburn by the Androscoggin Pomona Grange.

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experiments and to popularize their findings by lectures, reports, and examples. The result of their earnest effort has been the establishment of state exchanges first in Massachusetts and Connecticut, and then in Maine and Vermont.

This striking growth in co-operative endeavor is one phase of the new movement for rural development which has been taking form throughout America during the past decade. The movement was expressed and popularized in the Report of the Country Life Commission appointed by President Roosevelt;* it is largely guided by the extension work of the state colleges of agriculture, and kept before the rural public by the publications of state and federal departments of agriculture, farm journals, institutes, and conferences. In their section on co-operation the Country Life Commission urged:† “There must be a vast enlargement of voluntary organized effort among farmers themselves. It is indispensable that farmers shall work together for their common interests and for the national welfare. If they do not do this, no governmental activity, no legislation, not even better schools, will greatly avail. Much has been done. There is a multitude of clubs and associations for social, educational, and business purposes; and great national organizations are effective. But the farmers are never-

* Report of the Country Life Commission to the President of the United States, Washington, 1909. 60th Congress, 2d Session. Senate Document No. 705.

† Ibid., p. 18.

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theless relatively unorganized. We have only begun to develop business co-operation in America." This statement has been widely quoted, has figured frequently in the reports and lectures of state and local granges, and has undoubtedly influenced the expansion of the New England co-operative movement which was already begun.

To Massachusetts belongs the credit of initiating this new movement of centralized co-operation. The Committee on Co-operation of the Massachusetts State Grange spent four years on the elaboration of its scheme, under the able guidance of J. E. Gifford. Especial study was made of the methods of the Middlesex North Pomona Grange which in 1906, in addition to its trade discount system above mentioned, conducted an incorporated co-operative association under the laws of Massachusetts, for the purchase and sale of goods for its members. Its capital stock was \$1,000 in five-dollar shares. Co-operative purchase of grain and other materials by this grange was conducted through wholesale firms. Shareholders were entitled to full rebate on purchases, while "associate members," who paid a fee of 25 cents, received only two-thirds rebate, the remaining one-third going to pay office expenses. The capital stock served as a reserve against which to draw in making large purchases from wholesale houses. The state grange committee also made careful study of the Rochdale methods of the Sovereigns

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of Industry store in Lowell, the manager of which was a grange member.

The most important and convincing phase of the investigation consisted in an extensive inquiry as to the yearly amount of money spent by members of the Massachusetts State Grange in purchase of goods. They estimated that \$2,870,000 was annually expended on groceries and provisions, \$969,000 for clothing, \$386,000 for coal, \$303,000 for boots and shoes, \$2,104,000 for grain, and \$562,000 for fertilizer. It was shown that if the same goods were bought at wholesale the grangers of the state could annually save \$287,000 on groceries, \$50,000 on flour, \$274,000 on grain, \$70,000 on fertilizer, and corresponding sums in other articles which would bring the total to about \$1,000,000.

The committee next began experiments at purchase. On the last day of October, 1908, they offered to buy flour for each local grange in the state. Forty-seven granges placed orders, and 465 barrels were bought from a Kansas firm with a saving of a little over \$1.00 per barrel. Next, 546 tons of grain were bought (16 carloads) at a saving to farmers of \$3.00 per ton; and 30 tons of fertilizer at a total saving of \$125. In all, over \$2,200 was saved by these three ventures.

This initial success caused the adoption at the annual meeting of the Massachusetts State Grange, December, 1908, of plans for a Patrons' Co-operative Association. The Patrons' Co-operative As-

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sociation was formed with an authorized capital of \$25,000 in five-dollar shares. It was stipulated that the shareholders should be grange members. The corporation, however, was not founded officially by the grange but "by grange members for grange members," thus wisely providing that the grange as such should "not become financially responsible for its business undertakings." The purpose of the association was stated to be "to engage in selling and buying the agricultural products of the shareholders of the association and also to carry on the business of buying, selling, producing, manufacturing, and otherwise dealing in any articles; and to act as agent or attorney for any individual or corporation in the buying or selling of any articles of merchandise or in obtaining, receiving, or furnishing the names of buyers, sellers, or subscribers for insurance of any other tangible or intangible property." The intended scope thus embraced co-operative supply, sale, and manufacture, of which the first was to be begun at once.*

The method adopted in co-operative supply was to sell goods to individuals or to local granges at cost, but shareholders were to receive as dividends, according to their holding of shares, such profits of the organization as might come through its other activities. Voting was democratic,—one man, one vote. Grange members who were

* For discussion of methods of sale by the exchanges, see pp. 128 ff.

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not shareholders might be taken in as "associate members" on payment of \$1.00 annually, and were to enjoy the savings of co-operative purchase, but not to share in the dividends. The board of management, elected by the shareholders, was entrusted with the appointment of officers and agents and it fixed the rate of commission for service.

The early success of the Massachusetts association stimulated the granges of the other New England states to establish exchanges. A Patrons' Exchange was formed in Connecticut the following year. In 1910 Vermont had a state buying agent, and Maine, which already supported the Patrons' Co-operative Corporation of Portland—a conservative wholesale supply house—had also founded its Producers' and Consumers' Exchange with offices in Brunswick, Maine, and Boston, Massachusetts, to deal not only in groceries, hardware, and grain, but also to sell the produce of its members. The Maine Exchange counted about 2,000 members at the end of the first year. It promotes, in so far as possible, the formation of local distributing and shipping centers in the form of stores or supply associations, with agents appointed by the local grange. During its early months it maintained an *Exchange Bulletin* to keep members informed of the condition of the exchange and of current market quotations. The *Bulletin* further published excellent advice for its constituents on methods of local

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co-operation, the sorting and packing of produce, and matters of kindred importance. It thus served, in a small way, as an educational medium for the co-operative movement.

The New Hampshire State Grange at its thirty-seventh annual session, held December, 1910, heard from its committee on co-operation an exceptionally judicious report dealing with the causes of failure of past experiments in co-operation. As a result it appointed a special committee to "lay out a plan of procedure for co-operation to include the state, to estimate the capital required, to present a plan for its raising, to determine whether it shall include a chain of local stores or receiving and disbursing centers adjoining grange halls, and the method of capitalization of these stores or disbursing points and their connection with a state purchasing agency, or to recommend any means of co-operation that promises success." The committee were further advised to "get into communication with the state agencies of the other New England states, or, in the absence in any state of such agencies, with the executive committee of the state grange for such state, for the purpose of organizing a New England purchasing agency or a consolidation of purchases that the volume of trade may invite favorable terms." Provision was made to have this definite plan discussed openly in each of the subordinate granges.

Rhode Island alone of all the New England

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states has found the establishment of a separate state exchange unnecessary, as its agricultural population is comparatively small. Members of Rhode Island granges were therefore invited "to co-operate with the Patrons' Exchange of Connecticut," maintaining, however, the local trade discount system.

A salient law of natural evolution is the sacrifice of parent life for the growth of a more perfect offspring. This law frequently applies in the social organism. A pioneer institution may meet with unforeseen difficulties which may terminate its life. It may, however, transmit to its offspring experience which, if carefully studied, will guarantee success. Thus, in New England wholesale co-operation brought with it new problems both in business and in general co-operative organization, and in 1911 the Patrons' Co-operative Association of Massachusetts, discouraged by the obstacles which beset the operation of a pioneer type of co-operative association, determined to disband and to place its business with the exchanges of the sister states. The story of its struggle well exemplifies the difficulties of incipient wholesale co-operation. The promised capital was not paid in full. The first choice of manager was unfortunate and made the members skeptical of success. More business poured in than could be handled on the \$4,000 capital which was first subscribed, yet increased subscriptions could not be gathered from the conservative

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members. There were unfortunate delays in the filling of certain orders, due to inrush of business and lack of immediate success in finding the proper market from which to buy,—all of which difficulties tended to discredit the association and to alienate its clientele.

The dissolution of the Patrons' Co-operative Association is not, however, a serious disadvantage to the progress of New England co-operation, for the state granges are, by their fraternal organization, more closely allied than are any other co-operative groups in New England. Their leaders are bound to be cognizant of the success or failure of the wholesale exchanges of the neighboring states and to be influenced by them. Careful study of the Massachusetts experiment should make any co-operative exchange secure.

Moreover, the amount of co-operation will not be seriously affected, for the co-operative trade of Massachusetts, like that of Rhode Island, is to be handled through the exchanges of neighboring states. By this means the process of interstate federation is hastened—a process rendered especially desirable because of the smallness of the six political divisions which constitute New England, and also because of their similarity in industries and in general social constitution.

CHAPTER VII

CO-OPERATIVE SALE OF PRODUCE

AFTER purchase of materials, the most important problem that confronts the farmer in his business relations is the sale of his products. Single-handed, he may be at the mercy of the buyer, for the market often fluctuates rapidly in the case of perishable or seasonal produce, and the buyer being in closer touch with the city market can take advantage of the farmer's ignorance. Fear of a falling market, narrow vision, and impatience often drive individual farmers into sale inadvisedly. But by co-operating, farmers can keep informed of the market, mass their goods, secure the best transportation facilities, and sell advantageously just where the goods are needed. Further, they can adopt uniform methods of sorting, grading, and packing their goods, and can sell under a common trade name which will make the product more marketable.

Often the larger farmer has special arrangements of his own which make co-operation less necessary for him. His goods are known as honest and uniform and he can make a permanent con-

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tract for their sale. But the small producer has no such advantageous position, and for him co-operative sale means a secure and steady profit, where individual sale may mean the gambler's chance of large gain or loss. Co-operative selling, like co-operative buying, thus aims at the elimination of the middleman, by gaining for the society the middleman's profits; but it goes further in that it often aims to increase earnings by education of the farmer in the raising and the care of the product involved as well as in the ethics of selling. These latter aspects of co-operative selling are not to be found in all the associations, but where they do exist they are of equal benefit to farmer and public. The farmer who puts his big apples at top and bottom of the barrel with the windfalls in between, and sells them at random, does not serve either himself or the consumer as well as does the farmer who grades his apples in different boxes according to size and quality and sells them, under the guarantee of his association, wherever they are most needed. Co-operative sale thus is often as important to the small farmer as is any other form of agricultural co-operation; it is perhaps even more important to society at large because of the perfection in quality and distribution of goods which it involves.

The number of actual co-operative sales associations in New England is small and their formation is recent. This is due partly to the absence,

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until late years, of widespread special farming, and partly to the peculiar difficulties of this form of co-operation. Sales associations are, however, the most talked of and most widely projected type of agricultural organization in New England today. Most of these associations begin with education in crop culture, together with some co-operative purchase of common requisites. Actual co-operation in the process of sale is found in only a few instances.

FLOWER GROWERS

A very rudimentary form of co-operative selling association has existed for twenty years among horticulturists of eastern Massachusetts. In 1892 a group of florists, who had previously hawked their wares in Boston streets or sold from improvised booths, joined their capital to hire a market hall in which to sell at wholesale. Shares sold at \$25 each and were owned by florists who came daily from towns within a radius of 50 miles from Boston. Within the market, booths were auctioned off annually to members, ranging widely in premium according to location; remaining booths were leased to non-stockholders. But in this society, which bore the name of the Boston Co-operative Flower Growers' Association, dissatisfaction soon grew because of the constant re-election of the original officers and of restriction in taking in new members. So from the original society a number of members separated

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and in 1904 formed the Boston Co-operative Flower Market, which after a year's hard struggle became successful and remains much more open in membership.

The original society—the Boston Co-operative Flower Growers' Association—had 48 members, mostly Americans. No member had over three shares nor more than one vote. There were over 100 stalls. In 1907 a dividend* of \$300, or 20 per cent on shares, was declared; hence shares, when available, have since sold for from \$75 to \$100. So although this organization was co-operative in origin and in voting methods, it has been deflected from strict co-operative principles by the restriction of membership and by allowing its shares to sell above par. Since 1907 the last co-operative features have been abandoned and this society has been reorganized on joint-stock lines.

The Boston Co-operative Flower Market, however, has remained truly co-operative. Like the parent society, its earnings have come from rent and premium on stalls and from advertisers. The salary of manager, cost of rent, ice, paper, string, cleaning, and service is shared by all. A minimum premium of \$15 is required of all stall holders in addition to the \$25 rent. The highest

*The chief receipts of the society in 1906-07 were as follows: rents of stalls, \$2,145; premiums from bids for stalls, \$3,593; advertisers to whom wall space was granted, \$341. The corporate expenditures of the society covered rent, \$3,110, light, \$494; salaries to manager, treasurer, janitor, and cost of common ice, printing, paper, etc.

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premium paid for a stall in 1911 was \$115. The membership, unlike the parent society, is not largely American, many English and a few Germans being enrolled. Members come from Worcester, Grafton, Marlboro, Abington, Weymouth, Newton, Roslindale, Malden, and other towns near Boston. Shares sell at \$25 and membership is open. Over half of its 150 stall holders have shares. A 6 per cent dividend was paid in 1910. The aim of the society, however, is not high dividends but facilities for trade.

This organization is not a co-operative selling association as its name would signify, for its members have no common sales agent. It is co-operative simply in the leasing of its place of business and in the purchase of common necessities. Within the society each member conducts his own private sale of wares.

MARKET GARDENERS

Somewhat similar in nature is the Hartford Market Gardeners' Association. The 75 members of this group, like the flower growers, produce to sell direct in the city market. Co-operation among them has assumed its highest form in the purchase of supplies. Thus in the first four months of 1909 they purchased co-operatively in the name of their agent 50 tons of fertilizer, 100 tons of lime, one car of peach baskets, one car of strawberry baskets, 10,000 pansy and tomato baskets. Their agent receives a small stipend to cover his

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expense in unloading cars, etc. Members sell individually but in uniform boxes bearing the mark "H. M. G. Asso.," which are the property of the association. They thus enjoy the advantages of a trade name. Meetings are held monthly to discuss matters of trade or agricultural interest. Lectures and debates on general topics are held.

MAPLE SUGAR MAKERS

Other regional industries are more distant from the retail market and producers cannot arrange to sell directly to the consumer. One of the earliest of these to establish a sales association was the maple sugar industry of Vermont. The Vermont Maple Sugar Makers' Association was established in 1893—a crucial period in this as in other industries—"to improve the maple products of the state and to obtain better prices for high grade sugar and syrup." Membership was open to all "interested in the making of maple goods," on the annual payment of \$1.00, and it now includes over 100 producers. The yearly meetings have been marked by excellent lectures and discussions of matters relating to the trade. Members are further entitled to the use of the official labels of the association in selling their produce.

In 1899 the Vermont Maple Sugar Makers' Market was established in Randolph by members of the association for the co-operative sale of their goods. The market, which has 50 mem-

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bers, each owning a ten-dollar share, now does a business of over \$60,000 a year. The members manufacture their goods individually but ship them to the market in barrels which the market furnishes. There the sugar and syrup are tested, graded, and packed under co-operative management. The market now has customers in 40 states. It buys the goods outright from the producer, paying according to the quality and density of the syrup and the demands of the season. In 1910, 5 per cent interest was paid on shares. All producers are eligible to membership, or they may sell to the market without taking shares.

POTATO GROWERS

Except for the above instance, no case of a long-established association for co-operative sale outside of the fruit industry has come to notice. But a strong movement has now begun in both New Hampshire and Maine for the co-operative sale of potatoes. The New Hampshire Potato Growers' Association was formed in April, 1911, with membership open "to those persons, male or female, who are interested in potato growing and who shall subscribe to the articles of the association and pay the membership fee (\$1.00)."

The association has already begun co-operative supply by purchasing about \$6,000 worth of goods through its agent at a total saving of nearly \$1,000. Co-operative sale has not yet been undertaken.

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In the summer of 1911 the two Pomona Granges of Aroostook County, Maine, organized the Aroostook County Potato Growers' Association, capitalized at \$100,000, with shares at \$5.00 each, and open only to grange members. It established shipping stations in every township where 60 shares of stock were held by 20 or more members. Agents of the association inspect the crop, grade, ship, and sell. The articles of incorporation further specify that the association may buy, manufacture, or sell all kinds of farm produce. In 1911 over 300 carloads of potatoes were sold by this association through the Producers' and Consumers' Exchange of Brunswick and Boston.* By January, 1912, there were 500 members, and potatoes to the amount of 667,000 bushels had been shipped by the association from 16 different points in the county.

Co-operation in the sale of potatoes has spread rapidly in Maine in 1912. At the instigation of John P. Buckley, state commissioner of agriculture, farmers' unions have been established in Brunswick, Brooks, Dexter, Waterville, Pittsfield, Fort Fairfield, Farmington Falls, Union, and Dover. These were federated at Bangor on July 23, and headquarters were established in that city for the purchase of machinery and fertilizer, and for the sale of potatoes on a commission of one cent per bushel. Each local union is required to subscribe to five shares of stock at \$10 each, in

* See pp. 108 and 129.

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the state union, and will be represented on its board of directors.

TOBACCO GROWERS

In the Connecticut Valley there have been several projects for the co-operative storage of the two prevailing crops, onions and tobacco. The former crop will probably eventually be stored and sold co-operatively by Polish farmers of the vicinity of Sunderland, Massachusetts. The following statements concerning co-operative warehouses for tobacco have been taken from the *New England Homestead*,* no other information being obtainable.

The Hartford County Tobacco Growers' Mutual Association was incorporated under Connecticut laws early in 1908, with a capital stock of \$50,000. Besides the co-operative buying of fertilizers, this association aims at co-operative sale of crops. In February, 1908, it leased a warehouse in Glastonbury, with a capacity of 600 cases "to be equipped to assort, grade, pack, and sweat tobacco." The local farmers' co-operative warehouse at Enfield, Connecticut, sweated, packed, and stored 400 cases of tobacco in the winter of 1907-08. Tobacco growers of Poquonock and Windsor,† Connecticut, during the same period hired an agent on commission to sell about 2,000 cases. The tobacco industry is at a special dis-

* *New England Homestead*, Feb. 22, 1908, p. 226; Aug. 15, 1908, p. 139; Jan. 2, 1909, p. 13.

† No longer co-operative.

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advantage because it must sell to the tobacco trust and to large buyers. However, by means of community warehouses and of co-ordinated sale of goods when the market is favorable much can be gained. Hence co-operation has been widely advocated throughout the Connecticut Valley.

FRUIT GROWERS

The most vigorous and extensive movement in New England for the co-operative sale of produce is in the fruit industry. For any territory where there is extensive specialization in the growth of a particular fruit, a reputation may be made or lost in the market, according to the care and honesty of the producers. Organized fruit growers can insist upon honest goods, uniform grading, and careful packing from each of their members. In the market they can command a special price for exceptional goods and a just price for reliable common goods, until their particular product is especially sought after. They can ship goods to the market when demand is greatest, thus avoiding the losses occasioned by a glut. Further, the intercepted middleman's gain may be added to enhanced earnings due to improvement of the product, well-judged marketing, and the acquisition of a trade reputation, making altogether a goodly profit for the co-operator. This has been proved repeatedly by the fruit growers of Colorado, California, Oregon, and Ontario.

In New England the State Pomological Socie-

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ties of Maine, Connecticut, and Vermont, have seriously discussed the co-operative grading, packing, and sale of apples, but until quite recently the energy of the enthusiasts of these societies has been turned to the attempt to pass uniform state laws for the grading, packing, and branding of fruit. The question of co-operative sale has remained in abeyance. The primary object of each of these state societies is social and educational.

Local attempts at co-operative selling have been made in a meager way. At Grand Isle, Vermont, for instance, for over ten years apples have been sold co-operatively, but without formal organization on the part of the growers. The rudimentary method employed was simply for one man to invite his neighbors to ship with him, in order to reduce the cost of shipping for each and to ascertain together the market. From this beginning the producers are now developing strict co-operative methods of packing, grading, and sale. A similar elementary society exists among neighbors in Ashfield, Massachusetts, the heart of "Apple Valley," where eight or 10 growers have been accustomed to negotiate the sale of their apples at the same time to the same buyer. This buyer is able to offer better terms because of an assured joint product of from 2,000 to 5,000 barrels every year.

The earliest incorporated society for the sale of apples that has come to notice is the Turner Co-operative Fruit Growers' Association of Tur-

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ner, Maine. This group in the fall of 1908 incorporated for \$10,000, in ten-dollar shares. They began by buying co-operatively a power sprayer. Their sale of fruit was balked the first year by the smallness of the crop.

This association was followed by three others in Maine,* the Kennebec Valley Fruit Growers' Association, of Waterville, the Oxford County Fruit Growers' Association, of West Paris, and the Oxford Bears Fruit Growers' Association, of Buckfield and Hebron. The latter was formed in 1911 by seven brothers named Conant who altogether own about 7,000 apple trees. A New England Fruit Growers' Association was projected at the meeting of the Worcester County Horticultural Society, held in March, 1911. These four associations are, however, all in the formative stage.

A peach growers' association has recently been formed by 35 Italian farmers near Glastonbury, Connecticut. These men seek to raise fruit of high grade. So far they have been forced to sell through the commission merchant on a 10 per cent basis, but they are aiming to reach the consumer more directly. This is one† of the first immigrant co-operative agricultural associations

* The Farmers' Unions of Brooks, Union, New Sweden, and Farmington Falls, Maine, founded in 1912, are planning to sell apples as well as potatoes. See p. 119.

† Jewish farmers in Connecticut and Massachusetts are forming co-operative credit unions and supply associations. A purchasing bureau is maintained by the Federation of Jewish Farmers of America. Address, Mr. Pincus, Secretary. *The Jewish Farmer*, 189 Second Ave., New York City.

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in this section of America, and is important as an indication of a probable expansion of co-operative methods among immigrant farmers.

CRANBERRY GROWERS

The best organized and most thoroughly business-like co-operative selling association in New England is the New England Cranberry Sales' Company, with a central office at Middleboro, Massachusetts. This association is the culmination of various early attempts to co-ordinate cranberry interests in this section of the country. It was incorporated under Massachusetts law early in 1907, after extensive propaganda among cranberry growers, for the purpose of increasing "the sale and use of cranberries, to reach a wider market for the same, to improve the packing of cranberries, and to establish definite grades or brands of cranberries, which . . . shall be maintained to the standard . . . so that purchasers may rely on the quality of the same." The authorized capital stock was \$5,000 in ten-dollar shares, of which one year after incorporation 160 had been subscribed for by as many different individuals, firms, or associations engaged in the business of cranberry growing. The co-operative nature of the association is assured by the provision that all bogs shall be equally represented; voting is by members, whether large or small producers, not by shares.

The officers state that no honest grower is

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excluded; that any such in New England may become a member if his application is approved by two-thirds of the directors and if he agrees to the by-laws. Each stockholder agrees to sell his entire crop to the corporation and to stay within the society until the entire crop is harvested. The directors designate in advance the limits of the periods during which each brand of cranberries may be assumed to have a constant value, and they ascertain the average net price per barrel received for berries of each grade during the period. The shareholder is paid this average periodic net price for his goods, minus 7 per cent. Dishonesty on the part of the producer is punishable by damages and by expulsion from the association. For the distribution of earnings, dividends of not over 6 per cent yearly may be declared on shares, but the remainder, except what may be held as a surplus fund, is to be distributed to shareholders according "to the amount of cash received by each stockholder for his . . . sales to the company for the preceding crop."

One of the aims of the association is to popularize the cranberry and thus widen the market. The high quality of the goods sold is assured by careful storing and grading of all barrels under the direction of a corps of inspectors who are paid for their services. A booklet of the company mentions 33 assigned brands of Cape Cod cranberries varying in color, size, shape, and time of shipment. The mechanism of sale has attained a more far-

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reaching co-operation than has that of any local association, for the New England Cranberry Sales' Company has joined with similar associations of New Jersey and Wisconsin in the formation of the American Cranberry Exchange. This is a co-operative corporation, with offices in New York and Chicago, organized for the purpose of "securing higher standards of grading and packing and direct shipments from the grower to the jobber; also for the purpose of advertising, selling, and distributing at actual expense, Cape Cod, New Jersey, and Wisconsin cranberries."

Progressive cranberry growers of New England are thus effectively united in a vigorous organization for mutual interest. Nevertheless, not all growers are members. Many still prefer to take the chances of selling direct to buyers from the cities, while some are invariably suspicious of any organization and hold off from membership. But for those who join, whether they be large growers or small, the association serves excellently the trade interest and educates both the grower and the consumer through the production and distribution of superior goods. In the year 1910-11 the association did a business of \$622,000. It now has 253 members and handles over 50 per cent of the Cape Cod cranberry crop.

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The Middlesex Co-operative Garden Company was organized in Hudson, Massachusetts, in Jan-

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uary, 1910, for the common ownership and operation of a model farm. A farm of 100 acres has been bought, and about \$15,000 spent in preparing it for the scientific cultivation of two crops,—asparagus and apples. The officers, except the foreman, serve without salary. An advisory board of government experts and local agriculturists supervise the work. At present attention is being paid chiefly to soil treatment and the cultivation of the two crops. As the product increases more attention will be devoted to problems of marketing. The profits of the association are still being invested in expansion of the business, but will in time be devoted to the payment of dividends according to invested shares. This association is, however, unique, in that it aims primarily at the co-operative instruction of its members in intricate agricultural problems, and only secondarily at business profit.

RETAIL AND WHOLESALE EXCHANGES

Co-operative sale of produce is increasingly advocated by specialists in market gardening, fruit culture, poultry raising,* and other agricultural industries. Yet the difficulties of conducting this type of co-operative business which, unlike the co-operative store and dairy, requires the maintenance of an office distant from the

* The Wesserunsett Poultry Association of Athens and the Somerset Poultry Producers' Association of Skowhegan, Maine, have both undertaken co-operative sale of eggs and poultry within the last two years.

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homes and the supervision of the members, have until now impeded its extensive practice. A few retail grange stores have general produce for their members. It has usually been found unwise to attempt this practice on a large scale, as each of the many crops requires particular treatment and involves special problems of its own. Retail stores have often handled profitably a certain small amount of the produce of members for the store's own local trade. In addition, selling on commission by retail grange stores has been attempted, especially in Presque Isle, Maine, and its vicinity, for the disposing of the potato crop, but ordinarily without satisfactory results.

One notable case of this practice outside of the grange is the Fellowship Farm Co-operative Society, maintained at Westwood, Massachusetts, by 40 socialist families, each living upon a single acre of land intensively cultivated. This society is undertaking to sell in its grocery store the farm produce raised by its members as well as the needlework and preserves made by the women of the colony. Whatever produce can not readily be sold at the Westwood store is sold from house to house on commission, by a member of the association.

A promising movement for general co-operative sale is that of the new wholesale exchanges maintained by the state granges. The Patrons' Exchange of Connecticut quietly assumed the placing of produce for members and

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until the establishment of the Producers' and Consumers' Exchange, with headquarters at Brunswick, Maine, sold potatoes by the carload for some of the patrons in that state. A state-wide farmers' organization with a city distributive office is in a strategic position to sell general produce. Under able management such an exchange may secure to the agricultural population a large proportion of the price that the city consumer pays for farm goods.

A new stage has been reached by New England co-operation within the year 1912, for the Producers' and Consumers' Exchange has had sufficient vision, or temerity, to abandon its narrower affiliation with the grange and to become the sole middleman between the Maine farmer and the Boston consumer, and the property of both. During its first year, the Exchange established a shop in Boston from which produce was sold at wholesale to Boston merchants, and farmers' supplies were purchased. But early in 1912 it decided to turn over most of the business of co-operative supply to the Patrons' Co-operative Corporation of Portland, whose function it was duplicating, and to confine its operations to co-operative sale. The Exchange opened its membership to all farmers, whether grangers or not, and in February decided to take city consumers into membership and to sell at retail as well as at wholesale.

The plan is briefly this: The 2,200 farmer mem-

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bers may ship their produce in carload lots to the potato house which the Exchange now uses in Boston, fronting on the Boston and Maine Railway track, or they send goods in lesser bulk by express to the society's store. A cheque for the wholesale value of his goods minus freight charges and commission is sent to the farmer. The Exchange now sells chiefly to wholesale houses, giving goods to its 150 consumer members at about wholesale price. A plan, however, is being considered whereby the Exchange will pay the farmer full wholesale price for his goods, and charge its customers 10 per cent above this sum to cover expenses, depreciation, and reserve. City membership is being sought chiefly among trade unionists. When consumer membership becomes sufficiently large the Exchange intends to ship goods by auto-truck once a week to the homes of purchasers anywhere within 10 miles of the store. The farmer will thus receive wholesale price for his goods, which is much more than he can get by selling direct from the farm. The consumer will buy at 10 per cent advance upon the wholesale price, which is considerably less than he is accustomed to pay for farm produce. Profits will be distributed to both producers and consumers on their shares.

The annual meetings are held in Brunswick, Maine. Directors are chosen by each group. The directors chosen by the consumers meet at Boston, and proxies from their meeting are used

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at the Brunswick meeting. No member may have more than one vote. It is hoped by the above means to harmonize the interests of producer and consumer, to give both groups equal power in the operation of the business, and to distribute the advantage that accrues from elimination of the middleman equitably to both interests.

It is too early to pass absolute judgment upon this plan. The economies of the system (provided that cash business is strictly adhered to, and a large reserve maintained) are indisputable. The difficulties of diverse membership and double direction are not insurmountable if proper provision is made for a general meeting which can arbitrate in case of deadlock. In the absence of a highly organized consumers' organization to which, as in Europe, the producers' association might sell, a plan of this general nature is particularly worthy of trial. It is not impossible that modifications of the established Rochdale methods are essential to the effective general practice of co-operation in America. Such modification can be discovered only through careful experimentation,—a mode of research as necessary in sociology as in physics.

CHAPTER VIII

CO-OPERATION IN THE DAIRY INDUSTRY

ASSOCIATIONS of farmers all of whom are interested in the same crop, have long been familiar in New England. There are special associations of poultrymen, dairymen, beekeepers, fruit-growers and the like, formed to study the raising and marketing of their crop, and concerned with the protection and expansion of their special industry. Some of these associations, as we have seen, practice co-operative purchase of common requisites; others conduct co-operative manufacture, storage, or sale of product, or adopt a common trade mark or system of grading; still others are purely educational and social.

The dairy industry, which is still one of the chief in importance in New England, fosters several types of associations, local and regional, most of which are co-operative in their nature. In every New England state except Rhode Island there is a state dairymen's association organized to deal with the problems of the dairy herd and the creamery. Within the local communities

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there are co-operative creameries and cheese factories, cattle breeders' associations, cow-testing associations, and associations for the distribution of milk within the city, all of which have co-operative features. The most prevalent and most thoroughly co-operative of these institutions is the co-operative creamery.

Co-operative creameries and cheese factories originate in the desire of farmers to escape the disadvantages of individual domestic manufacture and sale of product, through combined manufacture and joint sale of product. Combined manufacture secures the economy of large scale production; joint sale minimizes the danger of forced trade and ignorance of the market.

The co-operative factories of cities originate among employes who by joined capital, labor, and management dispense with, or jointly take the place of, the employer. The co-operative butter and cheese factories of rural communities originate not among the employes of existing creameries, but among the producers of the raw material, milk. This statement is equally true of all forms of co-operative manufacture undertaken by farmers. But save for a grist mill operated by the farmers of the Houlton (Maine) Grange Store, and a few surviving cheese factories, canning factories, and starch factories, in northern New Hampshire, Vermont, and Maine, the co-operative creamery is the only type of farmers' co-operative manufacture in New England.

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CO-OPERATIVE CREAMERIES

In its pure form a co-operative creamery association is an association of local milk producers who by combined capital in shares of low denomination build or purchase a creamery, primarily for the manufacture and sale of butter. Such associations pay a fixed, low rate of interest on shares and distribute other net earnings to milk producers according to the amount of butterfat in the milk they furnish. Furthermore, they grant each member but one vote, irrespective of the number of shares he holds.

There are also among creameries, exactly as among co-operative stores and factories, many organizations that bear the name "co-operative," but which differ from the pure type in that voting by shares is allowed. Such organizations have a certain right to the name "co-operative," since they are formed by large bodies of small local producers, organized to save themselves from the evils of individual production and bargaining. When such societies keep their membership open to all honest producers of the locality who desire to join, and when they devote all earnings above 6 per cent interest on shares to increase the payment to patrons for milk, they are by intention co-operative and are so considered by the community in which they are situated, especially when compared with the proprietary or joint-stock

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creameries of small and exclusive membership which may exist in the locality.*

To the co-operative creamery, farmers within a radius of 10 miles or more may bring their cream or whole milk daily. All but the smallest creameries have "gatherers" who go from farm to farm among the patrons to collect the cream. Sometimes a compromise is effected where farms are inaccessible, and sub-stations are assigned to which farmers bring their cream, thus simplifying the gatherers' work and lessening the cost of this section of creamery expenditure. Once brought to the station the butterfat is separated by mechanical apparatus and is made over into butter. The process is simple; requires but small outlay of capital, \$1,000 to \$3,000, and the employment usually, aside from gatherers and sales agents, of not more than two employes within the creamery.

Mr. Theodore S. Gold, former secretary of agriculture of the state of Connecticut, writes† that "co-operative dairying was first attempted by Mr. Lewis M. Norton at Goshen, Connecticut, in about 1810" but that it "was not successfully established until the last third of the nineteenth century. Following then, as it did, the introduction of specific dairy animals, the conditions for successful co-operative dairying were more propitious." The spread of co-operative

* For further discussion of joint-stock creameries, see p. 143.

† Handbook of Connecticut Agriculture, p. 58.

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creameries in New England apparently dates from about 1880, when, following the invention of a centrifugal machine for separating cream from milk and the introduction of churning by machinery, factory methods in butter making began to come into wide use. The oldest surviving co-operative creamery of Connecticut reporting is that of Granby, established in 1882. The oldest survivor in Massachusetts is that of Easthampton, dating from 1881. The officers of this latter creamery claim that it was the second in the state, it having been preceded only by one in Hatfield. Mr. I. C. Weld states* for New Hampshire that "the first private creamery business in New Hampshire was conducted by Charles H. Waterhouse in the town of Barrington in 1881. Mr. Waterhouse was also manager of the first co-operative creamery to be established by dairy farmers in New Hampshire, which was located in the Suncook Valley at Short Falls in the town of Epsom. It opened its doors for business on April 6, 1885."

It is probably safe to assume that 80 to 90 per cent† of the creameries of the 80's were founded by small groups of local agriculturists and were at the outset quite co-operative in character. Today over half the creameries manufacturing

* Report of the Twentieth Annual Meeting of the Granite State Dairymen's Association, 1904, p. 80.

† H. E. Alvord in 1903 stated that twenty years previous (1883) all creameries in New England were co-operative. United States Department of Agriculture, Bureau of Animal Industry, Bulletin 55, p. 31.

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butter in New England are still in the hands of groups of local farmers and nearly half—several score at least—are co-operative.

It is impossible to state with accuracy the number* of co-operative creameries in New England. The United States Department of Agriculture has record of 101, but as there are many small, unincorporated local creameries that easily escape government records, an estimate of 125 co-operative creameries for all New England is conservative.

THE PURE TYPE OF CO-OPERATIVE CREAMERY

As previously defined, co-operative creameries of New England are structurally of two different kinds. The first and pure type, like the Rochdale

* The Bureau of Animal Industry (United States Department of Agriculture) sent to the writer in 1909 the following record of co-operative creameries in New England: Connecticut, 15; Maine, 6; Massachusetts, 15; New Hampshire, 5; Vermont, 60; making a total of 101. The reports of State Departments of Corporations, Dairy Bureaus and State Dairymen's Associations, and available town directories, show approximately the same total, but with some variations for each state.

In Connecticut, where in the official report of 1902 there were 30 co-operative creameries, in 1911 at least 19 still exist and are co-operative. In 1910 the Department of Agriculture of Maine sent the addresses of six that fall within this category. In Massachusetts the Twentieth Annual Report of the Dairy Bureau of the Board of Agriculture (January, 1911) designates 12 creameries as co-operative. For New Hampshire there is no available account, but correspondence has revealed five.

The report of the Forty-first Annual Meeting of the Dairymen's Association (1911) gives a list of 236 creameries and cheese factories of Vermont, of which 27 creameries bear the name "co-operative" and 22 more bear the name "association." Several companies which have neither of these titles, in response to letters prove to be co-operative. State corporation certificates reveal 22 others bearing the name co-operative so that an estimate of 70 for that state would be low.

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store in the distributive field, gives but one vote to each member, irrespective of his holding of shares, and may be considered the only true form of co-operation for creameries.

Of the estimated 125 co-operative creamery associations in New England, probably not over 25 are of the first or purely democratic type. Fourteen of this type reported to the writer in 1907, of which three were in Connecticut, two in Maine, eight in Massachusetts, and one in Vermont. None was discovered in New Hampshire. Rhode Island has none of either kind. Massachusetts is the only New England state in which creamery associations organized on this plan predominate, due probably in part to the co-operative corporation law and in part to regional imitation. On the other hand, in Vermont, which contains about half of all the co-operative creameries of New England, only one of 11 reporting societies was of this type.

The oldest and one of the largest and most successful of these creameries is the Hampton Co-operative Creamery Association of Easthampton, Massachusetts, founded in 1881. It had in 1911 43 shareholders, mostly of Yankee birth, who held among them \$2,500 of capital stock in twenty-five-dollar shares. They own \$3,000 worth of real estate free from mortgage and have a reserve of \$4,623. Sales for the year 1910 amounted to \$86,914 from the profits of which 6 per cent interest on shares was paid to members, the balance

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going to all patrons whether members or not according to the amount of butterfat in the milk they sold to the creamery. An average of 40 cents per pound was paid patrons for butterfat—a sum equaled by only one other of the reporting co-operative creameries of New England.

The business of the society, according to the *Daily Hampshire Gazette*, is "one of the most prosperous business ventures in our town." During the year 1907 the society received 730,285 pounds of cream yielding 131,844 pounds of butterfat, and made 155,342 pounds of butter, an average of 496 pounds per day; \$7,610 worth of cream was sold and \$1,440 worth of buttermilk, which until very recent years was thrown away. A wholesale house of a neighboring city purchases their entire output. The butter is made in a light and clean basement room of a model New England farmhouse in Easthampton, under conditions which should satisfy the most exacting customer. The association has further established a deserved reputation among producers for absolute integrity by never during twenty-seven years having failed to send its checks to patrons for their milk on the day payment fell due.

Patrons, many of whom are not stockholders, are admitted to annual meetings and are given opportunity to talk. At the annual meeting of 1908 only five members and three patrons were present. After the business of the meeting was over many vital problems of rural life were dis-

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cussed. The association met the new question of cow testing with striking initiative, offering to test the milk of its patrons' cows free of charge on two given days each month, an excellent proof of broad co-operative spirit. The Hampton Creamery may be too large to be quite typical, but it is a noteworthy example of an equitable and clear-sighted business built on a purely co-operative basis.

Of the 14 creameries of this type reporting in 1908, half were organized in the 80's. These are situated in Connecticut and Massachusetts, the states in which the co-operative creamery movement began. The three creameries reporting from Maine and Vermont were founded within the last decade. The largest recorded membership is that of the creamery at Suffield, Connecticut, with 115 shareholders. The Enterprise creamery at Dexter, Maine, is next largest, with 110. The smallest, that in West Milton, Vermont, has but 14 members and 35 patrons. In every case but two, societies have more patrons than shareholders, meaning that not all the milk producers care to take out shares, or that business does not warrant the creation of new capital stock. As all the associations are of open membership, exclusion of any patrons when shares are on the market is by definition impossible.

The difference in number between members and patrons is accounted for as follows: At the founding of co-operative creameries all the co-

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operating producers have to subscribe in order to raise the required capital to begin business. But by the usual practice of co-operative societies new producers who enter the district can as patrons reap in every case exactly the same advantages in the prices paid for butterfat as do members. Hence, since capital can earn its 6 per cent elsewhere, investment in shares by patrons is not necessary save for the privilege of voting, and since patrons are allowed to attend meetings and make suggestions, shareholding is usually considered unnecessary by them. In the exceptional case of Suffield, where the members number 115 and the patrons only 56, some of the original shareholders have turned to other business while retaining their shares in the company.

It is significant that only four out of these 14 societies are growing at all in membership. The original creamery of a locality ordinarily takes all the available producers into membership at the start. As there is seldom need to increase the capital of a local creamery, new shares are not issued unless new sub-stations are erected or purchased. Old shares stay in the hands of the early purchasers and are seldom put on the market except at the death of the original holder. As voting in the purely co-operative society is equal among all members, irrespective of their holding of shares, it makes little difference to the democracy of the institution whether one

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man owns one share or 50. It happens, however, in these 14 societies that there are only three cases in which one man owns over one-eighth of the stock.*

The number of employes of co-operative creameries is small, varying between one and eight. Ordinarily only one or two of the employes work at the creamery. The rest are gatherers, driving from farm to farm each day for cream and taking it to the creamery. Roughly speaking only a third of these employes are shareholders in the creamery association.

Live co-operative spirit may be manifested not only through efficient daily performance by each shareholder of his function both as producer and as part owner of the creamery, but also by attendance at and interest shown in the annual meetings. An attendance of from one-quarter to one-half of all the members seems to be usual but there is variation from a minimum of one in 10 (Hampton) to two in three (Belchertown). The number, of course, depends upon weather, season, interest in the subjects of discussion, confidence in the management, and so forth.

A few societies have proven themselves to be acquainted with the benefit of co-operation in general by conducting co-operative purchase of grain by the carload for their members and pa-

*These are the societies of Northville, Connecticut, and Easthampton, Massachusetts, where two-fifths of the stock is so owned, and that of Belchertown, Massachusetts, where one man owns one-sixth of the stock.

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trons. This has been done with success at the Tunxis Co-operative Creamery of Robertsville, Connecticut, and at the Cummington (Massachusetts) Co-operative Creamery.

THE JOINT-STOCK CO-OPERATIVE CREAMERY

The second type of co-operative creamery in New England, the joint-stock co-operative creamery association, differs from the type already considered in one important detail—that voting is permitted by shares. The line between this type of co-operative creamery and the ordinary joint-stock company is hard to draw, because there is a manifest tendency for societies to evolve from the former to the latter type. Two Vermont societies still bearing the name “co-operative,”* have already crossed this line, for both societies have restricted their membership, admitting no new members to the status of stockholder, and contrary to co-operative practice, one of these societies has paid as high as 15 per cent dividends on shares.

Twenty-five societies, however, have reported, which have large, open membership, sell shares of low denomination, and grant low reward (not over 6 per cent) to capital. All further profits are distributed to members and patrons alike according to their service to the company in the production of butterfat.

* The Plainfield Co-operative Creamery of Plainfield, Vermont, and the Sampson Co-operative Creamery of Grand Isle, Vermont.

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A restriction on voting by shares is often made by fixing a maximum holding permitted to any member, thus preventing close approach to control of the company by one person; or as in the Lyme Creamery Company of Lyme, New Hampshire, by allowing members a vote on a limited number of shares (eight) only. As long as the voting in such a society is so arranged that no half dozen men can control its affairs it is fairly co-operative. Even where such restrictions upon voting are not made, the reward of dividends to capital is so limited that it is evident that community interest is the aim, rather than the mere personal gain of the stockholders. This is the case in two of the 25 societies reporting, in each of which one member owns and votes upon one-third of the stock, and in three others in which one member owns one-fourth of the stock. The danger of plutocratic rule even in associations that do not limit the number of shares to members is not serious until the next steps, the increasing of dividends and the restriction of membership, have been taken. These last mentioned societies are not among the largest in point of annual sales. On the contrary, in the three creameries which conduct the most extensive business, the largest holding of stock by any one individual is one-eleventh of the total, in the Granby Creamery Company, one-fifteenth in the Lebanon Creamery Company, and one-seventeenth in the Vernon Creamery Company.

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There are probably about 100 joint-stock co-operative creameries in New England, mostly in Vermont, where the corporation law requires voting by shares. This type largely predominates also in Connecticut and New Hampshire. Of the 25 creameries of this sort which reported to the writer in 1908, eight were in Connecticut, three in Massachusetts, four in New Hampshire, and 10 in Vermont. Maine had no exact representative of this class reporting, though the Turner Centre Dairying Association, later to be considered,* bears certain similarities to this type.

Outside of Vermont most of the reporting co-operative joint-stock creameries were organized in the 80's,—seven out of eight in Connecticut, which next to Vermont contains the largest number of creameries built on this plan, two out of three in Massachusetts, and three out of four in New Hampshire were of this earliest decade in creamery organization. In Vermont, however, only four out of the 10 reporting were founded in the 80's, five in the 90's, and one in the year 1901; for butter making was confined to the farm far later in northern than in southern New England. Altogether, 16 of the 25 reporting joint-stock creameries of New England were formed between the years 1882 and 1889.

In membership these creameries unite about 1,200 men, the maximum for any one creamery being 200, in the Granby Creamery Company.

* See p. 149.

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Only eight creamery associations, four of which are in Vermont, report increasing membership, despite the fact that all hold their membership open. Membership may be "open" however, without shares being available for purchase, for the term "open" means merely that shares can be bought on the enlargement of the capital stock, or on the decease of shareholders, by any local producer, whether previously a shareholder or not. As a matter of fact few creameries have new capital stock on sale.

Societies of low capitalization are far more frequent in Vermont than in the other New England states. Reserve and surplus funds, which are frequent in Connecticut societies, are non-existent or insignificant in Vermont. One Connecticut society, which has been mentioned several times—the Granby Creamery Company—with a capital stock of \$3,500 reports a reserve of about \$2,000, three other Connecticut societies out of seven* have reserves of \$1,000 or over, while of seven societies which carry a reserve in Vermont only one, the Deerfield Valley Creamery Association, has over \$1,000 reserve; three others report that they have none at all.† As for cost of shares, the prevalent sum is again \$25 in Connecticut and Massachusetts, and \$10 in Vermont.

Of 24 societies which reported on this point 16

* Two creameries did not state the amount of their reserves; two others had \$500 and \$600 respectively.

† Three failed to answer this question.

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pay 6 per cent, four pay 5 per cent and three pay 4 per cent. One, the Peterboro Creamery Company, New Hampshire, pays no interest. The highest average price paid during the year for butterfat was 36.4 cents and it was paid by the Vernon Creamery Company which granted the full 6 per cent interest on shares. The Simsbury Dairy Company and Wapping Creamery Company which paid the second and third highest sums also paid 6 per cent interest; so it can hardly be said that dividend is declared at the expense of patrons. However, no one of the 4 per cent societies paid over 30.17 cents for butterfat and no 5 per cent society paid over 32.84 cents; low reward to capital and low reward to patrons are to a fair degree concomitant. Prices paid for butterfat are usually high in Connecticut and low in Vermont. The latter state being farther from the market must count higher freight rates into the cost of production; its highest reported price for butterfat is 5 cents per pound lower than the highest for Connecticut.

STATISTICAL SUMMARY OF BOTH TYPES

In all there are returns from 39 creameries, 14 requiring votes by members (the pure type) and 25 permitting votes by shares (the joint-stock co-operative creameries). Together they have a total membership of over 2,000 men; an average of over 50 per society. No membership exceeds 200; none falls below 14. The combined

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share capital of 37 societies* during the fiscal year 1907-08 was over \$129,000—making from \$3,000 to \$4,000, the average share capital. There are, however, seven societies reporting share capital under \$2,000, the lowest being \$1,250. Eighteen have capital stock between \$2,000 and \$3,000 inclusive, and only 12 have share capital amounting to over \$3,000.

With only eight† exceptions shares sell at either \$10 or \$25; there are 20 cases of the latter and 10 of the former. Thirty-eight‡ societies own real estate to the total value of \$137,000, while only four bear mortgage; proof of the fair success of the companies and of their thrift.

Figures for total sales are vitiated by the fact that seven societies, including the largest of all, did not report on this subject. Yet the total combined sales of 32 societies amounted to well over \$1,000,000—or an average of over \$30,000 each; the largest reported \$61,600, the smallest, which is moribund, \$3,950.

The societies are decidedly uniform in method of reward to capital exactly as they are in their prices of shares. Of 37 societies which answered this question 25 pay 6 per cent on capital stock, six pay 5 per cent, four pay 4 per cent and two others pay none at all. Reserve or surplus funds

* Two societies failed to state the amount of share capital.

† One creamery failed to state the price of shares.

‡ Including the Springfield Co-operative Milk Producers' Association, which since 1907 has been bought up by its secretary and made a proprietary business.

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are small, only nine reporting over \$1,000 each; three* only had \$2,000 or above. The item, stock on hand, is even lower, only five* societies keeping goods of over \$1,000 in value—due largely to the fact that stock is perishable and that demand is constant. Assuming that there are 125 co-operative creameries in New England, of one or the other of these two types, it is safe to estimate that the total number of shareholders is about 6,000, of patrons 10,000, the total share capital from \$350,000 to \$400,000 and total sales not far short of \$4,000,000.

All of the societies above described as co-operative are small local affairs and evidently fall within the strict category of co-operative associations. Some creameries own sub-stations, in co-operative fashion, the patrons of the sub-station owning shares and voting at general meetings exactly as do the shareholders of the central creamery.†

There is, however, one creamery society in New England, the Turner Centre Dairying Association of Auburn, Maine, which is over 20 times as large as the largest association already mentioned and which was reported by the Maine State Department of Agriculture to be co-operative. It varies in organization in almost no detail from the definition of co-operative joint-stock

* Including the Springfield Co-operative Milk Producers' Association, which since 1907 has been bought up by its secretary and made a proprietary business.

† The North Montpelier Co-operative Creamery Company (Vermont) thus has sub-stations in Calais and North Calais.

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companies above given, yet the sum of the slight variations seems to prove a departure from co-operative principles sufficient to exclude this society from the list of truly co-operative ventures.

The Turner Centre Dairying Association was founded in 1884, and was incorporated in 1893. The annual report for the year ending November 30, 1907, showed a capital stock of \$75,000 in ten-dollar shares; real estate valued at \$135,900; reserve of \$38,600, and annual trade of about \$1,291,000. The association owns creameries in 10 Maine towns—Auburn, Benton, Carmel, East Jackson, Farmington, Richmond, Troy, Turner Centre, Unity, and Wiscasset, the chief creamery being at Auburn. It has 600 patrons to whom an average of 32.5 cents is paid per pound for butterfat—a sum higher than was paid by the Turner Creamery, which was founded by seceding local farmers who felt that the Turner Centre Dairying Association was not sufficiently co-operative and democratic. Furthermore, only 5 per cent interest on stock is paid, which would appear to be evidence of the true co-operative spirit which recognizes community service through highest payment to patrons above reward to capital. The reasons for doubting the co-operative nature of this company are few and might be waived except for the following provisions in its by-laws, adopted January 28, 1905.

“Article I. All meetings of the stockholders shall be called by a written or printed notice . . . addressed

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to each person, *firm* or *corporation* appearing by the books of the corporation to be stockholders therein.

“Article IX. Each stockholder shall be entitled to as many votes as he has shares but no stockholder shall cast more than a number of votes which represents *one-third* of the stock issued.

“Article X. At all meetings of the stockholders *seven of the number* entitled to vote and representing not less than a majority of the shares shall constitute a quorum.”

The first provision shows that there are members or firms who are not farmers or patrons; the second implies that any such members or firms could together have complete control of the company; the third strengthens the deduction from the second provision and implies that in this institution of 600 patrons, seven may, and very likely do, constitute a majority. Though a society might have these provisions and yet be co-operative, it is unlikely that by-laws would be drawn with articles such as these unless the intention were to restrict the control to a few individuals.

Another source gives added evidence that shares are almost entirely owned in Auburn and Lewiston and not altogether by farmers; also that shares are hard for patrons to obtain. Whether earnings beyond the usual co-operative 5 per cent interest on capital and the payment for butterfat are divided among shareholders through distribution of “surplus” funds or in some other way, no evidence appears. But it is very improbable that this society, which by its

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size would at once greatly modify the records for total business of co-operative societies if entered, deserves to be considered as co-operative.

It should be explained here that among New Englanders there is a wide difference in the use of the term "co-operative." Many joint-stock companies in both the industrial and agricultural field claim the word, yet frequently societies quite within our definition of "co-operative joint-stock associations" describe themselves as "stock companies." This uncertainty in use of the term is due largely to the fact that there are no central propaganda or organizing bodies and no federations of societies to set standards. In Europe, where agricultural societies are federated, a given type of organization tends to become the norm by which all other societies are judged. Certain methods of government are there recognized as essential to co-operative societies because local societies know one another, discuss methods in monthly or annual meetings, and have perhaps been organized by the same man or agency.

In New England there is in each of the five dairy states, as has been mentioned, a creamery association open to all dairymen, which at its annual meetings discusses questions of creamery operation, holds exhibits, and unites all men interested in whatever way. But these associations bring men together as creamery experts, not as co-operators, and the co-operator is seldom more

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prominent than the private owner. The question of co-operation is rarely discussed and hence no man has a broad outlook on this subject nor a clear idea of it, apart from his direct personal experience. Co-operation as a social end is almost unknown to him; as a means to an economic end it is crudely used, depending largely upon the personalities of the creamery managers and unguided by other than limited precedent.

Thus "to co-operate" means to many New England farmers merely "to get together locally and do something," but the type of organization to which the term applies is not clearly understood by them; stock companies are within their definition of the term. For instance the Plainfield Co-operative Creamery of Plainfield, Vermont, apparently did not know that it was not co-operative in the accepted sense when it restricted membership and paid 15 per cent interest on shares. It is even to be feared that true co-operation is hindered by the insistence at farmers' meetings or in agricultural journals upon "co-operation" in its looser sense. For these agencies when they demand co-operation often mean combination; and the accepted form for combination to take in America is an exclusive one. The voice that calls for unselfish brotherhood, for broad community action, for the united interest of all the farmers of a locality is still rare in those remoter parts of New England where dairy farming prevails.

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Lack of federation among co-operative creamery associations means ignorance of co-operative experience, methods, and ideals. It further means competition between different co-operative creameries, which gives an advantage to the city buyer; whereas by united action the market could be known and controlled and additional middlemen's profits could be obtained. There is also a disadvantage to the consumer in the present lack of federation because, independently operated, the creameries each make butter of a different quality. Together they could standardize their butter, making the grades uniform. In addition they could instigate reform in the breeding of cattle, testing of cows, and in the feeding and care of dairy animals. This lack of federation of creameries, or lack of co-operation between co-operative creameries, has thus restricted the field over which they might extend. At present no centralizing body exists, nor any propaganda for the formation of such a union.

CAUSES OF DECLINE IN NUMBER OF CREAMERIES

We have seen that locally co-operative creameries have attained success, especially in western Vermont, Massachusetts, and Connecticut. The co-operative creamery actually brings to the farmer member the business advantage of economy, both through large scale production, instead of domestic manufacture, and through joint sale by trained agents in a known market, instead of

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individual and often forced sale to the first comer in a market too seldom visited to be known. Co-operation in the creamery also brings the advantages of shorter hours of labor to the farmer and his family by having the butter made outside of the house; and further, of wide business training in creamery management in which each shareholder has his part; of increased fellowship with other farmers, in common with whom he has one new interest; of perfection of product—because the creamery requires milk of a certain standard in quality and cleanliness, demands better methods in butter-making, and makes carefulness a source of profit.

All of these advantages are real and important, and none, except the shorter hours of labor, is likely to be secured by the ordinary farmer save through co-operation. The success which may attend creamery co-operation was evidenced by the reigning good will among the patrons of the Hampton Co-operative Creamery, resulting from its honesty and considerateness in all dealings; and by its offer to assist patrons by testing the milk of each cow to ascertain the yield. Probably, too, the lessening of race feeling against the Polish farmers who have settled in the Connecticut valley is largely due to this form of co-operation, daily contact in the creamery showing to each race the worthiness of the other. The success of co-operative creameries may further

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be gauged by testimony offered by the creameries themselves in 1908. Thus:

"The creamery has done an excellent work from its beginning. Established a grand reputation for high scoring goods second to none in the New England states." (Cornish Creamery, Cornish Flat, New Hampshire.)

"Had one fire; building and contents burned. Built and doing well now." (Sheffield Co-operative Company, Vermont.)

"We have been very successful." (Cummington Co-operative Creamery, Massachusetts.)

"Association is on a solid basis with prospects good for maintaining present conditions." (Tunxis Creamery Company, Robertsville, Connecticut.)

"Think we are doing very well. Good customers for butter and best of satisfaction for quality of our product." (Noyesville Co-operative Creamery Association, Walden, Vermont.)

Mention should be made of a unique creamery association, in West Milton, Vermont, which has tried both the co-operative and the proprietary method of conducting business, and which is now convinced of the superiority of the former. To quote their own testimony:

"We ran this creamery as co-operative three years, then rented it for three years and it was run as proprietary. Found by the experiment we were losing money. We are now running co-operative and find it much more profitable and have grown in number of patrons this year."

The West Milton Creamery is the only Vermont co-operative creamery of the democratic type that reported. Its success is significant of the possibil-

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ity of pure co-operation in Vermont, despite the corporation law. The reason for the prevalence of the joint-stock form in the state is apparently ignorance of the pure type and not wilful assumption of the less co-operative method. The change from co-operative to private management is disadvantageous, for once a proprietor has successfully destroyed a co-operative society he has a monopoly of the local market and can pay lower prices to patrons for their milk.

Although co-operative creameries have justified their type of organization in New England, having achieved social benefit for their members and having paid their patrons well, there is evidence that outside of Vermont there are fewer co-operative creameries in New England to-day than existed ten years ago. In 1891 Mr. Herbert Myrick,* editor of the *New England Homestead*, found 48 co-operative creameries in Connecticut, 18 in Maine, 27 in Massachusetts, 24 in New Hampshire, and 12 in Vermont—or 129 in all, approximately the total number existing today. In every state except Vermont, however, the number then found was nearly double the probable number in existence today, while in Vermont the co-operative creamery movement had just begun in 1891 and did not reach its highest point until the end of the decade.

There are various possible causes of decline of co-operative creameries in Connecticut, Massa-

* Myrick, Herbert: *How to Co-operate*, p. 328. New York, 1891.

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chusetts, New Hampshire, and Maine. These may be divided into two classes: (1) causes which affect the creameries because they are co-operative, and (2) causes which affect all types of creameries alike. Certain dangers to co-operation are suggested by study of the records of reporting societies which reveal slim attendance at meetings and very small reserves. It is to be expected that an inadequate reserve capital would precipitate failure of a society in time of stress; also that slight attendance at meetings might result in rulings on the part of the few present that would be harmful to the majority. Yet no instance of culmination of either of these dangers has been brought to notice. Nor are examples at hand of failure of co-operative creameries, as of co-operative stores, through unwise or dishonest management. These things doubtless occur, but they are not at the root of the decline.

A much more tangible cause lies in the frequent devolution from co-operative to joint-stock methods, as in the case of the Plainfield Co-operative Creamery, the South Peacham Creamery Company, Vermont, which has limited membership (now 31) and pays 10 per cent interest on shares, and the Sampson Co-operative Creamery of Grand Isle, Vermont, which has restricted membership (now 30), and the Turner Centre Dairying Association of Maine. For, as already stated, few have the co-operative spirit and this devolution is easy because it is not self-conscious. Thus,

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membership once at a natural standstill is easily kept closed when a patron applies to join. It is natural, too, for men seeking to increase their income to declare an extra dividend to themselves from the earnings of the society they own; the whole tendency of American business morality is in this direction. Ignorance of the co-operative ideal is, as has been suggested, undoubtedly more responsible than cupidity for this divergence from co-operative methods. A wise propaganda among farmers would largely correct this tendency by showing the more remote but greater advantages of community and federal organization, advantages which would appeal to most members once they were grasped.

The causes which have undermined co-operative and proprietary creameries alike are various. All, however (barring such occasional examples of dishonesty or inefficiency in management as may occur), reach the creamery through diminution in the supply of raw cream furnished it. This diminution may be due to actual reduction in the quantity of milk produced in the vicinity or to the deflection of the milk supply to another market.

Among the conditions which have brought about decline in the amount of milk produced are the high prices of grain, small hay crops (complained of by the Bakers River Creamery), and inability to get sufficient labor on the farm to milk the cows and care for the utensils. The

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Vernon Co-operative Creamery of Rockville, Connecticut, blames the immigrant farmers, stating that during the past two years Jews, ignorant of modern farming methods, have bought some of the best farms of their patrons and have furnished less than half of what the farms produced before. Massachusetts dairymen further complain of "too much legislation"—requirement by state law of too high standards—which has resulted in a great decrease in dairying in the state. For the Massachusetts law requiring that milk should contain 12.15 per cent solids has been the major cause of a decrease in the state between 1906 and 1910 of over 15,000 cows. Decline in the amount of milk produced is attendant also upon the urbanization of states, notably Rhode Island, Connecticut, and Massachusetts.

Though the above reasons may occasionally underlie the failure of co-operative creamery societies, they are far from being the chief cause of creamery decline in New England. That chief cause is the inconstancy of patrons. "Inconstancy of shareholding patrons" is an offense against co-operation. It is due to two reasons. In the first place, the farmer is universally conceded to be an independent type of man, trained by his isolation to think and act for himself. At the start it is hard to get him to co-operate and once he has begun, hard to keep him at it. He feels that he can make his bargains better

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alone. He recalls his successes, not his failures, and so has great faith in his own ability, being less content with the more moderate and even gain which corporate action brings. The other reason is the lure of the seemingly higher prices from competitors or city contractors whose practice is to offer the largest producers a sum above the prevalent price for milk until they have withdrawn from the society and it has disbanded—then to return to the low current price for milk. This second cause may take away some of the patrons, even though the members remain loyal. As a large supply of milk must be maintained to obtain the advantages of large scale production, the defection of a few patrons, especially if they are owners of large herds, may render the creamery unprofitable. Here lies the most fertile cause of failures of creameries, whether co-operative or proprietary, in New England.

Deflection of the supply may be due to competition for the milk within the locality. Many townships, in Vermont especially, have several creameries and cheese factories. One creamery, for example, the Winooski Valley Creamery Association of Waterbury, Vermont, stated that there were two other creameries and a milk condensing factory in the town. If other creameries are more convenient to patrons, or can offer more for their milk, this competition may deprive the co-operative creamery of much of its supply.

Another and by far the greatest and most

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serious source of loss of milk to the creamery is the encroachment of the daily whole milk business of cities which constantly reach further out into the country of New England for their supply. Over 100,000,000 quarts are sent to Boston by railroad each year. Connecticut farmers thus produce for the markets of New York, Boston, and Providence. Massachusetts farmers in the southwest ship also to New York; east of the Connecticut river, milk not locally consumed is shipped to Boston. Southern Maine ships milk to Boston. The Turner Centre Dairying Association of Maine ships cream not only to Boston but also to New York. New Hampshire as early as 1904 recorded 52 creameries and 146 stations from which milk was shipped to Boston, chiefly from the southern and southwestern parts of that state. Moreover, not the great cities alone, but country towns as well, grow in population and consume more milk, drawing from neighboring rural communities.

Vermont is not at present so heavily drained by the Boston market, yet it is probably only a matter of a short time before this state as well will be sending most of the milk produced into Boston or other cities. The direction in which milk is shipped is largely governed by geographical considerations and by the location of railways. Only such parts of Maine, New Hampshire, and Vermont, ship milk to Boston as can most easily utilize direct railway connection. This leaves the

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remote towns of Vermont quite free for the present from shipment of whole milk, both because of the distance from Boston and of the scarcity of nearby manufacturing towns. The Green Mountains, an obstacle to railway construction, to some extent prevent easy daily shipment. So, for the present, the co-operative creameries of Vermont are in less danger than are those in other states. Similarly, the large majority in Massachusetts are in the fairly inaccessible Berkshire Hills. Of 98 New England towns sheltering co-operative creameries in 1908 only 28 were east of the Connecticut river. Two of these, both near railroads, have since dissolved,—the North Orange Co-operative Creamery Association because there was "such a small amount of milk and cream furnished," and the West Newbury Co-operative Creamery "owing to shortage of milk" and "greater consumption of milk in local markets."

The chief difficulty of the co-operative creamery is thus seen not to be inherent in its co-operative nature but to be a difficulty shared with all butter factories. Mr. George T. Goodwin, dealer in creamery supplies, has affirmed, "I maintain that every co-operative creamery started in the state (Connecticut) for the past twenty years could be doing a paying business today if the patrons had held on,"—a statement which is quite true apparently of all New England. The cause of disbandment is simply that cities cannot reach beyond a certain point for such a perishable arti-

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cle as milk, and so, demand being great, they are forced to pay high prices in order to get their requisite supply. They are thus forced to outbid the creamery for its patrons' milk. Butter, which is less perishable, is increasingly made in the Middle West.

CO-OPERATIVE CHEESE FACTORIES

The story of New England co-operative cheese factories is very similar to that of the co-operative creameries, but they were of earlier origin and earlier decline. Myrick, in 1891, mentioned three in Maine and 12 in Vermont. There still exists a fringe of cheese factories in the north of Vermont and in New Hampshire most of which are proprietary and insignificant in size.

The oldest farmers' co-operative cheese-making society in New England, however, of which data are available, is the Orwell Cheese Factory Association of Orwell, Vermont, which was organized in 1866. In February, 1911, it had eight members and 20 patrons. Membership is open but is not increasing. There are now 80 outstanding shares worth \$100 apiece. The society has unmortgaged real estate valued at \$2000. Sales last year amounted to \$20,754 and \$2.00 per share was distributed as profits. Voting remains democratic, for each member holds 10 shares. It is quite possible that there are other co-operative cheese factories in the valleys of the White and Green Mountains; the Orwell factory is, however, the

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only instance of co-operation in that passing industry which has been brought to notice.

It is thus through the co-operative creamery that the farmer's ability in persistent operation of manufacture has been vindicated. Certain salient instances—as Hampton, Cummington, Lebanon, Wapping, Granby, Vernon, Ashfield, Tunxis—show that a twenty years' test has not proved the invalidity of co-operative methods for advancement of local interests. The farmer who is sheltered among the New England hills and mountains can still make butter co-operatively with profit to himself as man and as producer. The decline of co-operative creameries does not mean the impracticability of co-operation in butter production, but means that a changing environment requires a change in prevailing industry.

SOCIETIES TO REGULATE SALE AND DISTRIBUTION OF MILK

The evolution of the dairy industry, which urban growth and urban requirements have caused, brings new problems in co-operation to the New England farmer. Since the creamery is being superseded by the demand for whole milk, private capital has hastened to operate the distribution of milk in cities, paying to farmers the minimum amount for their product. In Boston, especially, the milk business has for years been controlled by a few contractors, highly organized and power-

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ful in their relations to producer, carrier, and consumer. It has proved essential therefore for the farmers who produce the milk to organize to prevent as far as possible disastrous competition between themselves and to secure fair terms from contractors, legislators, and the consuming public.

Societies of farmers organized to regulate the sale of milk exist near almost all of the larger New England cities or mill towns. They seldom have capital stock and do not deal in the milk furnished by the producing members, but act merely as bargaining bodies to secure higher prices to the farmer for his product. In their collective bargaining capacities and legislative activities, they correspond in the agricultural world to the trade union in the industrial world. Both are protective organizations aiming to safeguard the trade interests of members from the self-interest of the capitalist.

Most prominent of these societies is the Boston Co-operative Milk Producers' Association which unites farmers of all the New England states producing milk for the daily Boston market. These dairymen produce and sell their milk quite independently, but their organized aim is to keep up the price of milk against the leveling tendencies of the city contractors. Their legislative activity consists in restraining city contractors from illegal trust methods, and in effecting reasonable legislation as to milk standards, transportation, and inspection. The society is thus not co-operative in the restricted sense of the term, though

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highly co-operative in the wider signification—united interest and effort.

Despite the handicap of loose organization, which is inevitable among farmers so widely dispersed as are its members, this association through its energetic secretary has materially raised the farmers' price for milk, prevented harmful legislation, and kept the farmers' cause constantly before the public. Further, in 1910 it conducted a milk strike, which proved to an unsuspected degree the power of the association. Other milk producers' associations of New England in the markets of Hartford, Connecticut, Portland, Maine, and smaller towns, as Brockton, Massachusetts, and Suffield, Connecticut, have been prominent of late in attempts to raise or maintain the price of milk against city dealers.

Many farmers have, however, felt the defensive form of organization to be inadequate since it leaves the city contractor perpetually in a position of power and deprives the farmer of all of the middleman's profits. In despair of securing a fair price for milk from the contractors, a few of the bolder organizers have urged that farmers create and operate their own distributing station in the city and thus get a just price for their milk and the middleman's profits as well. A plan for co-operative sale of milk through a co-operatively owned urban station was urged by the Worcester County Milk Producers' Association in the winter of 1907-08. The producers were

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tired of the very limited success of the Boston Co-operative Milk Producers' Association and decided to become their own contractors, governing completely the distribution as well as the production of milk. The plan came to naught, however, through the farmers' lack of effective union on the one hand, and the aggressive organized opposition of the city dealers and contractors on the other. A similar attempt has recently been made near Providence, by the Rhode Island Co-operative Milk Producers' Association. As the producers live more compactly about this smaller city than they do about Boston, an effective co-operative organization should prove easier to maintain. The organizers, however, have not yet succeeded in eliciting enough co-operative spirit or obtaining sufficient capital to warrant them in beginning co-operative trade.

It seems improbable that co-operative shipping and sale of milk by farmers from urban stations of their own is likely to be widely practiced without a long initial period of education and thorough organization. The producers are, in the first place, too scattered to co-operate readily. It is quite impossible for them to meet together frequently or for them to find acceptable representatives who could so meet. Many would not join if they could, preferring independence, with its opportunities and its risks, to an organization. Besides, the city contractors are already in control of the market and are perfectly organized, be-

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cause they are close together, few in number, accustomed to alert business action, and backed by available money. Their position, too, is strategic, for they are already known to the railroad officials, to the secondary dealers and the consumers. They are, moreover, likely to be backed by the latter, who fear a "combination of farmers to raise the price of milk."

A general organization of all milk producers of a large city like Boston is not yet practicable, but it is still possible for the farmers belonging to any shipping point, if they can co-operate loyally under able leadership, to maintain distributing stations of their own within cities. An example of this practice was the Milford Farm Produce Company of Milford, New Hampshire. This company was organized in 1910 largely at the instigation of the local Unitarian pastor, Mr. F. W. Holden, to conduct a co-operative creamery and co-operative sale of dairy and other farm products. Its 140 members subscribed to shares at \$50 each, agreeing, in order to secure their capital from sudden withdrawal, not to sell their stock for a specified number of years. They now own a model creamery building made of cement, furnished with the best of modern machinery, and for over a year they maintained co-operative stores and milk distributing stations in Cambridge and Somerville, suburbs of Boston. The two stores dealt in butter and ice cream,

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manufactured at the creamery, in raw milk, cream and eggs, produced by members, and in the incidental teas, coffees, cheeses and biscuits that characterize the typical dairy shops of the city.

Instead of raising prices to the consumer the company sold fresh milk at one cent per quart less than the prevailing city price. Eggs, one of the chief products of Milford farmers, were also sold at low rates. The expense of organization did not require them to raise their prices, members finding ample reward for their efforts in the middleman's profits which they saved. They thus proved that co-operation among farmers was not inconsistent with reduced cost of living to the consumer. City contractors made repeated attempts to destroy this association, by offering higher prices for milk to farmer members in Milford, and by selling milk below cost in stores adjoining the Cambridge shop. These attempts, owing to its able leadership and precautions, the management at first successfully resisted. The city stores were however abandoned in 1912 after a series of incapable and dishonest clerks had created serious loss in the distributive business of the association.

The Milford creamery may continue production, but the members of the association have not been able to live down the difficulties and discouragement occasioned by their attempt to conduct a distributive business too remote for supervision.

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No error in their principle has been proved. Similar associations in other localities if strongly safeguarded could undoubtedly succeed, and bring the farmer and consumer into direct contact to the advantage of both, but success can be attained only by the exercise of the utmost care in the choice of city representatives. These must thoroughly understand both farmer and consumer, must be co-operative by instinct, and be honest and able in business. Such men are not easily secured, nor have farmers yet learned to profit by experience in this matter.

COW-TESTING AND CATTLE-BREEDERS' ASSOCIATIONS

Besides the creamery companies and milk producers' associations, two other dairymen's organizations are found in New England—cow-testing associations and cattle-breeders' associations. Neither of these organizations ordinarily has capital stock, neither is formed directly for the prosecution of any trade or industry, but rather to protect individual members from unprofitable administration of their present business. Both are associations conducted on scientific principles to guard and increase the productiveness and quality of the dairy animal. Like the associations of milk producers, therefore, they are not co-operative in the narrow acceptation of the word. Yet both are termed "co-operative" by the farmers themselves and hence deserve consideration.

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Cow-testing associations are composed of groups of farmers who own herds aggregating several hundred cattle. Cattle, viewed from the standpoint of quantity or of quality of milk, necessarily vary widely in their productiveness. In selling to the creamery, the farmer is paid in proportion to the butterfat in his milk.* Certain cows do not yield sufficient butterfat to pay for their keep, but the yield is determinable only by scientific tests. The detection of the "robber cow"—the cow that does not pay for her keep—is the province of the cow-testing association. It hires an expert tester who visits the farm of each member once a month, tests each cow of his herd, estimates the cost of her keep and the price of her product, and thus ascertains her worth to the farmer.

The ordinary method in the few associations that exist in New England is for a score or two of farmers to engage a young man, often a student in the college of agriculture, to make these tests and to pay him \$300 for the year, his board, lodging, and traveling expenses being borne by each farmer in turn, during his visit of one day each month. Such associations are of recent organization, having been formed within the last four years under the able propaganda of teachers in the state colleges, especially of Maine and Ver-

* In whole milk for city consumption a certain per cent of solids is required by law. The test, however, is less necessary for the farmer who produces for city consumption, as his payment is usually according to bulk, which he can gauge.

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mont.* Their value to the farmer has been proved by the detection of unprofitable cows in almost every herd.†

Co-operative breeders' associations aim at the perfection of species of the dairy animal. They seek especially to guarantee purity of stock. This they accomplish by a register of the pedigrees of cattle. They also facilitate the purchase of dairy animals and the transfer of pure-bred sires from one owner to another, and probably effect a considerable lessening in expense at the time of purchase, transfer, or sale, besides perfecting the product through the corporate guarantee. The dairy commissioner of the state of Maine has been especially active in propaganda for co-operative cow-testing and breeders' associations. Little resulted at first from the activity of the state in these directions since it found the average New England farmer impregnable behind his acquired and inherited conservatism, but now after four years of effort both movements are well begun and full of promise.

*In several instances, this form of organization has led to the practice of other forms of co-operative business. For example, out of the Kennebec Valley Cow-Testing Association of Winthrop, Maine, and the Morristown Cow-Testing Association, Vermont, have grown co-operative supply associations. On the other hand, some of the co-operative creameries, as Hampton and Cummington, have volunteered to test the milk of the cows of their members free of charge, making the cow-test an adjunct of creamery administration.

† There are now cow-testing associations in Peterboro and Lyndeboro, New Hampshire, in Morrisville, Waterbury, Quechee, and at least six other townships of Vermont, in Winthrop, Canton, Minot, Dexter, Harmony, Turner, and Waterford, Maine, in Hardwick, Massachusetts, and in East Haddam, Connecticut.

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The field of co-operation in the dairy industry is wide and varied, extending from the co-operative purchase of feed and the manufacture of butter and cheese to the sale of the produce. At present the low prices which prevail have made necessary two prominent co-operative movements—the first to reduce the cost and improve the quality of production through co-operative cow-testing and breeding, and the second to operate the marketing of produce. Dairy farming is an industry in which it is possible because of the low capital required, to substitute the co-operative agency for the private middleman throughout the entire range of manufacture and distribution. An awakening to this fact, guided by competent administrators, would help to restore sympathy and confidence between producer and consumer and to end the milk wars and legislative misunderstandings that now harass the New England public.

CHAPTER IX

INTERPRETATION AND PROSPECT

EXAMINATION of the geographical location of the New England associations for co-operative production and distribution shows that the workingmen's movement is confined to about 50 mill towns, situated on the rivers and ports of the eastern section. The farmers' movement, which is much more influential in the industrial world, not only penetrates, by means of co-operative creameries, almost every township of western New England, but through association for co-operative sale extends to many other large territories. Now, indeed, through the state wholesale exchanges of the grange, it can reach every farmer in the six states. Membership in the grange is open and growing, though immigrant farmers are not widely admitted until well Americanized. The grange maintains organizers to promote healthy growth and is concerned officially or unofficially in every important movement for the development of industrial and social life in rural New England. It therefore deserves the main credit for the present achievement of agricultural co-operation, and it has within its reach today the greatest opportunity vitally to develop

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rural life through co-operation that New England has yet afforded.

At present in both city and country co-operation falls short of its possible attainment, chiefly because the experience of preceding decades has not been studied. The lesson from co-operative failures is the same among agricultural as among workmen's societies. Bad management and lack of loyalty of members have destroyed most of the societies that have failed. The familiar excuses—insufficient contribution of capital, the giving of credit, lack of confidence, suspicion, jealousy, shortsighted submission to machinations of competitors—explain the break-up of scores of co-operative ventures. These evils can be entirely remedied only by a careful determination of sound co-operative methods, by the training of co-operative managers, and by the unceasing education of all co-operators in the essential spirit and ideals of the movement. Federation of societies is essential to large business and moral success.

The farmers' co-operative movement is farther advanced in New England than is the workmen's movement, but both have been badly handicapped by certain social conditions which characterize America. The United States was settled by men to whom adventure, the search for wealth, or the desire for religious and political freedom, outweighed home ties. New England is thus peopled by individualists and the descendants of individualists. Their children have been reared

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to the thought of independence and personal gain. In addition to this, class lines in a growing country can not be fast drawn, so that men of ability have here been able to outgrow the circumstances of their birth. The laborer's son becomes a mechanic or an employer of labor; the son of the small farmer acquires a large western farm or enters the commercial life of the city. The chances of failure have been dimmed in their minds by abundance of opportunity and by the conspicuousness of those who have succeeded. Saving, which co-operation implies, has made no appeal in contrast with the chance of independent fortune and power that was open to men of ability.

The American spirit still prefers to increase wealth by increasing the earning power rather than by thrift. The exceptional mobility of population has further hindered co-operation by reducing the available clientele, for until co-operation is familiar its practice requires a long novitiate and steady membership. Foreign immigration, especially in cities, has largely prevented effective association among large percentages of the population, because of the difficulties of diverse languages, religions, and traditions.

It is impossible to measure the rate at which conditions are changing in America. It is a matter of popular knowledge that combinations of capitalists can be controlled only by combination on the part of the public in government or in voluntary association. The working classes have thus been

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driven to association in the form of trade unions, fraternities, and political parties. Association of the native born worker with the foreign immigrant on trade and political issues has been made necessary and has hastened the assimilation of the immigrant. Increased stability of population, though perhaps not yet industrially desirable, will probably come in time, with the opening up through irrigation and drainage of the last of the great fertile farming lands, and with settled governmental policy in matters of interstate commerce and tariff.

There are many indications today that rural New England has reached a point where a comprehensive and vital co-operative movement is not only desirable but increasingly practicable. Many hopeful signs are indicative in this section of distinct and conscious advance in agriculture. For, as the natural resources of western lands are being exhausted by short-sighted farming methods, the comparative advantages of eastern farms become apparent. New England farmers have the exceptional advantage of a near market comprising millions of industrial workers. Further, they have excellent roads, good transportation facilities, and all of the many agencies that help destroy rural isolation. Farm land is still comparatively cheap and if used for such special crops as its soil, climate, and market warrant, may be made highly productive.

Agricultural journals, state departments of

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agriculture, and especially the state colleges and experiment stations, have greatly promoted the expansion of agriculture. The state colleges through their university extension methods—bulletins, short winter courses for farmers and summer courses for professional men and women, their lectures on all phases of agriculture and general rural betterment, “better farming specials” or itinerant educational exhibition trains, and especially through their ceaseless free advice to all who ask it, supplemented by “co-operative demonstration” among local farmers in the treatment of soil or the raising of crops—have given educational stimuli and scientific guidance to the movement. City chambers of commerce, especially those of Boston and Worcester, by holding large competitive exhibits of fruit, corn, and other staple products, offering liberal premiums, and giving extensive publicity to improved methods, have increased the farmers’ incentive to improve both quality and quantity of output, and have educated the public to the possibilities of New England agriculture.

The interest in rural problems displayed by state colleges and departments of agriculture, and by commercial organizations of cities, has had many consequences of importance. It has meant a renewal of public interest in agriculture, an increase of scientific experimentation, with widened popularization of results, and an increasing substitution of sympathy for misunderstand-

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ing in the commercial and social relations of the inhabitants of city and country. These agencies, as well as the grange, voice two important demands of modern industry: science in management, and organization to avoid waste and to create new gains. A new responsiveness to these demands is developing, for men of talent who a generation ago would have led in independent enterprise are today the prophets of co-operation. This fact is especially evident in the recent sales associations. When the leaders in an industry advise organization, success is practically assured; for they will not only be cautious, but they will be persistent and will profit by experience, thus overcoming obstacles and gaining the confidence of their fellow-producers. Wise leadership will prove responsive also to the plea for federation, as offered, for example, in the report of the Country Life Commission,* or in state granges. With union the preservation of co-operative spirit can be assured, standard methods in co-operation be instituted, and a proper market for products found.

The practicability of co-operation in New England has been proved by the continued existence through more than twenty years of many societies, both urban and rural. Yet this longevity has been attained in spite of the two chief obstacles to co-operative success—ignorance of proper methods and isolation. Once the point is reached in New England, as it has been abroad,

* See note on page 104.

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at which societies of like interest federate for educational and trade advantage, as the Cranberry Growers, for example, have already done, their power will be greatly increased. If the point can be reached at which these smaller federations of urban co-operative stores, fruit growers' associations, creameries, and the like, will in turn unite in a general co-operative union with common funds to sustain societies that are weak, and promote development on lines of common importance, an immense force will be set at work for the moralization of trade, the reduction of the cost of living, and the socialization of the people.

For the power of a co-operative movement, as has been shown abroad, is not limited merely to trade economy or even to commercial and general education; it embraces that larger opportunity—the creation of a constructive environment for the complete life of the citizen—for his leisure as well as his working hours. The opportunity is embodied in the “maisons du peuple” or people’s palaces of Belgian cities and in the co-operative halls of England, both of which constitute social centers that are democratic, non-partisan, and open. It is the practice in these co-operative centers, once they are safely established on the business side, to provide for all the social activities of their members. There are clubs, game rooms, and educational classes for children of all ages; libraries, meeting rooms, lectures, and courses in science, art, and litera-

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ture are provided for adults of both sexes; dramas and symbolic pageants are produced and sometimes written by their members, and in a few instances permanent theaters established, which are devoted not only to amusement and propaganda, but to the encouragement and development of popular art and drama.

It is natural that in America the first appeal of co-operation should be economic. In the absence of organized co-operation, the larger fraternal aims of the movement can be pursued in this country through other agencies—clubs, secret orders, or religious bodies; but there is no substitute for the economic feature of co-operation that does not involve philanthropy, paternalism, or compulsion, which are not congenial to the American mind.

Master financiers for a generation past have through organization and scientific management practiced economy where consistent with their selfish interests. The public has not received what it believes to be its share in the resultant profit. Business crises increase in frequency, and for the prevalent practices of political graft, adulteration of goods, reckless advertising, fraud, and bad debts, the financiers and "big interests" are blamed. Political remedies are those most conspicuously urged in varying degrees of stringency, from government regulation of large industries to government ownership. Programs of political socialism still indefinite in detail, but

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almost unanimous upon the main issue,—government ownership and operation of all trade and industry,—are spreading rapidly among the working and professional classes.

The program of voluntary industrial co-operation, which within two generations has achieved notable success among more than 10,000,000 workingmen and peasant farmers of Europe, offers the only apt substitute for the political method. Its potential force is doubly great, for it not only provides the most efficient means of moralizing trade and reducing the cost of living, but it also affords the general public training in the management of big common business. If, therefore, after the inauguration of successful co-operation, government control of industry or political socialism should be the will of the people, it would not be necessary to have recourse to capitalists of alien sympathies to fill the new public offices so created, for the people would have, in the managers of the co-operative system, popular representatives capable of operating such government offices.

Whatever the possible expansion of a co-operative movement, its present appeal for popular approval is its power to bring an economical and just mode of business into operation and to reduce the cost of living. Both the farmer and the workingman consumer in co-operative associations seek to reduce the wastes of competitive private business through reduction of unnecessary

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advertising and salesmen, and the elimination of the credit system, shoddy goods, and graft tribute. Both seek to reduce the margin that exists between the cost of production of an article and the price which the consumer pays for it, by eliminating superfluous middlemen and perfecting the rapid process of distribution. Even the farmers' associations for co-operative sale of produce where they do not fall prey, for lack of proper co-operative education, to the current American monopolistic practice of forcing prices, are not inconsistent in their aim with the consumers' aim of reducing the cost of living; for by the improved methods of handling the goods which co-operation achieves, the producer can increase his profit and yet sell goods of better quality direct to the consumer at less than current prices, exactly as the Producers' and Consumers' Exchange is now doing. Throughout Europe, farmers' associations are increasingly selling their entire output to the workingmen's associations in the cities, and buying in return such goods as they need for home or farm, thus exemplifying in daily practice the singleness in ultimate ideal of the producers' and consumers' movements.

Co-operative movements can grow much more easily in manufacturing towns and in rural communities than they can in large cities where the cosmopolitan and mobile population is hard to organize and keep loyal against enticements of the hawker and the department store. Co-operation in

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some form is probably both desirable and practicable in every small city, town, and village in New England. Capable leadership and vision are now the essential needs. If New England can provide honest and skilful directors of co-operative business, and organizers familiar with past co-operative experience, appreciative of sound methods and convinced of the broad educational mission of the movement, federation and expansion will become possible, and a self-perpetuating source of social invigoration be established within each New England town.

SH-SPE URBAN

| | Maximum Number Of Shares Held by One Member | Esteserve v or surplus E | Total Assets |
|--------------|--|-----------------------------------|-----------------|
| Prot Stu | 3 | 16,039 | \$18,026 |
| | 30† | \$3, 4,033 | 11,504 |
| Store att | 1 | 850 | 4,535 |
| | 10 | — | — |
| Sove St | — | 9, 21,215 | 27,553 |
| | 1 | 70, 14,618 | — |
| | — | 1,921 | 10,961 |
| | 60† | 11, 4,705 | 26,660 |
| | 20 | 26, 41,921 | 77,110 |
| Imm Ru | — | 60, — | 99,613 |
| | 40 | 5, 1,900 | — |
| | 40 | 4, 531 | — |
| | 40 | 2,450 | 10,415 |
| | (in f st I, | — | 3,600 |
| | 200 | 30, 1,000 | — |
| | 80 | 195 | 6,930 |
| | 40 | 877 | — |
| | — | — | — |
| | — | — | — |
| | — | — | — |
| | 20 | 0 | — |
| Raf | 10 | — | — |
| | 1 | — | — |
| Co | 100 | 2, 29,048 | — |
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| | 3, | 6,418 | 16,353 |
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† Membership is largely cc

APPENDICES

APPENDIX I

LAWS RELATIVE TO CO-OPERATIVE CORPORATIONS IN CONNECTICUT AND MASSACHUSETTS

CONNECTICUT

CONNECTICUT, R. L. 1902, Chapter 223, Section 3992. ORGANIZATION. Seven or more persons, of lawful age, inhabitants of this state, may, by written articles of agreement, associate themselves together for the purposes of trade, or for carrying on any lawful mercantile, mechanical, manufacturing, or agricultural business within this state, and when such articles of association shall have been executed, and recorded in the office of the town clerk, in the town in which the business is to be carried on, such persons shall become a corporation, and enjoy all the powers and privileges, and be subject to all the duties, restrictions, and liabilities set forth in all general laws, in relation to similar corporations, except so far as the same may be limited or enlarged by this chapter.

Section 3993. OBJECT AND PLACE OF BUSINESS. The objects for which such association is established, and the place within which its business is to be carried on, shall be distinctly set forth in its articles of agreement, and it shall not do business in any other place or places than those mentioned in its articles.

Section 3994. MANAGEMENT. The business of the association shall be managed and conducted by a president, a treasurer, and a board of not less than five directors, who shall be styled a board of managers, shall be chosen annually by the stockholders, and shall hold their offices until others

CO-OPERATION IN NEW ENGLAND

are chosen and qualified in their stead. Such association shall have such other officers as it shall prescribe by its by-laws, and the mode of appointment and choice of such officers shall also be prescribed by the by-laws.

Section 3995. **FIRST MEETING; BY-LAWS.** Any two of the persons associated may call the first meeting of such association, at such time and place as they may appoint, by notice in any newspaper published in the county in which such association is to be established, at least fifteen days before the time appointed; but such notice may be waived by a writing signed by all of the persons so associated, specifying the time and place for said meeting, and recorded at length upon the records of the association. Such association may make its own by-laws, provided they be not repugnant to the laws of this state, and shall file in the town clerk's office of the town where it transacts its business a copy of all by-laws made by it.

Section 3996. **CAPITAL STOCK.** The amount of capital stock of such association shall be fixed by its articles of association at any sum not exceeding fifty thousand dollars. The association may increase or diminish the amount and number of shares of said stock at any meeting of the stockholders specially called for that purpose, and within five days after the passage of any vote increasing or diminishing the said stock, shall cause such vote to be recorded in the town clerk's office of the town where its business is carried on, but no share shall be issued for less than its par value.

Section 3997. **ANNUAL STATEMENT OF CONDITION.** When the association shall have organized, it shall be the duty of the board of managers to prepare a statement of the condition of the association, setting forth the amount of the capital stock, the par value of the shares, the number of shares issued, the names and residences of the shareholders, and the number of shares owned by each, which statement shall be filed and recorded in the office of the secretary of state and in the office of the town clerk of the town in which the association proposes to do business; and on or before the tenth day

CONNECTICUT LAW

of March in each year thereafter, the board of managers shall prepare a like statement of the same facts as they existed on the first day of said March, with a statement of the kind and amount of the property of the association on that day, and of all its debts and liabilities of every kind, and the same shall be filed and recorded in the office of the town clerk of each town in which the association does business, and also in the office of the secretary of state. All the statements provided for in this section shall be signed and sworn to by a majority of the board of managers.

Section 3998. **RIGHTS OF MEMBERS.** No member of any such association shall be entitled to hold or claim any interest therein exceeding the sum of one thousand dollars, nor shall any member be entitled to more than one vote upon any subject.

Section 3999. **ISSUE OF CERTIFICATES OF SHARES.** No certificate of shares shall be issued to any person until the full amount thereof shall have been paid in cash, and no shareholder shall receive less than the par value of any share when disposing of the same to the board of managers. No person shall be allowed to become a shareholder in such association except by the consent of the managers of the same.

Section 4000. **PENALTY FOR FAILURE TO MAKE RETURNS.** If the board of managers shall fail to make any return required by this chapter, or shall make an untrue return, they shall be jointly and severally liable for all debts existing at the date of such return, or at the time when the same should have been made.

Section 4001. **DISTRIBUTION OF PROFITS; SINKING FUND.** There shall be such distribution of the profits or earnings of such association among the shareholders as shall be prescribed by the by-laws; provided, that no distribution shall be declared or paid, until a sum equal to ten per cent. of the net profits shall be appropriated for a contingent or sinking fund, and until there shall have been thereby accumulated a sum equal to twenty per cent. of such capital stock.

CO-OPERATION IN NEW ENGLAND

MASSACHUSETTS

Massachusetts, Acts of 1903, Chapter 437, section 93. A corporation which is organized for the purpose of co-operation in carrying on any business and of co-operative trade shall distribute its earnings or profits among its workmen, purchasers and stockholders at such times and in such manner as its by-laws shall prescribe, but as often at least as once in twelve months. No distribution shall be made unless at least ten per cent. of the net profits have been appropriated for a contingent or sinking fund until an amount has accumulated equal to thirty per cent. of its capital stock. No person shall hold shares in any such corporation to an amount exceeding one thousand dollars at their par value, nor shall a stockholder be entitled to more than one vote upon any subject.

APPENDIX II

BY-LAWS OF THE RIVERSIDE CO-OPERATIVE ASSOCIATION OF MAYNARD, MASSACHU- SETTS, INCORPORATED NOV. 12, 1878

ARTICLE I. NAME

This Association shall be known as the "Riverside Co-operative Association of Maynard." Its object shall be to carry on in common the trade of general dealers, and its place of business shall be the town of Maynard.

ARTICLE II. QUORUM

Fifteen stockholders shall constitute a quorum for the transaction of business, and no stockholder shall be entitled to more than one vote.

ARTICLE III. OFFICERS AND THEIR DUTIES

Section 1. The Officers of the Association shall consist of a Treasurer, two Auditors, a Board of five Directors, one of which shall be President and one Clerk, the President and Clerk to be elected by the Board from their number.

Section 2. The President shall preside at all meetings of the Association and of the Board of Directors; he shall exercise an active superintendence of the affairs of the Association as directed by said Board, and shall sign all official papers.

Section 3. In case of removal, absence or temporary inability of the President, a President pro tem shall be elected by the Directors to perform his duties.

Section 4. The Clerk shall make correct records of the proceedings of the Association, and of the Board of Directors; he shall make and serve, mail or publish all notices and noti-

CO-OPERATION IN NEW ENGLAND

fications and perform such other duties as ordered by the Board of Directors and shall be sworn for the faithful performance of his duties.

Section 5. The Treasurer, in addition to the duties imposed upon him by law, shall keep an accurate account of all money received by him, and of all money paid out or invested by him; he shall furnish said Board, when so required, with an accurate account of all assets, debts and general business of the Association; he shall keep a correct record of the amount of stock or other money invested in the Association by each member, and shall furnish the Clerk with a list of Stockholders' names, at least ten days before each general or special meeting; he shall give a bond with two good and sufficient securities to the acceptance of said Board for the faithful performance of his duties, and the safe keeping of all property placed in his hands.

Section 6. The Auditors, who shall hold no other office in the Association, shall make a thorough examination of the books and accounts of the Association on the termination of each half year, commencing with the month of January in each year and oftener, if so required, by the Board of Directors; every statement of the financial condition of the Association made shall be examined, and if found correct, shall be approved by them.

Section 7. The Board of Directors shall have general control of the affairs of the Association; they may make any rules for their guidance, which will not conflict with these By-Laws; they shall meet, at least, once in two weeks, and oftener if necessary, meetings to be held the first and third Thursday of each month; they shall have the power to remove the Clerk or Treasurer for malfeasance in office or for other good cause. The Treasurer shall make a statement on or before the Fifteenth day of each month of the receipts and expenses of the previous month and a correct copy shall be hung in a conspicuous place for the inspection and information of the Members.

BY-LAWS RIVERSIDE ASSOCIATION

Section 8. The Board of Directors shall appoint a Manager to conduct the business of the Association; they shall hire such number of employees for said Manager as, in their opinion, may be required for the prompt transaction of the business of the Association, subject in all things to their direction and control; they shall also fix the salaries of said Manager and employees, and shall have the power to discharge or suspend them at any time.

Section 9. Three Directors shall constitute a quorum and no director shall act as Manager of the Store.

ARTICLE IV

Section 1. A full inventory of the property of the Association shall be made on the first of January and July of each year.

Section 2. The Manager, in conjunction with the Directors, shall fix percentages on goods to be sold, said percentages to be sufficient, in their judgement, to pay the current expenses of the Association, interests on Investments, depreciation of Real Estate and Fixed Stock.

Section 3. Any profits accruing after providing for those in the foregoing section shall be disposed of as follows:— One-tenth of same shall be placed to the credit of the Redemption Fund, and the remainder credited to the several members pro rata on their purchases; said profits to members may be payable in two weeks after being declared.

Section 4. Members who are purchasers must present their purchase books at the store to be audited between the 1st and 15th of January and July of each year; those who do not, shall not be entitled to any profits on their purchases. Non-Stockholders shall allow the Treasurer to retain their profits until they amount to a share of Stock, which he may issue to them.

Section 5. On a written notice from any member for the whole or part of Loan Capital placed to his or her credit, the same shall be paid by the Treasurer of the Association, pro-

CO-OPERATION IN NEW ENGLAND

vided, however, that no member can withdraw within thirty days after notification more than \$100 and \$100 every thirty days thereafter, unless otherwise ordered by the Board of Directors.

Section 6. The Redemption Fund shall accumulate until it amounts to thirty per cent of the Capital Stock; and no money shall be withdrawn from it, except by a vote of the Association, and for a purpose which shall be specified in said vote.

Section 7. The shares of stock shall be \$5 each and be held by Members of the Association only, and be limited to sixty (60) shares each.

ARTICLE V

Section 1. The general meetings of the Association shall be held on the first Monday of February and August in each year.

Section 2. Special meetings may be called at any time by vote of the Board of Directors and shall be called by said Board on the written request of fifteen members of the Association, stating their reasons therefor.

ARTICLE VI

Section 1. Notice of the regular and special meetings of the Association shall be sent to each Stockholder, either by mail or personally, at least seven days previous to holding said meetings; said notices shall state the business to be transacted at such meetings and the time and place of holding the same.

Section 2. Notice of every special meeting of the Board of Directors shall be delivered or mailed to each member thereof by the President or Clerk; if not delivered they shall be mailed at least twenty-four hours before holding said meeting.

ARTICLE VII

Section 1. The President, Treasurer, two Auditors and four Directors shall be chosen at the annual meeting of the Asso-

BY-LAWS RIVERSIDE ASSOCIATION

ciation in February, and shall continue in office one year, and until their successors are elected and qualified.

Section 2. A vacancy in any office arising from whatever cause may be filled by the Board of Directors until a regularly called meeting of the Association.

Section 3. On retiring from office, each officer shall pass over to his successor or to the Board of Directors all books, papers and other property of the Association in his possession.

Section 4. Any officer may be removed at a general or special meeting of the Association, by a two-thirds vote of the members present.

Any Stockholder who is not credited with such stock two weeks before a regular called meeting, shall not be entitled to vote at said meeting unless by vote of the members present.

ARTICLE VIII

At any annual or semi-annual meeting of the Association, a majority of the members present may assign to the officers of the Association any remuneration as may seem to them desirable.

ARTICLE IX

Any person having any charge to make against any officer or employee of the Association, or have any complaints about the price or quality of goods purchased by him, or who wishes to make any suggestions for to carry into better effect the object of the Association may communicate the same in writing to the Board of Directors, and said Board must give the matter due consideration and their decision shall be entered in their records.

ARTICLE X. DISSOLUTION

Section 1. Whenever the dissolution of the Association shall be contemplated, a Committee of not less than seven members shall be appointed by the Association who shall proceed to sell its property and distribute the proceeds and all the funds of the Association to the Stockholders then

CO-OPERATION IN NEW ENGLAND

represented in the Association pro rata according to such representations.

Section 2. A motion to dissolve shall lay on the table for three months and must be carried by a two-thirds majority of the entire Stockholders.

ARTICLE XI. AMENDMENTS, ETC.

Section 1. These By-Laws shall not be altered or amended except by a two-thirds vote of members present at any regular called meeting, provided, however, that notice of any proposed amendment or alteration to be acted on, shall be inserted in the notice calling such meetings.

Section 2. No By-Law shall be suspended at any meeting except by unanimous consent.

Section 3. All other By-Laws and rules and votes inconsistent with these By-Laws are hereby annulled.

APPENDIX III

CONSTITUTION AND BY-LAWS OF THE GREY- STONE AND DISTRICT CO-OPERATIVE ASSOCIATION, INCORPORATED MARCH, 1909

ARTICLE I. NAME

Section 1. This Association shall be known as The Grey-stone and District Co-operative Association, limited, of North Providence, R. I.

ARTICLE II. OBJECT

Section 1. The object of this Association, shall be the purchase and exchange of the products of labor and of general merchandise, on the co-operative plan, between producer and consumer. It will aim to furnish members and the public with the necessities of life, unadulterated, and of good quality; and from the profits of the business assist in the accumulation of savings by each member.

ARTICLE III. MEMBERSHIP

Section 1. Any person, upon approval of the Board of Directors, may become a member of this Association after being proposed by a member, paying an entrance fee of fifty cents, and signing a declaration of his or her readiness to take at least one share of stock, and to assist the Association by purchasing goods to the minimum value of Twenty-five Dollars per half year, and willingness to conform to the By-Laws of this Association. Such proposal shall give the person's name, occupation and address, and shall be signed by the member

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making the proposal, which shall be sent to the clerk with the entrance fee, and entered by him in a book kept for that purpose. If approved by the Directors, he or she shall be considered a member upon payment of at least one dollar (\$1) on account of their subscription as otherwise provided. No member shall own or control more than forty (40) shares of the capital stock.

Section 2. Candidates for membership rejected by the Directors shall have the power of appeal through any member to the general meeting. Any person rejected shall have his or her entrance fee returned on application.

Section 3. At the general office a list of members' names, occupations, and residences shall be kept, and no person shall be deemed a member unless his or her name appear on this list.

ARTICLE IV. MEETINGS

Section 1. The regular meetings of this Association shall be held half yearly on the last Wednesday in November and May.

Section 2. Special meetings may be called by the President, by and with the consent of a majority of the Directors; and shall be called by him, upon the receipt of a written request of nine members of the Association.

Section 3. At all meetings of the Association twelve members, and at all meetings of the Directors, five Directors shall constitute a quorum for the transaction of any and all business.

Section 4. Notice of all meetings shall be posted by the Secretary in a conspicuous place in the store or stores three days previous to the same. In the case of special meetings such notice shall state the object of the meeting.

ARTICLE V. OFFICERS

Section 1. The officers of this Association shall consist of a President, Vice-President, Secretary, Treasurer and seven

BY-LAWS GREYSTONE ASSOCIATION

other persons, who with the exception of the Secretary shall constitute the Board of Directors.

Section 2. All elections of officers shall be conducted by Ballot, and no member shall be entitled to more than one vote. It shall require a majority of all the valid votes cast to elect. Where there are more than two candidates for the same office, the one receiving the lowest number of votes on each ballot shall be dropped until an election is secured.

Section 3. The Board of Directors shall be elected as follows, three at the November meeting and four at the May meeting, and that all nominees be nominated from the body of the hall.

Section 4. The Treasurer and Secretary to hold their offices until either suspended by the Board of Directors, or called upon to resign by the members at a general meeting.

Section 5. No person shall be eligible for the office of Director, who has not been a member of the Association for at least six months; or be eligible for President, who has not been a Director twelve months or if he holds any other office or place of profit under the Association; or if he is concerned in, or participates in the profits of any contract with the Association; or if he carries on the same business as the Association; or if he has a relative employed by the Association.

Section 6. There shall be two or more auditors, who shall be elected by ballot, and shall retire alternately at the half-yearly meetings each year; and shall be eligible for re-election.

ARTICLE VI. PRESIDENT

Section 1. The President shall preside at all the meetings of the Association, and of the Directors; and in case there is a tie vote he shall give the casting vote. In his absence the Vice-President shall preside. He shall receive and safely keep all bonds which may be required of any officers or employees, of the Association. He shall sign all documents issued by the Association or Directors, and shall in conjunc-

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tion with the Treasurer, sign all cheques issued by the Directors; he shall have the general supervision of the affairs of the Association, and faithfully perform all other duties pertaining to the office, as required by law, or ordered by the Association.

SECRETARY

Section 2. The Secretary shall attend all meetings of the Association and Directors, and shall keep a true and faithful record of the proceedings of all such meetings; and shall preserve and keep on file all papers and documents belonging to the Association, except those belonging to the Treasurer's office; he shall produce any paper, document or record, in his possession belonging to the Association, and read the same at the request of the President at any meeting; he shall by the direction of the President, give due notice of all meetings of the Association and of Directors in accordance with these by-laws; he shall faithfully perform all other duties pertaining to his office as ordered by the Association; and shall deliver to his successor in office, all books, papers and documents, and other property in his possession belonging to the Association.

TREASURER

Section 3. It shall be the duty of the Treasurer to receive all money belonging to the Association. He shall, under the direction of the President, draw all money for the payment of claims against the Association, which have been approved by the Directors. He shall make a monthly report to the Directors, and a semi-annual report to the shareholders. He shall give such bonds for the faithful performance of his duties as the Directors shall require and approve. He shall deliver to his successor in office, all books, money, vouchers, and other property in his possession, belonging to the Association. He shall faithfully perform all other duties pertaining to his office, as required by law, or ordered by the Association.

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ARTICLE VII. MANAGEMENT

Section 1. The Board of Directors shall have control of all business carried on by, or on account of the Association; the purchase and sale of goods; the engaging of managers, and of all other persons necessary for conducting the business; providing for places of meeting; the rates of payment for work, or services done on account of the Association; and the regulation of salaries and securities of the managers and employees to whom it may assign such duties as it shall deem proper.

Section 2. The Board of Directors shall, with the consent of a general meeting, have power to lease, purchase or erect, any building or buildings for the purpose of the Association, and to mortgage, rent or sell such buildings, or any part thereof.

Section 3. The Board of Directors shall meet and shall provide for the detailed work of the business by the appointment of sub-committees. It shall in all things, act for and in the name of the Association; and all acts and orders under the powers delegated to it shall have like force and effect as if they were acts and orders of a majority of the members of the Association, at a general meeting thereof. Every question at such meeting of the Board shall be decided by a majority of votes cast.

Section 4. The President, at the request of three members of the Board, shall call a special meeting thereof, by giving one day's notice in writing to the Secretary; but no business shall be taken into consideration other than that specified in the notice. The Board shall convene special meetings of the members at their discretion, allowing three days' notice of the same.

Section 5. The Board shall cause the accounts of all business carried on, to be regularly entered in proper books, and half yearly report, and balance sheet to be made out, covering all business to the end of each half year; which, together with all necessary vouchers shall be submitted to the auditors not

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less than 14 days previous to such meeting; and shall be printed and distributed to the members as early as possible thereafter.

ARTICLE VIII. AUDITORS

Section 1. It shall be the duty of the Auditors, at the close of each half year's business, to audit the accounts of the Treasurer and other officers; including stock on hand; demanding for this purpose any information they may see fit, and report condition of same at the half yearly meeting.

Section 2. No servant of the Association can be an auditor. Any ordinary meeting in lieu of electing an auditor, may direct that the accounts shall be audited by a public auditor; and thereupon the appointment of the then continuing Auditor or Auditors, shall be vacated; and the audit shall be conducted by such public auditor.

ARTICLE IX. FUNDS AND REVENUES, AND INTEREST

Section 1. The capital stock of this Association shall not exceed one hundred thousand dollars (\$100,000); to be divided into shares of the par value of five dollars (\$5) per share; and they shall bear interest at the rate of five per cent. per annum payable half yearly.

Section 2. The Directors shall at any time have power with the sanction of the half yearly meeting, to reduce the rate of interest.

Section 3. Interest will commence on the first of each month upon all fully paid up shares. No interest will be paid on shares withdrawn before the end of the half year.

ARTICLE X. PROFITS AND DIVIDENDS

Section 1. From the absolute profits, after paying the expenses of the Association, not less than five per cent. per annum shall be set aside for a sinking fund; which shall be allowed to accumulate until it amounts to a sum equal to twenty-five per cent. in excess of the capital stock.

BY-LAWS GREYSTONE ASSOCIATION

Section 2. Receipts from entrance fees shall be added to the sinking fund of the Association.

Section 3. Dividends shall be declared half yearly. In declaring dividends, non-members shall be entitled to one-half the per cent. that shall be declared to members. All dividends on purchases, and interest on shares shall be due and payable, only in accordance with these by-laws, and at such place as the Directors shall from time to time designate.

ARTICLE XI. WITHDRAWALS

Section 1. Any member of this Association desiring to withdraw from the Association the whole or any part of his or her stock, shall make a written application to the Directors, and within thirty days from the date of such application the Board may pay or cause to be paid such applicant, the amount of shares he or she may desire to withdraw. But if the Board fail to pay or cause the same to be paid within thirty days, said applicant may transfer his or her shares to any other member, provided the member has not the full number of shares allowed by the by-laws, but in no case shall he transfer his share to persons not members of the Association, unless he first obtain consent of the Board of Directors, which consent shall be signed by the President and Secretary and entered on the records of the Association. In case a member transfer his share or shares he must surrender his certificate to the Board of Directors, and the Board shall cause a new certificate to be issued to the person to whom he makes such transfer.

Section 2. Any member being in distress may withdraw any shares he or she may have in the Association at the discretion of the Board of Directors.

ARTICLE XII. GENERAL REGULATIONS

Half years shall commence November 1st and May 1st.

All purchases from the Association shall be made strictly for cash.

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Each member of the Association shall be provided with a book of account in which shall be entered a statement of shares held, with half yearly dividends and interest.

Each purchaser shall be provided with checks or a pass book at the option of the Directors; which shall show the amount of purchases on which dividend will be declared. The same to be returned as provided from time to time by the Board of Directors.

Any complaint as to quality or prices of goods sold by the Association, or respecting the conduct of any of its employees, should be made to the Directors in writing; signed by the party making the complaint; and such complaint shall be investigated and decided by the Board.

All sales are to be made at the average retail market price.

Each member shall be entitled to a certificate of his stock, under the seal of the Association, signed by the President and Treasurer.

The Board of Directors may suspend any member from participating in the benefits of the Association who persists in conduct injurious to the Association, and who fails to conform to its by-laws and regulations, until it shall submit the matter to a Shareholders' meeting, giving the offender three days' notice thereof, which meeting shall confirm and extend the action of the Directors, or otherwise, as it may think proper.

ARTICLE XIII

These by-laws can only be altered or amended at the semi-annual meetings or at a special general meeting of the members of the Association called in accordance with Article IV, Sec. 2, provided that a notice setting forth the proposed alteration or amendment, shall have been posted in the store at least 14 consecutive days before the meeting, providing also, that two-thirds of the members present vote in the affirmative.

APPENDIX IV

BY-LAWS OF THE NEW ENGLAND CRANBERRY SALES COMPANY, INCORPORATED MAY, 1911

ARTICLE I. OBJECTS

The objects of this corporation shall be to increase the sale and use of cranberries, to reach a wider market for the same, to improve the packing of cranberries and to establish definite grades or brands of cranberries, which grades or brands shall be maintained to the standard of each grade or brand so that purchasers may rely on the quality of the same.

ARTICLE II. OFFICERS

The officers of this corporation shall consist of a Board of Thirty-three Directors; a President and a First and a Second Vice-President, all to be chosen by and from the Directors; a Treasurer and a Clerk; such officers need not be stockholders. The Australian Ballot shall be used in choosing all these officers.

At meetings of the Board of Directors seven members, present and voting, shall constitute a quorum except for the election of officers, when a majority of the Board shall constitute a quorum.

The Board of Directors, the Treasurer and the Clerk shall be elected annually by ballot at the annual meeting and shall hold office for one year or until their successors are elected and qualified. The President and Vice-Presidents shall be elected annually by the Board of Directors as soon after the annual meeting as possible and shall hold office for one year

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or until their successors are elected and qualified. The Directors shall have power to fill all vacancies occurring from any cause in offices filled by election of the corporation, until the same are filled by the corporation.

The duties of the President, Vice-Presidents, Treasurer and Clerk shall be such as usually appertain to such offices. The Board of Directors shall have full control, supervision and direction of the business of the corporation and shall have power to employ and discharge all other necessary and proper servants and agents, including at least three inspectors to superintend the grading, branding, packing and shipment of fruit, and to fix their compensation. The Directors may adopt rules for their own meetings including the number necessary for a quorum and may appoint a clerk, and any action of the Directors made in writing signed by at least two-thirds of the Directors shall have the same force and effect as a vote passed at a regular meeting.

The Treasurer may be required by the Directors to give bonds in such sum and with such sureties as they may approve.

ARTICLE III. SALES AGENT

The Board of Directors shall make a contract for the term of not more than one year with a sales agent who shall give bond for the prompt remittance of money received and for the faithful performance of his duties in such sum and with such sureties as the Directors may approve.

ARTICLE IV. MEETINGS

The annual meeting of the corporation shall be held on the first Thursday after the first Tuesday of April of each year. Special meetings may be held at any time by order of the President or on written request of three Directors or nine stockholders. All meetings shall be held at the office of the Company in Middleboro unless the Directors by a two-thirds vote appoint some other town or place in Massachu-

BY-LAWS CRANBERRY SALES COMPANY

setts, and shall be called by the Clerk, by mailing postpaid, seven days before, notice of said meeting to all stockholders. One-third of the stock outstanding represented in person or by proxy shall constitute a quorum.

ARTICLE V. PROCEDURE

Cushing's Manual shall govern this corporation in all questions of parliamentary procedure.

ARTICLE VI. ACCOUNTS

The corporation shall keep full and proper accounts and shall make as prompt settlement with growers of their respective accounts as possible.

ARTICLE VII. STOCK AND STOCKHOLDERS

Only persons, firms, associations or corporations engaged in business of growing cranberries shall become stockholders in this corporation and no such person, firm, association or corporation shall become a stockholder without the approval of two-thirds of the Board of Directors present and voting at any meeting called for the purpose. Any such person, firm, association or corporation desiring to become a stockholder shall sign an application to the Board of Directors and if approved by two-thirds of the directors, present and voting, shall sign all papers required by these by-laws and receive one share of stock on payment for the same.

One share of stock only shall be held by the owner or owners of any bog or bogs under the same ownership. No such person, firm, association or corporation shall be a stockholder if his or their bog is managed by a person who has the management of another bog, the owners of which are not a stockholder in this corporation.

ARTICLE VIII. DIVIDENDS

Dividends shall be declared from time to time by the Directors not exceeding 6 per cent. per annum, and the corpora-

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tion may accumulate a surplus as may be voted by the Board of Directors. Any assets not held as capital, surplus or to meet liabilities shall be distributed by the Directors from time to time among the stockholders in proportion to the amount of cash received by each stockholder for his or their sales to the company for the preceding crops since the last distribution.

ARTICLE IX. REDEMPTION OR CALLING IN OF STOCK

Whenever any stockholder ceases to sell his crop of cranberries to this corporation according to his contract, the Directors shall call in said share of stock and take the same for the use of the corporation. In case any stockholder, his heirs, executors, or administrators, or assignee on execution desires to sell his stock he shall offer the same to the Directors for the use of the company and the Directors shall purchase the same for the use of the company. Whenever any stockholder wilfully violates any of the rules or regulations of the Directors in regard to grading, branding, packing or marketing cranberries or wilfully violates his agreement in regard to selling his crop to the corporation, or for any other reason is not qualified to be or to continue to be a stockholder under these by-laws, the Directors may call in said share of stock and take the same for the use of the corporation and cancel any agreement between said stockholder and the corporation. In all cases where stock is taken by the Directors for the use of the corporation the stockholder shall transfer and assign his certificate to the corporation and shall be paid therefor by the corporation such amount as the Directors may appraise the value of the same.

ARTICLE X. BRANDS OF CRANBERRIES

The Directors shall establish from time to time such grades or brands of various kinds of cranberries as they think advisable, and shall give each grade or brand a distinctive name and shall specify the requirements of each grade or brand to

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the end that such grade or brand may become known in the open market as cranberries having the requisite requirements of such grade or brand.

The Inspectors of the company shall inspect all berries before shipment and determine the grade or brand of the same and all stockholders shall label their crop with the grade or brand so determined with label furnished by the corporation. In case any stockholder is of the opinion that such grade or brand is not correct he shall have the right of appeal to the President or one of the Vice-Presidents who shall thereupon appoint a committee of three disinterested persons, or by agreement with the stockholder one such disinterested person, who may or may not be stockholders, whose determination shall be final. The cost of such regrading shall be paid by the company if the committee gives the berries a higher grade and by the stockholder if the committee gives the berries the same or a lower grade.

ARTICLE XI. SALES

Each stockholder by becoming a stockholder agrees to sell his entire cranberry crop to the corporation and shall also enter into a contract so to do, but this provision shall be considered a binding contract even if said separate contract is not entered into. Each stockholder shall sign an undertaking by which he agrees to abide by these by-laws and by all rules and regulations adopted by the corporation or the Directors and assenting to the provisions in regard to the sale, transfer, cancellation, redemption or calling in of stock.

ARTICLE XII. WITHDRAWAL

Any stockholder may cancel his agreement and cease to be a stockholder and assign his stock to the corporation as above provided at any time after one year's crop has been sold to the corporation by the stockholder, but unless notice of such cancellation is given in writing to the Directors before May 1st of any year, or not later than ten days after settlement has

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been made for his crop previous to said May 1st, it shall not take effect until after the next crop has been harvested and sold and delivered to the corporation; but such agreement shall be considered in force until cancelled as above or by mutual consent.

ARTICLE XIII. PAYMENT FOR SALES

The Directors shall from time to time designate in advance definite periods by dates and may from time to time extend or restrict said periods and shall ascertain the average net price per barrel received by the corporation for all berries of each grade or brand sold the corporation by stockholders during each such period, and each stockholder shall receive in payment for his berries of each grade or brand sold to the corporation during said period the average net price per barrel received by the corporation for berries of the same grade or brand sold the corporation during such period less seven per cent. Notification of all such periods or extension or restriction thereof shall be given all stockholders as soon as designated. As far as possible the corporation shall purchase all cranberries which any stockholder desires to sell during any period.

ARTICLE XIV. NON GRADED CROP

In case any berries in the opinion of the Directors or Inspectors do not conform to any grade or brand established by the Directors, such berries shall be sold by the corporation as a separate item and paid for to the grower in the net amount received therefor by the corporation less seven per cent. of the net sale price received by the corporation. All non graded berries shall be shipped with plain heads unless the Directors otherwise authorize.

ARTICLE XV. POOR PACKING, ETC.

In case the price received by the corporation for any cranberries of any grade or brand sold by it is less than the regular

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price for berries of the same grade or brand on account of poor packing, poor screening or any defect in the berries themselves existing at the time they were delivered to this corporation, such berries shall be paid for by the corporation at the net price received therefore by the corporation less seven per cent. and not at the average price above provided. When any lot of cranberries sells for less than the average price of such berries in the same general shipment period, or when the average price of any brand in a general shipment is greatly below the market price for such berries at that time and the whole, or any part of the discount in price is caused by conditions beyond the shipper's control, the directors may add to the net price received for such lot, or lots, a sum sufficient to offset such part of said discount as they judge proper, to relieve the shipper, or the general shipment to which the lot belongs, from unreasonable loss; provided, that no portion of any discount in price, caused by a shipper's fault, or the poor quality of the berries sold at the reduced price, shall be made good. All lots of cranberries not loaded in refrigerator cars shall be treated as separate item shipments if they arrive at destination frosted. All lots sent in refrigerator cars which arrive at destination frosted, may be averaged, if in the opinion of the directors the shipper has used proper precaution to prevent such injury. The decision of the Directors in all cases arising under this article shall be final.

ARTICLE XVI. SHIPMENTS

All stockholders shall sell, deliver and ship their crop to the corporation when and as may be directed by the Directors, but the Directors shall as far as possible so regulate purchases and shipments as to make them pro rata among the stockholders in proportion to their respective crops but the corporation shall purchase the total crop of each stockholder. The Directors shall, however, purchase at any time any cranberries which in their opinion and the opinion of a stockholder require immediate sale. The Directors may exercise the

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authority given under this by-law by and through the Sales Agent.

ARTICLE XVII. DELIVERY

All cranberries shall be delivered in barrels or boxes as may be ordered by the Directors or Sales Agent by the stockholder to the corporation F. O. B. at the usual railroad station of the stockholder. Three standard Massachusetts crates shall constitute a barrel. All berries which are offered by a stockholder for sale to the corporation during any period and which offer is accepted by the corporation, and all berries which may be directed by the Directors to be delivered to the corporation during any period, shall be considered for the purpose of settlement for the same as sold and delivered to the corporation during such period, if the Directors decide that the interest of the corporation requires it, whenever the same may be actually delivered to the corporation.

ARTICLE XVIII. BREACH OF CONTRACT

In case any stockholder shall sell any of his crop to another party than this corporation in violation of his agreement, such stockholder shall pay to the corporation seven per cent of the amount of such sales and shall also be liable to pay to the corporation any and all direct or indirect damage which may accrue to the corporation on account of such breach.

ARTICLE XIX. REPORTS

Each stockholder shall make reports to the Directors upon blanks furnished by the corporation as often as requested by the Directors; such reports to cover such questions in regard to the crop, acreage, amount picked and to be picked, etc., as the Directors may deem advisable.

ARTICLE XX. AMENDMENT

These by-laws may be amended at any meeting called for the purpose by a two-thirds vote of the shares present and voting thereon.

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