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Minneapolis, Minnesota.

Subject: Social Ethnic
Sub. by: N. A. Fryer
Date: Nov. 10, 1938.

The Rochdale Principles

England, where the Industrial Revolution gained its greatest victory in reducing the standards of living of the working classes, is also the home of a movement by the working classes to recapture some of the economic stability that was stolen from them. In 1844 the business depression, the closing down of the textile mills, and the indifference of the government to aid the stricken caused a group of textile weavers of Rochdale, England, to unite in order to improve their lot. It was the beginning of consumer cooperatives and these twenty-eight weavers called themselves the Equitable Pioneers. Their purpose was to secure as much as they could with their dollars because they had so few of them and their wants were so many. They had banded together to buy and to sell, to and for each other, and to return to the members of the group the surplus savings or profits. Thus, even in their spending, they were saving and earning, for they were their own store-keepers and at the end of a certain period a part of their spendings were returned to them in the form of dividends.

Their business was sound and the set of principles that they formulated have since come to be called the Rochdale Principles, and are the basis for every successful consumer's cooperative. In the northern part of the state where consumer's cooperatives have been most successful, these principles have been used exclusively. They were first used in 1909 in Virginia when a group of Finns organized a consumer's cooperative. These Finns have been the true pioneers of the cooperative movement in the state.

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They called their organization the Virginia Work People's Trading Company. Although located in Virginia most of its members were farmers and even today that is true of most of the cooperatives. However, many village and city people are coming into the associations, and with proper educational and informative material many more will eventually enter.

There are nine basic planks in the Rochdale Principles. They have been the cause of much discussion and dissension, but no one had doubted their value in economic life. For the worker and the person of the low income bracket they have been a means to an end. They have built a platform on which he can rise. This is one version of the Rochdale Principles*:

1. "Democracy of control -- Each member shall have one vote and no more.

2. "Limited interest on capital -- Capital invested in the society if it receive interest, shall receive not more than a fixed percentage which shall be not more than the minimum prevalent rate.

3. "Savings -- returns -- If a surplus savings ("profit") accrues from the difference between the net cost and the distribution ~~price of commodities between the net cost and the distribution~~ price of commodities and service, after meeting expenses, paying interest (wages to capital), and setting aside reserve and other funds, the net surplus savings shall be used for the good of the members, for beneficent social purposes, or shall be returned to the patrons as savings-returns ("dividends") in proportion to their patronage.

4. "There shall be unlimited membership -- No reason shall exclude a person from membership except that his purpose might be to injure the society.

5. "A cooperative society shall be composed of individuals who voluntarily join.

6. "Business shall be done for cash.

*This version of the Rochdale Principles were written by Dr. J. P. Warbasse, President of the Cooperative League of the United States. Take from CONSUMER COOPERATION IN MINNESOTA by Russell Lewis and Mauritz Seashore, publication of the Works Progress Admin. and the Dept. of Agric., Dairy and Food in Minnesota, 1937.

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7. "A cooperative society shall be composed of individuals who voluntarily join.

8. "There shall be political and religious neutrality.

9. "Beginning with distribution or the rendering of service to the members, the society shall aim to expand its business to unite with other societies, to produce the things which the members need, and finally to secure access to raw materials."

Cloquet Cooperative Society

Stretching across northern Michigan, Wisconsin, and Minnesota are vast areas of lakes, hills, rocky sandy farm lands, second growth timber, and blackened stumps- the grim reminder of exploitation. To these areas have come the Finns to settle and to forget the economic perversities of their native land; and in order to establish a more stable and constant economic society they have developed the consumer cooperatives. The best example of which is the store at Cloquet, Minnesota.

Cloquet is a small town of only 7,000 population, situated twenty miles southwest of Duluth, a little off the main highway between Duluth and St. Paul. Once it was a great lumbering center, and when that source was exhausted the saw mills turned to manufacturing products from the second growth timber and the smaller and softer woods that cannot be used for lumber. Now insulating materials and products from pulpwood are manufactured. The income bracket of the town is rather low and in the surrounding trade areas the cash income is small. Thus the price of necessities is a constant source of worry to these people and demands a great deal of economic consideration.

But the Finns of Cloquet and the surrounding country did not have to ponder long over the question. From their own country, which is like northern Minnesota with its lake-dotted lands, its rugged climate, and its

forests, they brought with them a new way of doing business. Favored by the progressive democracies of the Scandinavian countries, the Rochdale cooperatives had gained many followers in Finland, for the Finns knew the necessity of it. Life under the Czars had been a hard one, and they knew of the power of community self-reliance. It was like a panacea for the economic ills of these countries. And it was to this movement that they turned, here in America, when the sawmills and the trade of lumber jacks waned and left them in a precarious position. It was natural for them to turn to cooperatives for a betterment of their conditions. They were familiar with it, and it came with them from the old country in a dormant state. Here it was stimulated by economic and social conditions, and a new order arose.

The Finns in Minnesota united to improve their lot and to receive all the benefits that a democracy offered. In the early decades of the nineteenth century the Finns in the northern part of the state were practically isolated from the rest of the community. The roads, the few that were there, were very bad, and the towns and villages were too poor to afford any of the conveniences or institutions that tend to make life more pleasant and worth-while. There were no townhalls, no theatres, no schools that could serve as a meeting place, no churches that could give relaxation to body as well as to soul. Such a life was contrary to their beliefs in democracy and their philosophy of life. Cooperatives they believed, could solve their problems, for the Rochdale Pioneers provided for their system to use its surplus savings for the good of the members of the community, and to provide for its social life, and educational facilities. Out of this

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dire need grew the cooperative hall associations, and soon at every cross-roads, a plain frame building, built by the entire community, arose. These became the social centers of the district, and wherever men gather, plans hatch. The success of this venture gave them the impetus to organize something more detailed and more vital to the overcoming of their economic struggles. In a small corner of the community hall a buying and selling arrangement arose. Soon this became a cooperative store that outgrew the community hall, and had a building of its own. As the community and the cooperative prospered, they later took over the functions of the hall, and like a dutiful child nursed and fed and sustained its mother that gave it birth.

In 1910, the first cooperative store was organized in Cloquet. It was called the Cloquet Stock Mercantile. It started with nothing and went through a period of eight years of hardship that proved the enduring mettle of its founders. In 1918 the entire town was wiped out by a forest fire, and when it was rebuilt, the cooperative started over again and eliminated the flaws of the first organization. In 1924 it reorganized again and a few years later when a competitive farmer's store was on the verge of bankruptcy, it took it over and the cooperative in Cloquet became the dominant merchandising unit.

In 1934 the society did a business of $750,000 in retail sales, and when you consider the size of the town and the nature of the trading area, this total is a remarkable accomplishment. Since then its annual sales have reached the million mark, creating a new high in merchandising in a town of 7,000 population. Today the parent store has three branches and several

service stations, a garage, a coal yard, and a feed warehouse. Its original membership has grown from 121 to 2,000. Its initial capital of $1,662.00 has created a business that employs forty people and has a monthly payroll of $4,000.00.

Every need, except the professional ones, are supplied by the cooperative to its members. It sells groceries, meats, hardware, clothing, dry-goods, notions, and kitchen utensils. It can furnish one with a radio, a washing machine, or any other type of electrical appliance. One can buy a car at this store and then run it with gas and oil from the cooperative. Its garage will service it. At the feed warehouse, orders for farm machinery are taken, and lumber and roofing materials are sold. The company also maintains an accounting department, an insurance agency, and for its members who are travelers, it maintains a ticket and travel agency. In passing it is safe to say, that soon it will operate its own mortuary, for that is the newest phase to enter the field of the cooperatives.

The nationalistic factor appears to play a great part in the success of the Cloquet cooperative and in all other cooperatives. The Finns are a clannish people and prefer to be with their own race at all times. They use their native language extensively and know that in a cooperative they will be served by one who speaks and understands their language.

The simple, country-like general store atmosphere of the cooperative is another factor that endears it to the frugal, economical farmer and worker. Here he knows he is not paying for fancy fixtures and trimmings. Here he knows that everything is as represented, for he is the owner and there is no sense in cheating himself. The prices are lower than in the chain stores and

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the appeal of the patronage rebate is very encouraging. Lower quality merchandise prevails and very few of the nationally known products are carried. Many items are the products of the Central Cooperative Wholesale, the wholesale house for most of the Finnish cooperatives. Their products bear their own label "CO-OP."

The Cloquet Cooperative Society is the largest in the state of Minnesota and one of the largest in the country. It operates six trucks and in one year purchased $100,000 worth of produce from its member farmers. It has become the center of the educational life of all its members. In the basement of the main store there is an auditorium seating 500. Here classes in democracy and in the principles of cooperative merchandising are given. The same building houses a library, and smaller units whose purpose is to promote and aid social betterment.

Built on the sound principles of the Rochdale Principles, the Cloquet Cooperative is an example for all the Finnish cooperatives in the state. It is a monument to what people can do when they start out to do something for themselves. Each put in a share or more of capital stock, and regardless of his investment, has only one vote when it comes to determining the policies of the society. Each is careful of his vote and sees to it that the business is run efficiently, for he is owner, buyer, and seller. Prices are maintained at prevailing market reports, and thus unfair price cutting is eliminated. On his investment the stockholder is paid a fixed rate of interest, and at the end of the year when all charges are met and all authorized disbursements are made the remaining surplus is divided among the members. This extra profit is distributed according to purchases

made, and is an addition to the interest paid on their investment.

Thus the gains of a cooperative member are manifold. A sound investment for his money, a savings returns on his purchases, and the benefits of educational and community social welfare, plus the gratification of knowing that one is a member of a new social order.

Central Cooperative Wholesale

Serving the cooperative societies of Minnesota, Wisconsin, and Michigan is a cooperate wholesale known as the Central Co-operative Wholesale. It is owned by thirty-four societies and although it is located in Superior, Wisconsin, it serves practically all the cooperatives in Minnesota. Its location in Superior is due to Wisconsin statutes being more favorable. Organized in 1919, the wholesale is the best of its kind in America, and a model for many privately owned wholesale houses.

In the war days of 1917 there was a breaking up of the social and economic systems of our country. These conditions were largely responsible for the founding of the wholesale. The entire nation had been put on rations, and many wholesalers were not giving the cooperatives stores their due share of commodities. Families had been giver sugar cards, and retailers were authorized to sell so many pounds of sugar each month, according to the figures on the card. But even this the cooperatives could not do. They couldn't sell the required amount of sugar, when the wholesale houses kept their share from them. This discrimination, perhaps instigated by the private retailers, was carried into other fields, until in order to survive, the cooperatives decided to band together and form their own supply house. On July 30, 1917, delegates met at Superior, Wisconsin, and pool-buying for the stores was discussed. But the

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enthusiasm was greater than that which calls forth just a policy of pool-buying. It was great enough to create a regular wholesale house founded on the Rochdale Principles. The nineteen delegates present contributed $15.50 and this became the initial working capital of the new cooperate wholesale.

At first, it functioned as a jobbing agency only. From other wholesalers it purchased coffee, sugar, flour, and feed. One employee was in charge when it opened for business in September of 1917, and the amount of business that it did was $25,573.62. In 1919 the company purchased a building at the corner of Winter Street and Ogden Avenues and established a bakery to serve its customers. In 1926, this department was moved into its own building at the corner of Grand Avenue and Fifth Street, and continued to prosper, so that todsy it does an annual business of over $100,000. The next unit to be established in which the wholesale expanded its activities in processing the raw product, was the coffee roasting plant. In the fall of 1935 it purchased its coffee roasting equipment that has the capacity of roasting 16,000 pounds of coffee daily. This product is marketed according to the latest methods. It is delivered daily, thus always insuring the customer of fresh coffee at a considerable saving. This unit like the bakery, has proven a profitable and timely addition. Central Co-operative Wholesale, like the great chain grocery stores, is an organization that sells groceries and sundry supplies, bakery goods, and its own coffee to its affiliated retailers. From a humble beginning, it has grown to proportions that have engulfed a competitive business, that refused it credit when it was a young institution. This privately owned business failed in 1935, and at the bankruptcy auction, Central Co-operative Wholesale purchased its building and equipment. The next year, in

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October of 1936, a branch warehouse and feed mill was opened at Virginia, Minnesota. During the first three months of its operations it showed a net gain of $414.81.

Through all these wise expansions and through serving its customers in a manner superior to the private wholesaler, Central Co-operate has grown from a humble institution with a capital of $15.50 to one with a capital of more than $200,000. In January, 1937, its exact capital was $262,787.86. Its total assets were $481,185.37. In 1936 it sold merchandise to the amount of $2,845,751.15. During all the years of its operations its customers have purchased goods amounting to $21,850,540.60. But more important than these figures, is the following data. $320,266.16 has been returned to its members in actual dividends.

Apart from serving the grocery needs of the cooperatives in its league, the Central Co-operative Wholesale has several subsidiary associations. One of these is concerned with publishing papers for its members. As most of its members are of the Finnish nationality these papers are published in Finnish. The weekly cooperate paper is an excellent one and it is called the "Cooperative Builder". The other is the "Finnish Weekly." Both serve its readers by giving informative news about events that concern themselves with the cooperative movement, current events at large, and domestic news and features.

The educational and auditing department of the Central Co-operative Wholesale is another branch that has been organized to enlighten its members. The auditing department takes care of the bookkeeping of the smaller stores and assists with the installation of efficient systems. Due to this careful check-up, the mortality of co-ops has become negligible. The financial conditions of

all its members can be quickly ascertained, and the remedy applied at once if necessary. The educational department works with the members in keeping the cooperatives and the consumer conscious of the work and aims of the organizations and of the principles of the Rochdale Pioneers. It has organized hall associations, educational societies, clubs, women's leagues, youth gilds and similar organizations. Because of their efforts no community which they service lacks centers of education, culture, and recreation. It has organized forums for discussions of current topics, it has guided its leagues and guilds to interest themselves in peace work, anti-liquor education, and maternity aid legislation. Much of this work is carried on, however, very indirectly. It is done in the forms of entertainments and gatherings under the form of mutual cooperation. All public programs held under the auspices of a cooperative group can be termed a subtle way of spreading propaganda.

In terms of direct information the following activities are also guided by the Central Co-operative Wholesale. Summer institutes for adults are held each summer for one or two week periods, in various parts of the community served by the organization. Camps for children are held and these are a combination summer school and vacation camp. At regular periods throughout the year schools for cooperative managers and employees are held. In addition to all this, literature that frankly states the aims and policies of the cooperative is distributed widely and freely.

Summing up all the activities of the Central Co-operative Wholesale it is very evident that not only does it merchandise but that it is a storehouse of cooperative education and promotion. Like its members it too is democratic in its control. Cooperative societies only are members. Shares are one hundred dollars and no officer may hold stock. Each member cooperative

has one vote for every fifty members, provided that it holds one share in the Central Co-operative Wholesale for each fifty members. Thus the consumer that controls his cooperative also controls the wholesale. How to do this effectively he learns from the activities of the Central Co-operative Wholesale and the Northern States Cooperative League, of which the former is the most prominent member.

Northern States Cooperative League

In 1922 the Northern States Cooperative League was organized. This is an educational and protective agency or a federation of cooperative societies in the north-central states, and is supported by its constituent members. Through the league and the efforts of the Central Cooperative Wholesale the cooperative stores have been co-ordinated and now attention has been focused to unite the wholesalers who serve the same areas. In addition, it is serving the isolated cooperatives that are not affiliated with any central organization. In all this it organizes teaching classes, conducts a program of cooperative auditing, offers instruction in social and cooperative insurance, and publishes cooperate papers and leaflets.

In 1925 the league made a survey of the cooperates of the state. One report deals with fifty-eight in the north-central part of the state. Of this amount not less than fifty can be properly termed as "Farmer Stores." In eleven of these stores the membership consisted entirely of farmers, and in thirty-nine stores 75 percent of the members were farmers. In four stores half of the members were farmers, and the other half were city people. Only two stores were typical city stores, with no farmer members.

The nationality of these stores is brought out in the following

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facts. Twenty stores have a Scandinavian membership. Six German. Three mixed German and Scandinavian. Two were Finnish and two mixed with Finnish elements. (The Finnish stores of the northeastern section of the state are not included in this survey.)

The league also gives the following information about the twenty or some Finnish boarding and rooming houses found in Duluth and in the range towns. Most of these are small, unincorporated, and rather unstable enterprises. Most of these organizations are patronized by single men who often shift from locality to locality, thus causing the instability. Why they move around can be attributed to many causes. There are the recurrent spells of unemployment, or else the desire to wander about in search of a better job, or else for variety.

The work of the Northern States Cooperative League is a step towards cementing the work of all the Finnish cooperative into a single unit. Its aims are stated in its yearbook, and they are as follows:

1. "The work of coordinating the educational activities of the wholesalers within its territory by becoming the center of supply for educational materials, thus creating uniformity in materials used for educational purposes.

2. "Carrying on those tasks in the territory which the wholesalers find they cannot do adequately.

3. "Handling of certain types of general propaganda, including the publishing and sale of cooperative newspapers, pamphlets, and books.

4. "Organizing cooperative schools of various types either independent of or in conjunction with the wholesale cooperatives in the territory, and supplying (in full or in part) teaching staffs and materials for such schools.

5. "Collection of statistics and various types of factual data related to the cooperative movement.

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6. "Supplying education and speakers.

7. "Harmonizing the work of the territory with that of the national organization.

8. "Carrying on more and more legislative and legal work on behalf of the societies.

9. "Correlation of all future cooperative radio activities in the territory.

10. "Establishing uniform auditing services.

11. "Sponsoring social and cooperative insurance through the cooperative business units.

12. "Establishing a court of appeal for the arbitration of disputes within cooperative organizations or between different societies.

13. "Forming of contacts with such organizations as produce cooperatives, bind unions.

14. "For building a working program acceptable to these groups in order that we can work harmoniously for the betterment of all society."

Finnish Co-operatives in Minnesota, or Co-operatives where the Dominant Nationality is Finnish

Aurora — Aurora Cooperative Mercantile Association.

Biwabik — Biwabik Cooperative Mercantile Association.

Brookston — Brookston Cooperative.

Cherry — Cherry Farmer's Cooperative Association.

Chisholm — Chisholm Worker's and Farmer's Cooperative Association, with branches at Forbes and Iron.

Cloquet — Cloquet Cooperative Society, with branches at Esko's Corner, Mahtowa, and store No. 2 in Cloquet.

Cook — Cook Cooperative Association, with branch at Toga.

Crosby — Crosby Worker's Cooperative Association.

Cromwell — Farmer's Cooperative Company.

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East Lake -- East Lake Farmer's Cooperative Company.

Ely -- Ely Cooperative Association.

Embarrass -- Farmer's Cooperative Mercantile Association.

Finland -- Finland Cooperative Society.

Floodwood -- Floodwood Cooperative Association.

Gowan -- Gowan Cooperative Association.

Heinola -- Heinola Cooperative Creamery.

Heinola -- Heinola Cooperative Mercantile Association.

Hibbing -- Consumer's Store.

International Falls -- Border Cooperative Association.

Kettle River -- The Cooperative Creamery.

Kettle River -- Kettle River Farmer's Cooperative.

Little Swan -- Little Swan Farmer's Cooperative Stock Company.

Menahga -- The Farmer's Cooperative Mercantile Association.

Moose Lake -- Farmer's Cooperative Company.

Nashwauk -- Cooperative Elanto Company, Osuuskauppa.

New York Mills -- Cooperative Livestocak Association.

New York Mills -- Farmer's Cooperative Association.

New York Mills -- New York Mills Cooperative Creamery Association.

Orr -- Orr Cooperative Association.

Oxlip -- Union Mercantile Company.

Sawyer -- Sawyer Cooperative Association.

Sax -- Sax Cooperative Society.

Squaw Lake -- Farmer's Cooperative Society.

Toimi -- Finnish Supply Company

Virginia -- Virginia Cooperative Association.

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Wright -- Farmer's Cooperative Company.

Zim -- Zim Cooperative Company

Conclusion

In 1909, when the Finnish people set up their first cooperative in Virginia they accomplished a feat almost as great as that of the Rochdale Pioneers in 1844. They became the pioneers of that movement in this country, and demonstrated the possibility of successful cooperative marketing. They proved that the Rochdale Principles were sound ones, in this country too. They showed the country the feasibility of a grocery and general merchandise store on a purely federated basis. Then as years went on and the movement expanded, the Finns of the Iron Range again pioneered in the field of cooperative wholesale grocery and a wholesale bakery, coffee roasting plant, and a feed mill. And true to the principles that guided them they became the first cooperative league to have a woman's and youth's movement. In adhering to these principles the Finnish cooperatives have had few failures. When one did occur, it was the result of unusual circumstances.

The real success lies in the fact that the Finns are real co-operators. What they want is distribution at cost and not big dividends. They want a small patronage return and desire an efficiently run store. Then, too, their cooperatives are greater than just being a retail distribution center. They have become the core of the social life of the community. Social life that is built on community betterment and cultural and educational values.

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Bulletins:

Consumer's Cooperation in Minnesota. Russell Lewis and Mauritz Seashore. Works Progress Administration. Department of Agriculture, Dairy and Food in Minnesota, 1937.

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Crews, Cecil. Secretary, Northern States Cooperative League. Sexton Building. Minneapolis, Minnesota. Age 34.

Halonon, Arne. Secretary, Cooperative Association. Sexton Building. Minneapolis, Minnesota. Age 41.

Dear Lee:

1. Here is a list of organizations gathered from interviews. I think we should have some information on them.

Finnish Civic Club
" Workers Society
" Women's Club
Ilmaren's Temperance Society (may be in Cloquet)
Knights of Kaleva (also Kalevannaiset, the auxiliary)
Northern States Co8operative Youth League
Finnish Temperance Society
American-Finnish Tercentennial Committee of Duluth (names of committee members)

2. Robert Maki, 7 west Superior St. has been choir director "for various Finnish organizations". Perhaps he could give leads on the status of the musical activities engaged in by the Finns, their origins, activities, membership, etc.

3. Axel Kyykhynen, 419 N. 5th Ave. W. has been connected with Midsummer Festivals, twice being chairman. I would like to know as much of the early history and present status of these festivals as possible. He can also be seen for leads and data on other Finnish affairs, as he states his main hobby is to spread Finnish culture in the country as much as possible. Ask him if there is a Finnish business man's club. Also get an interview on the presence of business men in American fraternal organizations such as Moose, Macabbees, Modern Woodmen, Masons, Elks. Eagles. He is a member of four of these

4. I have no information on Finnish Athletic societies, and would like names of present-day societies and main athletic events.

5. I understand that someone up there is working on churches; the infromation I thought valuable is their numbers in Minnesota, total Minnesota membership, auxiliary activities(i understand they are taking over the temperance movement) their attitude toward preaching on present-day questions, the main difference in the ideology of the three main groups, some infromation on the Pentecostal group, the main differences in ritual, the comparative wealth of the Duluth churches, church holidays, extent to which the Finnish language is used in the churches, dates of first establishment of the churches. Church benevolent institutions.

6 News of the Laskainen Day celebrations: when first started, present status.

7. Information on the Finnish Literary society which I understand exists up there; also any dramatic groups, with early history and present status of any such groups found.

8. Membership in labor unions. One estimate down here states that Finns make up 40 per cent of the timber workers of the state, andI

Timber Worker's would like this estimate checked, with data on the founding of the Union and its predecessors, also the International Longshoremen's Union. Another suggestion is to go to the Duluth AFL offices for information on union locals in which Finns are enrolled in large numbers, and to CIO office for information on number of Finns in mines and their membership in SWOC.x If an estimate can be gotten from one of the SWOC organizers of the number employed in mines and the precentage of the total that they represent, I'll be glad to get it. Videen has done such a good job on the strike history that perhaps he could cover this job and get any additional pertinent information.

9. What is Cook Home? Some of our interviews come from there. Are there any Finnish Old Peoples Homes Orphanages, or other benevolent associations? This material might be collected for the state from the study of the church organizations.

10. Finnish Hall associations.

11. If time remains and if the figures are available, I would like some statistics on the number of Finns on relief in St. Louis County, and their standing in comparison with other nationalities.

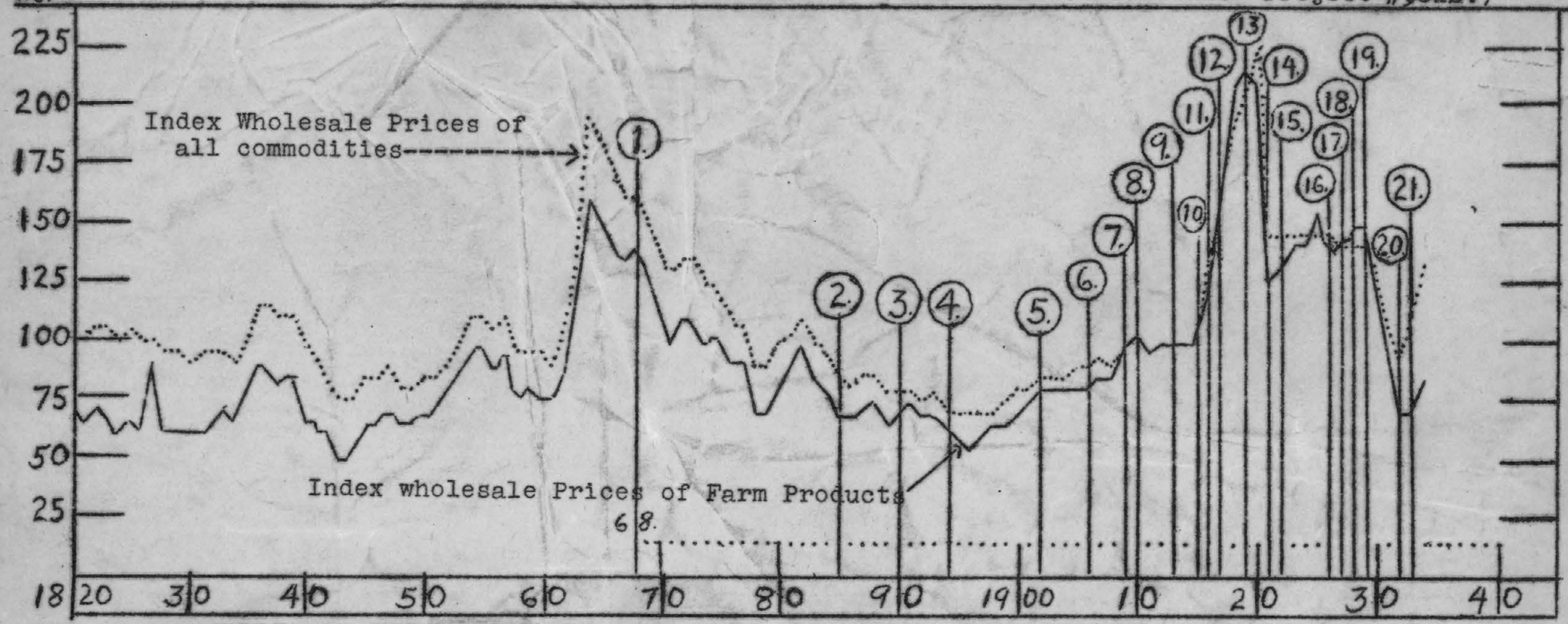
12. We could use a descriptive essay on the sections of Duluth in which the Finns live, its general appearance, social life, part played by Finns in Duluth government, civic affairs, politics.

That's all I can think of on Organizations at present, but I would like to add that in all cases the worker finding out infromation should seek out chapter histories or minutes, and also yearbooks of those organizations which are federated. If possible, the Duluth worker should find out as much about other Minnesota chapters as possible, for we have not the facilities for getting this information here. He should also be careful to get a rather complete picture of the isntitution of club as it exists today, including the general types of members enrolled in each.

Yours

P.S. I had at first throught of sending one of the Lithuanian Organization schedules, but as there's probably one up there already, It can be used for a guide and preceptor.

ORIGIN AND DEVELOPMENT OF MINNESOTA FARM AND CO-OPERATIVE ORGANIZATIONS IN RELATION TO ECONOMIC CONDITIONS. (W.P.A. Project #3828.)



NUMBER ON CHART INDICATES DATE OF ORIGIN OF THE VARIOUS MOVEMENTS.

1. Minnesota Patrons of Husbandry.
2. First co-op Elevator Underwood,Minn.
3. First co-op Creamery Clarks Grove,Minn.
4. First Mutual Telephone Co.in Minn.
5. American Society of Equity.
6. Right Relationships League.
7. First co-op Store Virginia,Minn.
8. Second co-op Store Cloquet, Minn.
8. Farmers Equity Union
9. First Elec. co-op Granite Falls, Minn.
10. Nonpartisan League of North Dakota.
11. Co-operative League of the U.S.A.
11. Equity co-op Exch.Livestock Selling Agency.
12. First co-op Whlse. (Cent.Co-op.Wholesale).
13. Minnesota Farm Bureau Federation.
13. American Farmers Mut. Auto Ins.Co.
14. First Co-op Oil Assn Cottonwood, Minn.
14. Term. Livestock Mark.co-op (Cent.Co-op Assn)
14. 1st Term.Dairy Mark Co-op(Land O'Lakes)
15. Northern States Co-operative.League.
16. Farmers Union Livestock Comm. Co.
16. Farmers Union Terminal Association.
17. First co-op Oil Whlse.(Midland Co-op.)
17. Minnesota Credit Union League.
18. 1st co-op Burial Assn New Ulm,Minn.
19. Minn.Farmers Edu. & Co-op. Union.
20. National Farm Holiday Association.
21. 1st co-op Truck.Assn Detroit Lakes,Minn.

Source: From book "Prices" by George F. Warren & Frank A. Pearson. Published by Wiley & Sons,(1933)

THE CENTRAL CO-OPERATIVE WHOLESALE

The founding of the Central Co-operative Wholesale goes back to a July day in 1917, when a group of Finns from nearby co-operative stores met in Superior, Wisconsin,[1] to discuss some way of preserving and expanding their stores in the face of the war conditions which were choking off their sources of supply. There had been other meetings of this kind before in the area, but they had been devoid of results because of the financial and numerical weakness of the co-operative stores.[2] Now the stores were faced with virtual extinction unless they could pool their strength. The nation had been placed on rations and the stores were finding that they could not get sugar and other commodities at any price from the wholesalers. The buyer's market which had made possible their early existence had been replaced by a sellers' market, and the prejudice which private business had always displayed toward the co-operatives made establishment of a wholesale the only way out.[3]

The wholesale was organized on the thirtieth of August as the Co-operative Central Exchange, a name it was to keep until 1931. At this meeting there were delegates from twenty societies present. Articles of incorporation were drawn up under the laws of Wisconsin, fifteen of the societies promised

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Unless attributed to some other person or publication, all references given below refer to the Co-operative Pyramid Builder, organ of the Central Co-operative Wholesale.

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1. II, 9-10, p. 261; Fryer, essay on co-operatives.
2. Bulletin #202, Agricultural Experiment Station, Minn.
3. Fryer, op. cit.

$30 apiece for capital,[4] and John Nummivuori, an ex-officer in the Russian army who had spent most of his time in this country working for co-operatives, chosen as manager. Nummivuori had already begun to establish contacts with jobbers and manufacturers, and had set up his office in a corner of the quarters of Punikki,[5] a Finnish-language humor magazine. His equipment comprised one chair, a packing-box which he used as a desk, and a typewriter. When salesmen came in Nummivuori would wave his hand airily at the magazine editor in the far corner and tell them, "there's only two of us now, until we get our warehouse built."[6]

Pessimism and suspicion, even among the Finnish co-operatives, greeted the establishment of the Exchange. As Eskel Ronn wrote later, "Of the original twenty societies, five got weak in the knees and quit, while others paid their shares only with promises."[7] Some of the Marengo store members called it "the devils' circle"[8] and refused to support the Exchange for years. One society, while refusing to join the Exchange, traded with it, but would not accept shares of stock which it had paid for by its purchases. Finally, after lengthy explanations had convinced the members that their society would not be responsible for any debts of the Exchange, they voted to join. They had been afraid that when the Exchange went bankrupt, as they felt it surely must, their society would be ruined.[9] Certain church groups called Exchange workers "atheists" and "anarchists,"[10] and among others it was sneered at as "John Nummivuori's novelty shop"[11] because of its meager beginnings.

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4. II, 9-10, p. 259
5. I, 1, p. 1; Fryer, op. cit.
6. Ronn, Eskel, in Co-operation X, 9, Sept. 1924; "How Dreams Come True"
7. Ibid
8. Uusi Kotimaa, April 26, 1930 49:49 p. 1, col. 3, Speech of Vainionpaa at CCE annual meet.
9. Ronn, op. cit.
10. Interview, W. Harju
11. II, 9-10, p. 261.

Much of the resentment against the Exchange, even among the Finns themselves, came because its incorporators and backers were mostly Socialists. As has been noted before, the Socialist movement was at this time very strong among the Finns of Minnesota and Wisconsin, and one of the Socialist visions was the co-operative commonwealth. Many Socialists were therefore found in the co-operative societies, often managing the stores. Their esprit de corps was high; it has been said that the best managers could be found, not in the strongest co-operative stores, but in those who needed expert management most. They had been sent there by their party to strengthen the movement. Likewise, when the Exchange needed money in its early days, the Tyomies, organ of the left-wing Finns, lent its aid.[12] Some of the founders were Socialists, among them Matti Tenhunen.[13a] Oscar Corgan, for years chairman of the board of directors, was manager of the Tyomies, and this paper had become the official organ of the Exchange at a very early period.[13] Its first label displayed the crossed hammer and sickle, badge of the Second International;[14] and the constant charge that co-operatives must be class-conscious became its warcry.[15]

To the conservative Finn, and to those co-operative societies who were not Finnish, the Exchange supporters could be classed only as a bunch of reds. If they were uncertain, they had only to look at the trade mark on the coffee or listen to one of its employees.

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12. Interviews, Harju and Backman.
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13. Social Ethnic annals, item #49 (Harju)
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13a. Speech of Tenhunen at CCE annual meet.
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15. Builder, passim

Yet the Exchange has grown uninterruptedly from the very earliest days. It grew partly because the antagonism of private business forced co-operative stores to become its members in order to get their coffee, sugar and flour. It grew partly because many of the societies were Socialist; some had been born of strike commissaries; the members of others had become farmers because the blacklist had barred them from working in the mines.[16] These groups formed a strong backbone for the Exchange and were the most loyal and active of all the co-operators. But much of the growth of the Exchange is a tribute to the hard work and ability of the left-wing Finns who were directing it. They attacked its problems with the zeal of crusaders; and this spirit gave them strength to overcome great odds.

As time went on, these Socialist Finns drifted toward the Communist party. They continued their work in the co-operative movement, but around them were gathering the signs of the storm which was to split the Finnish co-operatives at the end of the post-war boom.[17]

THE EARLY YEARS

The three months of 1917 during which the Exchange had been in business had brought a profit of $268 on sales of $25,573. The fifteen member-societies had contributed $480 in share capital, and the 55 per cent profit which this capital brought made a good talking-point for the Exchange. In 1918, after moving into an old I.O.O.F. hall which it bought very cheaply and converted into a warehouse,[18] the Exchange did a business of $132,423 and increased its net gain to $2,062. It had enrolled 25 members and 25 other co-operatives brought from it.[19] Its capital was $4020.

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16. See Kykyri, story of Gilbert co-op store
17. V, 4, p. 76; Hayes, "The Internal Struggle"
18. Fryer, op. cit. p. 9.
19. NSCL Yearbook 1926, section on CCE

It was in June of 1918 that the Exchange sponsored the first school for cooperators given in America. H. V. Nurmi, an auditor who had done some work for the co-operatives and was an experienced co-operator himself, had noticed that there was a widespread need for good bookkeepers in the stores, and so he organized a one-week course in bookkeeping.[20] The following year the course was expanded to four weeks and merchandising, business correspondence, and the history and principles of co-operation taught as well. Forty-three attended the 1919 course and its success attracted nationwide attention among co-operatives.[21]

By this time the Exchange was marketing its own brand of coffee, the best brand being sold under a trade mark of a red star with the crossed hammer and sickle superimposed, and in 1919 it began to manufacture its own goods for the first time. The societies had found that the bakery goods they handled were reaching them in unsanitary containers, toast and hardtack being shipped in second-hand boxes and barrels, "no care being taken to insure cleanliness in the handling of the goods."[22] So in 1919 the Exchange opened its own bakery. The early board must have had vividly in mind the model bakeries and shops of Elanto, the great co-operative society in Helsingfors. Elanto had been started because of unsanitary handling of milk, and had entered the bakery business within a year after its founding because the milk in the city was customarily sold in bakery shops.[23]

The bakery was a success almost from the start, and helped the Ex-

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20. Nurmi in II, 9-10, pp. 271-272.
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21. Alanne in Co-operation, VI, 11.
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22. II, 9-10, p. 267.
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23. Van Cleef, Finland; the Republic Farthest North.

change to triple its business and its net gain in 1919. The Exchange moved along in 1920 with so much optimism over its future that the board voted to create the post of educational director and in it installed V. S. Alanne. Alanne was respected for his learning by Finns in America. The year before he had completed a Finnish-English dictionary which they found to be very good and which is now standard equipment in Minnesota libraries. He had been on the faculty of the co-operative school the year before, teaching History and Principles of co-operation, arithmetic and English.[24] His duties began in March 1920.[25]

Allane's first publication in the new office was a warning to store managers to reduce their inventories because the post-war deflation was on its way. The Exchange men had begun to worry about their stores, who were booming along with large inventories as though war prices would remain for years. Not much could be done other than to warn them, however, for as yet they were buying only a fraction of their needs from the Exchange. Alanne lamented later that his prophecy was taken lightly. When the price crash came many of the stores were in very poor condition to meet it.[26]

Then disaster struck at the Exchange itself. Sugar had been very hard to get during the war. In June 1920, one of the owners of a Duluth firm from which the Exchange had been buying coffee appeared in the office door and asked, "Jack, do you need any sugar?"

Nummivuori replied that he could always use a car if the price was right, and it did not take him long to find that the price of this carload

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24. Co-operation, VI, 11

25. III, 8, p. 229

26. Ibid

would be very good indeed--two dollars a hundred under the market. The opportunity was too good to resist, and it was only when three days before the shipment was due, that sugar prices began a sickening drop that he realized he had been tricked. The Exchange lost $3000 on that one carload of sugar, and the sore-hearted directors had many bitter things to say about capitalistic monopolies and big business. Like many private firm, they had been caught in the collapse of the sugar monopoly, but they felt that they had been made victims of a plot to ruin them.

Alanne reports that aside from a few instances of stock losses such as this, the Exchange was able to weather the deflationary period very well. "This was due," he stated, "primarily to the fact that the greatest part of the business of the Exchange consisted in jobbing....chiefly due to the meagerness of the working capital. Somebody said that this lack of capital saved the Exchange from disaster during the critical years of 1921 and 1922, and undoubtedly there is a great deal of truth in this."[27.]

The member societies did not fare nearly as well as their wholesale, because they had overstocked and suffered great losses in turnover. As the situation became more acute, the Exchange began to fear that its strength as a co-operative movement would be seriously crippled because of failure of its member societies. In all, nineteen of the forty-odd were in difficulties, and the Michigan Peninsula district, early stronghold of co-operation, was hardest hit of all. The Michigan stores were located in mining towns, and the shutdown of the mines crippled them badly.

In Superior, home of the Exchange itself, the situation was so bad in the store that bankruptcy was only averted by a technicality. At a meeting of the stockholders a motion to liquidate, paying creditors about ten

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27. ibid. (Same as #25)

cents on the dollar, was passed. But the minority, a group of die-hard co-operators, refused to accept this decision because a quorum was not present at the meeting. As the directors had already resigned, these bitter-enders appointed some of their number to serve, and six years later the store was on its feet again.

The Kettle River store which had survived the great forest fire in which its store had burnt down, was also in difficulties. Pressure from the Exchange forced the resignation of the manager, who had been aligned with the conservative groups of Finns, and a new one recommended by the Exchange was elected. Wright, Minnesota paid its creditors fifty cents on the dollar and reorganized with a new manager. New York Mills, scene of another conservative-progressive split,[28.] also hired a new manager.

Finnish co-operators had learned from the trials of the deflationary period that if their wholesale was to grow, it must grow cautiously. In East St. Louis, Ill. there had been a large and heavily-financed wholesale which was to go under during the deflation. With this example before them, the Finns resolved that their movement would be built from the ground up, like the pyramid which later they were to take for the symbol of their house organ. They began an educational campaign for education of patrons and workers in the co-operative stores. The co-operative school was expanded and more time devoted to theory of cooperation; managers and employees were urged to come back for post-graduate course. Relations were entered into with non-Finnish cooperative associations and perhaps the most energetic and effective worker for better education, and the man most responsible for the results this education achieved, was Eskel Ronn.

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28. ibid. (Same as #25)

BOOM DAYS IN THE EXCHANGE

Eskel Ronn had come from Finland as a seven-year-old in 1901. His father settled in Ishpeming, Michigan and found a job in the mines, and it was in that town that young Eskel, according to legend, developed his hatred of private business. The story is that during the 1907 strike, when he was thirteen he and his friends raided the local grocery story for food, because all cred had been refused the strikers and they were starving.[29] Later Eskel spent a year in high school and a term in business college, after which he kept books for various concerns about Duluth. After three years as a bookkeeper he was blacklisted by the mining companies for his radical activity. In December of 1914, therefore, he came to Superior to work for the Socialist Tyomies. In 1917, when his name was called in the draft, he went into the army and served 16 months.

Ronn went back to his old occupation after his discharge, but this time he was hired by the organization for which he was to work the rest of his life. The co-operative Central Exchange was approaching its second birthday and growing rapidly. Hired as a bookkeeper, Eskel became in quick succession head bookkeeper, sales manager, and in July 1922, manager of the wholesale at the age of 28.[30]

Under Ronn's management the Exchange was soon increasing its volume of sales in 20-per-cent annual jumps and the groundwork was laid for a widespread educational campaign. The Exchange had sent delegates to the annual conference of the Co-operative League of the U.S.A. in 1920, at which it had been decided to form regional associations of co-operatives for educational purposes. With the deflation the employees of the Exchange became so busy trying to save their members that further consideration of the matter was im-

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29. W. Harju
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30. VI, 5, p. 31

possible at that time, but in January of 1922 Educational director Allane sent out circulars to all co-operative societies that could be reached, asking them to send delegates to a conference to be held in Superior in March. Out of this meeting the Northern States Co-operative League was born. Allane was made secretary, sharing his time between the League and the Exchange.

Almost his first move was to organize a school, held between September 4 and Octor 6 of the same year. This co-operative school was the first held in English in the United States. The Exchange had been the first society to give money to the new-born League, and, with the Franklin Co-operative Creamery Association of Minneapolis, formed its main support in the early years.[31]

Meanwile the Exchange was holding its own annual schools in Finnish, the classes meeting a few weeks after the League school so the teachers (drawn largely from the employees of the Exchange) could serve at both.

Eskel Ronn was also instrumental in creating the Co-operative Pyramid Builder, the first "house organ" of the Exchange. This magazine began publication in July 1926 and was printed in English. Previously the Exchange had reached the membership of its societies through a weekly page in the Tyomies, but the great success of such large societies as Cloquet were drawing in non-Finnish members,[32] and the directors saw the time coming when they could pursue their vision of class solidarity and the co-operative commonwealth into the nationality groups that surrounded the communities in which the societies were located.

The magazine was printed monthly, and included local contributions,

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31. NSCL Yearbook 1926.

32. III, 3, story on Cloquet p. 71

monthly and annual statements of the Exchange, notices of new brands, articles on store management and co-operative education, and some historical sketches of various member societies. Labor news from the Federated Press was included also. The new educational director, George Halonen, who had replaced Alanne in 1925, stated in the first issue. "The co-operative movement is only an integral part of the general labor movement. The co-operators should keep in touch with the big events in the labor world....." [33.] "co-operative, labor, and art pictures" were also published, including, in the first issue, pictures of the Passaic textile workers' strike. On the cover was a drawing of a worker, stripped to the waist, carrying a hammer on his shoulder and resting his free hand on a globe in the background.

The Exchange was also a strong factor in the movement for a Northern States Co-operative League Yearbook, which was first published for the year 1926. In it were printed the annual statements of the more prosperous co-operatives in the districts and statistics showing the status of the co-operative movement in the various states. [34.]

The business of the Exchange, meanwhile, was flourishing under Eskel Ronn's compelling personality. In 1926, its first million-dollar year, 71 societies were members of the 120 who bought from it, and the salesmen were making every effort to enroll the rest. The wholesale now employed 35, and the I.O.O.F. hall it had converted into a warehouse was so crowded that in this year the bakery moved to its own building, giving over the ground floor, for warehouse space. New ovens and other equipment were bought and sales reached $75,000, [35.] jobbed goods brought $627,000 and wholesale goods $344,000.

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33. I, 1, p. 1.
34. See 1927, 1928, 1929 yearbooks
35. II, 2 p. 53 et seq.

Measured against capital stock, the net gain was some 40 per cent; against sales, 1.1 per cent. This gain was used to increase the capitalization and stock was issued against it. Lack of capital was still holding back the expansion of the Exchange,[36] but by now the wholesale was on firm ground and the manager was rapidly expanding the wholesaling department, which was netting twice as much gain per dollar of sales as the jobbing activities.

This picture of its tenth calendar year showed two outstanding features. First, of all, the financial statement emphasized the fact that while the directors and administrators of the Exchange might be political radicals, they were running the Exchange with very conservative financial methods. The bad-debts and reserve-for-depreciation funds were large, the inventory low. Every effort was being made to build the Exchange up into a financial position that would enable it to weather all storms.

Another aspect of the tenth year was shown in the part Minnesota stores played in the support of the Exchange. Of the twenty-five biggest buyers for January of that year, fifteen were Minnesota societies. These fifteen accounted for 42 per cent of the entire sales for the month.[37]

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36. Ibid.
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37. II, 2 p. 52

POLITICS SPLITS THE EXCHANGE

Although the tenth year of the Exchange found it entrenched in its assets, the anniversary witnessed a portent of the trouble that was ahead. In the co-operative movement of the United States there was a struggle going on between conservative co-operators who wanted to develop the movement unbounded by any tie-ups with political groups, and left-wing groups who wanted the movement more closely affiliated with the struggles of the labor movement. On the conservative side were such figures as J. P. Warbasse and other figures in the non-Finnish societies. On the other were the Finnish co-operatives, with the Exchange leading the attack. V. S. Alanne, indeed, had left the Exchange because he could not agree with the directors that their course was the right one.[38.]

In 1926 the strong opposition of the Exchange delegates had helped to defeat a motion before the Northern States Co-operative League convention that the cooperatives be "neutral in politics."[39.] Toward the end of the year the same "neutrality" issue came up for discussion in the Fifth Co-operative Congress at Minneapolis, in which the Exchange succeeded in getting the Co-operative League delegates to go on record with a similar resolution favoring "working-class" co-operation.[40.] The situation stood until the fall of 1927, when Eskel Ronn and Matti Tenhunen went to Stockholm as delegates to the Congress of the International Co-operative Alliance from the Co-operative League.

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38. See Ronn's article, "In Days of Old, When Knights were Bold." II, 1, pp. 5-6, also Harju interview.

39. II, 1. pp. 5-6; I, 6

40. II, 1

At this congress the Russian co-operators brought in a resolution which would affiliate the labor unions of the Third International with the Congress. This move produced intense opposition from the German co-operators, and soon charges of Communist and Bolshevik were being bandied around the meeting hall. The Russians lost their motion, and a resolution was passed declaring the co-operative movement to be non-political and not connected with any one party or group.

Eskel Ronn and Matti Tenhunen came to the defense of the Russians. Said Tenhunen: "The co-operative movement is primarily a labor movement... We call upon the Alliance to come out unconditionally for the defense of the toilers." Said Ronn: "We must declare our sympathy to the struggle of the toilers of China and the Union of Socialist Soviet Republics (against imperialist war). They will have to advance the slogan of the Socialist revolution in opposition to the slogan of the class truce."[41]. And later, in an editorial in the Pyramid Builder, he urged the cooperators to "follow the spirit exemplified by the co-operatives when they concluded the congress by singing the Internationale."[42].

The two other United States delegates attending the Congress were Dr. Warbasse and Cedric Long, president and secretary respectively of the Co-operative League. The fact that their two colleagues in the delegation had come out in favor of a motion which would seem to ally their movement with Communism pained them greatly, and it was not long after they had returned home that they took steps to combat this impression. In a joint letter of October 8, 1927, Warbasse and Long charged the two Exchange men

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41. II, 9-10

42. II, 11, p. 328

with communism, with betraying the League, and closed with a veiled accusation that the Exchange societies were also Communist-dominated.[43] To this letter Ronn and Tenhunen replied pointing out that they had only been carrying out the instructions of the League in its 1926 convention, and that they had official sanction for their actions. "As the movement aligns itself with the exploited masses of workers and farmers," they added, "in that degree will it grow and prosper."[44]

Warbasse then made a direct attack upon Finnish co-operatives in general, charging that they were trying to spread Communist propaganda into the national movement.[45] This the Exchange followed by taking a vote of their managers and directors on the issue, which brought a majority in favor of "working-class co-operation" as opposed to "neutral co-operation."[46] Finally Educational Director Alanne of the Franklin Co-operative Creamery of Minneapolis sponsored a poll of Co-operative League directors, which put a temporary end to the argument. The results were 12-4 in favor of "neutrality": only Ronn, Tenhunen, Saari and Wirkkula opposed the resolution. These four were all Finns and members of the Exchange; two had helped to found it and the third was its manager.[47]

Meanwhile the Exchange had continued to grow in quarter-million dollar strides and in 1929 it was evident that sales would be a million and

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43. II, 11, p. 358
44. Ibid, pp. 358-359
45. Quoted in III, 2, p. 41
46. III, 5, p. 130
47. III, 7

three-quarters. October, the black month, came, and was recorded in the monthly statement of the Exchange. "The first half of October started in a promising manner, but sales dropped during the last two weeks of the month. Just why the last half of the month was so slow is difficult to determine. The same situation seemed to exist out in the territory, practically all the stores complaining that their business was poor."[48].

With the collapse of the Coolidge Boom began the series of events that was to split the Exchange into warring factions. The case for the conservatives has been stated in two articles in the Pyramid Builder, one written by A. J. Hayes, present manager, and the other unsigned. Almost every fact in the dispute has been denied by one side or the other, so it is almost impossible to get at the truth behind the split. Of its results, however, there can be no question. After the quarrel the Exchange had moved considerably to the right, and the Communist board members had either resigned from the party or had been ejected from the board. The Warbasse-Long-Alanne principle of "neutrality" had triumphed.

According to Hayes, the market crash had acted to the Communist party as a signal to revolutionary action.[49]. In his version of the dispute stated that the policy of the Communist party from 1928 had entered its "Third Period," which called for them to abandon the united front of liberalism for sabotage and the "Revolutionary struggle for the conquest of power." Existing labor unions and other organizations not under the control of the Communist Party were branded "tools of the capitalistic class" and attacked if they could not be taken over. Hayes states that the factional quarrel in the Exchange

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48. IV, 11, p. 338

49. Hayes, "The Internal Struggle" in IV, 4, p. 76; "What It's All About," in VI, 1, is the other referred to as unsigned.

came as a result of the attempts of the party to capture it.

In 1929, Hayes stated, many of the department heads and employees of the Exchange, and the majority of the board of directors, were Communists, as were hundreds of the Finnish members of the stores. The party controlled the Finnish Federation, to which numbers of workers and farmers societies were affiliated. In addition they had the Women's clubs, with a membership of about 1,000, and the Communist Youth League, of about the same number, with which to work.

The Communists outside the Exchange counted on party discipline to make the directors obey, and if they should balk, the nucleus of organizational strength, galvanized into action by the Tyomies, which was also party-controlled, would give them "victory in two weeks."

According to the two right-wing accounts, Communist tactic pursued the following course:

The first move was to ask for a loan of $5,000. This, the right wing says, was demanded by the party. Left-wingers say it was asked for, not by the party, but by Tyomies, which had been such a good friend to the Exchange in its early days. This loan was refused by the board.

Next, $1,000 was sought for the "Trade Union Unity League" meeting at Cleveland, a conference of Communist labor-organizations. The board gave $250, and sent a delegate, expenses paid.

Then Robert Minor, a member of the party executive committee, came to Superior. According to the right-wing, he warned that expulsion from the party would follow disobedience of the board members, and requested that one per cent of sales be contributed to the party to help finance it. This contribution could be paid to a dummy lawyer in New York for "fees." This "one per cent drag" would have yielded about $20,000 a year, or about half the dividend declared in 1929 by the Exchange.

The business the directors had nursed so carefully for twelve years

now had a stronger claim on their affections than the party. They therefore refused to comply, "with the exception of one or two who tried to find a conciliatory position to stave off an open breach with the party and the possibility of a split."[50].

The next phase of the struggle came on October 30, 1929 in the demand that George Halonen, the educational director, be removed. Halonen was himself a Communist, but after siding with the Exchange had refused to resign his post and had been expelled from the party. Again the board of directors refused the demand, even those who later were to be expelled for supporting the left-wing group concurring. Upon this new evidence of stubborness Tyomies opened fire upon the directors. Out of the newspaper phase of the struggle developed new demands, and finally the Leftist Co-operative Program was complete, presented in the following proposals:

1. That the Co-operative Central Exchange and its affiliated stores be made auxiliaries of the Communist Party.

2. That the Third Period program be followed with regard to labor; all A.F. of L., I.W.W., Farmer-Labor and Socialist alliances be scrapped in favor of the Communist Party and the Communist unions.[51].

OPEN WARFARE BEGINS

When the newspaper battle started, the Exchange sent an answer to Tyomies, which was still its official organ, to be published in that paper, and was refused the use of its columns. This answer was thereupon mimeographed and distributed through the societies. The statement was also set up in English for the November number of the Pyramid Builder, which was printed in the Tyomies plant. It was when the magazine was almost ready for mailing, that the famous "burning" incident took place. The Exchange made effect-

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50. Hayes, op. cit.

51. Hayes, op. cit.

ive use of this incident in the cat-and-dog fight which was raging by now.[52]

In the light of circumstances as interpreted by the Exchange, this statement was very cautious, and appears designed more to placate the left-wing than to discredit it. However, "chance information"[53] brought the rumor that Tyomies was going to suppress this statement by refusing to release the Builder from its shop. So, on the night of November 25, a band of Exchange employees and sympathizers broke into the Tyomies plant through the coal cellar, seized the Issue of the Builder, some of it ready for mailing, some of it still uncut or unbound, and made off with it.

Before their job was finished, according to the Exchange, the Tyomies staff seized 1,500 copies and burned them. Left-wing partizans countered by saying that in their hurry to leave the raiders had strewn the unbound issues all over the plant, and that the janitor seeing that they had been spoiled by feet black with coal-dust, and burnt them in the furnace to get rid of them. Whether one or the other version was true, the Exchange made heavy use of theirs to dramatize what they felt was the lawless ferocity of the Communists.

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52. See both articles

53. Hayes, op. cit.

The open breach began with this incident. Communites who elected to stand by the Exchange were expelled from the party, and Exchange or store employees who supported the left wing were fired. Pro-Exchange organizations in the Finnish Federation, the Communist Youth League, or the Finnish Womens Sections, were expelled or withdrew. The Exchange founded Tyovaen Osuustoimintalehti to present its case to the store members who read Finnish exclusively. The first issue came out in December, and in January it was set up as a permanent publication, to appear weekly.[54.]

The first indication of how the struggle was to turn had come in the middle of November, when district conferences of the member societies supported the viewpoint of the Exchange. The battle had then opened up within the individual societies. As annual meetings were held all over the Superior basin, each side put on intensive campaigns to secure delegates to the annual meeting of the Exchange. This was held April 21-22-23, 1930.

Never had such heat been produced in Finnish communities as that which preceded this meeting. Non-Finnish residents looked with amazement at the Finns arguing so heatedly in the streets sometimes coming to blows. As a rule the non-Finnish bystanders were completely unaware of the origins or meaning of the quarrel, first because the whole dispute was conducted in the Finnish language and also because neither the conservatives nor the left-wingers cared to disclose the nature of the controversy to outsiders.

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54. "What It's All About;" V, 1-2, p. 1.

On the day of the annual meeting of the Exchange, Workers Hall in Superior overflowed with delegates.[55] A "bouncing committee" of some 60 husky Finns was deputized to keep order and throw out everybody except the delegates. From the first it was apparent that the left-wing group had lost. It polled only 16 to 18 percent of the vote on the issues. Three of the 11 board members, Matti Tenhune, Oscar Corgan and Jacob Vainionpää, were ousted. It was stated by the Pyramid Builder that these three, "although they had stood by the movement during the first half-year of struggle, finally capitulated to the party, and openly stated that they would not submit to any decisions or instructions of the Annual Meeting but would henceforth take their directions from the "Left-Wing" Committee... Incidentally Matti Tenhunen was one of its organizers."[56] Uusi Kotimaa reported their speeches in defense of themselves during the ouster proceedings as follows:

VAINIONPAA:..."In the discussion on the report of the board there was not a word said that I had boycotted or worked against the interests of the Central Exchange. I therefore can come to only one conclusion, that I am being removed because of my political opinions. Where is your great principle of neutrality respecting the different currents in the labor movement? No other charge has been made against me but the one that I belong to a revolutionary party which is based on the class struggle and that I support co-operative principles which recognize the class struggle....."

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55. V, 4

56. Ibid

TENHUNEN: ".....Mr Alanne is the most open-minded. He openly states that the Central Exchange is now economically so strong that it can without danger eliminate the Communists ...even though they compose the largest single group and are the original founders.." [57]

The removal action was undertaken, according to the article, by the "Cloquet machine."

Ousting of the left-wingers did not end the struggle. They still controlled some 17 societies; and soon a "Workers and Farmers Co-operative Unity Alliance" was set up to act as a wholesale for this group. [58] The Exchange charged that the left-wing stores had boycotted them; left-wingers in turn charged that they had set up this new wholesale only because the Exchange refused to sell to the recalcitrant societies. In some towns, one or another of the factions set up rival stores to the established societies of the opposition. In two cases the Exchange sued store societies on charges of fraud. Left-wingers also attached H. V. Nurmi and set up their own audit system. [59]

The final acts in the movement of the Exchange toward the right came at the 1931 annual meeting. There the delegates decided to change its name to "Central Co-operative Wholesale" and to adopt a uniform label developed by the Co-operative League in place of the hammer-and-sickle-adorned star with which the Exchange had grown up. The magazine was ciscontinued and replaced by a bi-weekly paper. The word "Pyramid" was dropped from the title; henceforth the publication was to be known as the "Co-operative Builder, and, the following year, serve not only as the organ of the Wholesale but also of the fast-growing Midland Co-operative Oil Association, an organization which was wholesaling to co-operative filling-station societies in the northern states. [60]

The death of Eskel Ronn occurred a short time after the annual meeting of the Wholesale. He had not played a conspicuous part in the struggles which led to the split, and no workd of his was printed in the Pyramid Builder concerning the controversy. His place was filled by H.V.Nurmi, who had been one of the chief defenders of the Exchange. 61

57. See note 8 - 58.- 59. See annual report,VI, 4 - 60. VII,1 - 61. VI,6

THE WHOLESALE TODAY

The Central Co-operative Wholesale has continued to grow, until today its annual sales exceed $3,000,000. In a strong position at the onset of the depression, the Wholesale continued to expand. In 1930, clothing and hardware had been added to its line and proved very profitable. In 1935 the Wholesale bought one of the most modern warehouses in the northwest at the bankruptcy sale of a private concern which had been one of its competitors and had refused it credit when it was young and weak.[62] This year also saw the installation of a coffee-roasting plant, and in 1937 still another venture was made into manufacturing with the purchase of a branch warehouse and feed mill in Virginia, Minnesota. The two papers, Tyovaen Osuustoimintalehti and the Co-operative Builder, are now published by a subsidiary organization, the Co-operative Publishing Association. The former has a larger circulation than any other Finnish language paper in America.[63]

The educational department, again under its first director, V. S. Alanne, had organized the women's Guild as far back as 1928, and when the split came, set up the Co-operation Youth League.[64] It has been active in other forms of co-operative education, and in Superior at present is active in a movement for group medical care.[65] The co-operative schools have been expanded until today they include summer institutes for adults in various sections of the district and summer-school camps for children as well as the traditional schools for prospective employees and managers. Shortly after the split had cost the Exchange the use of the famous "Little Red Schoolhouse" at Vaino, Wisconsin, a movement was started for a co-operative vacation camp, and the result was the famous camp on the Brule River.[66]

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62. Fryer, op. cit.

63. Editor and Publisher, 1938 International Yearbook.

64. V, 1-2

65. XIV, 8, 9

66.

The Co-operative societies weathered the depression very successfully, thanks to the lessons the Exchange had learned in the 1922 deflation and the work of the auditing department. In 1939 this department was divorces from the Wholesale by federal intervention, and as yet its future is uncertain. It will probably be incorporated and continue to serve the Wholesale group on a co-operative plan.

The future of the Wholesale may lie in expansion into communities in which non-Finnish inhabitants predominate. With the passing of the years, the language barrier has become less of an obstacle to this move, although the annual meetings are still conducted in both Finnish and English, a practice which was started as recently as 1932.[67] The leaders of the Wholesale have entered into relations with the Farm Bureau Federation and the Minneapolis labor unions, and there exists the possibility that they may carry on their campaign for cooperation in the southern part of the state. The effects of the factional split have been almost erased; the Workers and Farmers Co-operative Unity Alliance suspended wholesaling operations in 1934, and the left-wing stores have steadily lost ground until today there is a strong movement toward patching up the quarrel and taking them into the Wholesale group again.[68]

The greatest benefit which the wholesale has given its members, however, has been cheap prices for their wants. When the Exchange started operations in the Arrowhead region, prices of foodstuffs and farmers goods were the highest there of any area in the state; now the competition of the co-operatives has brought these prices down.[69] The Exchange has also served as an example for farmers groups in their recent efforts to establish marketing co-operatives, and the

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67. VII, 8

68. Harju

69. See Bulletin 167, Ag. Exp Sta. Minn

great growth of co-operative creameries in this region may be attributed at least partly to the example of the stores. In accomplishing these two results, the Exchange and its members have helped to make life more liveable in an area which is one of the least fertile of the state, and which an early scientist declared could never produce more than a sub-marginal standard of living for the farmers that bought land and settled there.[70]

7o. Ibid "Utilization of Cut-Over Lands"

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CROSBY COOPERATIVES

The cooperative movement entered the Cuyuna Range rather slowly and by installments. It was not until after dire need, want, necessity and lack of credit confronted the workers and miners, that they realized the advantages to be gained by the establishment of a permanent cooperative.

The first attempt to establish a workers' cooperative retail store in Crosby occurred in 1913. It was at this time, during a small labor strike affecting two mines, the Kennedy mine of Cuyuna and the Muckan mine of Crosby, that the workers were confronted with the severe problem of obtaining food and clothing for their families. Incidently, this strike was of a short duration, only three months, and was instigated by the local branch of the Socialist party, of which many of the miners were member. The strikers were regarded by the local independent merchants and retailers as radicals, as undesirables and as slackers. As the strike continued, with little hope of an immediate settlement, and as the strikers' supply of cash money vanished, these merchants proceeded to place their business on a strict cash and carry basis. Consequently most of the strikers found themselves in a desperate predicament. (In those times the miners saved very little, but spent their earnings from month to month.) However, these men that possessed the courage to defy their employers (we had no Wagner Labor Act at that time) possessed the courage to cope with this situation. The strikers, faced with their struggle with the mining companies on one side, and the curtailment of credit on the other, were forced, of necessity, to do something constructive to

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alleviate their sorry plight. It was under the leadership and guidance of Gus Jutenberg that the first cooperative was organized. He, with the assistance of a group of aides, proceeded to sell shares at five dollars per share. With the several hundred dollars thus accumulated, a small, one room, frame structure was erected, which they stocked with merchandise. The store did quite well, being dependent, however, on the miners who were employed. This store was not destined to remain in business for long. Shortly after the settlement of the strike and the return of prosperous, industrial conditions, the store closed its doors. It had served its immediate purpose to help the strikers survive the period of the strike dispute. That was the first attemtp to establish a cooperative in Crosby.

Again, in 1916, a second cooperative store made its appearance. The cause for the rebirth of the cooperative movement was the reappearance of conditions similar to that of 1913. It was in 1916 that a general strike involving all of the underground mines on the Cuyuna Range was instigated by the local branch of the Industrial Workers of the World, whose local membership at that time was in excess of 500 members and many more sympathizers. The purpose of the strike was identical to the objectives of present day labor disputes--the securing of a higher wage and better working conditions. Again, as in 1913, the strikers were caught between two fires--the strike on the one side and the discrimination and curtailment of credit on the other. This time, however, the strike assumed larger proportions--all of the mines were involved. The predicament of the strikers, this time, was much more severe. Again the miners pooled their available resources and established the "Crosby Workers Store" in an effort to help them survive the effect of the industrial struggle

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Fortunately, the strike was a short one enduring for a period of only four months. Had the strike continued for a longer period of time, the cooperative movement would probably have been terminated at that time. Nevertheless, the strike did have its retarding effects upon the cooperative. Upon settlement of the strike many of the mines and coop leaders were obliged to leave the Cuyuna Range. The mining companies, in an effort to rid the Range of labor troubles, refused to rehire these leaders because of their intense and sincere activities in the strikes, in the organization of the radical Socialist Party and the Industrial Workers of the World. These men, however, comprised the backbone of the coop movement and upon their desertion, of necessity, the store started on the road to decline and dismemberment.

In 1919 an effort to rejuvenate and salvage the remains of the coop was launched by a group of Finns. Most active amongst them were Charles Siren, Adam Soari, Issaac Jaskari and Alexander Polso. They realized that unless the cooperative was reorganized, rebuilt and expended, it was doomed to dismal failure and total dismemberment. They launched an educational campaign by issuing and distributing leaflets and pamphlets printed in Finnish in an effort to bring to the people the real advantageous gains of a cooperative. The almost immediate response was startling. Sales of shares increased tremendously and most of the Finns began to patronize the cooperative store which was christianed "The Crosby Workers Cooperative."

By degrees the coop store grew larger and financially stronger and in 1925 a large store building located on the main street was purchased for the sum of $5,985. The old store building was sold and the proceeds used toward the purchase of the new structure.

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On July 25th, 1932, at a meeting of the stockholders held in the Crosby Workers' Hall, it was voted that the Crosby Workers' Cooperative be incorporated for a period of thirty years under the new name, "The Crosby Workers' Cooperative Association."

The first officers of the newly formed association were: Adam Saari, President; Issaac Jaskaai, Vice-president; Herman Karby, Secretary; Alexander Polso, treasurer.

The management of the association is vested in a board of eleven directors who are members of the association and who are elected by ballot at the annual meetings of the association. The board of directors elects the officers. The first board of directors were: Adam Saari, Isaac Jaskari, Herman Karby, Alexander Polso, Charles Mattson, George Kaski, Matt Kunnari, Gust Gunderson, Henry Maki, John Jetenberg and Elias Mattson. All of these were instrumental in the organization of the original Crosby Workers' Store and in its advancement and progress through the following years.

The present board of directors are Finnish, namely: Leo Alholm, President, Carl Reko, Secretary; Charles Siien, Treasurer; August Mikkola, Vice-president; Emi Maki; Isaac Talvitii; Charles Kentala; John Syria; Emil Saari; Victor Saari; Emil H. Maki.

The capital stock of the association is $15,000 and is divided into 1500 shares at $10.00 per share, and no individual stockholders is permitted to own more than 20 shares. Interest on shares is non-cumulative and is never in excess of eight percent, although it is frequently less, depending entirely upon the net profit of the business at the termination of the fiscal period, which in this case is from Jan. 11 to Dec. 31. The net income of the association is distributed amongst the patrons on the basis of patronage; that is,

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the more one purchases at the coop the greater is his share of the profits or discount. It is not necessary that the patron be a shareholder in the association to share, annually, in the profits in proportion to his purchases. A small percentage of the net income is set aside annually as a reserve fund to be used in the event of a crisis and in such an event, should the need present itself, this reserve fund is made available, by a vote of the shareholders, for distribution among the members. No one stock or shareholder is entitled to more than one vote, irrespective of the numbers of shares he may own. Each member of the association shares in the profits, but at the same time assumes a liability risk which is fixed on the value of each share.

For the past few years, the Crosby Workers' Cooperative Association had the largest overturn of goods and the largest volume of business as compared to the private, individual enterprises. For 1936, its net sales amounted to $80,588.52. The net income, aside from the reserve fund, was $2,311.78 all of which was distributed back to the patrons in the form of a discount based, of course, on the patron's purchases for that particular year. The present manager Eino Niemala, recently stated that the sales for 1937 neared the $100,000 mark.

The notable point of the Crosby Workers' Cooperative Association is its success. This success can be attributed, mainly, to the activity of the Finns for they had experienced, to a very great extent, the advantages of cooperatives in Finland. Finland is often referred to as the "land of cooperatives." The Finns, in their struggle to meet the cost of living during the periods of industrial strife on the Cuyuna Range, early saw the necessity of helping one another and early approved of the principle that profit should not be used for individual speculation but for the maintenance of the

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common good. It was, undoubtedly, this feeling and desire for the social improvement of the workers, on the part of the Finns, that the Crosby Workers' Cooperative Association is what it is today.

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NEW DAYS - NEW WAYS

A Look at Cooperation in Minnesota

by

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NEW DAYS - NEW WAYS

A Look at Cooperation in Minnesota

In a backwoods township of one of Minnesota's northern counties, the people of a small and poor community are tackling their most pressing daily problem in a very interesting way. These people are mostly stump farmers. They live in the heart of the cut-over country, and their community is one of the left-overs of Minnesota's Lumbering Age. The majority of the people in this territory ~~are~~ is seeking to work a living from the cut-over lands which are poorly suited to agriculture.

Their problem is just the every day one of making both ends meet, but they have developed a way of helping themselves which has tremendous possibilities. They have very small incomes, and in order to make what money they have go farther they have formed a buying club. That is, they pool their funds in order to buy staple goods at wholesale prices. A little shack at the crossroads serves as a store for the goods they now obtain more cheaply.

In another part of the State, another group of farmers ~~are~~ is meeting a different problem. Here the land is good and the harvest usually plentiful, but in spite of these favorable conditions, the farmers still had small incomes. The toll which was taken of their produce by the regular marketing agencies often left them with very small return for a season's labor. They turned to another method of solving their problem, and like the people of the northern cut-over lands they are trying to solve it together. They have banded together into a marketing association, and they operate a small grain elevator of their

own on a nearby railroad track. They are able in this way to pool their producing and selling power, and retain for themselves some of the profits which formerly went to the middleman in the cities.

There is nothing extraordinary in what has been done in these two communities. The people in both were only trying to better their economic condition. They have merely discovered that working together is one simple and practical step toward the solving of their problems. And although they are working together in somewhat different ways, the approach to their separate problems is almost identical. The method in both cases is known as Cooperation, which is what we are going to talk about in this booklet.

Cooperation is as old as history, since the very struggle for existence has always forced groups of people to work together to accomplish things which no one individual could do alone. There are many problems which can be solved in no other way.

Today this principle is being applied in many parts of the world to the economic problems of the common people. In Minnesota cooperation plays an important part in our life, and Cooperatives flourish in almost every community of the State. These organizations succeed and grow because cooperation works, and because it pays dividends in terms of a better economic life for the people who do things collectively.

The word cooperation, which simply means working together, has come to have a special meaning, when we speak of groups of people who have gone into business for themselves. It is easy to see the advantage to a group of people of a buying club by means of which they can obtain the necessities of life a little more cheaply. But to obtain these advantages on a larger scale, an orderly system and a plan are necessary.

A good example of a buying club made to succeed on a larger scale is the collectively owned store at Cloquet, Minnesota. The people of this little northern city have made their store a large and important enterprise because they have followed the "Cooperative Plan," which is a well established system for pooling buying power on a sound and business-like footing.

In Minnesota the "Cooperative Plan" has been tested, and it has turned out to be a practical way of doing a great many things. There are in the State whole communities that have banded together to do business for themselves. In almost every community we see some example of successful cooperation. In one place it may be a simple buying club, in another a cooperative store, in yet another, a cooperative grain elevator. In many sections of the state, we find the farmers marketing their dairy products through their own cooperative creameries, and almost as often we find groups of farmers buying their gas, oil and other supplies through the co-ops.

Co-ops have been formed for many different purposes, but in every case the common aim has been to take advantage of the greater economic strength of collective action. Most of these groups follow the so-called "Cooperative Principles," for these principles provide a technique which has proven to be the best way to run a cooperative enterprise.

But before we discuss the principles of cooperation, we ought to know something of how the cooperative plan was developed by the experience of the people.

Almost every cooperative has grown out of economic conditions that needed correcting. This has been true, too, in Minnesota. It is only a short space of time since the pioneers, and since the empire builders sought out the state's rich resources of forest, mine and soil. The

railroads, the lumber milling, iron mining, the wheat boom and the rise of the dairy industry--all these contributed to the tremendous and rapid development of the new state. But those boom days were soon over. When the forests of White and Norway Pine were hewn down, when the steam shovel took the miner's place on the Range, and when the land fever was over, the common people, who had settled the land and built the new commonwealth, were left to solve many serious problems for themselves. Most of these problems are still with us now, and cooperation is one of the ways by which groups of people are trying to solve them.

In northern Minnesota it was the Finnish people who first worked out this system of collective enterprise. Driven from the sawmills and the logging camps by the collapse of the lumber industry, and often blacklisted from the mines because of their efforts to better the conditions of the workers there, these hardy people from northern Europe were quick to turn to a way of self-help which they learned in their native land. This system of cooperation, strangely enough, had become a necessity to the hard pressed farmers and working people of Europe, at the very time when, for the first time in history, the new industrial age was providing society with large surplusses of goods and wealth.

Many forms of cooperation have been tried in the Old World, but the system which seemed to work out best was that followed by a group of factory workers who lived in Rochdale, England, about a hundred years ago. The plan put into operation by these weavers of Rochdale spread to a world wide movement, and their plan meant much to the Finnish pioneers who a century later found themselves stranded in the cut-over country of Northern Minnesota.

When the lumber companies finished their work, having laid waste a dozen or more counties in the northeastern corner of the State, the villages and communities which had grown up around the sawmills were left without any means of support. Pulling out stumps and trying to farm this cut over land was not easy, nor very profitable, and the situation of the people there was, and still remains, very difficult. Lumbering and the mines have employed less than 8% of the men of this region, in recent years. The bulk of the people, therefore, have had to turn for a living to subsistence farming.

To these people, whose average family income has been estimated at about $300 a year, a good share of which was eaten up as somebody else's profits, the idea of cooperatively operating their own stores was a very appealing one.

When the people of the Range villages came to their meetings to talk about a community store, they all agreed that they could save money by buying food and other things in large lots, and distributing it among themselves at cost. In these meetings there were sure to be a number of people who knew a little about this way of doing business from their experiences with the cooperative stores in their home country. These people were able to make suggestions which have proven so sound that much of the success of the cooperatives can be credited to them.

They were interested in doing away with profits, rather than in making profits, and yet they saw they might get into all kinds of difficulties if they sold the goods in their stores at less than market prices. So they decided to sell at the regular prices, and turn back the difference to the members in proportion to the amount of purchases

made. With a little simple bookkeeping, this turned out to be a practical working arrangement, for it not only furnished rebates to patrons of the cooperative stores, but it also gave the stores a reserve which allowed them to expand and to do more things cooperatively. Another decision made by these people, who knew what it meant to be continually in debt to the storekeeper, was to go on a cash basis from the first.

These cooperators made another decision almost as important as their plan for distributing the profits of the stores. They wanted their cooperatives to be democratically controlled, so they made a rule that each member was to have but one vote, no matter how many shares of stock he owned. Besides this, they insured themselves against speculation and other evils of private business by limiting the interest on the share capital to a small fixed return. There was one other point which these hard headed pioneers did not neglect--education. In fact, they made this the cornerstone of their system, for they say that this was the best way to insure that the new way would be spread and preserved.

These few simple rules, which some of the Range people had learned in Europe, provided the buying clubs with a plan and procedure by which they were able safely to expand into large cooperative businesses. These rules, as it happened, were just like those which had been worked out by the Rochdale Cooperative a century ago. So these principles, put into operation by a group of factory workers in England, have come to be regarded as the "Principles of Cooperation," because groups of people everywhere who have tried to do business cooperatively have found them the best and most logical guide.

These men and women who started the cooperative stores in northern Minnesota were extremely practical. They had no utopian visions about their little projects. And yet they knew, too, that their co-ops were more than mere penny savers. They knew that it was an important thing when the stores, an ~~important~~ integral part of the old system of private distribution of goods, were owned and managed by the common people of a community. What is more, these cooperators saw that by following their plan still further they might some day own some of the warehouses and even a few of the factories.

The result of their practical vision and careful planning was that the people of the Range built up a network of cooperatives which spread and grew, and in some places even began to crowd out and push aside the old private system of distributing goods. First the simple buying clubs were built into cooperative societies. Then the societies in order to strengthen themselves formed federations. Later they carried the cooperative plan a step further by establishing a cooperative wholesale to supply goods to the consumers' societies on the Range.

The Central Cooperative Wholesale at Superior, Wisconsin was formed in 1917 by the cooperative stores of northern Minnesota, Upper Michigan and Wisconsin. The stores had always been at a disadvantage because wholesalers would place private enterprises on a preferred list. In the end the cooperators saw that the best solution would be a wholesale of their own. At the meeting called to discuss this, they passed the hat and collected $15.50 as starting capital for the new enterprise.

In the beginning only coffee, sugar, flour and feeds were handled by the Wholesale, which had one employee. Today this modest beginning

has grown into a mighty concern with net assets amounting to more than a quarter million dollars. A staff of 65 employees is needed to carry on the work that was started on a shoestring when the leaders of the smaller co-ops decided to apply the cooperative plan to the wholesaling of goods.

A great variety of goods are marketed now by the Central Cooperative Wholesale under the registered "Co-op" label, and more than this, the cooperators have already entered the field of production with the establishment of a cooperative bakery and a co-op publishing house.

The Central Cooperative Wholesale is owned and managed by a federation of cooperative associations, and of the hundred cooperative stores in Minnesota, more than 35 are affiliated with it.

The people of northern Minnesota have developed their system of co-operatives under difficulties, and their Co-operative Wholesale is a witness to their tireless efforts, as well as to the fundamental soundness of the idea of collective community enterprise.

So we have seen how in one section of our State cooperation became an accepted part of community life. But many other groups in Minnesota have used this system of doing things with just as great success.

In the farming communities, the principle of cooperation has become an established and accepted thing. Almost every farmer belongs to some kind of cooperative, for there is hardly a rural community without some kind of cooperative enterprise. Most of the farm organizations carry on some cooperative activity. And the great farm movements of the past whose hard fought victories are the birthright of present day agriculture were all concerned with the principle of a cooperative economy. From

the day when the first soil was turned and the first grain was harvested, cooperation has been the tradition of Minnesota Agriculture.

Just as in northern Minnesota, the people in the grain and dairy regions turned to cooperation when the old ways of doing business no longer allowed them a fair return on their labor. For the farmer got less and less of the consumer's dollar as speculation in grain and other commodities increased. And again and again they banded together to try to work out their problems.

It was in boom days that Minnesota's wheatland was settled. The price of these lands doubled and trebled. Homesteaders flocked in by the thousands, and new railroads were built to bring more thousands. Men borrowed to the limit of their credit to grow wheat.

And those early years were also years of bumper crops. But only a few decades had passed before the wheat farmers found themselves in great difficulties. High freight rates, high interest rates, mortgage companies and loan sharks, all made trouble for the farmer. But the farmer's greatest drawback to prosperity seemed to be the middlemen's monopoly over the market and market prices. The market is the bottleneck through which all the farmer's produce must pass, and whoever controls this gate can take whatever toll he chooses. Herein lies the power of the middleman.

The middleman seemed to have great economic power. He was so situated that he could force the farmer to buy dear and sell cheap. He set one farmer to underbidding the other. The farmer, unorganized, had no choice except to sell his crop at the middleman's price, and once the grain was bought and in the elevator, the consuming public had no more to say about the price of flour than the farmer had. And the better the

crops, the lower the price offered the farmer by the middleman. So in good years and in bad years the farmers went bankrupt, but year in and year out the middleman made his profit. When the farmer went out to buy, he usually had to pay very high prices for manufactured goods. This resulted from the fact that the manufacturing monopolies were able to boost the price levels by cutting down production. But no farmer could afford to unemploy himself as the monopolies unemployed their factory workers. And any individual farmer who set out alone to curtail production by not planting his crop would only starve.

There was no way out of this but for the farmers to get together. If enough of them could unite so they might own their own elevators and market their own goods they felt that they could save for themselves large sums of money and get out from under the middleman's control. So from the earliest days of farming in Minnesota, the farmers have tried again and again to organize, and each effort has been more successful than the one before. The aim of all farmers' organizations has been cooperation to do away with the function of the middleman, and by the middleman they mean not the small business man and storekeeper, so much as the Grain Trust and the other great monopolies which controlled their markets.

The Grange, or Patrons of Husbandry, organized in St. Paul in 1868 was the first organization of farmers to come out in favor of cooperative buying and selling. This struggle for cooperation was carried on by one organization after another, and many of them are still doing this work today.

In 1885 the Underwood Grain Company of Underwood, Minnesota, the oldest cooperative enterprise in the State, set up the first Co-op Elevator. This

elevator still stands, but today it is only one of many. Of the 334 elevator associations in Minnesota, 204 are organized under the cooperative laws, and grain farmers own and operate their own great terminal association cooperatively. While middlemen and speculators still dominate the farmer's market, the pioneer work of the Equity, the Farmers' Union and the Non-partisan League has been done well, and more and more farmers are organizing cooperatively to secure a fairer share of the wealth they produce, and a more democratic control of the agricultural economy of this country.

Farmers who discovered that the cooperative system was a practical way of marketing their crop at a saving to themselves, soon learned that they could also use this method in obtaining their supplies. They could see no reason why they could not use their co-op organizations to buy supplies at wholesale prices. Soon therefore the marketing coops began buying feed, flour, binder twine and other staple commodities in large lots for their members. This turned out to be so sensible that in many places the producer co-ops set up special departments to do this cooperative buying. In this way many producer co-ops began at the same time to function as consumer co-ops, and if they did not use their marketing associations for this purpose, the farmers set up separate small co-op groups to buy some of their more important supplies. Today we find organizations begun as marketing associations now actively engaged in consumer cooperative buying, supplying the farmers of the State with tractors and farm machinery, petroleum products, and other farm or household supplies.

A cooperative organized by a group of people who want to gain more for themselves by marketing their produce collectively is called a

producers' cooperative. A co-op organized by a group of people who want to save by buying goods collectively is called a consumers' cooperative. Often we find people making a great distinction between these two types of cooperative enterprise. However, among those whose experience has taught them the value of doing things collectively, the two types of cooperation are looked upon as having very much in common. The farmer who joins with his neighbor to save some of the overcharge which would otherwise go to the middleman is cooperating, whether he is marketing his crop collectively, or collectively buying the things he needs. In either case, he is trying to get through the bottle-neck of the market without paying toll to the gatekeeper.

As the larger cooperative organizations expand into both fields of activity, the two types of cooperation tend to become one great movement, serving people both as producer and as consumer, and bringing the producer and the consumer closer together. And as these two types of collective activity are brought nearer together, we find that the cooperative plan takes in an ever larger part of the people's economic life. The Minnesota farmer may belong to a cooperative educational group, carry cooperative insurance, get his seed loan through a cooperative credit union, buy co-op fuel and feeds, trade at a co-op store, wear co-op overalls, sell his grain, his milk and his livestock through a cooperative market and terminal association and plough his fields with a co-op tractor, lubricated with a petroleum product manufactured in a great cooperative blending plant. Such a farmer is seldom a cooperator out of sentiment, no matter how enthusiastic about cooperation he may be. Every one of the cooperative enterprises in which he shares has been built almost out of necessity by the patience and hard work of the farmers themselves, and in answer to the

economic difficulties with which they have been faced. The farmer of the state can boast of great co-operative terminal associations and exchanges for the marketing of grain, live-stock, dairy products and for the co-operative distribution of consumers goods. The story of one outstanding large-scale enterprise in Minnesota will serve to illustrate how the cooperatives have grown from small beginnings, and against great odds, into successful establishments.

When tractors first came into use on Minnesota farms, farmers became large consumers of gas and petroleum products. They found prices high, and standards and quality low, at a time when cash was often scarce. Their answer was the organization of cooperative oil associations in many counties of the state. These cooperatives resulted in some savings for the farmer, yet they could not do much with petroleum wholesaling still in private hands. In time this situation was to be vastly changed, for in 1925 a little group of men representing the co-operative oil association of southern Minnesota met in Mankato to form an educational and protective association. They named the new organization the Minnesota Cooperative Oil Federation. One year later the leaders of this group incorporated the organization as the Minnesota Cooperative Oil Company, to wholesale petroleum products to local cooperatives. The funds of the corporation were lost in a bank failure, but the cooperators did not let this stop them.

The Renville County Cooperative Oil Company ordered the first carload of gas, paying a thousand dollars in advance. The wholesale grew very fast and by 1930 it had extended its activities throughout the Northwest, and the name of the organization was changed to the Midland Cooperative Oil Company. This company now acts as a central buying agency for 110 cooperative oil associations. In 1931 it bought a plant large enough to

allow the blending of its own oils. Midland has grown each year, and is aiming steadily at the production of its own goods. Its annual business is mounting into millions of dollars, and today the cooperatives are the second largest distributors of petroleum products in Minnesota.

So in many fields of activity cooperation has grown to give serious competition to the old individualistic way of doing business. And in one field, that is in Minnesota's great dairy industry, the cooperative system dominates completely. Minnesota, which ranks second among the states in the dairy industry because of its large production of butter, has been a fertile field for the growth of the dairy cooperatives. Since 1890 a major share of the dairy output of Minnesota has been handled cooperatively, and 75% of the creameries of the state are organized along the lines of the cooperative plan.

The idea of the cooperative creamery was first developed years ago in the New England States by farmers who brought their knowledge of the Rochdale Plan from Europe. Then the cooperative creamery system was transplanted back into the dairy countries of northern Europe, particularly to Denmark, where it became an important factor in the economic and cultural rebirth of the country. Years later, Danish settlers in Minnesota brought the cooperative creamery idea back to America, and this cooperative plan has helped to bring order into the dairy industry, and make Minnesota one of the foremost dairy states.

It was in 1891 that Professor Haecker, head of the dairy department of the University Farm, traveled the state to see what could be done to improve our dairy industry. He was completely discouraged by what he saw, until he visited a new type of creamery which he found operating in a little settlement called Clarks Grove in Freeborn County. Here he saw a creamery that was doing a good business and at the same time paying the

farmer more than twice as much as the privately owned creameries. This creamery was a cooperative, and it had been started only a year before by the Danish settlers of that community. Professor Haecker was so impressed that from that time on he encouraged the establishment of cooperative creameries throughout the state. Soon the demand for co-op dairy products from Minnesota began to grow in all the eastern markets. With the help of the newly organized department of agriculture, the cooperative creameries of the state organized in 1921 a state-wide association. Today this association of co-ops is known throughout the country as Land O' Lakes, Incorporated. ~~300~~ three hundred cooperative creameries and 27 cooperative cheese factories in Minnesota belong to the Land O' Lakes Association.

With the growth and success of the co-op creameries, the farmers gradually became interested in cooperative milk distribution. In 1918, the farmers in the Twin Cities Milk Shed, desiring, again, to do away with control by the middleman, set up a regional cooperative milk distributing agency. The public at that time did not know much about the purpose of the cooperatives, and a group of wealthy business men were able to get an indictment against the cooperators. This indictment was done away with by passage in 1923 of a state cooperative law which specifically provides that "the state of Minnesota shall most vigorously, openly, and extensively promote, aid, and encourage the cooperative movement."

Enough has been told about cooperation in Minnesota to make it clear that here is a great and challenging thing being built up by the common people of the state. And while it has been shown that this system is a

solid and important part of the rural life of Minnesota, it should not be forgotten that the cooperative idea has always found support among the workers in the cities. Buying clubs and stores of the cooperative type were organized by the working people in the Twin Cities more than sixty years ago, ~~and~~ The Knights of Labor, ~~and~~ the Sovereigns of Industry, and, in fact, all the great labor movements of the last century put forward the cooperative idea and developed widespread co-op enterprises among the workers.

In most countries of the world by far the majority of the cooperatives were started by workers in the Trade Union movement, and here in Minnesota we have examples of workers turning to cooperation to help them in their struggles. As, for instance, when in 1919 the striking Milk Wagon Drivers of Minneapolis found that their own co-op creamery, ~~now the Franklin Cooperative,~~ was the best answer to lockouts and unemployment. The Cooperative movement has gone farthest and grown strongest when it has been associated with the labor movement, and has gone hand in hand with the efforts of all common people for a more democratic economic life and a stronger democracy. Cooperators in Minnesota are fighting for a more secure living and for a better way to fill their everyday needs. They have turned to the cooperative method because it is natural for groups or farmers or workers, who realize their strength as a group and their weakness as single individuals, to turn to collective action to solve their economic problems. They organize cooperatives because with them they can obtain many advantages denied to the people by the private system of distribution of goods.

The Cooperatives of Minnesota are part of a world-wide movement based on the technique first worked out by the Rochdale weavers of England a century ago. In some countries the cooperative movement has developed

more widely than in the United States. In others, it has been destroyed by the violence of the Fascists. Here in Minnesota the movement is still young, and it has not yet had to face the difficult tests and trials that face it in other parts of the world. But it has a powerful start and it has passed the test ~~of success~~ in most of the places in the state where it has been tried.

The success ~~of the people~~ in ~~this~~ the cooperative field shows that good administration and careful management are compatible with economic democracy. And in these troubled times, when society can produce goods better than ever before but faces greater and greater difficulty in distributing them, the success of the co-ops proves that the private system of distribution is not the only way of doing the job.

VI

The Finn and Cooperation.

Much has been written about the immigrant Finns; the hardships the early settlers endured; the long and tedius hours spent in mines and lumber camps; the labor expended in clearing land covered with stumps and boulders; the hard times experienced under the autocratic rule of the Czars. Too little has been said and too little credit given to them for the knowledge and application of Cooperation and Cooperative methods they introduced to this country.

Favored by the experiences of her progressive Scandinavian neighbors, the Finns, knowing the necessity of communal existence, soon mastered the doctrines of the Rochdale cooperatives. Life under the Czars had been one of poverty and suppression, and they learned the power of self-reliance. When the Finns found it necessary to organize in order to maintain their racial identity, they did so through the medium of the consumer cooperative societies. Their success in this branch of economic living is best ~~illustrated~~ described by Thorsten Ohde in his excellent book "Finland; A Nation of Cooperators"; "Cooperation in Finland ranks among the most successful applications of that principle to trade and business by an entire nation that our day can show."

When the sawmills closed and work in the mines grew scarce, it was only natural that the Finns turned to cooperation for the betterment of their conditions. They were well versed in its doctrines and applied them to the social and economic conditions that existed here in their new homeland.

In the early part of 1909, the Finns in Minnesota united to improve their lot and to receive all the benefits this democracy offered. Societies were organized and stores opened wherever a Finnish

community existed. These stores were patterned after the ones they had known so well in the fatherland and were destined to become as successful. They have adhered strictly to the Rochdale principles, and proved conclusively that consumers' cooperation can and does succeed even in as difficult a type of business as the retail store, where the margin of profit is close and, as a result, the patronage rebates small. Contrary to the previous experiences of other cooperative attempts in this country, the Finnish associations have had few failures, and those under unusual circumstances.

To the Finn, the cooperative store was not only a place to trade, but a social center as well and their community life was built around it. As the societies grew and the store became too small for their meetings, a social hall was erected , where educational and social events were held . The Finn knew his cooperative, not only as a place to buy sugar, flour and tobacco, but also as a place for pleasure and education.

~~Today we find~~ these early stores have been the foundation or root from which has grown all types of cooperative undertakings, where one can purchase practically everything he ~~may~~ needs desire and find entertainment in their halls and playgrounds. Whatever the cooperators' demand ~~is~~ may be, the Central Cooperative Wholesale, a buying and manufacturing unit, composed and owned by the various cooperative societies, will supply ~~their~~ that demand.

The cooperative movement in Minnesota has grown to such a vast extent , that it is impossible to space forbids giving in detail the various activities of ~~the~~ every individual stores and societies. The organizations selected are typical Finnish and pioneers of the cooperative movement in this state.

<u>Virginia Work People's Trading Company</u>. This society was organized in 1909 by a group of Finnish cooperators, most of whom worked in the iron mines surrounding the town. By 1918 they ~~needed~~ opened a branch in North Virginia, which they still operate. In 1927 the society took over the business of the North Star Mercantile Company and also its members. Most of these member were Slovenian. A modern filling station has been erected at a cost of $7,500.

This society is now the second largest in Minnesota and ranks high among those in the entire country. During the difficult years of 1929 and 1930, when the communists attempted to get control of the Central Cooperative Wholesale and ~~as many cooperative~~ and its member stores, ~~as possible~~, the Virginia store was in the midst of the strife. The left wing did get control of the Cooperative creamery in Virginia, but not of the store. This association was one of the leaders in the formation of the Range Cooperative Federation. Through the activity of its manager and other leaders, they were instrumental in organizing the Range Cooperative Oil Association and the Virginia Work People's trading Company is the largest atockholder.[1]

Operates a bulk petroleum products plant at Hibbing & Orr & has distillate tanks at Hibbing & Virginia
Automotive ~~parts~~ needs forms a large part of business
~~Also~~ operates a sausage factory & recently has engaged in marketing ~~[illegible] buying spruce & balsam~~ Forest products, chiefly spruce & balsam pulpwood & buying & shipping timber.

1. Eustis, Frank. Dept of Agriculture, Coop. Project.

The Cloquet Cooperative Society. Here we find one of the largest and most outstanding cooperative store societies in the United States. It has a membership of approximately two thousand, which is increasing yearly, and it supplies consumers goods to a large part of the population of the City of Cloquet.

When the society was incorporated in January, 1910, no cooperative law existed in this state, but the Rochdale principle of "One-man-one-vote" was practiced from the start and incorporated in the by-laws. By the end of the first year the paid-in capital stock was $1,662. There were 121 shareholders—all Finns—and most were residents of the city.

All physical records as well as all tangible properties of the society were destroyed by the great fire that swept through the city in October, 1918. A temporary structure was erected and business continued there until the following year, when , with the aid of the Finnish Workmen's Society, new quarters were constructed. On July 1, 1921, the old Cloquet Mercantile Association ceased to exist and became the Cloquet Cooperative Association, the name it bears today.

Progress of the association has been continual and today it operates several branches where its members can secure anything they require. The outstanding strength of this society is its active interest in education.

The Choquet Cooperatice

The Cokato Farmers' Mercantile Association. In 1910 the cooperative was formed, taking its membership entirely from Finns and Swedes. The board of directors consists of 7 members and custom decrees that three shall be Finns, three Swedes, and the seventh of the nationality which is numerically greatest in the cooperative at the time of election.

By the end of the first year, $3,900 in stock, at $10. a share had been sold, and at the present time $15,000 in stock is held, although the association is worth twice that amount.

The Association operates on the Rochdale principles. Sales are at the prevailing market prices, and a dividend, based on patronage, is rebated to the shareholders. This dividend or patronage rebate amounts to 4 per cent.(3)

3. A. W. Tuleen, Mgr. Dec 6. 1939 -

The Central Cooperative Wholesale. The founding of the Wholesale goes back to a July day in 1917, when a group of Finns from nearby cooperative stores met in Superior, Wisconsin, to discuss some way of preserving and expanding their stores in the face of the war conditions, which were choking off their sources of supply. The stores were faced with virtual extinction unless they could pool their strength. The nation had been placed on rations and the stores were finding that they could not get sugar and other commodities at any price from the wholesalers. This necessity and the prejudice which private business had always displayed toward cooperatives made establishment of a wholesale the only way out.

This meeting paved the way for action and on the thirtieth day of August of the same year, the Wholesale was organized as the Central Cooperative Exchange by a group of representatives from fifteen cooperative store societies in Northern Minnesota, Michigan and Wisconsin. Articles of incorporation were drawn up under the laws of Wisconsin, and in September the Exchange commenced business. A manager was appointed and he set up his office in a corner of Punikki, a Finnish-language humor magazine. His equipment comprised one chair, a packing box which he used as a desk, and a typewriter. When salesmen called the manager would wave his hand airily at the magazine editor in the far corner and tell them, "there's only two of us now, until we get our warehouse built".

Pessimism and suspicion, even among the Finnish cooperatives, greeted the establishment of the Exchange. Lack of sufficient capital, the refusal of manufacturers and packers to sell them directly, added to the hostility of the established grocery trade, which used all sorts of subterfuge to influence sales agents to refuse to sell them

sell to them directly, were just a few of the obstacles they encountered.

The first three months of 1917 during which the Exchange had been in business had brought a profit of $268 on sales of $25,573. The fifteen member-societies had contributed $480 in share capital, and the 55 per cent profit, which this capital brought, made a good talking point for the Exchange. In 1918, after moving into an old I.O.O.F. hall which it purchased very cheaply and converted into a warehouse, the Exchange did a business of $132,423 and increased its net gain to $2,062. It had enrolled 25 members and the patronage of 25 other cooperatives who were not members. Its capital at this time was, $4,020.

From 1917 to 1921 the Exchange made rapid progress in sales and membership. The centralization of buying was having its effect on the profit and loss statements of the individual societies. Educational meetings had been instituted and were held with ever increasing attendance and the Exchange was making progress in all departments. New lines of merchandise were added, manufacturing was begun, increased space acquired and the outlook for the future was optomistic. Sales by the Exchange increased from $132,423 for the first full year of operation in 1918, to $1,048,000 in 1926., ~~truly~~ a remarkable record .

A chronological history depicting the important events of the Central Cooperative Exchange from its beginning to 1927, follows; 1918, moves to its own building; 1919, a modern bakery is installed; 1920, establishes an educational department; 1921, joins Northern States Cooperative League; 1922, institutes auditing department; 1923, issues own bonds to secure loans; 1924, standardizes commodities under own label; 1926, business expands beyond the Finnish people. Educational work is extended to include English speaking people. Cooperative Pyramid Builder(English Publication)is established; 1927, delegates sent to the

Congress of the International Cooperative Alliance in Stockholm, Sweden.

Although the tenth year of the Exchange found it solidly entrenched in its assets, the anniversary witnessed a portent of the trouble that was ahead. The question of divorcing politics from the cooperative movement was rampart throughout the nation. On the conservative side were J. P. Warbasse and other leading figures in the non-Finnish societies. On the other were the Finnish cooperatives, with the Exchange leading the attack. The Finnish cooperatives in general were charged with trying to spread Communist propaganda into the national movement. A poll of Cooperative League directors put a temporary end to the argument, the results being 12-4 in favor of "neutrality": only four members of the Exchange opposed the resolution; two had helped to found it and the third was its manager.

Meanwhile the Exchange had continued to grow in quarter-million dollar strides and in 1929 it was evident that sales would be a million and three-quarters. The first half of October started in a promising manner, but the sales dropped during the last two weeks of the month and with the collapse of the Coolidge Boom, the series of events that was to split the Exchange into warring factions appeared. It was a battle of the conservatives against the radicals who were dominated by the communists. Almost every fact in the dispute has been denied by one side or the other, so it is almost impossible to get at the truth behind the split. Of its results, however, there can be no question. After the quarrel the Exchange had moved considerably to the right, and the communist board members had either resigned from the party or had been ejected from the board. The conservative principle of "neutrality" had triumphed.

The conservative victory caused an open breach among the Finnish cooperatives who composed the Exchange. Annual meetings of member societies were held all over the Superior basin, and each side put on ~~an~~ intensive campaigns to secure delegates to the annual meeting of the Exchange, which was to be held April, 21-22-23, 1930.

On the day of the annual meeting of the Exchange, Workers' Hall in Superior overflowed with delegates.[13] A "bouncing committee" of some sixty husky Finns was deputized to keep order and throw out everybody except the delegates. The question of neutrality, lying dormant for months, was to be the issue. From the first it was apparent that the left-wing group had lost. It polled only 16 to 18 per cent of the vote on the issues. Three of the eleven board members, Matti Tenhune, Oscar Corgan and Jacob Vainionpaa, were ousted. It was stated by the Pyramid Builder that these three, "although they had stood for the movement during the first half-year of the struggle, finally capitulated to the party, and openly stated that they would not submit to any decisions or instructions of the Annual meeting, but would henceforth take their directions from the ~~left~~ "Left-Wing" Committee. . Tenhunen was one of the original organizers of the Exchange.[14]

Ousting of the left wingers did not end the struggle. They still controlled some 17 societies; and soom a "Workers' and Farmers' Co-operative Unity Alliance" was set up to act as wholesale for this group. The Exchange charged that the left wing group had boycotted them; the left wing group in turn charged that they had set up this new wholesale only because the Exchange refused to sell to the recalcitrant societies. In some towns, one or another of the factions set up rival stores to the established societies of the opposition.

The final acts in the movement of the Exchange toward the right, came at the 1931 annual meeting. There the delegates decided to change its name to "Central Cooperative Wholesale" and to adopt a uniform label developed by the Cooperative League, in place of the hammer-and-sickel-adorned star with which the Exchange had grown up.

With harmony restored within its ranks, the Wholesale made rapid strides and entered into more activities for the benefit of its member societies. It has continued to grow, until today its annual sales exceed $3,000,000. In a strong position at the onset of the depression the Wholesale's progress continues upward. In 1935 one of the most modern warehouses in the northwest was purchased at the bankruptcy sale of a private concern which had been one of its competetors and had refused it credit when it was young and weak; ~~the installation of~~ a coffee roasting plant was installed; 1937 saw the ~~installation~~ purchase of a branch warehouse and feed mill at Virginia for the manufacture of feed.

The future of the Wholesale may lie in expansion into communities in which non-Finnish inhabitants predominate. With the passing of the years, the language barrier has become less of an obstacle to this move, although the annual meetings are still conducted in both Finnish and English, a practice which was started as recently as 1932. The continued expanse and success of the Wholesale reflects the cooperative spirit of thought and action practiced by the members of the affiliated societies. and it is with well-deserved pride that the Wholesale points to its all-time record in 1939; total volume of business, $3,426,458 and net savings, $85,982.

Finnish Mutual Fire Insurance Company. The Finnish Mutual Fire Insurance Company of Cokato, Minnesota, is the only cooperative venture in the Cokato community to be formed by the Finnish people alone, although they have taken important parts in the organization of other cooperatives.

It was first organized on March 28, 1892 and started business on May 1st of the same year. The Board of Directors at its start were Jacob Ojanpera, Pres., Oscar Ingam, Sec'y., Peter Gunnary; Erik Paavo; Isaac Abrahamson; Jacob Peterson; Adam Zachariason.

Starting off with only a few members , and most of them poor farmers, it has grown to have 480 policy-holding members, with a coverage of $2,250,000 worth of property. The assessment is low, $.25 per $100 for five years, with special assessments levied to meet disbursements. The area covered takes in ~~all~~ 11 townships, practically the limits of the Finnish settlement in Wright and Meeker counties.

At first only Finnish members were taken, but in the past fifteen years or so, with the property exchanges, other nationalities have come into the company, until today only the name remains to indicate it as an independent Finnish venture.

William Onkka, Cokato. Interview by Ralph Andrist

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1. Coop.Pyramid Builder,Vol.II? p261. Fryer, Essay on Cooperation.
2. Fryer; op. cit.
3. Ronn, Eskel, Pyramid Builder. Vol X, Sep, 1924.

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4. Eustis,Frank. Cooperative Stores in Minnesota.
5. Fryer, op. cit.
6. N.S.C.L. Year Book,1926. Sec.on Central Coop. Exchange
7. Eustis, Frank. Cooperative Stores in Minnesota.

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8. Tyomies. Sep. 22, 1927
9. Pyramid Builder, Vol II pp 5-6
10. Ibid Vol III, p41

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11. Pyramid Builder, Vol III, p 7
12. Ibid Vol IV

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13. Pyramid Builder, Vol IV
14. Ibid
15. Fryer, op. cit.

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16. Cooperative Builder. Vol VIII? p 8.
17. Ibid April, 20, 1940.

THE CENTRAL CO-OPERATIVE WHOLESALE.

The founding of the Central Co-operative Wholesale goes back to a July day in 1917, when a group of Finns from nearby co-operative stores met in Superior, Wisconsin, /1/ to discuss some way of preserving and expanding their stores in the face of the war conditions which were choking off their sources of supply. There had been other meetings of this kind before in the area, but they had been devoid of results because of the financial and numerical weakness of the co-operative stores. /2/ Now the stores were faced with virtual extinction unless they could pool their strength. The nation had been placed on rations and the stores were finding that they could not get sugar and other commodities at any price from the wholesalers. The buyers' market which had made possible their early existence had been replaced by a sellers'market, and the prejudice which private business had always displayed toward the co-operatives made establishment of a wholesale the only way out./3/

The wholesale was organized on the thirtieth of August as the Co-operative Central Exchange, a name it was to keep until 1931. At this meeting there were delegates from twenty societies present. Articles of

incorporation were drawn up under the laws of Wisconsin, fifteen of the societies promised $30 apiece for capital, /4/ and John Nummivuori, an ex-officer in the Russian army who had spent most of his time in this country working for co-operatives, chosen as manager. Nummivuori had already begun to establish contacts with jobbers and manufacturers, and had set up his office in ~~the~~ a corner of the quarters of Punikki, a Finnish-language humor magazine. /5/ His equipment comprised one chair, a packing-box which he used as a desk, and a typewriter. When ~~S~~salesmen came in Nummivuori would wave his hand airily at the magazine ~~e~~editor in the far corner and te~~l~~ll them,"there's only two of us now, until we get our warehouse built." /6/

Pessimism and suspicion, even among the Finnish co-operatives, greeted the establishment of the Exchange. As Eskel Ronn wrote later, "Of the original twenty societies, five got weak in the knees and quit, while others paid their shares only with promises." /7/ Some of the Marengo store members called it "the devils' circle" /8/ and refused to support the Exchange for years. One society, while refusing to join the Exchange, traded with it, but ~~refused to~~ would rule accept shares of stock which it had paid for by its purchases. Finally, after lengthy explanations had convinced the members that their society would not be responsible for any debts of the Exchange, they voted to join ~~it~~. They had been afraid that when the Exchange went bankrupt, as they felt it surely must, their society would be ruined. /9/ Certain church groups called Exchange workers "atheists" and "anarchists", /10/ and among others Because of its meager beginnings it was sneered at as "John Nummivuori's novelty shop". /11/ ~~Yet from the very first year the Exchange was growing steadily~~.

Much of the resentment against the Exchange, even among the Finns themselves, came ~~b~~Because its incorporators and backers were mostly Socialists. As has been noted before, the Socialist movement was at this time very strong among the Finns of Minnesota and Wisconsin, and one of the Socialist visions

was the co-operative commonwealth. Many Socialists were therefore found in the co-operative societies, often managing the stores. Their esprit de corps was high; it has been said that the best managers could be found, not in the strongest co-operative stores, but in those who needed expert management most. They had been sent there by their party to strengthen the movement. Likewise, when the Exchange needed money in its early days, the Tyomies, organ of the left-wing Finns, lent its aid./12/ Some of the founders were Socialists, among them Matti Tenhunen. ~~/13/~~ Oscar Corgan, for years chairman of the board of directors, was manager of the Tyomies, and this paper had become the official organ of the Exchange at a very early period./13/ Its first label displayed the crossed hammer and sickle, badge of the Second International;/14/ and the constant charge that co-operatives must be class-conscious became its warcry./15/

To the conservative Finn, and to those co-operative societies who were not Finnish, the Exchange ~~could~~ supporters could be classed only as a bunch of reds. If they were uncertain, they had only to look at the trade mark on the coffee or listen to one of its employees.

Yet the Exchange has grown uninterruptedly ~~grew~~ from the very earliest days. It grew partly because the antagonism of private business forced co-operative stores to become its members/ in order to get their coffee, sugar and flour. It grew partly because many of the societies were Socialist; some ~~they~~ had been born of ~~the~~ strike commissaries; the members of others had become farmers because ~~they~~ blacklist had barred them from working in the mines. /16/ These groups formed a strong backbone for the Exchange and ~~were~~ were the most loyal and active of all the co-operators. But much of the growth of the Exchange is a tribute to the hard work and ability of the left-wing Finns who were directing it. They attacked its problems with the zeal of crusaders; and this spirit gave them strength to overcome great odds.

As time went on, these Socialist Finns drifted toward the Communist party. They continued their work in the co-operative movement, but the

around them were gathering the signs of the storm which was to split the Finnish co-operatives at the end of the post-war boom. /17/

THE EARLY YEARS

The three months of 1917 during which the Exchange had been in business had brought a profit of $268.~~00~~ on sales of $25,~~000~~ 573. The fifteen member-soci~~e~~ties had ~~brought~~ contributed $480 in share capital, and the 55 per cent profit which this capital brought made a good talking-point for the Exchange. In 1918, after moving into an old (before?) I.O.F. hall which it bought very cheaply and converted into a warehouse, the Exchange ~~quintupled its business~~ did a business of $132,423 /18/ and increased its net gain ~~seven and a half times~~ to 2,062 It had enrolled 25 members and 25 other co-operatives bought from it. Its capital was $4020./19/

It was in June of 1918 that the Exchange sponsored ~~[illegible]~~ the first school for cooperators given in America. H. V. Nurmi, an auditor who had done some work for the co-operatives and was an experienced co-operator himself, had noticed that there was a widespread need for good bookkeepers ~~[illegible]~~ in the stores, and so he organized a one-week course in bookkeeping /20/ ~~[illegible]~~. The following year the course was expanded to four weeks and merchandising, business correspondence, and the history and principles of co-operation taught as well ~~[illegible]~~. Forty-three attended the 1919 course and its success attracted nationwide attention among co-operatives./21/

Check

By this time the Exchange was marketing its own brand of coffee, the best brand being sold under a trade mark of a red star with the crossed hammer and sickle superimposed, and in 1919 it ~~[illegible]~~ began to manufacture its own goods for the first time. The societies had found that the bakery goods they handled were ~~being shipped~~ reaching them in unsanitary containers. ~~The~~ toast and hardtack ~~they used coming to them~~ being shipped in second-hand boxes and barrels, "no care being taken to insure cleanliness in the handling of the goods."/22/ So in 1919 the Exchange opened its own bakery. The early board must have had vividly in mind the model bakeries and shops of Elanto, the great co-operative society in Helsingfors

Elanto had been started because of unsanitary handling of milk, and had entered the bakery business within a year after its founding because the milk in the city was customarily sold in bakery shops./23/

The bakery was a success almost from the start, and helped the Exchange to triple its business and its net gain in 1919. The Exchange moved along into 1920 with so much optimism over its future that the board voted to create the post of educational director and in it installed for his learning V.S. Alanne. Alanne was respected by Finns in America. The year before he had completed a Finnish-English dictionary which they found to be very good and which is now standard equipment in Minnesota libraries. He had been on the faculty of the co-operative school the year before, teaching History and Principles of co-operation, arithmetic, and English /24/ the duties he began in March 1920. /25/

Alanne's first publication in the new office was a warning to managers stores to reduce their inventories because the post-war deflation was on its way. The Exchange men had begun to worry about their stores, who were booming along with large inventories as though war prices would remain for years. Not much could be done other than to warn them, however, for as yet they were buying only a fraction of their needs from the Exchange. Alanne lamented later that his prophecy was taken lightly. When the price crash came many of the stores were in very poor condition to meet it. /25/

Then disaster struck at the Exchange itself. Sugar had been very hard to get during the war. In June, 1920, one of the owners of a Duluth firm from which the Exchange had been buying coffee appeared in the office one day and asked, "Jack, do you need any sugar?"

Nummivuori replied that he could always use a car if the price was right, and it did not take him long to find that the price of this carload would be very good indeed---two dollars a hundred under the market. The opportunity was too good to resist, and it was only when, three days before the shipment was due, that sugar prices began a sickening drop that he realized he had been tricked. The Exchange lost $3000 on that one carload of sugar, and the sore-hearted directors had many bitter things to say about capitalistic monopolies and big business.

Like many a private firm, they had been caught in the collapse of the sugar monopoly, but they felt that they had been made victims of a plot to ruin them.

Alanne reports that aside from a few instances of stock losses such as this, the Exchange was able to weather the deflationary period very well. "This was due," he stated, "primarily to the fact that the greatest part of the business of the Exchange consisted in jobbing....chiefly due to the meagerness of the working capital. Somebody said that this lack of capital saved the Exchange from disaster during the critical years of 1921 and 1922, and undoubtedly there is a great deal of truth in this." /27/

The member societies did not fare nearly as well as their wholesale, because they had overstocked and suffered great losses in turnover. As the situation became more acute, the Exchange began to fear that its strength as a co-operative movement would be seriously crippled because of failure of its member societies. In all, nineteen of the forty-odd were in difficulties, and the Michigan Peninsula district, early stronghold of co-operation, was hardest hit of all. The Michigan stores were located in mining towns, and the shutdown of the mines crippled them badly.

In Superior, home of the Exchange itself, the situation was so bad in the store that bankruptcy was only averted by a technicality. At a meeting of the stockholders a motion to liquidate, paying creditors about ten cents on the dollar, was passed. But the minority, a group of die-hard co-operators, refused to accept this decision because a quorum was not present at the meeting. As the directors had already resigned, these bitter-enders appointed some of their number to serve, and six years later the store was on its feet again.

The Kettle River store, which had survived the great forest fire in which its store had burnt down, was also in difficulties. Pressure from the Exchange forced the resignation of the manager, who had been aligned with the conservative groups of Finns, and a new one recommended by the Exchange was elected.

Wright, Minnesota paid its creditors fifty cents on the dollar and reorganized with a new manager. New York Mills, scene of another conservative-progressive split, also hired a new manager. /28/

Finnish co-operators had learned from the trials of the deflationary period that if their wholesale was to grow, it must grow cautiously. In East St. Louis, Ill. there had been a large and heavily-financed wholesale which was to go under during the deflation. With this example before them, the Finns resolved that their movement would be built from the ground up, like the pyramid which later they were to take for the symbol of their house organ. They began an educational campaign for education of patrons and workers in the co-operative stores. The co-operative school was expanded and more time devoted to theory of cooperation; managers and employees were urged to come back for post-graduate courses. Relations were entered into with non-Finnish cooperative associations. And Perhaps the most energetic and effective worker for better education, and the man most responsible for the results this education achieved, was Eskel Ronn.

BOOM DAYS IN THE EXCHANGE

Eskel Ronn had come from Finland as a seven-year-old in 1901. His father settled in Ishpeming, Michigan and found a job in the mines, and it was in that town that young Eskel, according to legend, developed his hatred of private business. The story is that during the 1907 strike, when he was thirteen, he and his friends raided the local grocery store for food, because all credit had been refused the strikers and they were starving. /29/ Later Eskel spent a year in high school and a term in business college, after which he kept books for various concerns around Duluth. After three years as a bookkeeper he was blacklisted by the mining companies for his radical activity. In December of 1914, therefore, he came to Superior to work for the Socialist Tyomies. In 1917, when his name was called in the draft, he went into the army and served 16 months.

Ronn went back to his old occupation after his discharge, but this time he was hired by the organization for which he was to work the rest of his life. The Co-operative Central Exchange was apporaching its second birthday and growing rapidly. Hired as a bookkeeper, Eskel became in quick succession head bookkeeper, sales manager, and in July 1922, manager of the wholesale at the age of 28. /30/

Under Ronn's management the Exchange was soon increasing its volume of sales in 20-per-cent annual jumps and the groundwork was laid for a widespread educational campaign. The Exchange had sent delegates to the annual conference of the Co-operative League of the U.S.A. in 1920, at which it had been decided to form regional associations of co-operatives for educational purposes. With the deflation the employees of the Exchange became so busy trying to save their members that further consideration of the matter was impossible at that time, but in January of 1922 Educational director Alanne sent out circulars to all co-operative societies that could be reached, asking them to send delegates to a conference to be held in Superior in March. Out of this meeting the Northern States Co-operative League was born. Alanne was made secretary, sharing his time between the League and the Exchange.

Almost his first move was to organize a school, held between September 4 and October 6 of the same year. This co-operative school was the first held in English in the United States. The Exchange had been the first society to give money to the new-born League, and, with the Franklin Co-operative Creamery Association of Minneapolis, formed its main support in the early years. /31/

Meanwhile the Exchange was holding its own annual schools in Finnish, the classes meeting a few weeks after the League school so the teachers (drawn largely from the employees of the Exchange) could serve at both.

Eskel Ronn was also instrumental in creating the Co-operative Pyramid Builder, the first "house organ" of the Exchange. This magazine began publication in July 1926 and was printed in English. Previously the Exchange had reached the membership of its societies through a weekly page in the Tyomies,

but the great success of such large societies as Cloquet were drawing in non-Finnish members, /32/ and the directors saw the time coming when they could pursue their vision of class solidarity and the co-operative commonwealth into the nationality groups that surrounded the communities in which the societies were located.

The magazine was printed monthly, and included local contributions, monthly and annual statements of the Exchange, notices of new brands, articles on store manggement and co-operative education, and some historical sketches of various member societies. Labor news from the Federated Press was included also, the new educational director, George Halonen, who had replaced Alanne in 1925, stated in the first issue. "The co-operative movement is only an integral part of the general labor movement. The co-operators should keep in touch with the big events in the labor world...." /33/ "co-operative, labor, and art pictures" were also published, including, in the first issue, pictures of the Passaic textile workers' strike. On the cover was a drawing of a worker, stripped to the waist, and carrying a hammer on his shoulder and resting his free hand on a globe in the background.

The Exchange was also a strong factor in the movement for a Northern States Co-operative League Yearbook, which was first published for the year 1926 In it were printed the annual statements of the more prosperous co-operatives in the districts and statistics showing the status of the co-operative movement in the various states. /34/

The business of the Exchange, meanwhile, was flourishing under Eskel Ronn's compelling personality. In 1926, its first million-dollar year, 71 societies were members of the 120 who bought from it, and the salesmen were making every effort to enroll the rest. The wholesale now employed 35, and the I.O.O.F. hall it had converted into a warehouse was so crowded that in this year the bakery moved to its own building, giving over the ground floor for warehouse space. New

ovens and other equipment were bought and Sales reached $75,000. /35/ jobbed goods brought $627,000 and wholesale goods $344,000. Measured against capital stock, the net gain was some 40 per cent; against sales, 1.1 per cent. This gain was used to increase the capitalization and stock was issued against it. Lack of capital was still holding back the expansion of the Exchange, /36/ but by now the wholesale was on firm ground and the manager was rapidly expanding the wholesaling department, which was netting twice as much gain per dollar of sales as the jobbing activities.

This picture of its tenth calendar year showed two outstanding features. First, of all, the financial statement emphasized the fact that while the directors and administrators of the Exchange might be political radicals, they were running the Exchange with very conservative financial methods. The bad-debts and reserve-for-depreciation funds were large, the inventory low. Every effort was being made to build the Exchange up into a financial position that would enable it to weather all storms.

Another aspect of the tenth year was shown in the part Minnesota stores played in the support of the Exchange. Of the twenty-five biggest buyers for January of that year, fifteen were Minnesota societies. These fifteen accounted for 42 per cent of the entire sales for the month. /37/

POLITICS SPLITS THE EXCHANGE

Although the tenth year of the Exchange found it entrenched in its assets, the anniversary witnessed a portent of the trouble that was ahead. In the co-operative movement of the United States there was a struggle going on between conservative co-operators who wanted to develop the movement unbound by any tie-ups with political groups, and left-wing groups who wanted the movement more closely affiliated with the struggles of the labor movement. On the conservative side were such figures as J.P. Warbasse and other figures in the non-Finnish societies. On the other were the Finnish co-operatives, with the Exchange leading the attack.

V.S. Alanne, indeed, had left the Exchange because he could not agree with the directors that their course was the right one. /38/

In 1926 the strong opposition of the Exchange delegates had helped to defeat a motion before the Northern States Co-operative League convention that the cooperatives be "neutral in politics". /40/ Toward the end of the year the same neutrality issue came up for discussion in the Fifth Co-operative Congress at Minneapolis, in which the Exchange succeeded in getting the delegates of the Co-operative League to go on record with a similar resolution favoring "working-class" co-operation. /41/ The situation stood until the fall of 1927, when Eskel Ronn and Matti Tenhunen went to Stockholm as delegates to the Congress of the International Co-operative Alliance from the Co-operative League.

At this congress the Russian co-operators brought in a resolution which would affiliate the labor unions of the Third(?) International with the Congress. This move produced intense opposition from the German co-operators, and soon charges of Communist and Bolshevik were being bandied around the meeting hall. The Russians lost their motion, and a resolution was passed declaring the co-operative movement to be non-political and not connected with any one party or group.

Eskel Ronn and Matti Tenhunen came to the defense of the Russians. Said Tenhunen: "The co-operative movement is primarily a labor movement...We call upon the Alliance to come out unconditionally for the defense of the toilers." Said Ronn: "We must declare our sympathy to the struggle of the toilers of China and the Union of Socialist Soviet Republics (against imperialist war). They will have to advance the slogan of the Socialist revolution in opposition to the slogan of the class truce." /42/ And later, in an editorial in the Pyramid Builder, he urged the co-operators to "follow the spirit exemplified by the co-operatives when they concluded the congress by singing the Internationale." /43/

The two other United States delegates attending the Congress were Dr. Warbasse and Cedric Long, president and secretary respectively of the Co-operative League. The fact that their two colleagues in the delegation had come out in favor of a motion which would seem to ally their movement with Communism pained them greatly, and it was not long after they had returned home that they took steps to combat this impression. In a joint letter of October 8, 1927, Warbasse and Long charged the two Exchange men with communism, with betraying the League, and closed with a veiled accusation that the Exchange was also Communist-dominated./43/ To this letter Ronn and Tenhunen replied pointing out that they had only been carrying out the instructions of the League in its 1926 convention, and that they had official sanction for their actions. "As the movement aligns itself with the exploited masses of workers and farmers," they added, "in that degree will it grow and prosper."/44/

Warbasse then made a direct attack upon Finnish co-operatives in general, charging that they were trying to spread Communist propaganda into the national movement./45/ This the Exchange followed by taking a vote of their managers and directors on the issue, which brought a majority in favor of "working-class co-operation" as opposed to "neutral co-operation"./46/ Finally Educational Director Alanne of Co-operative League directors of the Franklin Co-operative Creamery of Minneapolis sponsored a poll which put a temporary end to the argument. The results were 12-4 in favor of "neutrality": only Ronn, Tenhunen, Saari and Wirkkala opposed the resolution. These four were all Finns and members of the Exchange; two had helped to found it and the third was its manager./47/

Meanwhile the Exchange had continued to grow in quarter-million dollar strides and in 1929 it was evident that sales would be a million and three-quarters. October, the black month, came, and was recorded in the monthly statement of the Exchange. "The first half of October started in a promising

manner, but sales dropped during the last two weeks of the month Just why the last half of the month was so slow is difficult to determine. The same situation seemed to exist out in the territory, practically all the stores complaining that their business was poor."/48/ IV, 11, p. 338.

With the collapse of the Coolidge Boom began the series of events that was to split the Exchange.into warring factions. The case for the conservatives has been stated in two articles in the Pyramid Builder, one written by A.J. Hayes, present manager, and the other unsigned. Almost every fact in the dispute has been denied by one side or the other, so it is almost impossible to get at the truth behind the split. Of its results, however, there can be no question.After the quarrel the Exchange had moved considerably to the right, and the Communist board members had either resigned from the party or had been ejected from the board. The Warbasse-Long-Alanne principle of "neutrality" had triumphed.

According to Hayes, the market crash had acted to the Communist party as a signal to revolutionary action./49/ In his version of the dispute he stated that the policy of the Communist party from 1928 had entered its "Third Period", which called for them to abandon the united front of liberalism for sabotage and the "Revolutionary struggle for the conquest of power." Existing labor unions and other organizations not under the control of the Communist Party were branded "tools of the capitalistic class" and attacked if they could not be taken over. Hayes states that the factional quarrel in the Exchange came as a result of the attempts of the party to capture it.

In 1929, Hayes stated, many of the department heads and employees of the Exchange, and the majority of the borad of directors, were Communists, as were hundreds of the Finnish members of the stores. The party controlled the Finnish Federation, to which numbers of workers and farmers societies were affiliated. In addition they had the Women's clubs, with a membership of about 1000, and the Communist Youth League, of about the same number, with which to work.

The Communists outside the Exchange counted on party discipline to make the directors obey, and if they should balk, the nucleus of organizational strength, galvanized into action by the Tyomies, which was also party-controlled, would give them "victory in two weeks."

According to the two right-wing accounts, Communist tactics pursued the following course:

The first move was to ask for a laon of $5,000. This, the right wing says, was demanded by the party. Left-wingers say it was asked for, not by the party, but by Tyomies, which had been such a good friend to the Exchange in its early days. This loan was refused by the board.

Next, $1,000 was sought for the "Trade Union Unity League" meeting at Cleveland, a conference of Communist labor-organizations. The board gave $250, and sent a delegate, expenses paid.

Then Robert Minor, a member of the party executive committee, came to Superior. According to the right wing, he warned that expulsion from the party would follow disobedience of the board members, and requested that one per cent of sales be contributed to the party to help finance it. This contribution could be paid to a dummy lawyer in New York for "fees". This "one per cent drag" would have yielded about $20,000 a year, or about half the dividend declared in 1929 by the Exchange.

The business the directors had nursed so carefully for twelve years now had a stronger claim on their affections than the party. They therefore refused to comply, "with the exception of one or two who tried to find a conciliatory position to stave off an open breach with the party and the possibility of a split." /50/

The next phase of the struggle came on October 30, 1929 in the demand that George Halonen, the educational director, be removed. Halonen was himself a Communist, but after siding with the Exchange had refused to resign his post and had been expelled from the party. Again the board of

directors refused the demand, even those who later were to be expelled for supporting the left-wing group concurring. Upon this new evidence of stubbornness Tyomies opened fire upon the directors. Out of the newspaper phase of the struggle developed new demands, and finally the Leftist Co-operative Program was complete, presented in the following proposals:

1. That the Co-operative Central Exchange and its affiliated stores be made auxiliaries of the Communist Party.

2. That the Third Period program be followed with regard to labor; all A.F. of L., I.W.W., Farmer-Labor and Socialist alliances be scrapped in favor of the Communist Party and the Communist unions. /51/

OPEN WARFARE BEGINS

When the newspaper battle started, the Exchange sent an answer to Tyomies, which was still its official organ, to be published in that paper, and was refused the use of its columns. This answer was thereupon mimeographed and distributed through the societies. The statement was also set up in English for the November number of the Builder, which was printed in the Tyomies plant. It was when the magazine was almost ready for mailing, that the famous "burning" incident took place. The Exchange made effective use of this incident in the cat-and-dog fight which was raging by now. /52/

In the light of circumstances as interpreted by the Exchange, this statement was very cautious, and appears designed more to palcate the left-wing than to discredit it. However, "chance information" /53/ brought the rumor that Tyomies was going to suppress this statement by refusing to release the Builder from its shop. So, on the night of November 25, a band of Exchange employees and sympathizers broke into the Tyomies plant through the coal cellar, seized the issue of the Builder, some of it ready for mailing, some of it still uncut or unbound, and made off with it.

Before their job was finished, according to the Exchange, the Tyomies staff seized 1500 copies and burned them. Left-wing partizans countered by saying that in their hurry to leave the raiders had strewn the unbound issues all

over the plant, and that the janitor seeing that they had been spoiled by feet black with coal-dust, had burnt them in the furnace to get rid of them. Whether one or the other version was true, the Exchange made heavy use of their to dramatize what they felt was the lawless ferocity of the Communists.

The open breach began with this incident. Communists who elected to stand by the Exchange were expelled from the party, and Exchange or store employees who supported the left wing were fired. Pro-Exchange organizations in the Finnish Federation withdrew or were expelled, the Communist Youth League, or the Finnish Womens Sections were expelled or withdrew. The Exchange founded Tyovaen Osuustoimintalehti to present its case to the store members who read Finnish exclusively. The first issue came out in December, and in January it was set up as a permanent publication, to appear weekly. /54/

The first indication of how the struggle was to turn had come in the middle of November, when district conferences of the member societies supported the viewpoint of the Exchange. The battle had then opened up within the individual societies. As annual meetings were held all over the Superior basin, each side put on intensive campaigns to secure delegates to the annual meeting of the Exchange. This was held April 21-22-23, 1930.

Never had such heat been produced in Finnish communities as that which preceded this meeting. Non-Finnish residents looked with amazement at the Finns arguing so heatedly in the streets, sometimes coming to blows. As a rule the non-Finnish bystanders were completely unaware of the origins or meaning of the quarrel, first because the whole dispute was conducted in the Finnish language and also because neither the conservatives nor the left-wingers cared to disclose the nature of the controversy to outsiders.

On the day of the annual meeting of the Exchange, Workers Hall in Superior overflowed with delegates. /55/ A "bouncing committee" of some 60 husky Finns was deputized to keep order and throw out everybody except the delegates. From the first it was apparent that the left-wing group had lost. It polled only

16 to 18 per cent of the vote on the issues. Three of the 11 board members, Matti Tenhunen, Oscar Corgan and Jacob Vainionpaa, were ousted. It was stated by the Pyrenied Builder that these three, "although they had stood by the movement during the first half-year of struggle, finally capitulated to the party, and openly stated that they would not submit to any decisions or instructions of the Annual Meeting but would henceforth take their directions from the "Left-Wing" Committee. ...Incidentally Matti Tenhunen was one of its organizers." /56/

Uusi Kotimaa reported their speeches in defense of themselves during the ouster proceedings as follows:

VAINIONPAA: ..."In the discussion on the report of the board there was not a word said that I had boycotted or worked against the interests of the Central Exchange. I therefore can come to only one conclusion, that I am being removed because of my political opinions. Where is your great principle of neutrality respecting the different currents in the labor movement? No other charge has been made against me but the one that I belong to a revolutionary party which is based on the class struggle and that I support co-operative principles which recognize the class struggle..."

TENHUNEN: "....Mr Alanne is the most open-minded. He openly states that the Central Exchange is now economically so strong that it can without danger eliminate the Communists....even though they compose the largest single group and are the original founders..." /57/

The removal action was taken under, according to the article, by the "Cloquet machine".

Ousting of the left-wingers did not end the struggle. They still controlled some 17 societies; and soon a "Workers and Farmers Co-operative Unity Alliance" was set up to act as a wholesale for this group./58/ The Exchange charged that the left-wing stores had boycotted them; left-wingers in turn charged that they had set up this new wholesale only because the Exchange refused to sell to the recalcitrant societies.

In some towns, one or another of the factions set up rival stores to the established societies of the opposition. In two cases the Exchange sued also store societies on charges of fraud. Left-wingers attacked H.V. Nurmi and set up their own audit system./59/

The final acts in the movement of the Exchange to the ward right came at the 1931 annual meeting. There the delegates decided to change its name to "Central Co-operative Wholesale" and to adopt a uniform label developed by the Co-operative League in place of the hammer-and-sickle-adorned star with which the Exchange had grown up. The magazine was discontinued and replaced by a bi-weekly paper. The word "Pyramid" was dropped from the title; henceforth the publication was to be known as the "Co-operative Builder, and, the following year, serve not only as the organ of the Wholesale but also of the fast-growing Midland Co-operative Oil Association, an organization which was wholesaling to co-operative filling-stations in the northern states. /60/ societies 60

The death of Eskel Ronn occurred a short time after the annual meeting of the Wholesale. He had not played a conspicuous part in the struggles which led to the split, and no word of his was printed in the Pyramid Builder concerning the controversy. His place was filled by H.V. Nurmi, who had been one of the chief defenders of the Exchange. /61/

THE WHOLESALE TODAY

The Central Co-operative Wholesale has continued to grow, until today its annual sales exceed $3,000,000. In a strong position at the onset of the depression, the Wholesale continued to expand. In 1930 clothing and hardware had been added to its line. and proved very profitable In 1935 the Wholesale bought one of the most modern warehouses in the northwest at the bankruptcy sale of a private concern which had been one of its competitors and had refused it credit when it was young and weak. /62/ This year also saw the installation of a coffee-roasting plant, and in 1937 still another venture was made into manufacturing with the

purchase of a branch warehouse and feed mill in Virginia, Minnesota. The two papers, Tyovaen Osuustoimintalehti and the Co-operative Builder, are now published by a subsidiary organization, the Co-operative Publishing Association. The former Finnish-language paper has a larger circulation than any other Finnish language paper in America. 1631

The educational department, again under its first director, V.S. Alanne, had organized the women's Guild as far back as 1928, and when the split came, set up the Co-operative Youth League. 1641 It has been active in other forms of co-operative education, and in Superior at present is active in a movement for group medical care. 1651 The co-operative schools have been expanded until today they include summer institutes for adults in various sections of the district and summer-school camps for children as well as the traditional schools for prospective employees and managers. Shortly after the split had cost the Exchange the use of the famous "Little Red Schoolhouse" at Vaino, Wisconsin, a movement was started for a co-operative vacation camp, and the result was the famous camp on the Brule River. 1661

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The co-operative societies weathered the depression very successfully, thanks to the lessons the Exchange had learned in the 1922 deflation and the work of the auditiong department. In 1939 this department was divorced from the Wholesale by federal intervention, and as yet its future is uncertain. It will probably be incorporated and continue to serve the Wholesale group on a co-operative plan.

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The future of the Wholesale may lie in expansion into communities in which non-Finnish inhabitants predominate. With the passing of the years, the language barrier has become less of an obstacle to this move, although the annual meetings are still conducted in both Finnish and English, a practice which was started as recently as 1932. 1671 The leaders of the Wholesale have entered into relations with the Farm Bureau Federation and the Minneapolis labor unions, and there exists the possibility that they may carry on their campaign for cooperation

in the southern part of the state. The effects of the factional split have been almost erased; the Workers and Farmers Co-operative Unity Alliance suspended wholesaling operations in 1934, and the left-wing stores have steadily lost ground until today there is a strong movement toward patching up the quarrel and taking them into the Wholesale group again. 681

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The greatest benefit which the wholesale has given its members, however, has been cheaper prices for their wants ~~is the power to compete with the chain stores~~. When the Exchange started operations in the Arrowhead region, prices of foodstuffs and farmers goods were the highest there of any area in the state; now the competition of the co-operatives has brought these prices down. 691 The Exchange has also served as an example for farmers groups in their recent efforts to establish marketing co-operatives, and the great growth of co-operative creameries in this region may be attributed at least partly to the example of the stores. In accomplishing these two results, the Exchange and its members have helped to make life more liveable in an area which is one of the least fertile of the state, and which an early scientist declared could never produce more than a sub-marginal standard of living for the farmers that bought land and settled there. 701

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