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*COOPERATIVE
STORE
MOVEMENT*

THE COOPERATIVE STORE MOVEMENT

(WITH SPECIAL REFERENCE TO MINNESOTA)

This study was written by Frank C. Eustis. The work was done on a survey and research project sponsored by the Minnesota Department of Agriculture, Dairy and Food.

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April 1935.

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CHAPTER I

THE COOPERATIVE STORE MOVEMENT IN ENGLAND

ROBERT OWEN AND DR. KING.

What England and in fact the civilized world now knows as Consumers Cooperation was born in the stress and strife of the reform period of 1760 to 1830, when Robert Owen, a wealthy cotton manufacturer, originated schemes for social salvation that attracted the attention of reformers from all parts of Europe. The industrial revolution was in full force. The workers were not organized and profits were large for the manufacturers. Exploitation by the employers was simple as there were few laws protecting the workers.

As a young man, Owen turned to industry and was highly successful. The conditions of the workers disturbed him greatly so he cleaned up his own mills, reduced the hours of work from 11 to 8 hours and made conditions livable for all his workers. He hoped by doing this to influence other mill and factory owners to follow his lead. But this they did not do, even though Owen's mills were outstandingly successful. The other millowners laughed and wondered at him. This treatment did not daunt him and Owen continued his model factories and also set up model colonies. He even came to the United States to set up a colony at New Harmony, Indiana. All these ventures failed, but still he continued and advocated from 1816 on to his death the ideal of "price without profits." Owen did not actually set up any cooperative stores but his idea got other men to think of them..

Along about the same time came Dr. King, a rather wealthy man with a real social vision. He wanted to eliminate poverty, disease, and crimes. He said "Knowledge and union are power." In 1828 the

first booklet "Cooperation" was put out by Dr. King. He wanted to attack the social and economic problems together. He said why not have the workers start their own store and sell to themselves. He went on to say that workers' stores would employ workers, therefore relieving the unemployment problem. There were at least 300 cooperative stores started up at this time, but practically all failed when the membership was split over the Chartist movement.

BEGINNINGS

Toad Lane, City of Rochdale, England, 1844; twenty-eight poor weavers established a consumers cooperative society. These twenty-eight weavers were poor as far as worldly possessions were concerned but extremely gifted in determination, ideas, and ideals. "The Rochdale Society of Equitable Pioneers" composed of these 28 weavers, ventured to defy the accepted mode of consumers of the time by setting up a store of their own "for the sale of provisions and clothing." A simple, natural thing to do we say today, but someone had to start. The principles they laid down too, sound simple enough. The Rochdale system of charging the market price for goods, and later rebating on the basis of percentage on purchases, after the profit had been made, the democracy of one-man-one-vote, and open membership, the setting aside of proper reserves, insisting on strictly cash business, supplying the best quality at full weight and measure, and inducing members to leave profits in the business of 5%, also 2½% of net earnings set aside as an education fund, have continued as fundamentals of the Consumers Cooperative Movement.

Needless to say, the Rochdale Pioneers Society was neither the first Cooperative store nor even the first voluntary association of consumers to divide its surplus by the method of "dividend on purchases." This device was, however, apparently an independent and spontaneous discovery of the Rochdale weavers after several Cooperative societies had failed in Rochdale itself.

The economic and social results of "dividends on purchases," are many and far reaching. This more or less insignificant device has in practice provided the machinery for very complete democracy

of ownership and control, insured that this democracy would be open to newcomers forever on equal terms with those in the association for a long period; given everyone a positive motive for its continued expansion; and made it possible to have independence from the trusts and monopolies of capitalistic business. This "dividend on purchase" idea, combined with democratic control, appealed to the great working class population from the start.

The Rochdale Society's sound fundamental principles were born in the minds of laboring men who had little chance of bettering their meager existence by getting more in wages. In fact they, with their fellow workers, had asked for more wages, and been refused. Labor unions were not at that time of sufficient strength and importance to assist much. The few Rochdale weavers decided to help themselves by organizing as consumers. This change was an idea which many think will revolutionize the world and in a manner which appeals to progressive and peace loving people. George Jacob Holyoake of the original 28 weavers, gives the following as the essence of the whole plan. "Cooperation supplements political economy by organizing the distribution of wealth. It touches no man's fortune, it seeks no plunder, it causes no disturbance in society, it gives no trouble to statesmen, it enters into no secret associations! It contemplates no insolence, it subverts no order, it envies no dignity, it asks no favor, it keeps no terms with the idle, and it will break no faith with the industrious; it means self-help, self dependence, and such share of the common competence as labor shall earn or thought ^{can} to win, and this it intends to have." *

With the Rochdale Society as an example, other societies sprang up all over Great Britain. Along with this growth of individual

* George Jacob Holyoake- History of Rochdale Pioneers.

Cooperative stores, there was a steady federation movement which manifested itself for the first generation after 1844 in groups of neighboring stores uniting together for the purposes of corn-milling and baking. There were others such as the Cooperative Printing Society and Cooperative Sundries Manufacturing Society, the association of producers, there were entirely dependent on associations of consumers for support. Even today there is a fairly strong movement for this localized production for the needs of isolated groups of societies. Probably the most prevalent of these localized producing organizations taking care of the local business are baking bread, doing laundry work, and repairing autos.

By far the most important development in Great Britain was the formation of the Cooperative Wholesale Society of England, the Cooperative Wholesale Society of Scotland. The first was organized in 1863 and the second in 1868. These two wholesale societies have now all but a minute fraction of the local consumers societies in their membership together with a hundred other cooperative organizations in their membership.

While the private retail store is concerned only with the final sale of goods to the consumer, the cooperative store is also concerned with where, when, and how the merchandise is made. Here the C. W. S.* comes in to exercise control over their own goods. Good bread is assured when it is made from wheat milled in the New Castle Cooperative Mill and baked in the Leeds Cooperative Bakery with all work being done by cooperative employees.

*C.W.S. common abbreviation used for the Cooperative Wholesale Society of England.

COOPERATIVE WHOLESALE SOCIETY OF ENGLAND

The C. W. S. is democratically owned and managed, for the constitution follows closely that of the individual stores. The final word rests with the delegates representing all the cooperative societies which are members, at the quarterly meetings. Each society has one vote plus one for the first \$50,000 of purchases in the preceeding year, and an additional vote for every further \$100,000 of purchases in addition to the first \$50,000. These quarterly meetings of the C. W. S. are held in eight separate divisions in towns decided on at the previous meeting. Each society usually sends delegates to its own divisional meeting besides sending representatives to the general meeting at Manchester a week later. The societies may, if they wish, send some of their delegates to other divisional meetings where they can voice their sentiment, and vote, as all eight meetings discuss identical resolutions. In all nine meetings there are from three to four thousand representatives.

The management of each of the wholesales, English and Scottish, is in the hands of 28 members of the board of directors in the first, and twelve in the second, all of whom receive salaries and spend full time at the work. In the English Wholesale Society, the board is elected by the executive committees of the member societies. Each member of the board of directors is in office for four years, but is eligible for re-election and in fact it is seldom members are not re-elected.

In order to insure uniform representation and to insure that each section is properly represented by directors who know the local situation, England is divided into three districts, Manchester, London, and Newcastle, with fourteen, eight, and six elected from each district

respectively.

The C. W. S. provides everything for the home and to do this it has factories and workshops. They import over 100,000,000 pounds of tea every year which is more than any other company, including Lipton. They own approximately 35,126 acres of tea plantations in Ceylon and India. From 30 countries overseas, the C. W. S. buys their goods. The C. W. S. handles 30 million gallons of milk a year, owns 27,849 acres of farmland, which is scientifically tilled.

The C. W. S. only manufactures 37% of the goods it sells to the local societies, but it imports a large percent of the remainder of the goods^{from} overseas. Cheese comes from New Zealand, bacon from Ireland and Denmark, dried fruits from the Mediterranean, and fresh fruits from other countries. In fact less than 25% of the goods sold by C. W. S. are obtained from private merchants and manufacturers.

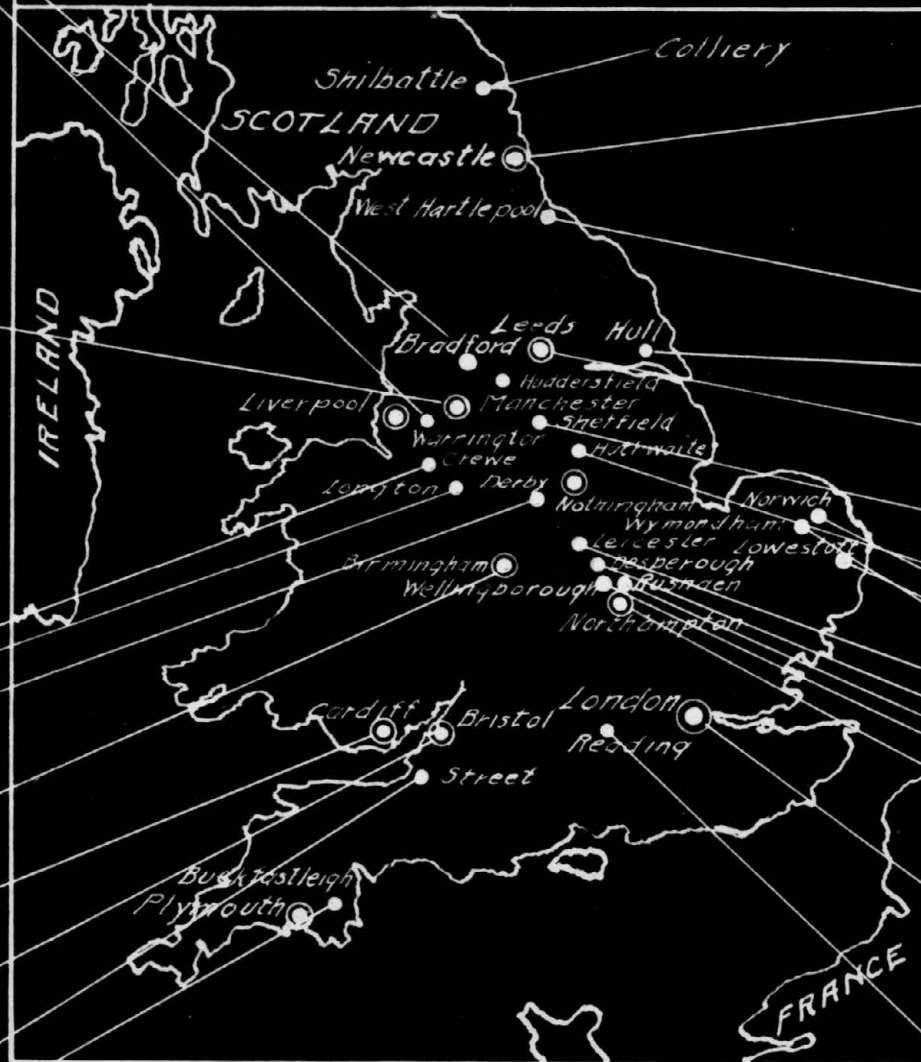
A special wholesale society has been formed to undertake the trade in tea, coffee, and cocoa. This wholesale society takes care of these products from the growing field to the packaged product for consumer consumption for cooperators in all Great Britain, and the Wholesale Society is owned and controlled by the C. W. S. and Scottish C. W. S., jointly.

The C. W. S. is independent of the money trust for they can go to their own bank when they want to expand present enterprises or start new ventures. One can get some idea of the magnitude of the C. W. S.'s undertakings by examining the chart on the following pages.

*Also see Table 1.

Woollen Weaving
 Printing
 Tanning
 Feeding Cakes
 Administrative Offices
 Sales Departments
 Bank Headquarters
 Flour
 Margarine
 Preserves
 Biscuits
 Soap
 Clothing
 Shirts
 Mantles
 Cotton Weaving
 Hats and Caps
 Bedding and Quilts
 Woollen Weaving
 Umbrellas
 Furniture
 Cartwrighting
 Casemaking
 Drugs
 Printing
 Ropes and Twine
 Glassware
 Tobacco
 Packing Factory
 Bldg. and Engineering
 Clothing
 Pottery
 Boots and Shoes
 Paints
 Seeds
 Furniture
 Cycles
 Flun. Ware
 Buckets
 Hardware
 Biscuits
 Butter Blending
 Flour
 Provender
 Butter Blending
 Clothing
 Furniture
 Tanning
 Woollen Weaving
 Fellmongering
 ● Sales Departments

PUTTING the C.W.S on the MAP.



PRODUCTIVE WORKS IN ENGLAND & WALES.

Administrative Offices
 Sales Departments
 Soap
 Flour
 Drugs
 Clothing
 Shirts
 Furniture
 Printing
 Tinsplate
 Leather Bags
 Picture Framing
 Saddlery
 Cartwrighting
 Bldg. and Engineering
 Lard Refining
 Flour
 Clothing
 Boots and Shoes
 Brushes and mats
 Cutlery
 Shirts
 Hosiery
 Boots and Shoes
 Fish Canning
 Brushmaking: Sawmills
 Boots and Shoes
 Printing
 Corsets
 Boots and Shoes
 Boots and Shoes
 Sales Departments
 Boots and Shoes
 Administrative Offices
 Sales Departments
 Butter Blending
 Flour
 Preserves
 Soap
 Clothing
 Furniture
 Drugs
 Bldg. and Engineering
 Preserves
 Printing

TABLE I

C. S. S. Productive Works

Commodities	Factories and Workshops Number	Total Value of Productions (1933)	Workers Employed Number
Abattoirs	1	477,030	23
Aluminum Ware	1	479,575	128
Bacon	4	4,591,485	221
Bedding, Quilts, and Upholstery	6	1,105,060	537
Biscuits and Cakes	2	3,131,065	1,438
Blankets and Flannelettes	2	458,045	193
Boots and Shoes	10	6,640,890	4,282
Brushes and Mats	2	573,785	356
Buckets and Fenders	1	282,325	204
Building and Engineering	7	5,838,480	2,175
Butter and Cheese	3	8,198,115	218
Cartwrighting	2	269,100	118
Clothing and Mantles	8	5,455,065	3,549
Coal	1	819,620	765
Coal Wagons	1	53,860	20
Corsets	2	1,020,080	530
Cotton Weaving	3	1,486,140	805
Cutlery	1	112,620	13
Cycles	1	1,173,845	264
Drysaltery and Sundries	4	8,095,405	1,440
Fellmongery &	9	2,210,135	230
Flour and Meal	8	34,003,995	1,710
Food Canning	1	1,754,460	514
Furniture	5	2,161,130	1,158
Glass Ware	2	586,700	330
Hat and Cap	1	12,195	13
Hosiery and Knitted Underwear	1	1,770,490	1,085
Lard	2	6,312,375	169
Leather Bags	1	167,840	97
Leather Tanning and Currying	3	670,735	160
Margarine	1	5,444,875	993
Packed Groceries	1	2,119,565	237
Packing Cases	1	376,955	129
Paints, Varnishes	1	664,120	67
Picture Framing	1	28,480	7
Piggeries	1	204,140	25
Plants, Seeds	2	2,019,215	149
Pottery	1	97,965	110
Poultry Farming	1	17,375	9
Preserves, Peels, Pickles	4	6,568,830	1,482
Printing, Bookbinding &	6	4,598,565	2,894
Provender and Cattle Foods	5	5,041,640	408
Ropes and Twines	1	378,970	133
Saddlery	1	38,085	8
Shirts and Overalls	4	2,375,155	1,994
Soap, Candles, Starch &	3	11,103,950	1,529
Tinplate	1	285,965	182
Tobacco, Cigars and Cigarettes	1	6,214,810	673
Umbrellas	1	83,440	38
Underclothing (Women's)	1	555,670	350
Washing Machines	1	376,095	225
Weighing Scales	1	221,445	141
Woollen Weaving	4	1,519,085	759
TOTAL	139	150,245,540	35,287

(CWS- 1934)

The C. W. S. has so many activities of varied nature that the work has to be divided. There are three main committees which are given below with their respective fields of work and duties to perform.

BOARD OF DIRECTORS

Grocery Committee

Sales Departments:

Grocery and Provisions
Green Fruit, Fish
Stationery, Coal
Agricultural Requisites

Purchasing Depots:

Milk and Farm Produce
Fish, Wheat Foreign Depots

Productive Works:

Flour Provender, Biscuits
Butter, Cheese, Margarine
Bacon, Lard, Jam, Soap
Tobacco, Vinegar
Rope and Twine, Colliery
Glass, Printing.

Shipping Department

Agricultural Department

Drapery Committee

Sales Departments:

Drapery, Footwear
Mantles, Millinery
Woolens, Crockery
Readymade Hardware
Furniture

Jewelry, Trunks
Leather Bags

Purchasing Depots:

Hides and Skins

Productive Works:

Cotton, Woolens
Hosiery, Corsets
Underclothing
Clothing, Footwear
Timber, Paints
Pottery Cycles
Jewelry, Brushes
Mats, Leather Goods,
Weighing Machines.

FINANCE COMMITTEE

Departments: Secretarial, Bank, Accountancy, Legal,
Statistical, Technical, Research, Publicity, Garages,
Architectural, Engineering, Motor Body Building,
Convalescent Homes, Dining Rooms, Laundry.

In the C. W. S. today, the Banking Department is a most important institution too. It has individual and society members. Cooperative Societies, trade unions, and other institutions conduct their business with the C. W. S. Bank, and in turn the C. W. S. uses the funds for the steady progress of individual societies and the cooperative movement in general. About \$3,500,000,000 expressed in American dollars pass over the counters back or forward in a year. Local cooperative societies act as agents of the bank, therefore eliminating costly bank buildings. Along the same line the English and Scottish C. W. S. societies have combined to make the Cooperative Insurance Society, with assets of \$77,500,000, premium income of over \$28,000,000, and it employs 6,000. The C.W.S. owns three ships, has an architectural department, building, legal, chemical research, and publicity departments and also a health insurance department, and dental association.

The total number of employees in the English C.W.S. for 1933, was 265,865, of which many were women and girls. During the past eight years, there has been a steady increase in the number of employees with no appreciable falling off in average wages per employees. The C. W. S. covers more trades than any firm in the country, so it is impossible to lay down general rules for all, but every employee must belong to his or her appropriate trade union. It is considered a model employer, for the employees, besides getting union wages, are automatically members of a pension scheme which has provision for a generous pension after 40 years service, or after the compulsory retiring age of 65. Also it establishes club rooms, sport facilities and free educational facilities.

From October 1864, to January 1934, every financial statement has shown an increasing amount of (paid up) share capital. In 1864 it was \$12,275 and in January 1, 1934 it was \$2,663,905. The membership in the societies holding shares in the C. W. S. has grown steadily from 18,337 in 1864 to 6,937,555 in January 1934 with all years but 1878 showing a substantial gain. The average dividend paid per pound sterling is 3% since the start, and only the terrible depression years of 1919, 1921 and 1922 show no dividend payment. Since 1932, the dividend has been 4%. The net surplus has consistently grown except for the depression years from 1918-1922, and in 1933 it was the largest yet recorded, totaling \$8,646,165. In total over one-half the people in England buy from the cooperative societies as there are now over 7,000,000 members most of whom are the heads of families.

These figures show conclusively that the movement is growing in Great Britain. In fact nothing has stopped it, not even wars, depressions, and great prosperity. As the C. W. S. reaches further and further back for its control of the source of supply, and ownership of all means of production and raw material, it means the building of a cooperative league of nations. Each country supplying other cooperative countries becomes that much more free from the terror of economic warfare. All over the world people can be organized in consumers cooperative societies, and economically and socially, it seems not only beneficial, but will lead to a cooperative world where there will be complete economic and social freedom for all.

THE COOPERATIVE UNION

Holyoake House is called "The White House of the Cooperative State" by Desmond Flanagan of the publications department of the Cooperative Union. It is situated in the heart of cooperative enter-

prises in Manchester. The headquarters is named after George Holyoake who has preserved so much of the history of the Rochdale Pioneers. Practically surrounding Holyoake House, which is a modern building originally erected in 1911 and extended in 1933, is the Cooperative Wholesale Society, two giant buildings covering two square blocks. The Publishing Society is close by and also the Cooperative Insurance Society Building and many cooperative workshops and factories are in close proximity.

The governing body of the Union under the authority of the Annual Congress is the Central Board of 70 members. Great Britain is divided geographically, into nine districts. In Glasgow in 1932, a National Cooperative Authority was established. It is composed of the Executive Committee of the Cooperative Union with representatives of the National Federations, the C. W. S., the S. C. W. S., the Cooperative Party, The Cooperative Productive Federation, and the National Cooperative Publishing Society. The Authority gives a lead to the whole Cooperative Movement on questions of national policy.

Although the Cooperative Union is a separate organization from the C. W. S., they work together in perfect harmony. The object of the Cooperative Union is to be of service to the retail societies that own the C. W. S. One might say that Holyoake House does everything for the C.W.S. stores but distribute merchandise to them. Holyoake House is their legal advisor, financial advisor, their publicity and publication department, labor department, statistical and educational departments. Much could be said about each phase mentioned but the general growth and success of the English consumers cooperative movement is a proof of the efficiency and completeness of their work. From Holyoake House also sprang the Cooperative Party.

CHAPTER II

THE COOPERATIVE STORE MOVEMENT IN OTHER FOREIGN COUNTRIES

DENMARK

A short trip on water brings us to Denmark where it is more natural to be a cooperator than a private business man. Today Denmark runs England and Finland a close race for the lead in the greatest amount of cooperative sales per head of the population. The consumers movement started with the establishment at Jutland of a cooperative store in 1866, and in 1933 there were 1777 consumers societies in existence with a membership of 306,500. The turnover of these societies in 1932 amounted to 245,000,000 kroner. The Cooperative Wholesale has been established for 38 years. The Wholesale has a hosiery factory, two clothing factories, a cycle works, boot and shoe factory, spice mill, a coffee roastery, chocolate manufacture, a tobacco and cigar factory, soap, soup, mustard, margarine factories, a flour mill, tannery, wine depot, wooden shoe and harness factories. In 1932 the Danes increased their loyalty to their C.W.S. as the turnover was increased 3% and their own productions increased 4.6 %.

By far, the majority of the members of the cooperative stores societies in Denmark are farmers. Practically the entire farm population belong to producers and consumers societies. Even the farmer on the eight acre farm belongs to a cooperative creamery, bacon factory, egg association, an association for the buying of fertilizers, feeds, and supplies of all kinds and a general store. Though the Danish farmer is literally living in a cooperative commonwealth his brother in the city has not as yet quite caught the gleam. In Copenhagen, a city of 750,000 population, there are only 12,000 members of the consumers societies and one of the immediate problems is to take care of the thousands of small private store-keepers-- there being one for every ten families in the city.

F I N L A N D

"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," so says Mr. Thorsten Ohde in his excellent book "Finland : A Nation of Cooperators." System and method characterize the development of Finnish cooperation. The first real cooperative store was established in Helsingfors in 1889. Again as in most countries the movement was born from necessity. The Russian overlords in the last quarter of the 19th century made conditions so unbearable that it was necessary for the Finns to organize to maintain their identity and they did this through the medium of consumer cooperative societies. Among those who caught the idea was a young professor at Helsingfors University, Dr. Haunes Gebhard, who has been the guiding spirit for the last thirty years.

The Finnish Consumer movement is definitely divided into two periods, from 1903 to 1917, and from 1917 to the present. In 1903 the first C.W.S. was established with 12 members, called S.O.K. This S.O.K. had a very strong educational movement. About the same time, the Wholesale was organizing and expanding, Finland won her universal franchise, which helped the movement along a great deal. Despite very splendid growth there was considerable dissension in the organization. There was no disagreement on basic principles, cooperative or business. Different views were held of the relation of consumers cooperation to other movements for political and social reform, also concerning the attitude and treatment of S.O.K. employees. As a first step, a new organization Y. O. L. was formed inside S.O.K. as a propaganda and educational medium, but this was not enough, for differences continued to come up and were not settled satisfactorily.

The question of representation became acute, for while in 1903 most member societies were small, in 1915, many societies in cities had ten to fifteen times as many members as country associations. Still each society, regardless of size, had one vote and the small societies, usually in rural areas, wanted it to remain that way.

Then finally in 1916, a number of societies withdrew from Y.O.L. and formed a New Union K.K. with voting proportional to membership. In December 1917 K.K. set up its own wholesale O.T.K. and the old organization expelled those who bought from the new organization, and so the rift was final.

The older, or "Neutral" movement as it is called, has continued to grow in membership and sales. As might be expected, the large city stores joined the new K.K. or "Progressive" movement, but still the older S.O.K. has many large city stores.

Practically, the two groups operate the same. Each belongs to the International Cooperative Alliance, they frequently act together when consumer cooperative interests are threatened and in 1928 both joined the Scandinavian Wholesale Cooperative Society.

One big problem in Finland is that of capital. Share subscriptions are so small-- and the dividends on purchases usually between 1 and 2 per cent (60% of societies paying none at all), that little is left to put back in the business to buy more shares. While at least 75% of surplus is assigned to reserves it still leaves a lack of capital. The leaders realize the lack of growth in productive enterprises but wisely hold back because of the dangers of too much borrowing. Capital required is obtained from two main sources, loans from their own cooperative banks and loans from members. When one realizes that in 1920 all savings and capital were depreciated 80%, it is easier to

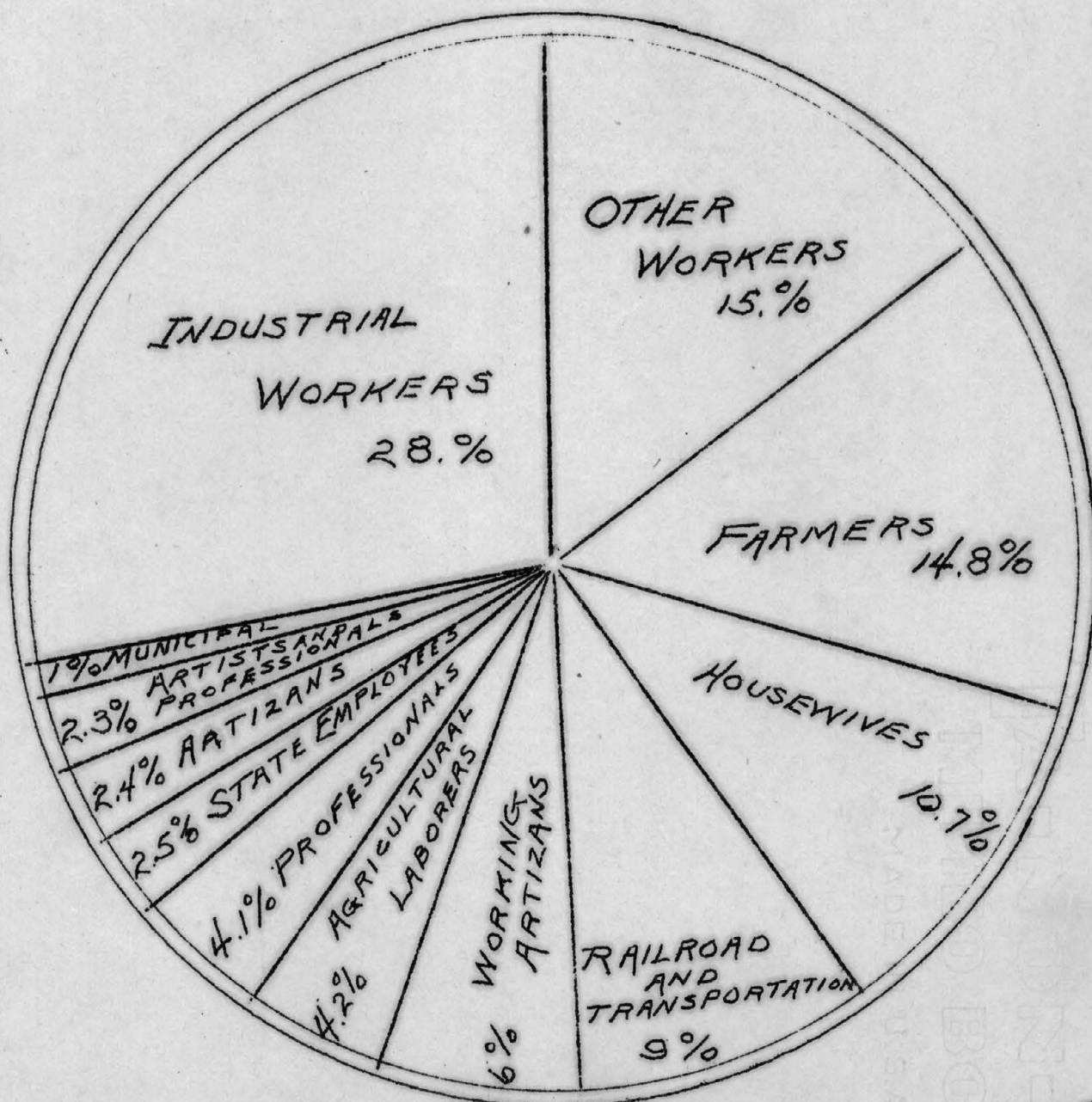
realize Finland's problem for they continued to pay all their debts as they came due.

In manufacturing, although it is not nearly so far advanced as England, yet the Wholesales in Finland own a match factory, rye mill, margarine factory, flour mill, and hundreds of bakeries. As more money is available there will be more manufacturing done.

The rift in the consumers movement which culminated in the definite break in 1917 was unfortunate in many ways. Today each wholesale O.T.K. and S.O.K. have their own flour mills, bakeries, laboratories for testing, and match factories. This duplication is very wasteful and very definitely is holding the cooperative production back to a very large extent. The chance for bringing the two groups together seems remote at the present because they differ very markedly as to philosophy. Another interesting sidelight on Finland is the fact that the Swedes who make up 10% of the population have their own separate educational units and retail stores but are affiliated to the older S.O.K. wholesale organization.

It is in Finland that we find whole communities with nothing but cooperative societies supporting them--there are simply no private business institutions. In Helsingfors with 220,000 people, over 70% of the population is in the Elanto Cooperative Society. The Finnish people are extremely loyal and from year to year the business of the cooperatives grows. Newspapers, books, tell us of cooperation, and the government is friendly to the movement. Mr. Tanner, now President of O.T.K., is also President of the International Cooperative Alliance and was formerly Prime Minister of Finland.

MEMBERSHIP OF SWEDISH COOPERATIVE UNION
AND
WHOLESALE SOCIETY (K.F.)
1933



B0015

p. 34, 36, 38, 39, 42, 47, 48 —

p. 50 ff. —

p. 73 —

Markkina Iltaamat (box social) —

Kuvalma - dramatic pageant —

mölykööri - comedy masque —

choral singing

N O R W A Y

An extremely cheerful report on consumer cooperation comes from Norway. Here, since 1906 when the C. W. S. was founded, growth has been steady even through the depression years. The N. K. L., which is the C. W. S. of Norway, owns hundreds of factories, the most outstanding being the margarine factory, soap, flour mill, shoe factory, tobacco, and coffee roasting plants. The output of N. K. L. factories constitute 43% of the N. K. L. total sales to members. Everything points to even more manufacturing and a steady growth all along the line.

S W E D E N

For those who believe in the consumers cooperative movement, the study of Sweden will gladden their hearts. For twenty years now Sweden had had an uninterrupted march of progress. All around progress has been made in every sphere of the movements activities-increased membership and sales of retail societies, increased sales, Swedish Cooperative Wholesale Society increased production, capital, and surplus. Over 30% of the total population are now being served by the Swedish Consumers Cooperative Movement.

From Chart A we see just what people are members of the Swedish Cooperative Movement. Just about every class of society is represented in its membership. Industrial workers make up the largest group, 28%; other workers, 15%; farmers, 14.8%; housewives, 10.7%; railroad and transportation workers, 9%; working artisans, 6%; agricultural laborers, 4.2%; professionals, 4.1%; state employees, 2.5%, artisans, 2.4%; artists and professionals, 2.3%, and municipal workers 1%. The fact that the membership is so diversified makes for a well

rounded movement. The city and country are developing apace.

The movement is efficiently centralized in the K. F., the Swedish Cooperative Wholesale Society and Union combined. During the last few years, the K. F. has begun to produce and manufacture on its own account in several new fields and extended its operations in those spheres in which it was already established. The K. F. margarine factory has been conspicuously successful in breaking the margarine trust and reducing the consumers price on margarine drastically. In the cereal field the K. F. has exerted enough influence to break the trust. They did this through the setting up of two flour mills, an oatmeal factory, hard bread factory, macaroni factory, and just recently, a packet cereal factory. In 1925 they acquired a shoe factory which in 1932 produced 253,600 pairs of shoes. In the sale of shoes, retail stores were set up by the factory which are used as stock centers for the surrounding societies. In rubber goods, the K. F. have practically a cooperative monopoly. They broke the galosh cartel when they took over a factory for their own production. They can manufacture one half a million bags of superphosphate per year, and have cut the former retail price on this for the farmer to a fraction.

Sweden has the first international cooperative factory as the cooperative Wholesales of Sweden, Denmark, Norway, and Finland own proportionate shares in the "Luma", and electric lamp bulb factory. Immediately after plans for the organization were completed, the price of bulbs made by the trust fell from 37¢ to 27¢ and when "Luma" lights sold at 20¢, there was still a fair profit. Now, in the same factory, they are making cash registers, scales and other store equipment.

The distinguishing feature about the Swedish movement is the

loyalty to educational efforts. The K. F. has a special educational department where the central educational activity is carried on. In 1932, 1,100 participated in a one week course, and over 8,000 persons or groups individually availed themselves of extensive correspondence education. Films play an important part in education. They show cooperative factories in which high quality merchandise is being turned out by cooperative employees.

It is altogether fair to say that in Sweden cooperatives and the numerous state activities make for a controlled capitalism, where the ideal of "more for everyone" is actually being reached every year. It seems that consumer cooperation and state ownership are dovetailing so that together they control the economic life of Sweden for the benefit of all Swedes. A little summer cottage and a motor boat are not luxuries in Sweden.

SWITZERLAND

Switzerland is distinguished in its cooperative set up by its completeness. The cooperative distributive societies, very generally are in membership with the Union of Swiss Consumer's Societies. For the past 17 years there has been steady progress.

U.S.S.R. (SOVIET RUSSIA)

Soviet Russia has more members in the consumers cooperative movement than any other country. By January 1, 1933, membership reached 73,100,000 of which 23,500,000 lived in the towns and 46,000,000 in the villages. There were 199,000 retail outlets and 416,992 employees. It is the business of the movement as well as the Soviet System,

to abolish entirely, private enterprise and trade, and substitute cooperative or state trading societies. As might be expected the cooperative movement gets the complete support of the Government. It is stated in the special government Decree of August, 18, 1930 in Clause 28:

"The claims of Cooperative undertakings, so far as equipment, raw material, fuel, etc., are concerned, must be given equal treatment with those of State undertakings!" All along the line the consumer cooperative movement is an aid to the Soviet Union plan.

The Soviet Cooperative Movement is extensively engaged in the educational field with its main purpose the training of skilled cooperative workers. In 1932 it had 32 high schools and academies of university rank with 8,486 students, 125 technical schools of secondary rank with 84,713 students, and 446 evening schools and establishments for educating the masses, with 54,400 students. It is the task of the Cooperative Movement of Soviet Russia to provide 73,000,000 working people with all their necessities. All signs point to more progress as years go on for the government is lending its aid to all cooperative projects.

HOLLAND

The latest development in the Consumers' cooperative movement in Holland is the creation of a new cooperative society by the already existing wholesale and union which has for its object the organization and control of the societies in the smaller towns and villages of Holland. The purpose is to help them with technical advice, services, and capital. All goods must be bought from the Dutch C. W. S. The governing body and the manager and staff are selected by the local societies.

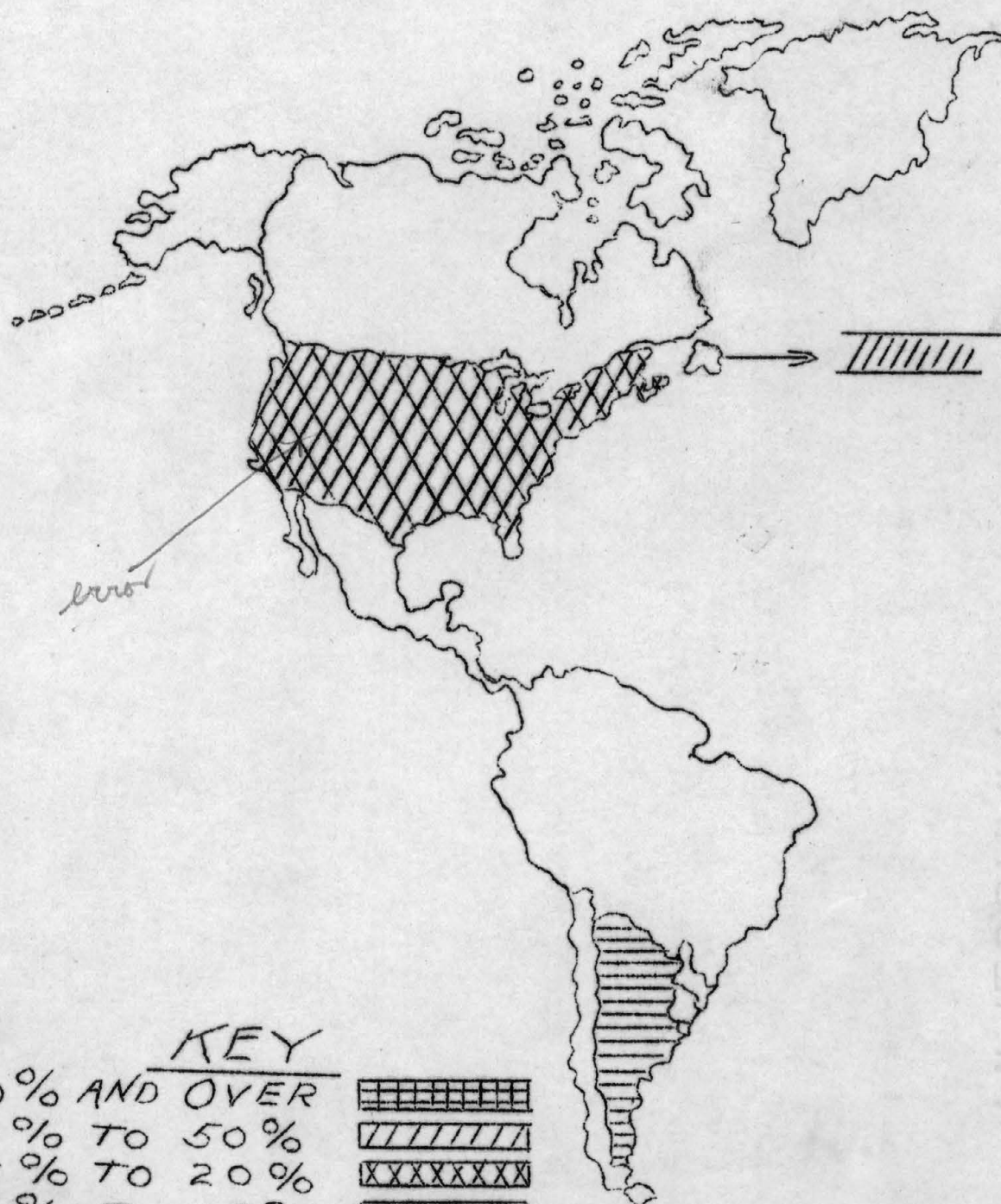
The Dutch C.W.S. with 372 employees has a soap factory at Utrecht, where a jam and lemonade factory has been put up. The intention is to make Utrecht the center of C.W.S. production. At Sanda is the cheese warehouse with 300,000 ket capacity for export trade. The net surplus of the C.W.S. has grown steadily until in 1931 it was 441,192 florins. On January 1, 1932, there were 137 member societies with total membership of 203,358.

BELGIUM

In Belgium we find that the largest part of cooperative movement is definitely attached to the Belgian Socialist Party. Two-thirds of the cooperative consumers belong to this party movement while the other third belong to societies of State employees or to societies with clerical or Liberal party connections. There are 1,200,000 members in the Socialist Cooperative Movement with 1,144 outlets and 413 centers of social and educational activity. Instead of paying a patronage dividend, the societies use the money for pensions and for social, artistic, and educational activities. There is also a neutral movement made up of workers in public office. They have 49 societies, with 145,835 members, and did a business of 347,861,370 francs in 1930.

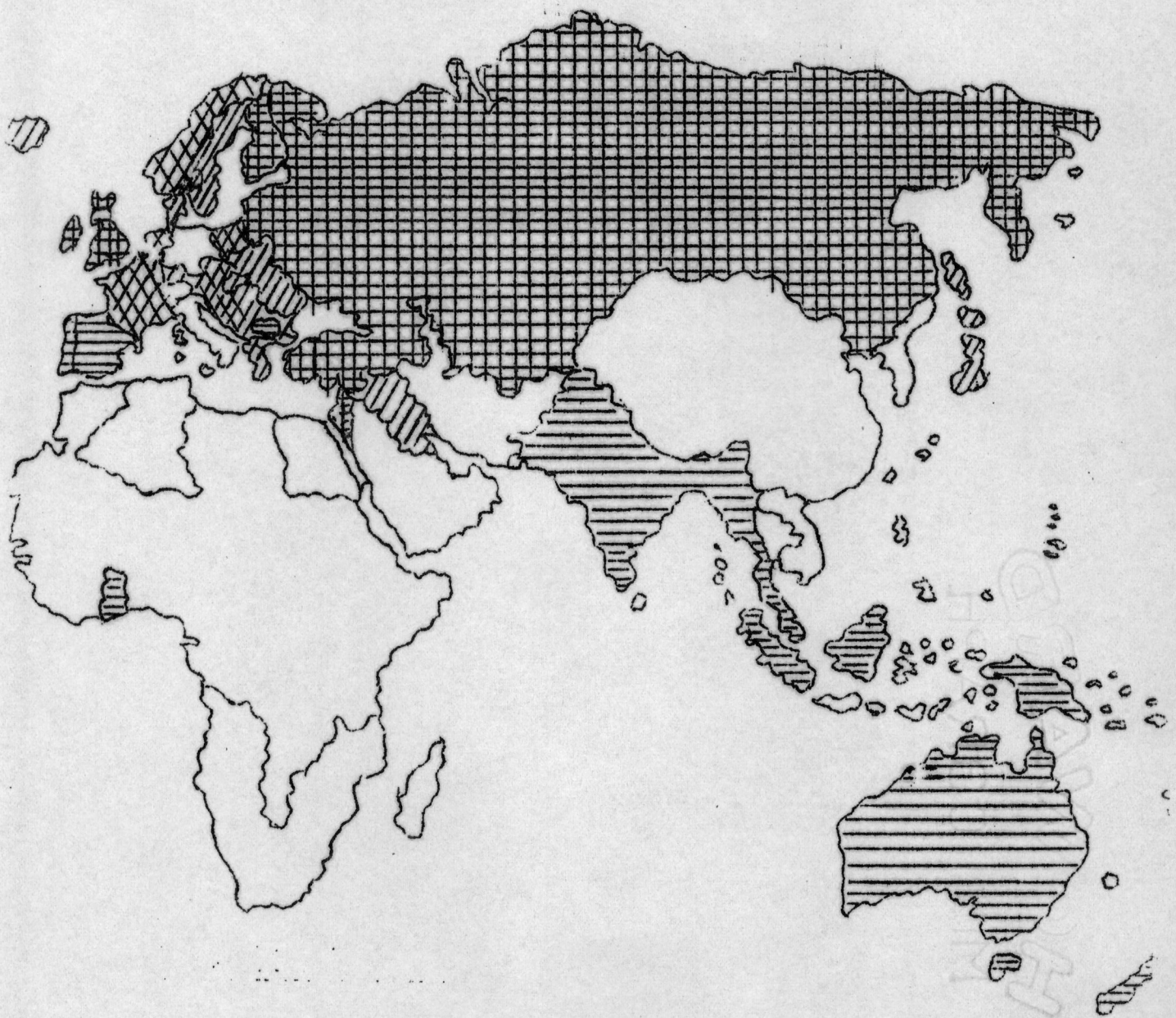
The "Boerenbond" is the name of the Roman Catholic cooperative organization whose activities are mainly in agriculture and credit. Recently they have gone into consumers activities as a challenge to "the monopoly by the Socialists.". They had in 1930, 382 shops and six bakeries with a total volume of 69,099,359 francs.

PERCENTAGE OF TOTAL POPULATION



Boots

IN CONSUMERS COOPERATIVES



Boots

CZECHOSLOVAKIA

It is interesting to note that the consumers cooperative movement has taken solid root in Czechoslovakia even though races, languages, and customs are divergent. The movement is divided into two groups-- the Czech-speaking and German-speaking, but they work on a very friendly basis. There are about 2,000 cooperative societies in all, with 1,400 affiliated with the Unions of either of the two mentioned. Twenty-one percent of the population do business with the cooperatives and the cooperatives do 4% of the total retail trade of the country.

OTHER COUNTRIES

In the Peoples Year Book of 1934 there are 55 countries listed that have the consumers cooperative movement developed to some extent. Only in Germany and Austria has the movement suffered real reverses, due entirely to recent abnormal political disturbances.

TABLE 2

PERCENT OF POPULATION IN CONSUMERS' COOPERATIVES

<u>COUNTRY</u>	<u>PERCENT</u>
Algeria	.018
Argentina	1.3
(Armenia) 'Iraq	40.
Australia	3.9
Austria	17.0
Belgium	14.0
Brasil	.28
Burma	-
Bulgaria	4.2
Canada	.74
Ceylon	.76
China	.01
Chile	.44
Czechoslovakia	19.0
Denmark	34.0
Ecuador	-
Egypt	.14
Estonia	12.0
Finland	64.0
France	15.0
Germany	-
Gold Coast	3.0
Greece	26.0
Holland	11.0
Hungary	29.0
Iceland	28.0
India	1.0
Italy	.87
Japan	21.0
Latvia	17.0
Lithuania	16.0
Mexico	-
New Found land	32.0
New Zealand	3.9
Norway	17.0
Palestine	62.0
Poland	20.0
Portugal	2.0
Rumania	22.0
Russia	80.0
Siam	.02
So. Africa	.41
Spain	2.12
Straits Settlements	4.0
Sweden	33.0
Switzerland	37.0
Turkey	-
U.S.A.	.02
West Indies	-
Yugoslavia	13.0
Great Britain	50.0

CHAPTER III

COOPERATIVE STORE MOVEMENT IN THE UNITED STATES

Not many years after the original Pioneers set up their store in Rochdale, England, in 1844, similar efforts were started along the coast of New England. These efforts proved futile and of no lasting importance. The people with vision and with pioneering spirit were moving west, where there were limitless opportunities for individuals with initiative. Robert Owen came over from England in 1825 to found a cooperative colony at New Harmony, Indiana. This failed after a few years as did all such ventures because they were not properly organized and not economically sound in principle.

It was the farmers of the middle west who actually started consumers cooperative stores on anything like a permanent basis. Cooperative effort was an essential part of the settling of the country beyond the Alleghenies. The caravans of covered wagons, the sewing bees, the husking bees, and house raisings all were cooperative efforts. There were farmers clubs in the 1820's, plowing matches were held- there were local fairs where the best products of the farmers were exhibited. But there was a real need for a vital, inclusive farm organization.

The Grange, or Patrons of Husbandry, was the first farmers organization that tried to fill this need. In 1868 the first permanent Grange was established at St. Paul, Minnesota. After the State Grange of Minnesota was established, in 1869 came Illinois, Iowa and Indiana. This first state Grange in St. Paul decided that they should "have flouring mills, flour their own wheat, and keep the bran and shorts for feed, and not send any raw material into the eastern market," but instead market it themselves. It was not long before many of the Granges established cooperative elevators, stores and went into

manufacturing. The manufacturing efforts failed from the start but the elevators were very successful and some of the stores did quite well.

The Grange became prosperous during the later 1870's. It allowed everyone to become a member whether he were a farmer or not, and the organization started into politics. It soon began to disintegrate. Similar farm organizations came along soon after the start of the Grange, such as the Farmers' Alliance. The Farmers Union in 1902 and the Farm Bureau in 1911, the Farm Bureau Federation in 1919, the Society of Equity in 1902, and the Farmers Equity Union in 1910, and besides these several others have taken up the work for the farmer. All such organizations have played their part in cooperative development to date and the Grange, Farm Bureau Federation, and the Farmers Union are doing much to accelerate the cooperative development in farming areas today. Needless to say, they could do much more but their programs include work for tax reforms, education in better farming and they depend much on reforms through legislation.

Along with these farm developments in cooperation were others by laborers in the mines and industry. In the early 1890's the trade union movement brought into being many cooperative stores, but most of these failed as soon as any adversity struck them. E.M. Tousey in Minneapolis with his "Right Relationship League" started at least 50 cooperative stores in the early part of the 20th century. His idea was to take over one private store in every county and make it a cooperative. He put out a monthly magazine "Cooperation", and for six months there was a cooperative wholesale house in Minneapolis.

There have been many sporadic efforts at cooperative store development from 1900 on to the present day. In fact it could be said that the ebb and flow of consumers cooperative development has

been dependent to a great extent on the economic situation in our country. When times were good few stores were started but as prices outran salaries and wages too much, the need for saving was imminent and the cooperative development was renewed. Actually hundreds of cooperative stores were started during the World War period and up to 1921 before the business depression set in. In some cases it was an organized labor union group, that started stores. Those in the railway field were very active for a time.

In the early part of the century there were many immigrants from the Northern European countries who settled here and brought with them their fine ideas and ideals of cooperation. They would settle by communities and start cooperative stores on the order of those they had left in Europe. The Finns were especially active in this and wherever they settled, they usually started cooperative stores. Most of them settled in Northern Minnesota, Wisconsin, and Michigan, and in Massachusetts. The Cooperative Trading Company of Waukegan, Illinois, was started in 1911 and every year since 1925, the store had net sales of over \$500,000.00. The Cloquet Cooperative Society at Cloquet, Minnesota was started in 1910 and since 1927 the sales of this society have been over \$500,000.00. Each is an outstanding example of a very successful Finnish Cooperative store. Those at Fitchburg and Maynard, Massachusetts and at Rock, and Hancock, Michigan, and Superior, Wisconsin are only a few of the outstanding cooperative stores got under way by the Finns.

Previous to 1915 the cooperative societies had no connections, one with the other. Many of the valuable experiences of those societies that failed or prospered were lost because of the lack of a central

organization. There had been a few people in the East who saw the value of this central organization for the dissemination of knowledge and the passing on of ideas. These people were able to get hold of Dr. Peter Warbasse, an eminent New York physician whom they interested. Dr. Warbasse supplied the funds and also the leadership for an organization. The first convention of the cooperative group was held at Springfield, Ohio in 1918, and in 1921 the Cooperative League of the U. S. A. as it is called, was recognized as the official body of the consumers cooperative movement in the United States by the International Cooperative Alliance.

The Cooperative League has been the organization that has brought the cooperative store societies together. Regular biennial conventions have been held. The last one, held in Chicago, in October, 1934, was attended by over 500 delegates. To quote from Dr. Warbasse's address given at the opening of the Congress: "In the United States we have about 6,600 cooperative consumers' societies, with about 1,800,000 members, doing a business of approximately \$365,000,000.00 a year. There are some 500 societies with stores, 2,100 banking societies, 1,600 farmers' supply cooperatives, about 1,500 oil societies, and 900 societies carrying on housing, restaurants, bakeries, milk supply, insurance, telephone service, medical care, electric supply, undertaking, and other services.-- Today the Cooperative League has 1,450 member societies with a total of 500,000 individual members, doing a business of \$79,000,000 a year."

"A union embracing all of these societies is the aim-- the coordination of our consumers' organizations so that each one shall help all of the others and all shall render service to each."

There is no actual check on the number of cooperative stores in the United States because only a part belong to the League. Most of the large store societies belong to it. The Central Cooperative Wholesale, supplying those cooperative stores in the Lake Superior region, also is a member. The Cooperative League has been particularly valuable in bringing together the consumer cooperatives for educational purposes. The new secretary of the Cooperative League, Mr. E. R. Bowen, is especially capable in getting the cooperative organizations to cooperate with each other.

At the present time there are four cooperative wholesale societies supplying stores with food and general merchandise. The Nebraska Farmers Union State Exchange at Omaha, Nebraska is the oldest cooperative wholesale supplying cooperative stores. Besides the wholesale business, the State Exchange operates 13 retail stores in Nebraska and serves 67 cooperative oil associations. In 1933 the net sales of the Exchange were one and three quarter million dollars. The organization is in a very good financial position and at this time is building a new home at a cost of \$125,000.00. This building is to be financed without a cent of outside money. At present the "Exchange" is not a member of the Cooperative League. The Grange Cooperative Wholesale at Seattle, Washington, and the Eastern Cooperative Wholesale in New York City, are both quite small. They carry only small supplies of merchandise, because each supplies comparatively few stores. The Eastern Cooperative Wholesale was only organized in 1929 and supplies the Consumers' Cooperative Service, which is a chain of twelve cooperative cafeterias in New York City, and a few stores.

At the present, these cooperative grocery and general merchandise

wholesales have no arrangements for collective buying. The Central Cooperative Wholesale at Superior uses a "COOP" trademark on 200 of their food items but the only food item they manufacture is bread. More will be said in a later chapter about the Central Cooperative Wholesale organization. In 1934 they did a business of \$1,787,773.00, which is an increase of 31.64% over net sales in 1933. This organization was started by a group of Finnish stores in 1917. They moved into a half million dollar building in December 1934 which a private wholesale house was compelled to give up through bankruptcy.

It is a little early, possibly, to have coordination in buying or manufacturing among the wholesales but not too early to think about having this coordination. The example of seven cooperative oil wholesales in their central contract making organization-- National Cooperatives, Inc., gives clear proof of the value of Cooperative purchasing. The time should not be far off when the existing cooperative oil wholesales will be servicing cooperative stores especially the Indiana Farm Bureau Service Co. of Indianapolis, Indiana, and the Consumers Cooperative Association of N. Kansas City, Missouri. When this time comes, the National Cooperatives, Inc. would enlarge its present scope and not only make contracts for food and general merchandise but go into the production of some simple food products.

There are today outstanding examples of successful cooperative stores in many parts of the country. For example, the store at Sault Ste. Marie, Michigan, for years has been very successful. The store at Stillwater, Oklahoma is an outstanding success. This store pays monthly dividends to those who care for them that often. They are figured every month and are paid when the members call for them.

Sioux Center, Iowa, is a real cooperative city composed almost entirely of Dutch settlers and their descendants, and the cooperative store is one of the main business establishments. Waukegan, Illinois has one of the largest store societies in the United States. This store was started in 1911 and has a very good creamery and bakery in connection.

A few states such as Minnesota, Wisconsin, and New York have good and adequate laws for the organization of Rochdale Cooperative Societies. A few have laws that definitely handicap such societies. According to the U. S. Department of Labor, Bureau of Labor Statistics, thirty-two states and Alaska have some special laws for cooperative societies. Sixteen states have no laws dealing with cooperatives, so the cooperative society in these states must organize under the joint stock law and carry its cooperative features in its by-laws. The Cooperative League and the Cooperative Wholesales have helped as they could to get cooperative laws passed in the different states.

The average consumers' cooperative society in the United States is much like one would find in any other country. There are differences of course, mainly because only a portion of the cooperative stores are federated in any educational or buying organization. It is a fact that some so called cooperative stores do not follow all of the Rochdale principles. The writer has called on some such stores where the manager was quite opposed to the idea of paying patronage dividends. Our main weakness in the United States is the lack of coordinational and cooperation among the cooperatives themselves. Experience shows that often after the cooperative store has been organized for a period of time and members have moved to other parts of the country and allowed to hold onto their stock, the management is only interested in maintaining the

store practically as a stock company. The cooperative idealism has to be maintained in some way and this can best be done by constant contact with a central cooperative body or with near by cooperative societies. The enthusiasms of the leader often wanes if it is not supported by outside influence and cooperative education.

The work of organizing a store is usually done by a group of six or eight interested people. Pledge cards are circulated and promises to pay and actual cash collected from as many as possible. After a sufficient amount of money has been collected or promised (the shares range from \$5.00 to \$100.00, the most usual being \$10.00) a board of directors is selected and they in turn choose the manager. The board is made up of from 5 to 15 members, the usual number being 9, with three year terms, three being elected every year. Interest on stock is usually from 4 to 8 percent. In Minnesota it is limited by law to 6%. By far the majority of the societies pay patronage dividends but there are⁸ substantial number which do not. The difficulty in the past has been to educate societies not pay out all their earnings in patronage dividends but to put some away in surplus for help in a poor year.

Most societies pay patronage dividends annually but some pay semi-annually. Members meetings are usually held only once or twice a year except in the period of organization and shortly afterwards. The Rochdale principle of one man, one vote is lived up to. In some states this phrase has to be put in the by-laws because of the lack of cooperative laws. Educational work is carried on by the wholesales and the educational committee of the society and women's guilds. Auditing committees are common and in the case of members of Central Cooperative Wholesale, excellent and helpful audit service is supplied to their member stores twice a year. Usually the societies

are only engaged in the grocery and general merchandise business, but there are a few that have bakeries and some few that sell almost everything that a consumer needs. The society at Cloquet is one of these. In Northern Minnesota there are three Federations of store societies that carry on several activities. One with headquarters at Virginia has a sausage factory, a creamery, and a trucking service for the stores and is soon to have a cooperative funeral service for all store members. In Northern Minnesota, Wisconsin, and the upper peninsula of Michigan the cooperative store movement is prospering.

In the November issue of the Monthly Labor Review, Miss Florence E. Parker of the United States Bureau of Labor Statistics gives a report of the Operation of Local Consumers' Cooperative Societies in 1933.* Previous studies were made by Miss Parker in 1920, 1925, and 1929. Her survey covered the entire United States and was made entirely by means of questionnaires. There were 695 societies that replied to it. The returns show a combined membership of 225,441, with 90 percent being in store and gasoline associations. The business done by all was \$40,431,308 of which nearly three-fourths was by societies in the North Central States. Five societies did over \$500,000 business each, but nearly 60 percent of the organizations did less than \$50,000 each. Average sales during the depression decreased from \$109,000.00 in 1930 to \$60,000.00 in 1933. Miss Parker's report proves quite conclusively that consumer cooperative societies have stood up as well or better than private business during the poor business years. The savings from patronage dividends by these societies amounted to \$1,229,975 in 1933, all of which was available for the development of the home communities.

*- See Appendix E.

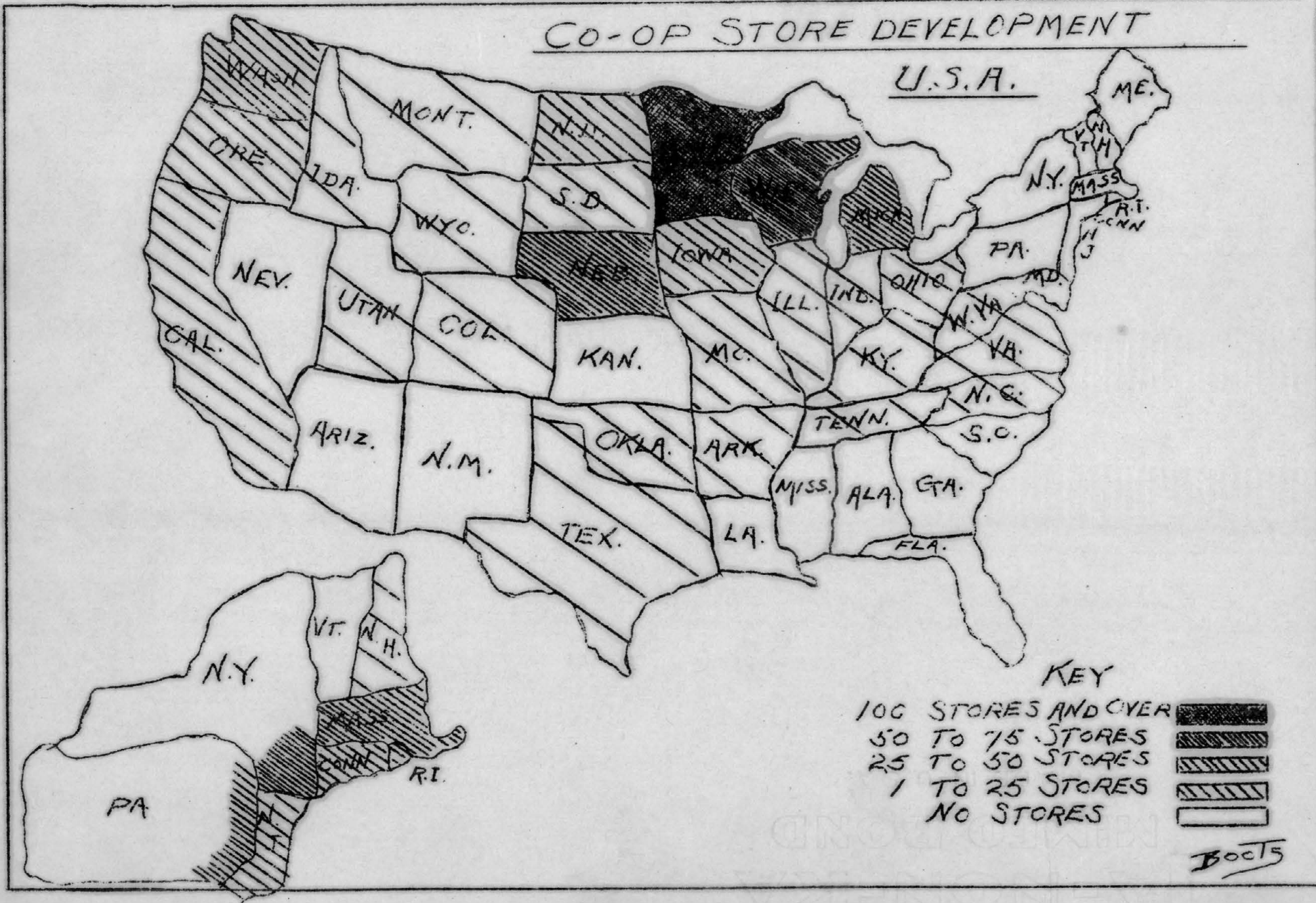
Although there are only about 500 cooperative stores in the United States today, and the movement is not growing with any great rapidity, there is some reason to believe that, as time goes on, the cooperative store will become the backbone of the consumers' cooperative movement. At present, the main cooperative development is in the rural part of the country. Fully 90% of the cooperative membership comes from the farm area. The cooperative oil association is the only consumers' cooperative institution in dozens of communities. One of the reasons the store development has not come sooner or made the progress which oil associations have made in the last five years is because the cooperative leaders have followed the line of least resistance in determining the kind of business to enter. Profits have been large in the gasoline business and it has been comparatively easy to get into that business. A combination of causes may accelerate the store development. In states like Indiana, Minnesota, Missouri, North Dakota and Montana, and many others the gasoline associations are already established in rural areas. The next logical move is along the lines of a store.*

The cooperative oil wholesales realize this, as do the leaders of the local cooperative oil associations. With this combined leadership and the fact that the people in the communities are already members of an oil cooperative and have had a valuable education in cooperative principles, it may be that the rise of the cooperative store development is not far off.

*- See Chart C, showing cooperative store development in the United States.

CO-OP STORE DEVELOPMENT

U.S.A.



CHAPTER IV

THE COOPERATIVE STORE MOVEMENT IN MINNESOTA HISTORY

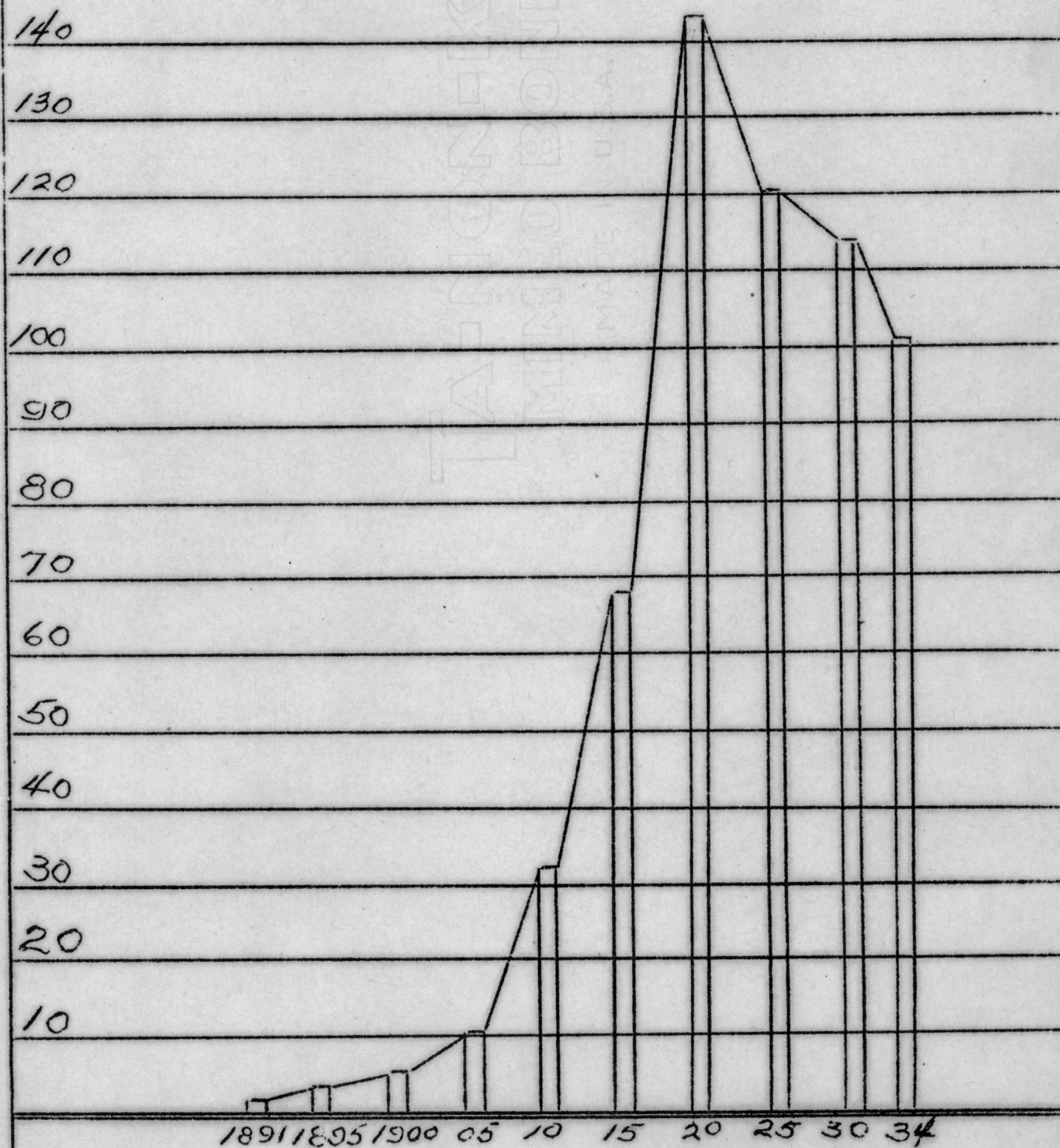
The first cooperative stores in Minnesota were established by the Grange movement which swept the country from 1875 for a quarter of a century. There were stores established here and there over the Northwest. Those in Minnesota were at Clarks Grove in Freeborn County in 1891; the Farmers' Mercantile Corporation at Underwood in Ottertail County in 1892; Nelson and Albin Mercantile Association at St. James in 1896; and the Union Mercantile Company of Oxlip, (Isanti), established in 1897. Others were started, but only those mentioned still remain in operation.

At the start of the century the Right Relationship League in Minneapolis, with three promoters led by E. M. Tousley, the Secretary-Treasurer, started at least 50 cooperative stores. The idea was to take over one good established store in every county and make it a cooperative. At one time there were 16 organizers out. The stores at Lindstrom, Willmar, and New York Mills are results of this effort. Tousley put out a monthly magazine, "Cooperation" for a short time, and for six months there was a cooperative wholesale house in Minneapolis.

Many of the early stores failed or were sold to private individuals or stock companies. The difficulties and problems which confront an organization of this type---insufficient capital, lack of capable management, ignorance of business methods-- were too much for them to overcome. These early stores also lacked leaders and loyal members who understood the real meaning of Rochdale principles of cooperation.

STORE SOCIETIES IN EXISTENCE

MINNESOTA
1891 = 1934



Boots

The organization of cooperative stores in the state proceeded quite slowly as far as any records show us. By 1910 only about thirty-two associations were in existence. In the next ten years the number increased fairly rapidly, one hundred and eleven being started. From 1922 up to 1935 there have been only a few started every year.

COOPERATIVE STORES INCORPORATED

To 1900.....	5
1901-1910.....	27
1911-1920.....	111
1921-1926.....	16
1927-1934.....	20

The development in late years has been more in the addition of branch stores. At this writing there are three stores in the process of organizing and three more will start operations at a very early date--all in small towns in the central or northern part of the State.

Many of those stores started during or immediately after the war, did not survive the depression of 1921-1922. They were handicapped by a variety of weaknesses, the principle ones being the lack of knowledge of cooperation and practical business sense. Professor H. Bruce Price, while at the University of Minnesota made a study of the cause of failure of cooperative stores.

The causes of combination of causes as given were as follows:

inefficient management.....	25
Insufficient capital.....	15
Too liberal extension of credit...	14
Lack of leadership.....	13
Lack of cooperative spirit.....	11
Too many competitors.....	7

Without much doubt the mushroom growth in 1919 and 1920 had much to do with the many failures. Patrons expected large and immediate dividends. Instead of dividends, most societies needed more money for working capital.

In recent years there have been hardly any failures and even our present depression has not affected the cooperative stores adversely. Two of the societies affiliated with the Central Cooperative Wholesale have failed in the past ten years-- the little store at Keewatin which began life under capitalized and expired very shortly afterward, and the Chisholm store which went over to the Communist element in the 1929 controversy, and could not make headway with its small volume.

MAKE-UP OF MEMBERSHIP

Minnesota, being an agricultural state, has a large number of farm organizations, and it is not surprising therefore, to see that the farmers have been predominant in forming the cooperative stores. Neither Minneapolis nor St. Paul has such a store while the one ⁱⁿ Duluth is small. In the Iron Range District almost every city has a cooperative store and some like Virginia and Two Harbors have more than one but even here the farmers usually play an active part. Out of 89 stores answering our questionnaire the following membership was ascertained:

Stores having a majority of farmers (over 2/3)- 69

Stores whose membership is equally divided
between farmers and city dwellers-----11

Stores having a membership over 2/3 city
dwellers----- 9

Although Scandinavians, Germans, Americans, and Finns have been instrumental in organizing the cooperative store societies, it is the latter group which has proved to be the spearhead of the movement.

Their ability to put into practice the theories of the Rochdale pioneers is probably due to their political progressiveness, which has found an outlet in movements like the Socialist and Communist parties, and to the national characteristics of frugality and group action which have become ingrained through the rigorous struggle with scarcity in their homeland. That is probably why the most successful cooperative stores, organized in federations and central organizations, are to be found in the Lake Superior section of the state where the main Finnish population is located.

MERCHANDISING

As most of the stores are in small towns and are farmer - owned, they must handle many kinds of merchandise. Besides handling a full line of groceries, the following goods are sold: fresh and salted meats, feed and seeds, clothing, hardware, farm machinery, lumber, building supplies, auto accessories, petroleum products, and fuel. A few of the farm stores have side lines such as feed grinding and bean cleaning. Some ship livestock, and some sell potatoes, wood products and eggs, for their patrons.

At the present, the Central Cooperative Wholesale members buy up to 73% of their total merchandise from the Wholesale. They can buy almost anything through the Wholesale and today there are over 200 food items under their own "COOP" label. These are labeled plainly to show "fancy", "choice", or "standard" quality, so that the customer may know exactly what he is buying. The merchandise, not carried directly by the Wholesale can usually be purchased at a regular wholesale discount from large wholesale houses that have made these arrangements with the Central Wholesale stores. This arrangement in turn benefits the store members because they usually get this

merchandise 10% above the cost to the store.

In keeping with Rochdale principles, all goods are marked for sale at the prevailing market price. While in some instances the members have insisted that the selling price be cost plus expenses, this method has been considered unsound. Estimates of cost are never accurate, and the more conservative way is to provide for a surplus, which may be needed as a reserve for contingencies. Prices are uniform for all, and employees see that no person is favored or disfavored in any manner.

TYPES OF STORES

At this point it should be brought out that in the state today there are at least three distinctly different groups of cooperative stores.

First, the group who are members of the Central Cooperative Wholesale at Superior. They own stock in the Wholesale much as individuals own stock in the individual stores. There are thirty-three of these store societies in Minnesota, ten of which run a total of 15 branch stores. This group besides having their own wholesale house, receive the assistance of a twice year audit from the Wholesale's auditing department, help in arranging the store, and assistance in educational activities.

Previous to 1929 many of the progressive element in the cooperative store movement were attached to the Central Cooperative Wholesale, but in the fall of that year the organization split into two camps, the one a real left wing movement which wanted to run the Wholesale as a part of the Communist party and the other a right wing group interested in preserving the wholesale as an independent, democratically run, cooperative institution.

The stores at Cook, Makinen, New York Mills, Gilbert, and Chisholm went over to the left wing movement. In recent years, the Chisholm store has gone out of business. This group with another small group in Northern Wisconsin and Upper Michigan, broke away entirely from the Wholesale and set up a Wholesale of their own called the "Workers and Farmers Cooperative Unity Alliance" with headquarters at Superior.

This organization is small and much embarrassed because of lack of cash. The stores are run on a cooperative basis but many lack sufficient working capital.

The third and largest group which makes up 60% of the cooperative stores in the state are independents. Four buy a little from Central Cooperative Wholesale now and may join sometime soon. A few belong to the "Red and White" voluntary chain, and a few to the Twin City Wholesale Grocery Company which is a retailer owned wholesale organization. The rest have no connection with any organized group of stores. There are some large and successful stores in this independent group such as the ones at Barnum, Jackson, Willmar, and the Scandinavian Cooperative Mercantile Company at Two Harbors. There are other active stores that are smaller such as the ones at Storden, Isanti, Underwood, Hanska, Motley, Emmons, and Clark Grove just to mention a few. The reason the stores affiliated with C. O. W. were chosen for special study was because we could get complete financial reports from them.

2000

CLOQUET CO-OP SOCIETY

1750

1500

1250

Membership

1000

750

500

250

90M

80M

70M

Share Capital

60M

50M

40M

30M

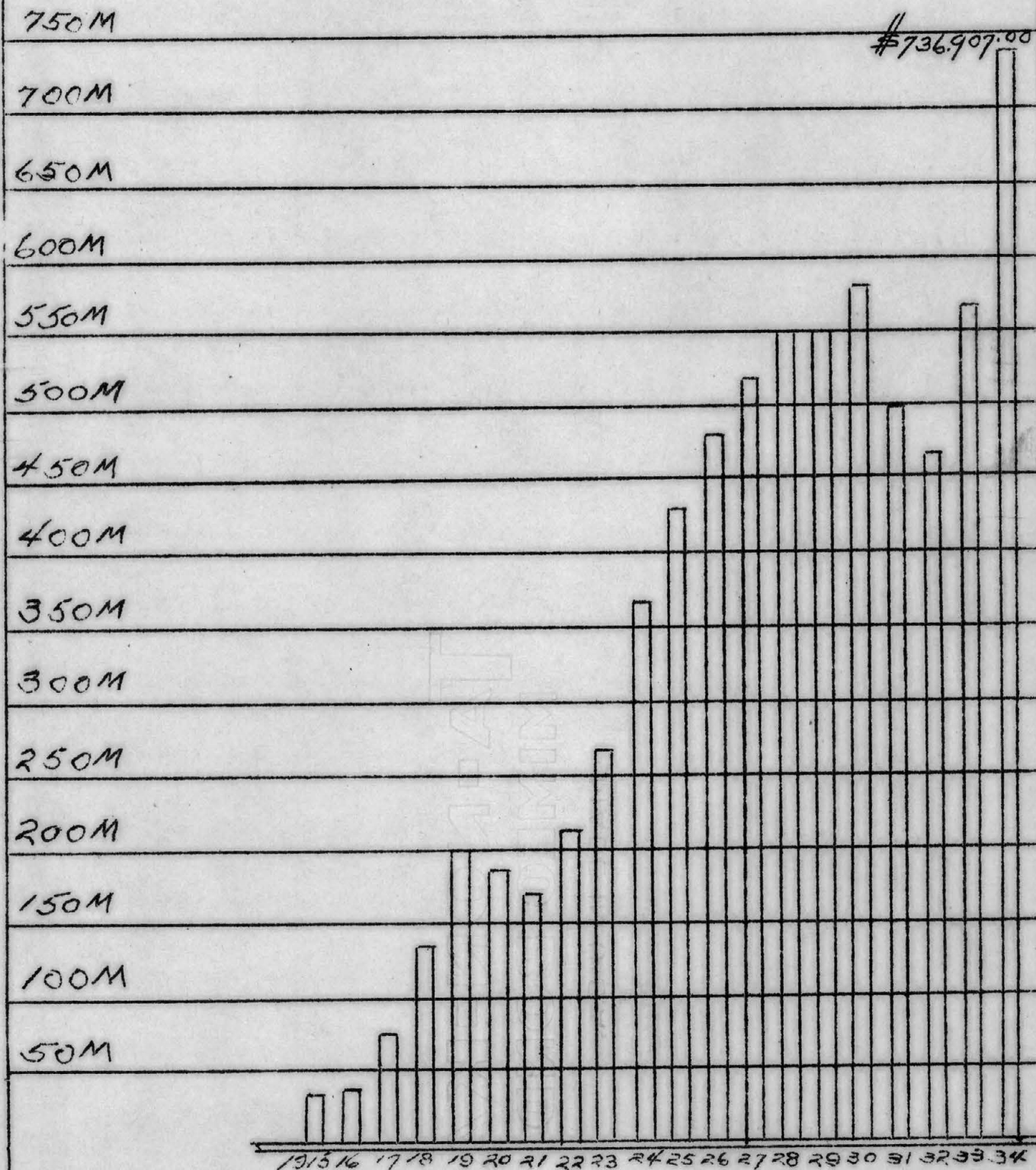
20M

10M

1910 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

Boots

NET SALES CLOQUET CO-OP SOCIETY



Boots

THE CLOQUET COOPERATIVE SOCIETY

CHAPTER V- EXAMPLES OF MINNESOTA LOCAL COOPERATIVE STORE SOCIETIES

At Cloquet we find one of the largest and most outstanding cooperative store societies in the U. S. A. For the fiscal and calendar year of 1934 the net sales amounted to \$736,907.00, which was an increase of \$170,902.00 over net sales in 1933. The store at Cloquet is the largest retail institution in that prospering city of 7,000 people in the northern part of the state. The fact of the matter is that the society supplies consumers goods for a large share of the population. The membership in the store is now 1,800 and increasing right along. See Chart E and F.

When the Cloquet Stock Mercantile Company was incorporated in January 1910, there was not even a cooperative law in the State, but the 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 \$1,662.00. There were 121 shareholders, all Finns, and most were residents of the city.

All written records of the society as well as all the tangible physical properties were destroyed by the great fire that swept through the city in October, 1918. The fire came so suddenly that the people were fortunate to escape with their lives. After the fire, they put up a temporary structure on their property and started again. The business began to prosper and it soon became the most popular store in town. What made it gain friends was its policy to sell goods at very reasonable prices to the stricken consumers, most of whom had lost very heavily through the fire.

At the first annual meeting after the fire which was held in January 1919, it was decided to erect a new building with the cooperation of the local Finnish Workmens Society. At the same meeting

plans were formulated to assist the Cooperative Wholesale at Superior in its financing. This was quite typical of the cooperative spirit of the people. At that time they had not yet recovered from the effects of the fire.

Other important dates in the development of the society were July 1, 1921, when at the semi-annual meeting the old Stock Mercantile Company ceased to exist and became the Oloquet Cooperative Society, and September 15, 1923, when the Knife Falls Cooperative Association, located only a mile away from the Oloquet Cooperative Store, amalgamated with the Oloquet Society to become store #2. The Knife Falls store helped increase the sales; and, as their membership was made up of mostly farmers and the Oloquet store was made up of city wage earners, the combination proved beneficial to both. In September, 1927, a new store at Esko's Corner on the Duluth highway, across from the Arrowhead Cooperative Creamery, was opened. The fine modern \$10,000.00 filling station was opened in April, 1931, in Oloquet. Not long afterwards, the cooperative store at Mahtawa was taken over as Store #4. Warehouses have been built in Oloquet for feed, flour, and building material and there is a dynamite warehouse in the country. There is a large coal yard from which the Society does the largest coal business in the city.

The writer spent a day at Oloquet, was shown around by the manager, and talked with other employees and the youngest member of the Board of Directors. Although it was easy to see that the majority of the customers were Finnish, they spoke English almost entirely. It might be well to say at this point that while calling on the store societies of the Central Cooperative Wholesale, almost nothing but English was used between customer and cooperative salespeople.

Last year the Cloquet society sold large quantities of cement to the county, and dynamite too. The society is able to supply the members with everything they need to eat, to wear, to use in the home or to build new houses with. Those things they do not carry in stock they are able to get at wholesale prices from certain wholesales which Central has made special arrangements with. They also have an insurance agency. The filling station which is one of the best in the city did \$22,652 worth of business in 1933. The management is in the hands of a cooperator of many years experience.

The three branch managers of the Knife Falls, Nisko's Corner, and Mahtawa stores, divide the responsibility of buying the large items while each buys the staple day to day items for his own store. The Knife Falls manager, for example, is responsible for buying the coal.

There are eleven members of the board of directors and each one takes a very active part in the affairs of the society. It so happened that the board had met three times already the week the writer called. There are several committees and each member has a special job to perform.

The Cloquet society is the largest stockholder in the Central Wholesale and bought over twice as much from the Wholesale as any other member society in 1933. The society is so powerful it has driven out most of the chain store competition, although one makes a new try from time to time. They regularly pay a patronage dividend which is paid out a week or two before Christmas. In 1933 it was $3\frac{1}{2}\%$ on sales. Five percent of the net profits regularly go to the educational fund. Last year they held eight evening educational meetings and some picnics. The society is a member of the Northern

States Cooperative League and cooperates in supporting the summer conferences put on by the League. All members receive the "Cooperative Builder" and the "Finnish Weekly." They are an active member of the Carlton County Cooperative Federation (which is soon to start a burial association) and the largest stockholder in the Trico Cooperative Oil Association.

The outstanding strength of the Cloquet Society is its interest in education. The women's guild is very active, and the youth organization also is active. Many of the forty-three employees have attended the fall school for technicians at Superior. Another good sign is that the leaders express the need for more information and education.

At the present writing the society's board of directors is busy with plans for a store and filling station at Carlton, the county seat. They are working with the Trico Cooperative Oil Association on this new development. In December, 1934, the society had its largest monthly sale on record-\$69,548.00. Part of the large sales were due to the fact of the opening of additional floor space in store #1. From all indications the Cloquet Society is one to watch when it comes to real progress and cooperative education combined.

UNION COOPERATIVE MERCANTILE COMPANY (ISANTI)

The Union Cooperative Mercantile Company is one of the oldest cooperative stores in the Northwest. It was organized in 1897 by a local of the Order of Grange. As we read of its early history the name of Mr. A. C. Smith is found a good many times. For the first few months the store was only open two days a week and no salary was paid the manager Mr. A. C. Smith. It was quite difficult

to keep enough goods on hand in the early days, and each member in turn had to go to Minneapolis or other points to get merchandise.

The store did quite well, especially with an original working capital of only \$160.00. In February 1900, the clerk who had been hired the year before, offered to manage the business on a commission of 25% of the net profits. This was refused and the clerk was asked to withdraw from the company. There were other problems that came up in the early years. A board member owned a store in the locality that directly competed with the cooperative store. At the annual meeting in 1901 a motion was passed that "we shall not have any directors or head officers who have stock in any other stores." At this same meeting the director offered to sell his store but this offer was turned down. He then withdrew and a half a dozen followed and took out \$300.00 of capital stock. This incident caused a new set of by-laws to be adopted. One of the changes made was to open membership to all.

In the early years, large dividends were paid on the capital stock. In 1902, ninety-two percent dividend was declared, and the following year eighty-six percent. It seemed to Manager Smith that too much was paid out. In 1908 he resigned because he felt among other things that there should be more adequate reserves set up. From 1908 to 1913 there were many difficulties, including those of management. For a time they tried joint managers but this was not satisfactory. A representative of M. W. Savage of Minneapolis offered to exchange the Savage stock for the Union Mercantile stock. The proposal was voted down as was another one to reorganize as a stock company. The situation was becoming so difficult that many wanted

to dispose of the store. Some members believed A. C. Smith could save the situation, so he was recalled from Minneapolis as manager.

In 1924 the company bought machinery for cleaning beans as the farmers in the territory raise a good many.

The detailed history of the Union Cooperative Mercantile Company is interesting to read because it shows how an isolated cooperative store society successfully overcame the difficulties and settled the problems which have often spelled ruin to other cooperative ventures.

DULUTH COOPERATIVE SOCIETY

From March 1920 until the spring of 1930 the Duluth Cooperative society went under the name of "Union Consumers' Cooperative Society." As one might have expected by the name, this society was started by union men, most of them railroad men. The store was started at the time when prices dropped drastically and in 1922 there was the disastrous shopmen's strike.

The society did all it could to assist the striking shopmen by extending credit. The strike lasted longer than was expected and was quite demoralizing. Some families were compelled to leave the city to find work while others had to find work in other fields. The management attempted to collect the bills but were not very successful. Many members dropped out or discontinued buying at the store. For several years the situation of the society was not very encouraging but there were loyal members who stayed with it.

Then in 1930 the Society changed to its present name and came under the regular cooperative law of 1925. A membership drive was put on to get members from all walks of life. The store is located in a

building much larger than they need but they own a good sized equity in it and that is the main reason why they remain where they are. Recently the women's guild has become active and a revival in cooperative education is taking place.

The Duluth Cooperative Society is a good example of where a certain class or exclusive group sponsored a cooperative store. The great wonder is that it has withstood all that it has. To start with cooperative education was lacking. The amount of credit extended was enough to break most societies. The store has been maintained by the loyalty of a small group. At times the Central Cooperative Wholesale has assisted them some. The society has been a member of Central since they began business.

VIRGINIA WORK PEOPLE'S TRADING COMPANY

This society was organized in 1909 by a group of Finnish cooperators most of whom worked in the iron mines surrounding the city. By 1918 they needed 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 the members. Most of the members were Slovenian. Just three years ago the society put up a modern filling station at a cost of \$7,500.00.

The 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 Wholesale and as many cooperative stores as possible, the Virginia store was in the midst of the strife. The left wing did gain control of the cooperative creamery in Virginia but not of the store. The left wing has a branch of their Gilbert Store in Virginia, but it does very little business.

The Virginia W. P. T. Company was one of the leaders in the organization of the Range Cooperative Federation. Aro Ruska, who has been the manager of the store society for many years, has been particularly active in this organization. He and ^{the} other leaders were instrumental in starting the Range Cooperative Oil Association, and the V. W. P. T. Company, is the largest stockholder.

The The Central Cooperative Wholesale

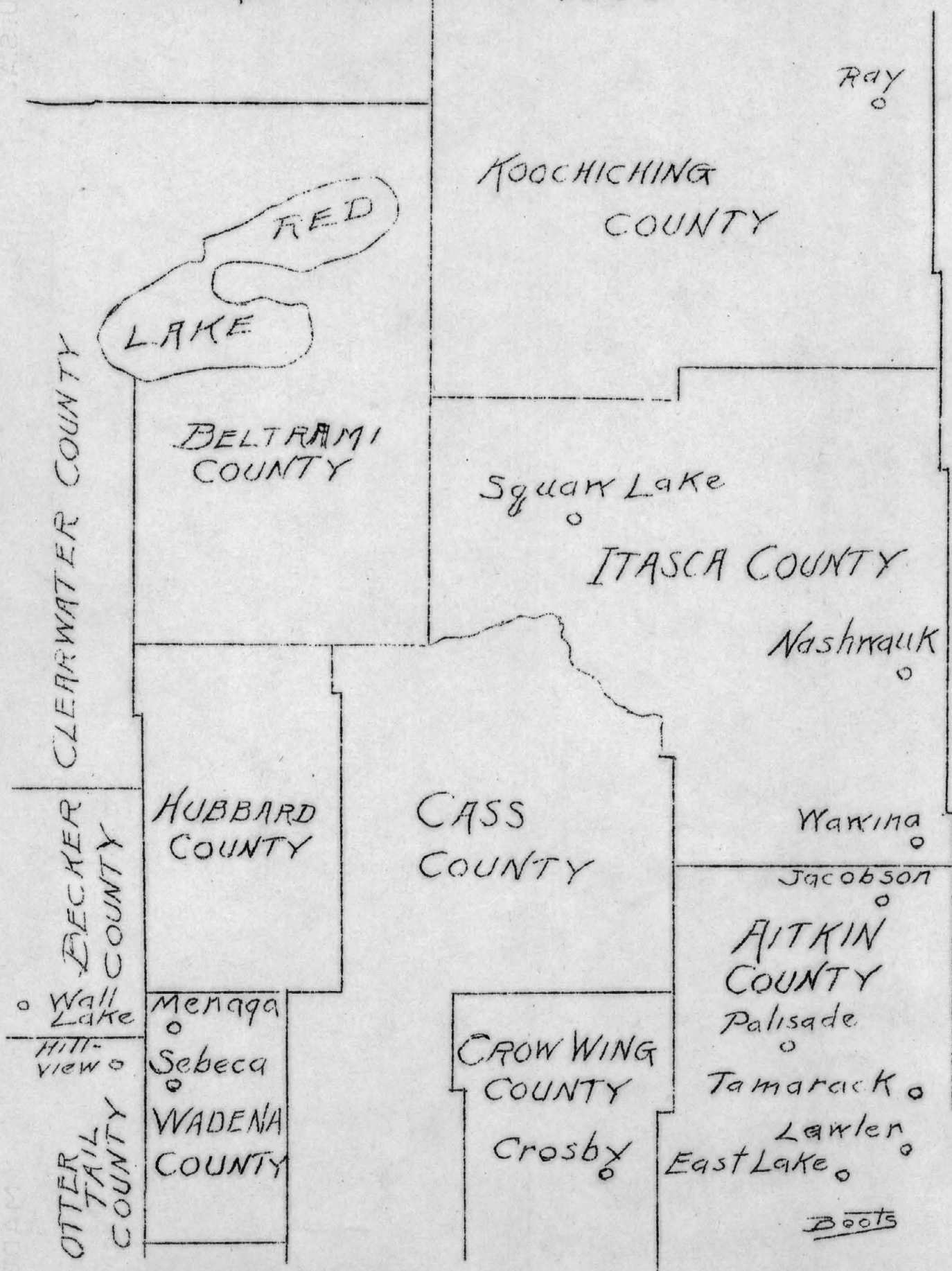
The Central Cooperative Wholesale located in Superior, Wisconsin, is owned by 97 cooperative societies mostly store societies, mainly in Northern Minnesota, Wisconsin and Michigan. We have 33 store societies in Minnesota, all located within a hundred miles or so of Duluth. Their business with C. C. W. in 1933 was \$747,473.00. See Charts G 1, 2, 3, and 4.

C. C. W. is a true cooperative, organized on the Rochdale principles. It was started by a group of representatives from fifteen cooperative store societies in Northern Minnesota, Wisconsin and Michigan during the summer of 1917. In September of that year, the Cooperative Central Exchange, as it was called then, commenced business. There were difficulties of all sorts, lack of sufficient capital, manufacturers and packers refused to sell directly to them, and the established grocery trade used all sorts of subterfuge to influence sales agents to refuse to sell them.

From 1917 to 1921 the Wholesale made rapid progress in sales and membership. The centralizing of buying was having its effect on the profit and loss statements of the individual societies. Educational meetings were better attended and in all phases the organization was making progress. The lapse in general business in 1921 affected the existing cooperative rather severely, but with the advice and help of the Wholesale most of them survived. Sales by the Wholesale have increased from \$132,423.00 for the first full year of operation (1918) to \$1,048,000 in 1926 and \$1,767,760.00 in 1930, and after a drop during our recent depression they were up to \$1,787,773 for 1934.* This was an increase of 31.64 over net sales in 1933.

*- See Chart H.

STORE SOCIETY MEMBERS
CENTRAL CO-OP WHOLESALE
MINNESOTA — 1933



STORE SOCIETY MEMBERS
CENTRAL CO-OP WHOLESALE
MINNESOTA 1933

ONTARIO CANADA

ST LOUIS COUNTY

Orr

Gheen

Ely

Sturgeon

Cook

Angora Vermillion

Embarrass

Virginia

Biwabik

Aurora

Hibbing

Gilbert

Palo

Toimi

Iron

Makinen

Zim

Little Swan

Meadowlands

Floodwood

Brookston

Gowan

Duluth

Wright

Cloquet

Cromwell

CARLTON COUNTY

Mahtowa

Barham

Kettle River

Benham

PINE COUNTY

LAKE COUNTY

Finland

Two Harbors

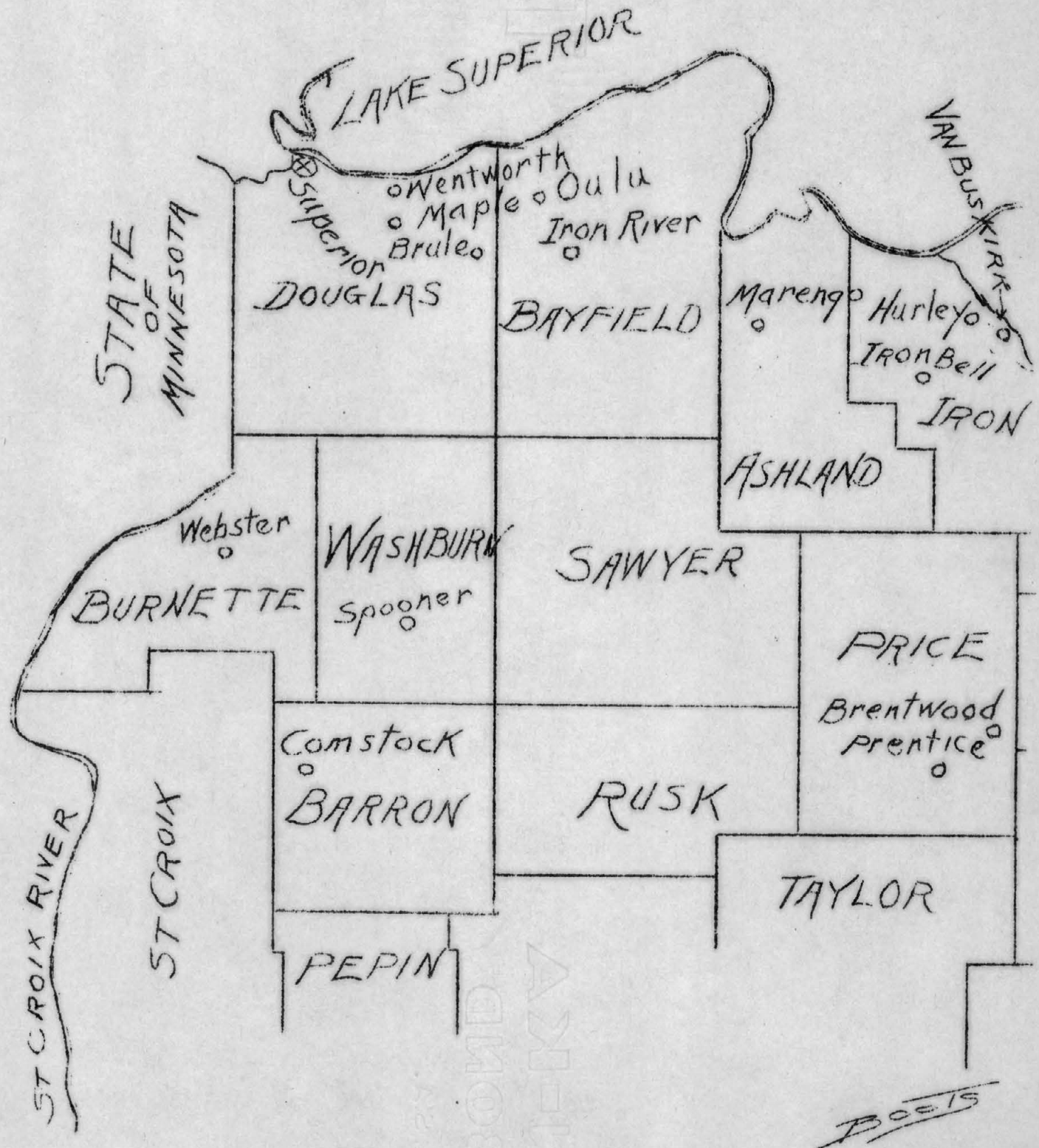
LAKE SUPERIOR

Superior

STATE OF WISCONSIN

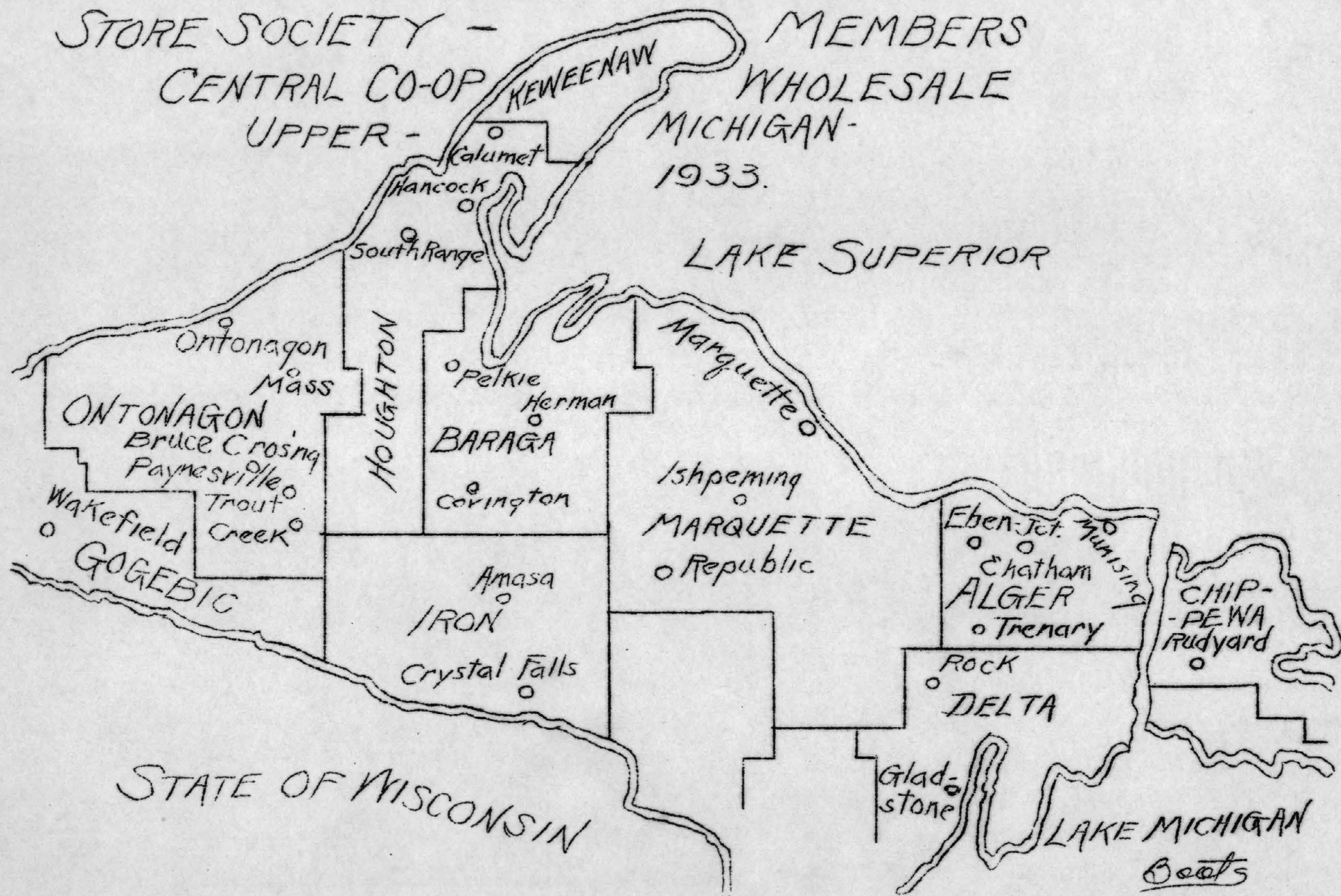
Boat

STORE SOCIETY MEMBERS
CENTRAL CO-OP WHOLESALE
WISCONSIN 1933.



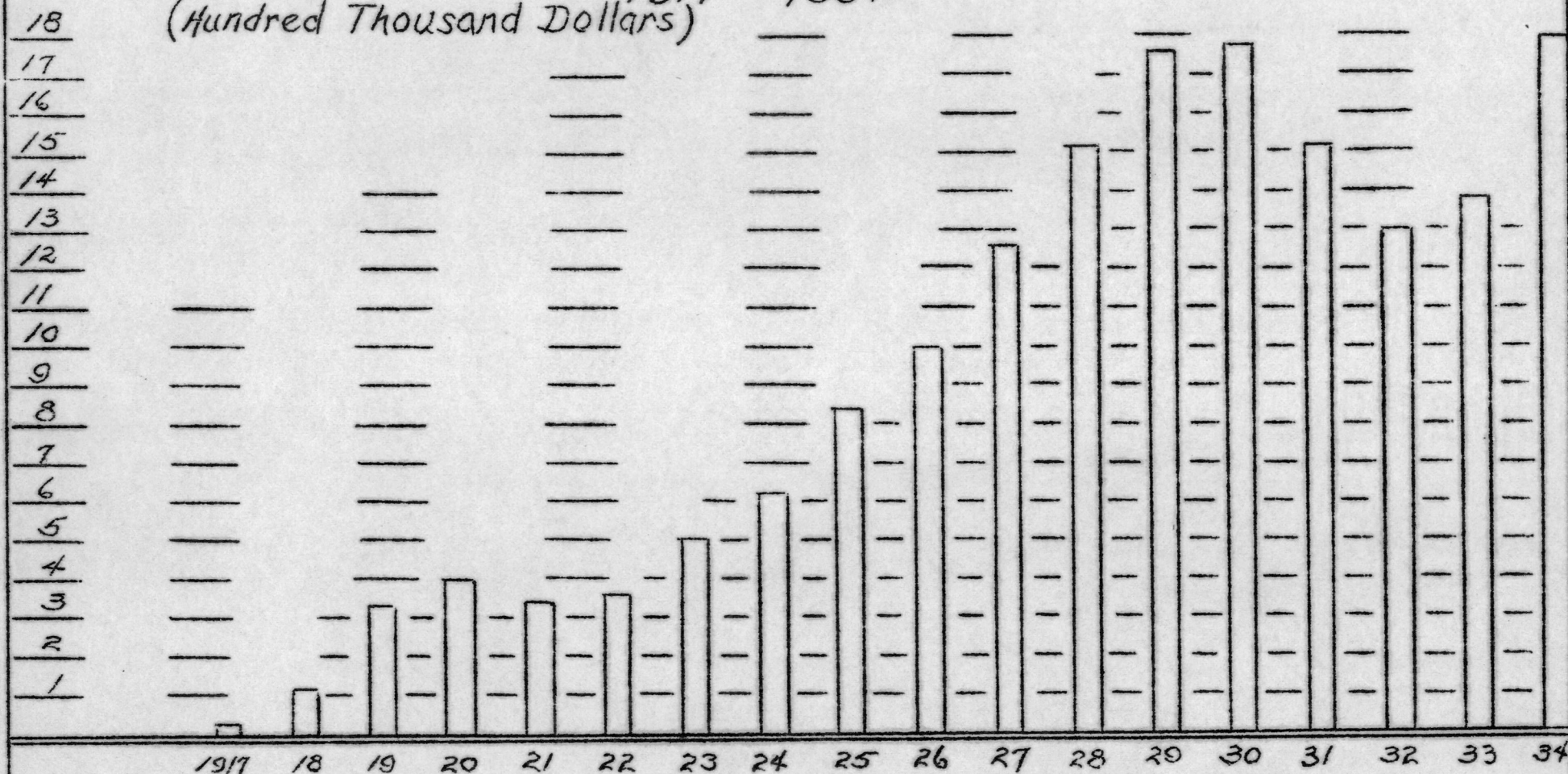
STORE SOCIETY -
CENTRAL CO-OP
UPPER -

MEMBERS
WHOLESALE
MICHIGAN-
1933.



ANNUAL SALES (NET) CENTRAL COOPERATIVE WHOLESALE SUPERIOR, WIS.

1917 - 1934
(Hundred Thousand Dollars)



Boots

The member societies belonging to C.C.W. sell a complete line of groceries, fresh fruits and vegetables, and many stores sell fresh meat, petroleum products, clothing, hardware, building material, auto accessories, and fuel. At the present, C. C. W. has over 200 food items under the "COOP" label and contemplates putting out everything of first quality under that label. This trade-mark is also used on petroleum products, tires, and other automobile accessories.

C. C. W. along with six other cooperative wholesales is a member of National Cooperatives, Inc. which is a buying or contract making organization for the seven wholesales. In the by-laws it is stated they can go into the production of goods. So far they have made buying contracts with refiners on gasoline, oil, and lubricants, contracts with manufacturers for automobile tires, tubes, batteries and other auto accessories, and paints, farm machinery, and a few other items. All these items carry the "COOP" label. C.C.W. carries in stock about all the items with the exception of farm machinery.

In December 1934, C.C.W. acquired a modern four story steel, concrete, and brick building, which has a floor space of 122,000 square feet. The building was built for the Eimon Mercantile Company at a cost of \$500,000.00. This company, which was in the wholesale grocery business, went bankrupt due to some extent to the success of C. C. W. and the member societies.

This new home of C.C.W is adequate to take care of a real expansion program. Soon new departments will be opened such as fish, seed, and feed.

The C.C.W is one of the few cooperative wholesales that does any manufacturing. It has a fine modern bakery which supplies bakery products to most of the affiliated societies. In the summer of 1934 it supplied several C.C.C (Civilian Conservation Corp) camps with their bread supply. The bid for this business was made against private bakeries which shows the C.C.W was run on a very economical basis.

Very emphatically C.C.W and the individual societies have not only been very successful in a business way but they have been stressing the educational and social side. There is a special educational department and its object is to educate the members to understand the underlying principles of cooperation and so to make the societies something more than just stores.

First of all C.C.W puts out a paper "The Cooperative Builder" every two weeks and the "Finnish Weekly.". These two papers are full of news about cooperators, societies and general news of the world. Here one can read editorials written by men who have the good of cooperation at heart.

Lectures are given throughout the year by the educational director, and other employees of C.C.W, especially by the manager, and assistant manager. Help is given in organizing women's guilds and also youth leagues and speakers are supplied whenever asked for. Thousands of books and pamphlets on cooperation are distributed at cost or at no charge to those interested. At times district meetings are put on by the C.C.W and in the summer there are camps and picnics held for groups. In the summer also, the C.C.W supports the Northern States Cooperative League in putting on cooperative conferences. For the fall there is a regular eight weeks school

held in Superior for those wanting technical training in cooperative bookkeeping, accounting and store management. The two field men who are out all the time and all but the very small and outlying stores at least twice a month also assist in the educational work.

The voting is done on a very representative and democratic basis. We will quote some from their By-laws.

ARTICLE XII

Meetings of the Association

SECTION 2. The voting at the meetings of the association shall be according to the following proportional franchise.

(a) in the affairs of this association each affiliated or share owning cooperative organization shall have one vote for each share of stock of this association that it owns to every full fifty (50) of its own individual members or major fraction thereof (26 or more) provided that each affiliated organization shall have at least one vote.

(b) in order to secure such full representation in proportion to individual membership such affiliated organization must have purchased at least one share of stock, one hundred dollars each (\$100.00) of this association for each 50 of its own individual members.

(c) if the affiliated organizations send more than one delegate or representative these representatives may divide among themselves in a feasible manner the total vote of the organization which they represent.

The physical set-up and principles of operation follow very closely the latest in best business practice. The manager who is appointed by the board of directors is directly responsible for the management of the business to the board of directors, also the

educational director, superintendent of the bakery, and other responsible department heads are selected by the board and responsible to this body.

The board is made up of 15 who are elected by the members for three years, and five are elected at every annual meeting. The executive Committee is composed of three officers, president, secretary, and treasurer, and at least two other members of the board. Their duties are mainly to see that decisions of the board are carried out, and to approve or reject membership applications of societies desiring to join, and to supervise the management committee and give its instructions. The management committee is composed of at least three directors whom the Board selects for one year at a time. It supervises the manager, agents, and other employees of the association and hires and fires those employees not appointed by the board itself, and also fixes salaries. On the basis of the managers recommendation it determines the lines of merchandise to be handled by the Wholesale.

There is now a separate audit department under able leadership. In 1933, 142 audits were made and 76 organizations used the services of the audit department. Usually two audits are made per year for the store societies and only a nominal charge is made. This service is as much value as any one single effort of the Central organization for it is both educational and extremely practical. An accounting system, perfected by Mr. Nurmi, the manager, after 25 years use is pretty generally used by member societies. It really takes a visit to these societies that are using the system to realize its value. The

auditors are trained in cooperative auditing, and believing in cooperation themselves, are able to give much practical advice.

Central does much in developing cooperative employees. The fall school in Superior is probably the most important. Also the educational department keeps track of all cooperative employees and acts as an employment agency. They will assist any society when a new manager or other employee is needed.

CHAPTER VII

FEDERATIONS

A very interesting development within recent years has been the district organizations, or federations of stores for educational, group buying, and similar activities. There are at the present time three such federations of store societies with headquarters at Virginia, Cloquet, and Kettle River.

Range Cooperative Federations: Virginia, Hibbing, Little Swan, Iron, Orr, Angora, Aurora, Biwabik, Embarrass, Palo, Ely, Zim, Meadowlands, Nashwauk.

Carlton County Cooperative Federation: Cloquet, Brookston, Floodwood, Wawina, Toivola.

C.A.F.. Cooperative Federation: Kettle River, Moose Lake, Denham, Wright, Cromwell, Lawler, East Lake.

As an example of what these federations are doing, the Range Cooperative Federation operates a trucking service for all its members. This has resulted in much better service at lower costs to all store societies. The rates are nominal and if a profit is made, the member societies are rebated on the basis of patronage. All stores get at least weekly deliveries from Superior and some of the larger stores like Virginia get delivery more often. The federation has a sausage plant and was instrumental in putting over a cooperative creamery, both recently completed at Virginia. The federation has planned a cooperative funeral home which is to start operations January 1st, 1935. All ventures of the Federation are financed by the store societies as organizations. Individual persons receive the benefits but the store society he or she belongs to owns the stock in the organization.

The set up of the federations is very much like the individual societies that make up the federations membership. Each society is considered an individual member with representation according to the size of its membership. The board of directors is chosen by the representatives of the member societies. In all respects the societies are considered as units. The patronage dividends when paid go directly to the member societies.

The Carlton County Federation has a burial association under consideration. The districts mentioned have formed cooperative oil associations, and the store societies own the shares in the organization.

Range Cooperative Association.....	Virginia
Trico " Oil Association.....	Cloquet and Floodwood
C-A-P " " "	Kettle River

The future development of these federations depends to some extent upon the future policy of Central Cooperative Wholesale. If the Wholesale goes into the production of certain things such as feed, sausage, etc. and sets up branch wholesales to the economic advantage of the member stores the federations growth may stop where it is now as far as productive effort is concerned. But if the Wholesale is tardy in its development we can expect the federations to continue with their activities and even increase them.

There are some very logical developments for the federations. There is no reason why each should not set up its own hospital and clinic, which should include the best doctors and dentists in the territory who should be hired on a yearly basis. A very nominal charge on a yearly basis for services for a family should be charged. Also complete recreational services should be set up which should include a park and camp for the use of the children and grown-ups in the summer and a recreation hall for the winter months with

proper equipment and supervision. This building should include a stage for plays, and a basketball floor besides rooms for small meetings and games. There are limitations in productive efforts by federations because of real economic reasons but none when it comes to recreations and educational activities.

CHAPTER VIII

THE COOPERATIVE WORKERS UNION

Initial steps for the organizing of Cooperative employees were taken in October, 1930, when the employees of the Virginia Work People's Trading Company of Virginia, Minnesota called a meeting of all the Cooperative Workers in the Iron Range (northern) section of Minnesota. Forty-seven delegates and workers from thirteen different Cooperatives were present at the meeting.

This first conference discussed thoroughly the general problem of organization facing workers in Cooperative enterprises. The need for Cooperative employees to create some bond of unity among themselves to promote common interests both as wage earners and as responsible cooperators, and through organization to assure acceptable standards of wages and working conditions in this as well as other sections of the country were reviewed. This brought out clearly that Cooperative employment had developed without any generally recognized standards as to working conditions, wages, education, and training of employees. The serious consequences of such a situation, not only for the employees, but for the cooperative movement, as well were evident. The conference was thus fully agreed as to the need for organization.

The next problem under consideration was the nature of the organization. The fact that there were already a number of workers' organizations made it necessary to study these to see if they might take care of the situation. It soon became clear that the very nature

of Cooperative employment was such as to make a separate cooperative workers' organization necessary. In the first place, Cooperative associations are entirely different from the usual private profit-making concerns. It was pointed out that it was an entirely different matter when workers organized their unions to protect themselves against exploitation of exponents of private profit business and when they organized as employees of Cooperatives. In a very real sense the Cooperatives belong to the Cooperative Employees. For that reason the economic interests and problems of the cooperative workers need to be considered separately, just as we expect to deal differently with the capitalistic business and with organization of workers and farmers.

Other practical considerations also pointed to the advisability of establishing a separate union. In most of the communities where Cooperatives were located, there were no existing or adequate unions for the numerous classes of workers employed (clerks, bookkeepers, drivers, warehousemen, manager, creamery employees, office workers, etc.). On the other hand many of the employees belonged to different political parties or other organizations which made it difficult, if not impossible, to get them in one of the already existing unions. It was also felt that Cooperative employment by its very nature should be organized without thought of trade or craft, since all served the Cooperative Movement.

The organization was gotten under way soon after this first meeting and today it is quite active.

E. A. Whitney, secretary of the Union, in a letter to the writer December 28, 1934 said: " I might add that we have a total membership exceeding 400 in the Northern States (Minnesota, Wisconsin and Michigan). Nearly all the employees in the Cooperative stores

(in the northern part of the state) are members of the Union, there being a few yet that through their isolation from the centralized movement have not come in contact with the Union."

The organization started in a depression year when wages were going lower all the time. They have done little to raise wages for the Cooperative employees. In the matter of education they have done a great deal by supporting enthusiastically the full school for Cooperative employees held in Superior by the Central Cooperative Wholesale each year. Today only a small number of cooperative workers in cooperative stores in Northern Minnesota are not well trained.

Although so far there have been no disputes between cooperative employees and the employing cooperative organization, the machinery is set up to take care of any dispute. If the dispute cannot be settled peaceably a joint committee of seven is selected, three members designated by the cooperative employing organization, three by the Cooperative Workers' Union, and the seventh member, the chairman, selected by these six. The joint committee reviews all charges and then makes its decision which must be unanimous in every case and is binding upon both parties. The constitution and by-laws of the Union are interesting for they bear out the cooperative principle of real democracy of control. Without much doubt the Union will become more of a power and be of more real service to all in the Cooperative Movement as time goes on.

CHAPTER IX

COOPERATIVE BOOK STORES

In the April, 1935, issue of "Consumers Cooperation", a report is given of a survey made by the Cooperative League of the U. S. A. of cooperative organizations in the colleges and universities of the country. They received reports from 102 institutions and the cooperative book stores led the list with 21 reporting they were operating successfully. The Harvard book store was the oldest and had the largest volume with a business of \$150,000.00 in 1933-34. There were other outstanding book stores at Princeton, University of California at Los Angeles, Cornell, and the University of Washington. Besides the student cooperatives, there were seven universities which reported the successful operation of faculty cooperative buying clubs.

In our survey conducted here in Minnesota, questionnaires were sent to all colleges and universities in the state. This included the state teachers colleges, the denominational colleges and others. The University of Minnesota was the only one that reported any student cooperative book stores. The Engineers Book Store has been in operation for 14 years. Almost all the students in the Engineering School are members. For the school year 1934-35 they reported 1600 members. Shares in the store are \$5.00. It is really a membership fee for there is no interest paid on the share and the \$5.00 may be withdrawn at the end of the year or any time the student leaves school. There is no reason to have more than one share. Only those who have a share are paid a patronage dividend.

The management is in the hands of a graduate engineer who has had several years experience now in managing the store and he is on full time. Besides the manager there are two or three other full

time workers. The board of directors is made up of ten members who serve without compensation, six of whom are students and elected for one year terms, four are faculty members who are elected for periods of three years.

The Minnesota Engineers Book Store has been very successful from the start. In 1933-34, the patronage dividend was 15%, in 1932-1933, it was 16-2/3%, and the same in 1931-1932. Other students besides those who are in the School of Engineering patronize the store but most of the business, over 75%, is with the members. The store sells a complete line of books and supplies which the engineering student needs. One of the main reasons the store was organized was because the private book stores were not giving good service. The books are sold at list price. The store is located in the basement of the main engineering building.

The store is in good financial condition as it has permanent reserves of \$16,000.00. The Dean of Student Affairs has general supervision over the book store. The principle asset of the store is the good will of the student body of the Engineering School. The store has become an established institution and the members are proud of it.

In the fall of 1934, a student cooperative book store was started in the Law School. The Law School Council is the governing body. It is made up of six students and two members of the faculty.

The capital to finance this venture was raised by a membership fee of \$1.00 per member. Practically all of the upper classmen belong. It so happens that little capital is necessary because the law books are given to the store on a consignment basis. This cuts down the amount of profit the store makes. On the average law text books sold to the students for \$6.50, there is only \$.50 profit.

Old books are resold for students at 10% profit to the store.

It is still too early to say whether the store will be a success or not. The store was established because complaints were made of the way the books were sold through one agency. It is up to the Law School Council and back of them the students to make the store a success.

The tendency seems to be to establish a cooperative book store in each school at the University of Minnesota rather than to have one large store for the entire university. This plan would lead to more students participating in the management of their book store.

The students have a loyalty to their own particular school whether it be Law, Medicine, Dentistry, Business or any other, which would be valuable in making the store a success. This has been so well demonstrated by the Engineers Book Store that the plan seems a good one.

CHAPTER X

COOPERATIVE CLUBS

The fundamental idea of a cooperative club is to get the people in a community who are interested in cooperation organized. The club is very often the outgrowth of a cooperative study group. The object of the club is to serve as an initial step in a permanent cooperative organization and to save its members money. It serves as a definite training ground for cooperators who have had no previous experience in cooperative business undertakings. The members of the club may save money for themselves, get good merchandise, and fair measure.

There is some difference of opinion as to the feasibility of organizing buying clubs in large cities because of the difficulty of making real savings. Also the service to the members is usually not comparable with that given by the independent merchants. It has been the experience of the Central Cooperative Wholesale that cooperative clubs in the cities have not been successful. It is their idea that cooperators in the city should first organize into study clubs and then start a store, oil association or some other cooperative business. The buying club idea is a good one for groups in small towns and villages where the service to be given by the club is comparable with that given by the independent store. Also in the small towns people are more willing to do without services if a saving is to be made.

Although there is the argument against the club in cities, there are good arguments in favor of it as well if we keep in mind the object, which is an organized cooperative business in a short time.

Especially is this true now that there is a cooperative mail order house in existence, Cooperative Distributors. This organization is especially interested in starting clubs in cities.

The Cooperative Distributors, Inc. is located in New York City and is a true cooperative organization. There are two types of membership, club and individual. The individual membership is \$5.00 and club membership \$10.00. Membership ^{is} open to all on an equal basis.

It is the object of Cooperative Distributors to unite local groups of consumers into active consumers clubs. They can supply the club with products, at less than regular retail price, and of excellent quality. The organization has a testing laboratory and every product which can be analyzed is examined by experts in this laboratory. A few cosmetics are manufactured but as a rule the products are made by private manufacturers. This organization makes use of modern social and technical science and does this to the advantage of organized consumers.

Cooperative Distributors also does much to assist the clubs to get started by supplying model by-laws and information to those groups interested. A worth while magazine "Consumers Defender" is also put out by the organization which is valuable in keeping members posted both as to the products which it has to sell and also on general happenings in the consumers cooperative movement.

The success of a buying club is due to a very large measure to the extent it is truly a democratic association. If every member stands ready to help at all times there will be developed a group which can be expected to carry on larger cooperative undertakings.

The organization of the club should be on the Rochdale principles. The by-laws will have to vary to suit different conditions.

Where it is possible, the purchasing should be done from a cooperative wholesale, but where this is impossible the committee should make arrangements with the members to place their orders with the club far enough in advance so that goods may be bought in wholesale lots from a private wholesaler.

The club usually starts out by buying a few items such as tea and coffee which are standard items and pay a fair price. Dried fruit such as prunes and apricots in bulk and also dried peas, beans, rice and similar products are economically handled by a club at a saving to the members.

The manager with a small committee of not over three should be responsible for the running of the club. If the members are all working at one plant it may be possible to use a corner of it for a warehouse. Where this is not possible a basement of a member's house may be used.

As has been stated before, the buying club is the embryo of the cooperative store or oil association. If run successfully it teaches the members what may be accomplished through a larger and more permanent organization. The cooperative club should make it a definite policy to get in touch with other cooperative clubs and with cooperative stores and to urge pooling of orders. This effort would lead very naturally to the development of a store organization. So the buying club should be considered as a temporary organization of cooperative consumers which has been brought into existence to train the people so they can handle the larger undertaking, a cooperative store.

THE VOLUNTARY CHAIN MOVEMENT

Is It a Part of the Cooperative Store Movement?

There are in Minnesota today examples of almost every type of wholesale and retail grocery organization there is in the world today. The Corporate National Chain Store, as exemplified by the Great Atlantic and Pacific Tea Company is well known. It has by steady and consistent growth on a national scale, demonstrated the values inherent in standardization of merchandising methods and in large scale purchasing. They have allowed enough of these values to escape to the consumer to attract his patronage, but no more than enough. The stockholders are also a large factor in the consideration of the management of these companies, and successful operation demands that as large a portion of the savings achieved as possible be reserved for them. These stores have achieved one marked improvement in grocery business as a whole. They have forced the local grocer to learn merchandising or go out of business and for this they deserve full credit even though it was unpremeditated.

To compete with the Corporate Chain stores, the local grocery men have been forced to cooperate with each other to achieve similar advantages. This they have done in a variety of ways which differ in detail but are alike in their principal objectives. In one case, exemplified by the Twin City Wholesale Grocery Co. in St. Paul, and the Minneapolis Allied Grocers in Minneapolis, the local grocermen have formed a wholesale purchasing association of their own to which they have subscribed the necessary capital. The board of directors are elected by the local retail grocers in each group. The directors, in turn, select a general manager who is responsible for the detailed operation of the business. These two associations

are members of a National Wholesale organization, together with other retailer owned wholesales in other parts of the country. In this way the large scale purchasing power of the corporate chain is equaled in some degree.

Another form of retail store combination, commonly called, the Voluntary Chain, is one which the wholesale company is an entirely separate corporation and groups of retail store owners collaborate on a mutual contract or purchasing agreement with the Wholesale. Such organization methods are used by the Red and White Corporation, the Independent Grocers Alliance, and the Clover Farm Stores. Membership in such organizations is a matter of a few dollars for an entrance fee and an agreement to purchase jointly with others from the designated wholesale companies.

An advisory committee from the member merchants meets regularly with the management of the wholesale company to determine some of the price and advertising policies. This arrangement simplifies the sales work for the wholesale and this is reflected in lower prices to the merchants.

Both of these forms of organization use standardized merchandising methods such as group advertising, similar design and color for store fronts, trademarks, etc. The voluntary chain organizations have central promotional services and field men who help the individual owner keep his store up to the competitive standards.

Besides the national groups there are several local organizations operating on similar lines of which Hancock-Nelson and Rust Parker are typical. The C. Thomas Stores, Warren, and Red Owl Chains are stock companies similar to the National Tea Company but covering a more restricted field. Wholesale houses like Griggs-Cooper

Company of St. Paul operate a sort of semi-chain idea in that they offer certain helps in advertising and sales methods to their customers at little or no cost.

All of these organizations are in the same class from the stand point of the consumer. They are organized for the profit of their members, and the consumer is not a member. While it is true that the consumer benefits to some extent through having cleaner and better arranged stores in which to do his shopping and also by some price reductions, nevertheless he is considered only to the extent that is necessary to get his trade. They are cooperative from the standpoint of the local merchant but if the word "Cooperative" is restricted in its use to include all mankind on the only basis on which they have identical interests, that is as consumers, then these voluntary chain stores are certainly not cooperative.

CHAPTER XII

FUTURE OF THE COOPERATIVE STORE
MOVEMENT

Today we have in Minnesota three types of cooperative stores. The strongest group is made up of those who are stockholders in the Central Cooperative Wholesale of Superior, Wisconsin of which there are thirty-three in Minnesota. The second group of which we have four societies, are affiliated with the Workers and Farmers Cooperative Unity Alliance of Superior, Wisconsin. The third and largest group, are the independents who are not connected with any cooperative wholesale and buy from whom they please. Because of the great assistance a wholesale can give a local store society it is advisable to work for the uniting of all cooperative societies in one or two cooperative wholesales.

Practically, of course, this is not economically possible at the present time because the independent cooperative stores are scattered all over the state. This trade territory idea is a problem for the future. For the consumers cooperative movement to make the consistent and steady development which it should make, it must be a united movement.

The bulk of the cooperative stores in Minnesota were organized between 1909-1921 and but few new societies have been started since then. During the past four or five years the existing store societies have been very active and have strengthened their financial positions. Membership has been maintained or increased and many branch stores have been established by the already existing societies.

There are very good economic reasons why the consumers cooperative store movement has not made more progress in Minnesota-- although more progress has been made in Minnesota than in any other state.

As has already been stated in another section, the voluntary chain development is very extensive in the cities, especially St. Paul and Minneapolis. The voluntary chain groups and retailer owned wholesale groups are in a position to serve the main part of the urban population. The local corporation owned chain groups are here in Minnesota in abundance and we have some A. & P., Piggly Wiggly, and National Tea Stores in the national corporation owned group. Also there is the usual independent group which may be put in two main classes--first the large downtown and residential group that stand on their own and sell at a fairly small margin of profit, and the small independents located in apartment houses or homes and barely exist by staying open seven days a week and sixteen hours a day.

This is simply the outside physical set up. If we examine the inside set up we find that the retailer owned wholesale organization is saving the wholesale profit and is also biting out a part of the manufacturers profit because of their enormous buying power. In turn the national corporation owned chains do about the same and the local owned corporation chains as well. One should ask where the consumers cooperative store society belongs in such a competitive set up.

If the consumer cooperative store society is to succeed first of all it must do a better job than the private and corporate chain store organizations are doing. They must give better quality merchandise and better service at a lower price.

The small towns within a radius of one hundred miles of Duluth have a fine opportunity to develop cooperative general stores. In the first place they do not usually have the efficient national

chain or voluntary chain store competition. They are close enough to Superior to buy most of their merchandise from the Central Cooperative Wholesale and be members of that organization. This is the most important feature, for not only can they buy the high class "Coop" label merchandise and get the advantage of central buying but they can receive all the educational advantages which a retail/^{cooperative} society so badly needs.

As for the smaller towns and cities beyond this one hundred mile limit, it is possible that they could develop strong societies as well, but they do not have the advantages, at least at present, of a cooperative wholesale. Freight rates are so important an item that in competitive areas the cooperative stores must have equally as low rates as the privately owned stores and so must buy from local wholesalers. In this more distant territory it would be best to establish stores in towns where there are already existing cooperative oil associations or creameries. Very definitely the lack of connection with a cooperative wholesale must be made up for by a stronger original group of co-operators. The store society should have an active educational department that will function not only locally but reach out to communities close by. The idea is to develop in these adjacent communities, either branches or new societies, again, with the idea in mind of getting enough stores together to support a cooperative wholesale.

When we get to the large cities St. Paul, Minneapolis, and Duluth we find a situation where the present grocery store setup must be taken into serious consideration.

The present setup has already affected economies by means of the group buying and group advertising. The Cooperative grocery stores will have to realize these economies and more too in order to succeed. At the present time this is hardly possible although we must not lose sight of the extremely successful cooperative stores in the cities of Waukegan, Illinois, Fitchburg and Quincy, Massachusetts and others. There is a particular reason for their signal successes, namely, they are fundamentally Finnish in make up. They started as Finnish organizations and have retained that intense nationalistic and cooperative characteristic that so many Finnish groups have. With this explained we get down to the ordinary garden run of cooperators we can expect in the city. They are not usually imbued with cooperative ideas and ideals. They have to develop them. The feeble way in which cooperative undertakings have worked out in the cities influences them more than the knowledge of the successful operation of cooperatives, in England or in local Finnish settlements.

This city cooperative development can be accomplished by doing some practical educational work now and by making definite plans for the future. The consumers cooperative gasoline, fuel oil, and coal organizations now doing business in the Twin Cities, should be strengthened so that the financial base is strong enough to take on other ventures. Then the store is one of the first to be considered. If previous to this city development, good cooperative stores have been set up in the small towns surrounding, a grocery wholesale could be started in connection with the already existing cooperative oil wholesale.

This is only part of the plan. The cooperative wholesaler supplying the Twin Cities and that trade territory, should join with the other cooperative wholesalers supplying stores, and they set up their own productive works so that at least one third of the goods they sell

are made in their own factories. This cannot be accomplished immediately but it should not take over ten years. This set up has already been partially accomplished in the cooperative oil field through the medium of the National Cooperatives, Inc. Throughout the entire middle west we can expect that the already existing oil cooperatives will be starting stores in the near future. When this time comes the cooperative oil wholesales that are supplying them will take on groceries and general merchandise. Then, when there are at least 1,000 cooperative stores connected with the cooperative wholesales, extensive cooperative production should be considered.

We can expect that the store development will be concentrated sufficiently in the middle west states of Indiana, Wisconsin, Illinois, Michigan, Kansas, Missouri, Iowa, Minnesota and the Dakotas to have a canning plant in that territory. A logical place for the first canning plant would be in Southern Indiana, Possibly Indianapolis. This is the heart of the best tomato country and many other vegetables are also grown in the vicinity and it is a good slaughter house center so meat products could easily be packed in the same factory. Also Indianapolis is a great railroad and truck transportation center.

It is hoped that the National Cooperatives, Inc., which is the already existing central buying organization for the cooperative oil wholesales would own the factory. The success of the first factory would depend to a great extent on the versatility in productive efforts on a twelve months basis. In June the first peas would be canned. Then in July other varieties of peas and early corn would come. By late August tomatoes would come in so that all sorts of tomato products could be canned. Beans could be canned at odd times. When the cold weather set in soups of all varieties, specialties such as chile con carne,

bean sprouts, also tinned meats, and meat products could be put up. Coffee roasting would be a simple matter, the making of jelly powder, packing of pickles, olives, spices, and the manufacture of jellies, jams, preserves, could also be done easily. Cookies and crackers could be made if there was sufficient volume to make it worth while.

All of the above would not be logical or good business until 1,000 or more active cooperative stores in the middle west states have combined their buying power. With this powerful setup, the buying power would make itself felt in many fields. It is altogether possible that before the movement has developed to such a point, manufacturers in some lines will have boycotted them so that they are compelled to go into production. This is the history in Sweden, where, before the cooperative stores got on their feet, the margarine trusts refused to sell them so they had to put up their own margarine plant. This was followed in other lines and the Swedish Cooperators did such a good job of manufacturing that they broke the margarine, milling, shoe, and light bulb trusts to mention only a few. When the cooperative movement meets with more real resistance we can expect more healthy growth in our own country.

With the set up mentioned, the profits of the wholesaler, manufacturer, and processor would very largely be saved for the cooperative consumer. To accomplish this end as speedily as possible the greatest need is for cooperative education of the masses of workers and farmers, in fact all consumers.

APPENDICES

APPENDIX A

ANALYSIS OF BUSINESS OPERATIONS OF COOPERATIVE STORES COOPERATIVE STORE SOCIETIES INCLUDED IN THIS STUDY

In the study of the cooperative store societies in Minnesota, 102 societies were found. Of the 102 only 94 provided any financial information and only 33 provided adequate operating statements. Each of the 33 has been given a number, the society with the smallest net sales getting #1 and from then on up to the largest with #33.

These 33 societies under special study are all located in the northern part of the state in eleven counties. All are member owners of the Central Cooperative Wholesale at Superior, Wisconsin.

Although the study is inadequate in some respects because the societies chosen are all in one section of the state and are members of the same cooperative wholesale organizations, the size of the 33 societies vary from the #1 society which had net sales of \$12,849.00 in the fiscal year of 1933, to #33 society with net sales of \$566,066. Also the net income varied from 7.65% of the net sales for the year to a loss of 15.78% figured on the net sales.

The societies also differ a great deal as to the number of items they handle and some have branch stores. Society #33 for example has three branch stores, a fine gasoline station, and several warehouses. Some societies carry fresh meat, a full line of ready made clothing and a general line of hardware while a few confine their stocks to groceries. Eleven of the societies have branch stores, seven of which have one branch, three have two branches, and one has three branches.

PRICE POLICIES

In a general way the cooperative stores of the state sell at market prices. The Central Cooperative Wholesale suggest that the mark-up by the member societies be sufficient to maintain a 16% gross margin, figured on the prevailing retail prices. The 16% profit figured on the selling price is sufficient for stores with low operating expenses. This is not carried out exactly on all items. Sugar for example is sold at scarcely any profit while meat, because of the large amount of waste, must be figured at 25% on the selling price. Luxury items and slow moving hardware or clothing items must also have a larger percent of profit. Feed must be sold with a very small percentage of profit.

It is a fundamental principle of cooperation that goods should not be sold at cost or even cost-plus. Even temporary underselling is not advocated for it has been proven that cooperative stores that do this do not succeed in the end. Selling at cost deprives the association of a surplus, makes a savings return impossible, prevents accumulation of a reserve fund for development and expansion, prevents any educational or social work, and increases the hostility of private merchants. Also, actual selling costs are hard to estimate, so such a sales policy increases the danger of an operating loss.

Although sales are not an important part of the cooperative stores merchandising program they are held occasionally to clean up some old merchandise. Also a few seasonal items are advertised in "The Cooperative Builder" about once a month. In neither case are the sales put on for the same reason that the private stores usually put them on, namely, to draw people to the store with a

special, in order to sell other things they may not need, or sell them more than they need. The principle reason for the existence of the cooperative store is to supply the members with goods and services, at the most reasonable price. The every day price is a "sale price."

SALES VOLUME

We have record of \$4,140,132.00 as net sales of 88 cooperative stores societies in the state with an average of \$47,046.94 net sales per society. From Table I we note that over one third of the societies have sales under \$25,000.00.

TABLE I-----VOLUME OF NET SALES

	SALES	1933	1932
Number of Societies with Sales under \$25,000		33	28
Number of Societies with Sales from \$25,000 to \$50,000-		31	35
Number of Societies with Sales from \$50,000 to \$100,000-		19	18
Number of Societies with Sales over \$100,000 to		5	5

The extent of the variation in sales per society is from \$5,000.00 to \$566,006.00. Over a third, 31 societies, are doing a business between \$25,000 and \$50,000 per year. Most of these did close to \$50,000 business.

As shown on Chart A, giving the net sales of the 33 societies in our special study, the average of the 33 is \$64,000 but there are only seven societies with more than that volume of sales. The high average is caused by the extremely high sales volume of society #33 with \$566,006.00 net sales. There are four societies with sales

over \$100,000.00, nine with sales between \$50,000.00 and \$100,000.00, eleven with sales between \$25,000.00 and \$50,000.00. and nine between \$12,000.00 and \$25,000.00. If we leave the #33 society out of our consideration the average sales volume of the remaining thirty-two is \$48,226.00 which is a much more fair average.

Although a store should ordinarily do a business of \$24,000. a year to operate economically, in a small town a cooperative store can start at a smaller volume because of the low overhead expense. The turnover of stock is of paramount importance. On grocery stock the turnover should be at least twelve times a year, but if a general line of merchandise is carried the turnover is usually below eight times per year. The average rate of turnover for the 33 societies in the special study is 6.53 times per year. The range of stock turnover is from 16.88 times to 2.22 times. The low turnover society had a larger net income than the highest turnover society but this was caused by the fact that the low turnover society made a special income outside of the income from sales.

BUYING POLICY

Previous to 1917 there was no cooperative wholesale and the cooperative store societies then in existence bought from the independent wholesalers. In 1917, fifteen store societies, in northern Minnesota, Wisconsin, and the upper peninsula of Michigan got together and organized their own wholesale. The Central Cooperative Wholesale now supplies the 33 member societies, (in the special study), located in Minnesota, and 33 more in Northern Wisconsin and the upper Peninsula of Michigan.

NET SALES 33 COOP STORE SOCIETIES MINNESOTA 1938

600 (in thousands of dollars)

550

500

450

400

350

300

250

200

150

100

50

\$4,000 Average

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33

Association Numbers

Boots



320

TOTAL PURCHASES 33 CO-OP STORE SOCIETIES

300

MINNESOTA 1953

280



Amount Purchased Outside

260



Amount Purchased From Central Co-op Whol.
(In Thousands of Dollars)

240

220

200

180

160

140

120

100

80

60

40

20



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Association Numbers

Bools

Although these 33 societies own shares in the Central Cooperative Wholesale they do not buy all their merchandise from it. For example #30 one of the largest societies only bought a little over 1% of their goods from the wholesale and #23 purchased slightly over 73% of their requirements from the wholesale. It is impossible for a society to buy all the merchandise from the one source because the wholesale does not handle everything. Also freight rates play a most important part in determining the amount of goods the store society buys from the Central Cooperative Wholesale. In this connection see Chart B.

Those societies located the farthest distance from the wholesale usually buy the least from it, in proportion to the stores total purchases. There are certain items that most associations handle, such as fresh fruits, vegetables, and fresh meats that the wholesale does not handle and other items such as coal, and furniture which a few societies handle but the wholesale does not.

The cooperative wholesale has over 200 food items which are packed for them on which the "Co-op" copyrighted label is used. Also the petroleum products and tires, tubes, batteries, and other accessories have the "Co-op" label. One other major food item which has the "Co-op" label and the only one produced by the wholesale is bread.

On items such as furniture, farm machinery, and some clothing which neither the local store nor the wholesale carries in stock, the C.C.W has a special arrangement with wholesalers in Duluth, and the individual society receives special discount on the purchases the members make there. Every society has catalogues from these wholesale houses from which the member can choose the items he wants to buy.

The society orders the merchandise and charges 10% over the wholesale price for handling the order for the customer. No patronage dividends are allowed on this type of purchase.

THE BOARD OF DIRECTORS

The recent tendency in store societies is for a board of nine directors elected for three year terms so that each year only a third of the directors are elected. This plan gives a continuity which is valuable. New directors may be selected where necessary without disrupting the smooth operation of the organization, by having a majority of new ones. Although this tendency for a board of nine is growing, of the 91 societies who reported on this in the questionnaire, 33 have 5 directors, 32 have 7 directors, 17 have nine directors, 1 society has 6, 2 have 8 directors, and 6 have 11 directors.

There were 94 societies that reported on the term of office of directors. The largest number, 54, elect officers for 1 year, 13 elect for 2 years, 26 for 3 years, and 1 elects for a five year term.

The directors are called together at least once a month in 57 of the 86 societies reporting on this question.

It is expected in a cooperative society that the directors are not serving for the money involved. Nineteen societies either pay the directors nothing or just mileage, and twenty-nine pay \$1.00 or less per meeting. As there were seventy-nine societies that answered this question, this left thirty-one societies who paid over \$1.00 per meeting. Of these, fourteen paid \$2.00 per meeting, and only one paid as much as \$6.00 per meeting. It was generally

true that when \$2.00 or more was paid per meeting there were very few meetings held. The compensation of the board of directors amounted to .16% of total net sales, of the societies affiliated with the Central Cooperative Wholesale in Minnesota.

It is quite necessary that once a month the manager of the society present a written financial statement to be put in the hands of the board of directors. In order that the directors be properly informed they should attend all monthly meetings.

EDUCATIONAL ACTIVITIES

Cooperative educational activities are practically limited to those 33 societies affiliated with the Central Cooperative Wholesale. With very few exceptions the independent cooperative stores in the state do not have any educational activities outside of the annual meeting. Thirty-two of the C.C.W. societies have regular educational meetings. Two of these hold at least one meeting every month. Twenty societies have an educational fund. Two of the 20 give 5% of the net profit to educational activities.

Of the 33 C.C.W. societies all but a very few subscribe to the "Cooperative Builder", and the "Finnish Weekly" for all the members who want them. These papers are put out by the Cooperative Publishing Association which is owned by the Central Cooperative Wholesale and its affiliated societies. The "Cooperative Builder" is put out twice a month and is considered the best of its kind in the field. It contains news of the cooperative movement not only in the United States, but all over the world. The main part of the paper is taken up

with the reports of the member societies. There are feature articles and thought-provoking editorials, a department for the Women's Cooperative Guilds, Cooperative Youth League, and Junior Groups. All these organizations just mentioned also play an active part in the life of the store society. Their work is mainly educational. The "Finnish Weekly" is much like the "Cooperative Builder" only it is in Finnish.

The educational work of the C.C.W societies is responsible to a large measure for their financial success. The underlying philosophy of consumers cooperation can hardly be realized unless the store member takes time to study and to hear leaders discuss the many aspects of the movement. It is because of the work of the Guilds, Youth Leagues, Junior Groups, and the educational committees that the C.C.W societies have weathered the storms of political dissension and economic disturbance. The leaders and many other members had the background of consumers cooperation securely enough established in their minds that difficulties did not overcome them.

CONSOLIDATED OPERATING STATEMENT

Table II is combined operating statement of 33 cooperative store societies in Minnesota for 1933. Tables IIIa and IIIb show the figures from which this combined statement was taken.

Item	TABLE II		
	Total of all Societies	Average of Societies	Percentage of Total
Sales	2,109,260.00	63,916.96	100.00
Cost of Goods Sold	1,789,461.00	54,226.00	84.84
Gross Income	319,799.00	9,690.88	15.16
Operating Expense	279,761.00	8,477.61	13.26
Net Operating Income	40,038.00	1,213.27	1.90
Other Income	20,720.00	627.88	.98
Total Net Earnings	60,758.00	1,841.15	2.88

We see from this table that the gross income as a percentage of net sales was 15.16%. The operating expense of 13.26% of net sales left a net operating income of 1.90% of net sales. Besides the net operating income there was other income which was .98% of net sales. This makes a total net earnings 2.88% of net sales. The figures in Table II were taken from Table III but not the percentages because in Table III each society was figured alone and percentages then averaged, while the percentages in Table II are figured on the totals for the 33 societies. Percentages of net profit per society range from a high of 7.65% gain to a loss of 15.78% on net sales. Only five societies showed a loss for 1933.

1933 Income & Expense of 33
Cooperative Store Societies

TABLE IIIa

Assn. No.	Sales Net 1933	Gross Margin 1933	Oper. Exp. 1933	Net Trading Income 1933	Special Income Net 1933	Net Income 1933
1.	\$12,849.00	861.00	1,860.00	(999.00)	261.00	(738.00)
2.	17,135.00	2,668.00	2,053.00	615.00	(31.00)	584.00
3.	19,243.00	3,060.00	3,301.00	(241.00)	804.00	563.00
4.	20,457.00	3,745.00	2,834.00	911.00	509.00	1,420.00
5.	22,159.00	3,575.00	3,065.00	510.00	689.00	1,199.00
6.	23,284.00	3,763.00	3,336.00	427.00	355.00	782.00
7.	23,412.00	2,638.00	3,142.00	(504.00)	472.00	(32.00)
8.	23,946.00	3,559.00	3,305.00	254.00	548.00	802.00
9.	24,579.00	3,913.00	3,721.00	192.00	829.00	1,021.00
10.	26,388.00	4,144.00	3,211.00	933.00	954.00	1,887.00
11.	27,005.00	2,209.00	6,090.00	(3,881.00)	(381.00)	(4,262.00)
12.	28,003.00	4,227.00	3,802.00	425.00	810.00	1,235.00
13.	30,590.00	4,815.00	5,929.00	(1,114.00)	(58.00)	(1,172.00)
14.	36,042.00	4,712.00	4,536.00	176.00	588.00	764.00
15.	39,612.00	7,988.00	6,642.00	1,346.00	(129.00)	1,217.00
16.	43,032.00	9,007.00	8,613.00	394.00	(269.00)	125.00
17.	44,795.00	7,071.00	5,507.00	1,564.00	525.00	2,089.00
18.	44,962.00	9,825.00	7,445.00	2,380.00	858.00	3,238.00
19.	45,320.00	8,391.00	7,707.00	684.00	(112.00)	572.00
20.	48,826.00	6,248.00	5,802.00	446.00	509.00	955.00
21.	52,074.00	7,688.00	6,460.00	1,228.00	628.00	1,856.00
22.	52,933.00	7,510.00	6,487.00	1,023.00	420.00	1,443.00
23.	55,457.00	5,691.00	6,457.00	(766.00)	837.00	71.00
24.	58,442.00	7,527.00	8,221.00	(694.00)	1,411.00	717.00
25.	59,540.00	8,366.00	7,462.00	904.00	(538.00)	366.00
26.	60,851.00	9,645.00	7,229.00	2,416.00	110.00	2,526.00
27.	68,623.00	12,007.00	11,114.00	893.00	479.00	1,372.00
28.	75,702.00	10,809.00	9,239.00	1,570.00	4,219.00	5,789.00
29.	78,520.00	11,689.00	10,223.00	1,466.00	758.00	2,224.00
30.	102,087.00	17,535.00	11,998.00	5,537.00	(223.00)	5,314.00
31.	125,090.00	19,645.00	14,079.00	5,566.00	105.00	5,671.00
32.	152,296.00	20,388.00	28,934.00	(8,546.00)	3,879.00	(4,667.00)
33.	566,006.00	84,880.00	59,957.00	24,923.00	904.00	25,827.00

\$2,109,260.00	\$319,799.00	\$279,761.00	\$40,038.00	\$20,720.00	\$60,758.00-	Total
63,916.96	9,690.88	8,477.61	1,213.27	627.88	1,841.15	Average

()- Denotes Loss.

TABLE IIIB

PERCENTAGES

Assn. No.	Gross Margin 1933 %	Wages 1933 %	Total 1933 %	Exp. Net Trg. Inc.	Spec. Inc.	Total Net Inc.	Ave. Mdse. Invent.	Stock Turn- over
1.	6.70%	8.35%	14.47%	(7.77%)	2.03%	(5.74)	\$2,155.00	5.56
2.	15.57	7.37	11.98	3.59	(.10)	3.41	1,814.00	7.97
3.	15.90	8.40	17.15	(1.25)	4.18	2.93	7,283.00	2.22
4.	18.30	5.28	13.85	4.45	2.50	6.95	2,739.00	6.10
5.	16.14	6.91	13.84	2.30	3.11	5.41	5,969.00	3.10
6.	16.16	9.07	14.33	1.83	1.43	3.36	3,644.00	5.36
7.	11.27	6.23	13.42	(2.15)	2.02	(.13)	5,080.00	4.09
8.	14.86	7.62	13.80	1.06	2.29	3.35	3,780.00	5.39
9.	15.92	6.82	15.14	.78	3.37	4.15	5,396.00	3.83
10.	15.70	5.52	12.17	3.53	3.61	7.14	4,860.00	4.60
11.	8.18	12.51	22.55	(14.37)	(1.41)	(15.78)	1,682.00	14.74
12.	15.10	6.89	13.58	1.52	2.89	4.41	7,360.00	3.20
13.	15.74	10.28	19.38	(3.64)	(.19)	(3.83)	4,200.00	6.10
14.	13.07	7.06	12.58	.49	1.63	2.12	5,750.00	5.45
15.	20.17	9.39	16.77	3.40	(.33)	3.07	3,170.00	10.00
16.	20.93	11.73	20.02	.91	.62	.29	4,397.00	7.74
17.	15.78	5.99	12.29	3.49	1.17	4.66	9,293.00	4.06
18.	22.06	8.05	16.72	5.34	1.93	7.27	6,161.00	5.70
19.	18.51	9.15	17.00	1.51	(.25)	1.26	3,239.00	11.40
20.	12.08	4.62	11.88	.92	1.04	1.96	6,520.00	6.53
21.	14.76	6.53	12.40	2.36	1.20	3.56	5,904.00	7.03
22.	14.19	6.11	12.26	1.93	.79	2.72	10,015.00	4.50
23.	10.26	6.16	11.64	(1.38)	1.51	.13	12,223.00	4.54
24.	12.88	7.71	14.07	(1.19)	2.42	1.23	13,363.00	3.81
25.	14.05	5.92	12.53	1.52	(.90)	.62	3,031.00	16.88
26.	15.85	6.15	11.88	3.97	.18	4.15	7,676.00	6.67
27.	17.50	8.79	16.20	1.30	.70	2.00	8,049.00	7.03
28.	14.28	6.39	12.20	2.08	5.57	7.65	9,937.00	6.53
29.	14.89	6.57	13.02	1.87	.96	2.83	17,770.00	3.76
30.	17.17	6.85	11.75	5.42	(.21)	5.21	18,517.00	4.56
31.	15.70	6.77	11.25	4.45	.08	4.53	17,051.00	6.18
32.	13.39	11.23	19.00	(5.61)	2.54	(3.07)	26,295.00	5.01
33.	15.00	5.09	10.60	4.40	.16	4.56	31,431.00	15.31

Average:

15.09% 7.52% 14.29% .82% 1.37% 2.19% 8,356.18 6.53

Total:\$275,754.00

* Taken from 1934 Year Book
of Central Cooperative Wholesale

() - Denotes Loss.

Table IV shows the operating expenses of all the cooperative stores societies affiliated with the Central Cooperative Wholesale, averaged, as a percentage of sales, for each year from 1925 to 1933 inclusive. This takes one item, namely "operating expense", from the combined operating statement, and breaks it up into component parts.

ANALYSIS OF OPERATING EXPENSES

OF STORE SOCIETIES AFFILIATED WITH THE CENTRAL COOPERATIVE WHOLESALE

	TABLE IV									
	1933	1932	1931	1930	1929	1928	1927	1926	1925	
Salaries & Wages	7.15	7.92	8.08	7.23	6.61	6.48	6.58	6.86	6.89	
Advertising Wrappings & Other Expenses .....	.68	.67	.60	.55	.51	.49	.44	.40	.41
Truck and Delivery Expenses .....	.70	.74	.78	.72	.85	.81	.83	.49	.43
Compensation of Board of Directors .....	.16	.13	.17	.17	.11	.10	.11	.11	.11
Inventory and Auditing Expenses.....	.29	.31	.33	.29	.23	.18	---	---	---	
Office Supplies and Postage .....	.17	.18	.16	.16	.14	.13	.11	.11	.10
Telephone and Telegrams .....	.16	.15	*	*	*	*	*	*	*
Rent - - .....	.29	.34	.37	.31	.32	.30	.27	.31	.37
Water, Heat, Light Ice and Power .....	.62	.65	.68	.57	.52	.46	.45	.48	.49
Taxes .....	.50	.54	.52	.43	.34	.31	.32	.33	.35
Insurance and Licenses .....	.67	.70	.62	.51	.46	.40	.42	.41	.42
Repairs of Fixtures and Building .....	.23	.17	.21	.23	.14	.13	.14	.13	.14
Depreciations.....	1.27	1.33	1.14	.87	.83	.72	.71	1.01	.96	
Miscellaneous Expenses.....	.38	.35	.35	.25	.34	.46	.67	.64	.71	
Losses from Bad Accounts.....	.39	.49	.36	.41	.35	.28	.22	.19	.18	
Regular Operating Expenses.....	13.61	14.73	14.37	12.69	11.75	11.25	11.27	11.47	11.56	
Interest Expense	.21	.24	.24	---	---	.24	.25	.33	.38	
Other Interests				.12	.17	.18	.16	.16	.22	
TOTALS	13.82	14.97	14.61	12.81	11.92	11.67	11.68	11.96	11.16	

*- Telephone Expenses are included in water, heat, light, ice & power
All figures taken from c.c.w. year Book 1927-30-31-34

SALARIES

The usual practice of cooperative stores in the state is to pay salaries to the managers and other employees rather than commissions. Of the 78 societies reporting on salaries paid the manager, the average was \$109.95 per month. A very few managers receive their home and fuel besides the salary. Sixty-four societies reported the salary of the lowest paid employees. The average lowest salary was \$54.37 per month. Here some explanation should be made because some societies have part time clerks who fill in on Saturdays and other busy days and they are not included in the report.

The wage expense as a percentage of total sales is 7.52% for the 33 societies under special study. The average total expense for these societies is 14.29% of total net sales. As a general rule the wages expense is about half of the total expense of doing business. See Chart C on the following page.

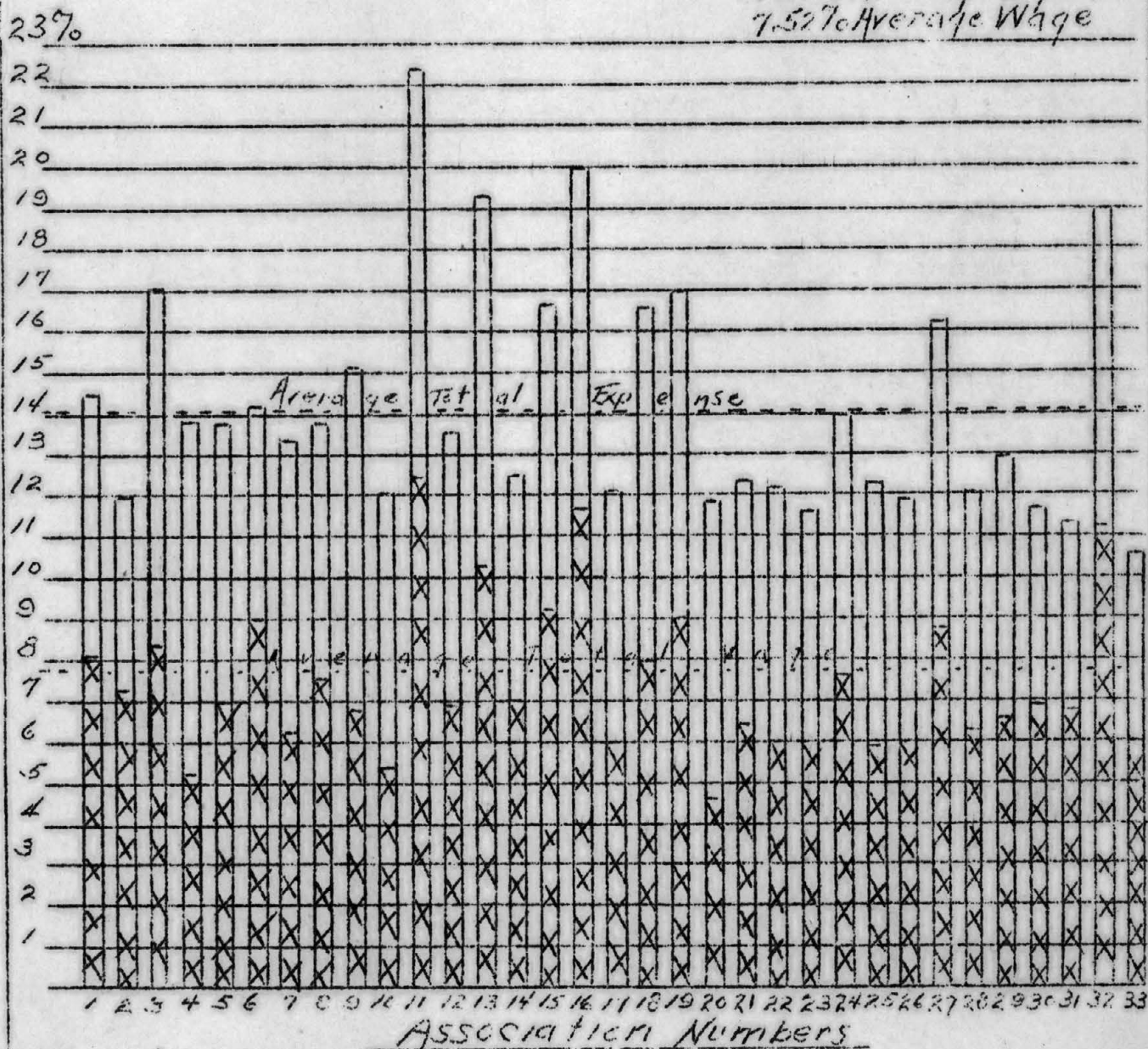
DEPRECIATIONS

The average depreciation account of the 64 societies affiliated with Central Cooperative Wholesale was 1.27% of total net sales. The depreciation on all merchandise, equipment, and automobiles should be figured in the inventory. The fixtures should be depreciated 10% per year; automobiles 20-40%; and stocks of goods from 2-10% depending on the condition and marketability of the merchandise.

TOTAL EXPENSE AND TOTAL WAGES
33 CO-OP STORE SOCIETIES
MINNESOTA 1933
AS A PERCENT OF SALES

□ Total Expense
 ▨ Total Wages

14.25% Average Expense
 7.57% Average Wage



TRUCK & DELIVERY EXPENSE

This expense is lower than the similar expense of a store in a city delivering the orders, as most of the stores in our study are in small towns and do not give much of a delivery service. The average truck and delivery expense of all the societies belonging to the Central Cooperative Wholesale was .70% of net sales.

INSURANCE AND BONDS

It is becoming the general practice for the cooperative stores affiliated with the Central Cooperative Wholesale to pay for the surety bonds of the employees. This policy is a fair one because it is to the advantage of the society that the principal employees are bonded.

The insurance risk on the buildings, fixtures, and merchandise of most of the cooperative stores is very high because they are located in small towns where the fire fighting equipment is meager. Often it is necessary to split the fire insurance between two or three companies because of the risk involved. This insurance and bond expense amounted to .67% of total net sales for all the societies affiliated with the Central Cooperative Wholesale.

By all means insurance should be carried on all buildings, equipment, and merchandise of the society. Where ever possible, fire insurance should be carried with a township mutual company, because it is a real cooperative company and the cost is much lower than the ordinary mutual or stock insurance company. On the surety bonds it is advisable to get them through Glusa Service which is a part of the Cooperative League of the U. S. A. It is advisable also to examine the American Farmers Mutual Automobile Insurance Company for rates on auto

insurance because it is a cooperative company.

OTHER OPERATING EXPENSES

The general operating expenses such as advertising, wrappings and other selling expenses amounted to .63% on total net sales, office supplies and postage .17%, telephone and telegraph .16%, rent .29%, water, heat, light, ice, and power .62%, taxes .50%, repairs of fixtures and buildings .23%, and miscellaneous expenses .38%. These figures are those of all the store societies affiliated with the Central Cooperative Wholesale in 1933.

The figure for rent is particularly small, 29%. The ordinary grocery store in a small town or city pays from 1% to 3% on sales for rent. The cooperative store societies we are studying are in small towns and small cities and even when the stores are in the cities they are not located on the main street nor do they have expensive buildings. The general operating expenses listed are less than they usually are in a private store.

INVENTORY AND AUDITING

The 33 societies take a complete inventory twice a year and have an audit of the books twice a year. The audit is done by the audit department of the Central Cooperative Wholesale. The inventory is usually taken by a committee of directors with the assistance of the employees and manager. The inventory and auditing expense amounted to .29% of the total net sales of the societies affiliated with the Central Cooperative Wholesale.

The other 51 societies who answered the question about inventory and auditing stated that they had only one a year. It is

advisable to have a complete inventory and audit twice a year. The small expense incurred is repaid many times over. The principal weakness of the cooperative store societies in years gone by has been the poor system of bookkeeping. Now the affiliated members of Central Cooperative Wholesale are given the services of expert auditors who know the food business and are cooperators. Mr. H. V. Nurmi, the manager of the wholesale, has perfected a system of bookkeeping which the affiliated societies use. Many of the employees of these stores societies have attended the fall school for cooperative employees which is put on by the Central Cooperative Wholesale every year.

LOSS FROM BAD ACCOUNTS

This expense account amounts to .39% of total net sales of the societies affiliated with Central Cooperative Wholesale. In recent years more and more societies have gone on a cash basis. This is particularly true of the stores affiliated with C.C.W. We have record of 29 societies doing almost entirely a cash business. In a few cases the board of directors approves small extension of credit and in some others the manager is held strictly responsible for all credit given. This matter of credit is one of the most difficult items to contend with, and fundamentally credit trading has no place in a cooperative store society. If it is given ^{at} all, it should be only to the amount of half the members paid in share capital, with the provision that the account must be paid before the end of the quarter. If the member cannot pay up at that time, the amount of credit extended should be deducted from his share capital.

It is easy to realize that if credit trading was taken advantage of by all members, the store would soon be destroyed. The service of credit is really a function of a bank, and a store simply has not the funds to do both a banking and grocery business. A credit union should be established to take care of the financial problem.

Cash trading was one of the principles laid down by the Rochdale Pioneers. It is the only democratic method, for any small amount of credit extended gives just that much extra privilege to the one receiving it. The Rochdale Pioneers had another excellent reason for cash trading because they had seen workers live in bondage all their lives simply because they were allowed credit.

GENERAL SUMMARY OF OPERATING EXPENSE

In comparing the operating expense of the 64 cooperative store societies who are members of the Central Cooperative Wholesale with the operating expenses of National Chains and Independent stores we find that the total operating expense of the cooperative stores is 4.38% less than the Chain Stores and 4.53% less than the Independent stores. In this connection see (Table V). It must be said that the majority of the cooperative stores are in small towns and villages where items such as rent and payroll are much less than they are in large cities. The most of the difference is made up in these two items of rent and payroll.

TABLE V

COMPARISON OF EXPENSES IN NATIONAL CHAINS,
INDEPENDENT RETAIL GROCERY STORES, WITH
CENTRAL COOP. WHOLESALE MEMBER STORES.

ITEMS OF EXPENSE	Indp. Retail Expense As % of Net Sales	Nat. Chain Exp. as % of Net Sales	64 C.C.W. Stores Exp. as % Net Sales	Dif. In Column 3 As Compared With 2	Difference In Column 3 as Compared With 1
Payroll	11.05	10.30	7.15	-3.15	- 3.90
Rent	1.55	2.30	.29	-2.01	-1.26
Depreciation	.35	.60	1.27	+ .67	+ .92
Supplies	.65	.75	.17	- .58	- .48
Light, Heat, Water	.35	.45	.62	+ .17	+ .27
Repairs	.10	.15	.23	+ .08	+ .13
Advertising	.30	.75	.63	- .12	+ .33
Inventory & Auditing	---	----	.29	+ .29	+ .29
Telephone & Telegraph	---	.05	.16	+ .11	+ .16
Insurance	.20	.20	.67	+ .47	+ .47
Compensation Board of Directors	---	---	.16	+ .16	+ .16
Taxes	.25	.15	.50	+ .35	+ .25
Unclassified Trucking	1.20	.40	.70	+ .30	- .50
Miscellaneous	.80	1.35	.38	- .97	- .42
Bad Debts	.40	----	.39	+ .39	- .01
Interest	1.15	.75	.21	- .54	- .94
Total Expenses	18.35	18.20	13.82	-4.38	- 4.53
Net Profit	1.40	1.20	2.18	- .98	- .78
Gross Margin	19.75	19.40	16.00	-3.40	- 3.75

Columns I & II are taken from reports of the Harvard Bureau of
of Business Research, Bulletins 52 & 84 respectively. Column III
is from the 1934 Year Book of the Central Cooperative Wholesale.

The Secondary source was "Grocery Retailing" by Roland S. Vaile,
(University of Minnesota Press, 1932).

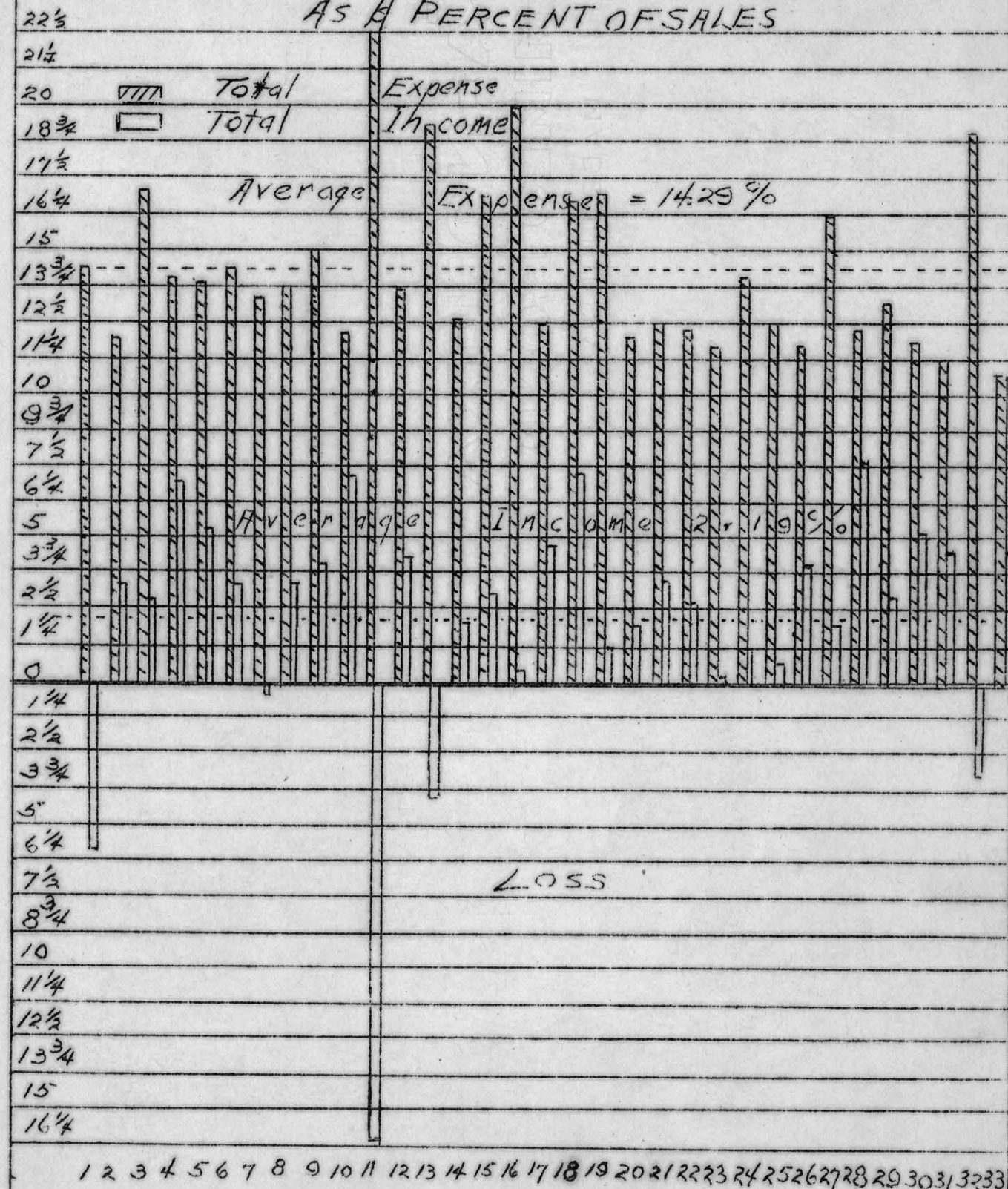
There are other items such as interest where the cooperative stores had .94% less expense than the Independent stores and .54% less than the Chain Stores.

On other items such as depreciation the cooperative stores have a larger percentage of total expense than the Chains and Independents .67% on the first and .92% on the second. There is also an appreciable difference in insurance expense probably due to the high cost of protection in small towns and villages. In both the Chain and Independent group, expense for insurance is .47% less than the Cooperative stores. There are differences in other items but they may be seen from a study of the chart.

The total expense of the Independents and Chains is more than the Cooperatives and also the gross margin is larger but the net profit of the Cooperatives is greater than either the Chain group or the Independents. The net profit is .98% greater than the Chains and .78% greater than the Independents. This larger percentage of net profit on sales, which was 2.18% compared to 1.40% for the Independents and 1.20% for the Chains shows quite conclusively what can be accomplished by cooperative effort in the store business. Although these Cooperative societies in the study are supplied by one cooperative wholesale and have a unity because of the fact most have a Finnish background, it is the fundamental economic and social significance of consumers cooperation which has made this success possible.*

* See Chart D showing net income of 33 cooperative stores in Minnesota.

TOTAL EXPENSE AND TOTAL NET INCOME (IN PERCENT) OF 33
CO-OP STORE SOCIETIES IN MINNESOTA 1933
AS A PERCENT OF SALES



BOST

CONSOLIDATED BALANCE SHEET

TABLE VI

The following consolidated balance sheet for 33 cooperative store societies for 1933 shows the various items as aggregates, as averages and as a percentage of the total net sales. Tables VII and VIII give the figures from which this was taken. Chart E gives the consolidated balance sheet in graphic form.

ITEM	Total	Average	Percentage
Current Assets:			
Cash on Hand and in Bank	57,697.00	1,748.00	6.10
Acc'ts. & Notes receivable	193,909.00	5,876.00	20.49
Mase. Inventory	282,644.00	8,565.00	29.87
TOTAL	<u>534,250.00</u>	<u>16,189.00</u>	<u>56.46</u>
Investments	88,676.00	2,687.00	9.37
Deferred & Other Assets	14,596.00	442.00	1.54
TOTAL	<u>103,272.00</u>	<u>3,129.00</u>	<u>10.91</u>
Fixed Assets:			
Net Value of Equipment	69,317.00	2,101.00	7.33
Net Value of Land & Bldg.	239,399.00	7,255.00	25.30
TOTAL	<u>308,716.00</u>	<u>9,356.00</u>	<u>32.63</u>
TOTAL ASSETS	<u>946,238.00</u>	<u>28,674.00</u>	<u>100.00</u>
Current Liabilities:			
Deposits and Notes Payable	87,958.00	2,666.00	9.29
Accounts Payable	51,877.00	1,572.00	5.48
Other Current Liabilities	53,633.00	1,626.00	5.67
TOTAL	<u>193,498.00</u>	<u>5,864.00</u>	<u>20.44</u>
Deferred Liabilities:			
Bond & Mortgage Loans	24,014.00	728.00	2.54
Net Worth:			
Paid in Share Capital	405,512.00	12,288.00	42.86
Reserves and Other Funds	270,052.00	8,183.00	28.54
Undivided Surplus	53,162.00	1,611.00	5.62
TOTAL	<u>728,726.00</u>	<u>22,082.00</u>	<u>77.02</u>
Total Liabilities and Net Worth	<u>946,238.00</u>	<u>28,674.00</u>	<u>100.00</u>

TABLE VII (A)

1933 Assets and Liabilities of 33 Cooperative Store Societies

Assn. No.	Cash On Hand & In Banks	Accts. & Notes Rev.	Merch. Inven.	Invest- Ments	Net Val. of Equip.	Net Val. of Land & Bldgs.	Deferred & Other Assets	Total Assets
1.	\$ 135	\$ 732	\$ 2,038	\$ 320	\$ 624	\$ 950	\$ 47	\$ 4,846
2.	684	161	1,966	209	779	1,921	64	5,784
3.	1,350	5,807	7,673	1,820	1,180	1,698	161	19,689
4.	1,635	2,106	2,260	1,344	832	5,955	150	14,282
5.	3,708	258	6,028	2,493	260	3,115	589	16,451
6.	496	1,681	3,946	700	723	680	208	8,434
7.	104	2,990	3,109	1,535	1,217	2,435	107	11,497
8.	258	484	4,289	2,055	918	3,624	217	11,845
9.	2,105	1,637	5,058	2,408	1,065	2,810	41	15,124
10.	374	1,297	5,303	2,171	362	7,838	230	17,575
11.	400	7,583	1,451	1,757	840	14,870	65	26,966
12.	2,645	7,044	7,058	2,907	1,086	2,961	248	23,949
13.	1,133	2,958	3,896	.....	2,284	4,856	241	15,368
14.	898	1,972	6,047	2,870	857	4,495	174	17,313
15.	585	6,617	3,232	210	854	12,242	258	23,998
16.	253	11,614	4,031	831	2,186	7,251	320	26,486
17.	1,526	2,850	9,457	3,505	2,460	6,866	478	27,142
18.	7,011	16,996	6,028	300	1,665	2,330	204	34,534
19.	1,070	3,541	3,224	1,550	1,532	3,260	398	14,575
20.	549	1,968	7,384	3,727	1,822	5,333	369	21,152
21.	927	2,196	6,884	1,226	937	4,461	154	16,785
22.	358	4,358	10,589	4,425	1,207	6,410	241	27,588
23.	5,914	5,387	13,204	3,925	1,723	6,083	660	36,896
24.	1,162	10,808	13,478	4,062	1,705	5,002	1,680	37,897
25.	184	6,421	3,137	2,345	2,005	11,449	151	25,692
26.	555	2,170	8,243	3,510	2,355	1,925	573	19,331
27.	3,111	4,184	8,101	6,295	4,230	10,263	196	36,380
28.	1,935	6,931	13,002	5,437	3,024	4,147	1,086	35,562
29.	2,616	4,366	18,037	4,610	2,705	9,858	703	42,895
30.	589	3,843	20,535	.....	3,588	20,273	624	49,452
31.	1,668	1,868	19,927	2,049	2,572	9,274	952	38,310
32.	1,552	34,692	23,145	1,300	5,467	16,778	2,185	85,119
33.	10,207	26,389	30,884	16,780	14,253	37,986	822	137,321
TOTAL	57,697	193,909	282,644	88,676	69,317	239,399	14,596	946,238
AVER- AGE	1,748	5,876	8,565	2,687	2,101	7,255	442	28,674

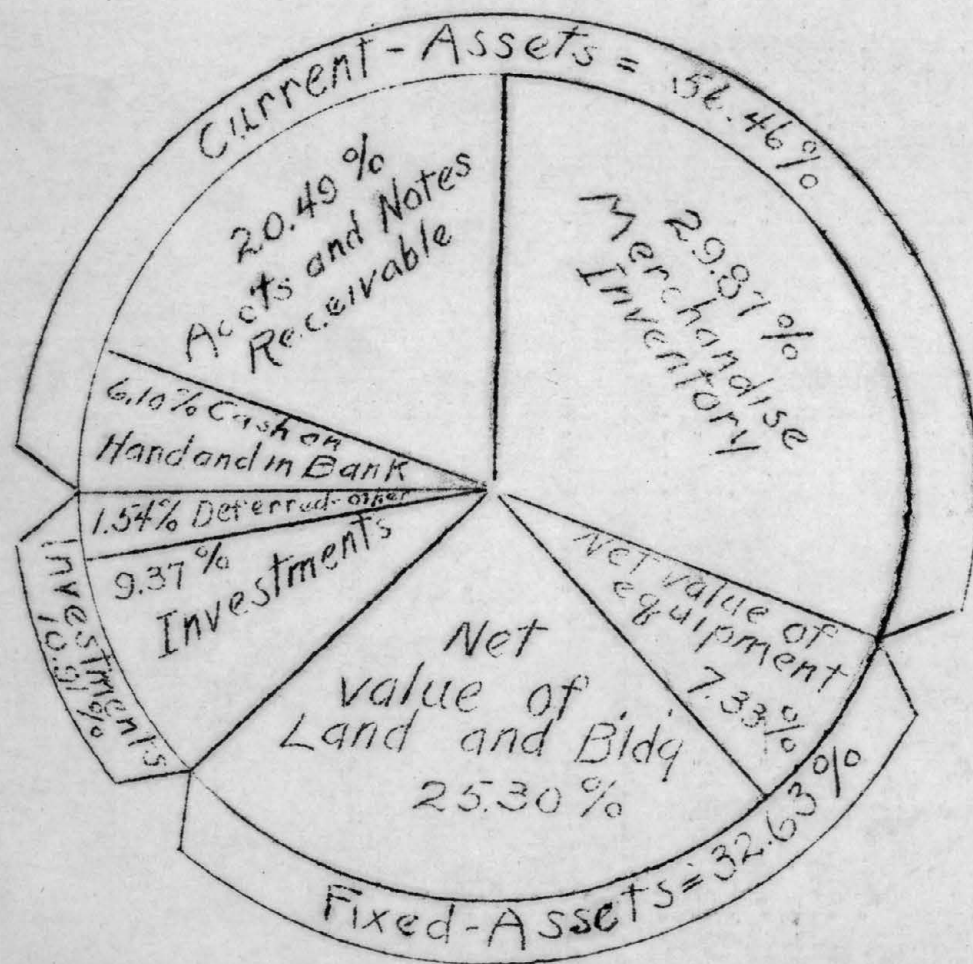
TABLE VII (B)

Assn. No.	Deposits & Notes Payable	Accts. Pay.	Other Current Liab.	Bond & Mortg. Loans.	Paid in Share Capital	Reserv. & Other Funds	Undiv. Surplus	Total Liab.
1	\$ 696	\$ 1,839	\$ 277	\$ 1,000	\$ 1,719	\$ 53	\$ (738)	\$4,846
2	1,510	429	78	.....	1,681	969	1,117	5,784
3	124	915	155	.....	7,760	10,172	563	19,689
4	710	704	192	.....	3,734	7,522	1,420	14,282
5	181	.....	209	.....	5,993	8,859	1,199	16,451
6	.....	582	257	.....	3,290	3,523	782	8,434
7	386	.....	294	.....	4,899	4,759	1,159	11,497
8	300	905	315	.....	3,492	6,031	802	11,845
9	218	.....	546	.....	7,912	5,427	1,021	15,124
10	2,991	.....	440	.....	5,737	6,635	1,772	17,575
11	2,028	3,204	1,517	7,000	18,620	(1,141)	(4,262)	26,966
12	.....	.....	857	.....	7,100	15,271	721	23,949
13	40	43	1,130	.....	12,602	2,725	(1,172)	15,368
14	1,150	940	305	.....	6,418	7,735	765	17,313
15	120	1,343	610	3,000	12,000	5,708	1,217	23,998
16	5,198	4,298	498	1,700	7,959	6,709	124	26,486
17	9,318	.....	330	250	10,003	5,152	2,089	27,142
18	.....	2,783	2,976	.....	4,920	20,625	3,230	34,534
19	7,108	1,731	725	.....	7,440	(3,001)	572	14,575
20	917	972	469	.....	7,662	10,177	955	21,152
21	1,303	1,507	384	.....	10,353	1,381	1,857	16,735
22	6,034	2,087	970	2,200	7,242	7,612	1,443	27,538
23	2,023	2,135	1,291	.....	20,531	9,291	1,625	36,896
24	1,204	.....	6,868	.....	10,320	18,788	717	37,897
25	8,837	4,752	532	6,990	3,757	458	366	25,632
26	10,500	2,050	413	150	5,372	18	328	19,331
27	3,284	.....	6,156	.....	8,112	17,456	1,372	36,330
28	1,044	.....	159	.....	15,849	16,653	1,857	35,562
29	2,361	4,086	621	.....	26,229	7,374	2,224	42,895
30	1,922	.....	1,324	.....	11,250	30,204	4,752	49,452
31	6,467	.....	6,208	.....	15,890	4,074	5,671	38,310
32	9,984	14,572	1,817	1,724	52,586	9,103	(4,667)	85,119
33	.....	.....	14,740	.....	76,580	23,720	22,281	137,321
<hr/>								
Total	87,953	51,877	53,663	24,014	405,512	270,052	53,162	946,238
<hr/>								
Aver- age	2,666	1,572	1,626	728	12,288	8,183	1,611	28,674

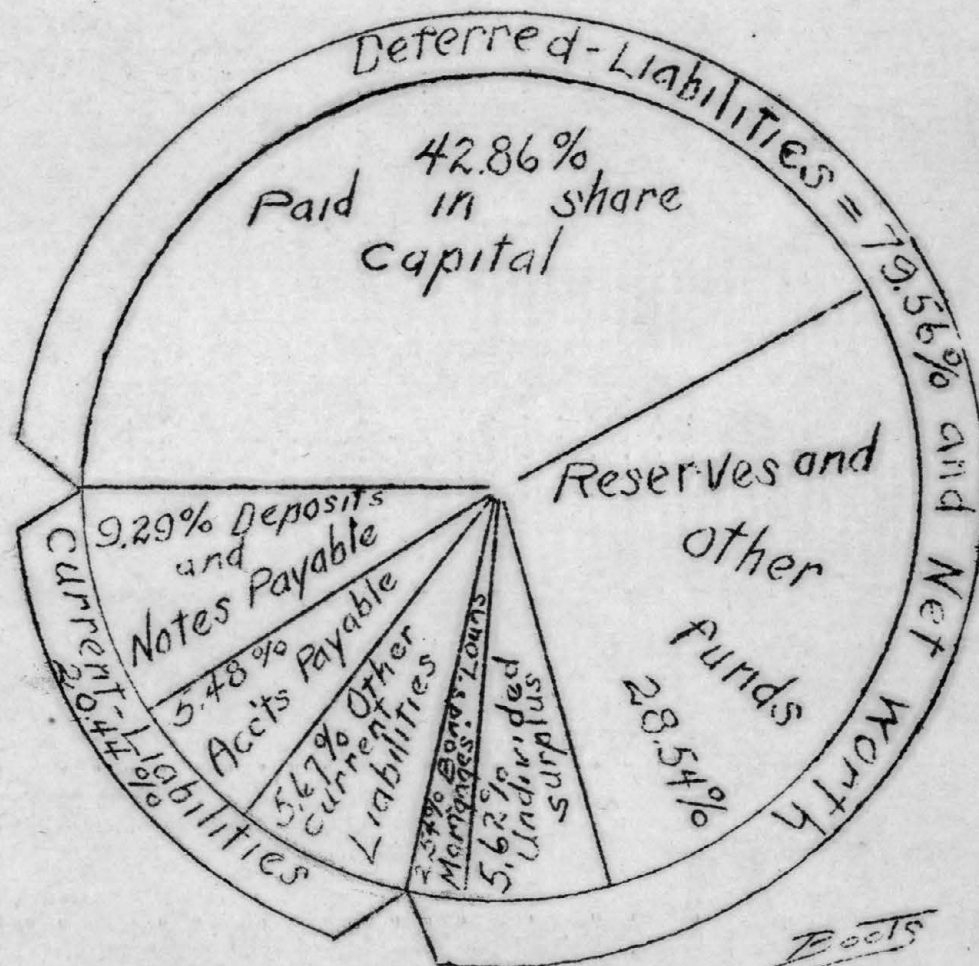
() Denotes Loss

* Figures taken from Central Cooperative Wholesale Year Book 1934.

MAKE UP OF CONSOLIDATED BALNCE SHEET OF 33 CO-OP
GENERAL MERCHANDISE STORE SOCIETIES 1933.
IN MINNESOTA



Assets



Liabilities

Boots

CONSOLIDATED BALANCE SHEET

ANALYSIS OF ASSETS

CASH ON HAND AND IN BANKS

The average cash on hand of the 33 societies studied, amounted to \$1,748.00, representing 6.10% of the total average assets. Cash on hand and in banks represents the daily operating capital. There should always be sufficient cash to meet current bills and to take advantage of all cash discounts. In the fall of the year when buying of goods is heaviest it is sound practice to borrow for a short period, in order to take full advantage of volume discounts.

Within the group of societies studied the range of cash on hand was from \$104.00 to \$10,207.00.

ACCOUNTS AND NOTES RECEIVABLE

The aim of all the 33 societies in the study is to do business on a strictly cash basis. During the past three years this has been very difficult but much progress has been made. Sales increased 3.27% in 1933 over 1932 and accounts and notes receivable decreased 7% in 1933 over 1932. Sixteen societies showed a decrease in accounts and notes receivable; eight showed an increase; and nine showed no change or less than \$100.00. Each one of the eight societies showing a gain in accounts and notes receivable also showed an increase in sales over 1932 so there was good reason for the receivables going up.

It is one of the fundamental Rochdale principles to sell for cash and buy for cash. The fact that accounts and notes receivable are going down while net sales increase gives ample proof of the success of the effort towards cash payment. Those societies that are not now on a cash basis are working towards that end. Old accounts are being charged off where they are found uncollectable. For the

33 societies, there was a total of \$193,909.00, an average of \$5,876.00 per society of outstanding accounts and notes receivable. This was 20.49% of the total assets and 36.2% of the total current assets.

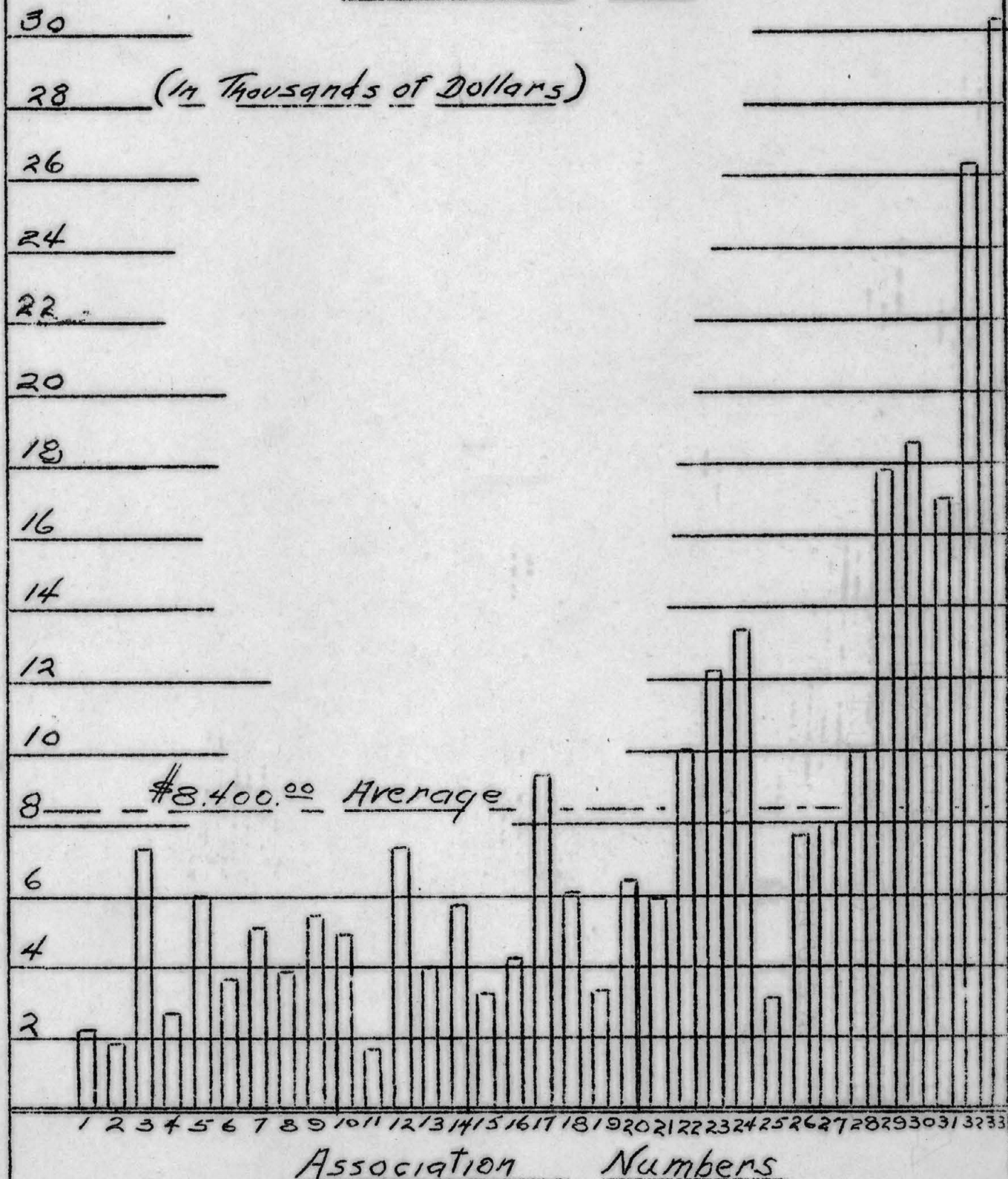
The amount of accounts and notes receivable may also be compared with total sales. In this way we find the average amount carried on account as a percentage of sales. The average for all societies was 9% on sales or a little over one months total business. The percentage varied greatly from .9% for society #2 to 35.6% for #18. By far the majority were below the average.

MERCHANDISE INVENTORY

The merchandise inventory of all the 33 societies was \$282,644 for an average of \$8,400 per society. There was great variation in this, due to several causes. The variation ran from \$1,451.00 to \$30,884.00. The largest society #33 had the largest inventory, but had the second highest stock turnover, 15.31 times. (See Chart F and G).

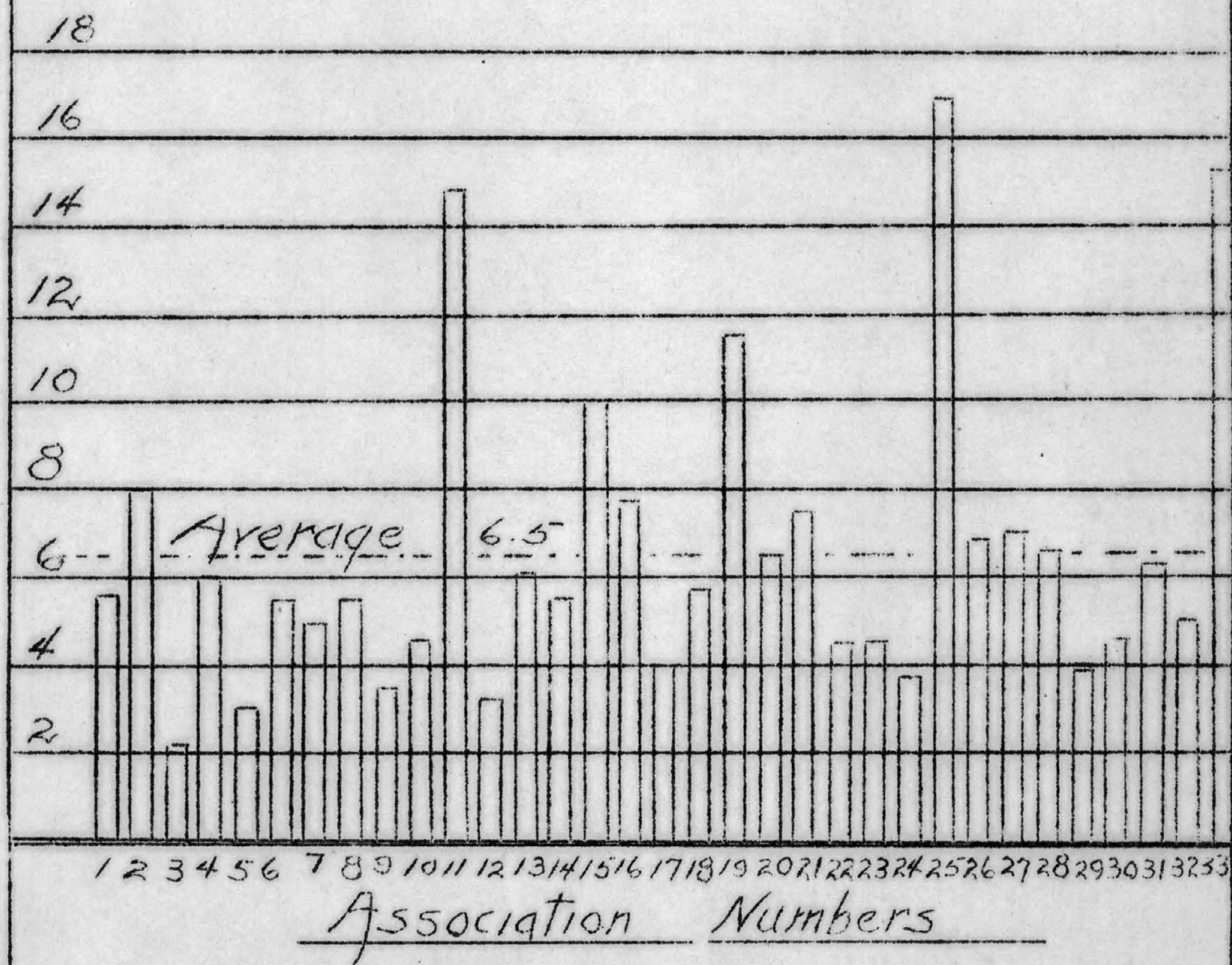
It is not easy to compare the societies because they carry such a wide variety of items. Some supply practically all the wants of the members, such as a complete line of groceries, clothing, footwear, hardware, building supplies, feeds, oil, gasoline, and automobile accessories while others supply just groceries and meats. Also some stores are country stores that have to supply a large number of items but do not turn them often. The stores on the Messaba Range are in small towns and they too supply a pretty complete line of consumers goods. But there are a few others in the larger towns that carry just groceries and meat. The rate of stock turnover is greatest among the stores in the cities as a rule.

AVERAGE MONTHLY INVENTORY
33 COOP STORE SOCIETIES
MINNESOTA 1933.



Boots

STOCK TURNOVER
33 CO-OP STORE SOCIETIES
MINNESOTA 1933.



Boots

TOTAL CURRENT ASSETS

The total current assets compared to the total current liabilities is \$534,250.00 to \$193,498.00 or a ratio of 2.76 to 1, on the average. This is a safe ratio and shows that the cooperative stores are in a healthy position.

INVESTMENTS

All but two of the 33 societies in the special study have investments in other cooperative associations. The total amount of investments is \$88,676.00 with an average of \$2,687.00 per society. The variation is from nothing for the two societies to \$16,780.00 for #33 society.

The usual investment is in the Central Cooperative Wholesale which makes up the bulk of the total. Then if the society is a member of a cooperative federation there is an investment in that. The society usually holds at least one share in the local cooperative creamery, and also one in the Cooperative Publishing Associations. The general policy is to support local cooperative associations by owning at least one share of their stock.

This investment is safe and also helpful to the cooperative movement. It tends to unite the cooperatives in the territory because of the financial interest each has in the other. The investments accounted for 9.37% of the total assets.

DEFERRED AND OTHER ASSETS

This is made up mainly of prepaid expense and amounts to only 1.54% of the total assets. This amount varied from \$41.00 to \$2,185.00 in the societies.

FIXED ASSETS
NET VALUE OF EQUIPMENT

This account is made up of fixtures and equipment after proper depreciation has been taken. The larger societies naturally have more money in equipment. The variation is from \$260.00 to \$14,253.00. Some societies have only one store while others have equipment in two and three stores, warehouses, and a gasoline/station filling.

The total value of the equipment of the societies is \$69,317.00 with the average \$2,101.00 per society.

This makes up 7.33% of the total assets of all the societies.

NET VALUE OF LAND AND BUILDINGS

This item of the balance sheet is \$239,399.00 for all societies or an average of \$7,255.00 per society. Practically all of the societies own their land and buildings. The net value of land and buildings of the city societies is three and four times greater than similar space in small towns. In fact the large expense of land and building for society #11 is responsible in a large measure for its bad financial position. The building and property is too valuable for the business done by this city society.

TOTAL FIXED ASSETS

The total fixed assets made up of the net value of equipment, land, and buildings is 32.63% of the total assets. In total money it is \$308,716.00, with an average of \$9,356.00 per society.

TABLE VIII

<u>NET VALUE OF EQUIPMENT, LAND AND BUILDINGS</u>			<u>NUMBER OF SOCIETIES</u>
\$1,000.00	to	5,000.00	12
5,000.00	"	10,000.00	12
10,000.00	"	15,000.00	5
15,000.00	"	20,000.00	1
20,000.00	"	25,000.00	2
Over		25,000.00	1

From Table VIII we see that over a third of the societies, 12 in all, had total fixed assets under \$5,000.00. Most of the societies are over ten years old and own the land and buildings they occupy.

CONSOLIDATED BALANCE SHEET
ANALYSIS OF LIABILITIES

DEPOSITS AND NOTES PAYABLE

The total amount of this short time borrowing by all the societies is \$87,958.00, which is an average of \$2,666.00 per society. Deposits are sums of money members loan the society for a very brief period of time. Four of the 33 societies had no such liabilities and six societies accounted for most of this borrowing. Most of the short time borrowing is done in the fall of the year when it is advantageous to buy the seasons supply of clothing, shoes, canned foods, and other merchandise.

For all the 33 societies this borrowing amounted to 9.29% of the total liabilities and net worth.

ACCOUNTS PAYABLE

The societies are very good pay and as a rule they take all the cash discounts. This is in face of the fact that cash is not very plentiful in the territory in which the stores are located. Twelve of the societies have no accounts payable and one society is responsible for a large share of the total accounts payable. The total is \$51,877.00 which is an average of \$1,572.00 per society.

The credit ratings of all societies but a very few are excellent. Only 5.48% of the total liabilities and net worth is in accounts payable.

OTHER CURRENT LIABILITIES

This is made up of several items such as accrued interest payable on shares, trade rebates payable, accrued expenses, and reserves for taxes. The total amount for all societies is \$53,633.00 which is 5.67% of total liabilities and net worth.

ness. The total is \$24,014.00 which is an average of \$728.00 per society if we take in all the 33 societies. This makes 2.54% of the total liabilities and net worth.

NET WORTH

PAID IN SHARE CAPITAL

The paid in share capital for all the societies is \$405,512, an average of \$12,288 per society. If we left out the two largest societies the total would be only \$276,346.00 with an average for the thirty-one of \$8,914.00. But even this is not a fair figure for the average size, because 20 societies have smaller paid in capital than this. In our study of the 33 societies we have extremely large and very small societies so averages in many cases do not give a true picture of the situation.

The society with the smallest amount of paid in share capital, #2 with \$1,681.00, did a business of \$17,135.00, made a profit of \$534.30 and a net income of 3.41% on sales. We see it is not necessary for a store to be large in order to make savings and prosper.

The largest cooperative store in the state with sales of \$566,006.-- had a total net income of \$25,827.00 for 1933, which was only 4.56% of total sales. This store had a paid in share capital of \$76,580.00. The problem of this particular store is to reduce the share capital or at least not increase it any. They have made it a rule now that new members can have only one share and they pay for the share with patronage dividends.

The usual par value of the capital stock is \$10.00 with a limit per member of 20 shares. The maximum interest rate by cooperative law of the state is now 6%. Many associations pay less than this amount

and eight societies that paid a patronage dividend paid no dividend on stock. There is a definite movement away from paying dividends on share capital. The shares of capital stock are being considered as membership certificates.

When a new society is being organized it is advisable to sell as many shares as possible in order to have sufficient working capital. If possible more than one \$10.00 share should be sold to the new members. Although some help may be supplied by the cooperative wholesale in extension of credit for the first month or two, it is best to have sufficient capital to buy a stock of merchandise so that discounts may be taken. The ideal situation is to have enough stock issued and paid for at the time of organization to provide for the fixed assets and the supply of merchandise. For the new society in the city it is far safer to rent a store and fixtures to begin with. In the small country town it is all right to buy a store and land if it is necessary, because the price is so much less.

RESERVES AND OTHER FUNDS

The cooperative law of Minnesota states that (Section Seven A) "For the purpose of creating a permanent surplus an association may set aside all of the net income for its first and second year, but at least ten per cent of the annual net income shall be set aside until an amount equal to fifty (50) percent of the paid up capital is accumulated."

TABLE IX

AMOUNT OF RESERVES AND OTHER FUNDS AS COMPARED
TO PAID UP CAPITAL

NUMBER OF SOCIETIES

Less than 50% of Paid Up Capital	13
From 50% to 99% " " " "	4
From 100% to 199% of Paid Up Capital	11
" 200% and over of " " "	5

As we see from Table IX, twenty of the thirty-three societies already have set up 50% or over of reserves and other funds as compared to paid up capital. Only society #11 of these in the first group of thirteen is in a precarious position as far as the general situation of the store is concerned. Many of the thirteen are in equally as good position as those in the other groups but have not felt it advisable to set aside any more than was required in the reserve account.

The aggregate reserves amount to \$270,052.00 or an average of \$8,183.00 per society. It is 28.54% of the total liabilities and net worth.

UNDIVIDED SURPLUS

All but four of the societies have a credit balance in this account, so that dividends can be paid. The average for all societies is \$1,611.00 for a total of \$53,162.00. It is up to the members at the annual meeting to decide what shall be done with this-- that is, whether it should be paid out in patronage dividends or put in a reserve or some other fund such as an educational fund, or building fund.

GENERAL SUMMARY CONSOLIDATED BALANCE SHEET

The study of the consolidated balance sheet has shown that taken together the 33 store societies are in a fairly satisfactory position. The relation of quick assets to current liabilities, 2.76 to 1, is sufficient to insure the liquidity of the societies. In fact, one might say that with but very few exceptions these 33 societies are in a very satisfactory position. But the balance sheet is not the only indicator of success or the possibilities of success of a consumers cooperative store.

What stands behind these figures is more interesting than the figures themselves. The background of most of these societies is a small group of loyal Finnish Cooperators, many of whom were born in Finland and learned about cooperation there. It was their object to set up a cooperative after the pattern of cooperatives in Finland.

This cooperative store, which they set up, was the social center, their community life was built around it. The store itself was not sufficient, so a social hall was often put up. Educational and social events were put on there and people learned to think of the cooperative not only as ^a place to buy sugar, tobacco, and bread, but also as a place to gather for fund and education. The cooperative store was and is now the most essential and serviceable institution in several towns in the State.

In a general way the success of the cooperative store depends mainly on the degree of cooperative effort put in it by the members. Today profits are not large in the food and general merchandise field because large private merchants and giant chain store corporations are highly efficient and are competing keenly and it takes an extremely efficient manager and true cooperative members to make a cooperative store succeed. This intelligent loyalty of the

members is very largely the secret of the success of the cooperative stores we have been studying.

APPENDIX B.

LISTS OF COOPERATIVE STORES IN
MINNESOTA

APPENDIX B-1

COOPERATIVE STORE SOCIETIES IN MINNESOTA (1934) BY TOWNS

Town	Type	Name of Store
Angora Br.	C.C.W.	Northern Farmers' Coop. Soc.
Appleton	Ind.	Appleton Coop. Co.
Argyle	Ind.	Farmers' Coop. Assn.
Arlington	Ind.	Union Merc. Co.
Ashby	Ind.	Farmers' Equity Assn.
Askov	Ind.	Askov Coop. Assn.
Aurora	C.C.W.	Aurora Coop. Merc. Assn.
Aurora	C.C.W.	Palo Coop. Assn.
Barnum	Ind.	Barnum Farmers' Coop. Co.
Biwabik	C.C.W.	Biwabik Coop. Merc. Assn.
Brimson	Ind.	Farmers' Store Assn.
Brookston	C.C.W.	Brookston Farmers' Coop. Trad. Co.
.Brooten	Ind.	Grove Lake Coop.
Bronson	Ind.	Farmers' Supply Co. of Bronson, Inc.
Canton	Ind.	Farmers' Coop. Co.
Clark's Grove	Ind.	Clark's Grove Hrdw. & Imp. Co.
Clark's Grove	Ind.	Clark's Grove Merc. Co.
Cleveland	Ind.	Farmers' Coop. Store
Cloquet	C.C.W.	Cloquet Coop. Society
Cokato	Ind.	Knapp Coop. Merc. Co.
Cokato	Ind.	Cokato Farmers' Merc. Assn.

C.C.W.- CENTRAL COOPERATIVE WHOLESALE

IND.- INDEPENDENT

C.U.A.- WORKERS' & FARMERS COOPERATIVE UNITY ALLIANCE

APPENDIX B-1

Cook	C.C.W.	Northern Farmers' Coop. Soc.
Cook	C.U.A.	Cook Coop. Assn.
Cromwell	C.C.W.	Farmers' Coop. Co.
Crosby	C.C.W.	Crosby Workers' Coop. Assn.
Dawson	Ind.	Dawson Coop. Merc. Assn.
Deer River	Ind.	Farmers' Coop. Exchange
Denham	C.C.W.	Denham Coop. Assn.
Duluth	C.C.W.	Farmers' Exch. of Duluth
Duluth	C.C.W.	Duluth Coop. Soc.
East Lake	C.C.W.	Farmers' Coop. Trading Co.
Ely	C.C.W.	Ely Coop. Assn.
Embarrass Vermillion	C.C.W.	Embarrass Coop. Assn.
Emmons	Ind.	State Line Farmers' Coop. Co.
Esko's Corner Br.	C.C.W.	Cloquet Coop. Society
Fairfax	Ind.	Fairfax Coop. Assn.
Fertile	Ind.	Rindal Merc. Co. Inc.
Fertile	Ind.	Sundal Merc. Co.
Finland	C.C.W.	Finland Coop. Co.
Floodwood	C.C.W.	Floodwood Coop. Assn.
Forbes Br.	C.C.W.	Cherry Farmers' Coop. Assn.
Fulda	Ind.	United Farmers' Exchange
Gary	Ind.	Beer Park Merc. Coop. Inc.
Gheen Br.	C.C.W.	Orr Farmers' Coop. Trading Co.
Gilbert	C.U.A.	Int'l. Work People's Coop. Assn.
Gowan Br.	C.C.W.	Floodwood Coop. Assn.
Grygla	Ind.	Grygla Coop. Co.
Hallock	Ind.	Kittson County Farmers' Merc. Co.

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APPENDIX B-1

Hamburg	Ind.	Hamburg Farm. Eq. Coop. Assn.
Hanska	Ind.	Hanska Linden Store Co.
Hazel Run	Ind.	Jertson Merc. Co.
Henderson	Ind.	Henderson Merc. Co.
Herman	Ind.	Herman Farmers' Store Co.
Hibbing	C.C.W.	Consumers' Coop. Co.
Hillview Br.	C.C.W.	Farmers' Coop. Sampo of Menahga
Iron	C.C.W.	Cherry Farmers' Coop. Assn.
Jacobson Br.	C.C.W.	Wawina Coop. Soc.
Jackson	Ind.	Peoples Coop. Store
Kandiyohi	Ind.	Kandiyohi Coop. Merc. Co.
Kellogg	Ind.	Kellogg Coop. Store Co.
Kettle River	C.C.W.	Farmers' Coop. Merc. Assn.
Lake Crystal	Ind.	Lily Creamery Co.
Lawler	C.C.W.	Lawler Farmers' Coop. Assn.
Lindstrom	Ind.	Chisago County Coop. Co.
Little Swan	C.C.W.	Farmers' Coop. Society
Lowry	Ind.	" " Trading Co.
Mahtowa Br.	C.C.W.	Cloquet Coop. Soc.
Makinen	C.U.A.	Markham Coop. Soc.
Mankato	Ind.	Equity Whse. Co.
Meadlowlands	C.C.W.	Toivola Coop. Soc.
Menahga	C.C.W.	Farmers' Coop. Sampo
Milaca	Ind.	Farmers' Hdq. Co.
Moose Lake	C.C.W.	Farmers' Coop. Prod. Assn.
Motley	Ind.	Central Minn. Farmers Coop. Assn.
Nashwauk	C.C.W.	Elanto Coop. Co.
New London	Ind.	New London Farmers' Store Co.

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New Richland	Ind.	New Richland Farmers' Coop. Co.
New York Mills	C.U.A.	Heinola Farmers' Merc. Assn.
Oklee	Ind.	Oklee Coop. Store
Orr	C.C.W.	Orr Farmers' Coop. Trad. Co.
Oxlip	Ind.	Union Coop. Merc. Co.
Pipestone	Ind.	Farmers' Coop. Merc. Co.
Preston	Ind.	Preston Coop. Merc. Co.
Princeton	Ind.	Farmers' Coop. Co.
Ray Br.	C.C.W.	Orr Farmers' Coop. Trad. Co.
Rosy	C.U.A.	Good Hope Consumers' Coop. Assn.
Rothsay	Ind.	Rothsay Coop. Store
St. James	Ind.	Sveadahl Coop. Merc. Assn.
St. James	Ind.	Nelson Albin Merc. Assn.
Sacred Heart	Ind.	Sacred Heart Coop. Merc. Assn.
Sandstone	Ind.	Sandstone Coop. Co.
Sax Br.	C.C.W.	Zim Farmers' Merc. Assn.
Sebeka	C.C.W.	Sebeka Coop. Co.
Squaw Lake	C.C.W.	Farmers' Coop. Co.
Stewart	Ind.	Stewart Coop. Store Inc.
Storden	Ind.	Storden Coop. Co.
Sturgeon Br.	C.C.W.	Northern Farmers' Coop. Soc.
Svea	Ind.	Svea Coop. Assn.
Tamarack Br.	C.C.W.	Lawler Farmers Coop. Assn.
Thief River Falls	Ind.	Peoples' Coop. Store
Toimi	Ind.	Finnish Supply Co.
Two Harbors	Ind.	Scandinavian Coop. Merc. Co.
Two Harbors	C.C.W.	Workers' & Farmers' Coop. Co.
Underwood	Ind.	Farmers Merc. Corp.

APPENDIX B-1

Virginia Br.	C.U.A.	Int'l Work Peoples' Coop. Assn.
Virginia	Ind.	Italian Work Peoples' Trad. Co.
Virginia	C.C.W.	Virginia Work Peoples Trad. Co.
Wadena	Ind.	Wadena Coop. Store
Wawina	C.C.W.	Wawina Coop. Soc.
Warroad	Ind.	Warroad Coop. Co.
Wheaton	Ind.	Farmers' Store of Wheaton Inc.
Willmar	Ind.	Willmar Coop. Merc. Co.
Wolf Lake Br.	C.C.W.	Farmers Coop. Sampo
Wright	C.C.W.	Farmers' Coop. Co.
Young America	Ind.	Young America Coop. Store Co. Inc.
Zim	C.C.W.	Zim Farmers' Merc. Assn.

APPE NDIX B-2

APPENDIX B-2

COOPERATIVE STORE SOCIETIES IN MINNESOTA (1934) BY COUNTIES

<u>County</u>	<u>Name of Store</u>	<u>Type</u>	<u>Address</u>
Aitkin	Farmers Coop. Trading Co.	C.C.W.	East Lake
Aitkin	Lawler Farmers' Coop. Assn.	C.C.W.	Lawler (Br. Tamarack)
Blue Earth	Equity Whse Co.	Ind.	Mankato
Blue Earth	Lily Creamery Co.	Ind.	Lake Crystal
Brown	Hanska Linden Store Co.	Ind.	Hanska
Carlton	Barnum Farmers' Coop. Co.	Ind.	Barnum
Carlton	Cloquet Coop. Society	C.C.W.	Cloquet (2) Mahtowa
"	Farmers' Coop. Co.	C.C.W.	Eskos Corner Cromwell
"	Farmers' Coop. Merc. Assn.	C.C.W.	Kettle River
"	Farmers' Coop. Prod. Assn.	C.C.W.	Moose Lake
"	" " Co.	C.C.W.	Wright
Carver	Hamburg Farmers Equity Coop. Assn.	Ind.	Hamburg
"	Young America Coop. Store Co. Inc.	Ind.	Young America
Chisago	Chisago County Coop. Co.	Ind.	Lindstrom
Cottonwood	Storden Coop. Co.	Ind.	Storden
Crow Wing	Crosby Workers' Coop. Assn.	C.C.W.	Crosby
Fillmore	Farmers Coop. Co.	Ind.	Canton
"	Preston Coop. Merc. Co.	Ind.	Preston
Freeborn	Clark's Grove Hdw. & Imp. Co."		Clark's Grove

C.C.W.- CENTRAL COOPERATIVE WHOLESALE

Ind. - INDEPENDENT

C.U.A.- WORKERS & FARMERS COOPERATIVE UNITY ALLIANCE

APPENDIX B-2

Freeborn	Clark's Grove Merc. Co. (Old)	Ind.	Clark's Grove
"	State Line Farmers Coop. Co.	"	Emmons
Grant	Farmers Equity Assn.	Ind.	Ashby
"	Herman Farmers' Store Co.	"	Herman
Isanti	Union Coop. Merc. Co.	"	(Isanti) Oxlip
Itasca	Wawina Coop. Soc.	C.C.W.	Wawina- (Br. Jacobson)
"	Farmers Coop. Exch.	Ind.	Deer River
"	Elanto Coop. Co.	C.C.W.	Nashwauk
"	Good Hope Consumers' Coop. Assn.	C.U.A.	Rosby
"	Farmers' Coop. Co.	C.C.W.	Squaw Lake
Jackson	People's Coop. Store	Ind.	Jackson
Kandiyohi	Kandiyohi Coop. Merc. Co.	Ind.	Kandiyohi
"	New London Farmers' Store Co.	"	New London
"	Svea Coop. Assn.	Ind.	Svea
*Kandiyohi	Willmar Coop. Merc. Co.	Ind.	Willmar
Kittson	Kittson County Farmers' Merc. Co.	Ind.	Hallock
"	Farmers' Supply Co. of Bronson Inc.	Ind.	Bronson
Lac Qui Parle	Dawson Coop. Merc. Assn.	Ind.	Dawson
Lake	Finland Coop. Co.	C.C.W.	Finland
"	Workers' & Farmers' Coop. Co.	C.C.W.	Two Harbors
"	Scandinavian Coop. Merc. Co.	Ind.	Two Harbors
Le Sueur	Farmers' Coop. Store	Ind.	Cleveland
Marshall	Farmers' Coop. Assn.	Ind.	Argyle
"	Grygla Coop. Co.	Ind.	Grygla
McLeod	Stewart Coop. Store Inc.	Ind.	Stewart
Mille Lacs	Farmers' Coop. Co.	Ind.	Princeton

APPENDIX B-2

Mille Lacs	Farmers' Hrdw. Co.	Ind.	Milaca
Morrison	Central Minn. Farmers' Coop. Assn.	Ind.	Motley
*Murray	United Farmers' Exchange	Ind.	Fulda
Norman	Rindal Merc. Co.	Ind.	(Fertile) P.O.
"	Sundal Merc. Co.	Ind.	(Fertile) P.O.
"	Bear Park Merc. Coop. Inc.	Ind.	Gary
Ottertail	Heinola Farmers' Merc. Assn. C.U.A.		New York Mills
"	Farmers' Merc. Coop.	Ind.	Underwood
Pennington	Peoples' Coop. Store	Ind.	Thief River Falls
Pine	Denham Coop. Assn.	C.C.W.	Denham
*Pine	Askov Coop. Assn.	Ind.	Askov
Pine	Sandstone Coop. Co.	Ind.	Sandstone
Pipestone	Farmers' Coop. Merc. Co.	Ind.	Pipestone
Pope	Grove Lake Coop.	Ind.	Brooten P.O.
"	Farmers' Coop. Trad. Co.	Ind.	Stearns Lowry
*Red Lake	Oklee Coop. Store	Ind.	Oklee
*Renville	Fairfax Coop. Assn.	Ind.	Fairfax
*Renville	Sacred Heart Coop. Merc. Assn. "		Sacred Heart
Roseau	Warroad Coop. Co.	Ind.	Warroad
St. Louis	Aurora Coop. Merc. Assn.	C.C.W.	Aurora
*St. Louis	Markham Coop. Soc.	C.U.A.	Makinen
*St. Louis	Farmers Store Assn.	Ind.	Brimson
St. Louis	Biwabik Coop. Merc. Assn.	C.C.W.	Biwabik
"	Brookston Farmers' Coop. Trad. Co.	C.C.W.	Brookston
"	Cherry Farmers' Coop. Assn.	C.C.W.	Iron (Br. Forges)
"	Finnish Supply Co.	Ind.	Toimi

APPENDIX B-2

St. Louis	Toivola Coop. Soc.	C.C.W.	Meadowlands
"	Farmers Coop. Soc.	C.C.W.	Little Swan
"	Palo Coop. Assn.	C.C.W.	Aurora
"	Ely Coop. Assn.	C.C.W.	Ely
"	Northern Farmers' Coop. Soc.	C.C.W.	Cook-Angora-Sturgeon
"	Cook Coop. Assn.	C.U.A.	Cook
"	Farmers' Exch. of Duluth	C.C.W.	Duluth
"	Duluth Coop. Soc.	C.C.W.	"
"	Embarrass Coop. Assn.	C.C.W.	Embarrass Vermillion
"	Floodwood Coop. Assn.	C.C.W.	Floodwood-Gowan
St. Louis	Int'l Work People's Coop. Assn.	C.U.A.	Gilbert (Br. at Virginia)
"	Consumers' Coop. Co.	C.C.W.	Hibbing
"	Orr Farmers' Coop. Trad. Co.	C.C.W.	Orr-Gheen-Ray
"	Italian Work People's Trad. Co.	Ind.	Virginia
"	Virginia Work People's Trad. Co.	C.C.W.	" (2)
"	Zim Farmers' Merc. Assn.	C.C.W.	Zim-Sax
Sibley	Union Merc. Co.	Ind.	Arlington
"	Henderson Merc. Co.	Ind.	Henderson
Swift	Appleton Coop. Co.	Ind.	Appleton
Traverse	Farmers' Store of Wheaton, Inc.	"	Wheaton
Wabasha	Kellogg Coop. Store Co.	Ind.	Kellogg
Wadena	Farmers' Coop. Sampo	C.C.W.	Menahga (Br. at Wolf Lake, Hillview)
*Wadena	Wadena Coop. Store	Ind.	Wadena
Wadena	Sebeka Coop. Co.	C.C.W.	Sebeka

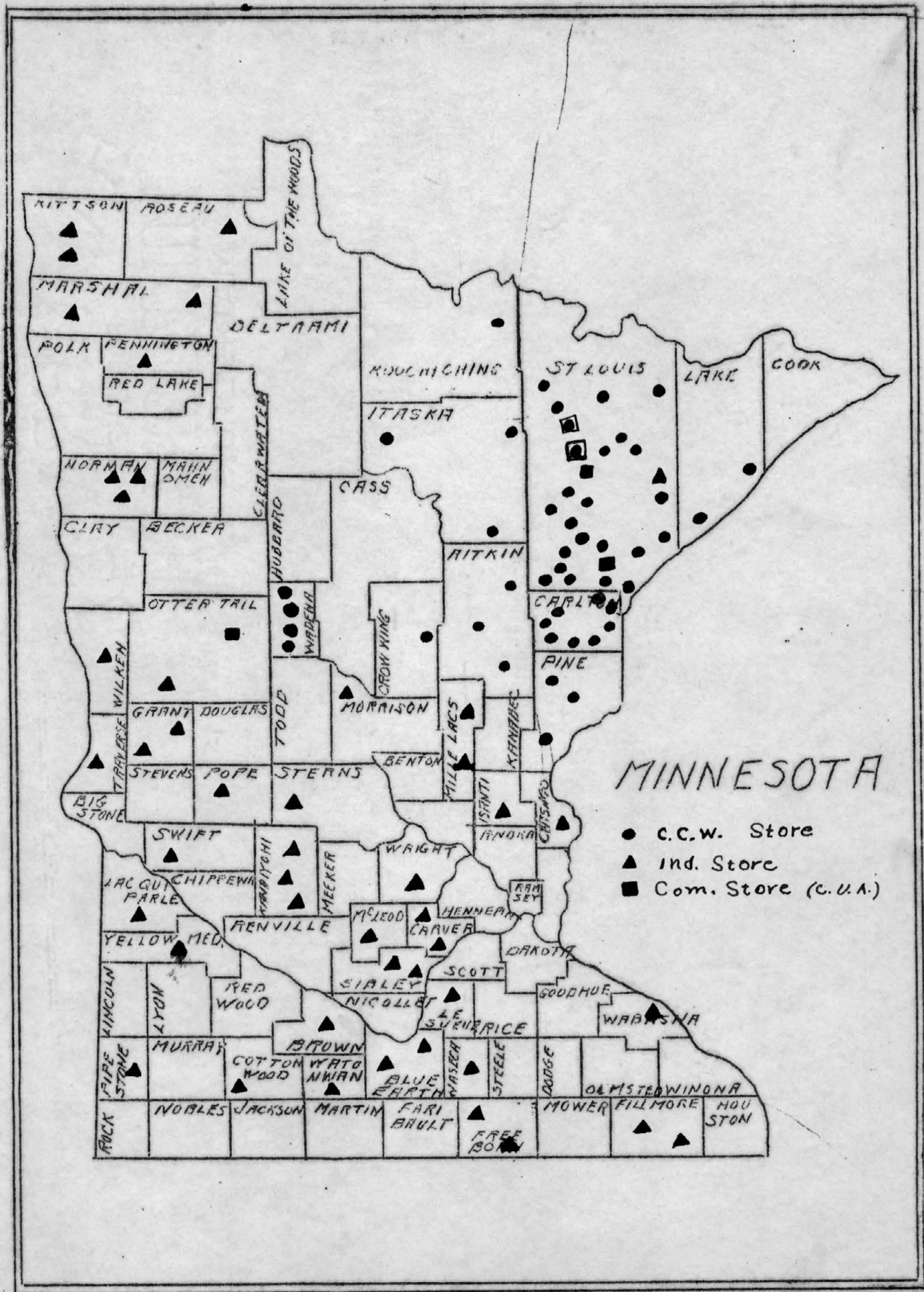
APPENDIX B-2

Wadena	New Richland Farmers' Coop. Co.-	Ind.	New Richland
Watsonwan	Sveadahl Coop. Merc. Assn.	Ind.	St. James
*Watsonwan	Nelson-Albin Merc. Assn.	Ind.	St. James P.O.
Wilkin	Rothsay	Ind.	Rothsay
Wright	Knapp Coop. Merc. Co.	Ind.	Cokato P.O.
"	Cokato Farmers' Merc. Assn.	"	Cokato
Yellow Medicine	Jertson Merc. Co.	Ind.	Hazel Run

* Denotes that no questionnaire was received.

APPENDIX B-3

APPENDIX - B - 3.



APPENDIX C

FINANCIAL STATEMENT OF CLOQUET COOPERATIVE SOCIETY

APPENDIX C
STATEMENT OF CLOQUET COOPERATIVE SOCIETY
Statement of Assets and Liabilities
December 31, 1934
ASSETS

CURRENT:

Cash on Hand.....	8,396.92		
Cash in Banks.....	5,724.49	14,121.41	
Loan Notes Receivable.....	5,200.00		
Notes & Cont. Rec.....	3,402.26		
Accounts Receivable.....	15,868.63	19,270.89	24,470.89
Merchandise Inventories.....		43,219.20	81,811.50

DEFERRED CHARGES:

Wrappings & Salesbooks.....		277.97	
Office Supplies.....		22.83	
Prepaid Insurance.....		460.62	761.42

INVESTMENTS:

Arrowhead Coop. Creamery Assn.....		10.00	
Central Coop. Wholesale.....		14,544.89	
Cooperative Publishing Assn.....		25.00	
Trico Coop. Oil Assn.....		2,200.00	16,779.89

DEPRECIATION

PERMANENT:	Cost	Reserves	Net Value
Trucks.....	4,786.32	2,048.46	2,737.86
Store A Equipment.....	8,818.84	6,211.13	2,607.71
Store B ".....	4,878.27	2,285.09	2,593.18
Store C ".....	4,806.96	3,221.03	1,585.93
Store D ".....	2,290.72	712.99	1,577.73
Auditorium Equip.....	80.00	.67	79.33
Filling Station Equip.....	2,379.31	802.19	1,577.12
Store A Buildings.....	18,793.99	8,059.09	10,734.90
Store B ".....	3,615.98	3,463.31	152.67
Store C ".....	11,548.11	3,178.27	8,369.84
Store D ".....	4,400.00	748.00	3,652.00
Filling Station.....	12,251.39	1,273.93	10,977.46
Feed Warehouse.....	2,000.00	1,999.00	1.00
Coal ".....	2,400.00	2,140.00	260.00
Potato Warehouse.....	1,589.52	484.81	1,104.71
Land.....	6,047.70		6,047.70
Totals	90,687.11	36,627.97	54,059.14

TOTAL ASSETS \$153,411.95

LIABILITIES

CURRENT:

Accounts Payable.....	6,016.78	
Accrued Interest Payable on Shares.....	212.42	
Trade Rebates Payable.....	18,485.05	
Accrued Expenses.....	817.36	
Reserves for Taxes.....	2,279.72	
TOTAL LIABILITIES.		27,811.33

NET WORTH

CAPITAL:

Share Capital.....	53,020.00	
Trade Rebates..(Payable in Shares)	17,604.52	70,624.52

RESERVE:

Reserve for Contingencies & Future Expansion-	27,109.25	
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UNDIVIDED SURPLUS:

NET INCOME FOR YEAR 1934.....	31,060.20	
Less Interest on Share Capital....	3,193.35	27,866.85

TOTAL NET WORTH

TOTAL LIABILITIES AND NET WORTH..... 125,600.62
\$153,411.95

STATEMENT OF CLOQUET COOP. SOCIETY
Combined Income and Expense Statement
For the Year 1934

TRADING STATEMENT:

NET SALES.....			736,907.63
Merchandise Inventories Jan. 1, 1934	30,884.35		
Net Merchandise Purchases.....	640,205.35		
Inward Freight & Drayage.....	12,812.65	683,902.35	
Less Purchase Discounts Taken.....		<u>5,204.00</u>	
Net Cost of Goods Handled.....		678,698.26	
Inventories Dec. 31, 1934.....		<u>43,219.20</u>	
NET COST OF GOODS SOLD.....			<u>635,479.06</u>
GROSS MARGIN.....			101,428.57

EXPENSE STATEMENT:

Wages of Salesforce.....	38,148.11		
Advertising & Sales Promotion.....	1,511.34		
Wrappings & Salesbooks.....	<u>2,776.05</u>	42,435.50	
Wages of Delivery Force.....	2,551.67		
Truck & Delivery Expense.....	1,090.42		
Depreciation & Delivery Equipment.....	427.40		
Coal Delivery & Weighing.....	<u>2,182.45</u>	6,251.94	
Management & Office Salaries.....	3,425.00		
Comp. of Board of Directors.....	411.64		
Inventory & Auditing Expense.....	467.02		
Office Supplies & Postage.....	426.44		
Telephone & Telegrams.....	<u>687.62</u>	5,417.72	
Water, Heat, Light & Power.....	3,462.11		
Laundry & Sanitation.....	489.20		
Taxes.....	2,005.56		
Insurance & Licenses.....	3,058.47		
Repairs & Store Equipment.....	1,110.87		
Repairs & Maintenance of Bldgs.....	3,321.03		
Depreciation of Store Equipment.....	2,534.90		
Depreciation of Buildings.....	<u>2,689.14</u>	18,471.28	
Educational Expense.....	577.73		
Miscellaneous Expense.....	<u>1,982.11</u>	2,559.84	
TOTAL EXPENSES.....			<u>75,136.28</u>
NET TRADING INCOME.....			<u>26,292.29</u>

OTHER INCOME AND DEDUCTIONS:

Interest Received.....	428.04		
Cash Long (Net).....	36.00		
Rent Income.....	420.00		
Dividend from N. W. State Bank.....	128.39		
Trade Rebates, Central Coop. Whlsle... ..	1,259.51		
Rebates Trico Coop. Oil Assn. 5,384.91			
Paid to Tank Wag. Customers ..	<u>1,434.66</u>	3,950.25	6,222.19
LESS:			
Hall Expense.....	1,438.95		
Interest Cost.....	<u>15.33</u>	<u>1,454.28</u>	<u>4,767.91</u>
TOTAL NET INCOME FOR THE YEAR 1934.....			<u>\$31,060.20</u>

STATEMENT OF CLOQUET COOPERATIVE SOCIETY

COMPARISON OF SALES, PERCENTAGES, INVENTORIES? AND STOCK TURNS

For Years 1933 and 1934

		MERCHANDISE DEPARTMENTS				MEAT-----
		STORE A	STORE B	STORE C	STORE D	STORE A
NET SALES....	1934	160,721.17	175,925.47	69,743.29	54,375.28	80,781.15
	1933	139,242.10	158,079.79	64,534.55	40,028.90	60,036.47
Gross Margin	1934	13.21%	11.14%	12.53%	10.96%	16.26%
	1933	13.08%	11.92%	12.86%	12.09%	19.83%
Salaries and-	1934	5.96%	5.17%	5.46%	5.49%	8.96%
Wages	1933	5.57%	5.01%	5.19%	6.00%	9.60%
Other Exp-	1934	4.17%	2.58%	4.37%	3.91%	5.87%
enses	1933	3.64%	3.28%	4.56%	3.93%	7.09%
TOTAL EXP-	1934	10.13%	7.75%	9.83%	9.40%	14.83%
ENSES	1933	9.21%	8.29%	9.75%	9.93%	16.69%
NET TRADING-	1934	3.08%	3.39%	2.70%	1.56%	1.43%
INCOME	1933	3.87%	3.63%	3.11%	2.16%	3.14%
Other Income	1934	.15%	.30%	1.60%	.85%	.01%
(or Expense)	1933	(.06%)	(.01%)	.09%	.40%	.01%
TOTAL NET	1934	3.23%	3.59%	4.30%	2.41%	1.44%
INCOME	1933	3.81%	3.62%	3.20%	2.56%	3.15%
Average In-	1934	7,245.60	8,124.96	3,518.26	6,747.06	1,552.13
ventories	1933	6,579.83	6,266.35	4,019.22	4,967.00	869.81
Stock-Turn	1934	19.25	19.24	17.34	7.18	43.58
(times)	1933	18.39	22.22	13.99	7.08	55.33

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APPENDIX D

FINANCIAL STATEMENT OF CENTRAL COOPERATIVE WHOLESALE

APPENDIX D

STATEMENT

of

ASSETS AND LIABILITIES OF CENTRAL COOPERATIVE WHOLESALE
December 31, 1933

ASSETS

CURRENT:

Cash in First National Bank.....	29,733.06		
Cash in U. S. National Bank.....	<u>6,385.05</u>	36,158.11	
Notes Receivable.....	59,967.50		
Less Notes "Discounted" <u>5,337.50</u>		54,630.00	
Credits Due from Manufacturers & Others.....		1,646.38	
Accounts Receivable... <u>50,159.14</u>			
Less Reserve for Doubtful Accounts.....	<u>14,981.78</u>	<u>35,177.36</u>	91,453.74
Bakery Department Inventories.....	5,838.02		
Wholesale Department Inventories.....	<u>71,983.92</u>	77,821.94	
Book Inventory.....	<u>775.12</u>	<u>78,597.06</u>	206,208.91

INVESTMENTS:

Shares in Other Cooperatives.....			435.00
Cost	Deprec. Reserve	Net Value	

FIXED:

Land.....	6,000.00		6,000.00
Main Buildings.....	23,504.63	12,288.70	11,215.93
Bakery Building.....	21,715.44	5,530.16	16,185.28
Garages.....	1,773.68	276.98	1,496.70
Bakery Mach. & Equip. .	20,936.98	10,099.70	10,837.28
Warehouse Equip.....	1,181.09	690.77	490.32
Office Equip.....	12,024.38	7,026.70	4,997.68
Audit Dept. Equip.....	963.04	558.31	404.73
Delivery Equip.....	<u>9,035.00</u>	<u>6,522.00</u>	<u>2,513.00</u>

TOTAL	97,134.24	42,993.32	54,140.92
		TOTAL ASSETS.....	<u>260,784.83</u>

LIABILITIES

CURRENT:

Notes Payable.....	66,782.76
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DEFERRED:

Prepaid Subscriptions:	
"Cooperative Builder".....	750.00
"Finnish Coop. Weekly.....	<u>2,400.00</u>
	3,150.00

FIXED:

Mortgage Loan Payable.....	<u>8,000.00</u>	<u>77,932.76</u>
----------------------------	-----------------	------------------

77,932.76

NET WORTH:

Share Capital.....	143,600.00	
" " Subscriptions.....	3,969.97	147,569.97
Reserve Fund (Contingencies & Coop. Expans)		22,149.24
NET INCOME FOR YEAR 1933.....	13,132.86	<u>182,852.07</u>
TOTAL LIABILITIES AND NET WORTH.....		260,784.83

INCOME AND EXPENSE STATEMENT
For The Year 1933

TRADING AND MANUFACTURING

Department	Sales	Cost of Sales	Gross Margin	Expense	Gain or Loss
Gen. Mdse.	\$1,133,985.13	1,047,271.31	86,713.82	74,280.00	12,433.22 G
Clothing	148,626.53	136,719.67	11,906.86	8,346.44	3,560.42 G
Bakery Products	67,223.61	58,265.95	8,957.66	8,021.85	935.81 G
TOTALS.....	1,349,835.27	1,242,256.93	107,578.34	90,648.89	16,929.45 G
AUDITING.....	8,237.80	7,422.39	815.41	763.37	52.04 G

EDUCATIONAL

Publishing

"Cooperative Builder".....	7,565.47	5,716.60	1,848.87	2,279.24	430.37 L
"Finnish Coop. Weekly"	17,158.97	13,223.58	3,935.39	3,823.94	111.45 G
TOTALS	24,724.44	18,940.18	5,784.26	6,103.18	318.92 L
Books.....	492.75	401.22	91.53	.....	91.53 G
Gen. Educational	.....	.....	.....	3,621.24	3,621.24 L
TOTALS	25,217.19	19,341.40	5,875.79	9,724.42	3,848.62 L

GRAND TOTAL \$1,383,290.26 \$1,269,020.72 \$114,269.54 \$101,136.68 \$13,132.86 G

WHOLESALE DEPARTMENT

Percentages	Gen. Mdse.	Clothing	Bakery	Combined	All Depts.
Gross Margin.....	7.65%	8.01%	13.32%	7.97%	8.26%
Expenses.....	6.55%	5.62%	11.93%	6.72%	7.31%
Net Income.....	1.10%	2.39%	1.39%	1.25%	.95%

COMPARATIVE YEARLY STATISTICS

Year	Mem- bers	Custo- mers	Sales	Gains	Share Capital	Surplus	Net Worth
1917	15	15	0,000,000.00	10,000.00	100,000.00	.....	748.06
1918	25	50	132,423.00	2,062.93	4,020.00	.....	6,350.00
1919	40	83	313,663.88	7,330.21	6,940.00	1,165.49	15,435.70
1920	48	100	409,590.80	6,798.43	10,890.00	4,222.93	21,911.36
1921	56	103	312,346.59	3,499.23	15,388.84	4,459.61	23,347.68
1922	56	112	337,566.93	1,182.83	16,292.36	4,704.31	22,279.50
1923	56	108	504,177.01	5,180.60	17,992.86	5,076.92	28,250.38
1924	60	99	613,214.56	5,972.91	21,500.82	5,896.64	33,370.37
1925	65	93	835,532.37	8,869.29	27,278.68	6,850.06	42,998.03
1926	74	99	1,048,292.73	11,647.75	37,248.97	8,500.84	57,397.56
1927	76	105	1,255,676.38	18,335.34	48,864.92	10,602.57	77,802.83
1928	84	114	1,517,813.00	23,894.18	65,733.36	12,565.30	102,192.84
1929	90	128	1,755,627.34	35,797.92	83,122.18	15,492.40	134,412.50
1930	97	137	1,767,760.33	29,734.54	111,060.69	18,360.72	159,155.95
1931	99	131	1,509,751.87	12,035.39	135,874.87	21,325.09	169,235.35
1932	98	128	1,309,697.62	9,090.57	141,083.23	24,202.96	174,376.76
1933	97	119	1,383,290.26	13,132.86	147,569.97	22,149.24	182,852.07

TOTALS.....\$15,031,998.29 \$194,833.04

APPENDIX E

UNITED STATES DEPARTMENT OF LABOR STATISTICS

APPENDIX E

CONSUMERS' COOPERATIVE STORE SOCIETIES AT END OF 1933

State	Number Reporting	Members	Number Reporting	Amt. of Business	Number Reporting	Amt. of Net Earnings
Alaska	1	238	1	\$13,109	1	\$ (67)
Arkansas	1	150	1	16,428	1	(711)
California	2	12,000	3	362,380	3	(8,155)
Colorado	1	33	1	28,538	-	.....
Connecticut	1	180	1	86,411	1	(1,072)
Idaho	2	237	3	188,880	2	2,325
Illinois	10	3,976	10	882,742	9	14,122
Indiana	2	240	2	77,776	2	5,736
Iowa	3	376	4	106,476	3	1,520
Kansas	14	2,067	14	612,112	12	16,683
Kentucky	1	200	1	36,926	1	200
Maine	6	908	6	184,688	3	1,015
Massachusetts	11	13,723	12	1,818,505	11	69,554
Michigan	16	5,368	26	1,776,335	24	10,187
Minnesota	39	8,543	55	2,818,974	49	67,249
Missouri	2	300	5	246,266	5	3,212
Montana	1	60	1	32,516	1	141
Nebraska	8	730	8	291,273	7	458
New Hampshire	1	56	1	33,581	1	(261)
New Jersey	1	1,399	3	251,670	3	560
New Mexico	-	.....	-	.....	-	(9,719)
New York	1	2,800	1	181,026	1	306
North Carolina	1	75	1	18,600	1	3,306
North Dakota	4	359	4	228,587	3	8,115
Ohio	8	10,139	8	715,286	6	.....
Oklahoma	-	11,....	-	.....	-	.....
Oregon	1	145	1	64,000	-	.....
Pennsylvania	8	2,086	8	297,759	6	16,301
Rhode Island	-	-----	1	44,424	-	.....
So. Dakota	5	703	5	206,138	2	(376)
Tennessee	2	557	2	23,593	2	(765)
Texas	1	54	-	.....	-	.....
Virginia	2	1,466	2	448,900	-	.....
Washington	13	2,418	16	1,185,183	15	8,540
West Virginia	-	.....	1	52,189	1	237
Wisconsin	15	3,382	20	957,001	19	14,657
Wyoming	1	192	1	83,746	1	1,785
TOTAL	36	187	229	\$ 14,372,118	196	\$ 224,167

From "Monthly Labor Review" November 1934.
U. S. Department of Labor, Bureau of Labor Statistics

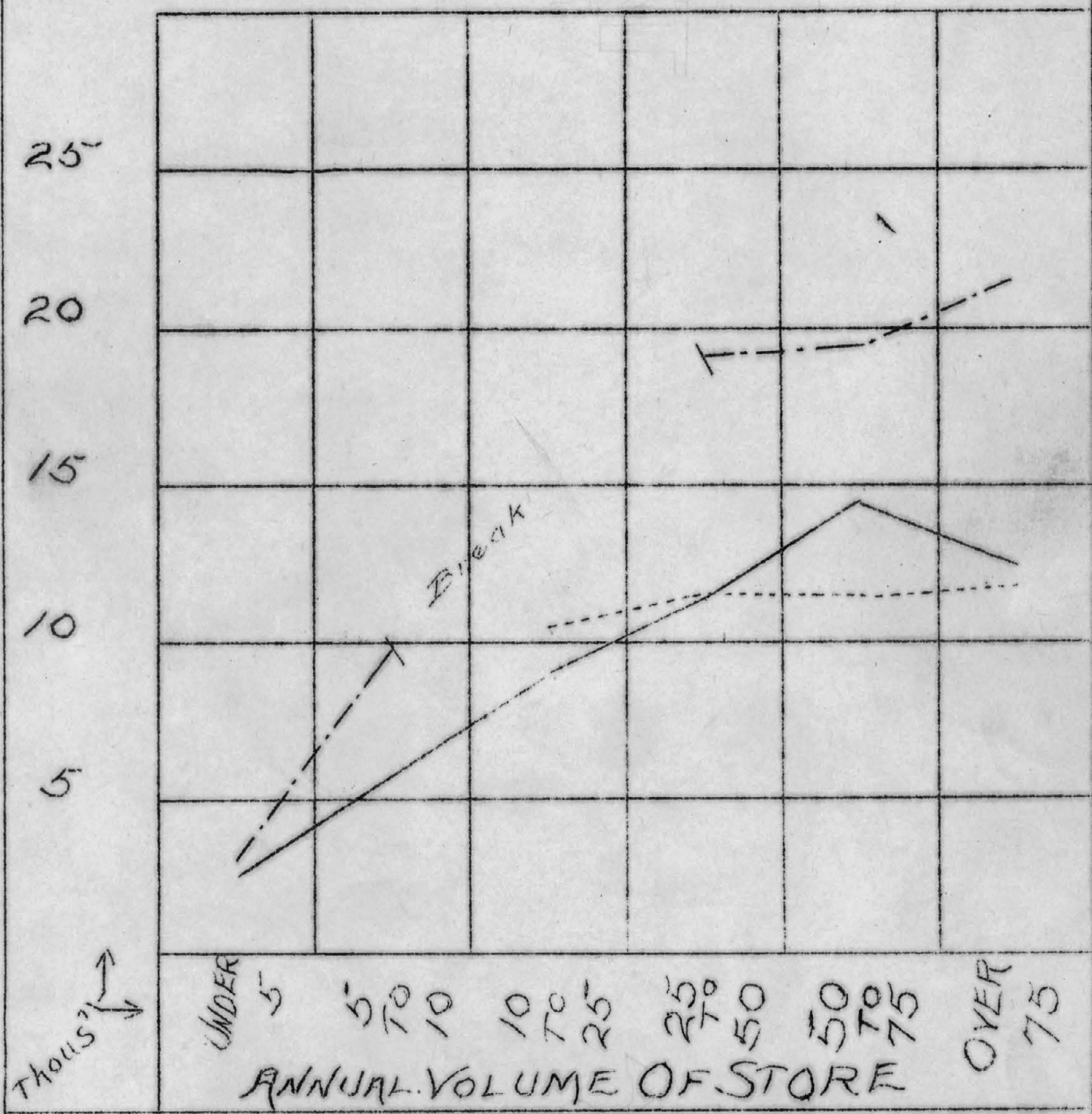
() Denotes Loss

APPENDIX F

SALES PER COOPERATIVE EMPLOYEE

— *Sales Per Employee-1398 Groc'y Stores Louisville, Ky. 1928
 - - - **Sales Per Employee-35 Coop Store Soc'ys. in Minn. 1928
 ***Sales Per Employee-33 Coop Store Soc'ys. in Minn. 1933

SALES PER EMPLOYEE



Boots

APPENDIX G

ORGANIZATION AND MANAGEMENT OF NEW COOPERATIVE STORES

APPENDIX G

ORGANIZATION AND MANAGEMENT -NEW COOPERATIVE STORES

ORGANIZATION

Very emphatically there is a best way to organize a cooperative store. Experience has proven that the most effective group with which to begin is one in which the members have an intimate acquaintance with each other. There should be some compelling motive for organizing, such as a burning desire for a new society where man is to be freed from the yoke of a burdensome tax taken by the profit system of distribution. A store society must have people who are real cooperators because the competition they encounter is very severe.

In order to develop a group which can successfully put over a cooperative store, the preliminary work can best be accomplished by organizing the interested people into a study club. The "key people", who would take an active part in building cooperative enterprises in the community, as well as others who are interested, should become members and assist in the educational work of the study club. Books and pamphlets on consumers cooperation should be placed at the disposal of the members and whenever possible speakers who are actively engaged in the movement should be obtained to lead discussions. The Rochdale principle which may be considered as the Magna Charta of the Consumers' Cooperative Movement should be thoroughly studied and understood. They are as follows:

1. Membership open to all consumers
2. One member, one vote.
3. Limited rate of interest on capital
4. All business on a cash basis, no credit.
5. Dealings at market prices. The surplus being distributed to members according to patronage.

6. Open books, records, and transactions.
7. No proxy voting.
8. Regular appropriation for education.
9. Federation for wholesaling and production.
10. Gradual expansion into every field of economic activity until the consumers supply all of their needs.

The experience in the United States and Europe teaches us that the rather slow, but sure, method, of starting individual autonomous store societies first, rather than a central cooperative with branch stores first, to be by far the best method. In a small community, at least two hundred cooperative families are sufficient for success. Capital of at least \$7,000.00 is required. This means an outlay of \$35.00 per member. Usually a few will put in \$200.00 the limit of share capital investment (20--\$10.00 shares), and most will subscribe \$10.00. As large a down payment on the \$10.00 share should be gotten as possible with \$2.00 as the minimum. The remainder may be paid over a period of time or be acquired through the accumulation of patronage dividends. Aside from the money obtained from the subscription to share capital, money may be secured by outright loans from members or non-members. These should carry the current rate of interest. The total number of shares in the society should be unlimited, in order to keep away from the speculative desire to convert the organization into a closed corporation, and they should always be repaid at par. This is done also, to insure that new members may have equal privileges of owning stock with old members. There should be restrictions against withdrawals in order to protect the society from enemies and mislead people. Membership should be open to all and voting should be by the method of 'one-man-one-vote.'

It is always better to have a well informed volunteer committee, solicit for the initial share subscriptions. They should work without pay or be given just the expense of transportation. In this way all chance for criticism is removed. Chart A gives a suggested form for share subscription blank. All those who have shown any interest in a cooperative venture should be seen. It is far better to wait a few weeks or even months to get sufficient capital than to begin to operate without having enough to take care of the ordinary running expenses. The first few months are difficult enough without adding to the burden of management a shortage of working capital.

When the proper enthusiasm is aroused, and knowledge imparted to the group and the proper amount of capital subscribed the organization committee should call a general meeting. At this meeting the final steps of incorporation should be taken care of. The constitution and by-laws should be adopted, official board of directors selected, and an educational committee elected. Chart B should be studied and as far as possible followed step by step. Much valuable help in organizing can be received from the office of the Secretary of State at the State Capital so it is best to get in touch with his office as soon as the store set-up seems at all possible.

Two important jobs of the board of directors are to choose the manager and the site for the store. Qualifications of a good manager will be touched on later. The location of the store should be considered very seriously because if possible, it should be convenient to the members without being in a high rent district. The store building itself should be attractive and clean. The merchandise

CHART A-1

SAMPLE SUBSCRIPTION FOR CAPITAL STOCK

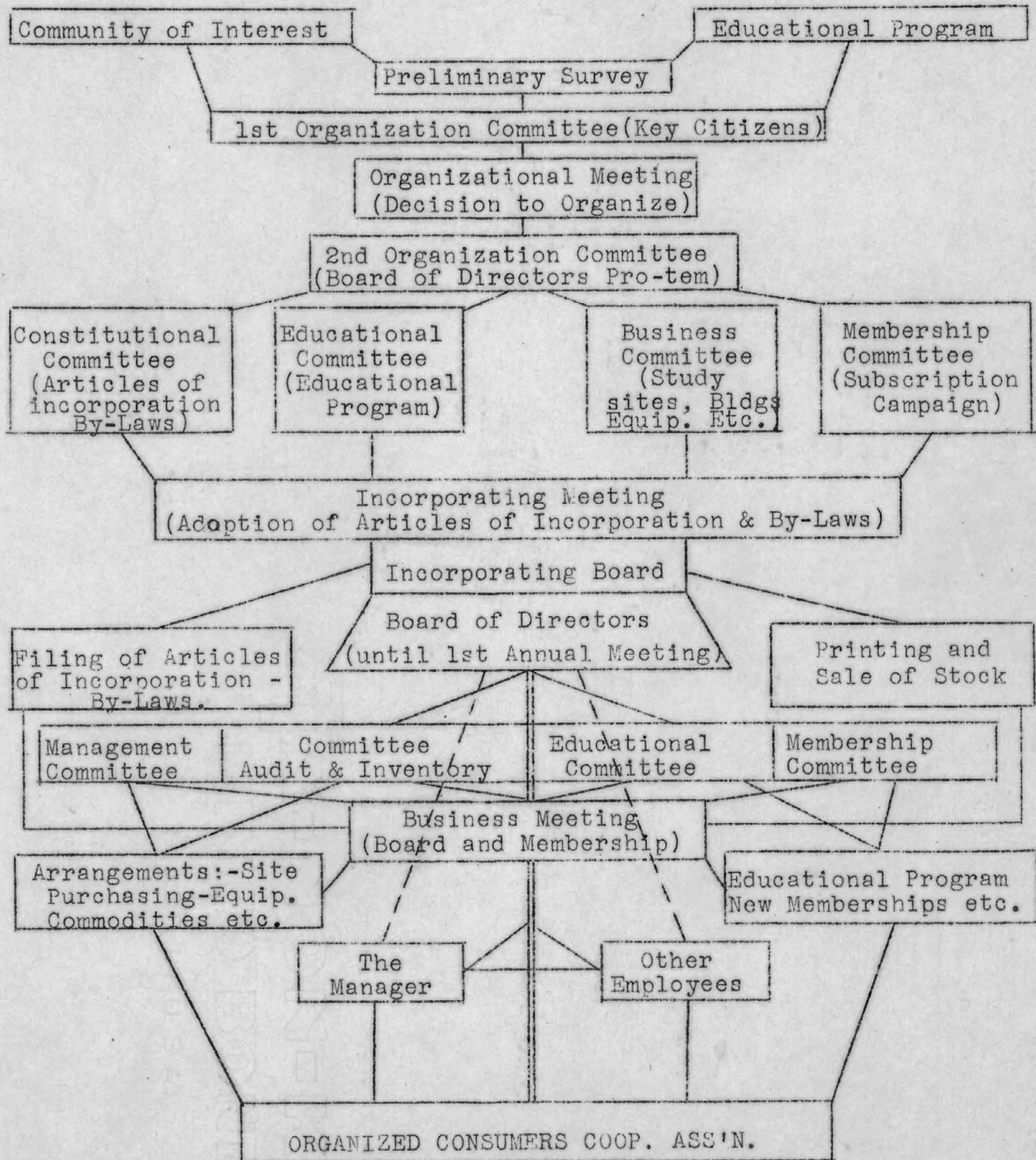
I hereby subscribe for -----shares of capital stock of
the _____ Society
at \$ _____ each, and agree to pay for same _____

It is understood that such capital stock shall bear interest
at _____ per cent per year, and shall be withdrawable only upon
sixty or (ninety) day's notice in writing.

Date _____

Signed _____

STEPS IN THE FORMATION OF A LOCAL CONSUMERS COOPERATIVE ASSOCIATION



should be attractively displayed in the windows and the store proper. Stock should be purchased from the cooperative wholesale wherever possible. When this is not possible a retailer owned wholesale house would be preferable to buy from usually rather than just an ordinary independent wholesale house. If it is necessary to make deliveries, they should be made at regular times and not deviated from.

The expense of organization may be born by individuals who are especially interested in the venture, by entertainments or parties, or by a fee of 50¢ or \$1.00 assessed on each share holder. The latter plan is by far the best for then the expense is born equally by all the members.

MANAGEMENT

For the first few years a large share of the surplus savings or net profit of the society should be set up in a permanent reserve fund. The State of Minnesota requires that at least 10% of the net profits be set aside in this permanent reserve every year until the fund reaches 50% of the paid in share capital. The way the surplus savings are distributed is one big difference between the cooperative and competitive systems. After the 10% or more is set aside in permanent reserves, 6% or less paid on share capital, the proper reserves set up, and all amount set aside for the educational work, the remainder is distributed to the patrons according to their purchases. Usually this patronage dividend is paid once a year.

Records of sales should be kept on the cash register and after each purchase the members should receive a receipt. Receipts on bills collected at the end of the accounting period, and the amount of the patrons dividend is figured. It is best to pay patronage dividends

to all patrons, but only in cash to those who already own one share of stock. Those not holding one share will receive patronage dividends which are applied on the purchase of the first share.

Many have said the manager is the most important factor in a cooperative store. This is probably making too broad a statement but still one cannot minimize the importance of a good manager. Not only, do we need in this position a man with efficiency and personality but most of all an understanding of cooperation and complete sympathy with the movement in general. As the store grows larger a full time bookkeeper should be employed for he is the next most important employee of a cooperative store.

The manager should make a report to the board of directors every month. Inventory should be taken semi-annually and figured on cost or resale price whichever is lower. Depreciation on fixtures should be 10%, and on automobiles from 20% to 40%.

Double entry bookkeeping should be used in order to afford a true check-up. As far as possible, accounts should be kept by departments, so that it can be determined if the grocery, meat and hardware departments are standing on their own. A complete audit should be made by an outside auditor, preferably a cooperative auditor, twice a year.

All business of the society, both buying and selling should be strictly cash, with the manager or board of directors being personally responsible for any slight departure from this rule. The best policy is for members to deposit in advance with the society the amount usually spent for a week or two for groceries. This facilitates matters all around. A credit union should be organized to help the members to save

and to take care of small loans to members, when necessary a member can borrow from the credit union to take care of his bill at the store.

All persons handling the funds of the society should be bonded and the cost paid by the society. It is customary to allow $\frac{2}{3}$ of one percent for leakage. This should be kept accurately in order that there is no excess in this line.

Goods should be sold at market prices. Selling at cost is wrong because it deprives the society of any surplus, makes patronage dividends impossible, prevents the accumulation of reserve fund for development and expansion, prevents social, recreational and educational work, prevents developing of a banking or insurance department, and increases the hostility of the private merchants.

The board of directors should meet at least once a month and more often when necessary. The board should be composed of active cooperators willing to give much time and energy to the job. It is best to have 9 directors voted in for 3 year periods so that every year there will be three new directors selected. Their wage per meeting should be enough to cover expense of transportation to and from the store plus \$1.00 a meeting. The directors are directly responsible to the members. They, more than anyone else, except the manager, are responsible for the success of the store.

Meetings of members should be monthly, at first, and later semi-annually. When special occasion demands it they should be more often. It is always a good policy to have membership meetings whenever a big issue comes up. Pure democracy should be used whenever possible. The board of directors should make the major decisions usually but there are exceptions, when vital problems arise and the

society is new that the members should make the decisions.

The educational committee should call monthly meeting for all members. The program should contain some entertainment and a discussion of local developments and problems of the cooperative movement. It is well also to have a report of the development of the movement in the United States. Either the educational committee or women's guild should sponsor summer picnics and an occasional dance. This committee has the very important job of creating and maintaining the interest of the members in the social and economic significance of consumers cooperation.

ARTICLES OF INCORPORATION
of a
Cooperative Association

We, the undersigned residents of Minnesota, acting for ourselves as individuals, do hereby associate for the purpose of organizing and incorporating a cooperative association under the provisions of Chapter 326, Laws of Minnesota for 1923 and subsequently amended and to that end we do hereby adopt and sign the following articles of incorporation:

ARTICLE I.

The name of this association shall be:

The purpose of the association shall be to conduct a mercantile enterprise on the cooperative plan. The general nature of its business shall be the buying and selling of goods, wares and merchandise of all kinds and nature whatsoever, and the establishment and operation of a general grocery and mercantile business. For such purposes it shall have the power and authority to purchase and hold, lease, mortgage, encumber, sell, exchange and convey such real estate, buildings and personal property as the business of the association may require, to issue bonds or other evidences of indebtedness; to join with other cooperative associations to form district, state or national marketing and service organizations, and to purchase, acquire and hold stock therein; and it shall have the power and authority, either for itself or its individual members and patrons, to do and perform every act and thing necessary and proper to the conduct of its business or the accomplishment of the purposes set forth herein or permitted by the act under which this association is incorporated.

The principal place where the business of said association shall be transacted is in _____

ARTICLE II

The time of commencement of said association shall be the 18th of August, 1934, and the period of its continuance shall be 30 years from and after that date. (Note-May not exceed 30 years and may be renewed).

ARTICLE III

The amount of capital stock of said association shall be \$40,000.00 and shall be divided into 4,000 shares of \$10.00 each, and shall be paid at such time and in such manner as the by-laws of this association shall direct, but no share shall be issued for less than its par value nor until the same has been paid for in cash or its equivalent and such payment has been deposited with the treasurer of the association. The association may commence business whenever 20 per cent of the authorized capital stock has been subscribed and paid in, and the amount of the capital stock outstanding shall at no time be diminished below 20 percent of the amount of the authorized capital.

The ownership of capital stock in this association by any individual stockholder shall not exceed the par value of one thousand dollars; stockholders shall be restricted to only one vote in the affairs of the association; shares of stock shall not be transferable except with the approval and consent of the governing board of the association; Interest (dividend) shall not be paid on outstanding or paid up capital stock of the association in excess of six percent (6%) per annum, which

shall be non-cumulative; the net income of the association, except such amounts as are required to be set aside as a reserve fund or permanent surplus, or may be set aside by vote of the stockholders, available for distribution among the members or patrons, or both, as the case may be, and as may be prescribed by the by-laws, shall be distributed only on the basis of patronage; and voting by proxy shall not be permitted.

ARTICLE IV.

The highest amount of indebtedness or liability which the said association shall at any time be subject shall not exceed \$40,000.00.

ARTICLE V.

The names and residences of the persons forming this cooperative association are as follows; to wit: 1.

- 2.
- 3.
- 4.
- 5.

ARTICLE VI.

The government of this association and the management of its affairs shall be vested in a board of seven directors, which board, after the one herein named, shall be elected by ballot by the stockholders for such terms as the by-laws may prescribe, at the annual meetings of the stockholders which shall be held at 10 o'clock a.m. on the first Wednesday in November of each year. Vacancies in the board of directors may be filled by the remaining members of the board, the person or persons so appointed to hold office until the next annual meeting of the stockholders.

The names and places of residence of the first board of directors, who shall hold office until the first annual meeting of the stockholders and until their successors are elected and have qualified, are as follows:

ARTICLE VII.

The officers of this association, shall be a president, a vice-president, a secretary and a treasurer, who shall be elected annually by and from the directors. The offices of secretary and treasurer may be combined and, when so combined, the person filling such offices shall be termed "Secretary-Treasurer."

Until the first annual meeting of the stockholders and until their successors are elected and have qualified, _____.

ARTICLE VIII.

This certificate of incorporation may be amended as provided by law.

ARTICLE IX

The fiscal year of this association shall begin on the first day of October of each year, and close on the last day of September of each year.

In testimony whereof we, the said incorporators, have hereunto set our hands and seals this _____ (Five or more incorporators)

Officially recorded: Original articles of incorporation
filed with the Secretary of State _____.

BY-LAWS
of a
Cooperative Association

ARTICLE I.

Meetings.

Sec. 1. The annual meeting of this association shall be held on the first Wednesday in November of each year, at 10 a. m. in the locality where the offices and business of the association is situated and at a place designated by the board of directors.

Sec. 2. Notice shall be given by the secretary of all regular meetings of the shareholders by publishing a notice thereof in a local legal newspaper of the county at least two weeks preceding the date of such meeting or by mailing a notice thereof to each shareholder not less than fifteen days preceding the date of the proposed meeting.

Sec. 3. The president shall call a special meeting of the shareholders upon a request of at least ten percent (10%) of such shareholders, or upon a majority vote of the directors. The notice of the time, place and purpose of such special meeting shall be issued within ten days from and after the presentation of such petition, and such special meeting shall be held within thirty (30) days from and after the date of presenting such petition. Notice thereof to be given as provided in Section 2 of these By-Laws.

Sec. 4. The president of the association shall preside at all meetings of the shareholders, and shall cast the deciding vote in all cases of a tie.

Sec. 5. No shareholder shall be allowed to vote by proxy. However, duly chosen representatives of cooperative or other organizations holding stock in the associations, presenting accredited credentials for their respective organizations, shall be given the same rights and voting privileges at the meetings of the association as the individual shareholders have.

A shareholder may vote by mail as well as in person at any regular or special meeting of the shareholders, provided that such shareholders has received a copy of the exact text of the motion or resolution or amendment, and that a copy of the same be forwarded with the attached vote as mailed by the absent shareholder. All members voting by mail shall be counted as present in determining a quorum for the consideration of a specific question.

Sec. 6. A quorum for the transaction of business shall consist of at least twenty percent (20%) of the total number of shareholders in this association while the number of shareholders does not exceed two hundred (200), and in all other cases not less than fifty (50) shareholders shall constitute a quorum.

Sec. 7. The board of directors shall meet on the third Thurs-

day of each month, the exact time and place to be determined by the president or by the directors themselves.

Section 8. Special meetings of the board of directors may be called by the president or by any three of said board. Each member of the board of directors shall be duly notified of all such meetings.

Section 9. No business, except that mentioned in the call for any special meeting of the board of directors, shall receive final action of said meeting; five directors shall constitute a quorum at all meetings of the board and a majority vote of the members shall decide all questions.

Section 10. The order of business at the annual meeting and so far as possible at all other meetings of the members shall be:

1. Calling of roll.
2. Proof of notice of meeting.
3. Reading and disposal of all unapproved minutes.
4. Annual reports of officers and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE II.

Membership.

Sec. 1. Any person who is a resident of _____ and vicinity may become a member of this association by agreeing to comply with the requirements of its By-Laws, and by becoming owner of at least one (1) share of capital stock. Application for stock must be submitted to and approved by the board of directors.

This section shall not prevent the board of directors, at their discretion, from accepting for membership any person who is a patron or prospective patron of the association.

Sec. 2. At any time, if a member shall remove from the territory proper or shall fail to comply with the requirements of by-laws the association may elect to purchase his share of stock and cancel his membership upon tendering to him of the par value of his share^s, together with any interest or refunds due and unpaid, less any indebtedness then due the association. Such shares shall then become treasury stock of the association. Such shareholders shall thereafter have no rights, privileges or benefits in this association.

Sec. 3. No member shall at any time own more than 100 shares of the capital stock of this association and no member shall have more than one (1) vote, regardless of the number of shares owned. Every member, upon uniting with this association, agrees that in case he shall desire to dispose of his shares of stock in the association he shall give the association the first opportunity and privilege to purchase them. If the association waives its right to purchase by failure to act within thirty (30) days, a shareholder may sell the

stock to any one eligible to membership and acceptable to the board of directors.

Section 4. This association will not accept into its membership persons who operate any enterprise competitive to the business of this associations in any line.

Section 5. If any serious charges are made against any member of this association, such member may present the matter to the board of directors. Upon having considered it, if the board cannot arrive at a decision it may call a membership meeting in which a decision by majority vote is final.

ARTICLE III.

DIRECTORS AND OFFICERS.

Sec. 1. Directors of the association shall be members of the association and shall be elected by the members in their annual meetings. At the first annual meeting of the association four directors shall be elected to serve each a term of two years, and three directors to serve each one year. Thereafter all of the directors shall be elected to serve each a term of two years or until their successors are elected and qualified. The election shall be by ballot and each member of record shall be entitled to cast one vote, and only one vote for each director to be elected.

In case of vacancies of directors, whose terms have not yet expired at the time of the annual meeting, such vacancies shall be filled only to the end of the unexpired term.

Sec. 2. The board of directors shall meet within ten days after the first election and after each annual meeting and shall elect by ballot from among their number, a president, a vice-president, a secretary and a treasurer. Directors and officers shall hold office until their successors shall have elected and qualified.

Sec. 3. Any vacancy in the board of directors shall be filled until the next annual meeting, by the board of directors. If any director shall cease to be a member, his office shall be declared vacant.

Sec. 4. The compensation, if any, of the directors and officers, other than the manager, shall be determined by the members of the association at any regular or called meeting of the association.

Sec. 5. Any director of the association may, for cause, at any annual or special meeting called for the purpose at which a majority of the members shall be present, be removed from office by vote of not less than two-thirds of the members present. A director shall be informed in writing of the charges preferred against him at least ten (10) days before such meeting and at such meeting shall have an opportunity to be heard in person, or by counsel and by witnesses thereto. Officers or agents of the board of directors may be removed from office or employment at any time by action of the board of directors.

ARTICLE IV.

Duties and Powers of Directors.

Sec. 1. The board of directors shall supervise the management of the business and the affairs of the association and make all necessary rules and regulations, not inconsistent with law or with these By-Laws, for the management of the business and the guidance of the officers, employees and agents of the association.

Sec. 2. The board of directors shall have the power to employ and dismiss a manager, who shall be an experienced business man and a reliable cooperator; also such other help as may be necessary or advisable. They shall have power to fix the salaries of persons thus employed.

Sec. 3. The board of directors shall require the manager and all other officers, agents, and employees charged by the association with responsibility for the custody of any of its funds or property to give bond for the faithful performance of their official duties. Such bond shall be furnished by a responsible bonding company or other surety suitable to the directors, and the cost thereof shall be paid by the association.

Sec. 4. The board shall appoint from either the directors or other members of the association two local auditors who shall examine all accounts of the association once each month. In addition, the board shall have the books audited at least twice a year by a competent auditor, such audits to take place during the thirty (30) days preceding the annual and semi-annual meetings, and the reports of such audits to be made of the said meetings.

ARTICLE V.

Duties and Powers of Officers.

Sec. 1. The president shall:

(a) Preside over all meetings of the association and of the board of directors.

(b) Sign as president, with the secretary or treasurer, all notes, deeds and conveyances of real estate, as well as all certificates of stock of the association and other instruments.

(c) Fulfill any other duties belonging to his office and required by law or these by-laws.

Sec. 2. In the absence or disability of the president, the vice-president shall preside and perform the duties of the president.

Sec. 3. The secretary shall:

(a) Keep a complete record of the meetings of the shareholders and of the directors.

(b) Sign as secretary, with the president, all notes, deeds, and other instruments, as well as all certificates of stock of the association, and affix the corporate seal of the association to all documents requiring attestation.

(c) Serve all notices required by law.

(d) Prepare and submit all statistical and other reports required and perform such other secretarial duties as may be required by

the association of the board of directors.

Sec. 4. The treasurer shall:

- (a) Receive and disburse all funds of the association.
- (b) Keep or cause to be kept a complete record of all financial transactions of the association and perform such other duties pertaining to his office as the board of directors may require.
- (c) Sign, with the president, such notes or other instruments that he may be directed by the board of directors to attest.

Sec. 5. The treasurer's duties may, if the board of directors so choose, be transferred in part to the manager of the association.

ARTICLE VI.

Duties of Manager.

Sec. 1. The duties of the manager shall be:

- (a) To be in charge of the direct management of the association's business in accordance with the instructions of the board of directors and under the supervision of the board.
- (b) To engage and discharge the employees of the business in accordance with the instructions of the board of directors.
- (c) To see that accurate books are kept of the business of the association in accordance with the instructions of the board of directors, and to furnish the board once a month a statement in writing of the condition of the business.

Sec. 2. Thirty day's notice shall be required from either side when the manager leaves the employ of the association.

ARTICLE VII.

Capital Stock

Sec. 1. Certificates of stock shall be issued to each holder of full-paid stock. Each certificate shall state the par value of stock, the number of shares represented, the name of the person to whom issued, and shall bear the signature of the president and secretary and the seal of the association and be numbered and issued in numerical order from the stock certificate book. A record of each stock certificate shall be kept on the stub thereof. Such stock shall be entitled to and be paid not more than 6 percent annually, which shall be non-cumulative.

Sec. 2. Transfers of stock shall be made only upon the books of the association, with the approval and consent of the board of directors, and before a new certificate is issued, the older certificate must be surrendered for cancellation. No stock shall be transferred unless any and all indebtedness owing to the association by the member shall first be paid. The stock books of the association, shall be closed for transfer ten (10) days before the annual membership meeting.

Sec. 3. The treasury stock of this association shall consist of such issued and outstanding stock of the association as may be donated or otherwise acquired by it, and shall be held subject to disposal by the board of directors.

ARTICLE VIII.

Disposal of the Net Surplus.

Sec. 1. All earnings received by the association shall be considered and termed as "income." From the amount of such income shall be deducted the costs of the operations of the association and in addition thereto shall be a reasonable and adequate reserve for depreciation of physical properties and a reserve against other possible losses and it shall be the duty of the board of directors to make provisions for such reserves for each fiscal year and the balance of such income shall be considered and termed as "gross income."

Sec. 2. From the gross income of each fiscal year there shall be deducted an amount sufficient to pay interest for such year on the paid-up capital of the association at such rate as may be determined by the board of directors, provided, however, that such interest shall not exceed six percent annually on the amount of the par value of such stock; also the directors may deduct and set aside such amounts as may be required to provide for the erection of new or additional buildings or for additional machinery or equipment or to pay an indebtedness incurred for such purpose, and the balance of such gross income shall be considered and termed as "net income."

Sec. 3. Such net income shall be distributed as follows:

(a) Not less than ten percent of it shall be transferred to a permanent reserve fund until this reserve fund has grown so as to correspond to at least 50% of the paid-in capital stock.

(b) Of the remainder not more than 5% of the net income may be set aside at the discretion of the board of directors as an Educational Fund for the purpose of promoting and encouraging cooperative education and organization.

(c). After the above reserves and deductions have been made, the balance of the net income shall be considered and termed as "undivided surplus", which shall be distributed to members and non-members alike, on the basis of their patronage. The amount of patronage refund which shall be due to such non-member patrons, shall be credited to their individual accounts and when such credits shall equal the value of a share of stock, a share of stock shall be issued to such non-member patron and he shall thereafter be entitled to the benefits of membership as a stockholder in such association if he is otherwise qualified and eligible for membership therein and shall assume the responsibilities and obligations attached to such, as set forth in the Articles of Incorporation and By-Laws of this association.

ARTICLE IX.

Sundry Provisions.

Sec. 1. These By-Laws may be amended, repealed, altered, in whole or in part, as provided by law, at any regular meeting of the members, or at any special meeting, when such action has been duly announced in the call, provided that the majority of the members present and voting, including those voting by mail at such meeting, shall vote for such amendment, repeal or alteration.

Approved as to form and legality,

Signatures

APPENDIX H.
Bibliography

APPENDIX H

BIBLIOGRAPHY ON COOPERATIVE STORES

(All of the following books and pamphlets were not consulted in writing this article. This is an attempt to compile a fairly complete book list dealing in one way or another with cooperative store associations. However, this list is not entirely exhaustive. It does not include publications in the languages, other than English, and there are doubtless several English works omitted).

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