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CONSUMERS' CO-OPERATIVES



SOCIAL ACTION SERIES NO. 5

BY

REV. EDGAR SCHMIEDELER, O.S.B., Ph.D.

*Director, Rural Life Bureau,
National Catholic Welfare Conference*

The pamphlets in the *Social Action Series*, of which this is the **fifth** number, are edited by the Social Action Department of the National Catholic Welfare Conference. They represent an effort to present to the general public, and especially to Catholics, a discussion of current economic facts, institutions and proposals in the United States in their relation to Catholic social teaching, particularly as expounded in Pope Pius XI's Encyclical "Forty Years After—Reconstructing the Social Order" (*Quadragesimo Anno*). In the spirit of that Encyclical they are urged upon and recommended to individuals, study clubs, discussion groups and school classes.

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FOREWORD

Father Schmiedeler presents an interesting and able account of consumers' cooperation.

Consumers' cooperation is advocated in Pius XI's Encyclical, "Reconstructing the Social Order," only by implication; but it has been a constituent part of the program of Catholic Social Action for a generation.

As the main lines of social change, the Encyclical advocates the growth, with governmental help, of employers' associations and labor unions, and of other organizations in agriculture, trade and the professions, into a guild order. In a guild, people organize around their work. They do so to direct economic life cooperatively for their own and the general welfare, with the help of government.

The consumers' cooperative movement, on the other hand, advocates organization around the consuming of goods. Consumers' organizations stand in a second line of importance. However, they are of great value now and permanently, both to prevent profiteering and to train people in cooperative endeavor.

SOCIAL ACTION DEPARTMENT,
NATIONAL CATHOLIC WELFARE CONFERENCE.

CONSUMERS' COOPERATIVES

By REV. EDGAR SCHMIEDELER, O.S.B., PH.D.,

Director, Rural Life Bureau, National Catholic Welfare Conference

ONE of the most serious evils in our economic system today is excessive profit-taking. One of the most effective means of combating this evil is to be found in the organization of consumers' cooperatives. Because of their indubitable power for remedying this evil, and because of other unquestioned values which flow from them, these cooperatives are deserving of most careful study and attention.

It should not be surprising to find authoritative pronouncements of Catholic churchmen on so useful and practical a remedy for our economic and social ills. Perhaps the most general and all-embracing among such pronouncements is the following, taken from The Bishops' Program of Social Reconstruction (1919) :

“More important and more effective than any government regulation of prices would be the establishment of cooperative stores. The enormous toll taken from industry by the various classes of middlemen is now fully realized. The astonishing difference between the price received by the producer and that paid by the consumer has become a scandal of our industrial system. The obvious and direct means of reducing this discrepancy and abolishing unnecessary middlemen is the operation of retail and wholesale mercantile concerns under the ownership and management of the con-

sumers. This is no Utopian scheme. It has been successfully carried out in England and Scotland through the Rochdale system. Very few serious efforts of this kind have been made in this country because our people have not felt the need of these cooperative enterprises as keenly as the European working classes, and because we have been too impatient and too individualistic to make the necessary sacrifices and to be content with moderate benefits and gradual progress. Nevertheless, our superior energy, initiative and commercial capacity will enable us, once we set about the task earnestly, even to surpass what has been done in England and Scotland.

“In addition to reducing the cost of living, the cooperative stores would train our working people and consumers generally in habits of saving, in careful expenditure, in business methods, and in the capacity for cooperation. When the working classes have learned to make the sacrifices and to exercise the patience required by the ownership and operation of cooperative stores. they will be equipped to undertake a great variety of tasks and projects which benefit the community immediately and all its constituent members ultimately. They will then realize the folly of excessive selfishness and senseless individualism. Until they have acquired this knowledge, training and capacity, desirable extensions of governmental action in industry will not be attended by a normal amount of success. No machinery of government can operate automatically, and no official and bureaucratic administration of such machinery can ever be a substitute for intelligent interest and cooperation by the individuals of the community.”

It would be a simple matter to add other statements favorable to cooperatives from a veritable array of Catholic authorities. A few more will be given toward the end of this booklet. For the present we will turn our attention instead to considerations such as the meaning and classification of cooperatives, and extent of their growth, the principles underlying them, and their peculiar economic and social values.

Meaning and Classification of Cooperatives

It is not an altogether simple matter to define a cooperative. To be sure, it is easy to say that "to cooperate means to work together." But such a definition is too simple. It does not really show the distinctive features of what has come to be known today as cooperative enterprise.

Stating that, technically cooperation has been defined as "that joint economic action which seeks to obtain for a relatively weak group, all or part of the profit and interest which in the ordinary capitalist enterprise are taken by a small and different group," Rev. F. Basenach, S.J., Loyola College, Madras, British India, goes on to say that characteristic of the cooperative system is the issue of profits. "In the cooperative form of organization," he says, "the profits go to the members, either under their aspect of cooperative producers who have pooled their individual capital and labor, or without regard to the capital invested, it goes to the members according to the products they have used. The first form is known as Producers' Cooperation; the second, as Consumers' Cooperation." And he adds, referring to the consumer, that "the aims of cooperation

are undeniably revolutionary in this sense that they tend to undermine the foundations of the present capitalistic system. The object is to restore all the profits, which capital has long regarded as its due, to the consumers; hence the first promise of cooperation is to reduce the burden placed on the consumer by capital."

In the June, 1936, issue of *The Catholic World* we gave the following generic definition of cooperation: "A cooperative society or organization is a group of people who band themselves together to produce something, to sell something, to buy something for themselves, or to pool their financial resources for credit or loan purposes."

When a group of individuals band themselves together to produce something we have what is known as a producers' cooperative. In this country there are but very few of these cooperatives. When a group bands together for the purpose of selling something, the result is a marketing cooperative. This type of co-op is relatively common among American farmers. When a group of individuals unite to pool their resources for loan purposes, the result is a credit cooperative. Finally, if a number of people unite for buying or purchasing purposes, we have what is known as a consumers' cooperative. It is this type that we are chiefly interested in here.

Perhaps the following definition of "consumption" taken from a recent issue of the *Scholastic* will show a bit more specifically what is implied by the term "consumers' cooperative": "Consumption is the use of any goods or services for the satisfaction of human needs. It is not only the eating of food or the burning of coal

that we can see disappear before our eyes, but it is the wearing of clothes, living in houses, running machines, going to school, getting our hair cut, calling in the doctor, traveling in an automobile, going to the movies, turning on the radio, mailing a letter, or doing *anything whatever that calls for the work of others or uses up ever so slowly, the accumulated 'capital goods' of the human race.* Every one of us, from birth to the cemetery, is a consumer one hundred per cent of the time. We may or may not be producers, for, like the bees, we have queens, workers, and drones; but we are all of us consumers. And just because this is true, every one has an interest, whether he knows it or not, in what he buys and uses and in how it is handed out to him. . . .”

It is well to observe that not infrequently one finds several types of cooperatives combined in one and the same group. Thus, the members of the Gary (Negro) consumers' cooperative have also organized a credit union. To cite another example, the noted marketing cooperative, Land O'Lakes Creameries in the Northwest, does much purchasing of feed, machinery, and the like, for its members. In this latter capacity it is a consumers' rather than a marketing cooperative.

How Co-ops Develop

Not all cooperatives follow the same line of development. But not infrequently they originate and develop in some such way as the following: A group of friends or neighbors get together to discuss the possibility of making some of their ordinary purchases together. They form what might be called a buying club. The most common article of consumption is selected and the

organization is built around it. Other services, close to the people as consumers, are gradually added. As the membership grows, mass purchasing power leads to wholesale buying on a constantly increasing scale.

When several such groups in a certain territory have carried on successfully for a while, they may decide to join together in a federation of cooperatives to perform larger functions. They may even develop their own wholesale business. In turn, several such wholesaling concerns may move on to importing, to warehousing, and to manufacturing. The final step comes when the control of raw materials—plantations, fields, forests, or other original source of supply—is added. Certain European countries have for some time extended their business through the stages of economic organization from the ownership of raw material sources to the final retailing of products to the consumer.

As a rule development is gradual. Advancement is only made as fast as experience and competence in administrative ability admit. Nor do all cooperatives develop to the full stature spoken of in the foregoing. There is almost untold variety. Some are, and remain, no more than little neighborhood groups; others extend over large regions. Some make only occasional purchases; others are a continuing or full time business, handling a considerable variety of goods. Some provide a delivery service for their members; others do not. It is not uncommon, for example, for a group of farmers to buy a carload of some commodity—let us say, coal or fertilizer, or perhaps salt for their live stock—and then have the individual farmers come to a railroad siding and pick up their portion of the produce. Natural-

ly, such a system eliminates the expense of both warehousing and delivery service.

To state that development is gradual is not necessarily to say that it is slow. In many instances growth is quite rapid. A few simple instances will show this. There is, for example, the consumers' cooperative at Flint, Michigan. Organized in 1933, by eight families, and having an initial capital of \$22, it had grown by the end of 1935 to 260 families and was doing a business of \$3,000 a month.

Another example is that of the so-called Consumers' Cooperative Services, organized as a buying club in Chicago by nine persons in 1932. It has since grown into a very successful co-op, doing a monthly business of \$35,000.

The Negro cooperative at Gary, begun under most unfavorable circumstances by a small group in 1932, had by 1935 grown to 371 members, employed seven people, and made sales totaling \$34,055.26 for that year. The goal for 1936 was a \$50,000 business, and future plans call for branch stores at Gary, East Chicago, and Indiana Harbor, and for a bakery and a dairy.

Co-ops in the United States

In the United States, cooperation is relatively new. At any rate, genuinely successful cooperatives on a considerable scale are a much more recent development here than they are in Europe. More particularly is this true of consumers' cooperatives. In fact, it is safe to say that only with the depression did genuine consumers' cooperatives really take hold in this country. Since that time, however, their growth has been reasonably

promising and encouraging. Sixteen cities recently reported rapid developments in consumers' cooperatives during the past three years. Informal buying clubs have become quite common.

All in all, cooperation has gone ahead much more rapidly in rural districts than in cities. According to a recent news release of the Cooperative League, farm supply cooperatives increased their annual business \$65,000,000 during the last twelve months, setting a new high in cooperative business with a total volume of \$315,000,000 for the 1935-36 season. Statistics recently compiled by the Farm Credit Administration showed a rise of more than 25 per cent in total purchases and the formation of 106 new associations during the year.

The business of 2,200 farmer cooperatives engaged primarily in purchasing amounted to \$247,000,000, while additional cooperative purchasing business of \$68,000,000 was reported by 2,360 cooperative marketing associations which also engage in cooperative purchasing. The cooperatives operate in 45 states and handle feed, seed, fertilizer, petroleum products, groceries, general merchandise, farm implements and building materials.

The tremendous increase in the cooperative purchase of farm supplies boosts the total to well over one-eighth of the national supply business. Savings of millions of dollars are made possible by the distribution of farm supplies on a non-profit basis.

In 1934 over \$30,000,000 worth of petroleum products were sold by gas and oil cooperatives. These happen to be almost entirely rural co-ops. Other examples could easily be added. It is estimated that, in spite of

their youthfulness, the membership of consumers' cooperatives in the United States today stands at about 2,000,000, and that the sum total non-profit business being done by these groups amounts to approximately \$1,000,000 a day.

Growth in Europe

In Europe, as has already been intimated, consumers' and other cooperatives are much more highly developed. Outstanding examples of countries that have many and successful cooperatives are England, Denmark, Norway, Sweden, Finland, and Belgium.

Cooperative buying and selling in Belgium, for instance, is carried on on a large scale by the well-known organization of the Catholic peasants, the *Boerenbond Belge*. Particularly since about 1925 has the business of the consumers' cooperatives increased strikingly. Already in 1932 there were in operation 529 stores. Their sales amounted to more than fifty-three and one-half million francs.

In Sweden a third of the 6,200,000 population, or 568,000 families, are members of 4,144 cooperative stores which comprise the bulk of the Swedish cooperatives. Retail cooperatives are there supplemented by consumer-owned cooperative factories which do an annual business of \$45,000,000.

In England there is the so-called Cooperative Wholesale Society—commonly referred to as the C. W. S.—and its affiliated retail societies, cooperative factories, the C. W. S. Bank, insurance societies and other services. The activities of the C. W. S. reach all parts of the British Empire. Its assets are listed at \$550,000,-

000. It is the largest tea blender in the world, manufactures a thousand tons of soap a week, \$4,000,000 worth of furniture annually, owns clothes factories, and manufactures more than 150 other commodities. Commenting on it, Jacob Baker, the Chairman of the President's Commission sent to Europe the past summer to study cooperatives, said: "This is by far the biggest organization of its kind I have ever seen." Apparently it compares very favorably in size with our larger industrial or commercial enterprises in the United States.

England is considered the pioneer in the field of cooperation. The story has often been told of the humble group of weavers at Rochdale, who managed to scrape together \$140 and with it launched the co-op that has become famed throughout the world. From that meager beginning of less than a hundred years ago, consumers' cooperatives have grown into England's biggest business, as witnessed in the English Cooperative Wholesale Society, mentioned in the foregoing. It is "the biggest organization of its kind." It extends throughout the vast British Empire, owning tea plantations in India and Ceylon, palm and olive plantations in Africa, even owning the very ships that transport these raw materials to their own manufacturing plants.

World-wide Growth

The January, 1936, issue of *The Monthly Labor Review*, a publication issued by United States Bureau of Labor Statistics, gave a summarized description of cooperative movements throughout the world. The facts presented were mainly for the year 1934. They show a rather striking development. At that time there were

in 45 countries 465,000 cooperative associations with a total membership of over 139,000,000 persons. More than half of the 465,000 cooperative associations were classified as agricultural, about one-fifth were credit organizations, one-twelfth were consumers' societies, and the remainder were producers', housing, and all other kinds of cooperatives. If gross membership is considered, about three-fifths of the total of 139,000,000 persons were members of consumers' societies, about one-fifth, of agricultural cooperatives, about one-fourteenth, of credit societies, and the remainder were in other types of cooperatives. A retail business of more than 12 billion dollars for the year 1934 was carried on by consumers' societies in 21 countries. In each of five countries the co-op retail stores did a combined business of over 100 million dollars. It should hardly be surprising therefore, that competitive, capitalistic enterprise is beginning to show some uneasiness and displeasure at this growth.

Kinds of Consumers' Cooperatives

As suggested by the definition of "consumption," there are a great many different kinds of consumers' cooperatives, all of them supplying certain goods or services of which the members stand in need. For example, there are cooperative gas and oil stations. There are associations operating retail stores, restaurants, bakeries. There are others carrying on cooperative housing projects. There are cooperative power lines for electrification, cooperative recreation projects, mutual associations for insurance or for telephone service, for medical aid and even for burial service. And by no

means does this exhaust the list. New fields are being opened constantly.

A few examples should do more than perhaps anything else to show the diversity of types, and also to indicate some of their functions.

Here is a very simple instance. A pastor organized a cooperative coal purchasing program, requesting all his parishioners to buy their coal together. The current retail price was paid by all. The difference between the wholesale price for the entire quantity bought and the retail price paid by the individual parishioners for their particular shares was sufficient to cover the expense of the entire coal supply for the parish church and school building.

The *Survey*, in its November, 1935, midmonthly issue, describes in its pages a rather novel cooperative venture, a cooperative hospital located at Elk City, Oklahoma. Some 1,800 families in Elk City and the surrounding territory own and control the hospital, and through it get the medical, surgical, and dental care they need. Each family membership entails ownership of at least one \$50 share of stock, which may be paid in installments. This stock provides the capital for the eighty-bed institution. Operating costs and payments to the physicians are met by monthly charges of \$1 or \$2 a family, according to which of two plans a family chooses. In return the family is entitled to medical and surgical care without further costs, except for a few specified charges.

The Oklahoma Board of Medical Examiners has attacked the project as "unethical," and has urged that the license of Dr. Michael Shadid, founder and director,

be revoked. The latter has secured a temporary restraining order. He charges a conspiracy to destroy the hospital, stating that, "because the individuals behind this prosecution feel that if this experiment is allowed to succeed, other cooperative hospitals will be established and their personal income will be reduced, and because of their alarm at the success of the hospital referred to, they have decided to destroy the experiment by revocation of the license of this petitioner."

There should be little question of the outcome of the legal battle if the members of the cooperative are consulted in the matter.

In Japan such cooperative hospitals are now to be found in considerable numbers. One report states that there are more than sixty of them.

Not dissimilar to co-op hospitals are medical aid cooperatives. These are now found in some numbers in Canadian municipalities. The arrangement calls for a definite annual contribution toward a fund on the part of families of a community. Out of this fund a stated salary is paid a doctor who is considered the group's physician and is expected to care for the medical needs of all the members.

Dr. James P. Warbasse, President of the Cooperative League, has this to say on the subject: "The cooperative method really begins when a group of 150 to 500 families unite to employ a physician full time. The number of people necessary and the costs depend upon their ability to pay. In the country, or in a small town, 200 families, representing 800 people, may put in an average of \$20 per family. That is at the rate of \$5 per person. This gives \$4,000 a year. Physicians are

entering into this arrangement for salaries varying from \$3,000 to \$7,000. It is best that the annual costs per member be graded according to family income. If a group is divided into three classes of families, one group would pay \$40 a year, one \$20, and one \$10—making an average of \$20. A plan which should be equitable would be to make the average cost \$10 for one individual, \$15 for man and wife, and \$2 for each child or dependent. Thus, in a group of 200 married couples, of 380 children, and of 24 single adults, the income would be \$4,000.”

Co-op Principles

Underlying all these consumer cooperative endeavors are certain very definite principles that must be followed if the enterprises are to be genuine, if they are to prove thoroughly sound and successful. The principles are, in general, those that have become known as the Rochdale principles, that is, those followed by the group of cooperative pioneers at Rochdale, England. A consideration of these should do not a little to bring out the chief differences between the cooperative and the usual competitive or capitalistic enterprise. It should also help to clarify further the precise meaning as well as the functions of cooperation.

1. First of all there is the question of control of management. Under cooperation there is democratic control. Capital is secured through the sale of shares to members, and every shareholder, no matter how few or how many shares he may have, has a right to one, and only one, vote in the management of the common enterprise. Under capitalism it is different. As organized to-

day, capitalism practically separates control from ownership. Through such devices as non-voting stock, wide distribution of small numbers of shares which cannot be voted because of distance of travel, and such like, the great majority of share owners are denied an effective voice in the management of the enterprise. Control is exerted by the few. And this control can, and often does, become despotic, autocratic. As the Rev. Charles Aziere, O.S.B., recently stated: "With 200 largest corporations controlling 22 per cent of the total wealth of the country, and owning as much as the other 300,000 odd corporations combined, under such separation of control that the interests of the consumer, the laborer, and the owners themselves are all subservient to the interests of the management group; and where because of the dominant position in the economic field the price structure and credit structure are set by the same interested group, there one finds dominance from the top down through every phase of activity such as would in political science be called despotism, but in economic science is still called capitalism."

Genuine cooperative principles demand democratic control. They insist on ownership of property again connoting control of the use of property, something which it did from time immemorial, but has not been doing under modern large-scale capitalism.

2. A fixed rate of interest is paid on shares, or on the investment in capital stock, and earnings are distributed to the members in proportion to their patronage. In other words, the members of the cooperative get four, five, or at most, six per cent interest on their shares, and then from the funds that are left over after

all expenses of conducting the co-op's business have been taken care of, they receive earnings according to the value of the purchases they have made. For example, a member who spends \$500 a year at a cooperative store, gets five times as much out of the surplus savings as the member who only spends \$100. Under the capitalistic system, it is different. Earnings there go to the owners in proportion to the amount of their investment.

3. In the interests of expediency, sales or services made by the society are charged at competitive prices. Thereby disastrous price wars with competitors are avoided. Any profits that result from the undertaking are simply considered overcharges and, as already indicated, are returned to the patrons of the business. While this is the general rule, there are notable exceptions. Swedish cooperatives, for instance, have openly fought monopolies through the device of price-cutting. They have refused to charge their exorbitant competitive prices.

4. Not all the earnings or savings are distributed. A certain amount are customarily set aside as a reserve fund for protection against possible loss. Very commonly a certain percentage is set aside for education. Every worth-while cooperative emphasizes educational work or training in cooperation through circulars, pamphlets, lectures, study clubs, and the like. They consider this essential to a soundly progressive cooperative movement. Certain amounts of the surplus savings may be used for still other purposes, such as recreation, art, health, insurance—provided, of course, the members wish it and give their approval.

Values of Cooperatives

There are both economic and social values in co-operation. As the writer has stated elsewhere (*The Catholic World*, June, 1936), he is convinced that co-operation gives not a little promise of eliminating the more glaring abuses, such as waste and the gouging of the consumer, that characterize our present system. More particularly will this be true as cooperation moves from the consumers' field back into production. Prices will then tend more and more to be in harmony with actual cost rather than with monopoly manipulation, watered stock, or eagerness for pyramided profits. The cooperative owners or members have every reason to see to it that their business is run efficiently, for each has a stake in it. At the same time they have no reason to bid up prices, for they are both buyers and sellers. Hence, in a cooperative society one would hardly expect to find such a thing as middlemen taking 300 per cent on the retail sales of milk products as is done, for instance, in New York. There would be little point to such procedure in a cooperative society.

There is no question that cooperatives can influence prices. There are not a few cases on record in which they have lowered exorbitant prices. One instance that has attracted particular attention is that of a number of cooperative burial associations in Minnesota. In 1930 an organization called the Minnesota Valley Burial Association was formed. Each member of the organization contributed five dollars to be used as the original capital, for a reserve fund, and to help those who could not pay for a funeral. When this cooperative organization began, the cost of a funeral in the state averaged

between \$500 and \$700. Shortly afterwards the average price dropped to \$212. This organization found that it could duplicate with \$300 the funeral that previously cost \$780. In 1932 nine cooperative funeral associations in Minnesota buried 231 people at an average cost of \$186 each. This was about half the average rate in other places.

Among the best organized cooperatives in this country are the oil and gas co-ops. These, too, have brought about notable reductions in prices. Cooperative buying of petroleum products has resulted in some instances in reducing the margin between the tank-car price and the tank-wagon price by 7 or 8 cents a gallon. In addition, many cooperative oil associations have made patronage refunds of 10 to 15 per cent, and even more.

Sometimes the savings made by cooperatives are obscured by the fact that competitive dealers reduce their prices. It is no secret that there is need for much such reduction of prices in this country. It is a bit strange, for instance, that in London, a city far removed from its wheat supply, the price of bread should be lower than in Omaha, located in the immediate neighborhood of our immense wheat fields.

Referring to the social values of cooperatives, a report of St. Francis Xavier University, a Catholic institution in Nova Scotia which has done outstanding work in fostering co-ops, has the following to say, among other things: "One of the chief values of the cooperative movement lies in the opportunity it gives the average citizen to function as a conscious agent in shaping his economic life and welfare. He works with others for a

common end and mutual good. Day by day he learns that by cooperating with others he serves himself best. He respects leadership because he sees how it must develop. He acquires stature as a citizen in political and economic relations with his fellow man."

To be given some voice in the direction of affairs is good for the individual. He acquires an added value, a healthy importance, one might say, in his own eyes. He develops a sense of responsibility, of self-respect and of self-reliance, that should prove beneficial both to himself and to society. Cooperation gives to the individual such a voice in affairs. It takes from those who have been economically underprivileged their feeling of helplessness and brings to them a realization that something can be done about it.

Cooperation also inculcates a spirit of self-sacrifice and teamwork. It begets a spirit of neighborly helpfulness, for it is organized on the basis of mutual aid. It offers excellent opportunities for the fulfillment of the commandment, "Bear ye one another's burdens and so shall ye fulfill the law of Christ." It provides an environment that encourages the control of such socially harmful tendencies of man as greed, avarice, pride, gluttony, and selfishness.

Before concluding, a caution or two may be in place. There is, first of all, the consideration that a cooperative system will not automatically and inevitably lead to good results. Vigilance is necessary. The unsocial tendencies of man must be effectively held in check. Continued effort is required if a cooperative program is to be kept in harmony with the laws of justice and charity.

A second point is this: Cooperation should not be presented merely as an economic program. The Most Rev. Edwin V. O'Hara gives the following two reasons for this: First, it would "raise extravagant expectations of material gains from this source"; second, it would "tend to becloud the vast social, cultural, and moral benefits of cooperation—benefits which would justify cooperation apart from more material gains."

Finally, the mistake must not be made of looking upon consumers' cooperatives as the one cure-all of our economic ills. To work for the extension of a cooperative society, for instance, but at the same time to neglect the development of strong labor organizations, would be no less than foolhardy.

With these cautions in mind, the Catholic may well give serious attention to the formation of consumers' cooperatives. Indeed, he should do so. There is need for action. The abuses in our economic system clamor for correction. Consumers' cooperatives furnish one effective means for correcting them. We should not hesitate to make the most of them.

Bibliography

There has been a veritable flood of literature on consumers' cooperatives during the past year and more. Among recent volumes are the following:

Sweden: The Middle Way, by Marquis W. Childs; Yale University Press. Tells the story of Sweden's cooperatives.

Denmark—The Cooperative Way, by Frederic C. Howe; The Cooperative League, New York City. Contains a mine of information on the political and cul-

tural, as well as the economic, life of Denmark, one of the world's leading cooperative countries.

Cooperation, by Fred Hall and W. P. Watkins; Cooperative Union, Ltd., Holyoake House, Manchester, England. A survey of the history, principles, and organization of the cooperative movement in Great Britain and Ireland.

Cooperative Life and Business, by Harriet Bunn and Ethel Mabie Falk; E. M. Hale and Company. A small textbook prepared for use in Wisconsin schools.

The Decline and Rise of the Consumer, by Horace M. Kallen; D. Appleton-Century Company. A philosophical interpretation of consumer economy. Some historical interpretations questionable.

The Cooperative League Year Book, 1936, edited by V. S. Alanne and Cecil Crows; The Cooperative League. A compilation of material on the present status of consumers' cooperatives in the United States.

Cooperative Democracy, by James P. Warbasse; Harper and Brothers. Popular type, third revised edition.

Consumer Cooperation in America, by Bertram B. Fowler; Vanguard Press. Pictures present status of U. S. cooperatives.

NATIONAL CATHOLIC WELFARE CONFERENCE STUDY OUTLINE

I

1. What is the general content of the statement of the Bishops of this country on cooperatives?
2. Cite individual Catholic authorities on cooperation.
3. Do you know of any Catholics who approve the cooperative idea? If so, what reasons do they give for their attitude?
4. Distinguish: consumers' cooperatives; producers' cooperatives; marketing cooperatives; credit cooperatives.
5. Explain in detail the term "consumption."

II

1. Show how co-ops develop.
2. Are cooperatives as strong in the United States as they are in Europe?
3. Give statistics showing the growth of consumers' cooperatives in rural America.
4. In which countries of Europe has cooperation experienced the greatest growth?
5. Give main facts regarding the Cooperative Wholesale Society of England.
6. Cite statistics on recent world-wide growth of cooperatives.

III

1. Describe the cooperative hospital at Elk City, Okla.
2. Give other examples of consumers' cooperatives.
3. State and explain the main principles on consumers' cooperation.

IV

1. Indicate some of the social and economic values of cooperation.
2. What are some of the dangers that must be guarded against if cooperation is to prove genuinely successful?
3. Name some of the best books in the English language dealing with cooperation.

APPENDIX

STATEMENTS BY CATHOLICS ON COOPERATION

*Rt. Rev. Msgr. John A. Ryan, D.D., LL.D.,
in "Social Reconstruction":*

"The cooperative idea can be applied to every part of the industrial field. There can be cooperative associations of farmers for the selling of their products, enabling them through the elimination of a great number of unnecessary middlemen to get a greater proportion of the price that is paid by the ultimate consumer. There can be cooperative associations of consumers in cities, to buy directly from these cooperative selling associations of the farmers. There can be cooperative associations of producers, and entire or partial ownership of the factory by the cooperative stores. There are scarcely any bounds that may be set to the field to be occupied by the cooperative idea; but it is an idea that will become operative very slowly. There are serious difficulties in the way; there is a great deal of individualism that has to be subordinated to the common good; there is need for a great deal of patience. But we know from the history of cooperation in Europe, especially in Great Britain, that the thing can be done, and can be done by ordinary people, because the men in England, Scotland and Wales who own the cooperative stores that have been a tremendous success are ordinary wage-earners. They have provided the capital and the directive ability necessary to carry on the retail stores, the wholesale stores, the factories and steamships, and tea plantations and wheat fields. What they have done can be done in other countries and in other departments of the industry" (page 179).

Rev. Joseph Husslein, S.J., in "The World Problem":

"The system of cooperative banking has struck deep root and will continue in its prosperous development. Everyone is familiar with the success of the Raiffeisen credit associations.

"Almost equally successful, in many places, have been the cooperative stores; it is estimated variously that between one-

third and one-fourth of the entire population of Great Britain had already participated in these enterprises before the outbreak of the war. The total cooperative sales in that country for the year 1913 considerably exceeded \$600,000,000 and there were thousands of cooperative stores in Great Britain alone. The same system had likewise developed in Ireland (page 215).

"The cooperative bank and the cooperative store have met with undeniable success. They have long ago passed the period of trial and experiment and fully answer the purpose for which they were established. The question of main importance is the extension of the cooperative principle to the field of production. Its most complex and difficult application is found in the cooperative ownership and management of industrial enterprises" (page 222).

Rev. R. A. McGowan, in "Property, Organization, Government Action":

"Every American farmer should be a member of as many cooperative marketing organizations, clubs and services as are necessary for him to market his varied crop at a fair price. This seems basic. A farmer cannot be both expert farmer and expert salesman. A still more cogent fact is that, expert salesman or not, a lone farmer bringing his produce to market meets a highly organized and strong commercial marketing ring. There is no equality between him and the buyers, the sale that results is an unequal contract, the farmer does not get equal value in money or goods for his crop, he is mulcted, bilked and cheated all the time. Cooperative marketing organization is a means of obtaining justice. The strength and knowledge of the united farmers can give them expert ability in marketing and can bring them closer to equality with the buyers.

"Every farmer should belong to a credit union in his parish or neighborhood, for much the same reason that he should belong to a marketing cooperative. The farmer needs cheap and sure credit. Alone he has neither the strength nor the knowledge to get it from the commercial organizations. United with other farmers he can, by united savings and united control, give to himself the credit he needs. . . .

"In the circumstances of American life all cooperatives

ought to be either on a national scale or, when regional or local, they ought to be closely federated. The goods and money markets are national markets and the organization must equal the market" (page 7).

Rev. M. M. Coady, Ph.D., in "A University Promotes Cooperation":

"We in Antigonish are putting forth every effort to have the people engage in group action in the four possible fields open to them.

"(a) The Consumers' Cooperative Society, or the so-called Cooperative Store, is gaining great ground. Already eighteen such societies are functioning in eastern Nova Scotia alone, and some of them are among the most successful on the North American Continent."

Rev. Edgar Schmiedeler, O.S.B., Ph.D., S.T.L., Director, Rural Life Bureau, National Catholic Welfare Conference:

"It is but to state a truism to say that the Catholic Church favors the cooperative idea. Her remarkable guilds of the Middle Ages were essentially cooperative—organizations seeking to apply in a practical way in everyday life the injunction of the Savior: 'Bear ye one another's burdens, and so ye shall fulfill the law of Christ.'

"The student of history knows what became of the guilds. He knows, too, that no adequate substitute was ever put in their place. But the Church, in spite of the destruction of her work, has not abandoned the cooperative idea. Incessantly she speaks for its return in a practical form in modern society. Her leaders urge its acceptance in the fields of production and consumption, and in the fields of finance and marketing. Catholic higher schools teach cooperation in their economic courses. This is true in Europe as well as in the United States. Catholic priests have helped in their immediate vicinities to foster cooperative activities. This, it should be observed, is far more so the case in Europe than in this country. Catholic publications have lent their pages to the promotion of the cooperative idea. An outstanding example of this in the United States is the *Central Blatt and Social Justice*."

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SUGGESTIONS FOR STUDY CLUBS OR COMMITTEES ON INDUSTRIAL QUESTIONS

1. The Study club is not a group to listen to lectures. It is for joint discussion. It is small—ten or twelve to twenty or so—so as to permit general discussion.
2. There is a discussion leader.
3. The group may consist of persons of various occupations and interests or of special groups, such as organization leaders, employers, professional persons, clerical workers, manual workers, etc. A number of small study groups established within each organization is desirable.
4. Meetings are once a week or once every two weeks or once a month.
5. Every member should have at least the text and the outline.
6. The discussion, as a rule, follows the outline point by point. The section of the text to be discussed should be read before the meeting by each member.
7. Use questions at the end of the meeting to recapitulate.
8. Reports or papers called for by any outline should be brief.
9. The purposes are:
 - (a) So its members will know the teaching of the Church on economic life.
 - (b) So they can speak at Catholic meetings.
 - (c) So they can be leaders in the activity of Catholic organizations.
 - (d) So they can apply the teachings in their work and civic life.
 - (e) So they can guide the economic organization to which they belong.
 - (f) So that they will be better Catholics.
10. If the group is an offshoot or a part of another organization they should report their conclusions to the parent organization, because one of the chief purposes of the club or committee is to pass on their information, point of view and enthusiasm to the Catholics of their community and to make the club's work definitely a part of the parent organization's work.

For further information and assistance, write:

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