

A Co-operative Community

Where a farmers' creamery, store, telephone company, bank, shipping association and club have been successfully run for years

By E. A. WEIR, B.S.A.

A beautiful day about the middle of last June found me on the last lap of an interesting trip thru one of the neighboring States. I had been finding out some things about what the leaders in co-operative work over there thought of the future of the movement. I had seen how muddled, it would seem almost hopelessly, their rural organization has become thru over-duplication and thru petty jealousy of leaders, that I was unable to restrain from open comment on the vastly more favorable state of affairs in Western Canada where we have not yet been cursed with over-organization, and where one great spontaneous movement is being now recognized as sufficiently concrete and representative to truly voice the demands of nearly all our prairie communities. But in the midst of all this lack of true co-operation, which extended itself to so-called farmers' organizations, to agricultural colleges, to farm journals and others, there are to be found many instances of real community self-help, spontaneous and active, tho almost always confined to small districts. Indeed these local communities are quite numerous and in nearly all cases some active spirit, "some soul of the movement" was to be found.

In such a community I found myself on the day mentioned. It was a little place, very little, in fact there were no more than 50 people there all told. It was like the little old cross roads hamlets down East that we used to call "White Corners" or "Black Bank" or "Sunny Dale" or something else of that kind. But it differed a lot in one great essential. The fifty people were just about enough to run the two blacksmith shops, three stores, a creamery, garage, telephone central and bank. There was also one other great thing here, that intangible something called co-operation and the evidences of it lay all about. The creamery, one store, the telephone company, the bank, the shipping association, the farmers' club, were all co-operative and it took in the people of the surrounding country within a radius of probably five to eight miles. Most of the people also had a light complexion and lighter hair and their names had a "son" ending, like Yon Yonson, Ole Olson, or other Scandinavian names. Indeed they called this very place Scandia. I met Henry Johnson, the cashier in the Scandia Bank, who related to me the whole interesting story of co-operation in this secluded spot tucked away off the railroad in the northern part of Minnesota. Mr. Johnson was that day making a shipment to St. Paul for the Co-operative Livestock Shipping Association, of which he was manager and which work he has carried on since early in 1913. This same Mr. Johnson is on the Creamery board, is secretary-treasurer of the Store company and a director of the Telephone company. Some of us might object to all our local bank managers doing what this man did but there is certainly a lesson here in using all the possibilities of a man's service to the community. Our system forbids the full utilization of such, partly on legitimate grounds, partly not.

The Creamery

Community co-operation began at Scandia many years ago with the organization of the creamery. Stock to the value of \$2,500 was first sold. After ten years of natural growth, a skimming station was built farther out and the capital increased to \$4,500. This has now climbed to \$7,000 or 140 shares, no man holding over one. The last distribution was only to take in those anxious to buy because the creamery paid handsome dividends. Now it pays 8 per cent. and a maintenance fund and reserve is being built up. After each month's operation is cleaned up the surplus is distributed according to the milk sent in, whether the sender is a stockholder or not.

Last year all the butter, except some sold to summer tourists at a neighboring lake resort, went to New York and an average of 35 cents per pound was netted. That means 38 cents per pound butter fat to the farmers and was one-half cent to one cent more than New York "Specials" were bringing in New York. The buyers were so anxious to get this butter that they charged no commission and are now offering to pay part of the freight, which

is one cent per pound. The over-run between the butter and the fat paid the marketing expense and left three cents more. Last year the sales amounted to \$80,000 and the treasurer got one-tenth of one per cent or \$80.00. The manager who makes the sales, and looks after general affairs and operates his own farm on the side, gets \$30 a month. The butter maker gets \$90 a month and a free house which the company built with the creamery. The assistant buttermaker gets \$40.00 a month. The creamery handles both cream and milk, about half and half. Farmers deliver most of their own products and take back skim milk. The creamery was the first stage of co-operative work at Scandia. The farmers' store was the second.

The Co-operative Store

There used to be an organization that operated in Minnesota and in the neighboring States, which made a business of taking over stores and selling them to farmers' companies. This was a league, the kind of organization of which you felt you were a part, as tho you were being "taken in." To add to the surety and pleasant home-like feeling of the procedure they prefixed the words "Right Relationship" to the league. That was to dispel



A team you like to sell behind. Chestnuts with style, quality, and go, and more important, worth a long price. The kind get by consistent use of good stallions.

the last doubt from the mind about the relationship of promoters to the buyer and his brother farmers and to society in general. There always is some storekeeper in every town who is ready to sell out, particularly to a farmers' company, and the Right Relationship League seemed to have a line on practically all of these. They also had unusual powers in persuading the farmers to retain the previous owner as manager "just to get things going right." Such a case happened at Scandia. Two others in neighboring hamlets like Scandia were also discovered, so a chain of three stores was formed, with a central manager and branch managers. The little store in Scandia being found too small, a larger one with a very complete stock was taken over. In 1907 a 7 per cent. dividend was paid. By this three-store system one store made up for the deficiencies of the others if that were found necessary. The Scandia people became convinced that they were making up for the loss of the other stores and proposed to break the coalition which was finally accomplished, and none too soon. The stock held by the Scandia people, that is the surrounding farmers, was cancelled and applied to a separate purchase of the property at Scandia. Re-organization took place under the co-operative law with \$30,000 capital, of which \$17,500 was paid up. Next \$12,000 was borrowed and all put under the control of a board of five directors. The former manager, a very efficient man, was retained, and the first year on the general store business a five per cent. dividend was paid and a small reserve fund put by. The next year 5 per cent. plus the depreciation of previ-

ously inflated values was paid off. The last two years 6 per cent. has been paid and a surplus of \$10,000 built up. The business would now sell for more than the capitalization. Dry goods, groceries, hardware, furniture and machinery are handled. Plumbing and heating installations are made. Autos were handled but discontinued. The manager gets \$125 a month and a free house built by the store company. The head clerk gets \$75 and the bookkeeper \$50. It sounds like low wages up here, doesn't it? But you must remember that the measure of wages or salary, or whatever you like to call it, is its buying power and the difference in cost of necessaries between most of the towns of Western Canada and a village like Scandia in Minnesota, is sufficient to make these wages actually as good or better than a similar position would pay in our country.

The manager in this store pays everything by check and an up-to-date cash register has been installed. For every cash purchase made the buyer gets a cash ticket and an accumulation of a certain number of these entitles the buyer to a selection from valuable premiums. Such rebate amounts to about \$3.50 in every \$100 bought. Over seventy-five per cent. of the business is cash. Of the remaining credit business considerable is trade. All accounts are settled at the end of 90 days in some way and interest is charged after that time at the rate of six per cent. Nearly all farmers use credit at some season of the year. Notes given for machinery are discounted at seven per cent. Most of the credit for the success of this store is due the manager.

There are two other general stores, but the farmers' store does twice as much as both together. Another has failed since the co-operative store started. No stockholder holds over \$1,000 of stock and each has only one vote. For a time after the re-organization the stock could be bought at a big discount, and Mr. Johnson acquired most of his at \$65. Now it can be sold at a good premium, particularly since the dividend rate is likely to be raised to eight per cent. Last year a turnover of \$80,000 was done, or almost the same as the sales of the creamery.

The Telephone Company

Scandia is a sociable community. They not only like to sell together and buy together, but they like to talk to one another. They aren't exactly politicians. I was going to say they are in advance of the humdrum mess of politics as it is put over in most of the Northwestern States (we aren't any better). Anyhow, in 1909 they believed they needed some closer connection with one another and with the big outside, so they started a farmers' telephone company. The capital was \$10,000 with \$3,630 paid up. Rooms were rented to serve for a Telephone exchange. This, with a plot of ground of three acres, a house and barn cost \$120 a year. There are now 100 shareholders. The company owns 285 miles of wire, over 50 miles of poles and has 321 operating phones, which includes 11 business, 308 residents and two free phones. The property that started with \$3,630 is now worth at least \$9,000. The first year a six per cent. dividend was paid and since then eight per cent. The company now has a surplus of \$2,000 on hand, which is being used to build a new exchange. This will be a two-storey building with an apartment for the manager and his family and also rooms for the girl operators, of which there are three.

A lineman who is also the local undertaker gets 30 cents an hour for his actual time in looking after the lines and 60 cents an hour when using his auto. There is also an assistant so that the line is always carefully looked after and it might be said there has never been a real delay thru lines being out of order. The bill for the lineman runs about \$35 per month, whereas if a special lineman had to be kept that expense would amount to at least \$75. The line connects with two trunk lines and the company gets five cents a message for receiving or sending a message over the trunk lines. Connection is also made with other local lines and a five cent charge made for such. In this way there is enough revenue collected to keep down charges and

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