

Co-operative Dairying in Europe

Co-operative production has been successfully applied to many branches of agriculture. Its function is not the actual work of producing the fruits of the earth, but rather to take the products of the farm, bring them to a finished state, and place them upon the most profitable market, at home or abroad. Thus the farmer produces milk, pork, grapes and beets on his own farm and the farmers' co-operative society manufactures these into butter or cheese, bacon, wine and sugar. Experience in countries where the co-operative system is highly developed shows that these and many other lines of manufacture can be carried on more profitably by co-operation than by either proprietary or individual enterprise, and of all branches of co-operative production, that of dairying has been found to be the most successful. Even in Ireland, where the co-operative spirit is not strong, farmers' co-operative creameries are operated with considerable success; and in Denmark eighty per cent. of the total output of butter, having a value of \$50,000,000 a year, is produced in co-operative dairies owned by the farmers who supply the milk. Co-operative dairying is the subject of a chapter in "Co-operation at Home and Abroad," an exhaustive and interesting volume by C.R. Fay, of Christ's College, Cambridge, which covers the whole field of co-operation as organized in Great Britain and the continent of Europe.

In one chapter Mr. Fay deals with the many advantages of the co-operative dairy, compared both with the small home dairy and the big private dairy or the joint stock dairy. In the matter of internal organization, he points out that modern dairying is a machine industry, using steam or some other motive power, and the modern butter making process, the centrifugal process, is highly specialized. The plant of a fair sized dairy, worked throughout with steam power, and the latest machinery, costs between \$3,500 and \$7,500. Here is the picture of a co-operative dairy at work, as seen by Mr. Fay, in Ballyrashane, Ireland:

An Irish Dairy

"Each morning the milk is brought from the farms into the dairy yard and, after a sample of each supplier's milk has been taken for testing purposes, poured into large tanks. The milk is then separated at pasteurizing temperature, the skim milk (about seventy-five per cent. of the whole weight) being returned to the farmer for cattle food. The cream which remains (with the exception perhaps of a small quantity reserved for local consumption as cream) is ripened in large vats and then conducted along cooling pipes so as to reach the churn at a suitable temperature. When the resulting butter and butter-milk are emitted from the churn, the butter-milk is sucked down by pumps and led away along pipes to be returned to the farmers also for cattle food. At first both in Ireland and Denmark, the farmers grumbled because their skim milk was not so valuable as before, not realizing that this decrease was more than compensated by the completer extraction of the more valuable butter material. Lastly, the butter passes into the finishing room, where it is rolled, salted and packed. By noon the work of the dairy is at an end. The whole process, occupying altogether but a few hours, is thus one which depends for its excellence on a combination of expert direction and good machinery. The manager, who must have had a special butter education, is generally assisted by an engineer and half a dozen butter workers, usually women."

The Milk Supply

As to the external organization, the author says: "The sine qua non for the establishment of a co-operative dairy is the existence of a sufficient number of cows in the district or the assurance that an immediate deficiency in this respect can be quickly made up. The farmers must not live so far from the dairy that the milk supplies cannot be conveyed fresh each morning to the receiving centre. If they live too far off, the economies of concentrated production will be outweighed by the dearness and the irregularity of transport; for it is necessary that the milk should be sent in fresh each morning. It does, however, happen that there are single little farms

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or clusters of little farms scattered over the country which possess a limited number of cows, say 300 or less. These farmers are too far from the nearest existing creamery and are, at the same time, not numerous or rich enough to build an efficient dairy of their own, costing perhaps \$5,000. If they try to gather in neighboring farmers, they may overlap with an existing creamery, thus causing waste and friction. To obviate this difficulty auxiliary dairies can be established to perform the preliminary process of separating the skim milk from the cream, which is then despatched to the central creamery. By this device the milk is treated while still fresh, and the more valuable extract, which is only a quarter the bulk of the milk, can bear the comparatively reduced cost of long distance transport, from which it incurs no damage. As an auxiliary costs at most \$2,500 to build, it is within the scope of a poorer association. If its trade grows, it can be connected with an independent creamery."

Co-operative Marketing

Practically all the butter of the Danish co-operative dairies is exported to Great Britain and sold through nine export federations with a single national committee for general watching of prices. Most of the Irish creameries, however, ship their butter direct to England, often to co-operative stores. The result is not nearly so satisfactory, but the Central Butter Agency formed in Ireland, receives little support, marketing only one-sixth of the butter co-operatively produced.

With regard to the advantages of the co-operative dairy over the proprietary concern, the author says that experience shows that the co-operative society exercises a valuable educational influence upon its members, it being the interest and the duty of every milk supplier to a co-operative dairy not only to send in pure milk, but to see that his neighbors do likewise. Co-operative dairies, where they are properly managed, are found to return a better price to those who supply the milk, and it is easy to understand that they are able to do this, because they give to their members the full value of their milk, while a proprietary concern cannot give more and will naturally give as much less as possible. Co-operative dairies also return skim-milk and butter-milk to the members, which enables them to feed calves and pigs, and another advantage is that if it were not for the establishment of a co-operative dairy, there might be none at all and farmers would be unable to avail themselves of the benefits of dairying and marketing on a large scale.

Raising the Capital

There are three important points in the constitution of the co-operative dairy, the provision of capital, the division of profits and the control of the milk supply. In Ireland the main part of the capital is raised by shares which give the right to vote in the management, and which may be held by the milk suppliers, by co-operative societies or by private individuals, the latter being usually people who wish to give the society a good start. Every milk supplier is required to take up at least one \$5 share and loan guarantee shares to an equal amount. In Germany capital is raised by shares in the same way, except that societies may not hold shares. In Denmark the co-operative dairies have no share capital. The original funds for the equipment of the dairy are borrowed from a private bank and repaid by instalments. The working capital is provided by a premium of about \$4 per cow owned, on which no interest is paid. A similar plan is followed in France, new members in both countries being required to pay an entrance fee proportionate to the amount of the loan which has been paid off.

Division of Profits

In the division of profits all countries are practically agreed, paying a fixed rate to capital, where shares exist, and the remainder, after provision for the reserve fund, to the farmers in proportion to the milk supplied. In Ireland and the Latin countries the employees of the dairies frequently share in the profits, and the practice is considered to produce good results.

The control of the milk supply is naturally one of the most important articles in the constitution. In Denmark the members give a written undertaking to deliver the whole of their milk to the dairy, with the exception of what may be

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