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Instances of Successful Co-operation: III.

AGRICULTURE.

In my first article, March 16th, I stated that every kind of co-operation that can be useful in Canada had been tried with success somewhere. In giving instances to prove that statement, I shall give such details as will serve to show how their success is dependent upon the methods of organization and of operation which have been followed.

I. Co-operation for the improvement of agricultural methods, by institutions for obtaining and exchanging practical and scientific knowledge. As already stated, in addition to the agricultural press, our Farmers' Institutes, Dairymen's, Fruit-growers', and other associations, completely "fill the bill" in this particular. However, these associations and the institutes should be better and more numerously patronized.

II. Co-operative purchase of supplies. This is one of the most important purposes to be served by farmers' organizations. Under different methods such organizations exist in Denmark, Germany, France and Belgium. Denmark has a National Co-operative Supply Association, organized as follows: Local societies are composed of farmers who individually guarantee, first, to make all purchases of certain supplies through the society; and, second, to bear joint proportionate liability for purchases made by the society. These local societies are managed by an elected committee and secretary, and they elect also representatives to district associations, which are similarly managed, the district secretary arranging for distribution of supplies among the societies of the district. These district associations are federated in turn into the National Association, similarly managed, which has offices in Copenhagen, through which are purchased in bulk such supplies as fertilizers, machinery, seeds, etc. It has eight large stores, a capital of \$110,000, a reserve fund of \$137,500, and last year distributed over \$180,000 worth of pure seeds alone, all grown at its own experimental stations.

Germany has a double system for purchasing—one like that of Denmark, the other being the Raiffeisen Banks, originally organized to provide members with farm capital, but subsequently arranging to make their purchases for them. Germany has over 1,000 purchasing societies, besides the banks.

France has a Central Farmers' Union for purchasing

fertilizers (their original object), feedstuffs, tools, etc., which has a membership equal to twice the whole number of farms in Ontario. This union purchases over \$10,000,000 worth of supplies annually, through the national offices alone, and over \$40,000,000 worth in all. As in Denmark and Germany, the farmers thus have virtual control of the markets of those supplies handled. In 1882 no fertilizers were used in France; now one firm alone makes over 15,000,000 tons annually, and the price has been reduced over 50%, while quality has improved at an equally great rate. Belgium has a similar organization, with similar results.

These countries have shown the advantage of such co-operative organizations to be:

- (1) Great reduction of manufacturers' prices, by ordering in bulk and doing away with travellers.
- (2) Great saving of cost to farmers, by doing away with local middlemen.
- (3) Great saving in transportation costs, by handling in bulk; and
- (4) Certainty of getting the best quality of every article, all supplies purchased having to stand tests by the association's experts.

III. The co-operative manufacture of farm products, as butter and cheese making; bacon-curing; meat canning; preserving, etc.; egg and fruit packing, etc. Denmark stands head of the market in quantity and quality of butter, bacon and eggs. Canada beats the world in cheese. France has shown what can be done by co-operative fruit-packing. The leading examples of co-operative undertakings are, however, afforded by Denmark.

[Note.—The cheese-factory system in Canada was an immense advance over the old go-as-you-please individual farm plan. It introduced uniformly intelligent methods, and laid the foundation of our present strong position. Headed by some enterprising dairy farmer or maker, farmers formed joint stock companies, supplying the capital to establish and run the factories, but these companies several years ago began rapidly dying out, by falling into the hands of private owners, usually the makers, but the system of manufacture remains.—Ed.]

Nearly 200,000,000 pounds of Danish butter were sold in Great Britain in 1902, at 23½ cents per pound, while Canada sold there less than 4 per cent. as much, at 20 1-3 cents per pound. Australian butter sold at a cent per pound more, so it can't be distance that made the difference. Danish butter is made in creameries owned co-operatively, and that is the reason. Danish butter costs to make only 7½ per cent. of price received. With cows yielding 6,000 to 11,000 pounds of milk per annum, a farm of 100 acres would clear \$60.00 per cow each year. Co-operative dairying, in the spirit and with the methods of the Danes, makes the most and the best of everything. Be it remembered that they use only one-third as much land as do the farmers of Ontario. Let us see how they do so much with it.

Denmark has 1,046 co-operative creameries, and 185 joint-stock creameries. They are small, averaging 800 cows each, such being found most profitable. Notice the distinction between the co-operative and the joint stock creameries, as revealed below. The co-operative creameries are established everywhere, upon the following guarantees by individual members:

- (1) Guarantee of supply of all milk for five years.
- (2) Guarantee of unlimited, proportionate security for capital loaned by banks, etc.
- (3) Guarantee to comply with specific rules, as to feeding and care of animals, and care of milk.

Pasteurizing is obligatory by law. Therefore, with such certainty of capital, of supply of milk in best condition possible, and of scientific manufacture, creameries in Denmark cannot but succeed in turning out the best butter at a good profit; and by selling it themselves, the farmers' association returns every possible cent to the farmers themselves.

The farmers owning these local creameries, organize into district associations, the functions of which are:

- (1) To hold experimental investigations.
- (2) To hold district butter competitions, for purpose of educating creamery workers.
- (3) To provide lectures, discussions and expert visitation of all creameries and farms for educational purposes.
- (4) The preparation of comparative returns as to costs of production, prices realized and amounts paid for milk at different creameries; a sort of stimulus to competition within the great combine, in order to bring all to the highest level.
- (5) To provide expert supervision of cow selection and breeding by farmer members.

These district associations are federated into a National Association, whose function is to bring districts into touch, to provide bulletins to all concerned in such a way as to spread the best practice over the whole country.

In addition, the creamery managers—the employees of the farmers' associations—have their own separate national organization, which instructs operators, keeps managers in mutual touch, so as to help in improving methods. There is a National Butter Quotations Committee, which fixes weekly quotations on basis of English prices; and, finally, a system of organizations for the sale of butter. There are eight of these, composed of groups of creameries, each of which sells its product only through the association to which it belongs. All these associations again are organized nationally, and observe uniform rules as to regulation of prices, etc. By this method of sale is effected reductions of trans-

portation and other costs. It will be noted that the Danish creamery industry is rather complicated as to its organization, but it is throughout both co-operative and thoroughly businesslike.

Danish bacon-curing in co-operative factories, is, perhaps, of more value as an object lesson to Canadian farmers than any one other instance. In 1902, such factories sold over 140,000,000 pounds of bacon, at 12.8 cents per pound by average, while Canada sold only one-third as much, at 11.3 cents, exactly 1½ cents less. In 1888 there was one co-operative factory, the rest being private, as are those of Canada now. In 1902 there were 27 such, and only 24 private factories. In 1896, 525,006 hogs were sold by them, for \$6,250,000. In 1902, 777,000 hogs were sold for over double the money. Note increase in value. The hogs average 129 pounds each live weight, and the farmers receive by average \$10.75 each for them, beside the bonus or "profit" of 80 cents per hog, paid semi-annually. Thus the Danish co-operative factory pays an average of \$8.92 per cwt. for live hogs, while Canadian private factories pay \$5.75 per cwt. for selects! In addition, remember, the co-operative factory pays for itself in 20 years, and gives itself to the farmer members who get such good prices. Co-operation pays in bacon-curing, evidently.

The average size of a factory district is one of 16 miles radius. Within this district the farmers get together, organizing parish societies, and then the district association. Each member gives a guarantee of proportionate unlimited security for loan of capital, and another guarantee that he will sell his bacon hogs only to the association factory, and pays his nominal fees. That is all, except to elect officers, who hire a manager, borrow the capital, and erect the factory. It takes \$35,000 permanent and \$15,000 working capital to begin operations. This is readily secured—usually at ½% above bank rate—seeing how good is the credit of an association so organized. With this capital a factory is built which will kill 28,700 hogs per annum, but it is found that a supply of 10,000 hogs per annum is enough to warrant the undertaking. The Danes believe such factories—not too large—pay best. Note that the farmers put in no capital whatever, as is necessary in case of a joint stock company. The factory, as stated, sets aside a reserve fund, that in about 20 years pays off the loan, besides paying the above-mentioned prices and profits.

Each factory association elects two representatives to the National Co-operative Bacon-curers' Association, which is managed by elected officers. Its functions are, as in the case of the National Creameries Association, to bring all production to the highest level of quality, and to effect the greatest economies consistent with excellence. It holds informal competitions, exhibits being telegraphed for, in order to get them from ordinary stock, the results of which are to stimulate and educate the factory workers. Defects are criticised, factory faults to managers, farm faults of breeding or feeding to the farmers. This national association costs only about three cents per farmer, which is insignificant, in view of the wonderful improvements in type, feeding and curing that have thus been produced.

So much for Danish butter and bacon, as co-operation has made them. A little thought will see how their system of guarantees has resulted in their very marked success as nothing else could have done, enlisting the cordial co-operation of every farmer in the common object of producing the best because it pays. It may be added that only one factory has ever failed, and that because hogs were scarce in the district when it started. Also, though violation of the agreement to sell hogs only to the association is punishable by a fine of \$2.50 per hog so sold, no member has ever attempted to evade his guarantee.

Scarcely less important as an instance of successful co-operative industries is the egg packing and shipping association of Denmark. District societies are formed by federation of parish societies. Larger federations of these district societies are then formed, by much the same method of organization throughout as in cases already outlined. The local societies have collectors, who receive eggs, weigh them, stamp with identification numbers, and forward to district society for packing. Thence they are shipped to the federation packing stations for examination, grading and packing, for shipment to England. Grading is according to size, and all eggs are paid for according to weight. Members are bound by guarantees to deliver only fresh eggs, and expulsion is the penalty of a second violation of the guarantee. Eggs must be clean. By this method of organization a large export, at highest prices, has been developed. In 1900, over \$5,000,000 worth, or about one dollar per Danish hen, was sold in Britain.

Germany has co-operative factories for making sugar from sugar-beets, for making spirits, starch, etc., from potatoes (a very important industry), and many other industries, all of which are organized similarly to those of Denmark. France has co-operative cider-making, fruit-preserving, and other industries, a good instance of which is the Commune of Roquevaire, which makes for its farmers 30% to 40% increased profits on its famous capers and apricots, beyond what they received prior to adopting co-operation in manufacturing and sale. Belgium has a large dairy industry on co-operative principles, which, begun in 1895, exported in 1901 \$4,500,000 worth of butter. It also is organized like that of Denmark. It is stated, on the best authority, that by the adoption of co-operation in different directions, the Belgian farmers make an increased annual profit of \$20.00 per acre. That, of course, is easily