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UNITED STATES DEPARTMENT OF LABOR  
Frances Perkins, *Secretary*  
BUREAU OF LABOR STATISTICS  
Isador Lubin, *Commissioner*

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# Consumers', Credit, and Productive Cooperation in 1933

By  
FLORENCE E. PARKER



*Bulletin No. 612*

UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1935

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For sale by the Superintendent of Documents, Washington, D. C. - - - - - Price 10 cents



## Letter of Transmittal

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UNITED STATES DEPARTMENT OF LABOR,  
BUREAU OF LABOR STATISTICS,  
*Washington, June 20, 1935.*

HON. FRANCES PERKINS,  
*Secretary of Labor.*

MADAM SECRETARY: I have the honor to transmit herewith the results of a statistical study by the Bureau of Labor Statistics of the cooperative movement in the United States. This survey covered the 1933 experience of all types of cooperative associations in this country, except the farmers' marketing associations, data for which are collected by other Government Departments. The widespread interest in all types of cooperative enterprises makes the study of especial value at this time.

This is the fourth study in this field made by the Bureau, the three previous ones having covered the years 1920, 1925, and 1929.

The Bureau takes this opportunity to acknowledge with gratitude the valuable cooperation of the societies which have supplied the requisite data year after year.

Respectfully submitted.

ISADOR LUBIN, *Commissioner.*



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Bulletin of the  
Bureau of Labor Statistics

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Consumers' Credit, and Productive Cooperation  
in 1933

Chapter 1.—Review of Developments, 1929 to 1933

THE development of the consumers' cooperative movement in the United States has been greatly affected by economic conditions. Depression apparently has had a greater influence than prosperity upon the spread of cooperation—an influence which is adverse as regards societies already in existence but beneficial as regards the formation of new societies. On the one hand, with the main support drawn from the wage earners, all cooperative enterprises are put to a severe strain by the declining wages and widespread unemployment attending a depression. The stronger societies with loyal members, efficient management, and adequate reserves are able to survive, but the weaker societies fail. Every depression, therefore, witnesses the disappearance of a certain proportion of the associations. On the other hand, depression conditions bring home to every family the necessity of stretching to the utmost every cent of the dwindling income. It is under such conditions that the "cooperative idea" makes its greatest appeal and it is not strange, therefore, that depression periods have always been the most fruitful as regards the formation of new societies.

The Bureau of Labor Statistics has been collecting data on the cooperative movement in the United States since 1918. During the 17-year period two depressions have occurred, with the usual effects upon the cooperative movement. Because of the long continuance of

the depression which began in 1929, the period from 1929 onward has been an unusually difficult time, though not all phases of the movement have been equally affected.

Considering all factors, the showing made by the cooperative associations in 1933 was relatively favorable. It is true that in comparison with 1929 virtually all classes reported a marked decline in the volume of business but in the aggregate the decrease is largely explained by the lower price level. Moreover, a distinctly encouraging feature of the 1933 survey is the fact that the average membership of several classes of cooperative societies shows a decided advance since 1929.

#### Factual Basis of Report

WITH the completion of the survey for 1933, there is now available a 15-year statistical record of the business of the cooperative movement in the United States.<sup>1</sup> Like its predecessors, this report is made possible by the voluntary cooperation of those interested in the movement and it is a pleasure to acknowledge the generous support of hundreds of individual societies which supplied information. Detailed statistics were furnished by the cooperating societies for 1933, but information concerning the volume of business, net profits, patronage dividends, and interest on share capital was also supplied for the intervening years since 1929, when the last general survey was made.

Except for farmers' marketing organizations,<sup>2</sup> the present survey includes all types of cooperative associations. Reports were received from 725 local consumers' societies, 9 wholesale societies, and 3 other central organizations, 1,772 credit societies, and 8 workers' productive associations—a total of 2,517 organizations. Although the societies supplying information constituted somewhat less than two-thirds of the 3,888 societies known to have been in existence at the end of 1933, they include virtually all of the largest and most stable organizations. The reporting societies had a combined membership of 689,131 and employed 4,795 persons.

#### Summary of Operations in 1933

THE total business done by the 2,517 reporting societies in 1933 amounted to \$87,495,582. More than half of the total—\$46,899,929—was accounted for by the local consumers' societies. The business of the nine wholesale societies amounted to \$8,748,726 and the remainder was accounted for by the credit unions and the workers' productive societies.

<sup>1</sup> Bulletin No. 531 traces the developments through 1929; other general surveys of the Bureau covered the years 1925 (Bulletin No. 437) and 1920 (Bulletin No. 313).

<sup>2</sup> For data on farmers' marketing associations, see reports of the United States Department of Agriculture and the United States Farm Credit Administration.

Although many of the cooperative enterprises operated at a loss in 1933, net savings or "profits" of \$2,016,420 are shown for all of the reporting societies combined. Part of this net gain—\$1,361,909—was returned to the shareholders in the form of patronage refunds and a total of \$1,179,231 was paid as interest on the outstanding share capital.

The total resources of the societies for which information was available amounted to \$60,277,004. Of the total resources, \$32,293,059 represented paid-in share capital and \$7,132,888 represented accumulated reserves.

A statistical analysis of the operations and financial status of the various types of cooperative societies in 1933 is given in table 1. In order to round out the cooperative picture, the table also shows comparable data for mutual savings banks, labor banks, and building and loan associations, which, although not strictly phases of the cooperative movement, are at least semicooperative in character.

TABLE 1.—OPERATIONS OF COOPERATIVE SOCIETIES OF SPECIFIED TYPES IN 1933

Type of society	Total number of societies	Number of societies reporting	Number of members	Paid-in share capital	Reserves	Total resources	Amount of business done, 1933	Net gain, 1933	Amount of interest paid on share capital, 1933	Amount returned in patronage refunds, 1933	Number of employees	Amount paid in wages, 1933
<i>Cooperative</i>												
Consumers' societies:												
Local societies:												
Store societies.....	878	235	76,160	\$2,774,664	\$1,865,751	\$10,881,422	\$14,372,118	\$224,167	\$46,381	\$169,701	1,314	\$1,232,343
Distributive departments of marketing associations.....	176	35	6,590	635,826	240,728	1,224,170	2,325,434	37,252	13,698	4,302	139	121,760
Gasoline and oil associations.....	616	398	127,243	2,395,677	1,378,571	5,770,907	21,017,855	1,698,977	91,906	1,054,590	1,117	1,047,088
Bakeries.....	10	4	2,618	33,845	19,701	228,825	408,366	17,967			116	161,578
Creameries.....	3	1	3,950	845,700	143,525	1,188,477	1,773,582	125,601			385	675,000
Restaurants and boarding houses.....	20	8	4,752	92,233	214,262	324,350	398,942	7,161	4,016	1,382	133	132,693
Laundries.....	1	1	20	550		836	8,005	1,140			8	5,959
Funeral associations.....	38	9	3,321	29,001	7,451	58,334	56,276	2,496			13	14,185
Publishing societies.....	7	1	419	43,750	11,660	207,466	61,742	1,902			25	32,850
Water-supply societies.....	7	2	368	14,800	(?)	19,631	6,525	1,603	1,185		(?)	(?)
Trucking associations.....	1	1	14	1,905	1,156	3,151	2,463	1,156			2	517
Insurance societies.....	9	7	100,395				\$6,007,162			23,782	76	115,664
Housing societies.....	48	22	840	950,058		2,940,470	\$446,509				66	45,532
Hospitals.....	1	1	1,602	81,000			\$14,960					
Garage societies.....	2											
Cleaning and dyeing societies.....	1											
Social and recreational associations.....	4											
Total, local societies.....	1,822	725	1,328,278	7,899,009	3,882,805	22,848,039	46,899,929	1,935,996	157,186	1,253,757	3,394	3,585,169
Wholesale societies handling—												
Household supplies.....	11	4	\$636	560,132	146,326	1,207,169	2,787,230	103,429	18,487	65,096	101	132,057
Gasoline and motor oils.....	10	5	\$288	141,353	226,456	725,128	5,961,496	63,933	4,265	43,056	208	295,246
Other central organizations:												
National, educational.....	1	1	\$1,498									
Regional, educational.....	10	2	\$49								4	
Total, consumers' societies.....	1,854	737	1,328,304	8,600,494	4,255,587	24,780,336	55,648,655	2,103,358	179,938	1,361,909	3,702	4,012,472
Credit unions.....	2,016	1,772	359,646	22,457,861	2,372,711	35,496,668	\$28,217,457		999,293			

Workers' productive societies.....	18	8	1, 181	1, 234, 704	504, 590	-----	3, 629, 470	<sup>1</sup> 86, 938	-----	1, 097	772, 073	
Grand total.....	3, 888	2, 517	688, 131	32, 293, 059	7, 132, 888	60, 277, 004	87, 495, 582	2, 016, 420	1, 179, 231	1, 361, 909	<sup>8</sup> 4, 799	4, 784, 545
<i>Semicooperative</i>												
Mutual savings banks.....	594	594	<sup>10</sup> 12, 734, 892	890, 000, 000	-----	11, 134, 142, 000	<sup>11</sup> 10, 039, 958, 000	-----	-----	-----	-----	-----
Labor banks.....	<sup>4</sup> 4	<sup>4</sup> 4	-----	1, 725, 000	436, 421	-----	<sup>11</sup> 15, 338, 505	-----	-----	-----	-----	-----
Building and loan associations.....	10, 727	10, 727	9, 224, 105	-----	-----	-----	6, 977, 531, 676	-----	-----	-----	-----	-----
Total.....	11, 325	11, 325	21, 958, 997	891, 725, 000	436, 421	18, 129, 859, 892	<sup>11</sup> 10, 054, 686, 079	-----	-----	-----	-----	-----

<sup>1</sup> Loss.

<sup>2</sup> One society reported a deficit of \$3,250.

<sup>3</sup> One society reported 4 part-time employees, to whom it paid \$1,400 in wages.

<sup>4</sup> Affiliated or owner societies.

<sup>5</sup> New insurance written.

<sup>6</sup> Total income for year.

<sup>7</sup> Individuals; does not include member societies.

<sup>8</sup> Not including 41 part-time employees, distributed, by type of society, as follows: Store societies, 29; distributive departments of marketing societies, 2; gasoline and oil associations, 5; water-supply societies, 4; and trucking associations, 1.

<sup>9</sup> Loans made during year.

<sup>10</sup> Number of depositors.

<sup>11</sup> Deposits.

## Comparison With 1929

COMPARED with 1929, the volume of business done in 1933 by nearly all classes of cooperative societies for which information is available shows a sharp reduction (see table 2). Part of the decrease was due, of course, to the decline in the general price level. But even after allowance has been made for this factor it is clear that in several branches of the cooperative movement there has been a serious dwindling of business as well as of dollar sales. Among the workers' productive societies, for example, as against a decrease of somewhat more than 30 percent in prices between 1929 and 1933, the volume of business of the cooperative shingle factories fell off nearly 69 percent, and a decrease of about 66 percent is shown in the business of the cooperative cigar factories. A sharp decline was likewise reported by the cooperative laundry establishments; for this group total business in 1933 amounted to \$8,005, as compared with \$17,711 in 1929, a decrease of approximately 55 percent. The most pronounced contraction of all, however, is shown for the funeral associations, whose business in 1933 was less than a fourth of the 1929 total.

By contrast, the other types of cooperatives were relatively fortunate. Three groups—shoe factories, fish canneries, and creameries—show an actual increase over 1929 in the volume of business transacted. Indeed, the dollar sales of the cooperative shoe factories in 1933 were higher than for any other year on record and the sales of the fish canneries during the year were nearly 19 percent higher than in 1929. The business of bakeries, restaurants and boarding houses, and plywood factories was within 20 percent of the 1929 level. Decreases ranging from 28 percent to 34 percent under 1929 were reported for the retail stores, local gasoline and oil associations, and the wholesale societies.

The trend of sales for specified types of cooperative societies from 1920 to 1933 is shown in table 2. The table also indicates the average membership of the different groups of consumers' societies in 1925, 1929, and 1933.

TABLE 2.—TREND IN MEMBERSHIP AND BUSINESS OF SPECIFIED TYPES OF COOPERATIVE SOCIETIES, 1920 TO 1933

*Average membership per society*

Year	Local consumers' societies						
	Retail stores	Gasoline and oil associations	Bakeries	Creameries	Restaurants and boarding houses	Funeral associations	Laundries
1925.....	293	516	537				132
1929.....	303	469	392	2,432	285	524	133
1933.....	407	379	655	3,950	679	474	20

*Average business per society*

1920.....	\$111,629		\$95,239		\$42,959		\$16,042
1921.....	94,294		84,500	\$544,063	36,441		13,990
1922.....	87,422	\$55,407	84,272	1,670,694	47,954		13,208
1923.....	90,418	87,454	85,647	3,106,991	66,813		15,877
1924.....	91,371	47,684	94,019	3,301,592	65,092		21,063
1925.....	95,647	82,497	132,193	3,533,175	55,331		18,893
1926.....	91,774	82,152	117,365	3,398,659	93,536	\$29,526	17,372
1927.....	90,112	61,707	120,402	3,341,740	104,933	32,413	18,755
1928.....	91,184	78,565	105,304	1,755,771	84,297	26,454	18,735
1929.....	90,619	77,015	120,739	1,717,264	78,025	26,586	17,711
1930.....	108,290	79,266	114,343	3,149,142	141,494	22,200	10,014
1931.....	86,429	66,732	115,437	2,639,854	106,971	8,970	9,510
1932.....	68,311	55,969	96,105	1,990,339	81,639	6,257	8,960
1933.....	62,760	54,734	102,092	1,773,582	66,490	6,253	8,005

	Wholesale societies handling—		Workers' productive associations				
	Household supplies	Gasoline and motor oil	Cigar factories	Shoe factories	Fish canneries	Shingle mills	Plywood factories
1920.....	\$950,378		\$17,345	\$175,000	\$1,019,054		
1921.....	608,245		28,231	(1)	601,298	\$216,613	
1922.....	547,274		43,499	365,000	632,812	187,906	\$539,854
1923.....	633,333		51,446	451,000	723,043	210,771	924,812
1924.....	735,639		44,998	627,000	650,756	220,272	712,275
1925.....	819,840		37,170	796,000	749,182	235,150	743,535
1926.....	1,280,159	\$2,599,199	38,272	1,092,697	740,774	179,472	(1)
1927.....	993,281	1,868,579	40,750	1,264,561	434,875	177,564	(1)
1928.....	1,133,939	1,845,932	30,641	1,374,413	381,266	175,869	(1)
1929.....	1,291,358	2,247,349	27,553	1,354,818	400,823	309,808	846,497
1930.....	1,335,276	2,373,907	18,632	1,284,982	538,797	130,861	463,792
1931.....	1,108,089	1,398,805	13,102	1,388,177	348,418	81,686	391,338
1932.....	892,130	1,175,223	11,437	1,408,946	424,386	61,216	444,443
1933.....	929,077	1,490,374	9,399	1,622,616	485,286	96,988	682,603

<sup>1</sup> Not reported.

Although the volume of business of the cooperative societies was generally lower in 1933 than in 1929, the average membership of several of the important classes of cooperatives advanced during the 4-year interval. The average for cooperative restaurants and boarding houses more than doubled between 1929 and 1933. Gains of more than 60 percent are shown for bakeries and creameries and a substantial rise of 34 percent is reported in the average membership of the cooperative retail stores.

The gains shown for these classes of cooperatives were partly offset by a falling off in the average membership of the gasoline and oil associations, funeral associations, and laundries.

## Chapter 2.—Consumers' Organizations

### Local and Retail Consumers' Societies

**A** REMARKABLE resistance to unusually adverse conditions is revealed by the returns from the local consumers' cooperative societies.

At the time when the Bureau's last previous survey was made (covering the year 1929) the societies were just recovering from the losses sustained during the depression of 1921. Even in 1929, however, societies in the textile, mining, and railroad centers were reporting difficulties caused by unemployment of their members, with its accompanying loss of buying power.

The reports received in connection with the present survey reflect the sudden and unexpected losses by both societies and their members from bank failures, the consequent unusual demands upon the societies for credit, the continuously increasing unemployment, and the loss of purchasing power of members due to short-time work or total unemployment or to wage cuts. These conditions have caused the failure of a considerable number of the societies. Nevertheless, the sounder and more stable societies have survived, and these, it is worthy of note, have even been able to effect substantial savings for their members. Many new societies have been formed.

The present chapter covers only the local consumers' organizations, i.e., those carrying on a retail distributive or service business. Most of these societies are owned and operated by individual consumers. A recent development has been the cooperative society owned by other local cooperative organizations, such as a gasoline and oil association, a burial association, a sausage factory, etc., operated as the joint enterprise of a number of cooperative stores or other associations. Many of the local consumers' organizations are federated into district, regional, and national organizations, either educational or commercial, covered later in this chapter.

All the data were obtained by questionnaire. Tabulatable replies were received from 695 societies.<sup>1</sup> Most of the data relate to the year 1933, but information for the intermediate years since 1929 was requested as regards business done, net earnings, interest returned on share capital, and amounts returned as patronage refunds.

<sup>1</sup> The Bureau takes this opportunity of acknowledging with gratitude the assistance rendered by Mr. R. H. Elsworth, of the Farm Credit Administration, in making available data for the cooperative oil associations.

The returns show a combined membership of 225,441 at the end of 1933, about 90 percent of the membership being in the retail-store societies and the associations retailing gasoline and motor oil. Although the average membership per society was 389 persons, over two-fifths of the societies had fewer than 200 members and only 38 had 1,000 or more members. As compared with 1929, the average membership per society showed a considerable rise, that of the store societies having risen by one-third. Of 142 societies for which membership data are available for both 1929 and 1933, there were 65 which added to their membership, 73 whose roster fell, and 4 in which it remained unchanged. Notwithstanding the fact that the societies which had been able to expand in size were fewer than those which had lost members, the gains made were so great that the total membership for all 142 societies showed a 9.5 percent increase.

Total resources of \$19,907,569 were reported at the end of 1933, or about \$40,000 per society reporting. More than half of the societies had assets of less than \$25,000 each and 85 percent less than \$50,000; 2 societies, however, each had resources amounting to a million dollars or more. The share capital of the societies totaled \$6,867,951, or slightly over \$12,000 per society and \$37 per member. Reserves to cover unexpected losses amounted to \$3,882,805, or \$9,956 per society.

The business done in 1933 by the local consumers' societies aggregated \$40,431,308, nearly three-fourths of which was done by organizations in the North Central States. The store societies and the oil associations, being the two largest groups, naturally accounted for the greatest proportion of sales (about 88 percent of the total). Although there were 5 societies each of which had sales of more than half a million dollars, nearly 60 percent of the organizations reporting had a business for the year amounting to less than \$50,000. During the 4-year period 1930-33, the local consumers' societies covered by the study had total sales of more than \$158,000,000. As might be expected during this depression period, average sales per society decreased each year, falling from \$109,000 in 1930 to \$60,000 in 1933.

Of 534 societies which reported the results of their trading operations for 1933, 449 had a gain of \$2,072,302, while 85 sustained a loss of \$136,306. There was therefore a net saving of \$1,935,996, which represented 5.5 percent if figured on sales and 23.5 percent if figured on capital stock. The importance of the oil associations is shown by the fact that whereas their business formed 52 percent of the total consumers' cooperative business, their net earnings formed about 87 percent of the total earnings. In spite of the adverse business conditions, the societies were able to effect, during the 4-year period, trading gains amounting to \$7,419,999; of this amount \$5,609,601 was accounted for by the oil associations.

Many societies paid no interest on share capital for 1933; 259, however, were able to do so, but of these 56 failed to report the amount paid in interest. The 203 societies reporting paid the sum of \$157,186. During the period 1930-33 interest paid on stock amounted to \$631,423.

Refunds on patronage—the outstanding feature of the consumers' cooperative movement—were paid on the 1933 business by 265 societies, in the sum of \$1,229,975. During the 4-year period \$4,438,619 was paid in this way.

Thus, as the figures show, during the worst depression that the present generation has known, when most investments have made little or no return, the cooperative societies were able to save for their members, in interest and patronage rebates, more than 5 million dollars.

During 1933, the societies reporting employed 3,252 full-time and 41 part-time workers, and had a pay roll for the year of \$3,423,973. The per-capita earnings varied considerably according to the line of cooperative business in which employment was had, ranging from \$814 in general-merchandise societies to \$1,753 in the one creamery society reporting. The average earnings during 1933, all types of societies combined, were \$1,129.

That working hours required by the societies in 1933 were long, and in one society shockingly so, is shown by the returns on that point. Although the average weekly hours in the bakeries and miscellaneous group<sup>2</sup> were 48 or under, the average in the store societies was 56.1 hours and that for all types combined was 54.0. The lowest weekly hours reported by any society were 36, found in the oil group, and the highest were 101.5, required in a general store. Classification of the societies by weekly hours shows that two-fifths of the associations had a 48-hour week or shorter, while 23 percent worked their employees 10 hours or more per day.

#### Characteristics of Consumers' Cooperative Societies

THE consumers' society in its organization varies little from country to country. The following fundamentals laid down by the Rochdale weavers have been adopted as guiding principles wherever the movement has spread:

1. Unrestricted membership, with capital shares of low denomination which may be paid for in installments.
2. Limitation of the number of shares to be held by any one member.
3. Democracy in government, with officers elected by and responsible to the members, and each member entitled to one vote only, irrespective of the number of shares he holds.

<sup>2</sup> Including a creamery, a laundry, a water-supply society, and a publishing association.

4. Sale of goods at prevailing market prices.
5. Cash sales to avoid the loss attendant upon the extension of credit and to enable the society to make the best use of its capital.
6. Return of dividends to each member, not on the stock held, but in proportion to the amount of his patronage with the store.

Types of Societies Included in Study

THE great majority of the societies reporting were either retail store societies or associations selling gasoline and motor oil. Reports were received from 35 associations whose principal business is the marketing of the members' farm produce and livestock. In addition to the marketing business, these organizations have a store department which supplies the members with groceries, work clothing, general farm supplies, etc. There are many farmers' marketing organizations which have a retail department dealing in supplies used for the business (i.e., production) of the farm. As such goods cannot be regarded as consumers' goods, nor such societies as consumers' societies, the associations in this category were excluded from this study.<sup>3</sup> The statistics in the present report relate only to organizations handling consumers' goods (groceries, clothing, house furnishings, notions, etc.); for the distributive departments of the marketing associations, the figures cover only the retail, not the marketing business.

The other societies are classified in table 3 according to their main business activity. Thus, an organization which runs a store business may also operate a bakery, a dairy, or a restaurant, but if the merchandising business is the principal line, the organization is here classed with the retail store societies. Notations are made, however, where several lines of activity are carried on.

Some data were received from 695 societies<sup>4</sup> classified (on the above basis) according to type as follows:

Retail store societies.....	235
Distributive departments of marketing associations.....	35
Gasoline and oil associations.....	398
Bakeries.....	4
Creameries.....	1
Restaurants and boarding houses.....	8
Laundries.....	1
Burial associations.....	9
Water-supply societies.....	2
Publishing associations.....	1
Trucking associations.....	1
<hr/>	<hr/>
Total.....	695

<sup>3</sup> Statistics of the Farm Credit Administration cover such associations.

<sup>4</sup> Reports were also received, but too late for use, from 5 store societies and a creamery.

In addition, returns were received from 7 insurance societies, 22 housing associations, and a cooperative hospital. These are also consumers' societies, but as they do not lend themselves to the same computations as the other societies they are treated separately later in this chapter.

The gasoline and oil associations are a development of the past decade. They are found mainly in the Middle West, and chiefly in the rural and farming sections where the cost of gasoline and motor oils forms a considerable factor in the cost of crop production. The cooperative boarding houses are formed among single men and are found particularly in towns on the Mesabi Range, in the copper district of Michigan, and in the Great Lakes ports. Both of the water-supply associations reporting are on the Pacific coast in a region where water is scarce and the supply must be piped in from a distance.

The burial associations, a comparatively recent development and one mainly in the Middle West, have some interesting features. In most societies the membership certificate entitles the member's entire family to burial service. Some societies provide that the certificate becomes void upon the death of the person to whom it was issued but in others it becomes void only when all the single children under 30, the parents, and all other dependent relatives have died. Practically all of the societies have a "free burial fund" from which assistance can be given when the member's family is unable to pay the cost of burial. The sources of revenue for this fund consist of lapsed membership fees and an assessment of 25 cents per member per year. One organization which increased its membership from 273 to 313 members from 1932 to 1933 reports that it is handling some two-thirds of the funerals in its territory; 1933 was regarded as a poor year, however, because of "the low death rate and low-cost funerals." Another reports that it conducts about 85 funerals a year at an average cost of \$220 per burial.

Table 3 shows, for the 463 societies which reported regarding business carried on, the number of establishments operated in the society's main and auxiliary lines of business. As the table shows, the 211 store societies reporting operate a total of 284 stores and 42 other establishments. Altogether the 458 societies covered in the table run 894 establishments, including 284 stores, 499 gasoline filling stations, 12 fuel yards, 19 restaurants or boarding houses, 10 bakeries, 9 undertaking establishments, and 8 dairies. Other enterprises operated by these societies include a pasteurizing plant, a garage, a trucking business, a printing plant, a laundry, a bar, a dance hall, a club room, an ice-cream parlor, a bean-cleaning plant, a tailor shop, a huckster truck, and a workers' center.

In addition to the usual lines of goods generally carried in their particular line of business, 4 societies carry dairy products, 1 society carries delicatessen goods, 6 bakery goods, 1 beverages, 2 ice cream, 1 medicine, 30 dry goods, 15 shoes, 4 clothing, 4 men's furnishings, 2 notions, 2 furniture, 1 rugs, 2 crockery, 34 hardware, 18 machinery and/or implements and tools, 44 farm supplies, 7 building materials, 4 paint, 4 "forest products", 1 explosives, 12 produce, 2 wool, 4 tires, 30 coal and/or wood, and 30 gasoline and oil.

Very little production is engaged in by the consumers' societies. Only 24 societies reported any activities in this line. Of these, 8 manufacture poultry and/or stock feeds, 1 does wheat and rye milling, 7 manufacture bakery goods <sup>5</sup>, 3 make sausage or smoked meats, 1 makes ice cream, 1 butter and cheese <sup>6</sup>, 1 biscuits and rye hardtack, 1 bread, and 1 custom-made clothing.

TABLE 3.—BRANCHES OF BUSINESS ENGAGED IN BY CONSUMERS' COOPERATIVE SOCIETIES

Type of society	Number of societies reporting	Establishments operated in main line of business	Other establishments
<b>Retail store societies dealing in—</b>			
Groceries.....	54	1 58	9
Groceries and meat.....	26	1 52	17
General merchandise.....	126	1 164	15
Fuel.....	1	1	1
Students' supplies.....	4	4 0	1
<b>Total.....</b>	<b>211</b>	<b>284</b>	<b>42</b>
<b>Distributive departments of marketing associations.....</b>			
Gasoline and oil associations.....	35	1 40	5
Bakeries.....	192	1 486	1
Creameries.....	4	4	1
Restaurants and boarding houses.....	1	7 1	1
Laundries.....	8	17	1
Funeral associations.....	1	1	1
Publishing societies.....	9	9	1
Trucking associations.....	1	1	1
<b>Grand total.....</b>	<b>463</b>	<b>844</b>	<b>50</b>

<sup>1</sup> In addition to groceries, 3 societies handle coal, 22 dry goods, 12 shoes, 1 rugs, 6 produce, 21 one or more items of farm supplies (such as feed, seed, fertilizer, etc.), 12 hardware, 5 gasoline and oil, 2 machinery, 1 building materials, 2 crockery, 1 medicine, 1 clothing, 1 paint, 1 delicatessen goods, 1 notions, and 1 men's furnishings.

<sup>2</sup> In addition to groceries and meat, 4 societies handle 1 or more items of farm supplies (such as feed, seed, fertilizer, etc.), 4 dairy products, 1 paints, 5 hardware, 3 fuel, 1 men's furnishings, 4 dry goods, 1 notions, 5 bakery products, 2 machinery and/or implements, 1 building materials, 2 gasoline and oil, and 1 beverages.

<sup>3</sup> In addition to general merchandise, 1 society handles paint, 19 handle 1 or more items of farm supplies (such as feed, seed, fertilizer, etc.), 11 machinery and/or implements, 12 hardware, 4 dry goods, 6 coal, 11 gasoline and oil, 1 men's furnishings, 2 shoes, 1 bakery goods, 6 produce, 4 forest products, 2 building materials, 3 clothing, 1 furniture, 1 explosives, and 1 society does trucking.

<sup>4</sup> In addition to students' supplies, 1 society handles men's furnishings and clothing, and 1 furniture.

<sup>5</sup> Stores operated; in addition, 18 societies handle coal, 12 gasoline and oil, 3 lumber and/or other building materials, 3 farm machinery and/or implements, 1 shoes, 1 paint, and 5 hardware.

<sup>6</sup> Includes both bulk and retail stations, but does not include 25 truck routes. 1 society also handles merchandise, 2 wool, 4 tires, and 1 society operates a garage.

<sup>7</sup> This society also manufactures butter and ice cream.

<sup>8</sup> Does not include the bakery societies whose main line of business is the manufacture of bakery products.

<sup>9</sup> Does not include the creamery society in which the manufacture of these products is one of the main lines of business.

## Membership

IN THE consumers' cooperative movement the aim is to reach as many persons as possible, open membership being one of the fundamental tenets of consumers' cooperation. In the cooperative society the more members the more business, the greater the savings effected, and the greater the returns to the purchasers. For these reasons limitations on membership are very uncommon. There are many societies whose membership is mainly of one nationality, but this is almost always due to the natural tendency of persons to associate with those from their own country of origin, not to a definite limitation on membership.

Of the societies which made returns in the present study only 39 had any membership restrictions. Of these the farmers' organizations were most numerous; 6 of these societies restricted their membership to "producers", 8 to farmers, and 7 to members of the Farmers' Union. The only other restrictions on the occupational basis were those of 4 students' supply societies whose membership is limited to the students and faculty of the university, and 1 society which accepts into membership only railroad men.

Numerical restrictions were reported by 2 societies, one of which limits its membership to 32 members and the other to 200 members. Three others are accepting no new members.

Nationality or race restrictions were reported by 4 societies, 2 accepting whites only, 1 Finns only, and 1 only Italian-speaking persons of good character.

To qualify for membership in 2 societies the applicant must reside in the locality or trading area, and one of these also requires that the member must give the cooperative business his patronage.

One society reports that it regards persons with "extreme left wing" views as not "desirable" for membership purposes, but does not say definitely that admission is refused to such persons. Another organization, which is the joint enterprise of several local cooperative store societies, accepts into membership only "genuine cooperative organizations."

At the end of 1933 the 579 consumers' societies which furnished reports had a combined membership of 225,441, an average of 389 persons per society. More than 76,000 persons were members of store societies and about 127,000 were members of gasoline and oil associations. There is probably some duplication in these figures, as one person may be a member of several different societies.

TABLE 4.—TOTAL AND AVERAGE MEMBERSHIP OF CONSUMERS' COOPERATIVE SOCIETIES, END OF 1933

Type of society	Number of societies reporting	Membership	
		Total	Average per society
<b>Retail store societies dealing in—</b>			
Groceries.....	45	8, 857	197
Groceries and meat.....	25	12, 671	507
General merchandise.....	112	23, 532	210
Fuel.....	1	100	100
Students' supplies.....	4	31, 000	7, 750
<b>Total.....</b>	<b>187</b>	<b>76, 160</b>	<b>407</b>
<b>Distributive departments of marketing associations.....</b>			
Gasoline and oil associations.....	33	6, 590	200
Bakeries.....	336	127, 243	379
Restaurants and boarding houses.....	4	2, 618	655
Water-supply societies.....	7	4, 752	679
Funeral associations.....	2	368	184
Other societies.....	7	3, 321	474
<b>Grand total.....</b>	<b>13</b>	<b>14, 389</b>	<b>1, 463</b>
<b>Grand total.....</b>	<b>579</b>	<b>225, 441</b>	<b>389</b>

<sup>1</sup> Not including 1 society whose members are 14 retail societies.

That the largest proportion of the societies have a small membership is shown by table 5. Over two-fifths of the societies reporting had fewer than 200 members, and over 80 percent had fewer than 500 at the end of 1933. Only 38 (6.6 percent) were what in Europe would be considered fair-sized societies, i.e., with 1,000 members or more. Over half of these were oil associations.

Among the gasoline and oil associations the largest in point of membership were the following:

	<i>Members</i>
McLean County Service Co., Bloomington, Ill.....	2, 720
Montgomery County Farm Bureau Oil Association, Inc., Crawfordsville, Ind.....	2, 000
Consumers Oil Cooperative, Inc., Greeley, Colo.....	1, 745
Cooperators' Union Oil Co. of Boise Valley, Caldwell, Idaho.....	1, 688
Knox County Oil Co., Galesburg, Ill.....	1, 597
Consumers Oil Co., Maryville, Mo.....	1, 500

Among the other associations the largest organizations (omitting the students' societies) were the following:

	<i>Members</i>
Consumers' Cooperative Services, New York, N. Y.....	3, 959
Franklin Cooperative Creamery, Minneapolis, Minn.....	3, 950
Cooperative Trading Association, Brooklyn, N. Y.....	2, 800
Cooperative Trading Co., Waukegan, Ill.....	2, 096
Cloquet Cooperative Society, Cloquet, Minn.....	1, 725
Newmanstown Cooperative Association, Newmanstown, Pa.....	1, 589
Tamarack Cooperative Association, Calumet, Mich.....	1, 516
Rockingham Cooperative Farm Bureau, Harrisonburg, Va.....	1, 400
Workingmen's Cooperative Co., Cleveland, Ohio.....	1, 150
Minnesota Valley Burial Association, New Ulm, Minn.....	1, 030
Cooperative Bakery of Brownsville & East New York, Brooklyn, N. Y.....	1, 000

TABLE 5.—DISTRIBUTION OF CONSUMERS' COOPERATIVE SOCIETIES ACCORDING TO MEMBERSHIP AT END OF 1933

Type of society	Number of societies having classified number of members							Total
	Under 50	50 and under 100	100 and under 200	200 and under 300	300 and under 500	500 and under 750	750 and under 1,000	
<b>Retail store societies dealing in—</b>								
Groceries.....	7	12	9	7	6	2	2	45
Groceries and meat.....	2	4	7	4	1			25
General merchandise.....	12	30	35	19	8	3	2	112
Fuel.....			1					1
Students' supplies.....								4
<b>Total.....</b>	<b>21</b>	<b>46</b>	<b>52</b>	<b>30</b>	<b>15</b>	<b>8</b>	<b>4</b>	<b>187</b>
<b>Distributive departments of marketing associations.....</b>	<b>3</b>	<b>7</b>	<b>10</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>33</b>
Gasoline and oil associations.....	8	35	73	71	72	32	22	336
Bakeries.....				1	1	1	1	4
Restaurants and boarding houses.....	2	2		1	1			7
Water-supply societies.....			1	1				2
Funeral associations.....		1			3	2		7
Other societies <sup>1</sup> .....	1				1			3
<b>Grand total.....</b>	<b>35</b>	<b>91</b>	<b>136</b>	<b>109</b>	<b>98</b>	<b>44</b>	<b>28</b>	<b>579</b>

<sup>1</sup> Not including 7 societies owned by 41 retail societies.

<sup>2</sup> Includes a creamery, a laundry, a publishing association, and a trucking association.

<sup>3</sup> Not including 1 society owned by 14 retail societies.

<sup>4</sup> Not including 8 societies owned by 55 retail societies.

The membership of the principal groups of societies is shown in table 6 by States and by geographic divisions. Over 70 percent of the membership is in the North Central States.

TABLE 6.—MEMBERSHIP OF CONSUMERS' COOPERATIVE SOCIETIES AT END OF 1933, BY STATES AND GEOGRAPHIC DIVISIONS

State and geographic division	Store societies		Distributive departments of marketing associations		Gasoline and oil associations		Other societies		Total	
	Number reporting	Members	Number reporting	Members	Number reporting	Members	Number reporting	Members	Number reporting	Members
Alaska.....	1	238							1	238
Arkansas.....	1	150							1	150
California.....	2	12,000							2	12,000
Colorado.....	1	33	1	500	8	4,005			10	4,538
Connecticut.....	1	180					1	20	2	200
Idaho.....	2	237			1	1,688			3	1,925
Illinois.....	10	3,976	2	218	36	29,048			48	33,242
Indiana.....	2	240			11	5,337	1	50	14	5,627
Iowa.....	3	376	2	595	38	15,504	3	1,563	46	18,038
Kansas.....	14	2,067	8	1,269	26	4,037			48	7,373
Kentucky.....	1	200			1	500			2	700
Maine.....	6	908							6	908
Massachusetts.....	11	13,723					3	1,618	14	15,341
Michigan.....	16	6,368	4	576			1	5	21	6,949
Minnesota.....	39	8,543			151	18,967	5	5,738	95	33,248
Missouri.....	2	300	4	478	3	2,293			9	3,071
Montana.....	1	60			22	2,902			23	2,962
Nebraska.....	8	730	4	578	53	16,665	1	65	66	18,038
New Hampshire.....	1	56							1	56
New Jersey.....	3	1,399							3	1,399

<sup>1</sup> Not including 4 societies owned by 24 retail stores.

<sup>2</sup> Not including 1 society owned by 14 retail stores.

<sup>3</sup> Not including 5 societies owned by 38 retail stores.

TABLE 6.—MEMBERSHIP OF CONSUMERS' COOPERATIVE SOCIETIES AT END OF 1933, BY STATES AND GEOGRAPHIC DIVISIONS—Continued

State and geographic division	Store societies		Distributive departments of marketing associations		Gasoline and oil associations		Other societies		Total	
	Number reporting	Members	Number reporting	Members	Number reporting	Members	Number reporting	Members	Number reporting	Members
New Mexico.....					2	478			2	478
New York.....	1	2,800					2	4,959	3	7,759
North Carolina.....	1	75							1	75
North Dakota.....	4	359			19	5,264			23	5,623
Ohio.....	8	10,139	1	45					9	10,184
Oklahoma.....					6	816			6	816
Oregon.....	1	145			3	370	1	220	5	735
Pennsylvania.....	8	2,086	1	230					9	2,316
South Dakota.....	5	703	2	955	13	5,408	1	350	21	7,416
Tennessee.....	2	557							2	557
Texas.....	1	54	2	787	17	5,544			20	6,385
Virginia.....	2	1,466							2	1,466
Washington.....	13	2,418			1	500	1	148	15	3,066
Wisconsin.....	15	3,382	2	359	23	7,572	3	712	43	12,025
Wyoming.....	1	192			2	345			3	537
<b>Total.....</b>	<b>187</b>	<b>76,160</b>	<b>33</b>	<b>6,590</b>	<b>336</b>	<b>127,243</b>	<b>23</b>	<b>15,448</b>	<b>579</b>	<b>225,441</b>
<i>Geographic division <sup>1</sup></i>										
New England.....	19	14,867					4	1,638	23	16,505
Middle Atlantic.....	12	6,285	1	230			2	4,959	15	11,474
East North Central.....	51	24,105	9	1,198	70	41,957	5	767	135	68,027
West North Central.....	75	13,078	20	3,875	203	68,138	10	7,716	308	92,807
South Atlantic.....	3	1,541							3	1,541
East South Central.....	3	757				500			4	1,257
West South Central.....	2	204	2	787	23	6,360			27	7,351
Mountain.....	5	522	1	500	35	9,418			41	10,440
Pacific.....	16	14,563			4	670	2	368	22	15,801
<b>Total.....</b>	<b>186</b>	<b>75,922</b>	<b>33</b>	<b>6,590</b>	<b>336</b>	<b>127,243</b>	<b>23</b>	<b>15,448</b>	<b>578</b>	<b>225,203</b>
Alaska.....	1	238							1	238

<sup>1</sup> Not including 3 societies owned by 17 retail stores.

<sup>2</sup> Not including 7 societies owned by 41 retail stores.

<sup>3</sup> Not including 8 societies owned by 55 retail stores.

<sup>4</sup> In all cases in this report the census classification as to geographical districts has been used. This classification is as follows: New England division includes Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut. Middle Atlantic division includes New York, New Jersey, and Pennsylvania. East North Central division includes Ohio, Indiana, Illinois, Michigan, and Wisconsin. West North Central division includes Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas. South Atlantic division includes Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida. East South Central division includes Kentucky, Tennessee, Alabama, and Mississippi. West South Central division includes Arkansas, Louisiana, Oklahoma, and Texas. Mountain division includes Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada. Pacific division includes Washington, Oregon, and California.

### Age of Societies

THE great majority of the 516 societies which reported the year of establishment were formed since the war, 82.7 percent being in this category. The gasoline and oil associations have been of especially recent growth, about 85 percent having been started since 1926, and considerably over one-third since the depression began. The store societies are considerably older, about 30 percent having been formed before the war and more than half in the period 1916-20.

The oldest societies reporting in the present study are the Harvard Cooperative Society formed in 1882, and the Associated Students of

the University of California formed in 1884. Other societies of long standing are the following:

	<i>Year of formation</i>
Tamarack Cooperative Association, Calumet, Mich.....	1890
Washingtonville Cooperative Society, Washingtonville, Ohio.....	1891
Nelson and Albin Cooperative Mercantile Association, St. James, Minn.....	1894
Lily Creamery Co., Lake Crystal, Minn.....	1895
Germania Fruit Growers' Union and Cooperative Society, Cologne, N. J.....	1896
Union Mercantile Co., Isanti, Minn.....	1897

Table 7 shows the distribution of the societies according to the period in which established.

TABLE 7.—DISTRIBUTION OF CONSUMERS' COOPERATIVE SOCIETIES ACCORDING TO PERIOD IN WHICH ESTABLISHED

Year in which established	Retail store societies	Distributive departments of marketing associations	Gasoline and oil associations	Other types of societies	Total	
					Number	Percent
1881-85.....	2	—	—	—	2	0.4
1886-90.....	1	—	—	—	1	.2
1891-95.....	4	—	—	—	4	.8
1896-1900.....	3	—	—	—	3	.6
1901-05.....	5	1	1	—	7	1.4
1906-10.....	12	2	1	—	15	2.9
1911-15.....	43	9	4	1	57	11.0
1916-20.....	120	15	4	12	151	29.3
1921-25.....	24	6	23	4	57	11.0
1926-29.....	7	1	110	3	121	23.4
1930-33.....	7	1	83	7	98	19.0
Total.....	228	35	226	27	516	100.0

Table 8 shows the distribution of the societies by age groups.

TABLE 8.—DISTRIBUTION OF CONSUMERS' COOPERATIVE SOCIETIES ACCORDING TO AGE GROUPS

Type of society	Number of societies of classified age									Total
	Under 5 years	5 and under 10 years	10 and under 15 years	15 and under 20 years	20 and under 25 years	25 and under 30 years	30 and under 40 years	40 and under 50 years	50 years and over	
Retail store societies.....	8	9	78	83	28	10	7	3	2	228
Distributive departments of marketing associations.....	1	1	12	13	5	3	—	—	—	35
Gasoline and oil associations.....	106	100	11	5	2	1	1	—	—	226
Bakeries.....	—	—	1	3	—	—	—	—	—	4
Restaurants and boarding houses.....	—	1	4	2	1	—	—	—	—	8
Water-supply societies.....	—	—	1	1	—	—	—	—	—	2
Funeral associations.....	7	2	—	—	—	—	—	—	—	9
Other societies <sup>1</sup> .....	1	—	3	—	—	—	—	—	—	4
Total.....	123	113	110	107	36	14	8	3	2	516

<sup>1</sup> Includes a creamery, a laundry, a publishing association, and a trucking association.

### Resources

TOTAL resources of nearly \$20,000,000 were reported by 494 societies. These funds are built up by members' subscriptions for the capital stock of the society and by appropriations from the net earn-

ings of the society from year to year. One of the purposes for which appropriations are made is the reserve fund designed to protect the society against unexpected losses. The reserves thus built up by the 390 societies reporting aggregated nearly 4 million dollars, or an average of \$9,956 per society. A reserve fund larger than the amount of share capital was reported by 116 societies; 4 societies had reserves of more than \$100,000 each.

Share capital amounting to nearly 7 million dollars was reported by 556 societies. This was an average of \$12,352 per society and \$37 per member.

TABLE 9.—SHARE CAPITAL, RESERVES, AND TOTAL RESOURCES AT END OF 1933, BY TYPE OF SOCIETY

Type of society	Share capital				Reserves		Total resources	
	Number of societies reporting	Amount	Average per society	Average per member <sup>1</sup>	Number of societies reporting	Amount	Number of societies reporting	Amount
Retail store societies.....	214	\$2,774,664	\$12,966	\$43	149	\$1,865,751	214	\$10,881,422
Distributive departments of marketing associations.....	32	635,826	19,870	98	19	240,728	29	1,224,170
Gasoline and oil associations.....	285	2,395,677	8,406	23	208	1,378,571	227	5,770,907
Bakeries.....	4	33,845	8,461	13	3	19,701	4	228,825
Restaurants and boarding houses.....	8	92,233	11,529	19	4	214,262	6	324,350
Water-supply societies.....	1	14,800	14,800	100	(?)	(?)	2	19,631
Funeral associations.....	8	29,001	3,625	28	4	7,451	8	58,334
Other societies <sup>2</sup> .....	4	891,905	225,976	-----	3	156,341	4	1,399,930
Total.....	<sup>4</sup> 556	<sup>4</sup> 6,867,951	12,352	37	<sup>4</sup> 390	<sup>4</sup> 3,882,805	494	19,907,569

<sup>1</sup> Based on societies reporting both membership and capital.

<sup>2</sup> 1 society had a deficit of \$3,250.

<sup>3</sup> Includes a creamery, a laundry, a publishing association, and a trucking association.

<sup>4</sup> Not including 2 nonstock associations.

<sup>5</sup> Not including 7 societies which reported deficits amounting to \$42,630 and 2 societies which had deficits but did not report amount.

Table 10 classifies the societies according to the amount of their assets. More than half of the societies had resources of less than \$25,000, while 85 percent had resources of less than \$50,000. On the other hand, 2 societies had assets of \$1,000,000 or more.

TABLE 10.—DISTRIBUTION OF CONSUMERS' COOPERATIVE SOCIETIES BY AMOUNT OF ASSETS AT END OF 1933

Type of society	Number of societies with classified amount of assets, 1933								Total
	Under \$25,000	\$25,000 and under \$50,000	\$50,000 and under \$100,000	\$100,000 and under \$200,000	\$200,000 and under \$300,000	\$300,000 and under \$500,000	\$500,000 and under \$1,000,000	\$1,000,000 and over	
Retail store societies.....	111	71	20	9	1	-----	1	1	214
Distributive departments of marketing associations.....	12	8	7	2	-----	-----	-----	-----	29
Gasoline and oil associations.....	142	59	21	5	-----	-----	-----	-----	227
Bakeries.....	-----	1	3	-----	-----	-----	-----	-----	4
Restaurants and boarding houses.....	5	-----	-----	-----	1	-----	-----	-----	6
Water-supply societies.....	2	-----	-----	-----	-----	-----	-----	-----	2
Funeral associations.....	8	-----	-----	-----	-----	-----	-----	-----	8
Other societies <sup>1</sup> .....	2	-----	-----	-----	1	-----	-----	1	4
Total.....	282	139	51	16	3	-----	1	2	494

<sup>1</sup> Includes a creamery, a laundry, a publishing association, and a trucking association.

## Business Done by Cooperative Societies

THE business done by the consumers' societies in 1933 amounted to somewhat over \$40,000,000, nearly three-fourths of which was done by societies in the East and West North Central States. Here the Minnesota societies lead, that State accounting for about one-fifth of the total sales. Table 11 shows the amount of business done by the different types of societies in 1933, by State and geographic division.

TABLE 11.—AMOUNT OF BUSINESS OF CONSUMERS' COOPERATIVE SOCIETIES IN 1933, BY STATES AND GEOGRAPHIC DIVISIONS

State and geographic division	Retail store societies		Distributive departments of marketing associations		Gasoline and oil associations		Other societies		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alaska.....	1	\$13, 109	-----	-----	-----	-----	-----	-----	1	\$13, 109
Arkansas.....	1	16, 428	-----	-----	-----	-----	-----	-----	1	16, 428
California.....	3	362, 380	-----	-----	-----	-----	-----	-----	3	362, 380
Colorado.....	1	28, 538	1	\$51, 133	8	\$503, 364	-----	-----	10	583, 035
Connecticut.....	1	86, 411	-----	-----	-----	-----	1	\$8, 005	2	94, 416
Idaho.....	3	188, 880	-----	-----	1	92, 242	-----	-----	4	281, 122
Illinois.....	10	882, 742	2	241, 455	42	4, 058, 872	1	30, 675	55	5, 213, 744
Indiana.....	2	77, 776	-----	-----	14	1, 723, 683	1	11, 000	17	1, 812, 359
Iowa.....	4	106, 476	3	439, 746	38	2, 086, 963	5	28, 744	50	2, 661, 929
Kansas.....	14	612, 112	7	574, 473	27	793, 701	-----	-----	48	1, 980, 286
Kentucky.....	1	36, 926	-----	-----	1	28, 542	-----	-----	2	65, 468
Maine.....	6	184, 688	-----	-----	-----	-----	-----	-----	6	184, 688
Massachusetts.....	12	1, 818, 505	-----	-----	-----	-----	3	162, 346	15	1, 980, 851
Michigan.....	26	1, 776, 335	2	143, 575	1	19, 751	-----	-----	29	1, 939, 661
Minnesota.....	55	2, 818, 974	-----	-----	74	3, 712, 212	5	1, 807, 900	134	8, 339, 086
Missouri.....	5	246, 266	4	131, 901	3	107, 675	-----	-----	12	486, 742
Montana.....	1	32, 516	-----	-----	21	885, 119	-----	-----	22	717, 635
Nebraska.....	8	291, 273	4	205, 732	59	2, 550, 273	1	1, 750	72	3, 049, 028
New Hampshire.....	1	35, 581	-----	-----	20	1, 155, 291	-----	-----	21	1, 188, 872
New Jersey.....	3	251, 670	-----	-----	-----	-----	-----	-----	3	251, 670
New Mexico.....	-----	-----	-----	-----	2	168, 000	-----	-----	2	168, 000
New York.....	1	181, 026	-----	-----	-----	-----	2	583, 315	3	764, 341
North Carolina.....	1	18, 600	-----	-----	-----	-----	-----	-----	1	18, 600
North Dakota.....	4	228, 587	-----	-----	-----	-----	-----	-----	4	228, 587
Ohio.....	8	715, 386	1	19, 000	-----	-----	-----	-----	9	734, 386
Oklahoma.....	-----	-----	-----	-----	5	150, 001	-----	-----	5	150, 001
Oregon.....	1	64, 000	-----	-----	3	99, 266	1	3, 275	5	166, 541
Pennsylvania.....	8	297, 759	1	4, 000	-----	-----	-----	-----	9	301, 759
Rhode Island.....	1	44, 424	-----	-----	-----	-----	-----	-----	1	44, 424
South Dakota.....	5	206, 138	1	55, 455	14	754, 587	1	2, 824	21	1, 019, 004
Tennessee.....	2	23, 593	-----	-----	-----	-----	-----	-----	2	23, 593
Texas.....	-----	-----	2	296, 731	17	882, 066	-----	-----	19	1, 178, 797
Virginia.....	2	448, 900	-----	-----	-----	-----	-----	-----	2	448, 900
Washington.....	16	1, 185, 183	-----	-----	1	91, 934	1	3, 250	18	1, 280, 367
West Virginia.....	1	52, 189	-----	-----	-----	-----	-----	-----	1	52, 189
Wisconsin.....	20	957, 001	3	162, 233	31	1, 304, 606	3	72, 817	57	2, 496, 657
Wyoming.....	1	83, 746	-----	-----	2	49, 907	-----	-----	3	133, 653
Total.....	229	14, 372, 118	31	2, 325, 434	384	21, 017, 855	25	2, 715, 901	669	40, 431, 308
<i>Geographic division<sup>1</sup></i>										
New England.....	21	2, 167, 609	-----	-----	20	1, 155, 291	4	170, 351	45	3, 493, 251
Middle Atlantic.....	12	730, 455	1	4, 000	-----	-----	2	583, 315	15	1, 317, 770
East North Central.....	66	4, 409, 240	8	566, 263	88	7, 106, 812	5	114, 492	167	12, 196, 807
West North Central.....	95	4, 609, 826	19	1, 407, 307	215	10, 005, 311	12	1, 841, 218	341	17, 763, 662
South Atlantic.....	4	519, 689	-----	-----	-----	-----	-----	-----	4	519, 689
East South Central.....	3	60, 519	-----	-----	1	28, 542	-----	-----	4	89, 061
West South Central.....	1	16, 428	2	296, 731	22	1, 032, 067	-----	-----	25	1, 345, 226
Mountain.....	6	333, 680	1	51, 133	34	1, 498, 632	-----	-----	41	1, 883, 445
Pacific.....	20	1, 611, 563	-----	-----	4	191, 200	2	6, 525	26	1, 809, 288
Total.....	228	14, 359, 009	31	2, 325, 434	384	21, 017, 855	25	2, 715, 901	668	40, 418, 199
Alaska.....	1	13, 109	-----	-----	-----	-----	-----	-----	1	13, 109

<sup>1</sup> For States included in the respective geographic divisions, see footnote 7 to table 6.

That the business done by the individual cooperative societies is generally on a moderate scale is shown in table 12. Thus 400 of the

669 societies had sales of less than \$50,000 during 1933. Five societies, however, did a business of \$500,000 or more. These societies were the following:

Franklin Cooperative Creamery, Minneapolis, Minn.....	\$1, 773, 582
Harvard Cooperative Society, Cambridge, Mass.....	947, 744
Montgomery County Farm Bureau Oil Association, Inc., Crawfordsville, Ind.....	872, 776
Cloquet Cooperative Society, Cloquet, Minn.....	566, 006
Cooperative Trading Co., Waukegan, Ill.....	534, 478

TABLE 12.—DISTRIBUTION OF CONSUMERS' COOPERATIVE SOCIETIES ACCORDING TO AMOUNT OF BUSINESS DONE IN 1933

Type of society	Number of societies with classified amount of business, 1933							Total
	Under \$25,000	\$25,000 and under \$50,000	\$50,000 and under \$100,000	\$100,000 and under \$200,000	\$200,000 and under \$300,000	\$300,000 and under \$500,000	\$500,000 and over	
Retail store societies dealing in—								
Groceries.....	24	19	6	5				54
Groceries and meat.....	2	5	8	6	2		2	25
General merchandise.....	47	45	37	12	2	2		145
Fuel.....		1						1
Students' supplies.....				2	1		1	4
Total.....	73	70	51	25	5	2	3	229
Distributive departments of marketing associations	6	7	10	6	2			31
Gasoline and oil associations.....	104	121	117	35	5	1	1	384
Bakeries.....	1		2		1			4
Restaurants and boarding houses.....	4	1				1		6
Water-supply societies.....	2							2
Funeral associations.....	9							9
Other societies <sup>1</sup> .....	2		1				1	4
Grand total.....	201	199	181	66	13	4	5	669

<sup>1</sup> Includes a creamery, a laundry, a publishing association, and a trucking association.

Comparative sales figures for the 4 years 1930 to 1933 are given in table 13.

TABLE 13.—AMOUNT OF BUSINESS DONE BY CONSUMERS' COOPERATIVE SOCIETIES, 1930 TO 1933

Type of society	1930		1931		1932		1933	
	Number of societies reporting	Amount						
Retail store societies dealing in—								
Groceries.....	43	\$2,993,308	45	\$2,462,322	50	\$2,025,346	54	\$2,006,765
Groceries and meat.....	21	4,652,997	22	3,970,964	25	3,409,625	25	3,289,256
General merchandise.....	114	10,143,913	114	7,641,836	131	7,202,203	145	7,662,768
Fuel.....	1	36,779	1	34,920	1	29,056	1	35,290
Students' supplies.....	4	1,990,074	4	1,965,715	4	1,747,343	4	1,378,039
Total.....	183	19,817,071	186	16,075,757	211	14,413,573	229	14,372,118
Distributive departments of marketing associations	21	4,652,482	22	4,064,540	26	2,178,477	31	2,325,434
Gasoline and oil associations.....	164	12,999,550	229	15,281,571	314	17,574,237	384	21,017,855
Bakeries.....	4	457,373	4	461,748	4	384,418	4	408,366
Restaurants and boarding houses.....	5	707,472	6	641,824	6	489,836	6	398,942
Water-supply societies.....	2	386	2	7,599	2	7,332	2	6,525
Funeral associations.....	1	2,200	2	17,940	5	32,633	9	56,276
Other societies <sup>1</sup> .....	3	3,260,533	3	2,732,064	3	2,075,596	4	1,845,792
Grand total.....	383	41,904,087	454	39,283,043	571	37,156,102	669	40,431,308
Average per society.....		109,410		86,527		65,072		60,435

<sup>1</sup> Includes a creamery, a laundry, a publishing association, and a trucking association.

## Operating Expenses

DETAILED reports as to operating expenses for 1933 were furnished by 173 societies—83 store societies, 89 gasoline and oil associations, and a bakery. Table 14 shows the expense (in percent of net sales) incurred for specified items.

TABLE 14.—OPERATING EXPENSES OF CONSUMERS' COOPERATIVE SOCIETIES IN 1933

Item	Percent of sales spent for specified item by—						
	Retail stores handling—				Total stores (83)	Gasoline and oil associations (89)	Bakeries (1)
	General merchandise (52)	Groceries (19)	Groceries and meat (10)	Students' supplies (2)			
<b>Sales expense:</b>							
Wages.....	7.54	21.47	11.12	19.04	9.15	9.87	42.04
Advertising.....	.30	.37	.48	1.45	.38	.19	.17
Wrappings.....	.21	.14	.36		.23		.54
<b>Total.....</b>	<b>8.05</b>	<b>21.98</b>	<b>11.96</b>	<b>20.49</b>	<b>9.76</b>	<b>10.06</b>	<b>42.76</b>
Miscellaneous delivery expense (except wages).....	.57	.76	.98	.04	.65	.98	2.23
Rent.....	.48	1.18	.57	.45	.51	.26	
Light, heat, power, and water.....	.57	1.64	.93	.24	.67	.24	3.10
Insurance and taxes.....	1.22	4.00	1.25	1.09	1.27	.91	2.64
Interest on borrowed money.....	.31	1.08	.39		.34	.13	.65
Office supplies and postage.....	.12	.54	.12	.71	.15	.28	.07
Telephone and telegraph.....	.10	.23	.18	.20	.13	.13	.15
Repairs.....	.20	.23	.35	.05	.23	.15	.73
Depreciation.....	1.17	2.01	1.54	2.09	1.28	1.47	2.16
Bad debts.....	.37	.31	.53	.13	.38	.25	.07
Auditing.....	.09	.32	.09	.21	.10		.12
Legal service.....	.02		.04		.02		.35
Freight, drayage, and express.....	.98	2.37	.97	2.09	1.02		
Miscellaneous.....	1.12	1.87	1.36	.96	1.15	1.72	1.08
<b>Grand total.....</b>	<b>15.36</b>	<b>38.52</b>	<b>21.25</b>	<b>28.75</b>	<b>17.66</b>	<b>16.60</b>	<b>56.15</b>

## Net Savings or "Profits"

Losses aggregating \$136,306 were reported by 85 societies, and 10 other societies reported that they had sustained a loss but did not give the amount. The trading operations of 449 societies, on the other hand, resulted in combined savings of \$2,072,302. For the 534 societies which reported on this point, therefore, there was a net saving of \$1,935,996, which represented 5.5 percent figured on sales and 23.5 percent figured on share capital. As consumers' cooperative societies almost universally sell their goods at the current prices,<sup>7</sup>

<sup>7</sup> Of 435 societies which reported on this point, only 21 did not operate on the current-price basis. Of these, 6 made a practice of selling their goods at prices slightly lower than the market price, 1 sold at 5 percent below the current prices, and 1 allowed a discount of 10 percent on all cash purchases; 1 operated on the "cost-plus" basis, and 1 set its prices at cost plus 2 percent.

the net saving is affected by the prevailing margin of profit in the line of business carried on, as well as by the efficiency of the individual society. It is evident that the margin is considerable in certain lines, notably in the students' supply stores and in the gasoline and oil associations. Of the 293 oil associations which reported, only 13 had a loss, while the net profit of the others aggregated more than 1½ million dollars.

TABLE 15.—NET LOSS OR SAVINGS ON 1933 BUSINESS OF CONSUMERS' COOPERATIVE SOCIETIES

Type of society	Loss		Savings		Total net savings		Rate of total net gain based on—	
	Number of societies having	Amount	Number of societies having	Amount	Number of societies having	Amount	Sales <sup>1</sup>	Share capital <sup>2</sup>
<b>Retail store societies dealing in—</b>							<i>Pct.</i>	<i>Pct.</i>
Groceries.....	11	\$11,386	31	\$33,182	42	\$21,796	1.2	5.0
Groceries and meat.....	9	27,423	14	70,587	23	43,164	1.3	8.5
General merchandise.....	34	23,130	93	135,446	127	112,316	1.7	6.6
Students' supplies.....	2	11,156	2	58,047	4	46,891	3.4	109.5
<b>Total.....</b>	<b>56</b>	<b>73,095</b>	<b>140</b>	<b>297,262</b>	<b>196</b>	<b>224,167</b>	<b>1.7</b>	<b>8.9</b>
<b>Distributive departments of marketing associations—</b>								
Gasoline and oil associations.....	13	23,822	280	1,722,799	293	1,698,977	9.8	59.4
Bakeries.....	2	8,533	2	571	4	\$ 7,967	1.9	23.5
Restaurants and boarding houses.....	1	146	2	7,307	3	7,161	1.9	8.7
Water-supply societies.....	2	603	—	—	2	\$ 603	9.2	1
Funeral associations.....	—	—	5	2,496	5	2,496	7.1	15.3
Other societies <sup>4</sup> .....	3	26,643	1	1,156	4	\$ 25,487	1.4	2.9
<b>Grand total.....</b>	<b>85</b>	<b>\$136,306</b>	<b>449</b>	<b>2,072,302</b>	<b>534</b>	<b>\$1,935,996</b>	<b>5.5</b>	<b>23.5</b>

<sup>1</sup> Calculated on basis of societies reporting both sales and net loss or gain.  
<sup>2</sup> Calculated on basis of societies reporting both share capital and net loss or gain.  
<sup>3</sup> Loss.  
<sup>4</sup> Percent of loss.  
<sup>5</sup> Includes a creamery, a laundry, a publishing association, and a trucking association.  
<sup>6</sup> Not including 10 societies which reported a loss but did not state amount.

Table 16 shows for 1933 the combined gains or losses of the societies, by States and by principal society groups.

TABLE 16.—NET EARNINGS OF CONSUMERS' COOPERATIVE SOCIETIES IN 1933, BY STATES

State	Retail store societies		Distributive departments of marketing associations		Gasoline and oil associations		Other societies		Total	
	Number of societies reporting	Amount	Number of societies reporting	Amount	Number of societies reporting	Amount	Number of societies reporting	Amount	Number of societies reporting	Amount
Alaska.....	1	\$67							1	\$67
Arkansas.....	1	711							1	711
California.....	3	8,155							3	8,155
Colorado.....	( <sup>2</sup> )	( <sup>2</sup> )	1	\$465	6	\$9,997			<sup>3</sup> 7	<sup>2</sup> 9,532
Connecticut.....	1	1,072					1	\$140	2	1,212
Idaho.....	<sup>3</sup> 2	2,325			1	8,136			<sup>3</sup> 3	<sup>3</sup> 10,461
Illinois.....	9	14,122	2	4,659	34	500,820	1	766	46	520,367
Indiana.....	2	5,736			12	89,941			14	95,677
Iowa.....	3	1,520	3	2,300	31	145,961	2	334	39	150,115
Kansas.....	12	16,683	7	18,684	22	32,665			41	68,032
Kentucky.....	1	200							1	200
Maine.....	<sup>3</sup> 3	<sup>2</sup> 1,015							<sup>3</sup> 3	<sup>2</sup> 1,015
Massachusetts.....	<sup>3</sup> 11	<sup>3</sup> 69,554					3	6,456	<sup>3</sup> 14	<sup>3</sup> 63,098
Michigan.....	24	10,187	1	2,654	1	540			26	13,381
Minnesota.....	49	67,249			72	343,010	5	22,493	126	387,766
Missouri.....	5	3,212	4	695	3	5,705			12	9,612
Montana.....	1	141			8	25,288			9	25,429
Nebraska.....	<sup>3</sup> 7	<sup>4</sup> 458	3	1,403	41	128,069			<sup>5</sup> 1	<sup>1</sup> 129,014
New Hampshire.....	1	261							1	261
New Jersey.....	3	560							3	560
New Mexico.....					1	498			1	498
New York.....	1	9,719					2	5,029	3	14,690
North Carolina.....	1	306							1	306
North Dakota.....	3	3,306			14	131,309			17	134,615
Ohio.....	6	8,115							6	8,115
Oklahoma.....					4	7,301			4	7,301
Oregon.....					1	637	1	584	2	53
Pennsylvania.....	<sup>3</sup> 6	<sup>3</sup> 16,301							<sup>3</sup> 6	<sup>3</sup> 16,301
South Dakota.....	2	1,376	2	5,858	12	164,742	1	65	17	170,289
Tennessee.....	2	765							2	765
Texas.....			1	685	5	15,208			6	14,523
Virginia.....	( <sup>3</sup> )	( <sup>3</sup> )							( <sup>3</sup> )	( <sup>3</sup> )
Washington.....	15	8,540			1	6,119	1	18	17	14,641
West Virginia.....	1	237							1	237
Wisconsin.....	19	14,657	3	2,149	22	78,233	1	903	45	94,136
Wyoming.....	1	1,785			2	4,798			3	6,583
Total.....	<sup>4</sup> 196	<sup>4</sup> 224,167	27	37,252	293	1,698,977	18	24,400	<sup>5</sup> 534	<sup>4</sup> 1,935,996

<sup>1</sup> Loss.<sup>2</sup> Society reported a loss but did not state amount.<sup>3</sup> Not including 1 society which reported a loss but did not state amount.<sup>4</sup> Loss; does not include 1 society which reported a loss but did not state amount.<sup>5</sup> Not including 7 societies which reported a loss but did not state amount.

The net savings or "profits" made by the consumers' cooperative societies for their members in each of the 4 years 1930 to 1933 are shown in table 17. During this period the societies reporting made savings through their trading operations amounting to \$7,419,999.

TABLE 17.—NET SAVINGS OF CONSUMERS' COOPERATIVE SOCIETIES, 1930 TO 1933

Type of society	1930		1931		1932		1933	
	Number of societies reporting	Amount	Number of societies reporting	Amount	Number of societies reporting	Amount	Number of societies reporting	Amount
Retail store societies dealing in—								
Groceries.....	39	\$52, 153	36	\$30, 854	42	\$1, 981	42	\$21, 796
Groceries and meat.....	20	160, 378	21	86, 524	22	13, 203	23	43, 164
General merchandise.....	104	230, 373	97	132, 662	104	20, 012	127	112, 316
Fuel.....	1	9, 110	1	264	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Students' supplies.....	4	197, 670	4	155, 685	4	88, 800	4	46, 891
Total.....	168	649, 684	159	405, 989	172	123, 996	196	224, 167
Distributive departments of marketing associations.....	22	83, 832	22	80, 057	22	11, 894	27	37, 252
Gasoline and oil associations.....	127	1, 429, 858	173	1, 326, 865	185	1, 153, 901	293	1, 698, 977
Bakeries.....	4	11, 178	4	1, 900	4	11, 562	4	7, 967
Restaurants and boarding houses.....	3	33, 100	3	26, 531	3	16, 877	3	7, 161
Water-supply societies.....	1	1, 027	2	909	2	256	2	603
Funeral associations.....	1	125	2	1, 919	3	2, 438	5	2, 496
Other societies <sup>2</sup> .....	3	120, 125	3	49, 025	3	35, 671	4	25, 487
Grand total.....	4329	2,328,679	3368	1,893,195	3394	1,262,129	5334	1,935,996

<sup>1</sup> 1 society reported a loss but did not state amount.

<sup>2</sup> Loss.

<sup>3</sup> Includes a creamery, a laundry, a publishing association, and a trucking association.

<sup>4</sup> Not including 3 societies which reported a loss but did not state amount.

<sup>5</sup> Not including 12 societies which reported a loss but did not state amount.

<sup>6</sup> Not including 10 societies which reported a loss but did not state amount.

### Division of Earnings

It is characteristic of the consumers' cooperative movement that a moderate fixed rate of interest is paid on capital. The remainder of the net earnings, after provision is made for reserve, educational fund, etc., is returned to the purchasers in proportion to their business with the society. The more money spent at the cooperative store, therefore, the greater the amount of refund at the end of the year. There are, however, some exceptions to the above statement. Some societies pay no interest on share capital, and others, instead of returning patronage dividends, use any earnings for social or general welfare purposes.

*Interest on share capital.*—Interest on share capital, amounting to \$157,186, was paid in 1933 by the 203 societies reporting; 56 other societies paid interest at varying rates but failed to report the amount paid. The sum so paid during the 4-year period 1930 to 1933 amounted to \$631,423. Table 18 shows by type of society the amount paid as interest on share capital for each of the 4 years.

TABLE 18.—INTEREST PAID ON SHARE CAPITAL BY CONSUMERS' COOPERATIVE SOCIETIES, 1930 TO 1933

Type of society	1930		1931		1932		1933	
	Number of societies reporting	Amount						
Retail store societies.....	80	\$81,404	75	\$69,628	53	\$43,580	61	\$46,381
Distributive departments of marketing associations.....	13	20,265	10	14,051	8	9,965	11	13,668
Gasoline and oil associations.....	82	59,048	108	78,078	115	80,379	127	91,906
Bakeries.....	(1)	(1)	1	1,679	(1)	(1)		
Restaurants and boarding houses.....	3	3,614	3	3,812	3	4,017	3	4,016
Other societies.....	1	1,524	1	1,404	1	1,289	1	1,185
Total.....	179	165,855	198	168,652	180	139,730	203	157,186

<sup>1</sup> 1 society paid 5 percent but did not report amount.

<sup>2</sup> Not including 1 society which paid 1½ percent, 3 which paid 3 percent, 2 which paid 4 percent, 19 which paid 5 percent, 20 which paid 6 percent, 4 which paid 7 percent, and 26 which paid 8 percent but did not report amount.

<sup>3</sup> Not including 1 society which paid 1½ percent, 1 which paid 2 percent, 1 which paid 3 percent, 3 which paid 4 percent, 10 which paid 5 percent, 13 which paid 6 percent, 3 which paid 7 percent, 31 which paid 8 percent, and 1 which paid 10 percent but did not report amount.

<sup>4</sup> Not including 2 societies which paid 1 percent, 1 which paid 3 percent, 5 which paid 4 percent, 6 which paid 5 percent, 6 which paid 6 percent, 2 which paid 7 percent, 30 which paid 8 percent, and 1 which paid 10 percent but did not report amount.

<sup>5</sup> Not including 1 society which paid 1 percent, 4 which paid 3 percent, 3 which paid 4 percent, 7 which paid 5 percent, 11 which paid 6 percent, 4 which paid 7 percent, and 26 which paid 8 percent but did not report amount.

*Patronage refunds.*—Table 19 shows the amount returned in purchase rebates in each of the 4 years 1930 to 1933. Nearly 4½ million dollars was thus returned, a most welcome addition to the incomes of the members during these depression years. In addition, many societies returned rebates but failed to state the amount so returned. The gasoline and oil associations' showing is particularly gratifying, approximately 85 percent of the total rebates in 1933 having been returned by them.

One general-store society points out that it has been able to return a patronage dividend in every year but one since 1920, and another states that it has never missed paying a patronage rebate since its formation in 1920. A third has paid rebates on purchases every year since it was started in 1921 and in addition has accumulated reserves more than eight times the amount of its capital stock.

An eastern society reports that in spite of the depression it has made progress every year and has been able to pay patronage dividends; these have, during the 4 years 1930 to 1933, amounted to \$27,891.

A Michigan society which pays its employees a bonus on wages at the same rate as the patronage refund to members, has, since its organization in 1913, returned in dividends, interest, and wage bonuses the sum of \$341,102.

A Kansas association has paid 8 percent interest on stock, and from 2 to 12 percent as purchase dividend, every year since its formation in 1919.

One Massachusetts society which operates a grocery store has arrangements with clothing, furniture, and shoe merchants in a nearby town whereby its members are allowed a 10 percent discount on their purchases. Another, which has paid no dividends since the depression began, reports that the savings have been placed in a "surplus fund" to cover outstanding accounts. This was done as a measure of protection. A record is being kept of each member's business with the society, however, so that when conditions improve each patron will receive his pro-rata share.

The record of some of the oil associations is truly remarkable. Thus, one association which started business with \$4,000 in capital in 1927 has, since that time, returned more than \$25,000 in dividends. Another has paid dividends amounting to \$101,548, in 8 years' operation. Two others which have been in business 7½ years each have paid in rebates on purchases \$134,236 and \$162,450, respectively.

TABLE 19.—PATRONAGE REFUNDS OF CONSUMERS' COOPERATIVE SOCIETIES, 1930 TO 1933

Type of society	1930		1931		1932		1933	
	Number of societies reporting	Amount	Number of societies reporting	Amount	Number of societies reporting	Amount	Number of societies reporting	Amount
<b>Retail store societies dealing in—</b>								
Groceries.....	17	\$30,428	13	\$15,706	10	\$10,403	12	\$10,667
Groceries and meat.....	11	107,108	12	73,356	10	46,546	9	37,327
General merchandise.....	35	107,721	35	82,522	26	39,787	35	62,140
Students' supplies.....	3	118,174	3	110,910	3	92,235	2	59,567
<b>Total.....</b>	<b>66</b>	<b>363,431</b>	<b>63</b>	<b>282,494</b>	<b>49</b>	<b>188,971</b>	<b>58</b>	<b>169,701</b>
<b>Distributive departments of marketing associations.....</b>	<b>7</b>	<b>24,557</b>	<b>6</b>	<b>56,324</b>	<b>6</b>	<b>14,077</b>	<b>5</b>	<b>4,302</b>
Gasoline and oil associations.....	97	773,912	124	775,501	134	710,664	201	1,054,590
Restaurants and boarding houses.....	1	7,669	1	6,680	1	4,364	1	1,382
<b>Grand total.....</b>	<b><sup>1</sup> 171</b>	<b><sup>1</sup> 1,169,569</b>	<b><sup>2</sup> 194</b>	<b><sup>2</sup> 1,120,999</b>	<b><sup>3</sup> 190</b>	<b><sup>3</sup> 918,076</b>	<b><sup>4</sup> 265</b>	<b><sup>4</sup> 1,229,975</b>

<sup>1</sup> Not including 1 society which returned 2 percent, 1 which returned 6 percent, 1 which returned 9 percent and 1 which returned 10 percent but did not report amount, 1 society which allowed 2½ percent on cash purchases, and 1 which allowed 10 percent.

<sup>2</sup> Not including 2 societies which returned 2 percent, 1 which returned 5 percent, 1 which returned 5.3 percent, 1 which returned 8 percent, 1 which returned 9 percent, 1 which returned 10 percent, 1 which returned 14 percent and 1 which returned 17 percent but did not report amount, 1 society which allowed 2½ percent on cash purchases, and 1 which allowed 10 percent.

<sup>3</sup> Not including 1 society which returned 2 percent, 1 which returned 3 percent, 2 which returned 4 percent, 1 which returned 5 percent, 1 which returned 10 percent, 1 which returned 12 percent and 1 which returned 15 percent but did not report amount, 1 society which allowed 2½ percent on cash purchases, and 1 which allowed 10 percent.

<sup>4</sup> Not including 2 societies which returned 2 percent, 1 which returned 3 percent, 1 which returned 4 percent, 3 which returned 5 percent, 2 which returned 6 percent, 1 which returned 7 percent, 1 which returned 9 percent, 3 which returned 10 percent and 1 which returned 20 percent but did not report amount, 1 society which allowed 2½ percent on cash purchases, and 1 which allowed 10 percent.

The practice as regards purchase refunds to nonmembers varies considerably. There were 301 societies which reported on this point. Of these, 95 pay no rebates whatever to nonmember patrons; 2 of these put into the reserve fund any earnings from business with them; 1 puts such earnings into an educational reserve fund, and another society retains such earnings in the company treasury. Four societies report that they do no business with nonmembers. Nonmembers receive the same rate of dividend as the members in 179 societies, but in 2 societies the dividend must be traded out and in 107 the dividend is not paid in cash but is applied toward the purchase of a share of stock in the patron's name, so that when the share is paid for he becomes a member of the organization. Twelve associations pay dividends to nonmembers at half the members' rate, while 2 societies pay 2 percent, 3 pay 2 percent on cash purchases, 1 pays 2 percent on accounts paid within 30 days and 1 on accounts paid within 90 days, 2 pay 3 percent, and 2 pay 5 percent.

### Wages and Working Hours

EACH society was requested to report the number of employees, the amount spent in wages in 1933, and the weekly working hours of the employees.

*Employment and pay roll.*—In addition to 41 part-time workers, 456 societies reported the employment of 3,252 employees.

TABLE 20.—EMPLOYMENT AND PAY ROLL OF CONSUMERS' COOPERATIVE SOCIETIES IN 1933

Type of society	Employment		Wages paid, 1933		
	Number of societies reporting	Number of full-time employees	Number of societies reporting	Amount paid	Average annual wage per employee <sup>1</sup>
Retail store societies dealing in—					
Groceries.....	50	177	48	\$165,250	\$955
Groceries and meat.....	26	370	24	366,747	1,057
General merchandise.....	118	661	113	604,176	814
Students' supplies.....	3	106	4	196,170	1,526
Total.....	197	1,314	189	1,232,343	962
Distributive departments of marketing associations...	32	139	30	121,700	922
Gasoline and oil associations.....	202	1,117	173	1,047,068	1,110
Bakeries.....	4	116	4	161,578	1,393
Restaurants and boarding houses.....	6	133	6	132,693	998
Water-supply societies.....	2	( <sup>2</sup> )	2	( <sup>3</sup> )	-----
Funeral associations.....	9	13	8	14,185	1,182
Other societies <sup>4</sup> .....	4	420	4	714,326	1,701
Grand total.....	456	4 3,252	416	3,423,973	1,129

<sup>1</sup> Based on societies reporting both employees and wages.

<sup>2</sup> 4 part-time employees, who were paid \$1,400 in wages.

<sup>3</sup> Includes a creamery, a laundry, a publishing association, and a trucking association.

<sup>4</sup> Not including 41 part-time employees.

A pay roll of \$3,423,973 was reported by 416 societies, or an average of \$1,129 per worker during 1933. It is evident from table 20 that the average annual wage varies considerably according to type of society. The miscellaneous group has the highest average wage, due to the high scale (average \$1,753) of a creamery society in that group. The students' societies come next, and the bakeries third.

One society reports that wages were cut in half in 1932 and 1933 in the attempt to lower overhead expenses, but in spite of this action a loss was incurred in both years.

One Michigan society pays to its employees a bonus on wages at the same rate as the patronage refund to members. This is the only cooperative association, of which the Bureau has knowledge, which follows this practice.

*Working hours.*—The weekly hours worked by employees were reported by 326 societies. As table 21 shows, the hours so reported ranged in the various societies from 36 to 101.5 per week and averaged, for all societies reporting, 54 hours. The lowest average hours were those in the laundry and water-supply societies, but 4 of the 10 classes of societies shown in the table had average weekly hours of 48 or under. It is seen that the average in the store societies was somewhat above the average for all societies.

TABLE 21.—AVERAGE AND RANGE OF WORKING HOURS IN CONSUMERS' COOPERATIVE SOCIETIES IN 1933

Type of society	Number of societies reporting	Weekly working hours	
		Range	Average
<b>Retail store societies dealing in—</b>			
Groceries.....	47	44-86	57.2
Groceries and meat.....	26	42-66	52.8
General merchandise.....	100	43½-101½	57.0
Fuel.....	1	48	48.0
Students' supplies.....	4	40-44¾	43.2
Total.....	178	40-101½	56.1
<b>Distributive departments of marketing associations.....</b>			
Gasoline and oil associations.....	29	40-79	54.0
Bakeries.....	106	36-86	51.2
Restaurants and boarding houses.....	3	48	48.0
Other societies <sup>1</sup> .....	6	41-56	49.5
	4	40-48	43.3
<b>Grand total.....</b>	<b>326</b>	<b>36-101½</b>	<b>54.0</b>

<sup>1</sup> Includes a creamery, a laundry, a water-supply society, and a publishing association.

The distribution of societies according to their weekly working hours is shown in table 22. Although over two-fifths of the societies had working hours of 48 or less in 1933, unduly long hours were reported by a number of societies.<sup>8</sup> As the table shows, 20 of the societies (6.1 percent) worked their employees 12 hours or longer per day, and 90 (27.6 percent) 10 hours or longer per day.

<sup>8</sup> The code for retail trade, providing for working hours ranging (according to store hours) from 40 to 48 per week, did not go into effect until Oct. 30, 1933.

TABLE 22.—DISTRIBUTION OF CONSUMERS' COOPERATIVE SOCIETIES ACCORDING TO WEEKLY WORKING HOURS OF EMPLOYEES IN 1933

Type of society	Number of societies in which weekly working hours were—									Total
	Under 48	48	Over 48 and under 54	54	Over 54 and under 60	60	Over 60 and under 72	72	Over 72	
<b>Retail store societies dealing in—</b>										
Groceries.....	3	6	12	2	7	2	11	1	3	47
Groceries and meat.....	1	10	5		5	1	4			26
General merchandise.....	4	12	23	11	11	5	29	1	4	100
Fuel.....		1								1
Students' supplies.....	4									4
<b>Total.....</b>	<b>12</b>	<b>29</b>	<b>40</b>	<b>13</b>	<b>23</b>	<b>8</b>	<b>44</b>	<b>2</b>	<b>7</b>	<b>178</b>
<b>Distributive departments of marketing associations.....</b>	<b>1</b>	<b>10</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>		<b>1</b>	<b>29</b>
Gasoline and oil associations.....	19	55	6	2	4	8	2	1	9	106
Bakeries.....		3								3
Restaurants and boarding houses.....	1	3			2					6
Other societies <sup>1</sup> .....	3	1								4
<b>Grand total.....</b>	<b>36</b>	<b>101</b>	<b>50</b>	<b>17</b>	<b>32</b>	<b>20</b>	<b>50</b>	<b>3</b>	<b>17</b>	<b>326</b>

<sup>1</sup> Includes a creamery, a laundry, a water-supply society, and a publishing association.

### Cooperative Policies

*Policy as regards credit.*—Because of the fact that the granting of credit has been one of the most frequent and potent causes of business failure among cooperative societies, each association was asked regarding its credit policy. On this point 440 societies responded, of which 117 replied flatly that they extend no credit whatever and 2 other societies stated that they “try not” to give credit. Credit is extended by 321 societies, but 5 societies report that this is “restricted”, 2 grant it only in certain departments, 2 only to certain members, 1 only when the account is guaranteed, 2 societies only occasionally, and 1 society which operates 7 stores runs 3 of these on a cash basis.

One society, now operating on the cash basis, reports as follows:

Since 1929 the business has steadily declined until it had become practically nonexistent last year. This was caused through failure of the two banks, one closing in August 1931 and the other in August 1932. One payment of 18 percent was made by the first bank, but the money was deposited in the second bank, and there have been no dividends paid by either since, with no prospects of any unless a Government loan can be had. These banks closing with nearly a million dollars of deposits has bankrupted this entire community, and as this is a farming town, there has been no opportunity for the people to recuperate. I am making this statement in order that you can get an idea of the impossibility of adhering to a sound credit policy when a community finds itself without funds suddenly, and the danger a business of this type runs at such a time. The usual thing happened in this case, credit was given to any and all, without limit, until the already meager funds of the society were exhausted; stocks were depleted, debts accumulated, until the directors finally awakened to the fact that their business was practically bankrupt, the manager having concealed the true condition as long as possible.

Another society reports that it put its business on a cash basis September 15, 1932. This resulted in a falling off in sales at first, but after a year's trial the society has found the new policy to be to its advantage.

A third states: "We are selling to quite a few of the unemployed, hoping for prosperity. Result: We are in the red." Another with the same policy states: "We have extended credit to our members during the depression and have helped many of our unemployed members."

A Middle West society reports: "While we do some credit business, there is no open account to anyone. Credit is given only if secured by timber, cream, etc."

An eastern society keeps down its credit accounts by a rule that dividends are denied to members owing accounts of over \$25, and interest on share capital is withheld if the account goes over \$50.

*Voting.*—Reports as to their voting methods were received from 447 associations. Of these, 396 allow only 1 vote per member regardless of the number of shares owned, but 1 of these societies makes an exception to this general policy in the election of directors, and another allows a single vote to members who contribute "loan capital" to the association, but denies voting privileges to the so-called "customer members" who pay only a \$3 fee each year for the trading privilege. Of the 51 societies in which voting is by shares, 1 society restricts the votes to a maximum of 5 per member.

Reports as to proxy voting were received from 413 societies, of which 268 prohibit such voting, 142 allow it, 1 allows proxy voting "at times", and 2 limit the number of proxies voted to 1 per person.

#### Development Since 1920

TABLE 23 gives comparative data for each of the years in which the Bureau has made a general survey of the consumers' cooperative movement. As the remarkable development of the gasoline and oil associations since 1925 affects the averages decidedly, the table shows separately data for all types of societies (including the oil associations) and for retail store societies which form the other most important group of organizations.

Average membership per society, as the table indicates, has shown a steady increase. A considerable rise is shown from 1929 to 1933. Whether this was due to the hard times of the past few years, impressing upon purchasers the need of making the family income stretch as far as possible, or to increased efforts by societies to bring in new members, the data at hand do not indicate. The store societies showed a particularly gratifying increase, the average membership increasing by one-third during the 4-year period.

Share capital per society shows a continuous fall since 1920, for all societies combined. That of the store societies, however, increased

somewhat from 1929 to 1933. A decline was also registered in share capital per member. For both groups of societies shown in the table average reserve funds increased during the period 1929-33, due possibly to the desire of the societies to insure the business stability of the organization in these uncertain times.

Although the average volume of business in dollars decreased from 1929 to 1933, this was to a large extent due to a lower price level. It is seen that the high point of sales occurred in 1925.

For all societies combined, the peak of net earnings occurred in 1929. In comparison with 1929, average earnings of the store societies in 1933 show a sharp decline. A decrease was shown for all types combined, but the savings effected by the oil associations resulted in keeping up the average for the whole group, so that the decrease was not so great.

For all societies combined the average amount returned in patronage refunds has not varied greatly since 1925. That it was the dividends of the increasingly important oil associations, however, which operated to keep up the average is shown by the fact that the average for the retail store societies alone fell from \$4,564 in 1929 to \$2,926 in 1933.

TABLE 23.—DEVELOPMENT OF CONSUMERS' COOPERATIVE SOCIETIES, 1920 TO 1933

Item	1920	All societies			Retail store societies		
		1925	1929	1933	1925	1929	1933
Number of societies reporting.....	1,009	479	656	695	431	422	235
Membership:							
Total.....	260,060	139,301	204,368	225,441	119,760	123,317	76,160
Average per society.....	269	310	336	389	293	303	407
Share capital:							
Total.....	\$11,290,973	\$6,499,574	\$7,987,090	\$6,867,951	\$5,255,534	\$4,653,197	\$2,774,664
Average per society.....	17,056	16,455	13,607	12,352	14,518	12,149	12,966
Average per member <sup>1</sup> .....	59	68	45	37	63	46	43
Reserve funds:							
Total.....	1,614,483	2,407,676	4,324,375	3,882,805	2,168,190	2,875,296	1,865,751
Average per society.....	5,142	9,442	7,379	9,956	9,266	7,261	12,522
Amount of business:							
Total.....	80,104,935	49,710,788	64,665,369	40,431,308	40,745,610	37,697,560	14,372,118
Average per society.....	103,751	100,964	100,725	60,435	96,647	90,619	62,760
Net earnings: <sup>2</sup>							
Total.....	446,824	1,582,100	2,980,481	1,935,996	1,291,309	1,305,671	224,167
Average per society.....	2,828	4,753	5,257	3,625	4,262	3,637	1,144
Rate (percent) computed on—							
Sales.....	( <sup>3</sup> )	3.0	( <sup>3</sup> )	5.5	4.0	3.8	1.7
Share capital.....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	23.5	( <sup>3</sup> )	26.8	8.9
Interest paid on share capital:							
Amount.....	( <sup>3</sup> )	( <sup>3</sup> )	\$337,587	\$157,186	( <sup>3</sup> )	\$173,217	\$46,381
Average per society.....	( <sup>3</sup> )	( <sup>3</sup> )	895	774	( <sup>3</sup> )	568	760
Patronage refunds:							
Total.....	\$350,354	\$753,791	1,408,879	1,229,975	\$683,726	693,777	169,701
Average per society.....	5,092	4,562	4,943	4,641	4,440	4,564	2,926
Employees:							
Number.....	( <sup>3</sup> )	( <sup>3</sup> )	4,046	3,252	( <sup>3</sup> )	2,222	1,314
Average per society.....	( <sup>3</sup> )	( <sup>3</sup> )	7	7	-----	5	7

<sup>1</sup> Based on societies which reported both capital and membership.

<sup>2</sup> After deducting losses of those societies which sustained a loss.

<sup>3</sup> No data.

<sup>4</sup> And 7 part-time employees.

<sup>5</sup> And 41 part-time employees.

### Housing Societies

THE median monthly rental for the apartments of the cooperative housing societies which reported to the Bureau was between \$40 and \$45 per month. For the most part this rental was paid for 4-room apartments. The members also had an investment in the enterprise amounting to from \$500 to \$1,000 per room. Of the 21 societies which furnished data, 13 were in Brooklyn and 8 were in Manhattan and the Bronx.

The oldest of these societies was organized in 1916, 2 were formed in 1919, 6 in 1920, 2 in 1921, 3 in 1922, 1 in 1923, 2 in 1924, 2 in 1925, 1 in 1928, and 1 in 1930. The average age, all societies combined, was 11½ years.

Table 24 shows that of 626 shareholders (members of the societies) only 484 were occupying apartments in the buildings, while 203 apartments were rented to nonmembers. Paid-in share capital amounted to slightly over \$900,000. The present value of the cooperative buildings (i. e., at the end of 1933) was reported as \$2,629,663, as compared with an original value of \$3,292,751. The total assets of the 21 societies reporting were nearly 2¼ million dollars.

TABLE 24.—SHAREHOLDERS, TENANTS, AND ASSETS OF COOPERATIVE APARTMENT SOCIETIES, END OF 1933

Item	Cooperative apartment buildings in—		Total
	Brooklyn	Manhattan and Bronx	
Number of shareholders (members).....	331	295	626
Number of apartments occupied by—			
Members.....	229	255	484
Nonmembers.....	114	89	203
Paid-in share capital.....	\$400,540	\$499,518	\$900,058
Value of apartment buildings:			
Original.....	\$1,502,220	\$1,790,531	\$3,292,751
Present.....	\$1,072,329	\$1,557,334	\$2,629,663
Total assets.....	\$763,070	\$1,456,740	\$2,219,810

In the truly cooperative housing societies the members do not receive title to the apartment they select; they own capital stock of the society in an amount equal to the value of the apartment. Title remains with the society, so that the whole building is owned collectively.

Generally the whole amount of the stock does not have to be paid for at once. The member is usually required to make a down payment, and the balance is paid in monthly installments (rental) which are large enough to cover his payments on principal, interest, and his proportionate share of the cost of building maintenance. The cost of interior decoration of the apartments is generally borne by the member occupying the apartment.

In 2 of the societies reporting, the initial payment per room was less than \$100, in 2 societies \$100 and under \$200, in 3 societies \$200

and under \$300, in 1 society \$300 and under \$400, and in 3 societies \$400 and under \$500; in 1 organization the member was required to make an initial payment of \$500 on his apartment, in 1 a payment of \$600, in 1 a payment of \$900 or \$1,000 depending on size of apartment, and in 1 a payment of \$2,000.

The total cost per room was less than \$500 in 4 societies, \$500 and under \$750 in 1 society, \$750 and under \$1,000 in 2 societies, and \$1,000 and over in 1 society. The total cost per apartment was less than \$1,000 in 1 society, \$1,000 and under \$2,000 in 1 society, and \$2,000 and over in 1 society; in 1 organization the total cost per apartment ranged from \$1,600 to \$6,000, according to the size and location of the apartment, and in another from \$6,000 to \$8,300.

Table 25 shows the monthly payments required in apartments of specified size. In figuring the number of rooms, the bathroom was not counted, but the kitchen was considered as a room and a dining alcove was counted as half a room.

TABLE 25.—DISTRIBUTION OF COOPERATIVE APARTMENTS ACCORDING TO NUMBER OF ROOMS AND MONTHLY RENTALS

Monthly rental	Number of apartments of specified size, with classified monthly rental						Total
	1 room	2rooms	3rooms	4rooms	5rooms	Over 5 rooms	
Under \$25.....	14	3					7
\$25 and under \$27.50.....		4		7			11
\$27.50 and under \$30.....			5	16			21
\$30 and under \$32.50.....			5	16	1		22
\$32.50 and under \$35.....			7	4	15		93
\$35 and under \$37.50.....			19	5	15		39
\$37.50 and under \$40.....			17		17		34
\$40 and under \$45.....	2		6	7	17	5	107
\$45 and under \$50.....	4		14	9		9	36
\$50 and under \$55.....	4	1	2		13	4	24
\$55 and under \$60.....	4	2	3	14		27	50
\$60 and under \$65.....		2	1			1	4
\$65 and under \$70.....		1	5		9		15
\$75 and under \$80.....	1		5	3		9	18
\$80 and over.....	1		6	24	1	10	42
Rent not reported.....			17	20	3		40
Total.....	20	13	182	192	91	65	563

<sup>1</sup> Apartments of 1½ rooms.

<sup>2</sup> Includes 2 apartments of 2½ rooms, and 1 apartment on which rent was reduced 10 percent after Oct. 1, 1933.

<sup>3</sup> Includes 61 apartments of 3½ rooms.

<sup>4</sup> 4½ rooms.

<sup>5</sup> Rent reduced 10 percent after Oct. 1, 1933.

<sup>6</sup> Includes 9 apartments of 3½ rooms.

<sup>7</sup> Includes 31 apartments of 4½ rooms.

<sup>8</sup> Apartments of 4½ rooms.

<sup>9</sup> Includes 2 apartments of 4 rooms and 2 baths each.

<sup>10</sup> Not including 12 apartments with monthly rentals ranging from \$22.60 to \$25.70 and 10 apartments with monthly rentals ranging from \$23 to \$31.

<sup>11</sup> Not including 12 apartments with monthly rentals ranging from \$29.70 to \$34.70 and 18 apartments with monthly rentals ranging from \$31 to \$38.

<sup>12</sup> Not including 32 apartments with monthly rentals ranging from \$32.50 to \$39, 16 apartments with monthly rentals ranging from \$36.90 to \$41.70, and 7 apartments with monthly rentals ranging from \$37 to \$43.

The most common size of cooperative apartment was that having 3 or 4 rooms. Among the three-room apartments, the largest group included those on which the monthly "rentals" ranged from \$32.50

to \$35, and among the four-room apartments the largest group rented for from \$40 to \$45. The largest as well as the median group, all sizes of dwelling units combined, was that of apartments renting for \$40 and under \$45. Slightly over three-fifths of the whole number of dwellings reported for involved monthly payments of less than \$60. As already indicated, these amounts represent the members' amortization payments, interest, and the proportionate share of building maintenance.

The total income during 1933 of the 21 societies was \$344,562.

As already indicated, it is not good cooperative practice to give title to the individual members, but 5 of the 20 societies reporting on this point do allow the members to hold title to their apartments; in the other 15 societies the member owns only stock in the association. Another cooperative principle in the housing field is that the members should never be allowed to sell their apartments at a profit; under good cooperative practice the member is required to sell back his stock to the association, receiving only what he paid for it minus any sums necessary to cover damage to the dwelling. However, 16 of the societies reporting allow their members to sell their apartments at a profit. Fifteen societies allow the subletting of apartments to non-member tenants; another allows subletting but restricts the practice as much as possible, 1 society allows it only during the summer months, 1 society restricts the "mark-up" to that amount which covers the use of furnishings only, and another stipulates that subletting shall be without profit. Two societies prohibit the subletting of apartments.

The 20 societies furnishing pay-roll information employed 38 full-time and 7 part-time workers in 1933 and paid \$28,532 in wages.

#### Residential Hotels

**THERE** are in Washington, D. C., two cooperative residential hotels. The first of these was started in 1922 and the other in 1928. For 1933 a report was received from the latter organization only.

The second hotel project may be said to have grown out of the first, although the personnel of the cooperative group was different. The association was formed in 1928 and, after many difficulties, moved into its building December 1, 1929. It is a 7-story building having 168 rooms with private bath and 56 suites of 2 rooms each, which share 1 bathroom.

Each member must purchase 5 shares of preferred stock and 1 share of common stock. There is no limit to the number of shares of preferred stock that may be held by any one person but no stockholder may own more than one share of common stock and only the common stock carries the voting privilege. Thus in practice each member has only 1 vote.

The cost to the member has ranged from \$200 to \$500 per room, of which \$50 must be paid down and the balance may be paid in installments of \$10 per month. Monthly basic rents range from \$25 to \$35; those of nonstockholders from \$30 to \$41.

Members merely hold stock to the value of the room occupied by them; they do not receive title. The paid-in share capital at the end of 1933 amounted to about \$50,000.

The original value of the building was \$676,000; its value in 1933 was estimated at \$630,000. The total assets amounted to \$720,660.

The hotel had 250 tenants of whom 100 were stockholders; there were also 114 stockholders not residing in the hotel. As this hotel is situated just off the Union Station Plaza and in the neighborhood of the House and Senate Office Buildings, it attracts many of the young women employed in that vicinity.

Elevator service, cafeteria, and a laundry room for the use of the guests are among the conveniences provided. There is an elaborate lobby, small writing nooks, and parlors for the entertainment of guests, as well as a ballroom. Meals are charged for at the rate of \$22.50 a month for breakfast and dinner.

The hotel is managed by a board of 5 directors, elected by the members. It employs an average of 28 persons and paid in wages during 1933 about \$17,000. The total income for 1933 amounted to \$101,947.

#### Insurance Societies

MORE than 100,000 policyholders, and new insurance written in 1933 amounting to slightly over \$6,000,000, was reported by the seven consumers' cooperative insurance associations from which returns were received. Premium income for the year amounted to over \$800,000, and claims paid totaled nearly \$428,000.

Of the 7 associations, 3 write fire insurance (1 on farm property only, and 1 on furniture and houses), and 3 write life insurance (2 of these also write health and accident insurance). Table 26 shows the year of organization and the kind of business done by each society. The Consumers' Mutual Aid Guild is really a mutual-benefit society operating on the assessment plan. The Associated Cooperative Fire Insurance Co.'s is an association of 5 companies operating in Sullivan and adjoining counties, New York.

In addition to the organizations shown in the table, the consumers' cooperative societies federated in the Cooperative League have an insurance service, Clusa Service, Inc., with headquarters in New York City. Its function is "to buy insurance from existing insurance carriers to the best advantage of the assured." The insurance so purchased includes employees' bonds and fire, casualty, and life insurance and annuities.

TABLE 26.—YEAR OF FORMATION AND KIND OF INSURANCE WRITTEN BY COOPERATIVE INSURANCE SOCIETIES

State and city	Name of society	Year of organization	Kind of insurance written
Illinois: Bloomington.	Consumers' Mutual Aid Guild.....	1927	Life, and accident resulting in permanent total disability.
Michigan:			
Grand Rapids....	New Era Life Association.....	1897	Life, health, and accident.
Rock.....	Rock Farmers Mutual Fire Insurance Co.	1915	Fire insurance on farm property.
New York:			
New York.....	Workingmen's Cooperative Association.	1886	Life, health, and accident.
	Workmen's Furniture Fire Insurance Society.	1872	Fire insurance on furniture and houses.
Woodridge.....	Associated Cooperative Fire Insurance Co.'s.	1913 <sup>1</sup>	Fire insurance on farm and other property.

<sup>1</sup> Year of organization of the first of the 5 companies; others organized in 1920, 1922, 1923, and 1926.

*Business operations.*—Table 27 shows, for 1933, new insurance written amounting to slightly over \$6,000,000. At the end of the year the six societies covered had a total of 100,395 policyholders and insurance in force amounting to more than \$110,000,000. New insurance written during the 4 depression years totaled \$28,917,508.

TABLE 27.—NEW INSURANCE WRITTEN, 1930 TO 1933, AND NUMBER OF POLICYHOLDERS AND AMOUNT OF INSURANCE IN FORCE, END OF 1933

Society	New insurance written in—				Number of policyholders, end of 1933	Total insurance in force, end of 1933
	1930	1931	1932	1933		
Consumers' Mutual Aid Guild.....	(1)	(2)	(3)	(4)	491	
Associated Cooperative Fire Insurance Co.'s.	\$540,972	\$407,803	\$620,700	\$1,009,104	7,477	\$11,207,250
New Era Life Association.....	378,375	694,248	427,625	1,587,385	15,715	16,184,390
Rock Farmers Mutual Fire Insurance Co.	1,735,490	1,707,364	983,550	581,380	1,618	4,320,051
Workingmen's Cooperative Association	(5)	(5)	2,340,479	1,228,133	11,829	766,901
Workmen's Furniture Fire Insurance Society.....	5,590,250	4,003,875	3,479,025	1,601,150	63,265	79,665,470
Total.....	8,245,087	6,813,290	7,851,979	6,007,152	100,395	112,144,062

<sup>1</sup> 51 new members added.

<sup>2</sup> 38 new members added.

<sup>3</sup> 15 new members added.

<sup>4</sup> 28 new members added.

<sup>5</sup> No data.

The Consumers' Mutual Aid Guild and the Rock Farmers' Mutual Fire Insurance Co. both operate solely on the assessment plan. The Workmen's Furniture Fire Insurance Society requires from each policyholder a deposit of \$1 for every \$100 worth of new or additional insurance and makes an annual charge of 10 cents per \$100 of insurance. The Associated Cooperative Fire Insurance Co.'s charges an

initial fee of 10 cents per \$100 of insurance; the remaining premium is levied each year as an assessment in whatever amount is necessary to cover the obligations and losses.

The premium income during 1933 was, as table 28 shows, \$803,496, and during the 4-year period amounted to \$3,534,239. In addition to the societies shown in the table, Clusa Service, Inc., had a gross income for the year 1933 amounting to \$37,759.

TABLE 28.—PREMIUM INCOME OF COOPERATIVE INSURANCE SOCIETIES, 1930 TO 1933

Society	Premium income			
	1930	1931	1932	1933
Consumers' Mutual Aid Guild.....	\$2,479	\$3,717	\$3,065	\$2,234
Associated Cooperative Fire Insurance Co.'s.....	124,467	160,167	147,080	127,584
New Era Life Association.....	700,600	652,528	573,645	509,065
Rock Farmers Mutual Fire Insurance Co.....	18,670	22,765	26,084	25,086
Workmen's Cooperative Association.....	(1)	(1)	89,171	63,584
Workmen's Furniture Fire Insurance Society.....	64,905	68,603	72,707	75,943
Total.....	911,211	907,780	911,752	803,496

<sup>1</sup> No data.

Claims paid during 1933 by the five societies for which data are available amounted to \$427,803, as follows:

	<i>Amount paid in claims</i>
Consumers' Mutual Aid Guild (death).....	\$709
New Era Life Association:	
Death.....	265,305
Sickness and accident.....	415
Rock Farmers Mutual Fire Insurance Co. (fire).....	17,071
Workmen's Furniture Fire Insurance Society (fire).....	60,136
Associated Cooperative Fire Insurance Co.'s (fire and lightning).....	84,167
Total.....	427,803

Dividends were returned to policyholders by three societies, as follows:

	<i>Amount returned in dividends</i>
New Era Life Association.....	\$23,468
Rock Farmers Mutual Fire Insurance Co.....	118
Associated Cooperative Fire Insurance Co.'s.....	196
Total.....	23,782

*Employment and wages.*—Employees to the number of 76, a pay roll for 1933 of \$115,664, and average yearly earnings per employee of \$1,522 are shown in table 29.

TABLE 29.—EMPLOYMENT AND PAY ROLL IN COOPERATIVE INSURANCE SOCIETIES,  
1933

Society	Number of employees	Wages paid, 1933	
		Total amount	Average per employee
Consumers' Mutual Aid Guild.....	1	\$900	\$900
Associated Cooperative Fire Insurance Co.'s.....	10	14,505	1,451
New Era Life Association.....	41	44,703	1,090
Rock Farmers Mutual Fire Insurance Co.....	2	2,173	1,087
Workmen's Cooperative Association.....	17	27,933	1,641
Workmen's Furniture Fire Insurance Society.....	5	17,350	3,470
Total.....	76	116,564	1,522

### Health Association

A RETURN was received from a cooperative health association in Oklahoma which operates a hospital. This association was organized in 1930, and at the end of 1933 had paid-in share capital of \$81,000. The amount of the individual share—\$50—is higher than in most other types of cooperative associations.

The payment of a fee of \$12 a year entitles the member and his family to physical examination (including blood test and urinalysis) and free prescriptions; it also entitles them to surgical operations and obstetrical service at low rates. A major operation, for example, can be obtained for \$20; and room, board, and nursing for \$4 a day.

During 1933 the number of patients admitted to the hospital totaled 452, as against 251 the year before. Income from hospital fees in 1932 was \$12,581.40 and in 1933 was \$14,959.62.

Beginning May 1934 the association added the following benefits on a yearly fee basis: Dental work, \$6; room, board, and nursing in hospital, \$12; and burial, \$6. All of these benefits are available to husband, wife, and all unmarried children under 21.

### Chapter 3.—Central Consumers' Organizations

FEDERATED cooperation is exemplified by two types of societies—the cooperative leagues which are purely educational and propaganda bodies, and the cooperative wholesale societies which are commercial organizations. Both types of organizations are owned and controlled by the constituent local cooperative societies. The wholesales are capital stock associations whose shares are held by the member societies, but the leagues are nonstock organizations financed by dues paid by the locals.

Cooperative wholesaling has had a checkered career in the United States. After a boom period immediately following the war, this branch of cooperation went into practical eclipse for a number of years, and only a few well-managed wholesales were able to survive.

The chief development of the past decade has been the formation of wholesale societies handling only petroleum products. Also significant was the formation, in 1933, of National Cooperatives, Inc. Profiting from the experiences of 1919–21, and the disastrous failure of the wholesale organization started during that period with the idea of its becoming a Nation-wide wholesale, the new wholesale is proceeding cautiously, acting rather as jobber than as wholesaler, and doing joint buying of petroleum products, tires, and other automobile supplies, for the six district wholesales which are its members and backers.

Considering the unusually adverse conditions of the period since the Bureau's last previous survey of the cooperative movement was made (1929), the wholesale societies have given a demonstration of remarkable stability and strength. Reports were received from the new national wholesale and from 8 of the 11 regional wholesales. The district wholesales had a combined membership of 918 local societies, and 4 of them were operating 50 retail branches. Societies not affiliated with the wholesales but making purchases from them numbered 170. Thus at the end of 1933 there were 1,088 local societies which were being served by the wholesales. Six of the district wholesales were in turn purchasing through the national wholesale.

The district organizations had a combined capital of \$699,885, reserves amounting to \$372,782, and total resources of \$1,931,053. Their total business during 1933 amounted to \$8,748,726. All but one of the district wholesales realized a net gain on the year's trading operations, aggregating \$169,465; the net loss of the other society

amounted to \$1,747. Interest paid on share capital in 1933 amounted to \$22,752 and patronage dividends amounted to \$108,152. The patronage rebate represented 15.5 percent computed on share capital and 1.2 percent computed on sales. During the 4 years from 1930 to 1933 these societies realized a gain each year, in spite of the depression. For the 4-year period the net gains, all societies combined, totaled \$475,623. During the same period they returned to their members \$758,096 in interest and dividends.

These societies employed 304 workers and had a pay roll for 1933 of \$427,303.

### Commercial Organizations (Wholesale Societies)

REPORTS were received from the new national cooperative wholesale society and from 8 of the 11 regional wholesales.

Table 30 shows the merchandise handled by the wholesale societies and the other services rendered (such as educational, auditing, etc.). As the table shows, all but two of the societies handle petroleum products. Very little manufacturing is done thus far.

In general the wholesale societies leave most of the cooperative educational work to be done by the district leagues organized for that purpose. It is seen, however, that five of the wholesales have educational departments. The Central Cooperative Wholesale has an active educational department with a full-time director. For about the past 15 years it has conducted an annual course lasting from 6 to 8 weeks, primarily for the purpose of training employees and managers for cooperative societies.

Six of the wholesales furnish auditing service, for a total of 664 societies. The value of such service cannot be overemphasized, for many failures of cooperative societies could have been avoided by systematic audits which would have revealed the danger points and weaknesses which later proved fatal to the society.

TABLE 30.—LINES OF GOODS HANDLED BY COOPERATIVE WHOLESALE SOCIETIES, AND OTHER SERVICES RENDERED

State and city	Name of wholesale	Goods handled	Goods manufactured	Other services
<i>National wholesale</i>				
Indiana: Indianapolis.	National Cooperatives, Inc.	Petroleum products, automobile tires, tubes, and batteries.	-----	
<i>Regional wholesales</i>				
Minnesota: Minneapolis.	Midland Cooperative Wholesale, Inc. <sup>1</sup>	Petroleum products, automobile tires, batteries, and bulk-station equipment.	Lubricating oil.	
Missouri: Kansas City...	Farmers' Union Jobbing Association.	General merchandise, mill feeds, salt, and twine.	-----	Educational department; auditing. <sup>2</sup>

<sup>1</sup> Name originally Minnesota Cooperative Oil Co., changed first to Midland Cooperative Oil Association and then to Midland Cooperative Wholesale.

<sup>2</sup> Used by 150 societies.

TABLE 30.—LINES OF GOODS HANDLED BY COOPERATIVE WHOLESALE SOCIETIES, AND OTHER SERVICES RENDERED—Continued

State and City	Name of wholesale	Goods handled	Goods manufactured	Other services
<i>Regional wholesales—Continued</i>				
Missouri—Contd. North Kansas City.	Cooperative Union Oil Co.	Petroleum products, automobile tires, tubes, and batteries.	Lubricating oil.	Educational department; auditing. <sup>3</sup> Do. <sup>4</sup>
Nebraska: Omaha.	Farmers' Union State Exchange.	General merchandise, farm supplies, petroleum products, and car-lot orders of produce, coal, and salt.	-----	Do. <sup>5</sup>
Ohio: Columbus....	Ohio Farm Bureau Service Co.	Petroleum products, coal, and farm supplies.	Feed.....	Do. <sup>5</sup>
Texas: Amarillo....	Consumers Associated.	Petroleum products, tires, tubes, and accessories.	-----	Do. <sup>5</sup>
Washington: Seattle.	Grange Cooperative Wholesale.	Groceries, petroleum products, and feed.	-----	Auditing. <sup>6</sup>
Wisconsin: Superior.	Central Cooperative Wholesale. <sup>7</sup>	Groceries, clothing, bakery products, light hardware, automobile tires, and building materials.	Bakery goods.	Educational department; auditing. <sup>8</sup>

<sup>3</sup> Used by about 250 societies.

<sup>4</sup> Used by about 60 societies.

<sup>5</sup> Used by 88 county branches.

<sup>6</sup> Used by 35 societies.

<sup>7</sup> Name formerly Cooperative Central Exchange.

<sup>8</sup> Used by 81 societies.

### Organization of Wholesale Organizations

GENERALLY the cooperative wholesale societies are owned by the constituent local (retail) societies which hold the capital stock of the wholesale. Exceptions to this are National Cooperatives, Inc., whose stock is held by six of the district wholesales, and the Ohio Farm Bureau Service Co., which is owned by the Ohio Farm Bureau Corporation.

The policies of the wholesale societies are controlled by the general meetings of representatives of the member societies. In the meetings of the Farmers' Union State Exchange and the Midland Cooperative Wholesale each member society has one vote. Representation at meetings of the Central Cooperative Wholesale depends on the membership of the local societies, each local being allowed 1 delegate and vote for every 50 members.

### Membership and Resources

TABLE 31 shows the year of organization of the individual societies, the number of members and purchasers, and the resources.

The two Farmers' Union wholesales are the oldest of those reporting, each having been in operation for 20 years. The youngest organization shown is the new national wholesale, formed in 1933.

Only cooperative societies are admitted to membership in most of the cooperative wholesale societies. The Nebraska wholesale, the Farmers' Union State Exchange, however, accepts only societies and persons affiliated with the Nebraska Farmers' Union, and the Grange Cooperative Wholesale admits only Grange organizations.

The 8 district wholesales were serving 918 member cooperative societies and 170 other societies which were not affiliated. The operation of retail branches has been a method rather infrequently practiced in the United States, but as the table shows, 4 of the wholesales had 50 retail branches at the end of 1933. The Ohio Farm Bureau Service Co. operates on a somewhat different basis from the other wholesales. The Farm Bureau societies are set up on a county basis, and the Ohio Farm Bureau Service Co. is the purchasing agent for 88 county departments; in 28 counties it has taken over and is now operating the local organizations as branches.

TABLE 31.—MEMBERSHIP AND RESOURCES OF COOPERATIVE WHOLESALE SOCIETIES AT END OF 1933

Society	Year of organization	Number of affiliated societies	Retail branches of wholesale	Unaffiliated customer organizations	Paid-in share capital	Reserve fund	Total assets
<i>District wholesales</i>							
Central Cooperative Wholesale	1917	99	-----	20	\$147, 783	\$22, 149	\$307, 614
Consumers Associated	1930	32	-----	( <sup>1</sup> )	15, 000	3, 240	39, 210
Cooperative Union Oil Co.	1929	250	9	-----	75, 323	12, 367	245, 999
Farmers' Union Jobbing Association	1914	270	-----	25	60, 930	100, 532	276, 628
Farmers' Union State Exchange	1914	260	12	-----	340, 775	21, 436	590, 562
Grange Cooperative Wholesale	1919	7	1	37	10, 644	2, 159	32, 365
Midland Cooperative Wholesale	1927	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Ohio Farm Bureau Service Co.	1923	-----	28	88	49, 430	210, 849	438, 675
<b>Total</b>	-----	918	50	170	699, 885	372, 782	1,931,053
<i>National wholesale</i>							
National Cooperatives, Inc.	1933	6	-----	-----	1, 600	-----	1, 244

<sup>1</sup> No data.

### Business Operations and Results

TABLE 32 shows, for each of the 4 years from 1930 to 1933, the amount of business done, the net savings effected (i. e., "net gain"), and the amounts paid to member societies in interest on share capital and in patronage refunds. It is of interest that although each of the merchandise societies showed some decrease in sales during the 4-year period, all 3 of the societies handling only petroleum products showed an increase in business in each year. The year 1933 showed improved business in 3 of the 4 merchandise societies for which data were available for both 1932 and 1933.

Of the 9 societies, all but 2 showed a net trading gain in each year, in spite of the depression. For the 4-year period gains aggregated \$697,418 and losses \$221,795, making a net gain, all societies combined, of \$475,623. The sum of \$758,096 was returned to the member societies in interest on share capital and in refunds on their purchases from the wholesale.

TABLE 32.—BUSINESS, NET GAIN, INTEREST PAID ON SHARE CAPITAL, AND PATRONAGE REFUNDS OF COOPERATIVE WHOLESALE SOCIETIES, 1930 TO 1933

Society	Amount of business				Net gain			
	1930	1931	1932	1933	1930	1931	1932	1933
Central Cooperative Wholesale.....	\$1,767,760	\$1,509,752	\$1,309,698	\$1,383,290	\$29,735	\$12,035	\$9,091	\$13,133
Consumers Associated.....		51,453	86,662	128,384		1,376	4,901	3,592
Cooperative Union Oil Co.	489,437	981,491	1,328,629	1,493,843	24,978	45,900	26,103	36,978
Farmers' Union Jobbing Association.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	56,569	76,552	45,450	14,194	26,260
Farmers' Union State Exchange.....	2,118,212	1,571,028	1,192,838	1,244,993	70,850	64,732	34,912	61,945
Grange Cooperative Wholesale.....	119,855	243,487	173,854	102,378	1,013	1,274	1,984	2,091
Midland Cooperative Wholesale.....	600,239	615,388	883,736	1,073,567	14,804	21,163	26,906	25,466
National Cooperatives, Inc.....				( <sup>1</sup> )				<sup>2</sup> 356
Ohio Farm Bureau Service Co.....	6,029,044	3,946,889	2,401,867	3,265,702	<sup>2</sup> 42,342	<sup>2</sup> 124,475	<sup>2</sup> 52,875	<sup>2</sup> 1,747
Total.....	11,124,547	8,919,488	7,377,284	8,748,726	175,590	67,455	65,216	167,362
	Interest on share capital				Patronage refunds			
Central Cooperative Wholesale.....					26,809	9,158	9,091	13,133
Consumers Associated.....		( <sup>3</sup> )	( <sup>3</sup> )	( <sup>4</sup> )		9,185	7,572	6,790
Cooperative Union Oil Co.	2,546	3,917	4,057	4,265	16,376	35,341	20,154	18,266
Farmers' Union Jobbing Association.....	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	48,900	23,600	27,081	16,000
Farmers' Union State Exchange.....	19,386	19,193	12,658	18,487	44,142	39,236	21,786	35,963
Midland Cooperative Wholesale.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	18,000
Ohio Farm Bureau Service Co.....	( <sup>6</sup> )				190,568	36,436		
Total.....	21,932	23,110	16,715	22,752	326,795	152,956	85,684	108,152

<sup>1</sup> No data.

<sup>2</sup> Loss.

<sup>3</sup> This society paid 10 percent interest but did not report amount so paid.

<sup>4</sup> This society paid 8 percent interest but did not report amount so paid.

<sup>5</sup> This society paid 6 percent interest but did not report amount so paid.

<sup>6</sup> This society paid 4 percent interest but did not report amount so paid.

Of the 6 societies which reported in regard to their practice as to the return of patronage dividends to nonmembers, 2 make no refunds to nonmembers, and 4 pay the same rate as to members but 2 of the societies report that the amount is credited on the purchase of a share of stock in the society so that in the course of time the purchaser automatically becomes a member.

## Operating Expenses

THE operating expenses of the three reporting wholesale societies for 1933 amounted to 10.79 percent of their sales. The statement below shows the percent spent for each item of expense:

	<i>Percent of sales</i>
Sales expense:	
Wages.....	5. 10
Other.....	. 38
Total.....	<u>5. 48</u>
Miscellaneous delivery expense (except wages).....	. 86
Rent.....	. 54
Light, heat, power, and water.....	. 36
Insurance and taxes.....	. 37
Interest on borrowed money.....	. 03
Office supplies and postage.....	. 40
Telephone and telegraph.....	. 38
Repairs.....	. 08
Depreciation.....	. 46
Bad debts.....	. 24
Auditing.....	. 04
Legal service.....	. 03
Miscellaneous.....	1. 52
Grand total.....	<u>10. 79</u>

## Working Conditions

TABLE 33 shows a total of 304 persons employed, a pay roll of \$427,303 in 1933, average annual earnings per employee of \$1,409, and average weekly working time of 43.3 hours.

TABLE 33.—EMPLOYMENT, PAY ROLL, AND WEEKLY WORKING HOURS IN COOPERATIVE WHOLESALE SOCIETIES, 1933

Society	Number of employees	Amount paid in wages, 1933		Working hours per week
		Total	Average per employee	
Central Cooperative Wholesale.....	55	\$73, 982	\$1, 345	44. 0
Consumers Associated.....	7	9, 203	1, 315	( <sup>1</sup> )
Cooperative Union Oil Co.....	74	78, 743	1, 064	44. 0
Farmers' Union Jobbing Association.....	6	8, 955	1, 493	40. 0
Farmers' Union State Exchange.....	37	42, 214	1, 141	44. 5
Grange Cooperative Wholesale.....	3	6, 906	2, 302	44. 0
Ohio Farm Bureau Service Co.....	122	207, 300	1, 699	( <sup>1</sup> )
Total.....	304	427, 303	1, 409	43. 3

<sup>1</sup> Code hours worked.

Table 34 gives comparative data for the two types of wholesale societies for 1929 and 1933.

TABLE 34.—DEVELOPMENT OF COOPERATIVE WHOLESALE SOCIETIES, 1929 AND 1933

Item	Wholesale societies handling—			
	Household supplies		Gasoline and motor oils	
	1929	1933	1929	1933
Number of societies reporting.....	6	4	2	5
Number of affiliated societies.....	351	636	45	288
Number of retail branches.....	34	13	-----	37
Number of unaffiliated customers.....	20	82	195	88
Share capital.....	\$483,312	\$560,132	(1)	\$141,353
Reserve funds.....	\$135,308	\$146,326	(1)	\$226,456
Amount of business.....	\$10,371,060	\$2,787,230	\$757,274	\$5,961,496
Net gain.....	\$297,111	\$103,429	\$12,720	\$63,933
Amount returned in patronage refunds.....	\$225,500	\$65,096	(2)	\$43,056
Interest paid on share capital.....	\$26,864	\$18,487	\$206	\$4,265
Number of employees.....	132	101	(1)	203
Amount paid in wages.....	(1)	\$132,057	(1)	\$295,246

<sup>1</sup> No data.

<sup>2</sup> 1 society returned 15 percent of the gross profits, amount not reported.

### Educational Organizations (Cooperative Leagues)

#### Cooperative League of the U. S. A.

FOR educational and propaganda purposes the local societies are federated into a national organization, the Cooperative League of the U. S. A., with headquarters in New York City. This organization was formed in 1915. For a number of years the organization received little or no financial support from the local societies, which were either too weak or too indifferent to contribute to it.

As a start toward a national cooperative movement the league called a convention, which was held in Springfield, Ill., in 1918, at which there was a small representation from the local societies. Since that time congresses have been held every two years, and an increasing number of societies has become interested in federated action, so that the league may now be said to be really a federation of the local societies and to be supported by them. The league admits into membership only consumers' societies and is gradually inaugurating a set of cooperative standards to which, eventually, societies will be required to conform in order to obtain admission to membership.

The league has gathered many adherents in recent years. Its report to the Bureau now shows a membership of 1,480 distributive societies, 9 credit unions, 5 housing associations, and 4 insurance societies—a total of 1,498 societies; at the end of 1928 its membership consisted of 140 societies and 1,000 individual members.

Member societies pay dues to the national organization on the basis of their membership. They are represented in the meetings of the league by elected delegates, the stores and housing societies being

entitled to 1 vote for each 500 members, and the insurance and credit societies 1 vote for each 3,500 members.

The league carries on general educational work in the theory and practice of cooperation, writing articles for the general press, furnishing speakers for meetings of local societies, and lecturers for the cooperative schools and institutes and for colleges and universities which offer courses in cooperation or economics. It also furnishes legal and auditing services for member societies, besides doing some organization work. Several summer institutes and training courses have been held under the auspices of the league. It has issued a number of films on cooperation and many publications on the various phases of cooperation and on correct cooperative practice, and publishes a monthly magazine.

#### District Leagues

THERE are also three district educational leagues, and others will be formed as cooperative development shows the need. If there is no district league in a given region a local society may affiliate directly with the national league; otherwise affiliation is obtained with the national league only through the medium of the district federation.

*Northern States Cooperative League.*—This league is the oldest of the district leagues, having been organized in March 1922. It has jurisdiction in the States of Minnesota, the Dakotas, Michigan, and Wisconsin; its headquarters are in Minneapolis.

The league, in addition to its general educational work, has given several training courses for the employees of cooperative societies. It also furnishes speakers and films for cooperative assemblages, carries on organization work, and furnishes auditing service. It acts as an employment exchange for cooperative societies which need employees, and workers who wish to obtain positions in the cooperative movement.

Until recently this league has issued a year book covering the development of the societies in its district, along with articles on the various phases and problems of the cooperative movement. By action of the 1928 cooperative congress, however, the year book was made national in scope, although its editing was still left to the Northern States Cooperative League.

No report as to membership was received by the Bureau from the league, for 1933.

*Eastern States Cooperative League.*—The Eastern States Cooperative League, whose territory is the New England and North Atlantic States, has headquarters in New York City. It was formed in 1925. From 1930 to 1933 its membership increased from 26 to 31 societies. At the end of 1933 this league had in affiliation 12

distributive societies, 5 housing associations, 4 credit unions, 2 insurance societies, 6 bakeries, 1 oil association, and 1 restaurant.

The league carries on general educational work, besides holding training courses for cooperative employees and summer institutes for the membership generally. It furnishes speakers for meetings and supplies its members with pamphlets on cooperative subjects. It does organization and auditing service for local groups. The Eastern Cooperative Wholesale Society was the direct outgrowth of the joint buying carried on by the local societies through the league.

The league has two employees.

*Central States Cooperative League.*—The Central States Cooperative League was formed in April 1927. Its district is the States of Illinois, Ohio, and Indiana, and its headquarters are in Bloomington, Ill. At the end of 1933 it had in membership 15 distributive societies, 1 mutual-benefit society, and 2 educational organizations, besides 26 individual members.

This league, in addition to its general educational work, holds a summer institute, carries on organization work, and supplies films, speakers, and pamphlets. It also carries on joint buying of staple articles for its member societies. A printing plant is operated by the league, which serves both the league and its members at the cost of time and material used.

The constituent societies have one vote for each 100 members or major fraction thereof.

The league has two employees.

#### Other Federations

SOME of the local societies in the North Central States have formed loose federations whose purpose is to knit the societies together more closely and to form a medium of consideration of their common problems. Some joint buying has also been done by these organizations.

Among the federations so formed are the Mesabi Range Cooperative Federation in Northeastern Minnesota, the Marquette District Cooperative League of societies in the vicinity of Marquette, Mich., and the Northern Wisconsin Cooperative Federation of societies in the Superior, Wis., region. No return was made for 1933 by the first two organizations. The Northern Wisconsin Cooperative Federation, however, reports that it had in membership at the end of the year 9 cooperative organizations—6 distributive societies, 2 wholesale societies, and a cooperative park association. The federation does general educational work, and gives financial aid toward the cooperative training courses and summer institutes held in the Northern States district, as well as toward the women's cooperative guilds, Cooperative Youth League activities, and similar organizations. The federation sponsors a district cooperators' picnic every summer.

## Chapter 4.—Credit and Banking Societies

### Credit Unions

CREDIT to the amount of more than \$28,000,000 was made available to the members of cooperative credit societies in the United States during 1933. These credit societies, commonly called "credit unions" in the United States, are organizations of persons perhaps the majority of whom do not have and may never have had any banking connections. They are designed to fill the credit needs of workmen and other small borrowers who can find few other sources of credit at moderate rates.

Since 1925, legislation authorizing the formation of such societies has been passed in a number of States, and such legislation was on the statute books in all but nine States at the end of 1933. In 1934 the Federal Congress passed an act authorizing the incorporation of cooperative credit societies on a Federal instead of a State basis.

Under the stimulus of such legislation and the active encouragement of several organizations interested in the promotion of the credit-union movement, cooperative credit societies have increased very greatly in number since 1925. On the other hand, a considerable number have gone out of existence since the Bureau's last general survey, covering the year 1929. To what extent these dissolutions were the result of the depression the data at hand do not show. The reports indicate, however, that some of the dissolutions were those of societies formed among the employees of firms which have failed since 1929.

Notwithstanding the nearly 300 credit unions reported as having ceased operations since 1925, the number of organizations in business at the end of 1933 was 5 times that at the end of 1925, having risen from slightly over 400 to more than 2,000. About 50 percent of these were started from 1931 to 1933. The simplicity of the credit-union structure and procedure and the increasing difficulty of obtaining loans through ordinary sources of credit have undoubtedly contributed to this growth.

Membership from 1925 to 1933 increased from a little over 100,000 to nearly 360,000. Possibly due to the formation of the many new, small societies, the average size of society decreased, falling from 612 members in 1925 to 320 members in 1929 and to 215 members in 1933.

A small group, the members of which know each other, is considered desirable from the point of view of the safety of the loans made, and in the main the credit societies are of this character. More than two-fifths of the whole number reporting had fewer than 100 members. The largest society had more than 12,000 members but these were all in one employment.

The funds from which the loans are made are built up from the members' pooled contributions, i. e., share capital subscribed by them. In order to be a borrower, it is necessary also to be a member. If there are more applications than the funds on hand will cover, it is the usual practice to give preference to the smaller loans.

At the end of 1933 the credit societies reporting had share capital amounting to \$22,457,861, which was an average of \$62 per member. In addition some 50,000 members had deposited with these societies savings aggregating \$5,685,276, or \$113 per depositor. Reserves to cover possible losses had been built up amounting to \$2,372,711.

Although the average assets per society were small—less than \$5,000 in the case of more than 50 percent of the societies—4 associations were found whose assets were \$1,000,000 or more. The total resources of the societies reporting were \$35,496,668 at the end of 1933.

During 1933, as already stated, these small societies made combined loans of \$28,217,457, filling the credit needs of 206,295 borrowing members. This was an average of \$138 per loan and an average business of slightly under \$23,000 per society for the year. Three societies, during 1933, however, made loans aggregating more than half a million dollars each, and one of these of over a million dollars. The sum of \$26,391,683 was outstanding at the end of the year.

The expenses of operation of credit unions were very low; for the 279 societies which furnished reports for 1933, they averaged only 2.21 percent (in terms of loans granted). There are very few paid employees. Many credit unions have none at all, this not being necessary until the society attains a considerable volume of business. In the case of credit unions formed among the employees of a single firm, the employer often donates office space, including of course light and heat. Taxes, office supplies, stationery, and insurance are the only items of expense for a large proportion of the societies.

The record of these credit unions as regards bad debts is quite remarkable. Even in the depression year of 1933, only 158 societies had any uncollectible debts and these amounted to \$66,663, which was four-fifths of 1 percent of their loans during the year. Figured on the basis of the loans of all societies reporting, the losses were less than one-fourth of 1 percent.

Nearly \$1,000,000 was returned to members in dividends on their stock during 1933.

#### Fundamentals of Cooperative Credit

THE following are the principles upon which credit unions operate:

1. Membership open to persons of good character who have a community of interest with the credit-union group.
2. Low membership fees, and shares of low denomination which may be paid for in installments.

3. Democracy in government, with officers and committees elected by and responsible to the members.
4. One vote per member, irrespective of the number of shares held. No proxies.
5. Loans to members only.
6. Loans to directors, officers, and committee members generally prohibited.
7. Loans made only for productive purposes and urgent needs.<sup>1</sup>
8. Amount of loan based not on the member's investment in the society but on his needs and character.
9. Loans at low rates of interest, and interest generally payable only on unpaid balances.
10. Dividends payable on all fully paid shares of stock.

#### Source of Data

INQUIRY was made of the State officials charged with oversight and examination of the credit societies, in those States in which the law requires these societies to file annual reports. Data were secured in this way for the societies in Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Montana, Missouri, Nebraska, New Jersey, New York, North Carolina, Rhode Island, Texas, Utah, Virginia, West Virginia, and Wisconsin. The laws require reports on only a few points, however, and in order to obtain supplementary data, questionnaires were sent to each of the individual societies in all of the States. Some data were obtained for 1,772 of the 2,016 credit unions known to have been in operation at the end of 1933.

#### Number and Age of Credit Unions Reporting

A CONSIDERABLE number of questionnaires (292) were returned with the notation that the society had gone out of business. As no general questionnaire study has been made by the Bureau for credit unions in all States since 1925, it was impossible to determine what proportion of these had liquidated in the depression years and as a result of the depression. A large percentage, however, had been societies formed among the employees of individual firms. The fortunes of credit societies of this kind are apt to stand or fall with those of the employer firm. A number of returned questionnaires indicated that the firm had liquidated, thus removing the "common bond of interest" among the credit-union members specified by the credit-union law as a prerequisite for the formation of the society and making necessary the dissolution of the organization. In a few the labor force of the firm had been so reduced as to decrease the

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<sup>1</sup> But this, in practice, is usually very liberally construed. Under some circumstances a loan might even be granted to enable the borrower to take a much-needed vacation—such a purpose being considered both necessary and productive.

membership of the society to a point below that at which operation was considered advantageous.

Table 35 shows the number of credit unions in existence at the time of each of the three previous studies of this branch of the cooperative movement, and, for 1933, the total number in existence and the number for which reports were received.

It is seen that the cooperative credit movement multiplied fivefold between 1925 and 1933.

Massachusetts held first place in credit-union organization in each of the years shown. It is evident, however, that with the passage of enabling legislation from year to year and the active promotion by several organizations of the formation of cooperative credit societies, new States are beginning to challenge the credit-union supremacy of Massachusetts. The most phenomenal growth in numbers has occurred in Wisconsin. That State, in which the Bureau had record of only 2 societies in 1925, at the end of 1933 ranked next to Massachusetts, far surpassing New York (another old credit-union State) in point of number of societies. Other States in which the number of credit unions has increased rapidly in the past few years are Illinois, Iowa, Minnesota, and Missouri.

TABLE 35.—NUMBER OF COOPERATIVE CREDIT SOCIETIES AT END OF EACH YEAR, 1925, 1929, 1932, AND 1933

State	1925	1929	1932	1933	
				Total number	Number reporting
Alabama.....		39	40	38	18
Arizona.....		2	2	2	2
Arkansas.....	3	3	11	12	6
California.....	1	19	51	61	40
Colorado.....		2	6	9	3
Connecticut.....		1	3	3	3
District of Columbia.....		1	7	16	12
Florida.....	1	1	6	9	9
Georgia.....	3	39	44	64	64
Illinois.....	1	41	108	130	130
Indiana.....	7	32	67	85	49
Iowa.....	1	36	85	125	109
Kansas.....	1	10	21	25	23
Kentucky.....	2	10	24	32	32
Louisiana.....	2	6	8	12	9
Maine.....	1	2	3	3	3
Maryland.....	1	3	8	12	12
Massachusetts.....	220	299	285	282	282
Michigan.....	2	29	40	49	40
Minnesota.....	1	43	101	152	145
Mississippi.....			4	5	2
Missouri.....		43	122	132	132
Montana.....		1	3	3	2
Nebraska.....		7	36	42	42
New Hampshire.....	1	3	8	8	4
New Jersey.....	4	11	20	27	26
New Mexico.....			1	1	1
New York.....	115	125	113	135	130
North Carolina.....	26	46	69	65	56
Ohio.....		3	22	32	15
Oklahoma.....	2	3	5	14	8
Oregon.....		3	4	6	5
Pennsylvania.....	1	2	5	23	9
Rhode Island.....	5	13	16	13	13
South Carolina.....	2	5	4	4	2
Tennessee.....	3	15	35	54	31
Texas.....	3	12	38	47	43
Utah.....		5	8	10	8
Virginia.....	4	30	33	40	28
Washington.....	2	6	5	11	9
West Virginia.....	3	9	10	14	12
Wisconsin.....	1	14	131	209	201
Total.....	419	974	1,612	2,016	1,772

Of the 1,035 societies for which data as to year of formation are available, 239 (23 percent) were started in 1933, 525 (51 percent) were formed from 1931 to 1933, and 821 (79 percent) from 1928 to 1933. The details, by States, are shown in table 36.

TABLE 36.—DISTRIBUTION OF CREDIT SOCIETIES ACCORDING TO YEAR IN WHICH ESTABLISHED

State	1900-10	1911-15	1916-20	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	Total
Alabama											11	4		1	1	1	18
Arizona												2					2
Arkansas											1				4	1	6
California										3	5	6	5	5	5	10	39
Colorado														2	3	2	7
Connecticut									1								3
District of Columbia													2		2		12
Florida											1	3	1			1	6
Georgia								1	3	1	5	2	5	2	1	7	27
Illinois								1	3	4	13	4	14	5	10	14	68
Indiana						2		6	4	5	3	3	8	7	7	11	49
Iowa								3	2	6	6	4	6	4	16	17	64
Kansas								1				3		3	3	4	14
Kentucky						1	1		1	1	2	1	2		7	4	20
Louisiana									3					1		2	9
Maryland												2				2	7
Massachusetts	1	10	5	7	4	2	1	3	25	14	10	8	14	4	5	4	117
Michigan								2	3	2	5	4	1	4	3	1	25
Minnesota				1				1	3	3	8	5	3	8	18	30	80
Mississippi															1	1	2
Missouri										5	8	9	6	5	16	17	66
Montana															1	1	2
Nebraska											2	1	1	1		3	20
New Hampshire	1			1											1		4
New Jersey								3			1	3	3	7		5	22
New Mexico													1				1
New York		3	13	6	5	2	4	2	1		4	2		12	4	8	66
North Carolina			2			1		1			7			2	4	3	20
Ohio												1	3	1	7	3	15
Oklahoma													2			6	8
Oregon											3		1		1		5
Pennsylvania												1	1		1	6	9
Rhode Island		1	1							1	1	1				1	6
South Carolina							1	1									2
Tennessee								3			1	2	1		12	11	31
Texas												6	11	5		5	27
Utah										1	2		2		2		7
Virginia						1	2	1	3			4	6	1			18
Washington							1	1	1	1		1				4	9
West Virginia								1	2	1	2	1			1	1	9
Wisconsin						2				2	2	2	6	11	41	47	113
Total	2	14	21	15	9	11	13	31	52	46	112	88	96	102	184	239	1,035

The following statement shows the number of societies of classified age:

Under 1 year	218
1 and under 3 years	297
3 and under 5 years	180
5 and under 10 years	265
10 and under 15 years	45
15 and under 20 years	23
20 and under 25 years	6
25 years and over	1
<b>Total</b>	<b>1,035</b>

The average age, for all societies reporting, was just over 4 years.

The oldest societies which reported were St. Mary's Bank, Manchester, N. H., started in 1908; Industrial Credit Union of Boston, started November 23, 1910; St. Anne Credit Union of New Bedford, Mass., started August 3, 1911, and Shepard Stores Employees' Credit Union, Boston, started January 1, 1912.

### Membership

GENERALLY, in the cooperative movement, it is one of the first essentials that membership shall be open to all. Due to the nature of the credit business, however, this is not true in the cooperative credit society. A considerable proportion of the credit union's business consists of character loans, made without any security except the personal integrity of the borrower. Consequently, it is essential, for the safety of the loans made, that the borrower's financial reliability be known, and this is possible only in a group the members of which are known to each other. Membership restrictions are therefore almost universal in credit societies. Indeed, many of the State laws authorizing the formation of credit unions impose such restrictions. A common provision of credit-union laws is that the membership shall be limited to a group having a common bond of occupation or association, or to persons residing within a well-defined neighborhood, community, or rural district.

Table 37 shows the limitations on the membership imposed in the 1,016 societies reporting. It is seen that of this number there were only 47 which had no requirement on this point. The largest group was that of societies formed among the employees of individual companies, especially in the railroad and meat-packing industries. The next largest group was that of credit unions of public employees; in this group societies of Federal employees (mainly in the Postal Service) predominated.

TABLE 37.—NUMBER OF CREDIT UNIONS WITH SPECIFIED LIMITATIONS ON MEMBERSHIP

Membership limited to—	Number of credit unions	Membership limited to—	Number of credit unions
Employees of specified company:		Public employees—Continued.	
Coal-mining companies.....	1	County and municipal employees—Continued.	
Hotels.....	5	Teachers and/or other school employees.....	22
Insurance companies.....	7	Other.....	29
Laundries.....	2	Various classes.....	6
Loan companies.....	3	Total.....	324
Manufacturing companies:		Specified occupation:	
Automobiles.....	5	Building trades and clothing workers.....	1
Food products.....	21	Dining-car employees.....	1
Machinery.....	8	Railway clerks.....	3
Metal products.....	10	Social-service workers.....	1
Paper and/or paper products.....	9	Total.....	6
Rubber products.....	2	Members of specified labor organization:	
Shoes.....	9	Electrical workers.....	1
Textiles (including hosiery).....	7	Federal employees.....	9
Other products.....	21	Fire fighters.....	1
Product not known.....	13	Lithographers.....	1
Motion-picture companies.....	1	Masters, mates, and pilots.....	1
Oil companies.....	3	Men's clothing workers.....	1
Printing and publishing companies:		Printing pressmen.....	1
Newspapers.....	17	Railroad-labor organizations.....	1
Other.....	9	Railroad trainmen.....	2
Public utilities:		Railway clerks.....	11
Gas, electric light, power.....	36	State employees.....	1
Railroads.....	71	Teachers.....	7
Street railways and busses.....	11	Total.....	37
Telephone and/or telegraph.....	15	Members of specified religious group.....	36
Railway-express companies.....	5	Specified nationality:	
Slaughtering and meat-packing firms.....	77	Finnish.....	1
Store companies:		Italian.....	1
Department stores.....	7	Portuguese.....	1
Grocery stores.....	2	Total.....	3
Mail-order companies.....	3	Residents of specified locality.....	34
Other.....	2	Residents of specified locality who are also—	
Other industries.....	7	Catholics.....	2
Others, business not known.....	81	Farmers.....	4
Total.....	470	French-Americans.....	3
Employees of specified organization:		Jews.....	6
Clubs.....	2	Veterans.....	1
Colleges or universities.....	4	Total.....	16
Cooperative societies <sup>1</sup> .....	11	No restrictions on membership.....	47
Farmers' organizations.....	16	Grand total.....	1,016
Fraternal orders.....	4		
Hospitals or sanatoriums.....	3		
Other.....	3		
Total.....	43		
Public employees:			
Federal employees.....	245		
State employees.....	3		
County and municipal employees:			
Firemen.....	16		
Police.....	3		

<sup>1</sup> Includes members as well as employees in some cases.

The 1,673 societies for which the 1933 membership was reported had an aggregate membership of 359,646, an average of 215 persons per society. The Massachusetts organizations still retained supremacy as regards combined membership, that State having more than 28 percent of the total number of members. New York came next, but Illinois, a new credit-union State, has gained in importance from year to year and ranked third among the States in point of membership. The 3 oldest credit-union States are Massachusetts, New York, and Rhode Island; these 3 States together accounted for 160,036 members, or 44 percent of the total. By far the largest average membership per society was found in Rhode Island. The average in that State was over three times that of Oregon, which was next in line. The details are shown, by States, in table 38.

TABLE 38.—AGGREGATE AND AVERAGE MEMBERSHIP OF CREDIT UNIONS, 1933, BY STATES

State	Number of societies reporting	Members		State	Number of societies reporting	Members	
		Total number	Average per society			Total number	Average per society
Alabama.....	12	2,057	171	Nebraska.....	42	6,210	143
Arizona.....	1	64	64	New Hampshire.....	2	777	389
Arkansas.....	3	115	38	New Jersey.....	22	6,035	274
California.....	22	4,869	221	New Mexico.....	1	57	57
Colorado.....	4	532	133	New York.....	130	50,287	387
Connecticut.....	3	743	248	North Carolina.....	56	3,166	57
District of Columbia.....	6	797	133	Ohio.....	15	3,851	257
Florida.....	6	1,213	202	Oklahoma.....	8	758	95
Georgia.....	64	8,150	127	Oregon.....	5	2,150	430
Illinois.....	130	32,890	253	Pennsylvania.....	6	914	152
Indiana.....	30	5,894	196	Rhode Island.....	2	7,807	1,301
Iowa.....	109	12,245	112	South Carolina.....	2	163	82
Kansas.....	23	3,751	163	Tennessee.....	30	4,979	166
Kentucky.....	32	6,543	204	Texas.....	27	4,282	159
Louisiana.....	5	948	190	Utah.....	7	931	133
Maryland.....	12	2,839	237	Virginia.....	28	9,105	325
Massachusetts.....	282	101,942	361	Washington.....	8	1,264	158
Michigan.....	40	7,259	181	West Virginia.....	10	2,293	229
Minnesota.....	145	22,334	154	Wisconsin.....	201	19,470	97
Missouri.....	132	19,782	150				
Montana.....	3	180	60	Total.....	1,673	359,646	215

Table 39 shows, for the 772 individual societies reporting their membership, the number having each classified number of members. Although small societies are considered desirable in the field of cooperative credit, there are a number of successful societies of considerable size. The average membership (as shown in table 38) in 1933 was 215 members. Table 39 shows that 31 of the societies had 1,000 members or more and 8 had 2,000 members or more. In general the largest credit societies were found in the States with the longest credit-union experience (such as Massachusetts, New York, and Rhode Island), but it is of interest to see that Illinois, whose law was passed in 1925, had 5 societies with 1,000 or more members.

The four largest credit unions making individual reports were the Central Falls (R. I.) Credit Union, with 3,586 members; the Chicago Post Office Employees' Credit Union, with 4,775; the Telephone Workers' Credit Union of Boston, with 7,851; and the New York City Municipal Employees' Credit Union, with 12,169.

TABLE 39.—NUMBER OF CREDIT UNIONS WITH EACH CLASSIFIED NUMBER OF MEMBERS, 1933, BY STATES

State	Number of credit unions having specified number of members									Total
	Under 25	25 and under 50	50 and under 100	100 and under 250	250 and under 500	500 and under 750	750 and under 1,000	1,000 and under 2,000	2,000 and over	
Alabama	1	2	4	1	4					12
Arizona			1							1
Arkansas	1	1	1							3
California	1		4	12	3	1	1			22
Colorado			1	3						4
Connecticut				1	2					3
District of Columbia		2		3	1					6
Florida			2	2	2					6
Georgia		3	5	7		4	1			20
Illinois		8	10	21	6	1		4	1	51
Indiana	1	1	13	7	5	2	1			30
Iowa	3	12	7	9	7	2	1			41
Kansas		3	3	4	1					11
Kentucky			2	3	1			1		11
Louisiana			4			3		1		5
Maryland		1		2	2					5
Massachusetts	1	2	20	21	20	8	2	4	5	83
Michigan		3	5	8						16
Minnesota		8	16	27	10	4	1	1		67
Missouri	2	8	13	14	8	3	2	1		51
Montana	1		1							2
Nebraska		4	4	1	1			1		11
New Hampshire		1				1				2
New Jersey			5	9	4	3		1		22
New Mexico			1							1
New York		4		4	6	2		2	1	19
North Carolina	2	1	2	3		2				10
Ohio	1	1	2	5	4	1		1		15
Oklahoma	1	5		1	1					8
Oregon		1		1	2			1		5
Pennsylvania			5	4						9
Rhode Island				2	1			2	1	6
South Carolina		1		1						2
Tennessee		2	11	13	2	1		1		30
Texas	3	6	4	6	7	1				27
Utah		2	1	3	1					7
Virginia		1	4	5	6		1	1		18
Washington	1	1	3	2		1				8
West Virginia		2	3	4				1		10
Wisconsin	9	29	33	25	10	3	2	1		112
Total	28	115	189	235	115	46	13	23	8	772

### Resources

THE funds of credit societies are raised from among the membership. Each new member is required to pay an entrance fee, usually ranging from 10 to 25 cents, and to subscribe for a certain amount of share capital, usually one share.

The shares of stock are always of small denomination—usually \$5 or \$10, but sometimes running as high as \$25. The share, however, can be paid for in installments ranging down to as little as 10 or 25

cents a week. Thus it is evident that, in ordinary times, few are debarred by poverty from membership in the credit union.

Some societies place a limit on the amount of stock that may be held by any one member, in order to insure a certain equality in interest on the part of the members. A number of the State laws also contain provisions on this point. The 1,644 societies reporting their share capital had a combined amount of more than \$22,000,000. As table 40 shows, the average capital contributed per member ranged in the various States from \$12 in Oklahoma to \$110 in Louisiana, and for all States combined was \$62.

TABLE 40.—AVERAGE PAID-IN SHARE CAPITAL PER MEMBER OF CREDIT UNIONS, 1933, BY STATES

State	Average capital per member <sup>1</sup>	State	Average capital per member <sup>1</sup>	State	Average capital per member <sup>1</sup>
Alabama.....	\$51	Louisiana.....	\$110	Oklahoma.....	\$12
Arizona.....	74	Maryland.....	38	Oregon.....	58
Arkansas.....	35	Massachusetts.....	66	Pennsylvania.....	26
California.....	64	Michigan.....	38	Rhode Island.....	63
Colorado.....	23	Minnesota.....	37	South Carolina.....	52
Connecticut.....	97	Missouri.....	56	Tennessee.....	80
District of Columbia.....	28	Montana.....	45	Texas.....	57
Florida.....	92	Nebraska.....	24	Utah.....	50
Georgia.....	57	New Hampshire.....	63	Virginia.....	53
Illinois.....	47	New Jersey.....	42	Washington.....	75
Indiana.....	39	New Mexico.....	58	West Virginia.....	53
Iowa.....	35	New York.....	103	Wisconsin.....	51
Kansas.....	33	North Carolina.....	34		
Kentucky.....	56	Ohio.....	41	All States.....	62

<sup>1</sup> Based on societies which reported both membership and capital.

The accumulated funds of the credit societies reporting in this regard are shown in table 41. As the table shows, in addition to the more than \$22,000,000 in share capital, 1,442 societies reported guaranty funds aggregating \$2,372,711, an average of \$1,645 per society. Such funds are designed as reserves to cover possible losses from defaulted loans and are required by the State laws to be established through regular appropriations (commonly 20 percent) from the year's earnings. Not all of the State laws permit credit unions to accept savings deposits even from their members, but the 349 societies reporting such deposits had received the sum of \$5,685,276 from 50,485 depositors, or an average of \$113 each.

Total resources, available for 1,707 organizations, amounted to \$35,496,668, an average of \$20,795 per society.

TABLE 41.—SHARE CAPITAL, RESERVES, DEPOSITS, AND TOTAL RESOURCES OF CREDIT UNIONS IN 1933, BY STATES

State	Share capital		Guaranty fund		Deposits			Total resources		
	Number of societies reporting	Amount	Number of societies reporting	Amount	Number of societies receiving	Number of depositors	Amount of deposits	Average per depositor <sup>1</sup>	Number of societies reporting	Amount
Alabama.....	18	\$125,372	16	\$7,169	4	472	\$46,016	\$97	15	\$140,525
Arizona.....	2	8,368	2	744	2	18	1,974	110	2	11,894
Arkansas.....	6	4,613	5	246	3	40	274	7	3	3,905
California.....	40	689,852	33	37,472	17	1,406	79,287	56	29	800,855
Colorado.....	7	91,072	6	2,102	3	94	4,492	48	6	107,707
Connecticut.....	3	72,070	3	3,386	(?)	(?)	(?)	(?)	3	80,232
District of Columbia.....	11	35,586	10	1,172	2	135	2,836	18	7	38,065
Florida.....	6	111,127	5	7,551	2	11	358	33	6	135,009
Georgia.....	64	465,708	64	49,508	16	2,121	93,946	44	64	712,528
Illinois.....	130	1,544,374	130	99,760	1	1	1	4	130	1,762,946
Indiana.....	48	403,490	42	23,766	19	1,086	103,106	95	40	379,932
Iowa.....	62	294,462	55	16,555	16	426	9,222	22	109	415,883
Kansas.....	14	81,293	12	4,769	6	132	26,700	202	23	144,586
Kentucky.....	20	267,467	17	17,293	1	1	1	4	32	391,663
Louisiana.....	9	153,302	9	10,222	1	1	1	4	9	182,495
Maryland.....	12	100,462	12	8,487	1	1	1	4	12	118,850
Massachusetts.....	262	6,749,904	262	885,720	52	18,412	2,499,732	136	262	12,030,012
Michigan.....	25	479,557	25	26,403	15	354	31,987	90	40	652,449
Minnesota.....	145	828,819	145	49,149	45	3,718	403,948	109	145	1,365,227
Mississippi.....	1	2,218	1	6	1	39	364	9	2	6,778
Missouri.....	132	1,115,600	132	51,641	(?)	(?)	(?)	(?)	132	1,112,843
Montana.....	2	6,727	1	186	(?)	(?)	(?)	(?)	3	6,681
Nebraska.....	42	151,322	42	9,760	3	5,184	1,564,762	302	42	291,128
New Hampshire.....	4	99,089	4	48,293	18	4,890	211,419	43	3	1,067,421
New Jersey.....	26	245,183	22	23,627	1	1	1	4	26	283,102
New Mexico.....	1	3,303	1	102	1	1	1	4	1	3,451
New York.....	130	5,190,478	130	727,738	21	6,488	301,318	46	130	6,913,821
North Carolina.....	56	106,281	15	10,557	56	1,341	160,962	120	56	325,927
Ohio.....	15	156,282	14	5,439	7	8,466	12,960	7	11	165,206
Oklahoma.....	7	8,466	6	482	5	125,479	5,358	4	7	12,960
Oregon.....	5	125,479	5	5,358	5	24,008	1,019	5	4	133,064
Pennsylvania.....	9	24,008	8	1,019	3	1,164	108,696	93	5	18,567
Rhode Island.....	6	488,472	6	88,461	1	1	1	2	6	1,965,300
South Carolina.....	2	8,517	2	1,110	1	1	1	2	2	13,802
Tennessee.....	30	395,132	25	26,674	15	222	15,057	68	28	438,897
Texas.....	27	245,267	24	11,518	10	140	3,162	23	43	352,649
Utah.....	7	46,677	7	2,216	2	60	4,920	82	6	61,137
Virginia.....	18	326,505	18	47,461	8	947	8,378	9	28	609,052
Washington.....	9	97,073	9	5,221	2	9	206	23	6	100,601
West Virginia.....	10	121,909	10	11,501	6	1,574	2,148	1	8	145,446
Wisconsin.....	201	983,965	87	42,867	201	1,094,072	1,094,072	201	201	1,094,072
Total.....	1,644	22,457,861	1,442	2,372,711	349	50,485	5,685,276	113	1,707	35,496,068

<sup>1</sup> Based on societies reporting both deposits and number of depositors.<sup>2</sup> No data.

In table 42 the associations are classified according to assets. It is seen that the majority of the societies had limited resources; over 50 percent had assets of less than \$5,000 and over 80 percent assets of less than \$25,000. Slightly under 5 percent had resources of \$100,000 or more. Here again, the Massachusetts credit-union movement is outstanding.

TABLE 42.—NUMBER OF CREDIT UNIONS HAVING EACH CLASSIFIED AMOUNT OF TOTAL ASSETS, 1933, BY STATES

State	Number of societies with assets of—									Total reporting
	Under \$1,000	\$1,000 and under \$5,000	\$5,000 and under \$10,000	\$10,000 and under \$25,000	\$25,000 and under \$50,000	\$50,000 and under \$100,000	\$100,000 and under \$500,000	\$500,000 and under \$1,000,000	\$1,000,000 and over	
Alabama.....	3	6	3	2		1				15
Arizona.....		1	2							2
Arkansas.....	2									3
California.....	2	13		6	2	4	2			29
Colorado.....	1	3	1			1				6
Connecticut.....			2			1				3
District of Columbia.....	3	1	1	2						7
Florida.....		3		1	1	1				6
Georgia.....	4	10	2	5	3	1	1			26
Illinois.....	8	25	9	8	2	6				58
Indiana.....	5	15	9	8	1	2				40
Iowa.....	19	17	9	9	1	2				57
Kansas.....	2	6	2	4						14
Kentucky.....	1	7	1	3	1	3				16
Louisiana.....	1	4	1	1	1		1			9
Maryland.....	2	2			3					7
Massachusetts.....	3	19	14	31	8	10	12	2	1	100
Michigan.....	3	7	5	6			2			23
Minnesota.....	14	32	12	6	3	3	1			71
Mississippi.....		2								2
Missouri.....	15	20	9	6	4	2	2			58
Montana.....	1		1	1						2
Nebraska.....	6	4	1	3	2	1				17
New Hampshire.....						1	1		1	3
New Jersey.....	1	11	3	5						20
New Mexico.....		1								1
New York.....	4	3	7	19	6	8	8		1	56
North Carolina.....	2	7	2	2		2				15
Ohio.....	2	2	2	4		1				11
Oklahoma.....	4	2	1							7
Oregon.....		1		1		2				4
Pennsylvania.....	1	2	2							5
Rhode Island.....			2			1	2		1	6
South Carolina.....		1	2	1						2
Tennessee.....	5	17	2		2		2			28
Texas.....	4	5	5	7	1	1				23
Utah.....	1	2	1	1	1					6
Virginia.....		3	3	7	2	2	1			18
Washington.....	3			2		1				6
West Virginia.....		5		1	1	1				8
Wisconsin.....	34	42	12	5	1	1	1			96
Total.....	156	301	126	156	46	59	36	2	4	886

## Requirements and Procedure for Loans

ONLY a member of a credit union can be a borrower from it,<sup>2</sup> and even a member cannot secure a loan if he has failed to repay any previous loan or is in arrears on a current loan, or if his endorsers have ever had to pay any of his obligations.

A member desiring to obtain a loan must make application in writing, stating (1) the purpose for which he intends to use the money, and (2) what security, if any, he can offer.

The loan, in most States, must have the unanimous approval of the credit-committee members who are present at the meeting at which the application is considered (and who must generally constitute at least a majority of the committee). Many societies provide, however,

<sup>2</sup> The District of Columbia law is unique in that it apparently permits loans to nonmembers. This is permissive only and restriction against such loans can be and doubtless is set up by the societies by restrictive provisions on this point in their bylaws.

that appeal may be taken from the committee's decision to the board of directors of the society.

It is the general practice of cooperative credit organizations to grant loans only for provident or productive purposes, for purposes which promise to be of benefit to the borrower, and for urgent needs; these requirements, however, are construed very liberally. An analysis of more than 4,000 credit-union loans showed that in the majority of cases the money was borrowed to meet such family crises as illnesses, surgical operations, the winter's coal bill, insurance, and various bills.<sup>3</sup> Behind the last-named reason lay many a moving story of a family pursued by collectors or of wages attached for an accumulation of bills which could not be met. The annals of credit-union loans are full of stories of this kind. The applicant lays his case before the credit committee, which through practice becomes adept at dealing with such situations. It examines his situation, determines the size of the loan necessary to cover the total, and may even be able to induce some of his creditors to make a sizable reduction in consideration of lump-sum payment. It will then assist him to budget his income to cover his various expenses. His mind relieved of financial worry, the borrower's value to both his employer and his family improves. The regular setting aside of the sums necessary to repay the credit union establishes the habit of thrift, which he is encouraged to continue—in the form of savings deposits—after his loan is repaid.

Practice in regard to security for loans varies. A small number of societies have the rule that no loans may be made without security. Generally, however, character loans may be made in amounts up to \$50 without any security except the committee's knowledge of the borrower's reliability. For greater amounts security must be provided, but that security may be the endorsement of one or more fellow members and/or the pledging of the borrower's share capital. In Illinois and Maryland the credit-union law specifically prohibits the making of mortgage loans on real estate, but the Utah act requires that for all loans of \$500 or more approved securities or real estate valued at twice the amount of the loan must be pledged.

Some of the State laws limit the size of loans that may be made by cooperative credit societies. The lowest limit is that set by the Louisiana and New Jersey laws (\$500), but other laws are more liberal, ranging up to \$8,000 (mortgage loans) in Massachusetts.

#### Business Done (Loans Granted) During 1933

DURING 1933, as table 43 shows, the loans granted amounted to \$28,217,457, and the borrowers numbered 206,295. This was an average of \$138 per loan—an amount well within the maximum allowed even by the least liberal law.

<sup>3</sup> See Monthly Labor Review, July 1927, p. 6.

As would be expected, the greatest amount of business was done by the Massachusetts associations; their loans accounted for 37 percent of the total. It is interesting to see that although New York was second in amount of loans, the Illinois societies were very active and loaned more than \$2,000,000 during 1933. The largest average loans were made in Arizona, New Hampshire, and New York.

More than \$26,000,000 was still outstanding at the end of the year.

TABLE 43.—LOANS GRANTED BY CREDIT UNIONS DURING 1933, AVERAGE AMOUNT OF LOAN, AND TOTAL LOANS OUTSTANDING AT END OF YEAR

State	Number of societies reporting	Number of borrowers in 1933	Loans granted during year		Loans outstanding at end of year
			Amount	Average loan per borrower <sup>1</sup>	
Alabama.....	18	3,003	\$210,310	\$70	\$124,823
Arizona.....	2	75	14,434	192	8,693
Arkansas.....	6	156	8,873	57	3,216
California.....	39	9,098	1,135,823	125	753,472
Colorado.....	6	937	149,619	160	98,256
Connecticut.....	3	5,679	236,975	42	87,063
District of Columbia.....	10	946	76,902	81	35,121
Florida.....	6	961	104,514	110	118,845
Georgia.....	64	5,484	515,113	93	537,577
Illinois.....	69	22,722	2,058,562	91	1,175,279
Indiana.....	47	6,231	426,270	69	259,488
Iowa.....	109	5,779	453,790	79	322,022
Kansas.....	23	1,933	181,462	92	121,741
Kentucky.....	19	4,227	522,438	124	309,908
Louisiana.....	9	2,180	322,981	148	163,542
Maryland.....	12	1,577	128,493	81	83,601
Massachusetts.....	282	51,440	10,558,848	205	8,862,586
Michigan.....	23	5,416	563,835	104	476,774
Minnesota.....	80	9,836	1,092,925	111	802,954
Mississippi.....	2	110	7,920	72	5,841
Missouri.....	132	8,303	825,345	105	950,158
Montana.....	2	67	8,097	127	6,729
Nebraska.....	42	2,766	470,639	83	239,314
New Hampshire.....	4	964	104,275	225	1,425,957
New Jersey.....	26	3,649	239,576	67	119,188
New Mexico.....	1	64	7,377	115	3,434
New York.....	130	19,189	4,366,440	228	4,461,872
North Carolina.....	56	1,407	131,621	94	253,693
Ohio.....	15	2,515	221,481	90	161,653
Oklahoma.....	8	168	18,412	110	10,002
Oregon.....	5	1,309	167,561	128	123,594
Pennsylvania.....	9	495	35,134	71	22,141
Rhode Island.....	13	2,900	453,797	155	1,749,910
South Carolina.....	2	140	14,828	130	9,948
Tennessee.....	31	3,972	339,791	87	436,206
Texas.....	43	4,072	330,979	88	322,793
Utah.....	7	720	112,476	156	62,908
Virginia.....	28	5,746	555,067	130	559,331
Washington.....	9	969	140,719	151	81,449
West Virginia.....	10	2,565	215,173	84	131,338
Wisconsin.....	201	6,485	691,577	108	924,258
Total.....	1,603	206,295	28,217,457	138	26,391,683

<sup>1</sup> Based on societies reporting both amount of loans and number of borrowers.

The business of the majority of the societies is small, over 60 percent having made total loans of less than \$10,000 and nearly 80 percent of less than \$25,000 during 1933. The number of societies

making each classified amount of loans during the year is given in table 44. As the table shows, 3 societies did a business of \$500,000 or over. These societies and the amount of loans granted were as follows: Chicago Post Office Employees' Credit Union, \$599,682; Telephone Workers' Credit Union of Boston, \$885,748; and New York Municipal Employees' Credit Union, \$1,315,995.

TABLE 44.—NUMBER OF SOCIETIES MAKING EACH CLASSIFIED AMOUNT OF LOANS IN 1933, BY STATES

State	Number of societies which made loans in 1933 aggregating—									Total societies reporting
	Under \$1,000	\$1,000 and under \$5,000	\$5,000 and under \$10,000	\$10,000 and under \$25,000	\$25,000 and under \$50,000	\$50,000 and under \$100,000	\$100,000 and under \$500,000	\$500,000 and under \$1,000,000	\$1,000,000 and over	
Alabama.....	3	6	2	3	4					18
Arizona.....		1		1						2
Arkansas.....	3	3								6
California.....	4	10	7	8	4	1	5			39
Colorado.....	2	2	1				1			6
Connecticut.....				2			1			3
District of Columbia.....	3	3		4						10
Florida.....		1	1	2	2					6
Georgia.....	7	6	3	2	5	4				27
Illinois.....	11	20	13	12	3	5	3	1		68
Indiana.....	10	16	7	8	3	1				45
Iowa.....	17	20	10	8	4					59
Kansas.....	2	4	2	4	1					13
Kentucky.....	3	6	1	4	1	1	3			19
Louisiana.....		4		3	1	1	1			9
Maryland.....	1	1	2	1	2					7
Massachusetts.....	5	16	17	26	17	8	17	1		107
Michigan.....	4	7	12	3	2		2			23
Minnesota.....	17	27	12	13	8	1	2			80
Mississippi.....		2								2
Missouri.....	9	19	7	8	3	2	3			51
Montana.....			1							1
Nebraska.....	5	7		4	1	2				19
New Hampshire.....	1			1		1				3
New Jersey.....	1	8		4	5	2				21
New Mexico.....			1							1
New York.....	3	5	8	15	12	10	9		1	63
North Carolina.....	3	8	1	4	1					17
Ohio.....	3	3	1	5	1	1				14
Oklahoma.....	5	1	2							8
Oregon.....		2			2	1				5
Pennsylvania.....	1	4	4							9
Rhode Island.....			1	1	1	1	2			6
South Carolina.....				1						1
Tennessee.....	4	14	6	1	2	1	1			29
Texas.....	5	1	6	9	4					25
Utah.....		2	3		2					7
Virginia.....		4	3	3	5	1	1			17
Washington.....	3	2	1		1	1				8
West Virginia.....	1	5	1	1	1		1			10
Wisconsin.....	26	50	17	7	2	1	1			104
Total.....	162	290	150	169	96	45	53	2	1	968

### Interest Charged on Loans

THE great majority of the State credit-union laws fix the maximum rate of interest that may be charged on loans. Although this rate

varies, the rate most commonly set is 1 percent per month computed on the unpaid balance.<sup>4</sup>

The statement below shows, for the 1,010 organizations which reported on this point, the rate actually charged per month or per year.

Rate per month:	Number of societies	Rate per year—Continued.	Number of societies
½ of 1 percent.....	2	6½ percent.....	1
⅔ of 1 percent.....	2	6.75 percent.....	1
¾ of 1 percent.....	8	7 percent.....	24
⅞ of 1 percent.....	1	7.2 percent.....	1
1 percent.....	2	8 percent.....	60
	478	9 percent.....	5
Rate per year:		9.6 percent.....	1
4 percent.....	2	10 percent.....	10
5 percent.....	14	12 percent.....	146
5.5 percent.....	9	Rate varies according to type	
5.85 percent.....	1	of loan.....	29
5.9 percent.....	3		
6 percent.....	210	Total.....	1,010

#### Operating Expenses

TABLE 45 shows for the 279 credit unions which furnished statements, the rate of operating expenses, calculated in percent of total loans granted during the year.

TABLE 45.—OPERATING EXPENSES OF CREDIT UNIONS DURING 1933

Item	Operating expenses, 1933	
	Amount spent for specified item	Percent of loans granted, 1933
Salaries.....	\$142,311.05	1.33
Stationery and supplies.....	24,632.38	.23
Rent.....	9,789.93	.09
Heat, light, and power.....	1,190.67	.01
Insurance, taxes, and fees for State auditing.....	12,402.97	.12
Premium on employees' bonds.....	1,326.31	.01
Interest on borrowed money.....	6,235.96	.06
Repairs.....	113.13	( <sup>1</sup> )
Depreciation.....	2,772.80	.03
Bad debts.....	106.09	( <sup>1</sup> )
Miscellaneous.....	35,255.38	.33
Total.....	236,136.67	2.21

<sup>1</sup> Less than ¼ of 1 percent.

<sup>4</sup> Thus, in North Carolina the legal rate may be charged and in New Hampshire not to exceed the legal rate. In Pennsylvania the interest rate may not exceed 6 percent per year, in South Carolina 7 percent, in Indiana 8 percent per year "not collectible in advance", in Texas 10 percent, and in Utah 12 percent. In 21 States the rate may not exceed 1 percent and in West Virginia and Virginia 1½ percent per month, computed on unpaid balances. The New Jersey law also provides that "no charges, bonus, fees, expenses, or demands of any nature whatsoever other than as above provided shall be made upon loans or advancements except upon the actual foreclosure of the security or upon the entry of judgment." In New York the interest may not exceed 1 percent per month, or 5.9 percent per year if deducted in advance, and in either case must be inclusive of all charges incident to the making of such loan; if the member pays off a loan before due, "the pro rata unearned portion of interest shall be refunded." The Wisconsin statute provides that a rate of 1 percent per month on unpaid balances "shall not be held to be usurious."

Of the 1,038 societies which reported on this point, only 158 had any losses due to failure of borrowers to repay their loans. The combined losses of these societies amounted to \$66,663, which was only 0.81 percent of their loans during the year. On the basis of the loans of all the societies reporting, these losses amounted to only 0.24 percent.

Some 248 societies had sustained losses through bad loans at some time during their entire existence (which averaged, for the societies reporting, 4.1 years); the amount of loss aggregated \$342,174.

Table 46 shows the losses, by States.

TABLE 46.—NUMBER OF CREDIT UNIONS SUSTAINING LOSSES DURING 1933 OR DURING WHOLE PERIOD OF EXISTENCE, AND AMOUNT AND PERCENT OF LOSS

State	Number of societies reporting	During 1933				During whole period of operation	
		Number of societies having losses	Amount of loss	Percent of 1933 loans of societies having losses	Percent of 1933 loans of all societies	Number of societies having losses	Amount of loss
Alabama.....	18	3	\$176	0.88	0.08	4	\$641
Arizona.....	2					2	263
Arkansas.....	6						
California.....	40	6	489	.25	.04	9	2,597
Colorado.....	7						
Connecticut.....	3					1	20
District of Columbia.....	12	1	87	.35	.11	2	111
Florida.....	6					3	82
Georgia.....	27	4	46	.05	.01	9	841
Illinois.....	69	13	994	.25	.05	13	2,264
Indiana.....	49	3	238	.30	.06	8	1,008
Iowa.....	64	9	959	.89	.24	13	2,220
Kansas.....	14	1	21	.08	.02	2	42
Kentucky.....	20	5	313	.10	.06	8	1,825
Louisiana.....	9	2	45	.06	.01	3	813
Maryland.....	7	3	169	.33	.16	3	525
Massachusetts.....	117	36	19,628	.54	.30	46	144,160
Michigan.....	25	4	8,038	1.80	1.43	8	15,283
Minnesota.....	80	13	728	.14	.07	19	2,130
Mississippi.....	2						
Missouri.....	66	8	880	.37	.11	15	2,279
Montana.....	2						
Nebraska.....	20	3	349	.39	.15	3	349
New Hampshire.....	4	1	55	.06	.05	1	119
New Jersey.....	22	3	109	.24	.04	8	1,889
New Mexico.....	1						
New York.....	66	15	30,152	3.97	.69	28	148,468
North Carolina.....	20						
Ohio.....	15	1	3	.01	( <sup>1</sup> )	1	3
Oklahoma.....	8						
Oregon.....	5	1	447	.46	.27	2	631
Pennsylvania.....	9	1	13	.24	.04	1	13
Rhode Island.....	6	1	69	.13	.02	2	2,949
South Carolina.....	2						
Tennessee.....	31	4	182	.09	.05	7	447
Texas.....	27	5	794	1.09	.24	9	1,314
Utah.....	7	1	43	1.16	.04	1	43
Virginia.....	18	6	922	.26	.17	9	6,674
Washington.....	9					1	198
West Virginia.....	10	2	86	.16	.04	4	1,058
Wisconsin.....	113	3	628	.62	.09	3	914
Total.....	1,038	158	66,663	.81	.24	248	342,174

<sup>1</sup> Less than  $\frac{1}{100}$  of 1 percent.

## Interest Paid on Deposits

THE rate of interest paid by the societies on the savings deposits of their members is shown, for 402 societies, in the following statement:

	<i>Number of societies</i>		<i>Number of societies</i>
½ of 1 percent.....	1	5½ percent.....	1
½ of 1 percent, on monthly bal- ance.....	1	6 percent.....	59
2 percent.....	4	6.6 percent.....	1
2½ percent.....	7	7 percent.....	14
3 percent.....	64	7.2 percent.....	3
3½ percent.....	17	8 percent.....	4
4 percent.....	144	9 percent.....	1
4½ percent.....	9	12 percent.....	2
5 percent.....	70	Total.....	402

## Dividends

AFTER the expenses are paid and provision is made for reserves, etc., the remainder of the surplus on the year's operations is divided among the members in proportion to the stock held by them.

Table 47 shows the dividends returned on the 1933 operations in the various States.

Of the 1,059 societies reporting on this point, 590 paid dividends on the 1933 business, the amount so returned being \$999,293. Although this is an interesting detail, the failure or success of these societies must be judged not in terms of dividends, but on their ability to provide credit for their members at low rates. That is their objective and the society which has accomplished it has achieved its main purpose. As already shown, the rates of interest are generally moderate. The greatest benefit of these organizations lies not in the returns made to depositors and stockholders but in the savings effected for the borrowers through the low interest rates and in the benefit, which cannot be evaluated, growing out of the relief of the exploited borrower and the lifting of the burden of anxiety from his shoulders.

Supplementary benefits are the encouragement of thrift on the part of members, their gradual training in the budgeting of their finances, and (for committee members and officers) training in the handling of large sums of money.

TABLE 47.—DIVIDENDS PAID BY CREDIT SOCIETIES ON 1933 BUSINESS, BY STATES

State	Number of societies reporting	Number which paid dividends	Amount paid	State	Number of societies reporting	Number which paid dividends	Amount paid
Alabama.....	16	15	\$8,499	Nebraska.....	13	13	\$3,562
Arizona.....	2	2	552	New Mexico.....	1	1	100
Arkansas.....	6	3	239	New Hampshire.....	3	3	79,448
California.....	33	30	34,270	New Jersey.....	17	17	4,585
Colorado.....	7	4	5,105	New York.....	56	56	187,268
Connecticut.....	3	3	4,439	North Carolina.....	12	12	2,176
District of Columbia.....	12	3	1,236	Ohio.....	11	11	8,149
Florida.....	6	5	7,668	Oklahoma.....	2	2	416
Georgia.....	24	<sup>1</sup> 20	20,092	Oregon.....	4	4	3,278
Illinois.....	130	( <sup>2</sup> )	73,646	Pennsylvania.....	3	3	609
Indiana.....	34	34	12,176	Rhode Island.....	6	6	26,612
Iowa.....	41	41	13,907	South Carolina.....	1	1	543
Kansas.....	23	( <sup>2</sup> )	3,856	Tennessee.....	21	<sup>3</sup> 20	25,447
Kentucky.....	14	14	15,644	Texas.....	22	<sup>4</sup> 21	14,068
Louisiana.....	6	6	9,789	Utah.....	6	6	2,951
Maryland.....	4	4	3,551	Virginia.....	17	17	21,085
Massachusetts.....	282	( <sup>2</sup> )	266,578	Washington.....	7	7	5,978
Michigan.....	23	16	25,389	West Virginia.....	7	7	8,423
Minnesota.....	58	<sup>3</sup> 57	30,897	Wisconsin.....	78	78	32,263
Mississippi.....	1	1	200				
Missouri.....	46	46	33,957	Total.....	1,059	590	999,293
Montana.....	1	1	642				

<sup>1</sup> Not including 1 which paid 10 percent but did not report amount.

<sup>2</sup> Not reported.

<sup>3</sup> Not including 1 which paid 6 percent but did not report amount.

<sup>4</sup> Not including 1 which paid 17 percent but did not report amount.

### Development of Credit-Union Movement Since 1925

TABLE 48 traces the development of the cooperative credit movement from 1925 to 1933.

TABLE 48.—DEVELOPMENT OF CREDIT-UNION MOVEMENT IN SPECIFIED YEARS, 1925-33

Item	1925	1929	1932	1933
Total number of societies.....	419	974	1,612	2,016
Number reported for.....	176	838	1,472	1,772
Membership:				
Total.....	107,779	264,908	301,119	359,646
Average per society.....	612	320	216	215
Share capital:				
Amount.....	\$10,706,099	\$24,065,407	\$21,708,328	\$22,457,861
Average per member.....	\$99	\$92	\$70	\$62
Guaranty funds.....	( <sup>1</sup> )	\$2,079,450	\$2,110,815	\$2,372,711
Loans during year:				
Total amount.....	\$20,100,356	\$24,548,353	\$16,375,952	\$28,217,457
Average per society.....	\$116,187	\$58,310	\$16,475	\$22,811
Average per loan.....	\$381	\$350	\$156	\$138
Loans outstanding at end of year.....	\$13,390,423	\$30,811,582	\$24,826,291	\$26,391,683

<sup>1</sup> No data.

### Labor Banks

ON December 31, 1933, there were still four banks operating under labor union auspices in the United States. These had combined resources of over \$18,000,000. The capital, surplus, deposits, and total resources of these banks are shown in table 49. The data were supplied to the Bureau of Labor Statistics by Prof. J. Douglas Brown of Princeton University.

TABLE 49.—CONDITION OF LABOR BANKS, AS OF DEC. 31, 1933

Bank	Capital	Surplus undivided profits	Deposits	Resources
Amalgamated Trust & Savings Bank, Chicago, Ill. ....	\$200,000	\$133,058	\$2,357,331	\$2,759,379
Union National Bank, Newark, N. J. ....	375,000	177,428	2,298,216	3,406,891
Amalgamated Bank of New York, New York, N. Y. ....	650,000	( <sup>1</sup> )	<sup>2</sup> 4,832,884	<sup>2</sup> 5,506,616
Telegraphers' National Bank, St. Louis, Mo. ....	500,000	125,935	5,850,074	6,980,469
Total.....	1,725,000	436,421	15,338,505	18,653,355

<sup>1</sup> No data.<sup>2</sup> As of Jan. 13, 1934.

At the peak of the labor-bank movement, in 1925, when there were 37 trade-union banks in operation, a rather wide variety of labor groups was represented in this field. The Brotherhood of Locomotive Engineers, which had started the movement with the opening of its bank in Cleveland in 1920, was by 1925 financially interested in a dozen banks. Other interested railroad labor-groups, each of which had opened one bank, were the Order of Railroad Telegraphers, Brotherhood of Railway Clerks, all the "Big Four" transportation brotherhoods combined, and various railroad-labor groups combined. Of the unions in the clothing industry, the Amalgamated Clothing Workers had 3 banks, and all the needle-trades unions in New York City 1 bank. The printing trades were represented by the bank in which the International Printing Pressmen's Union held an interest, and the glass industry by the bank of the American Flint Glass Workers' Union. One bank was owned by a city central labor union and building-trades council, one by railroad-labor groups and farmers, one by a number of American Federation of Labor groups, and one by the Machinists' International Union. In establishing 11 banks various labor groups had acted jointly.

In 1925 there were labor banks in 19 States and the District of Columbia.

The status of the labor-bank movement each year since 1920 when the first such bank was opened is shown in table 50.

TABLE 50.—DEVELOPMENT OF LABOR BANKS IN THE UNITED STATES, 1920 TO 1933<sup>1</sup>

Date	Number of banks	Share capital	Surplus and undivided profits	Deposits	Total resources
Dec. 31—					
1920.....	2	\$960,000	\$194,446	\$2,258,561	\$3,628,867
1921.....	4	1,280,000	255,869	9,970,961	12,782,173
1922.....	10	2,050,473	742,689	21,901,641	26,506,723
1923.....	18	4,222,230	1,353,022	43,324,820	51,496,524
1924.....	26	6,441,267	1,891,757	72,913,180	85,325,884
1925 <sup>2</sup> .....	36	9,009,072	3,467,829	98,392,592	115,015,273
1926.....	35	8,914,508	3,837,377	108,743,550	126,533,542
1927.....	32	8,282,500	3,747,176	103,290,219	119,818,416
1928.....	27	7,537,500	3,821,205	98,784,369	116,307,256
June 30—					
1929.....	22	6,687,500	3,807,579	92,077,098	108,539,894
1930.....	14	4,112,500	3,105,336	59,817,392	68,953,855
1931.....	11	3,912,500	2,952,878	50,949,570	59,401,164
1932 <sup>3</sup> .....	6	2,425,000	851,041	19,727,006	26,305,877
1933.....	4	1,725,000	443,908	14,728,079	18,186,216

<sup>1</sup> Data are from Princeton University, Industrial Relations Section, Report on Labor Banking Movement in the United States, Princeton, 1929, p. 277, and additional new material furnished by the university to the Bureau of Labor Statistics.

<sup>2</sup> Amalgamated Bank of Philadelphia not included.

<sup>3</sup> Dec. 31.

## Mutual Savings Banks

MUTUAL savings banks, like the building and loan associations, may be considered as cooperative to some extent. The encyclopedia defines them as follows: "A savings bank is a mutual institution conducted for the benefit of the depositors, without profit to the managers or trustees, for the purpose of receiving on deposit, for safekeeping and investment, such sums as shall be offered by the depositors, repaying the principal on demand or upon legal notice, and distributing the earnings among the depositors as interest-dividends, after paying expenses, and setting the remainder aside as a surplus fund for the protection of all."<sup>5</sup>

The control of a mutual savings bank is in the hands of a board of trustees named in the original articles of incorporation. This board is self-perpetuating. As a rule its members serve without any compensation whatever, even for attendance at meetings.

A mutual savings bank is a nonstock association, being owned by the depositors collectively. "The depositors are, in a sense, partners, in that the profits belong to them and the losses, if any, are legally assessable upon them, the latter process being, however, a rare occurrence."<sup>5</sup>

Table 51 shows, by States, data for mutual savings banks in the United States on June 30, 1933.

TABLE 51.—STATUS OF MUTUAL SAVINGS BANKS AS OF JUNE 30, 1934

State	Number of banks	Number of depositors	Amount of deposits	State	Number of banks	Number of depositors	Amount of deposits
California.....	1	70, 495	\$87, 573, 000	New York.....	138	6, 463, 196	\$5, 139, 593, 000
Connecticut.....	73	962, 665	661, 173, 000	Ohio.....	3	161, 943	108, 389, 000
Delaware.....	2	49, 200	28, 738, 000	Oregon.....	1	266	71, 000
Indiana.....	5	27, 489	17, 864, 000	Pennsylvania.....	8	644, 922	512, 109, 000
Maine.....	33	229, 410	118, 350, 000	Rhode Island.....	9	188, 088	169, 543, 000
Maryland.....	13	<sup>1</sup> 343, 749	195, 018, 000	Vermont.....	19	116, 117	75, 324, 000
Massachusetts.....	193	2, 834, 457	2, 045, 087, 000	Washington.....	3	99, 134	49, 169, 000
Minnesota.....	1	95, 612	60, 157, 000	Wisconsin.....	3	20, 650	4, 220, 000
New Hampshire.....	48	280, 846	182, 814, 000	Total.....	578	13, 077, 111	9, 764, 052, 000
New Jersey.....	25	488, 867	308, 860, 000				

<sup>1</sup> As of Dec. 30, 1933.

The development of the mutual savings banks since 1920 is shown in table 52:

<sup>5</sup> The Americana, 1927, vol. III, p. 189.

TABLE 52.—DEVELOPMENT OF MUTUAL SAVINGS BANKS IN THE UNITED STATES, 1920 TO 1934

Year	Number of banks	Number of depositors	Deposits	
			Amount	Average per depositor
1920	620	9,445,327	\$5,186,952,000	\$549
1921	623	9,619,260	5,575,147,000	580
1922	619	9,655,861	5,779,506,000	599
1923	618	10,057,436	6,288,551,000	625
1924	613	10,409,776	6,693,246,000	643
1925	611	10,616,215	7,146,951,000	673
1926	620	11,053,886	7,577,504,000	686
1927	613	11,337,398	8,077,099,000	712
1928	616	11,732,143	8,672,823,000	739
1929	611	11,748,085	9,001,599,000	766
1930	606	11,895,075	9,190,969,000	773
1931	600	12,356,114	10,017,225,000	811
1932	594	12,521,750	10,021,852,000	800
1933	576	12,683,788	9,699,509,000	765
1934	578	13,077,111	9,764,596,000	747

### Building and Loan Associations

BUILDING and loan associations, like the mutual savings banks, have certain cooperative features. Statistics for these organizations, compiled from data furnished annually to the Bureau of Labor Statistics by the United States Building and Loan League, are shown below.

Table 53 shows the status of these associations as of December 31, 1933.

TABLE 53.—MEMBERSHIP AND ASSETS OF BUILDING AND LOAN ASSOCIATIONS AT END OF 1933, BY STATES

State	Number of associations	Number of members	Total assets	State	Number of associations	Number of members	Total assets
Alabama	39	33,480	\$23,843,533	Nebraska	83	176,500	\$11,876,652
Arizona	2	1,600	600,000	Nevada	5	2,281	1,246,345
Arkansas	55	30,213	25,794,298	New Hampshire	29	16,152	13,761,730
California	182	350,000	359,894,896	New Jersey <sup>1</sup>	1,532	970,000	1,050,000,000
Colorado	52	50,000	35,340,471	New Mexico	16	4,500	4,316,562
Connecticut	44	31,534	25,607,678	New York	293	481,928	394,649,465
Delaware	43	19,430	15,257,369	North Carolina	209	74,182	68,439,937
District of Columbia	28	96,785	90,533,000	North Dakota	22	22,251	12,054,641
Florida	59	10,370	13,129,227	Ohio	737	1,968,129	895,028,774
Georgia	40	18,443	6,891,548	Oklahoma	90	129,339	99,238,441
Hawaii	11	28,012	5,288,989	Oregon	22	31,400	18,228,564
Idaho	14	9,550	6,272,313	Pennsylvania	2,908	884,065	957,791,288
Illinois	889	782,300	394,648,000	Rhode Island	8	47,898	33,691,232
Indiana	380	341,700	246,333,779	South Carolina <sup>1</sup>	98	18,000	20,000,000
Iowa	74	60,072	41,789,377	South Dakota	20	9,650	5,844,910
Kansas	150	155,152	106,960,685	Tennessee	42	25,640	18,993,047
Kentucky	164	170,300	110,937,465	Texas	139	137,700	100,393,588
Louisiana	99	166,241	143,656,771	Utah	21	34,000	23,029,669
Maine	36	25,930	23,967,428	Vermont	14	5,600	5,418,676
Maryland <sup>1</sup>	1,000	283,000	185,000,000	Virginia	89	59,100	53,652,977
Massachusetts	227	436,920	502,873,869	Washington	66	200,000	61,510,158
Michigan	65	185,267	142,693,028	West Virginia	60	50,200	33,612,941
Minnesota	75	96,179	39,038,245	Wisconsin	184	238,238	245,291,106
Mississippi	44	6,274	10,943,600	Wyoming	8	14,850	7,889,189
Missouri	233	207,950	169,255,761				
Montana	27	25,800	15,026,454				
				Total, 1933	10,727	9,224,105	6,977,531,676

<sup>1</sup> Figures estimated.

The development of the building and loan associations since 1920 is shown in table 54.

TABLE 54.—DEVELOPMENT OF BUILDING AND LOAN ASSOCIATIONS, 1920 TO 1933

Year	Number of associations	Membership	Assets	Mortgage loans outstanding
1920	8,633	4,962,919	\$2,519,914,971	(1)
1921	9,255	5,809,888	2,890,761,621	(1)
1922	10,009	6,864,144	3,342,530,953	<sup>2</sup> \$900,000,000
1923	10,744	7,202,880	3,842,939,880	<sup>2</sup> 1,280,000,000
1924	11,844	8,554,352	4,765,937,197	<sup>2</sup> 1,460,000,000
1925	12,403	9,886,997	5,509,176,154	5,085,009,639
1926	12,626	10,665,705	6,334,103,807	5,852,689,581
1927	12,904	11,336,261	7,178,562,451	6,584,918,419
1928	12,666	11,995,905	8,016,034,327	7,336,124,154
1929	12,342	12,111,209	8,695,154,220	7,787,405,383
1930 <sup>3</sup>	11,777	12,350,928	8,828,611,925	(1)
1931 <sup>3</sup>	11,442	11,338,701	8,417,375,605	(1)
1932 <sup>3</sup>	10,997	10,114,792	7,750,491,084	6,394,725,418
1933 <sup>3</sup>	10,727	9,224,105	6,977,531,676	(1)

<sup>1</sup> No data.<sup>2</sup> Estimated.<sup>3</sup> Figures include Hawaii.

## Chapter 5.—Workers' Productive Associations

**W**ORKERS' productive enterprises, i. e., businesses owned and operated by the workers themselves, form an interesting though small part of the cooperative movement in the United States. Although this has seemed to be a diminishing phase of cooperation in this country, the rate of decrease has been much smaller during the depression years than might have been expected, there having been a net loss of only two societies since 1929.

The survey recently completed by the Bureau of Labor Statistics, covering 8 of the 18 workers' productive organizations in active operation at the end of 1933, shows that they had at that time, 1,181 shareholders (of whom 447 were employed in the cooperative enterprise) and 650 nonshareholder employees. They paid in wages during the year the sum of \$772,073. With share capital of \$1,234,704 and reserves of \$504,590, they did a business of \$3,629,470, an average of \$483,684 per society. Losses, however, exceeded profits by \$86,938.

Comparison with earlier years shows a gain in average number employed, in average share capital, and in average amount of sales. While business fell off very decidedly from 1929 to 1931, in most lines of cooperative production, the recovery registered from 1931 to 1933 was such as to raise the average sales in the latter year above the 1929 level. Reserves have decreased since 1929. Profits practically disappeared in 1933, only 3 of the 8 societies being able to show a net gain on the year's operations.

It is the practice in the workers' productive societies to return to the shareholders the gains remaining after provision has been made for reserves and depreciation. During the 3 years from 1930 to 1932, the societies reporting returned in these bonuses the sum of \$105,498. No bonus was paid by any of the societies in 1933.

As already indicated, the workers' productive movement in the United States has been a rather static phase of cooperative endeavor. To some extent this has been due to the lines of business chosen.

Many of the societies were formed without adequate study of the field which it was proposed to enter. In fact, the type of industry has often been such as to mean an inevitably dwindling business for the cooperative enterprise. The manufacture of articles by hand, in industries which, if not wholly mechanical, are rapidly becoming so, is a highly precarious undertaking. Thus, of the once numerous cooperative plants manufacturing hand-blown window glass none remain,

and only three factories manufacturing cigars by hand are still in operation. In other instances groups of miners have taken over from the owners unprofitable mines and have worked them—sometimes successfully—but when the vein gave out the society was at an end. Other groups have entered highly competitive businesses in which conditions were unusually difficult. Of the numerous cooperative shingle mills on the Pacific coast only a few remain, and these must compete not only with other shingle manufacturers but also with the manufacturers of patent and fireproof roofings.

That some of these cooperative groups have nevertheless attained a considerable degree of success must be put down to their credit. For example, a group of shoe workers started a factory 19 years ago and each year except 1929 and 1930 has shown an expansion in business, until in 1933 it employed in the business an average of 430 persons, and did a business of more than a million and a half dollars a year. Although operating losses were sustained in both 1932 and 1933, the record of this organization, in an industry as competitive and as subject to fluctuations of style as the manufacture of shoes, shows a high quality of management. Another fine record is that of the plywood mill, which was started in the depression of 1921. Records are not available for the years 1926, 1927, and 1928. Sales fell from 1929 to 1930 and again in the succeeding year, but began to rise in 1932, and from 1932 to 1933 increased by more than 50 percent. This was one of the three societies which was able to show a net gain on its 1933 business.

Workers' societies may be handicapped by business inexperience and lack of knowledge of salesmanship and of market conditions. They may therefore be at a disadvantage when it comes to disposing of their product.

Lack of adequate capital is another handicap and probably there have been many societies which have collapsed in adverse times but which could have succeeded if they had had funds enough to enable them to absorb some loss and to tide over until conditions changed for the better.

#### General Characteristics of Cooperative Workshops

THE "ideal" workers' productive society is composed of workers in the shop who have contributed all the capital of the enterprise and do all the work, the business being managed by men elected by and from the members. The worker-owners work on a wage basis, but receive in addition any profits made from the business, these being divided among the members by various methods.

The cooperative workshop, however, is exposed to a temptation not present in other forms of cooperation. In the consumers' society,

for instance, it is to the interest of the members to enlarge the membership, for each new member increases the business of the society. The increased volume of business in turn reduces the percentage of overhead expense and increases the savings made in the business and therefore, also, the benefits accruing to each member. In the workers' societies the situation is exactly reversed. Every additional member increases the number who must share in the profits, though not necessarily increasing the business done or the amount of profits to be shared. Each new member, therefore, is likely to be looked upon as reducing the profits of the others. Especially if the society achieves business success, there may develop an increasing tendency among the members to limit their numbers so as to retain all the savings from the business for themselves, and, if additional workers are needed, to take them on as employees, not as members. This attitude is accentuated in these organizations by the fact that the society represents the members' livelihood; and as the matter is a serious one to them, an exclusive membership policy is quite understandable. In direct proportion as this occurs, however, the society loses its cooperative character.

Some unavoidable limitation upon membership is, of course, imposed by the nature of the business or work carried on, and this becomes greater with the degree of skill required. If the principle that all the members are to be workers in the business is observed, then obviously in a highly specialized undertaking, such, for instance, as the manufacture of shoes or hand-made window glass, only persons skilled in the various processes can be admitted as members.

The present study has disclosed varying degrees of cooperativeness among the workers' productive societies. Some of these cooperative companies are in reality more of the nature of trade-union or even joint-stock enterprises than of cooperative workshops, and this fact is recognized by the companies themselves. One of the most successful societies is more nearly a profit-sharing than a cooperative society, as only a small proportion of the workers are stockholders and of the employees only the actual producers share in the profits.

These societies could not, therefore, be measured by the same strict standard as the consumers' societies. In the consumers' movement, although material benefits from the enterprise are desired, there is usually also a certain amount of idealism, a vision of something above and beyond the shopkeeping activities, with shopkeeping simply a first step toward a better ordering of society to be striven for patiently but hopefully in the interest of all consumers. This may not be true of each cooperator nor of each society, for many have material benefit as their main or only object, but it is true of the consumers' cooperative movement as a whole.

This wider vision seems to be less characteristic of the workers' productive societies.

### Geographical and Industrial Distribution

SINCE 1929, when the Bureau's last previous study was made, an upholstery association, a mining association, and a laundry have discontinued operations or sold out. During the interval a woolen mill was taken over by the workers, but went out of business early in 1933, so that it figured in neither the 1929 nor 1933 survey. Another business had become cooperative since 1929. There was thus a net loss of two societies since that year.

As far as the information of the Bureau goes, therefore, there were only 18 workers' productive societies in active operation at the end of 1933; another association had not yet taken formal action to dissolve but had done no business since 1931 and had leased its plant to a private firm. Of these 19 associations, 9 (including the inactive one) made a report in the present study.

The following table shows the total number of societies in 1929 and 1933 and the number furnishing data for the latter year, by State and by industry in which engaged:

TABLE 55.—DISTRIBUTION OF WORKERS' PRODUCTION SOCIETIES, BY STATES AND INDUSTRIES, 1929 AND 1933

State	Number in existence		Number reporting, 1933	Type of society	Number in existence		Number reporting, 1933
	1929	1933			1929	1933	
Indians.....	2	3	1	Box factories.....	1	1	-----
Massachusetts.....	3	2	1	Cigar factories.....	3	3	2
Minnesota.....	1	1	-----	Coal mines.....	2	1	-----
Missouri.....	1	1	1	Clothing factories.....	-----	1	-----
New Jersey.....	1	1	-----	Enameling plants.....	1	1	-----
Ohio.....	2	1	1	Fish canneries.....	2	1 <sup>1</sup>	1 <sup>1</sup>
Oregon.....	2	1 <sup>1</sup>	1 <sup>1</sup>	Food factories.....	-----	1	1
Pennsylvania.....	1	1	-----	Laundries.....	3	2	-----
Washington.....	7	6	3	Plywood factories.....	1	1	1
Wisconsin.....	-----	1	-----	Shingle mills.....	4	4	2
				Shoe factories.....	3	2	1
Total.....	20	18	8	Total.....	20	18	8

<sup>1</sup> Not including 1 society not dissolved but inactive at the end of 1933

### Year of Establishment

THE societies reporting have been in existence, on the average, 19 years and 3 months; the range was from 13 years to 37 years and 3 months. One society was formed in 1896, 1 in 1910, 2 in 1915, 1 in 1916, 2 in 1920, and 1 in 1921.

## Membership, Employment, and Wage Policies

AS ALREADY indicated, membership restrictions are fairly common among the workers' productive societies. Of those covered in the present study, one limits the membership to members of the trade union of the craft. In three associations stock may be sold only to employees, this presumably with the intention of making the stockholders and the labor force identical. One company reports that while there is no strict rule on the subject, shareholders are given preference in employment. Two societies provide that each new stockholder must be voted upon; he must receive in one society a majority of votes of the board of trustees and in the other a majority vote of all the stockholders. One association provides in its bylaws that the number of members shall never be allowed to fall below 16 except by majority vote of all the stockholders.

Table 56 shows, for the individual societies, the total number of shareholders (members) and those employed in the business, and the number of nonshareholders employed. It is seen that in only two of the associations were all the shareholders working in the plant at the end of 1933. In two others there was no outsider working, but only a small proportion of the shareholders had jobs in the cooperative enterprise. Five of the eight societies employed more nonshareholders than members.

TABLE 56.—NUMBER OF MEMBERS (SHAREHOLDERS) AND OF EMPLOYEES OF WORKERS' PRODUCTIVE SOCIETIES, 1933

Society	Shareholders		Nonshareholder employees
	Number	Number employed in business	
Society no. 1.....	178	90	88
Society no. 2.....	565	205	231
Society no. 3.....	60	7	.....
Society no. 4.....	70	11	.....
Society no. 5.....	210	45	145
Society no. 6.....	8	8	33
Society no. 7.....	16	16	18
Society no. 8.....	74	65	135
Total.....	1,181	447	650

Table 57 shows that the cooperative shingle mills gave employment to all of their members and 51 nonmembers besides. With the exception of the food company and the plant manufacturing plywood, none of the others had as many as half of their stockholders working in the plant.

TABLE 57.—NUMBER OF SHAREHOLDERS AND OF EMPLOYEES OF WORKERS' PRODUCTIVE SOCIETIES, BY KIND OF BUSINESS CARRIED ON, 1933

Kind of business	Number of societies reporting	Shareholders		Nonshareholder employees
		Number	Number employed in business	
Cigar factories.....	2	130	18	-----
Fish canneries.....	1	210	45	145
Food factories.....	1	178	90	88
Plywood factories.....	1	74	65	135
Shingle mills.....	2	24	24	51
Shoe factories.....	1	565	205	231
Total.....	8	1,181	447	650

*Wages.*—Seven societies reported that they paid the union scale of wages in the occupations concerned. The eighth society did not report on this point.

More than three-fourths of a million dollars was paid in wages in 1933 by the eight societies. It is seen that the average annual earnings were very low, ranging from \$366 to \$927, with a general average of only \$704. These averages are, however, somewhat misleading, for they are computed on the basis of all employees; while the member workers are a permanent force, the nonmember employees may be hired only at the busy season. Again, the plant may have been in operation only part of the year. There are no data to show what proportion of the labor force was employed on a part-time basis, or to show how much part-time operation there was during the year.

TABLE 58.—TOTAL AND AVERAGE WAGES PAID BY WORKERS' PRODUCTIVE ASSOCIATIONS IN 1933

Kind of business	Number of employees	Wages paid, 1933	
		Total amount	Average per employee
Cigar factories.....	18	\$8,251	\$458
Fish cannery.....	190	73,369	386
Food factory.....	178	65,126	366
Plywood factory.....	200	158,918	795
Shingle mills.....	75	62,079	828
Shoe factory.....	436	404,330	927
Total.....	1,097	772,073	704

*Hours of labor.*—The work week in 1 society in 1933 was 36 hours; in 2 societies, 40 hours; in 1 society, 42 hours; and in 1 society, 44 hours; in 1 organization the hours ranged from 30 to 40, and in 1, from 38 to 44.

#### Capitalization and Business

THE value of the individual shares is generally higher in the workers' productive societies than in other types of cooperative organizations.

Fifty dollars is a common amount, but in one organization the shares are \$600 each.

Seven of the eight societies limit the number of shares that may be held by any one member. In one society a member may own not to exceed \$600 worth of stock and in another \$10,000 worth. One society limits the shares to 1 per member, another to 3 per member, and a third to 20 per member. Another organization provides that all shareholders must hold an equal number of shares, but did not report what the number is. Another limits the shareholdings but did not report the nature of the limitation.

In another company the common stock is being bought back from individual shareholders and is being placed in a trust fund held for all active workers in common. At the time of the report 63 percent of the stock was thus held.

The share capital of the eight societies at the end of 1933 amounted to about  $1\frac{1}{4}$  million dollars. Only six societies had any surplus or reserves; these aggregated over half a million dollars.

The combined business done in 1933 amounted to more than  $3\frac{1}{2}$  million dollars.

TABLE 59.—CAPITALIZATION AND BUSINESS OF WORKERS' PRODUCTIVE SOCIETIES IN 1933

Kind of business	Number of societies reporting	Paid-in share capital	Surplus and reserves	Amount of business, 1933	Average business per society
Cigar factories.....	2	\$25, 498	<sup>1</sup> \$67	\$18, 798	\$9, 399
Fish canneries.....	1	175, 074	240, 355	485, 286	485, 286
Food factories.....	1	402, 449	145, 202	626, 191	626, 191
Plywood factories.....	1	288, 000	( <sup>2</sup> )	682, 603	682, 603
Shingle mills.....	2	35, 000	50, 000	193, 976	96, 988
Shoe factories.....	1	308, 683	68, 966	1, 622, 616	1, 622, 616
Total.....	8	1, 234, 704	504, 590	3, 629, 470	483, 684

<sup>1</sup> 1 society

<sup>2</sup> Not reported.

Table 60 shows, for the various types of societies, the amount of business done each year since 1920. In most cases the high sales occurred during the period from 1927 to 1929, but generally the business fell off decidedly from 1929 to 1931. Some recovery in sales was shown from 1931 to 1933, notably in the plywood and shoe factories. The figures in parentheses at the top of each column indicate the number of societies covered by the data.

In addition to the regular wages received when employed in the business, the stockholder employees receive a share of any profits made by the business. In one society the profits left after making provision for reserves and depreciation are divided equally among the members. In five societies they are divided on the basis of the amount of stock held, just as in the ordinary stock company; how-

ever, as one of these societies limits the amount of stock held by any one member to three shares in the organization and another to one share, there is substantially equal division of profits. In the fish cannery half of the amount of profits is placed in a reserve fund on which stockholders receive interest at the rate of 3 percent and the other half is divided among the fishermen in proportion to the fish caught by each; share capital receives interest at 2 percent.

TABLE 60.—AMOUNT OF BUSINESS OF SPECIFIED TYPES OF WORKERS' PRODUCTIVE SOCIETIES, 1920 TO 1933

Year	Cigar factories (2)	Fish cannery (1)	Food factory (1)	Plywood factory (1)	Shingle mills (2)	Shoe factory (1)	Total
1920.....	1 \$17,345	\$1,019,054	-----	-----	(?)	\$175,000	\$1,211,399
1921.....	1 28,231	601,298	-----	(?)	1 \$216,613	(?)	846,142
1922.....	1 43,499	632,812	-----	\$536,854	1 153,200	363,000	1,729,365
1923.....	1 51,446	723,043	-----	924,812	1 166,304	451,000	2,316,605
1924.....	1 44,998	650,756	-----	712,275	1 186,820	627,000	2,221,849
1925.....	87,170	749,192	-----	743,535	1 188,297	796,000	2,564,194
1926.....	76,543	740,774	-----	(?)	321,153	1,092,697	2,231,167
1927.....	81,500	795,595	-----	(?)	320,031	1,264,561	2,461,687
1928.....	61,282	688,693	-----	(?)	333,886	1,374,413	2,458,274
1929.....	55,106	752,693	-----	846,497	384,426	1,354,818	3,393,540
1930.....	37,264	538,797	\$1,571,245	463,792	1 130,861	1,284,982	4,026,941
1931.....	26,203	348,418	1,222,606	391,338	1 81,686	1,388,177	3,458,428
1932.....	22,873	424,386	783,617	444,443	1 61,216	1,403,946	3,140,481
1933.....	18,798	485,286	626,191	682,603	193,976	1,622,616	3,629,470

1 1 society only.

2 No data.

The amounts of net gain or loss on the trading operations, as well as the bonuses received by members from profits in addition to the regular wages, are shown in table 61. It is seen that business was profitable through 1930; each year since that time, however, has shown a loss. Notwithstanding the adverse conditions, members received a bonus each year except 1933. For 1933 three societies reported profits aggregating \$45,854; the losses of two other societies amounted to \$132,792. Thus, for all reporting societies combined there was a net loss of \$86,838.

TABLE 61.—NET TRADING GAIN OR LOSS OF WORKERS' PRODUCTIVE SOCIETIES AND AMOUNT OF PROFIT DIVIDED AMONG MEMBERS, 1925 TO 1933

Year	Net gain (+) or loss (-)		Profit divided among members		
	Number of societies reporting	Amount	Number of societies reporting	Societies dividing profit	
				Number	Amount divided
1925.....	5	+\$143,469	6	2	\$31,770
1929.....	6	+155,290	7	4	45,720
1930.....	4	+103,947	8	2	90,998
1931.....	4	-4,882	8	1	9,860
1932.....	4	-197,219	8	1	4,640
1933.....	5	-86,938	8	-----	-----

## Business Methods and Management

THE final control of all of these societies lies with the general meeting of stockholders. In all but 1 of the societies reporting, only 1 vote per member is allowed at these meetings regardless of the amount of stock held. The societies are evenly divided as regards proxy voting, 4 allowing it and 4 prohibiting it. One society allows an absent member to vote by mail, provided he has a copy of the matter to be voted upon and this copy is attached to his written vote.

Oversight of the conduct of the affairs of the society is in the hands of a board of directors. The actual management is generally left to an elected manager. In 1 society the manager is appointed by the board of directors, in 2 societies he is elected by the stockholders from their own ranks, and in 1 association he may be selected by either of these 2 methods. Two societies are managed by a board of trustees elected by the stockholders; in 1 of these the board consists of 9 members, and in the other the number varies as the members decide.

All of the societies subject their books to regular audits; 6 of the societies have the auditing done by a professional accountant, 1 by the company's bookkeeper, and another by the stockholders.

## Development Since 1925

TABLE 62 shows comparative data for 1925, 1929, and 1933.

TABLE 62.—DEVELOPMENT OF WORKERS' PRODUCTIVE SOCIETIES IN 1925, 1929, AND 1933

Item	1925	1929	1933
Total number of societies.....	39	20	18
Number of societies reporting.....	21	11	8
Shareholders:			
Number.....	2, 438	1, 405	1, 181
Number employed.....	465	421	447
Nonshareholder employees.....	807	236	650
Share capital:			
Amount.....	\$1, 025, 509	\$808, 230	\$1, 234, 704
Average per society.....	51, 275	73, 475	154, 338
Surplus and reserves:			
Amount.....	653, 590	800, 139	504, 590
Average per society.....	72, 621	100, 007	63, 074
Business:			
Amount.....	4, 573, 329	3, 847, 666	3, 629, 470
Average per society.....	238, 596	349, 788	483, 684
Profits:			
Amount.....	1 229, 458	1 153, 370	2 86, 938
Average per society.....	16, 390	30, 674	2 17, 388
Bonuses to shareholders:			
Amount.....	109, 470	48, 635	-----
Average per society.....	27, 368	9, 727	-----

<sup>1</sup> Net, after deducting losses.

<sup>2</sup> Loss.