
UNITED STATES DEPARTMENT OF LABOR

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BUREAU OF LABOR STATISTICS

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A. F. Hinrichs, *Acting Commissioner*

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Activities of Consumers' Cooperatives in 1942



Bulletin No. 757

[Reprinted from the *Monthly Labor Review*, October 1943
with additional data]

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1943

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington, D. C. - Price 5 cents

LETTER OF TRANSMITTAL

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., November 1, 1943.

The SECRETARY OF LABOR:

I have the honor to transmit herewith a report on the activities of consumers' cooperatives in 1942, prepared by Florence E. Parker of this Bureau.

A. F. HINRICHS,
Acting Commissioner.

HON. FRANCES PERKINS,
Secretary of Labor.



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Bulletin No. 757 of the

United States Bureau of Labor Statistics

Reprinted from the MONTHLY LABOR REVIEW, October 1943, with additional data.

Activities of Consumers' Cooperatives in 1942

Summary

IN SPITE of the beginning of wartime restriction of commodities and the regulation of sales, the year 1942 was marked by substantial increases in cooperative business and earnings. As in 1941, many associations reported that 1942 was the most successful year in their history. Cooperative wholesaling was particularly successful and for most of the wholesales the 1942 sales represented an all-time high; for the whole group, business increased 23.3 percent and earnings 35.6 percent. Production more than doubled. The total cooperative wholesale business (including services as well as wholesale distribution) amounted to over \$125,000,000.

TABLE 1.—Estimated Membership and Business of Consumers' Cooperatives, 1942

Type of association	Estimated number of associations	Estimated membership	Estimated business
<i>Local associations</i>			
Retail distributive:		<i>Individuals</i>	
Stores and buying clubs.....	2,500	540,000	\$195,000,000
Petroleum associations.....	1,400	650,000	197,000,000
Other distributive.....	50	19,000	7,500,000
Retail distributive departments of marketing associations.....	525	175,000	165,000,000
Service:			
Associations providing rooms and/or meals.....	275	23,000	4,000,000
Housing.....	59	2,100	1,575,000
Medical care—			
On contract.....	30	100,000	1,600,000
Own facilities.....	11	15,000	1,150,000
Burial:			
Own facilities.....	35	25,000	260,000
Caskets.....	6	2,500	10,000
Cold storage.....	50	25,500	925,000
Water.....	33	2,000	375,000
Printing and publishing.....	16	75,000	475,000
Recreation.....	25	3,500	72,500
Miscellaneous.....	45	1,400	185,000
Electricity.....	870	1,210,000	35,000,000
Telephone.....	5,000	330,000	5,485,000
Credit unions.....	10,601	3,139,457	251,439,882
Insurance.....	2,000	10,000,000	185,000,000
<i>Wholesale associations</i>			
Interregional.....	2	<i>Affiliated associations</i>	
Regional:		24	(1)
Wholesale distribution.....			118,250,000
Services.....	27	3,203	1,607,000
Production.....			12,503,000
Retail distribution.....			11,541,550
District:			
Wholesale distributive.....	11	150	2,625,000
Services.....			98,720

¹ Impossible to estimate.

² Not including production of separate subsidiary organizations.

The local consumers' cooperatives—with retail sales amounting to about \$564,000,000, plus services (meals, housing, burial, medical care, etc.) estimated at about \$10,630,500—are believed to have done a total business of well over \$575,000,000, serving about 1½ million members and their families. Although this is still an insignificant proportion of the population and of the retail trade of this country, the figures are steadily increasing and the 1942 figures represent an all-time peak in both respects.

In addition to the consumers' cooperatives proper, there were some 18,500 electricity, telephone, insurance and credit associations with an estimated membership of over 14½ million. This figure represents a slight decline from 1941 for this group of associations, as a result of a 165,000 drop in membership among the credit unions in 1942.

Local Associations in 1942

The local associations, like other retail businesses, were affected by rationing, wartime shortages of goods, and problems of transportation and delivery. The rationing of gasoline had not begun to be felt very severely in 1942, except among the urban associations in the East.

Very optimistic reports on condition of local cooperatives were made in various sections of the country. In the State of Washington it was stated that in 1942 the Grange cooperatives "almost without exception enjoyed the best year in their history."¹ From Ohio it was reported that "from the standpoint of all-round progress the year 1942 has been our greatest," and similarly encouraging statements were made concerning the associations in Eastern Cooperative Wholesale territory (New England and Middle Atlantic States). The Farmers Union State Exchange, in Nebraska, reported that 1942 was on the whole a very good year for the member associations. The Nebraska Union Farmer, in its issue of April 14, 1943, gave the following estimates of 1942 business and net earnings of the Farmers' Union cooperatives in the State.

	<i>Business</i>	<i>Earnings</i>
110 petroleum associations.....	\$4, 400, 000	\$255, 000
75 store associations.....	6, 000, 000	225, 000
240 grain elevators.....	43, 200, 000	720, 000
Total.....	53, 600, 000	1, 200, 000

Reports received by the U. S. Bureau of Labor Statistics for 1,385 local associations indicated a volume of business of nearly \$202,000,000 for 1942 for these organizations. The more than 1,100 associations for which data for both 1941 and 1942 were available made noteworthy gains in business and net earnings. Membership also increased. For the whole group of associations business was nearly a fourth larger in 1942 than in 1941. The greatest progress was made by the store associations, but the petroleum associations also showed a volume nearly 14 percent above that of the previous year, even though over a fifth of their number sustained a falling off in business as compared with the preceding year, as against less than 10 percent of the stores (table 2). To some extent the amount of business was raised by the advance in price levels, but to some extent undoubtedly

¹Grange News (Seattle), June 19, 1943.

by enlarged memberships and patronage. Membership of identical associations reporting for both years increased by about 9 percent, in spite of the fact that over a fourth of the associations had a smaller membership in 1942 than in 1941.

Five percent of the total reporting associations operated at a loss in 1942; only 1.7 percent had a loss in both years and 3.3 percent had a gain in 1941 but a loss in 1942. Further, 2.9 percent went from a loss in 1941 to a gain in 1942 and 68.5 percent increased their earnings in 1942 over those in 1941. A larger proportion of the petroleum associations than of other types had a smaller amount of earnings in 1942 than in 1941.

TABLE 2.—Membership, Business and Net Earnings of Local Cooperatives in 1942 as Compared with 1941

Type of association	Membership			Amount of business			Net earnings				
	Per- cent of in- crease in total	Percent reporting—		Per- cent of in- crease in total	Percent reporting—		Percent which went from—		Percent reporting—		
		In- crease in 1942	De- crease in 1942		In- crease in 1942	De- crease in 1942	Gain in 1941 to loss in 1942	Loss in 1941 to gain in 1942	Loss in both years	In- crease in gain in 1942	De- crease in gain in 1942
All types.....	9.1	73.9	26.1	24.1	84.2	15.8	3.3	2.9	1.7	68.5	23.6
Stores and buying clubs.....	8.3	75.5	24.5	30.8	90.8	9.2	5.4	4.9	2.2	69.5	17.9
Petroleum associations.....	9.5	73.8	28.2	13.6	78.9	21.1	2.0	1.2	.4	64.7	31.7
Other consumers' cooperatives.....	5.8	50.0	50.0	41.8	81.8	18.2	.....	.....	60.0	50.0	.....
Distributive departments of farmers' marketing associa- tions.....	16.8	53.3	46.7	43.1	87.5	12.5	.....	3.7	.....	90.9	7.4

As the first full year of war, 1942 brought serious problems of procurement of supplies, of transportation, and of distribution. Many commodities became scarce and some practically disappeared from the market altogether. Rationing of certain items, such as tires and petroleum products, cut down the volume of business particularly in urban areas; the associations serving farmers maintained their volume fairly well. To some extent, the procurement problem was met by the substitution of new lines for those in falling supply.

Diversification of business has been urged by the cooperative wholesales for some years and the associations which heeded the advice have begun to reap the benefits since the war began. Petroleum associations have added groceries, hardware, seeds, fertilizer, etc., the sales of which compensate for the decreases in or disappearance of such items as electrical appliances, refrigerators, tires, and metal goods. Also, numbers of cases have occurred in which two or even three local cooperatives have consolidated into a single association, in the interests of efficiency and economical operation. In some cases, store and gasoline associations operating in the same town have merged.

Cooperative Wholesales in 1942

MEMBERSHIP OF WHOLESALERS

The 19 reporting regional wholesales had a total membership of 2,683 local associations at the end of 1942 (table 3), and the 8 reporting district associations were serving a membership of 128 associations.

The number of associations affiliated to regional wholesales reporting for both 1941 and 1942, rose from 2,554 to 2,683, or 5.1 percent. One association reported that it had membership applications pending, from 65 additional associations. The membership of identical district associations increased from 120 to 128, or 6.7 percent.

In addition, the wholesales were serving a considerable number of associations that had not become members. The interregional associations reported 11 nonmember patrons, the regional associations 1,067, and the district associations 60.

National Cooperatives, Inc., is composed of 16 wholesales, of which 2 are Canadian organizations (Saskatchewan Cooperative Wholesale and United Farmers Cooperative Co. of Ontario). Table 2 shows data for 13 of these affiliates (associations bearing asterisk); the other member, Farmers' Cooperative Exchange of Raleigh, N. C., is omitted because it is neither a consumers' cooperative nor a wholesale of the federated type. The affiliates of National Cooperatives had a combined membership of 2,539 local associations (with 874,324 members) and had an aggregate business for 1942 amounting to \$103,488,956.

United Cooperatives, Inc., has as its members the associations marked with a dagger in the table. Other members not there shown (because they either were not federations or were not consumers' organizations) were Washington Cooperative Egg and Poultry Association (Seattle), Cooperative Grange League Federation Exchange (Ithaca, N. Y.), and Farmers' Cooperative Exchange (Raleigh, N. C.).

TABLE 3.—*Membership of Cooperative Wholesale Associations, 1941 and 1942*

[Associations marked * are members of National Cooperatives; those marked † are members of United Cooperatives]

Association	Year in which organized	Number of affiliated associations	
		1942	1941
<i>Interregional</i>			
Illinois: National Cooperatives.....	1933	16	16
Ohio: United Cooperatives.....	1930	8	7
<i>Regional</i>			
Illinois:			
Central States Cooperatives*.....	1936	102	94
Illinois Farm Supply Co.....	1927	137	176
Indiana: Indiana Farm Bureau Cooperative Association*†.....	1921	93	93
Iowa: Iowa Farm Service Co.....	1927	30	29
Michigan: Farm Bureau Services*†.....	1920	139	139
Minnesota:			
Midland Cooperative Wholesale*.....	1926	252	220
Farmers Union Central Exchange*.....	1927	300	300
Minnesota Farm Bureau Service Co.....	1928	45	45
Missouri: Consumers Cooperative Association*.....	1928	592	504
Nebraska: Farmers Union State Exchange.....	1914	319	292
New York: Eastern Cooperative Wholesale*.....	1929	155	151
Ohio: Farm Bureau Cooperative Association*†.....	1933	87	87
Pennsylvania: Pennsylvania Farm Bureau Cooperative Association*†.....	1934	22	21
South Dakota: Farmers Union Cooperative Brokerage.....	1924	25	35
Texas: Consumers Cooperatives Associated*.....	1931	82	68
Utah: Utah Cooperative Association.....	1935	6	9
Virginia: Southern States Cooperative†.....	1923	80	80
Washington: Pacific Supply Cooperative*.....	1933	87	86
Wisconsin: Central Cooperative Wholesale*.....	1917	130	125

TABLE 3.—Membership of Cooperative Wholesale Associations, 1941 and 1942—Continued

Association	Year in which organized	Number of affiliated associations	
		1942	1941
<i>District</i>			
California: Associated Cooperatives of Northern California*.....	1939	17	15
Michigan:			
Cooperative Services ¹	1932	11	10
Northland Cooperative Federation.....	1933	7	7
Minnesota:			
Trico Cooperative Oil Association.....	1929	16	16
Range Cooperative Federation.....	1924	26	22
Wisconsin:			
Fox River Valley Cooperative Wholesale.....	1936	42	39
A & B Cooperative Association.....	1930	4	5
Cooperative Services.....	1923	5	6

¹ Formerly named H-O-B Cooperative Oil Association.

SERVICES AND FACILITIES

Certain new services were added by the various wholesales in 1942. Central States Cooperatives established its own auditing service and Consumers' Cooperative Association undertook store-management service. Among the associations which added new lines of consumer goods were Eastern States Cooperative Wholesale (fresh fruits and vegetables²) and Illinois Farm Supply (tire recapping). The latter and Indiana Farm Bureau Cooperative Association each acquired a towboat and the Indiana association bought a barge as well.

Associated Cooperatives of Northern California entered the warehousing field with the purchase of its first warehouse, and three other wholesales (i. e. those in New York, Texas, and Virginia) opened new branch warehouses. The Texas association, Consumers Cooperatives Associated, also added a new bulk plant, and Southern States Cooperative opened several retail branches. Central Cooperative Wholesale added a grain elevator to its feed mill and enlarged its main wholesale warehouse, besides starting a repair shop for its own growing fleet of trucks.

At the end of 1942 the 19 reporting regional associations were operating a total of 67 wholesale warehouses. Most of them had 1 to 3 each, but one operated 4, two had 6 each, one had 7, one 11, and one 12.

The Farmers Union Central Exchange expanded into the wholesale distribution of groceries, taking over the functions of the Northwest Cooperative Society, a joint grocery-purchasing agency serving several store associations in North Dakota and Montana; that society went out of existence toward the end of the year. By arrangement, also, the Farmers' Union Cooperative Brokerage (South Dakota) liquidated its business, and the service of its member associations was assumed by the Farmers Union Central Exchange which established a wholesale warehouse in Sioux Falls, for that purpose.

Retail branches.—Comparatively few of the wholesales operate retail branches, it being recognized that it is far more desirable from the cooperative standpoint that localities be served by a retail cooperative which the townspeople own and operate themselves. At the end of 1942 only 6 regional associations and 4 district associations

² Central States Cooperatives also added these commodities, early in 1943.

had any retail outlets; they were running 49 and 4 branches, respectively. The number operated by each of these associations in 1941 and 1942 was as follows:

<i>Regional</i>	<i>Number of retail branches</i>	
	<i>1942</i>	<i>1941</i>
Michigan Farm Bureau Services.....	8	10
Farmers Union Central Exchange.....	2	2
Consumers' Cooperative Association.....	23	21
Farmers Union State Exchange.....	14	13
Ohio Farm Bureau Cooperative Association.....	1	--
Farmers Union Cooperative Brokerage.....	1	--
<i>District</i>		
Northland Cooperative Federation.....	1	1
Trico Cooperative Oil Association.....	--	2
Range Cooperative Federation.....	2	2
A & B Cooperative Association.....	1	1

Productive facilities.—In the United States practically all of the commodities that are produced in the cooperative movement are manufactured in plants owned by the regional or national wholesales, either individually or jointly.

A noteworthy expansion took place in the productive facilities in 1942. Consumers Cooperative Association bought a cannery, sawmill, and bottling plant. The Indiana Farm Bureau Cooperative Association bought its second oil well and acquired petroleum-storage facilities. (Consumers Cooperative Association had 12 wells.) The Farm Bureau Cooperative Association of Ohio purchased two feed mills and a brooder plant, in addition to a petroleum refinery. Three other refineries were already in cooperative ownership, two being owned by Consumers Cooperative Association and one by Indiana Farm Bureau Cooperative Association; in addition, the Pacific Supply Cooperative owned a third interest in a privately owned refinery.³

OPERATIONS OF WHOLESALERS

The business, earnings, and patronage refunds of individual wholesales are shown for 1941 and 1942 in table 3.

One association shown—Farmers Union Cooperative Brokerage—was placed in liquidation at the end of its fiscal year. As noted, its territory and members will hereafter be served by the Farmers Union Central Exchange. The Cooperative Wholesale for southern California, a small association that had been having increasing difficulty in obtaining supplies, suspended operations late in the year. No data on volume of business, etc., are available for it, or for the Northwest Cooperative Society whose business was taken over by Farmers Union Central Exchange.

³ It sold this interest in 1943.

TABLE 4.—Business, Net Earnings, and Patronage Refunds of Cooperative Wholesales, 1941 and 1942

Association and State	Amount of business ¹		Net earnings		Patronage refunds	
	1942	1941	1942	1941	1942	1941
All associations:						
Interregional, distributive.....	\$9,905,611	\$4,204,059	\$11,702	\$277,021	\$105,343	\$238,093
Regional:						
Distributive, wholesale.....	111,606,247	90,562,69	5,411,897	3,812,642	4,325,712	3,106,925
Service.....	1,595,257	759,170				
District:						
Distributive.....	2,178,180	2,352,522	125,829	128,791	107,734	115,906
Service.....	98,720	101,340				
<i>Interregional</i>						
Illinois: National Cooperatives.....	(²)	(²)	11,702	38,928	11,117	(³)
Ohio: United Cooperatives.....	9,905,611	4,204,059	(³)	238,093	94,226	238,093
<i>Regional</i>						
Illinois:						
Central States Cooperatives:						
Distributive, wholesale.....	264,025	229,394	6,119	7,230	6,645	5,784
Services:						
Educational.....	2,402	(⁴)	1,264	(⁴)		
Auditing.....	204					
Illinois Farm Supply Co.....	15,083,781	8,359,583	1,055,499	1,094,408	902,813	883,753
Indiana: Farm Bureau Cooperative Assn.						
Distributive, wholesale.....	9,255,394	9,498,598	793,428	397,371	496,897	588,852
Services:						
Auditing.....	11,637	10,075				
Trucking.....	225,104	169,717				
Auto repair.....	15,333	8,608				
Insurance bonds, etc.....	25,354	22,568				
Finance (credit).....	21,381	(⁵)				
Other.....	297,441	169,774				
Productive departments.....	4,233,097	4,200,005				
Iowa:						
Iowa Farm Service Co.....	\$ 63,488	\$ 54,359	45,549	35,518	39,690	30,050
Cooperative Service Co.....	(⁶)	83,763	30,814	10,858	20,815	9,155
Massachusetts: United Cooperative Farmers.....	2,631,424	1,842,445	69,058	(⁷)	(⁸)	(⁹)
Michigan: Farm Bureau Services:						
Distributive, wholesale.....	4,343,815	3,523,985	247,052	88,420	232,773	45,268
Productive departments.....	416,214					
Services: Management.....	(¹⁰)	11,413				
Distributive, retail.....	1,244,298	206,376				
Minnesota:						
Midland Cooperative Wholesale.....	6,940,509	6,228,796	149,503	124,781	122,646	102,051
Farmers Union Central Exchange.....	8,949,756	8,098,812	347,653	321,055	200,950	174,257
Minnesota Farm Bureau Service Co.....	1,181,000	836,828	72,700	33,112	72,600	33,112
Missouri: Consumers Cooperative Assn.:						
Distributive, wholesale.....	9,885,198	6,851,056	190,101	161,346	7545,356	109,644
Services:						
Auditing.....	10,401	7,541				
Trucking.....	23,966	34,421				
Productive departments.....	4 878,016	4 655,753				
Distributive, retail.....	(¹¹)	338,450		12,306		3,547
Nebraska: Farmers Union State Exchange:						
Distributive, wholesale.....	\$2,407,020	\$2,398,698	\$110,757	\$99,741	(\$50,117	\$45,041
Services: Trucking.....	90,024	99,470	13,750			
Productive departments.....	4 236,225	(¹²)	2,940			
Distributive, retail.....	879,970	748,742	2,276			
New York: Eastern Cooperative Wholesale.....	2,765,155	2,107,827	63,694				40,645	56,544
Ohio: Farm Bureau Cooperative Assn.:						
Distributive, wholesale.....	12,850,586	9,929,399	359,607	248,370	168,735	105,932
Services: Trucking.....	101,017	50,185				
Productive departments.....	44,587,613	4 877,006				
Pennsylvania: Pennsylvania Farm Bureau Cooperative Association.....	5,192,905	2,604,327	227,715	129,903	144,253	76,502
South Dakota: Farmers Union Cooperative Brokerage:						
Distributive, wholesale.....	174,040	595,762	3,834	19 236	(11)	-----
Services:						
Auditing.....	171	1,563				
Trucking.....	176	1,437				
Texas: Consumers Cooperatives Associated.....	1,420,601	969,762	59,300	25,133	24,856	7,860
Utah: Utah Cooperative Association.....	216,568	285,082	(¹²)	18,490	(¹³)	17,565

See footnotes at end of table.

TABLE 3.—Business, Net Earnings, and Patronage Refunds of Cooperative Wholesales, 1941 and 1942—Continued

Association and State	Amount of business ¹		Net earnings		Patronage refunds	
	1942	1941	1942	1941	1942	1941
<i>Regional—Continued</i>						
Virginia: Southern States Cooperative:						
Distributive, wholesale.....	19,700,580	18,080,714	1,186,938	608,709	860,886	535,064
Services:						
Accounting and management.....	61,258	(²)	10,78,419	(²)		(²)
Other.....	527,965	(²)	149,459	(²)	46,073	(²)
Distributive, retail.....	9,017,282	(²)				
Washington: Pacific Supply Cooperative:						
Distributive, wholesale.....	3,268,562	3,191,045	275,652			
Services:						
Trucking.....	109,723	125,351	27,687	228,645	255,918	200,000
Auto repair.....	45,408	25,340	952			
Finance.....						
Wisconsin: Central Cooperative Wholesale:						
Distributive, wholesale.....	5,002,840	4,792,257	147,801	144,113	123,219	125,757
Services: Auditing.....	26,262	21,710	999			
Productive departments.....	4,652,772	4,319,764	(²)			
<i>District</i>						
California: Associated Cooperatives of						
Southern California.....	217,849	190,431	80	2,197	-----	1,437
Michigan:						
Cooperative Services ¹²	155,925	149,581	6,258	10,368	5,922	7,041
Northland Cooperative Federation....	105,842	¹³ 96,750	4,073	6,257	(²)	(²)
Minnesota:						
Trico Cooperative Oil Association....	260,436	254,980	23,517	31,139	23,517	30,551
Range Cooperative Federation:						
Distributive, wholesale.....	571,240	900,746				
Services:						
Trucking.....	17,772	16,868				
Auto repair.....	36,440	40,243	24,600	30,931	22,236	27,931
Insurance.....	15,031	16,396				
Mortuary.....	25,208	24,513				
Recreation.....	4,269	3,320				
Productive departments.....	4,898,879	4,261,180				
Wisconsin:						
Fox River Valley Cooperative Wholesale.....	549,019	466,416	40,843	24,755	39,684	24,210
A & B Cooperative Association:						
Distributive, wholesale.....	108,974	121,473	7,492	8,588	7,271	7,728
Distributive, retail.....	11,228					
Cooperative Services.....	197,666	172,145	15,954	14,556	9,104	3,903

¹ Wholesale distributive business unless otherwise stated.

² Business is that of pooling orders and making master contracts.

³ No data.

⁴ Included in wholesale distributive business also.

⁵ Total brokerage and trading income.

⁶ 2.9 percent; amount not reported.

⁷ Includes refunds from earnings of productive subsidiary associations.

⁸ Included with retail.

⁹ Included with wholesale.

¹⁰ Loss.

¹¹ All earnings will eventually be returned to members; association in liquidation; functions taken over by Farmers Union Central Exchange.

¹² Name formerly H-O-B Cooperative Oil Association.

¹³ Includes business done by recreational facilities.

Altogether, the reporting regional associations had a wholesale distributive and service business amounting to over 113 million dollars. Of this, services accounted for only 15 percent; the rest was distributive. The district associations reported sales of over 2½ millions, of which 4.5 percent was for services.

Net earnings amounted to \$5,411,897 for the regional associations and \$125,829 for the district associations—a total of \$5,537,726. For regional associations reporting for both 1941 and 1942, the distributive business increased by 23.3 percent and the service business by 31.3 percent. Earnings increased 35.6 percent.

Patronage refunds.—Member associations received in patronage refunds from the wholesales, on the 1942 business, a total of \$4,538,789—\$105,343 from the interregional associations, \$4,325,712 from the regional organizations, and \$107,734 from the district wholesales. A considerable proportion of the refunds on patronage was paid, not in cash, but in the form of shares credited to the member associations. This was done in order to improve the capitalization of the central associations, many of which have always been inadequately financed.

At the end of 1942 the 17 regional reporting associations had a combined share capital amounting to \$7,771,471. In practically all cases, most of the capital had been built up from earnings, rather than by additional investment by the member associations.

The Farmers' Union Central Exchange, started in 1927 with a share capital of \$525, had in the period 1931-42 returned patronage refunds amounting to \$519,739. Pacific Supply Cooperative had a capital of \$1,500 in 1934, when it started; it has made earnings of \$1,126,038 and in the 4-year period, 1939-42, returned \$671,183 on patronage. Consumers Cooperative Association started with \$3,000 share capital in 1929; since that time it has earned \$1,172,502 and has returned over \$1,000,000 in refunds on patronage. Midland Cooperative Wholesale, established as a joint purchasing agency in 1926 without a cent of share capital, has earned the sum of \$833,396 out of which its members have received \$602,506. During the last 6 years, 1937-42, 14 regional wholesales for which data are available (these include some of the smaller and less successful associations) returned the sum of \$11,077,914 to their members on patronage. The financial advantages of cooperative wholesaling are evident from these figures; they lead one to wonder what could have been done under adequate capitalization.

The annual meetings of the associations have been recognizing more and more the necessity for stronger financing and, on the recommendations of the boards of directors, have been voting increasingly to pay at least part of the patronage refunds in the form of shares or to put them into revolving funds payable 3 to 5 years hence. This latter practice has been in vogue for only about 5 years and the deferred refunds of those earlier years are now being paid, in cash.

In order to strengthen the organization for the post-war period, several of the wholesales have also set aside special reserves. The Pennsylvania Farm Bureau Cooperative Association set aside \$13,896, approximately 12 percent of the wholesale inventory, as a special reserve to cover the probable post-war decline in inventory values. The Ohio Farm Bureau Cooperative Association earmarked \$75,000 for a similar purpose. At the end of its 1942 fiscal year, Southern States Cooperative had an inventory reserve of \$325,758, of which \$200,000 was added from the 1941-42 earnings.

Productive operations.—Profitable as the wholesale distributive operations have been, those associations that have gone into production have found that in the latter lie even greater possibilities of savings for their members. For this reason, as well as because of the factors of safety in supplies and of future development, the cooperative wholesales have been intensifying their drive into production. In Ohio, at least 70 percent of the 1942 savings were made on the productive activities. Consumers Cooperative Association (the wholesale which was the pioneer and has made the greatest strides in production) reported combined earnings of \$668,062 in 1942, of which \$477,961

(or nearly 72 percent) came from its oil wells, pipe line, refinery, and other productive activities, and only 28 percent from wholesale distribution.

Table 5 shows for individual associations the value of output of the wholesales' productive departments in 1942. The data do not include the products of separate subsidiaries for production; they were not circularized in 1942. As the statement indicates, the productive departments of wholesales (not including subsidiaries) produced goods valued at \$12,502,816. As compared with identical associations for 1941, this represented an increase of 132 percent. Probably twice as much more was produced by separately incorporated subsidiaries of individual wholesales and by productive enterprises owned jointly by several associations. Thus, Consumers Cooperative Association reported that its total production in 1942 amounted to \$2,783,371, all but \$878,016 of which represented products of subsidiary associations.

TABLE 5.—Output of Wholesales' Productive Departments, 1942

Association and product	Value of product	Association and product	Value of product
<i>Regional</i>		<i>Regional—Continued</i>	
Indiana Farm Bureau Coop. Association	\$4, 233, 097	Ohio Farm Bureau Cooperative Association	\$4, 587, 613
Gasoline and kerosene, refined	2, 248, 733	Feed and seed	3, 612, 712
Chicks and eggs	145, 768	Fertilizer	974, 901
Fertilizer	1, 815, 845	Central Cooperative Wholesale	1, 652, 772
Printing	22, 751	Bakery products	157, 407
Michigan Farm Bureau Services: Seed	416, 214	Feed and flour	1, 495, 365
Consumers Cooperative Association	878, 016		
Lubricating oil	474, 934	<i>District</i>	
Grease	214, 619	Range Cooperative Federation	398, 879
Paint	115, 715	Butter	117, 547
Canned goods	33, 263	Cheese	199, 885
Printing	39, 465	Sausage	81, 447
Nebraska Farmers Union State Exchange	336, 225		
Feed and seed	132, 774	Total products	12, 502, 816
Produce	203, 451		

EMPLOYMENT AND WAGES

Over 2,700 persons were employed in wholesale cooperatives in 1942, and the pay roll amounted to \$4,214,109. As table 6 indicates, a substantial increase in annual earnings of cooperative employees took place in both the regional and district associations. In some cases, bonuses to employees were also paid, at the end of the year.

TABLE 6.—Employment, Pay Roll, and Average Annual Earnings of Employees of Cooperative Wholesales, 1942

Type of association	Number of associations reporting	Total number of employees	Total wages paid, 1942	Average annual earnings per employee in—	
				1942	1941
All types	24	2, 767	\$4, 214, 109	\$1, 523	\$1, 355
Interregional associations	2	116	139, 295	1, 201	1, 645
Regional associations	14	2, 568	3, 930, 015	1, 530	1, 385
District associations	8	83	144, 799	1, 746	1, 453