

Consumers' Cooperatives in 1949: Operations and Developments

Bulletin No. 1013

UNITED STATES DEPARTMENT OF LABOR

Maurice J. Tobin, *Secretary*

BUREAU OF LABOR STATISTICS

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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., June 1, 1951.

THE SECRETARY OF LABOR:

I have the honor to transmit herewith a report on developments and operations in the consumers' cooperative movement in the United States in 1949, prepared by Florence E. Parker, of the Bureau's Office of Labor Economics.

EWAN CLAGUE, *Commissioner.*

HON. MAURICE J. TOBIN,
Secretary of Labor.

(III)

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Consumers' Cooperatives in 1949

Progress in 1949

In 1949, for the first time in many years, the total money volume of business of both the store and petroleum associations declined, the former by 1.3 percent and the latter by 0.2 percent. Despite this loss in dollar volume, the stores handled a greater tonnage of goods than in 1948. This is indicated by the fact that the retail price level of food, for example, declined over 4.4 percent in the year period. On the other hand, the physical volume of business done by the petroleum associations showed a real decline, since the retail price of petroleum products rose 2.7 percent from 1948 to 1949. The combined money volume of all the retail distributive associations in 1949 amounted to \$1.215 billion.

Slightly over 80 percent of the store associations showed earnings on operations in 1949. Nearly a third of these had larger earnings than in 1948, but 40.3 percent had smaller earnings. Almost 96 percent of the petroleum associations showed a gain on operations in 1949. Slightly over half had larger earnings than in the previous year, but for 41.7 percent, earnings dropped.

Membership of both stores and gasoline associations increased, though at a lower rate than in either 1948 or 1947.

Among the local service cooperatives, slight declines in membership took place in the cold-storage associations and those providing meals and/or rooms, whereas membership of the funeral, water-supply, medical-care, and housing associations increased. Declines in volume of business were shown by the funeral and cold-storage cooperatives, but a greater business than in 1948 was attained by the housing and medical-care associations and those providing meals and/or rooms.

Another record year was attained by the credit unions, with new peaks in membership, business (loans granted), and assets.

More than 5,100 retail cooperatives were affiliated with regional cooperative wholesales at

the end of 1949,¹ or about 290 over the preceding year. In turn, 24 of the regional wholesales were members of the Nation-wide buying agency, National Cooperatives, Inc.

The reporting regional and district wholesales had a combined distributive and service business of nearly \$351 million—an increase of 7.4 percent over 1948. This was achieved in spite of a 6.1-percent decline in wholesale prices (all commodities combined). Operating results were less satisfactory than for many years previously, however. Of 28 regionals reporting, 6 had losses on the year's operations (as against only 2 in 1948). These included several with a long record of earnings. All but one of the grocery wholesales were in the group incurring operating losses, as were also 2 of the wholesales dealing largely in petroleum products. All but 4 wholesales showed smaller earnings; in most cases, the drop was sharp. Causes given for this were higher operating costs, price declines, the "squeeze" in the petroleum market that caused sharp declines in production and refinery gains (or even losses), and much more difficult competitive conditions.

Patronage refunds to member associations by the regional wholesales totaled \$5,903,262; the corresponding figure in 1948 for these associations was \$17,836,043.

The value of own production by the central organizations continued to rise, attaining a peak of nearly \$208 million in 1949. This was an increase of slightly over 20 percent from 1948, and occurred in spite of the difficulties encountered by some of the wholesales operating refineries in obtaining sufficient supplies of crude oil; those owning or controlling considerable numbers of producing wells were in a more favorable position. The increased effort toward self-sufficiency in

¹ It should be pointed out that this figure includes some duplication (where local associations are members of more than one regional wholesale). Also, many of these affiliated retail associations are purely farm-supply associations handling producer goods only, and hence not covered in this Bureau's figures.

this respect raised the value of refined petroleum output from about \$70½ million in 1948 to over \$103½ million in 1949. Value of output of crude oil rose from almost \$11 million to nearly \$13½ million.

Other commodities that showed sizable increases in value of output over the year were feed, seed and fertilizer, chemicals, and machinery and equipment. Considerable declines were shown in food products, lubricating oil, lumber and shingles, printing, and vegetable oils.

Values of services provided by reporting service federations rose from over \$2.1 million in 1948 to \$2.2 million in 1949. A large increase occurred in the insurance and bonds business, but this and smaller increases in a number of services were insufficient to overcome declines in others.

The figures in table 1 include not only continental United States but also Alaska and Puerto

TABLE 1.—*Estimated membership and business of consumers' cooperatives in 1949, by type of association*

Type of association	Total number of associations	Number of members	Amount of business
<i>Local associations</i>			
Retail distributive.....	3,790	2,511,000	\$1,215,000,000
Stores and buying clubs.....	2,350	1,500,000	820,000,000
Petroleum associations.....	1,375	990,000	380,000,000
Other ¹	66	21,000	15,000,000
Service.....	785	306,620	32,072,000
Rooms and/or meals.....	185	16,000	6,300,000
Housing.....	155	22,500	5,700,000
Medical and/or hospital care:			
On contract.....	25	16,000	750,000
Own facilities.....	80	95,000	10,350,000
Burial: ⁴			
Complete funeral.....	27	26,000	395,000
Caskets only.....	3	1,120	7,000
Burial on contract.....	10	5,000	70,000
Cold storage ⁵	180	100,000	6,500,000
Other ⁶	120	25,000	2,000,000
Electric light and power ⁷	898	2,895,062	178,171,086
Telephone (mutual and cooperative).....	33,000	675,000	10,000,000
Credit unions ⁸	10,085	4,066,977	778,844,521
Insurance associations.....	2,000	11,500,000	210,000,000
<i>Federations ¹²</i>			
<i>Assns.</i>			
Wholesales:			
Interregional.....	2	77	11,133,300
Regional.....	30	5,135	345,897,000
District.....	19	265	6,043,000
Service.....	19	1,750	2,185,000
Productive.....	17	425	106,600,000
Electric light and power ¹	11	87	9,605,221

¹ Such as consumers' creameries, dairies, bakeries, fuel yards, lumber yards, etc.

² Gross income.

³ Not including about 4,500 partly paid members.

⁴ Local associations only; excludes federations (which are included with federations) and funeral departments of store associations.

⁵ Excludes cold-storage departments of other types of associations.

⁶ Such as water-supply, cleaning and dyeing, recreation, printing and publishing, nursery-school associations, etc.

⁷ Data furnished by Rural Electrification Administration.

⁸ Number of patrons.

⁹ Actual figures, not estimates; includes, for the first time, data on credit unions in Puerto Rico.

¹⁰ Number of policyholders.

¹¹ Premium income.

¹² Figures do not in all cases agree with those in tables 7-11, for those given here include an allowance for nonreporting associations.

¹³ Includes wholesale distributive, retail distributive, and service business.

Rico. Data were not available for Hawaii. The information for Alaska was obtained directly from the cooperatives there, whereas that for Puerto Rico was furnished by the Office of the Inspector of Cooperatives of Puerto Rico. According to his report, there was as of June 30, 1949, a total of 62 distributive associations (12 more than in the preceding year); these included 53 grocery cooperatives, 1 farm-supply cooperative, and 2 gasoline cooperatives, with a combined membership of 7,400 and an annual business of \$3,669,451. The 3 housing associations had a combined membership of 437 and had income during the year amounting to \$40,023; the 1 service cooperative had 25 members and a business of \$600. Forty credit unions, with 6,730 members, had assets of \$379,625 and made loans amounting to \$665,686 during the year.

Table 1 shows the number of associations, not number of establishments operated. Many cooperatives have one or more branches. Also, the table does not indicate the volume of business done in any particular line; many associations carry on several departments doing different kinds of business; table 1 classifies them according to their main line of business.

In 1949, as in 1948, dissolutions of store associations exceeded those newly formed, reducing the total number slightly. Among those that went out of business were several "closed" stores sponsored by labor unions, which admitted to membership only members of the sponsoring group. It should be noted, however, that such closed enterprises are very few, for most of the union-sponsored cooperatives now have open membership and make heroic efforts to enlist the support of the whole community.

Local Associations

Distributive Associations in 1949

Membership of reporting associations averaged 819 for the stores and 719 for the petroleum cooperatives; average volume of business done was \$413,471 and \$277,166, respectively. Net earnings for the stores that had earnings averaged 3.9 percent on the total business done; losses for those that suffered losses averaged 2.3 percent of sales. (The corresponding figures for 1948 were 4.2 and 2.7 percent.) For the associations whose main

business was the handling of petroleum products, earnings averaged 7.2 percent and losses 2.6 percent (6.7 and 2.2 percent, respectively, in 1948).

Information on patronage refunds was available for 454 local associations; these returned a total of \$5,787,946. The rate of return, based on amount of business done, was 2.7 percent for the stores, 5.3 percent for the gasoline cooperatives, 3.1 percent for the "other distributive," and 3.7 percent for the service cooperatives.

These patronage refunds included not only the earnings made by the local associations on their own operations, but also cash refunds received by them on their purchases from the wholesale associations. The latter, however, were in many cases much smaller than in preceding years. Previously, the refunds from the wholesales often exceeded the entire operating earnings of the local associations.

Nonfarm associations: The performance level of the city associations with nonfarm membership—dealing mainly in food—fell below that of the whole group of reporting cooperatives in 1949 as it did in 1948. These city associations suffered from the fact that their wholesales were showing losses and therefore could return no patronage refunds. The balance sheets of these local associations were also adversely affected by write-offs of part of their share capital investment in the wholesales as a result of the wholesales' losses—and consequently of the decline in the value of the latter's assets.

Comparison of the nonfarm associations with the whole group of reporting associations (farm and nonfarm) indicates that the average membership and sales of the nonfarm store associations was smaller than those of the whole group, whereas the membership and business of the nonfarm petroleum associations was larger (table 2).

Considerably smaller proportions of both types of nonfarm associations made earnings on their operations in 1949 and substantially larger proportions had losses, as compared with the whole group. Among those that had earnings, those of both store and petroleum nonfarm associations were smaller than was the case for all reporting associations. Among those with losses, however, although the nonfarm store associations' losses were greater compared to the farm and nonfarm combined, the losses of the nonfarm petroleum associations were smaller.

A smaller percentage of the nonfarm associations than of the whole group improved their net worth situation, and there were fewer nonfarm associations whose net worth was 50 percent or more of their total liabilities.

TABLE 2.—Comparison of nonfarm cooperatives with all consumers' cooperatives (farm and nonfarm), 1949

Item	All farm and non-farm	Nonfarm only
Average membership:		
Store associations.....	819	733
Petroleum associations.....	719	788
Average amount of business:		
Store associations.....	\$413, 471	\$254, 430
Petroleum associations.....	\$277, 166	\$288, 460
Percent of reporting associations having earnings:		
Store associations.....	80.1	64.3
Petroleum associations.....	96.4	68.4
Percent of reporting associations having losses:		
Store associations.....	19.9	35.7
Petroleum associations.....	3.6	31.6
	<i>Percent of sales</i>	<i>Percent of sales</i>
Net earnings of those with earnings:		
Store associations.....	3.9	2.7
Petroleum associations.....	7.2	6.2
Net losses of those with losses:		
Store associations.....	2.3	2.6
Petroleum associations.....	2.6	2.2
Net worth:	<i>Percent of assns.</i>	<i>Percent of assns.</i>
Larger than in 1948.....	57.8	51.6
Smaller than in 1948.....	40.5	46.3
No change.....	1.7	2.1
Net worth (as percent of total liabilities):		
Less than 50 percent.....	13.7	25.3
50 but under 75 percent.....	36.0	32.8
75 but under 90 percent.....	29.0	27.6
90 but under 100 percent.....	19.6	13.2
100 percent.....	1.7	1.1

TABLE 3.—Leading consumers' cooperatives, 1949¹

Association	Membership, 1949	Business, 1949
<i>Distributive associations</i>		
Consumers' Cooperative Society of Palo Alto, Calif.....	1, 964	\$1, 371, 563
Rochdale Cooperative, Washington, D. C.....	3, 650	561, 648
Cooperative Trading, Inc., Waukegan, Ill.....	6, 315	2, 596, 121
Greenbelt Consumers Services, Greenbelt, Md.....	2, 605	2, 199, 815
Harvard Cooperative Society, Cambridge, Mass.....	25, 395	3, 811, 402
United Cooperative Society, Fitchburg, Mass.....	3, 000	1, 158, 821
United Cooperative Society, Maynard, Mass.....	2, 634	1, 811, 436
Cloquet Cooperative Society, Cloquet, Minn.....	4, 270	1, 797, 217
Franklin Cooperative Creamery Association, Minneapolis, Minn.....	3, 500	5, 736, 691
Cooperative Consumers Society, Ithaca, N. Y.....	1, 900	1, 194, 168
Consumer-Farmer Milk Cooperative, Long Island City, N. Y.....	7, 298	2, 600, 215
New Cooperative Co., Dillonvale, Ohio.....	2, 249	1, 938, 741
University of Oregon Cooperative Association, Eugene, Oreg.....	3, 185	566, 090
<i>Service associations</i>		
Group Health Association, Inc., Washington, D. C.....	7, 041	730, 343
Consumers Cooperative Services, New York, N. Y.....	(?)	1, 682, 041

¹ Includes those having 3,000 or more members and/or a business of \$1 million or more.

² No data; membership in 1947 was 8,291.

Among the nonfarm consumers' cooperatives reporting to the Bureau for 1949 were 10 associations having 3,000 or more members each and 12 whose 1949 business exceeded a million dollars (table 3).

Operating expenses, 1949: Table 4 presents data on the operating expenses of 118 consumers' cooperatives in 1949. These associations had combined sales of \$28,659,420. Their individual sales ranged from \$34,253 to \$1,938,741. Of the total group, 37 had operating losses but in 8 cases the income from other sources (including patronage refunds from their wholesales) was sufficient to overcome the loss, so that the association was

able to show earnings for the year. As already noted, because of the reduced earnings of the wholesales the local associations affiliated with them received much smaller patronage refunds than in previous years and in many cases no refunds at all.

Operating expenses of all types of associations have risen by about 50 percent since before the war.

Comparison of the expenditures of the farm and nonfarm associations indicates that the latter are higher, mainly because of higher sales expense (wages, advertising, wrappings, etc.).

Trend of development, 1942-49: The 10-year trend in operations of cooperative store and petroleum associations is shown in table 5.

TABLE 4.—Operating expenses of farm and nonfarm consumers' cooperatives, 1949, by type of association

[Figures in parentheses indicate the number of associations covered]

Item of expense	Percent (in terms of total sales) spent for specified item						Lumber yards, farm (5)	Milk-distributing associations, nonfarm (2)
	Store associations			Petroleum associations				
	Nonfarm (52)	Farm (29)	Total (81)	Nonfarm (3)	Farm (27)	Total (30)		
Gross margin.....	17.2	13.7	16.3	22.2	17.8	19.1	22.6	32.9
Operating expenses:								
Wages, salaries, and commissions.....	10.1	6.8	9.2	13.5	8.6	10.1	6.5	20.1
Group insurance, retirement, etc.....	(1)	(1)	(1)	.1	.1	.1	-----	.1
Advertising.....	.5	.2	.4	.6	.3	.4	.2	.1
Wrappings and miscellaneous sales expense.....	.6	.2	.5	.2	.1	.2	-----	.6
Total sales expense.....	11.2	7.2	10.1	14.4	9.1	10.8	6.7	20.8
Miscellaneous delivery expense, except wages.....	.3	.5	.4	2.0	1.4	1.5	.2	1.6
Rent.....	.5	.1	.4	1.2	.1	.4	.2	.6
Light, heat, power, water, ice.....	.6	.5	.5	.8	.4	.5	.2	1.3
Insurance and bonds.....	.3	.4	.3	.3	.5	.4	.3	.3
Taxes and licenses:								
Social security, withholding, etc.....	.2	.1	.2	.3	.2	.2	.1	.6
State and county real estate and other taxes and licenses.....	.4	.5	.4	.5	.5	.5	.7	.2
Interest on borrowed money.....	.1	.1	.1	(1)	.1	.1	.1	.1
Office supplies and postage.....	.1	.1	.1	.3	.2	.2	.2	.3
Telephone and telegraph.....	.1	.1	.1	.1	.2	.1	.1	.2
Repairs to plant and equipment.....	.3	.3	.3	.2	.2	.2	(1)	1.8
Depreciation of plant and equipment.....	.7	.8	.8	.8	1.0	.9	.5	1.2
Bad debts.....	(1)	.1	(1)	.2	(1)	.1	(1)	.6
Inventory, audit, and professional.....	.1	.1	.1	(1)	.2	.1	.1	.2
Warehouse and plant expenses.....	(1)	-----	(1)	.5	.1	.2	-----	1.9
Directors' fees and expenses.....	(1)	.1	(1)	-----	.1	.1	.2	-----
Travel.....	(1)	(1)	(1)	.1	(1)	.1	.1	-----
Education, public relations, publications.....	.1	(1)	.1	.3	.1	.2	.4	.1
Membership dues, meetings, donations.....	(1)	(1)	(1)	-----	(1)	(1)	(1)	(1)
Laundry and cleaning expenses.....	.1	(1)	.1	(1)	-----	(1)	-----	.1
Miscellaneous.....	.4	.2	.4	.6	.3	.4	.2	.6
Total operating expenses.....	15.9	11.4	14.7	22.8	14.6	17.0	10.3	32.5
Operating earnings.....	1.3	2.3	1.6	.6	3.2	2.1	12.3	.4
Total earnings (including other income).....	2.1	3.6	2.5	.9	5.6	4.2	13.3	.4

¹ Less than 0.05 percent.

² Loss.

TABLE 5.—Trend of operations of specified types of local consumers' cooperatives, 1942-49

Item	Store associations							Petroleum associations						
	1949	1948	1947	1946	1945	1944	1942	1949	1948	1947	1946	1945	1944	1942
Membership:														
Percent of increase over preceding year	5.2	8.4	13.4	11.6	15.9	25.6	8.3	5.4	6.5	9.6	10.8	11.4	14.4	9.5
Percent reporting—														
Increase over preceding year	70.0	77.5	80.9	72.8	82.9	98.8	75.5	72.9	76.9	80.2	77.5	73.2	79.9	73.8
Decrease from preceding year	30.0	22.5	19.1	27.2	17.1	1.2	24.5	27.1	23.1	19.8	22.5	21.8	20.1	26.2
Amount of business:														
Percent of increase over preceding year	11.3	11.3	39.9	30.8	11.5	19.6	30.8	1.2	23.2	26.3	27.9	10.7	22.6	13.6
Percent reporting—														
Increase over preceding year	41.4	73.0	80.8	90.5	72.9	80.3	90.8	52.4	93.2	89.7	94.1	86.3	89.4	78.9
Decrease from preceding year	58.6	27.0	19.2	9.5	27.1	19.7	9.2	47.6	6.8	10.3	5.9	13.7	10.6	21.1
Net earnings:														
Percent going from—														
Gain to loss	8.8	9.0	19.4	5.8	4.2	6.4	5.4	2.8	2.9	2.4	-----	.8	.7	2.0
Loss to gain	7.4	3.3	3.7	9.1	10.7	4.2	4.9	2.1	1.8	1.0	.9	-----	.9	1.2
Percent reporting—														
Loss in current and preceding years	10.9	11.8	9.1	3.3	8.4	2.0	2.2	1.5	.3	.5	-----	-----	.5	.4
Increase in gain over preceding year	32.6	37.0	30.8	62.5	49.4	62.3	69.5	51.9	54.8	55.3	88.0	78.9	74.5	64.7
Decrease in gain over preceding year	40.3	38.9	37.0	19.2	27.2	25.1	17.9	41.7	40.2	40.8	11.1	20.3	23.3	31.7

¹ Decrease.

Medical-Care Associations^a

Some new medical- or hospital-care associations were being organized in 1949, especially in Wisconsin, where a law authorizing such plans was enacted in 1947. The progress in that State has been slower than expected, however. In Texas, some of the early cooperatives organized under the 1945 law found conditions unfavorable and either dissolved or merged with other groups to serve a wider area. A number of others, which had gone ahead, had turned over the hospital for private operation by one or more physicians, or had given up the cooperative features.²

Certain cooperatives have charged the medical profession with obstruction and monopoly. These charges were being investigated by the United States Department of Justice, and in several States cases were being tried in court.³ In Oregon, the Antitrust Division of the United States Department of Justice brought suit in the Federal court against the Oregon State Medical Society, Oregon Physicians' Service, eight county medical societies, and several physicians. The charge was that of trying to monopolize prepaid medical service through the Oregon Physicians' Service. The case came to trial in mid-October 1949. Witnesses testified to the use by the medical profession of boycotts, disciplinary pro-

ceedings, and refusal to admit to membership doctors who desired to associate themselves with prepaid medical-care plans not approved by the defendants. Hospitals, they said, notified the plans that hereafter they would admit only the patients of associations owned and operated by doctors. The court recessed at this point and did not resume until 1950.⁴

In Seattle, Wash., Group Health Association of Puget Sound brought suit against the King County Medical Society, several local hospitals, and the King County Medical Bureau. The association requested not only damages for harm done to the association but also an injunction against the defendants to restrain them from further acts of "conspiracy." The charges made were practically the same as in the Oregon case above.⁵ The suit came up for trial in the spring of 1950. After 5 weeks of testimony the County Court dismissed the cooperative's suit, holding that the so-called monopoly had been created innocently without malice and that the efforts of the medical profession were simply to protect their continuation of ownership. The case has been appealed by the association to the State Supreme Court.

The American Medical Association in June 1949 adopted a set of 20 standards required of cooperative plans as a basis for recognition by the medical profession. These were transmitted as recommendations to State and county societies.

^a For report on special study of medical-care cooperatives, see appendix (p. 31).

² U. S. Department of Agriculture. Statement * * * for inclusion in Department's testimony before House Committee on Interstate and Foreign Commerce, on H. R. 4312 and H. R. 4313, June 8, 1949 (p. 9); also, News for Farmer Cooperatives (Washington, Farm Credit Administration), October 1949 (p. 5).

³ Washington (D. C.) Post, October 21, October 27, and November 12, 1949; Cascade Cooperative News (Seattle, Wash.), December 1949.

⁴ Testimony was completed early in the spring, but a decision still had not been rendered by late fall, 1950.

⁵ Cascade News (Seattle, Wash.), December 1949; Group Health News and Information (Seattle, Wash.), January 1950. An FBI investigation in Oklahoma, reported by United Press, was summarized in Cooperative Consumer (Kansas City, Mo.), November 16, 1949.

Late in 1949, the AMA added other conditions: That no plan could be recognized until it had been in operation for 1 year, and that approval of both the local and State medical societies be obtained. Cooperative leaders met later with a special committee to discuss these new conditions, which the cooperators felt were discriminatory. A satisfactory compromise was worked out, but several court suits have been started, by cooperatives or in their behalf, over alleged violations of the agreement by three local medical societies.

By the end of the year, 31 (of 38) clinics were in operation and 32 (of 52) hospitals on the co-operative plan were in operation; 3 other groups had buildings under construction.

Two important events of the year were the third annual meeting of the Cooperative Health Federation of America, in September, and the calling of an institute by the University of Illinois in February for union-sponsored medical-care plans obtained under collective-bargaining agreements. Some of these union plans are full or fraternal members of the Cooperative Health Federation.

The aim of the Cooperative Health Federation is to coordinate voluntary efforts for medical care and to promote a more effective approach "by combining a method of prepayment with a method of group practice and by combining preventive services with curative services." Among the Federation's essential activities are the provision of legal advice to local groups on medical-care matters, assistance in recruiting physicians and nurses, and acting as representative of the voluntary health plans in congressional hearings, in negotiations with the American Medical Association, and in public-relations work.

New groups, it was emphasized at the annual convention, should try to draw upon all classes in the community for membership and should keep the members fully informed. They need physical facilities, as well as doctors, nurses, and hospital administrators. Technical assistance in obtaining all these is essential. A scale of adequate rates is also necessary. There is now, in nearly every State, a source from which guidance may be obtained.⁶

The meeting reaffirmed the previous position

on national health insurance—that such a system must make adequate care available to all the people and must make provision for voluntary plans. All member plans were urged to seek the approval of local and State medical societies under the AMA "recommended" 20-point standard for voluntary plans. Needs to be met as soon as possible by the Federation were the issuance of a manual for organizing and for professional personnel, an in-service training program, publication of a monthly journal, and the collective purchase of pharmaceutical supplies.

Housing Associations

Mortality among the housing associations formed since the end of the war has been heavy. Many never progressed beyond the paper stage. Some purchased land but were unable to raise enough capital for construction. Others obtained financing only at the cost of their cooperative principles. The discouragements incident to the long lag between planning and realization, interim costs that drained group resources, and, most important, difficulty in obtaining long-term financing, were the main reasons for the demise of these groups, most of which dissolved before getting to the ground-breaking stage.⁷

An intensive study that was made jointly by the Housing and Home Finance Agency and the Bureau of Labor Statistics revealed additional dissolutions (either because of inability to solve their problems or because of completion of a co-venture project), but also some new or previously undiscovered associations. The survey disclosed a total of 155 active associations, 8 co-venture associations that had gone out of existence because their project was completed, and 33 others that had dissolved at various points before finishing the project. The 128 active associations from which data were obtained had a combined membership of 20,549 persons. The reporting cooperatives had a total of 21,926 dwellings completed or in construction. Of these, 7,158 had been purchased already built by "mutuals," from

⁷ Some of the difficulties faced by housing associations were set forth at length in hearings, in the first session of the 81st Congress, before congressional committees dealing with the so-called "middle-income housing bill." That bill (supported by veterans', labor, church, and cooperative groups) would have provided for direct Government loans for cooperative and nonprofit organizations at the current Federal rate of interest plus ½ percent, administration to be under a new housing agency established for the purpose. The bill was withdrawn before the end of the session.

⁶ Information on this point is available from the Cooperative Health Federation of America, 343 S. Dearborn Street, Chicago 4, Ill.

Government agencies. There were 78,856 rooms in these dwellings (51,806 were in the mutual projects). The enactment of Section 213 in the Housing Act of 1950, with its directive to the Federal Housing Administration to assist housing cooperatives with planning and technical advice, has stimulated additional activity.

Cold-Storage Associations

"Rougher going than at any time during the war" was reported by the Farm Credit Administration in regard to cold-storage locker plants both privately and cooperatively owned. Their rate of increase slowed down, and they had to raise their charges. Although gross revenues increased, net savings were lower because of the small volume of meat processed and higher costs of labor, supplies, and equipment. As demand has caught up with supply, "the days of long waiting lists have gone" and some of the newer and larger plants even have trouble renting their lockers. The problem now is to build sufficient volume of business—especially in slaughtering—to attain capacity operations.⁸

Student Cooperatives

Scattered reports on campus cooperatives indicate that in most places they are holding their own, especially those operating rooming and boarding houses. These associations are federated into several regional leagues, all of which held annual meetings during 1949. One of these, the Central League of Campus Co-ops, in 1947 started a revolving fund to aid local students' cooperatives to obtain suitable quarters. Its first loan from that fund was made in 1949, to assist a Kansas student group to buy a cooperative house for women students.

Since the end of World War II many store associations have been formed to serve the married veterans (and their families) who have been completing their education. As with other cooperatives formed to meet special transitory circumstances,⁹ the majority of these will probably go out of existence as the veterans leave school. This will,

of course, be true if (as a result of school rules, pressure from local businessmen, etc.) the membership of the cooperative has been restricted to veterans. Where that is not the case, the cooperative may persist as an organization serving other students, faculty, and even townspeople. Thus, in Orangeburg, N. Y., provision for the continuing existence of the veterans' cooperative was made when, in 1949, the bylaws were amended to accept into membership persons living outside the veterans' village.

The students' cooperative at Vanport College, Portland, Oreg., which was flooded out by the rising waters of the Columbia and Willamette Rivers in the spring of 1948, is reported not only to have recovered but to have made great progress. This association operates a cafeteria and book store.

Central Organizations

The year 1949 was a fairly uneventful period for the federations, with comparatively little expansion in either distributive or productive facilities.

Cooperative refineries and regional wholesales owning their own refineries were caught in a price "squeeze" in 1949. Prices of crude oil remained at the 1948 peak, whereas the selling prices of the refined products decreased. The result was, in many cases, to wipe out earnings. Only those refineries in which 28–30 percent or more of the crude oil comes from wells owned or controlled by them—and in which the oil-production earnings compensated for the refinery losses—were able to come out even.¹⁰ The retail petroleum associations, on the other hand, were enabled by the reduced wholesale prices to make increased earnings.

Summary data on membership, business, earnings, patronage refunds, and own production, are given in table 6. The 74 reporting federations had a total of 6,688 affiliated local associations. These should not be assumed to be 6,688 different

⁸ News for Farmer Cooperatives (Washington), January 1950.

⁹ Others in this category have been the cooperatives in War Relocation camps for Japanese-Americans, and cooperatives in camps for conscientious objectors.

¹⁰ This situation was, of course, not confined to refineries owned by cooperatives. Small independent refiners also were hard hit, especially if they owned no crude production and had to buy their supplies. A number were forced to close down. It was reported, early in January 1950 (Cooperative Consumer, Kansas City, Mo., January 2, 1950), that these enterprises had organized the Independent Refiners Association of America, with the announced purpose of preventing additional closings and "bringing about conditions which will enable the independent refiners to survive."

associations, however, as the figure contains a good deal of duplication caused by the fact that

local associations may be members of more than one central organization.

TABLE 6.—Summary of operations of cooperative wholesales and service and productive federations, 1949

Item	All central organizations	Wholesales			Service federations	Productive federations
		Inter-regional	Regional	District		
Number of organizations reporting.....	74	2	28	13	17	14
Number of member associations.....	6,688	77	5,055	205	1,056	295
Total business.....	\$470,401,739	\$11,133,336	\$345,896,603	\$4,982,419	\$1,997,367	\$106,392,014
Wholesale distributive.....	338,072,271	11,084,830	322,295,992	4,691,449	-----	-----
Retail distributive.....	19,041,786	-----	19,041,786	-----	-----	-----
Service.....	6,895,668	48,506	4,558,825	290,970	1,997,367	-----
Value of own production.....	207,849,285	1,653,800	110,235,525	978,725	-----	94,981,235
Net earnings, all departments.....	10,043,723	128,033	8,591,540	193,036	59,724	1,227,456
Patronage refunds, all departments.....	9,286,427	-----	5,903,262	117,778	32,307	3,233,080

¹ Loss.

Wholesale Associations

Membership: The membership of both the inter-regional associations (National Cooperatives and Cuna Supply Cooperative) remained unchanged. Both increases and decreases occurred, however, in the number of affiliates of the regional and district wholesales. Of the 25 regionals that reported to the Bureau of Labor Statistics for 1949, 21 estimated that their 4,742 member associations had 1,668,000 individual members in 1949; 12 of these regional wholesales (with 4,067 affiliated associations having an estimated membership of 1,406,000) were members of National Cooperatives.

Altogether 5,055 retail associations were members of regional wholesales, representing (for those reporting for both 1948 and 1949) an increase of about 2 percent. This was the smallest increase in some years.

Distributive facilities: National Cooperatives merged the Waukesha (Wis.) branch of its milk-ing-machine factory with the Albert Lea (Minn.) plant. Radios were discontinued, reportedly because of unsatisfactory market conditions. Though the operations ended "in the red," the loss was only one-tenth as large as that incurred in 1948.

In California, a mail-order business, to build volume and at the same time develop cooperative activity throughout the State, was started late in 1949 by Associated Cooperatives.

Central States Cooperatives (Illinois) moved its headquarters and grocery warehouse to Waukegan,

merging its warehouse activities with those of Cooperative Trading, Inc. (its largest affiliate), there. The move was expected to reduce overhead costs. The wholesale during 1949 also began operation of its first retail branch, a store handling household appliances, automobile accessories, paints, and hardware. It had already taken over on a temporary basis a food store formerly operated by an independent association that still retains operation of a social hall.

In accordance with a decision made by its 1948 annual meeting, Indiana Farm Bureau Cooperative Association took over, effective January 1950, the marketing operations of the Indiana Grain Cooperative. The wholesale was already in the marketing business, having carried on the selling of eggs since shortly after the end of World War II. A second expansion of its catalytic cracking plant was announced in mid-year, with a new unit to increase the present capacity to 10,000 barrels of crude oil a day. It was stated that 2 years would be required to build the new unit.

In Michigan, a new association, Farmers Petroleum Cooperative, took over from Farm Bureau Services the distribution of petroleum products, using the transport trucks purchased from that association; the shift was made January 1, 1949.

At the annual meeting of Midland Cooperative Wholesale (Minnesota) in March 1949, it was reported that the special grocery committee, created in accordance with the decision of the 1948 meeting, recommended discontinuance of the grocery department. This was concurred in by the general manager, who commented that a 10-

year trial in this field had failed, and that a survey had revealed "too little volume, too wide an area to be served efficiently, improper operating facilities, and outmoded methods." After extended discussion the delegates voted for a special meeting of delegates from associations operating food stores, to consider the problem more at length. The decision at that meeting was that Midland should continue handling "co-op label" groceries but give up nationally advertised private-brand goods.

For the first time in many years Midland announced no plans for expansion. The program for 1949 was stated to be that of consolidation and improvement of its present position and of doing intensive information work among its member associations. The wholesale reported, at the end of the year, that, with one exception (1948), the year 1949 was the best "in Midland's 23-year life."

By the end of the year, Consumers Cooperative Association (Missouri) expected to have completed 3 new propane gas bulk plants, bringing to 38 the total number of these plants, serving about 26,000 farm families. This gas is used for cooking, heating, refrigeration, and as fuel for farm tractors.

In March 1949, Eastern Cooperatives, Inc., opened a branch warehouse in Baltimore, Md., to serve the associations in the Potomac area, since one of the wholesale's difficulties lay in the high cost of transportation of goods from the central warehouse over its 11-State area. A branch warehouse had been in operation for a number of years in New England. A program of decentralization of the warehousing activities of ECI was voted at its annual meeting in May 1949, with transfer of functions (and eventually of ownership and control) to area organizations. The central organization would continue to arrange for purchase of "co-op label" goods, carry on the coffee roasting and any other processing desired, the testing and grading of commodities, real-estate holding and operation, compiling and analyzing of comparative statistical information, and education and information services. The meeting convened again in the fall, at which time it was decided that decentralization efforts should be continued and that a plan for the financial reorganization of the wholesale be drawn up by a special committee representing each of the three

main areas served, to be submitted to the member associations not later than January 15, 1950.

Operations reports showed that although drastic cuts had been made in expenses, at least partial causes of loss were sharp declines in volume (partly as a result of dissolution of local associations that had bought their supplies from the wholesale) and the continuing drain entailed by the New York warehouse which, with decentralization and smaller sales, had become a source of disproportionate expense. The warehouse was sold in September and the headquarters office, the warehousing operations for the New York and Philadelphia areas, and the coffee-roasting plant were transferred to a new location in Palisades Park, N. J.

Distributive and service operations: Declines in business in 1949 as compared with 1948 were suffered by a number of wholesales (table 7), some of which had previously had a long record of increase from year to year.

Wholesale prices declined an average of 6.1 percent during 1949, and this accounted in most cases for the declines in dollar volume of business reported by some of the regional wholesales. Notwithstanding the market conditions, a number of the cooperative wholesales increased their dollar volume, signifying a substantial rise in tonnage handled.

Among the associations reporting a lower volume was Associated Cooperatives (California) where the decrease was attributed to a decrease in nonmember patrons (chiefly purchasing the higher-margin, nonfood items) and a shifting of patronage by farmer cooperatives to a new farmer cooperative wholesale which opened in San Francisco.¹¹ Operating losses on distributive operations were further increased by losses in the lumber department caused by major declines in the market price of lumber. Drastic reductions in personnel (including most of the field workers) had been made early in the year and in July the wholesale's subsidized periodical was suspended. Publication on a reduced scale was later resumed, on a strictly self-supporting basis. Other reductions in overhead expenses were also made.

¹¹ Noting that it had become clear during 1949 that the wholesale could not become "a real factor in the farm-supply wholesaling business in California," the wholesale's board of directors voted early in 1950 to find out what possibilities there were for selling outright its entire farm-supply and building-materials business.

TABLE 7.—*Distributive and service business, earnings, and patronage refunds of cooperative wholesales, 1948 and 1949*¹

[Associations marked (*) are members of National Cooperatives, Inc.]

Association	Affiliated associations		Amount of business		Net earnings		Patronage refunds	
	1949	1948	1949	1948	1949	1948	1949	1948
All associations:								
Interregional:								
Wholesale business.....	77	77	{ \$11,084,830 48,506 }	\$12,265,635	* \$28,033	* \$378,847		
Service business.....								
Regional:								
Wholesale business.....	5,055	4,867	{ 322,295,992 19,041,786 4,558,825 }	317,911,267 7,794,063 4,459,083	8,591,540	22,521,721	\$5,903,262	\$17,836,043
Retail business.....								
Service business.....								
District:								
Wholesale business.....	205	171	{ 4,691,449 290,970 }	5,067,665 313,773	193,036	256,538	117,778	216,570
Service business.....								
Interregional								
Illinois—National Cooperatives ⁴ (Chicago).....	24	24	{ 10,819,469 10,740,963 48,506 }	12,028,576 12,028,576	* 42,888	* 401,259		
Distributive business, wholesale.....								
Service business.....	53	53	265,361	237,059	14,855	22,442		
Wisconsin: Cuna Supply Cooperative ⁴ (Madison).....								
Regional								
California—Associated Cooperatives ⁴ (Oakland)*.....	51	46	{ 1,246,570 1,121,497 125,073 }	1,473,238 1,335,400 137,838	* 63,241	* 30,606		
Distributive business, wholesale.....								
Service business.....								
Idaho—Idaho Grange Wholesale ⁷ (Shoshone).....	12	13	1,546,146	1,148,243	120,425	82,654	118,758	(⁸)
Illinois—Central States Cooperatives, Inc. ⁹ (Waukegan) ¹⁰	107	250	{ 1,126,349 1,061,906 35,364 29,079 }	1,594,489 1,538,468 35,364 56,021	* 36,485	* 29,971		
Distributive business, wholesale.....								
Distributive business, retail.....								
Service business.....								
Indiana—Indiana Farm Bureau Cooperative Association (Indianapolis)*.....	86	86	{ 36,039,457 11 35,064,684 974,773 }	37,058,827 11 36,230,550 828,277	12 2,553,695	12 2,916,951	1,177,746	2,916,951
Distributive business, wholesale.....								
Service business.....								
Iowa—Iowa Farm Service Co. ¹² (Des Moines).....	40	40	6,167,594	6,052,955	(⁸)	146,907	(⁸)	135,922
Michigan—								
Farm Bureau Services ¹³ (Lansing)*.....	150	150	{ 17,782,515 11,208,309 6,486,352 87,854 }	18,544,424 12,600,548 5,785,797 158,079	12 248,457	12 277,727	147,269	206,616
Distributive business, wholesale.....								
Distributive business, retail.....								
Service business.....								
Farmers Petroleum Cooperative ¹³ (Lansing).....	40		{ 14 1,876,588 14 1,796,552 14 80,036 }	14 23,212				
Distributive business, wholesale.....								
Service business.....								
Minnesota—								
Midland Cooperative Wholesale (Minneapolis)*.....	594	600	{ 27,364,237 27,114,613 249,624 }	29,816,678 29,549,972 266,706	* 197,164	2,276,928		1,712,933
Distributive business, wholesale.....								
Service business.....								
Minnesota Farm Bureau Service Co. ¹⁴ (St. Paul).....	84	78	4,784,454	4,325,616	(⁸)	279,218	(⁸)	250,276
Farmers Union Central Exchange (St. Paul)*.....	425	425	34,989,609	36,410,143	2,858,250	4,747,595	1,863,204	2,998,597
Mississippi—Delta Purchasing Federation ⁴ (Greenwood).....	5	5	886,274	837,542	(⁸)	(⁸)	(⁸)	(⁸)
Missouri—								
Farm Bureau Service Co. of Missouri ¹⁵ (Jefferson City).....	22	22	2,108,181	1,164,259	17,088	27,347	11,556	12,963
Consumers Cooperative Association ¹⁵ (Kansas City)*.....	1,455	1,411	{ 56,210,628 55,397,995 812,633 }	55,441,018 54,174,404 1,266,614	86,334	8,320,206	24,334	6,172,606
Distributive business, wholesale.....								
Service business.....								
Producers Grocery Co. (Springfield).....	126	116	1,662,780	1,662,707	45,886	20,934	31,250	(⁸)
Nebraska—Farmers Union State Exchange ¹⁶ (Omaha)*.....	375	350	{ 17 5,469,449 17 4,028,037 17 1,366,161 17 75,251 }	8,107,391 6,212,270 1,810,121 85,000	17 341,815	638,919	307,642	540,000
Distributive business, wholesale.....								
Distributive business, retail.....								
Service business.....								
New Jersey—Eastern Cooperatives, Inc. (Palisades Park) ¹⁸	175	172	{ 3,767,778 3,734,914 32,864 }	6,180,543 6,151,512 29,031	* 91,392	* 84,939		
Distributive business, wholesale.....								
Service business.....								
North Carolina—Farmers Cooperative Exchange ⁴ (Raleigh)*.....	43	(⁸)	{ 15,863,097 5,415,660 10,358,838 88,599 }	(⁸)	386,055	(⁸)	328,614	(⁸)
Distributive business, wholesale.....								
Distributive business, retail.....								
Service business.....								
Ohio—								
Cooperative Wholesale Association (Columbus)*.....	79	77	607,910	719,329	181	14,545		4,604
Farm Bureau Cooperative Association (Columbus).....	90	89	{ 53,932,977 53,417,955 515,022 }	55,435,120 54,928,200 506,920	962,504	1,442,908	647,037	1,183,962
Distributive business, wholesale.....								
Service business.....								
Ohio Farmers Grain & Supply Association (Fostoria).....	240	225	{ 2,670,760 2,448,684 222,076 }	2,614,053 2,414,908 199,145	74,012	93,688	31,276	71,029
Distributive business, wholesale.....								
Distributive business, retail.....								

See footnotes at end of table.

TABLE 7.—Distributive and service business, earnings, and patronage refunds of cooperative wholesales, 1948 and 1949¹—Continued

[Associations marked (*) are members of National Cooperatives, Inc.²]

Association	Affiliated associations		Amount of business		Net earnings		Patronage refunds	
	1949	1948	1949	1948	1949	1948	1949	1948
Oregon—Oregon Grange Wholesale.....			\$1, 573, 787					
Distributive business, wholesale.....	10	(⁹)	993, 883	(⁹)	\$ 4, 726	(⁹)		(⁹)
Distributive business, retail.....			572, 995					
Service business.....			6, 959					
Pennsylvania—Pennsylvania Farm Bureau Cooperative Association (Harrisburg) *.....	30	30	18, 270, 331	\$18, 086, 759	634, 525	\$280, 950	\$180, 020	\$88, 908
Distributive business, wholesale.....			18, 004, 180	17, 843, 220				
Service business.....			266, 151	243, 539				
Texas—Consumers Cooperatives Associated * (Amarillo) *.....	389	269	10, 677, 832	10, 320, 243	\$ 349, 320	615, 691	56, 421	473, 940
Distributive business, wholesale.....			10, 677, 832	10, 320, 243				
Service business.....			522					
Utah—Utah Cooperative Association * (Salt Lake City) *.....	16	15	17 1, 218, 343	1, 357, 504	53, 048	59, 812	42, 614	21, 953
Washington—								
Grange Cooperative Wholesale * (Seattle).....	56	57	7, 503, 825	6, 915, 317	350, 707	374, 983	350, 707	374, 983
Distributive business, wholesale.....			7, 174, 232	6, 592, 808				
Service business.....			329, 593	322, 509				
Pacific Supply Cooperative * (Walla Walla) *.....	127	124	18, 055, 983	18 9, 185, 781	584, 814	435, 696	584, 814	424, 803
Distributive business, wholesale.....			17, 440, 962	18 8, 928, 954				
Service business.....			615, 021	259, 827				
Wisconsin—								
Wisconsin Cooperative Farm Supply Co. ⁷ (Madison).....	62	59	3, 564, 609	5, 999, 502	27, 128	51, 540		33, 815
Central Cooperative Wholesale (Superior) *.....	206	189	8, 928, 019	9, 710, 732	36, 653	319, 702		211, 182
Distributive business, wholesale.....			8, 658, 247	9, 412, 010				
Service business.....			269, 772	298, 722				
<i>District</i>								
Iowa—Propane Gas Cooperative * (Eagle Grove).....	24	9	10 103, 835	94, 473	16, 645	10, 703	6, 844	9, 698
Michigan—								
Bruce Cooperative Services * (Bruce Crossing).....	8	8	56, 268	134, 712	2, 648	4, 060	(⁹)	2, 287
Distributive business.....			56, 268	126, 571				
Service business.....			(⁹)	8, 141				
Northern Cooperatives * (Hancock).....	8	8	229, 746	408, 807	\$ 3, 462	3, 373		3, 373
Distributive business.....			184, 012	349, 958				
Service business.....			45, 734	53, 849				
Minnesota—								
Federated Co-ops of East Central Minnesota * (Cambridge).....	32	23	204, 094	171, 259	14, 619	11, 704	12, 297	9, 936
Distributive business.....			129, 197	98, 256				
Service business.....			74, 897	73, 003				
C-A-P Cooperative Oil Association * (Kettle River).....	19	19	239, 299	232, 347	22, 975	27, 132	14, 433	23, 630
Distributive business.....			217, 664	192, 404				
Service business.....			21, 635	39, 943				
Range Cooperative Federation (Virginia).....	24	24	1, 546, 101	1, 737, 924	32, 890	40, 366	26, 951	29, 459
Distributive business.....			1, 399, 055	1, 595, 252				
Service business.....			147, 046	141, 672				
Nebraska—Consumers Cooperative Propane Co. ⁸ (Sutton).....	10	10	85, 320	140, 502	1, 029	12, 134	(⁹)	10, 862
South Dakota—								
Propane Service Cooperative * (Alpena).....	4	4	84, 085	99, 592	7, 162	14, 044	(⁹)	9, 696
Farmers Propane Gas Cooperative Association * (Arlington).....	7	(⁹)	46, 380	51, 459	6, 702	(⁹)	(⁹)	(⁹)
Farm Gas Co-op Association * (Lennox).....	7	7	46, 918	68, 439	3, 549	7, 583	2, 969	6, 370
Wisconsin—								
Fox River Valley Cooperative Wholesale * (Appleton).....	51	48	1, 384, 424	1, 630, 125	28, 607	86, 598	28, 607	85, 516
A & H Cooperative Association * (Ashland).....	4	4	279, 756	289, 884	17, 348	13, 098	(⁹)	4, 755
Cooperative Services * (Maple).....			376, 193	336, 056				
Distributive business.....	7	7	374, 535	330, 750	24, 976	25, 743	25, 677	25, 743
Service business.....			1, 658	5, 306				

¹ Data are for calendar year, unless otherwise indicated.
² Tennessee Farmers Cooperative (which does not handle consumer goods) is also a member of National Cooperatives. National also had 7 affiliates in Canada.
³ Loss.

⁴ Data are for fiscal years ending June 30.
⁵ Data are for fiscal years ending Feb. 28, 1949, and 1950.
⁶ Data are for fiscal years ending Oct. 31.
⁷ Data are for fiscal years ending Sept. 30.
⁸ No data.
⁹ Data are for fiscal years ending Mar. 31, 1949, and 1950.
¹⁰ Formerly at Chicago.
¹¹ Including marketing business.

¹² Including earnings from production.

¹³ Data are for fiscal years ending Aug. 31.
¹⁴ 8 months' operation.
¹⁵ Data are for fiscal years ending Nov. 30.
¹⁶ Data are for fiscal years ending Dec. 31, 1948, and Sept. 30, 1949.
¹⁷ 9 months' operation.
¹⁸ Formerly at New York City.
¹⁹ 6 months' operation.
²⁰ Including service business.
²¹ Data are for fiscal years ending Apr. 30, 1949, and 1950.
²² Data are for fiscal years ending July 31.
²³ Data are for fiscal years ending May 31.

Largely as a result of the price situation in the petroleum industry, Consumers Cooperative Association, which made savings exceeding 8¼ million dollars (its all-time record) in 1947-48, had earnings of only about 50 thousand dollars in 1948-49. Its new finance service for local cooperatives, which went into operation early in 1948, concluded its first full year on August 31, 1949, with net earnings of \$546 for the year.

Pacific Supply Cooperative (Washington) suffered a decline in dollar volume in 1949, as compared with 1948, of more than a million dollars. This was attributed to decreases in the prices of seed and feed grains. Warehouse volume (except in Pocatello, Idaho) also fell. The petroleum and chemical products departments, however, both had an increase in sales. At the annual meeting, it was stated that the merchandising program would hereafter be centered primarily on basic farm supplies and that it was necessary to make substantial progress in those lines before entering the highly competitive field of consumer goods.

Price declines, especially in feeds, and the generally downward trend in business were cited as the chief reasons for the 8-percent decrease in sales of Central Cooperative Wholesale (Wisconsin). The annual meeting of the wholesale, in April, abolished the payment of interest on common stock, increased the authorization for preferred stock, and made several other bylaw changes.

Among the district wholesales, new systems of voting and elections by districts were adopted in 1949 by Trico Cooperative Oil Association (Cloquet, Minn.) and Range Cooperative Federation (Virginia, Minn.). The latter reported a decline in dollar volume, for the first 5 months of the year, in spite of larger tonnages handled. This was attributed wholly to price declines. Operating gains were considerably larger than in the corresponding 1948 period.

The annual report of Range Cooperative Services (Hurley, Wis.) showed an operating loss, which was more than overcome by nonoperating income. To correct what was reported as a "dangerously overexpanded program," the associ-

ation's annual meeting voted to sell an unnecessarily large warehouse and to discontinue the automobile sales and service department.

Capital and resources: Of the 26 regional wholesales furnishing information on their capital structure, 2 were nonstock associations. Among the other 24, both common and preferred stock were used by 21 organizations, to a total of \$27,042,559 in common and \$38,381,297 in preferred. The three associations with no stock of the latter kind had \$879,983 in common stock. Of 12 reporting district wholesales, 1 was a nonstock organization. Eleven had common stock totaling \$445,206. Only three had preferred stock—to the amount of \$282,200.

Assets for 28 regionals and 12 district associations reporting totaled \$169,877,996 and \$1,909,451, respectively. Among the regionals the ratio of current assets to total assets ranged from 38.2 to 98.4 percent (in 1948 the range was from 36.9 to 97.4 percent), with an average of 47.9 percent (56.5 percent in 1948). In 7 of the 25 associations reporting on this point, 70 percent or more of the assets were current in 1; on the other hand, in 4 wholesales, less than 45 percent were current.

Among the reporting district wholesales, current assets ranged from 24.8 to 52.0 percent of total assets (34.4 to 91.4 percent in 1948) and averaged 51.1 percent (52.6 percent in 1948).

The ratio of current assets to current liabilities ranged, among the regionals, from 0.9:1.0 to 30.3:1.0. In 6 associations current assets were three or more times as large as the current liabilities. Among the district associations the range was from 0.9:1.0 to 16.0:1.0, and the average was 3.1:1.0. These figures showed a slight improvement over 1948, for both regionals and district organizations.

Member equities (i. e., ratio of net worth to total liabilities) also showed some gain. They ranged among the regionals from 30.7 to 92.5 percent and averaged 69.0 percent; in 1948 the range was from 13.3 to 93.8 percent, and the average 58.4 percent.

In 15 of the organizations the member ownership in 1949 was 60 percent or more; only 10 were in this class in 1948.

Services of Central Cooperatives

Expansion of service facilities: At a meeting under the auspices of the Cooperative Finance Association of America, in October 1949, representatives of 11 regional wholesales recommended that the association gather information looking toward the establishment of an investment trust for cooperatives. The activity, if undertaken, would be carried on by the finance association.

Cooperative Finance Corporation, an organization to provide financing for local cooperatives in California, reported that by the end of 1949 eight local associations had become members. It had made loans totaling \$1,100.

A management service, for better and closer relationships with member cooperatives, was started by Consumers Cooperative Association. An association subscribing for this service will agree to use CCA's auditing and business analysis, consult on business procedures and policies and, "to such extent as is practical and possible," make all

of its purchases of supplies from the wholesale. One of the most important features in the new plan is the finding and training of persons for management and department-head jobs in local cooperatives. The candidate will undergo an approximate 6-month course, receiving also practical experience in the whole range of retail jobs. By midyear 15 individuals had been trained and placed in managerial jobs, and a half dozen more were in training.

Service business: The amount of service business done in 1949 by central organizations fell somewhat from 1948 (table 8). Most of the decline was in the transport, finance, and cold-storage groups.

Table 9 shows the amount of each type of service business done by the wholesales and service federations in 1948 and 1949.

Resources of service federations: Fifteen service federations reported assets totaling \$1,453,463, or an average of \$96,898. Member equities ranged, in the individual associations, from 13.0 to 100.0 percent of total assets. The average was 63.7 percent.

TABLE 8.—Value of services performed by cooperative wholesales and federations, 1943-49

Type of service	1949				1948	1947	1946	1945	1943
	Total		Departments or subsidiaries of wholesales	Service federations					
	Amount	Percent							
All services	\$6,895,668	100.0	\$4,898,301	\$1,997,367	\$6,948,241	\$5,572,870	\$5,485,092	\$3,983,352	\$4,550,708
Repairs (autos, machinery, appliances, etc.)	225,135	3.3	225,135		193,373	236,300	154,870	153,183	77,981
Funeral service	115,717	1.7	77,081	38,636	102,614	120,385	168,358	97,337	104,073
Recreation	11,001	.2	8,548	2,452	10,548	7,398		4,846	4,864
Insurance, bonds, etc.	675,610	10.0	675,610		210,725	167,488	350,667	246,083	49,912
Auditing, accounting, tax service	330,810	4.9	143,894	186,916	311,104	292,745	242,832	167,583	154,357
Finance and credit	1,681,069	24.9	129,486	1,551,583	1,701,216	1,100,414	321,828	130,412	178,884
Store services (store lay-out, management, planning, advertising, merchandising, etc.)	303,859	4.5	288,270	15,589	173,076	429,973	217,669	60,585	15,496
Business analysis and advice	24,980	.4		24,980	8,144				
Transport (truck, pipeline, tank car, etc.)	3,208,753	46.0	3,098,241	110,512	3,781,022	2,984,713	3,977,795	3,103,882	3,964,808
Millwright service	5,882	.1	5,882		4,821	4,995	3,139	3,029	
Printing (purchase only)	115,204	1.0	48,506	66,698	68,177	65,241	25,172	16,412	333
House insulation	22,856	.3	22,856		25,523	89,149	22,762		
Cold storage	55,748	.8	55,748		282,747	19,853			
Other	119,044	1.8	119,044		75,151	54,216			

Production by Central Cooperatives

Productive facilities of wholesales: Comparatively little expansion of productive plants took place in 1949.

Early in 1949, Consumers Cooperative Association took over the operations of the Bridgeport Oil Co., in Wichita, Kans., when that company dissolved. This transaction involved 100 producing wells and 65,000 acres of leased oil-bearing

land. The cooperative was the owner of over 90 percent of the corporation's stock, the remainder being held by about 300 individuals. The transfer did not increase CCA's oil supply, as it was already receiving all the output of the company. By the end of May 1949, CCA owned 1,080 producing wells, supplying 59 percent of the crude oil necessary to operate its four refineries. Acquisition of leases on 15,000 acres of land in

northeastern Wyoming in the same month added support to the program for self-sufficiency in petroleum. Its new fertilizer plant at Muskogee, Okla., was dedicated in mid-1949. The association also announced plans for expansion of its lumber mill at Swisshome, Oreg., to produce kiln-dried lumber.

Farm Bureau Cooperative Association (Ohio) reported, early in the year, that 3 producing wells had been brought in, in Franklin County, Ill.

Productive facilities of federations: The high cost of crude oil and the low prices of refined products caused a shut-down of the refinery of Petrol Refining, Inc., at Texas City, Tex., late in 1949. A controlling interest in this refinery was bought by a group of regional cooperatives in the fall of 1948. It was reported that the plant

would be "maintained in a standby condition" until the market situation improves.¹²

The National Farm Machinery Cooperative (Ohio) modernized its foundry in 1949.

The Cooperative Publishing Association (Wisconsin) reported that its operations were back "in the black" for the first 6 months of 1949. It had had a loss in 1948, for the first time in its history.

Extensive fertilizer deposits in southern Idaho were bought and leased, respectively, by Central Farmers Fertilizer Co. and Western Fertilizer Co. These two federations are owned by groups of farmers' cooperatives and regional wholesales.

Two new machines were installed by Grange Cooperative Printing Association (Washington).

¹² Farm Bureau Mirror (Harrisburg, Pa.), November 1949.

TABLE 9.—Service activities of central cooperatives, 1948 and 1949¹

SERVICE DEPARTMENTS OF WHOLESALERS

State, association, and kind of service	Amount of service business (gross income)		State, association, and kind of service	Amount of service business (gross income)	
	1949	1948		1949	1948
Total:			Missouri—Consumers Cooperative Association..	\$812,633	\$1,266,614
Interregional.....	\$48,506		Auditing.....	81,657	77,693
Regional wholesales.....	4,558,825	\$4,459,083	Management.....	2,784	6,957
District wholesales.....	290,970	313,773	News.....	95,681	69,725
California—Associated Cooperatives.....	125,073	137,838	Trucking.....	148,290	1,112,239
Accounting.....	4,267	9,834	Insurance (agency).....	448,278	(¹)
Insurance (agency).....	120,806	128,004	Finance and credit.....	3,638	
Illinois:			Pipeline service.....	32,305	(¹)
Central States Cooperatives.....	29,079	56,021	Nebraska—Farmers Union State Exchange:		
Auditing and accounting.....	29,079	27,671	Trucking.....	75,251	85,000
Management service.....		28,350	New Jersey—Eastern Cooperatives, Inc.	32,864	29,031
National Cooperatives—Printing (purchase only).....	48,506		Merchandising.....	6,617	
Indiana—Indiana Farm Bureau Cooperative Association.....	974,773	828,277	Insurance (agency).....		1,625
Auditing.....	23,321	27,805	Supervisory service.....	13,267	9,217
Insurance (agency).....	77,458	67,417	Refrigeration repair service.....	12,980	18,189
Finance and loans.....	109,548	124,984	North Carolina—Farmers Cooperative Exchange, Inc.		
Automobile and appliance repair.....	38,531	27,158	Auditing.....	88,599	
Management.....	1,977		Trucking.....	4,423	
Trucking.....	723,938	580,913	Insurance (agency).....	15,896	(¹)
Michigan—			Finance.....	9,341	
Farm Bureau Services.....	87,854	158,079	Machinery repair.....	25,494	
Management.....	11,950	7,770	Other.....	22,213	
Millwright.....	5,882	4,821	Ohio—Farm Bureau Cooperative Association.....	515,022	506,920
Automobile repair.....	6,468		Trucking.....	316,476	506,920
Trucking.....	63,554	145,488	Store plans and specifications.....	198,545	
Farmers Petroleum Cooperative: Trucking.....	80,036		Oregon—Oregon Grange Wholesale: Finance.....	6,959	(¹)
Northern Cooperatives: Cold storage.....	45,734	53,849	Pennsylvania—Pennsylvania Farm Bureau Cooperative Association: Trucking.....	266,151	243,539
Minnesota—			Texas—Consumers Cooperatives Associated: Repair of appliances, machinery, etc.....	522	
Midland Cooperative Wholesale.....	249,624	266,706	Washington—		
Appliance and bulk-station repair.....	24,104	29,495	Grange Cooperative Wholesale.....	329,593	322,509
Trucking.....	35,395	41,221	Auditing.....	1,147	1,230
Pipeline and tank-car service.....	190,125	195,990	Trucking.....	328,446	321,279
Federated Co-ops of East Central Minnesota.....			Pacific Supply Cooperative.....	615,021	259,827
Insulation.....	74,897	73,003	Truck repair.....	53,201	21,125
Insurance (agency).....	22,856	25,523	Trucking.....	561,820	238,702
Transport.....	13,172	13,679	Wisconsin—		
C-A-P Cooperative Oil Association.....	38,869	33,801	Cooperative Services.....	1,658	5,306
Automobile repair.....	21,635	39,943	Machinery repair.....	1,209	4,756
Trucking.....	21,635	18,395	Recreation.....	449	550
Range Cooperative Federation.....	147,046	141,672	Central Cooperative Wholesale.....	269,772	298,722
Automobile repair.....	51,852	66,706	Trucking.....	204,718	184,547
Mortuary.....	77,081	65,511	Appliance repair.....	10,774	9,408
Cold-storage locker service.....	10,014	11,500	Advertising.....	16,807	27,994
Recreation and educational.....	8,099	7,955	Store lay-out.....	36,323	74,827
			Other.....	1,150	1,946

See footnotes at end of table.

TABLE 9.—Service activities of central cooperatives, 1948 and 1949¹—Continued

SERVICE FEDERATIONS

State, association, and kind of service	Member associations		Amount of business (total revenue)		Net earnings		Patronage refunds	
	1949	1948	1949	1948	1949	1948	1949	1948
Total.....	1,056	1,011	\$2,169,724	\$2,104,169	\$59,724	\$27,693	\$32,307	\$18,596
California—Cooperative Finance Corporation ⁴ (Oakland): Finance and credit.....	8		¹ 1,500		⁵ 144			
Illinois—Cooperative Federation of Chicago ⁶ (Chicago): Management service.....	12	11	13,069	1,613	148	⁵ 187		
Iowa—Business Service Association ⁷ (Des Moines):			25,770	22,961				
Auditing.....	206	184	23,820	20,319	309	103		
Tax service.....			1,950	2,642				
Maryland—Federated Cooperatives of Maryland (Frederick):			26,696	28,961				
Business analysis and advice, and collections.....	4	4	16,162	3,480	3,506	5,162	3,506	5,162
Finance and credit.....			8,014	9,133				
Management.....			2,520	16,348				
Minnesota—								
Northland Cooperative Mortuary ⁸ (Cloquet): Funeral service.....	20	20	24,299	20,925	2,031	1,267	1,318	429
Mesaba Range Cooperative Park Association ⁹ (Hibbing): Recreation.....	52	52	2,453	2,043	⁵ 625	⁵ 366		
Cooperative Auditing Service ⁹ (Minneapolis):			119,891	103,777				
Auditing.....			86,389	73,900				
Bookkeeping and accounting.....	447	449	19,124	16,100	4,854	4,398	4,369	3,958
Business analysis and advice.....			8,818	8,144				
Tax service.....			5,560	5,633				
Cooperative Press, Inc. ⁴ (Minneapolis): Collective purchase of office supplies and printing.....	11	11	66,698	68,177	3,706	3,566	3,293	3,163
Midland Credit Corp. (Minneapolis): Finance and credit.....	33	33	² 1,136,620	² 1,179,911	7,818	5,009	1,475	1,429
Farmers Union Cooperative Credit Association (St. Paul): Loans to cooperatives.....	210	194	² 313,344	² 312,576	14,211	2,107	14,211	2,107
Montana—Farmers Union Carriers ⁷ (Froid): Transport.....	(³)	(³)	31,060	(³)	3,201	(³)	3,201	1,429
Nebraska—								
Farmers Union Non-Stock Transport Association ⁷ (Dodge): Trucking.....	2	2	11,112	9,402	23	1,968		
Farmers Union Nonstock Cooperative Transport Association (Kearney): Trucking.....	(³)	(³)	50,727	41,944	13,464	(³)	(³)	(³)
Farmers Nonstock Cooperative Transport Association ⁸ (Milford): Trucking.....	4	4	17,613	17,113	2,603	1,222	(³)	(³)
South Dakota—Equity Audit Co. ⁴ (Aberdeen): Auditing and tax service.....	40	40	50,073	48,277	3,209	2,411	934	919
Wisconsin—								
Valley Cooperative Services ¹⁰ (Appleton): Funeral Service.....	5	5	14,337	16,178	162	⁵ 849		
Central Finance, Inc. (Superior): Finance and credit.....	2	2	² 92,105	² 74,612	1,108	1,253		

¹ Unless otherwise indicated, data shown for service federations are for calendar year; for fiscal years of wholesales, see table 7.

² Loans made.

³ No data.

⁴ Data are for years ending Oct. 31.

⁵ Loss.

⁶ Data are for years ending Mar. 31, 1949, and 1950.

⁷ Data are for years ending Sept. 30.

⁸ Data are for years ending Aug. 31.

⁹ Data are for years ending Nov. 30.

¹⁰ Data are for years ending July 31.

The International Lumbering Association (Canada) owned jointly by 11 regional wholesales, ceased operation early in 1949 and went into dissolution. The reasons given for this drastic action were the downward swing of demand and prices in the cedar-shingle market, beginning in 1948, while costs of production remained high. The continued operating losses resulting from this situation led to the decision to liquidate the association.

Goods produced: Cooperative production increased by over 20 percent in 1949, as compared with 1948, and in the 7-year span shown in table 10, by over 600 percent. In 1949, substantial increases in value of product occurred in chemicals, feed, seed and fertilizer, machinery, crude oil,

and refined petroleum products. Lubricating oil, however, showed a decrease, as did also food products, lumber and shingles, printing, coal, and vegetable oils.

The value of the various kinds of goods produced in 1949 and 1948 by the individual wholesales and productive federations is shown in table 11. For the productive federations, the net earnings and patronage refunds made are also shown.

Resources of productive federations: Combined assets of the 14 productive federations that supplied information on this point totaled \$49,663,624, or \$3,547,402 per association. Net worth (member ownership) range from 17.8 to 97.1 percent and averaged 36.8 percent.

TABLE 10.—Value of manufactures of cooperative wholesales and federations, 1943-49

Commodity groups	1949				1948	1947	1946	1945	1944	1943
	Total		Departments or subsidiaries of wholesales	Productive federations						
	Amount	Per cent								
All products.....	\$207,849,285	100.0	\$112,868,050	\$94,981,235	\$172,823,405	\$128,420,867	\$95,583,814	\$60,577,789	\$48,999,183	\$29,431,499
Food products.....	2,970,814	1.4	2,741,398	229,416	3,816,287	2,725,804	4,285,504	2,120,517	2,073,462	1,958,036
Crude oil.....	13,487,738	6.5	9,016,257	4,471,481	10,953,136	4,323,115	2,693,007	1,438,027	721,050	31,340
Refined petroleum products.....	103,587,626	49.8	62,352,549	41,235,077	70,281,530	47,481,861	36,392,061	25,852,711	2,165,002	6,743,901
Lubricating oil.....	4,640,775	2.2	4,640,775	—	8,754,656	6,284,424	4,891,432	4,369,325	4,659,465	1,358,479
Grease.....	395,320	.2	395,320	—	361,357	323,716	191,210	183,023	226,374	223,864
Paint.....	232,657	.1	232,657	—	228,209	272,345	119,074	71,380	81,689	1,351,782
Lumber and shingles.....	1,189,881	.5	1,189,881	—	2,375,381	1,973,207	309,059	693,598	1,361,866	360,502
Printing and printing products.....	207,221	.1	207,221	—	419,341	443,692	321,491	249,239	192,793	326,959
Coal.....	261,347	.1	—	261,347	315,356	109,570	—	59,610	29,274	—
Chemicals (cosmetics, household supplies, insecticides, serum).....	739,435	.4	739,435	—	506,116	452,591	930,742	182,714	136,034	(1)
Poultry and poultry products.....	527,925	.3	527,925	—	434,725	486,486	298,749	321,306	369,296	246,247
Feed, seed, fertilizer.....	67,094,441	32.3	28,752,091	38,342,350	62,732,634	57,557,781	42,673,541	22,503,054	16,102,495	16,781,157
Vegetable oils and meal.....	2,872,112	1.4	—	2,872,112	3,890,618	—	—	—	—	—
Machinery and equipment.....	9,496,541	4.6	2,059,441	7,437,100	7,539,029	5,692,856	2,353,630	2,473,036	1,868,809	—
Other.....	145,452	.1	13,100	132,352	215,030	293,419	124,314	60,249	11,574	49,232

¹ No data.TABLE 11.—Productive activities of central cooperatives, 1948 and 1949¹

PRODUCTIVE DEPARTMENTS OF WHOLESALERS

State, association, and goods produced	Value of goods produced		State, association, and goods produced	Value of goods produced	
	1949	1948		1949	1948
Total:					
Interregional wholesales.....	\$1,653,800	\$3,389,446	Missouri—Consumers Cooperative Association.....	\$38,391,087	\$33,250,899
Regional wholesales.....	110,235,525	97,166,660	Canned goods.....	247,857	225,545
District wholesales.....	978,725	1,065,475	Soft drinks.....	13,100	13,180
California—Associated Cooperatives: Lumber.....	89,135	92,842	Crude oil.....	6,094,150	4,881,405
Illinois—National Cooperatives.....	1,653,800	3,389,446	Refined petroleum products.....	23,901,473	16,322,262
Flour.....	280,259	1,355,911	Lubricating oil.....	3,288,750	7,000,426
Chemicals and their products.....	—	37,014	Grease.....	395,320	361,357
Hot-water heaters.....	235,272	431,340	Lumber.....	1,100,746	1,345,139
Milking machines and coolers.....	1,138,269	1,565,181	Paint.....	232,657	228,209
Indiana—Indiana Farm Bureau Cooperative Association.....	15,350,133	14,576,717	Printing.....	102,319	113,109
Crude oil.....	1,587,923	2,129,960	Feed.....	2,359,828	2,553,625
Refined petroleum products.....	9,910,687	9,550,969	Fertilizer.....	654,887	206,642
Printing.....	46,123	41,296	Nebraska—Farmers Union State Exchange.....	574,286	135,000
Meat products.....	119,930	95,766	Feed and seed.....	574,286	100,000
Chicks.....	192,993	175,990	Poultry and eggs.....	—	35,000
Fertilizer.....	3,275,836	2,449,001	New Jersey—Eastern Cooperatives, Inc.....	352,416	338,985
Serum and virus.....	216,641	133,735	Coffee (roasted).....	337,137	324,718
Michigan—Farm Bureau Services.....	1,874,834	817,811	Duplicating and offset printing.....	15,279	14,267
Fertilizer.....	1,844,695	792,705	Ohio—		
Insecticides.....	30,139	25,106	Farm Bureau Cooperative Association.....	12,424,074	10,430,601
Minnesota—			Refined petroleum products.....	7,776,400	6,052,376
Minnesota Farm Bureau Service Co.....	3,443,698	2,977,303	Chicks.....	183,094	119,537
Feed.....	989,292	853,845	Fertilizer.....	4,464,580	4,258,688
Fertilizer.....	2,454,406	2,123,458	Ohio Farmers Grain and Supply Association.....		
Midland Cooperative Wholesale.....	7,157,085	6,282,896	Feed.....	659,825	540,834
Crude oil.....	897,856	847,559	Feed.....	436,732	375,994
Refined petroleum products.....	5,706,210	4,753,026	Fertilizer.....	223,093	164,840
Lubricating oil.....	535,491	671,352	Pennsylvania—Pennsylvania Farm Bureau Cooperative Association.....		
Feed.....	—	5,204	Feed and seed.....	3,826,426	4,053,903
Insecticides.....	17,528	5,755	Insecticides.....	3,632,333	3,899,810
Farmers Union Central Exchange.....	12,325,051	12,123,312	Chicks.....	42,255	49,895
Refined petroleum products.....	10,823,617	11,040,434	Chicks.....	151,838	104,198
Lubricating oil.....	816,534	1,082,878	Texas—Consumers Cooperatives Associated.....		
Tractors.....	685,900	—	Crude oil.....	6,820,458	6,418,890
Range Cooperative Federation.....	978,725	1,065,475	Refined petroleum products.....	436,328	620,697
Meat products.....	49,175	77,805	Feed.....	4,016,428	5,080,534
Butter.....	190,391	414,937	Fertilizer and insecticides.....	524,735	280,803
Cheese.....	204,726	341,952		1,842,967	436,856
Milk and cream (processed).....	534,433	230,781			

See footnotes at end of table.

TABLE 11.—*Productive activities of central cooperatives, 1948 and 1949*¹—Continued

PRODUCTIVE DEPARTMENTS OF WHOLESALERS—continued

State, association, and goods produced	Value of goods produced		State, association, and goods produced	Value of goods produced	
	1949	1948		1949	1948
Utah—Utah Cooperative Association: Refined petroleum products.....	\$217, 734	\$424, 788	Wisconsin—Cuna Supply Cooperative: Printing.....	\$43, 500	(?)
Washington—Pacific Supply Cooperative.....	4, 967, 642	2, 617, 194	Central Cooperative Wholesale.....	1, 717, 141	\$2, 084, 685
Feed.....	3, 628, 552	2, 024, 921	Bakery products.....	340, 960	322, 295
Fertilizer.....	906, 218	337, 662	Coffee (roasted).....	366, 129	322, 088
Insecticides.....	432, 872	254, 611	Bananas (ripened).....	70, 401	91, 309
			Feed.....	939, 651	1, 348, 993

PRODUCTIVE FEDERATIONS

State, association, and product	Members		Value of own production		Total amount of business		Net earnings		Patronage refunds	
	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948
Total.....	295	286	\$94, 981, 235	\$65, 059, 506	\$106, 392, 014	\$76, 138, 078	\$1, 227, 456	\$7, 079, 177	\$3, 233, 080	\$6, 348, 942
Illinois—Central Farmers Fertilizer Co. ³ (Chicago): Fertilizer.....	15	15	6, 431, 578	6, 368, 736	6, 431, 578	6, 491, 618	59, 042	57, 663	14, 892	42, 663
Indiana—Cooperative Plant Foods ⁴ (Scherville): Fertilizer.....	4	4	1, 581, 011	1, 374, 368	1, 563, 448	1, 289, 731	24, 993	9, 324	24, 993	9, 324
Iowa—North Iowa Cooperative Processing Association ⁵ (Manley): Feed.....	42	38	1, 622, 315	2, 241, 818	1, 633, 315	2, 241, 818	194, 960	295, 152	165, 716	265, 561
Soybean oil.....			944, 164	1, 186, 597						
Kansas—National Cooperative Refinery Association ⁶ (McPherson): Crude oil.....	5	5	22, 209, 732	19, 530, 656	19, 678, 85	20, 498, 254	2, 006, 095	5, 368, 547	1, 870, 167	4, 803, 675
Refined fuels.....			4, 004, 813	2, 473, 515						
Maryland—Fertilizer Manufacturing Cooperative ⁴ (Baltimore): Fertilizer.....	3	3	1, 333, 042	1, 269, 439	1, 749, 059	1, 721, 651	27, 848	60, 800	29, 048	60, 800
Michigan—Northland Cooperative Federation (Rock) ⁶ : Cheese.....	9	(?)	320, 444	(?)	320, 444	(?)	(?)	(?)	(?)	(?)
Other.....			191, 553							
Minnesota—Northwest Cooperative Mills ⁴ (St. Paul): Flour, feed, seed.....	4	4	5, 725, 731	5, 173, 940	5, 725, 732	5, 173, 940	50, 838	26, 684	50, 838	26, 684
Soybean meal and oil.....			3, 058, 459	2, 168, 063						
Fertilizer.....			1, 234, 754	1, 268, 021						
Ohio—National Farm Machinery Cooperative ⁴ (Bellevue): Farm equipment.....	12	12	7, 437, 100	5, 542, 508	19, 486, 285	14, 590, 676	215, 556	652, 114	215, 556	551, 571
Cooperative Mills ⁴ (Cincinnati): Feed.....	4	4	21, 787, 168	20, 252, 956	22, 799, 376	20, 825, 305	820, 705	433, 914	820, 705	433, 914
Farm Bureau Chemical Cooperative (Glen-dale): Fertilizer.....	2	2	982, 898	826, 452	982, 898	826, 452	30, 319	20, 974	26, 778	17, 724
Oklahoma—Producers Cooperative Oil Mill ⁴ (Oklahoma City): Feed, cottonseed cake, and hulls.....	59	59	1, 883, 071	2, 216, 373	2, 028, 022	2, 216, 373	4, 566	150, 487	4, 104	130, 528
Cottonseed oil.....			791, 512	888, 505						
Cotton linters.....			959, 207	1, 112, 838						
Texas—Premier Petroleum Co. (Longview): Crude oil.....	3		23, 496, 826	466, 668	23, 731, 651		* 2, 218, 773			
Refined petroleum products.....			23, 030, 158							
Washington—Grange Cooperative Printing Association ⁶ (Seattle): Printing.....	7	10 13	89, 300	10 81, 479	89, 300	10 81, 479	3, 532	10 6, 498	3, 532	10 6, 498
Wisconsin—Cooperative Publishing Association (Superior): Printing.....	126	127	172, 047	180, 781	172, 047	180, 781	7, 772	* 2, 980	6, 751	
Publications.....			77, 230	86, 863						
Office forms.....			72, 899	71, 946						
			21, 918	21, 972						

¹ Unless otherwise indicated, data for productive federations are for calendar year; for fiscal years of wholesalers, see table 7.

² No data.

³ Data are for years ending Mar. 31, 1949, and 1950.

⁴ Data are for years ending June 30.

⁵ Data are for years ending Aug. 31.

⁶ Formerly classified with wholesalers.

⁷ Including \$91,028 distributive business.

⁸ Loss.

⁹ Data are for years ending Oct. 31.

¹⁰ Data are for 1947.

TABLE 12.—*Employment and earnings in central cooperative organizations*

Type of organization	Number reporting, 1949	Total employees, 1949	Total payroll, 1949	Average annual earnings per employee, 1949 ¹		Average annual earnings per employee ¹					
				Range	Average	1948	1947	1946	1945	1944	1943
All reporting organizations.....	62	9,525	\$29,665,930	\$2,161-\$7,880	\$3,152	\$2,860	\$2,466	\$2,252	\$2,160	\$2,064	-----
Wholesales:											
Interregional.....	2	163	506,489	3,088- 3,230	3,107	2,270	1,900	2,478	-----	-----	-----
Regional.....	26	7,003	21,071,082	2,213- 5,907	3,055	2,851	2,508	2,294	2,124	2,037	2,024
District.....	12	153	452,867	2,161- 3,562	3,037	2,683	2,422	2,049	1,963	1,808	1,502
Service federations.....	8	43	178,457	2,691- 7,880	6,150	4,491	3,123	2,710	2,459	1,997	1,893
Productive federations.....	14	2,163	7,457,035	2,532- 4,440	3,455	2,967	2,341	2,313	2,364	2,259	-----

¹ Based on organizations reporting both employees and payroll.

Employment and Earnings, Central Cooperatives

Both employment and payrolls showed increases in 1949 as compared with 1948 (table 12). Average annual earnings per employee rose nearly \$300 in the year interval.

As usual, average earnings were highest in the productive federations; the refinery industry led the field in that group.

Labor and Cooperatives

Cooperative Activity by Unionists

Especially in the Midwest, organized labor continued its drive for development of cooperatives.

The CIO State organizations in Iowa and Michigan, in their annual conventions, pledged assistance in the development of consumers' cooperatives, and the national CIO convention adopted a resolution urging the CIO unions to affiliate with the Council for Cooperative Development. The Council is a joint labor-cooperative organization to promote consumers' cooperatives in cities. Representatives of AFL and CIO act as co-chairmen. As of the end of the year, 13 international labor unions, 3 regional cooperative wholesales, and the Cooperative League of the USA were members of the Council; 2 additional unions were reported to have applied for membership.

In midsummer 1949, labor-supported drives for new stores were under way in Lansing, Saginaw, Jackson, Detroit, and Wayne, Mich., and Toledo, Ohio. The Rubber Workers (CIO) had assigned a full-time worker to head the campaign in Jackson; they were also active in the cooperative expansion plan in Eau Claire, Wis., and in the organization of a city-wide cooperative in Akron.

The Toledo campaign was being led by a full-time organizer from the United Auto Workers (CIO). In all these cities a number of other AFL and CIO unions were also participating.

A cooperative drive in East Liverpool, Ohio, by members of the National Brotherhood of Operative Potters (AFL) resulted in the opening of a branch store in that city by the New Cooperative Co., a large coal miners' cooperative with headquarters in Dillonvale, Ohio.

Cascade Cooperative League (Seattle, Wash.) noted that the Washington State Federation had appointed a special committee to work with the League, to spread cooperation among trade-unionists. A local typographical union took similar action at about the same time.

Cooperative Managers' Association

Early in the year the Cooperative Managers' Association was formed in the area served by Central Cooperative Wholesale. Any manager of a retail cooperative affiliated with CCW is eligible for membership, without regard to race, creed, color, or political affiliation. The stated purposes of the organization are to provide an avenue for the discussion and solution of mutual problems, to promote intercooperative good will, to improve cooperative business and management methods, to promote the efficiency, morale, and character of the members with a view to raising their standing in the cooperative movement and with the public, and to promote vigorously the aims and ideals of the cooperative movement. One of the first acts of the new association was to work out a recommended minimum salary scale for managers, based on volume of business done by the employing association. Also requested were transfer of service rights when moving to the

employment of another CCW cooperative, uniform sick leave and vacation leave, and inclusion of all managers in the employees' pension plan. The association, approved by the wholesale, believes that general adoption of these measures will help to keep trained managers in the cooperative movement.

Cooperative Aid to Strikers

Aid to striking industrial workers was given by several cooperatives. During the strike of an International Ladies' Garment Workers' local at Ishpeming, Mich., the retail cooperative supplied at cost all the food used by the strikers' relief kitchen. In Lansing, laid-off automobile workers (CIO) were given a 10-percent discount on purchases at the local co-op store. In Negaunee, Mich., the cooperative store (started as a result of the 1946 strike of an independent union of iron miners, in which the strikers received cooperative help) and the cooperative credit union acted together for the benefit of strikers. The latter's purchases at the store were financed by loans from the credit union.

Strikers (members of the Mine, Mill, and Smelter Workers, CIO) in the lead, zinc, and silver mines of the Coeur d'Alene, Idaho, district, in mid-1948, were assisted by donations of farm products, canned goods, flour, etc., from individual farmers and farmers' cooperatives. The Pacific Northwest Cooperator reported (issue of December 1949) that interest in cooperation, engendered by this experience, might result in the formation of a new consumers' cooperative among the miners.

Pension Plans for Cooperative Employees

The Farmers Union State Exchange (Nebraska) voted to inaugurate a contributory retirement system for its employees. The plan was started January 1, 1950. All employees with 1 year of service who have attained 30 years of age are eligible. They will contribute 2 percent of the first \$100 of monthly salary, 2½ percent of the next \$150, and 4 percent of all over \$250 per month. The wholesale will contribute about 4

percent of its entire payroll. Benefits include monthly income at the rate of 1 percent of the monthly salary for each year of participation in the plan, but with credit for past service back to age 40; or the employee may elect to take a smaller amount, in order to provide payments to a dependent after his death. In any case, survivors receive a refund of unpaid amounts to the employee's credit, with interest at 2 percent compounded annually. An employee resigning before reaching retirement age (65 years) has the option of receiving a refund of his contributions, with 2 percent interest, or (if he has completed 20 years' service and is 40 years old or more) of leaving the money in the fund, receiving at 65 whatever monthly amount his contributions, plus those of the wholesale, will purchase. The plan is insured with the Equitable Life Assurance Society.

The pension system covering the employees of Midland and Central Cooperative Wholesales and their affiliates¹³ was converted into an insured plan in 1948, and life insurance was added. The value of this new feature was pointed out in a report by Mutual Service Life Insurance Co., the insurer. The family of one deceased employee received benefits amounting to \$2,161 (as compared with the \$102 that it would have received under the former plan). In another case the family received \$2,772 (as compared with \$323); it also received \$3,000 from the group life policy carried by the employing cooperative for its workers, and \$45 from the patronage group life plan—or a grand total of \$5,817. The report commented: "This [provision for employees] is not only consistent with our basic cooperative philosophy and principles, but I am satisfied that it will do much to attract qualified personnel toward cooperative employment on a permanent basis."¹⁴ Midland's retirement plan covered 2,201 employees in 147 cooperatives in Michigan, Minnesota, and Wisconsin at the end of 1949. Payments to the fund amounted to \$1,182,761.

¹³ For a description of this plan, see U. S. Bureau of Labor Statistics Bulletin No. 964, pp. 13-15.

¹⁴ F. F. Rondeau, quoted in Cooperative Builder (Superior, Wis.), Aug. 18, 1949.

Legislation Affecting Cooperatives

Federal Laws

Several laws enacted in the first session of the 81st Congress were of interest to cooperatives.

One of these (Pub. No. 423) authorized the Rural Electrification Administration to make long-term loans to private companies or cooperatives for the building or extension of telephone facilities in rural areas. The interest rate for such loans was set at 2 percent—the same rate as charged on REA loans to electricity cooperatives.

Another act (Pub. No. 376) raised the permitted limit for unsecured loans under the Federal Credit Union to \$400 (formerly \$300). The maximum term of loans was increased to 3 years (formerly 2). Hereafter, when a credit union's reserve for bad loans reaches 10 percent of its paid-in capital, no further allocation to the fund need be made unless the reserve drops below the 10-percent level.

Also of interest are two regulations issued in 1949 by the United States Bureau of Federal Credit Unions which administers the Federal law. One permits credit unions to participate in retirement plans, for the benefit of their employees; they are not, however, permitted to administer a plan of their own. The other announced approval of a plan which would incorporate a Rochdale principle—payment of refunds on patronage—in credit union procedures. Optional with any credit union's board of directors, an interest rate may be established by the organization that will provide for refunds on interest paid by borrowers; in such cases, bylaws must be revised to make this a recognized obligation of the association.

The Public Housing Administration was authorized (by Pub. Act. 65) to give priority, in the sale of the three "greenbelt" towns, to nonprofit groups composed mainly of veterans of World War II. (Persons residing in the town at time of sale must be given an opportunity to join the purchasing group and on the same terms as veterans.) Among the groups recognized as eligible to purchase are mutual ownership associations, cooperative housing associations, and limited-dividend corporations. The property must be sold at cost or at its fair market value, whichever is less. If

sold on terms, a down payment of at least 10 percent is required and the balance must be paid within 25 years. Interest is to be charged at 4 percent.

Several other bills of interest to cooperators were introduced but failed to pass. Perhaps the most important of these was the "middle income" housing bill (S. 2246) which would have provided for direct Government loans to cooperative and nonprofit groups, at the current Federal rate of interest plus one-half percent. A new agency would be created to administer the law.

These provisions formed Title III of the "Housing Amendments of 1949." The bill was introduced rather late in the session and, although supported by cooperative, church, veterans', and labor groups, provoked much opposition, mainly from real-estate and construction interests. The cooperative provisions were withdrawn by their sponsor, Senator Sparkman; and the law finally passed under the above title contained nothing relating to cooperatives.

After the end of the session, members of the Banking and Currency Committees of both Houses, to which the original bill had been referred, toured several countries in Europe to study their methods of dealing with cooperative housing.

A cooperative program for middle-income housing was one of the items in the President's message to Congress, upon the convening of the 1950 session, and his proposed budget contained an appropriation of 50 million dollars for the purpose.

In the second session, amendments to the Sparkman bill were introduced in the Senate by Senator Maybank and in the House by Representative Spence. Probably the most important of these was the one creating a National Cooperative Mortgage Corporation and providing for the raising of funds through the sale of its debentures and through forced subscription by borrowing cooperatives. Hearings began on January 12, 1950.¹⁵

¹⁵ The cooperative section of the bill was killed in the Senate by a vote of 43 to 38 on March 15, 1950, and by the House of Representatives by a vote of 218 to 155 on March 22. The measure is therefore dead as far as the 81st Congress is concerned.

Other bills introduced in the 1949 session but not passed included (1) an amendment (S. 1679) to the National Health Insurance bill, introduced by Senator Humphrey, which would have specifically recognized the right of voluntary prepayment plans, organized by cooperative or nonprofit groups, to contract with physicians on a mutually satisfactory basis for the furnishing of medical care to the members; and (2) a bill (S. 1805) introduced by the same Senator, providing an appropriation of 25 million dollars to be used for loans to cooperative and nonprofit groups for the acquisition, construction, or equipment of clinics or health centers, the program to be under the administration of the Surgeon General of the United States.

State Laws

Kansas amended its income tax law to require cooperatives (except those manufacturing or distributing electricity) to file annual income tax returns (ch. 458).

A *Michigan* act (No. 232) adds to the powers of directors of cooperatives by permitting them to decide whether to allow proxy voting, and if so, when and how.

In *Minnesota* (ch. 199) amendments were made regarding quorums at meetings; requiring that presidents and vice presidents must be directors, but allowing the election of a secretary and a treasurer who need be neither directors nor even members of the association; and allowing cooperatives to distribute patronage refunds in any one of a variety of forms.

In *Massachusetts* (ch. 378) and *Minnesota* (ch. 199) cooperative associations are authorized to divide their territory into districts and hold meetings and elect delegates by districts. *Massachusetts* also exempted from the Sale of Securities Law the shares or securities of cooperative associations, the authorized capital stock of which does not exceed \$50,000 (ch. 288). Similar action was taken in *North Dakota* (ch. 114) where exemption was extended to all organizations distributing their earnings on the basis of patronage.

Nevada Act No. 312 eliminated the former \$5 fee for filing articles of incorporation by cooperatives and substituted therefor the regular corporation tax that is based on the amount of authorized share capital.

The *North Carolina* revenue act was amended (by ch. 392) to provide that cooperative and mutual associations must hereafter pay an income tax on all net income not allocated in patronage refunds, and must report to the State revenue department the names and addresses of all persons receiving \$50 or more in such refunds or in interest on the association's share capital. Further, members and patrons of farmers' cooperative marketing or purchasing associations must include, as taxable income in their own returns, all interest and patronage returns whether received in cash or credit.

Among the bills introduced but not passed was a *Minnesota* bill, proposed as an amendment to the bill granting a veterans' bonus, that would have levied a tax on cooperatives' "undistributed patrons' equity reserves" evidenced by "written certificates."¹⁶ In *Utah*, which has no consumers' cooperative legislation, an attempt to enact such a law was unsuccessful, not being reported out of committee.

Housing

Local housing authorities in *Illinois* were given permission (p. 1013) to make grants, loans, or advances to nonprofit organizations (specifically including therein, cooperative or mutual ownership associations, among others) not only for the construction or repair of dwellings, but also for the planning of such projects. The authority may arrange for the lease or sale of projects owned by them to such organizations and may use the power of eminent domain to acquire improved or unimproved property.

The *Massachusetts* cooperative act was amended (by ch. 378) to permit the formation of cooperatives to buy, sell, lease, construct, or rehabilitate dwellings.

In *New York*, several amendments affect housing projects under the limited-dividend law.¹⁷ Two have to do with the income limits of families in such projects. One (ch. 616) provides that no nonveteran family may continue to reside in a limited-dividend project if its annual income

¹⁶ Cooperative Builder (Superior, Wis.), April 28, 1949.

¹⁷ Several of the cooperative apartment buildings of the Amalgamated Housing Corp. in New York City were constructed under that law, which gives a 20-year tax exemption on increased values arising from the project.

exceeds six times the rent plus utilities (seven times in case of three or more dependents). Veterans (or their widows) are allowed ratios of 7 and 8 to 1. Chapter 761 provides that in case of projects in which tenant-members are given a 99-year lease (i. e., cooperative projects), the ratios of 7 and 8 to 1 are also allowed; further, over-income families may not be evicted unless their shares of stock are repurchased by the association, and may be allowed to remain for 3 years or even longer, with the approval of the housing commissioner. Another act (ch. 306) provides that rentals in limited-dividend projects, built in substandard areas and involving demolition of existing structures, shall be subject to the approval of the housing commissioner; in projects built prior to February 1, 1947, the average rental per room shall not exceed \$15 per month in New York County and \$13 elsewhere in the State. The act repealed a former provision setting rentals of \$10 and \$9, respectively, in projects that had received a loan from the municipality and had been given a 20-year tax exemption.

In *North Carolina*, where cooperative associations are (by a 1925 amendment) called "mutual" associations, the Legislature in 1949 added (ch. 1042) housing to the fields authorized for such associations. Only veterans' organizations are, however, permitted to be formed for housing. The 1949 amendment also provides for the formation of veterans' low-rent housing projects, to receive Federal assistance "if and when available," as well as for "nonprofit cooperative ownership" housing corporations for veteran members only. The amendment specifically states that the properties of such groups "are not exempt from the ad valorem tax."

An *Ohio* act, approved July 15, 1949 (S. B. 385) creates a new section (10186-31) of the General Code of Ohio and provides that five or more veterans of any war, who are citizens of the United States and residents of the State, may form a nonprofit housing corporation under the general corporation law, to purchase property, borrow money, and do such other things as may be appropriate to supply themselves with housing.

In *Wisconsin*, the Veterans' Housing Trust Fund was transferred to the department of veterans affairs and the latter was empowered (ch. 627) to make loans from the fund to veterans' nonprofit and cooperative housing associations.

A cooperative housing act dating from 1919 was amended slightly by chapter 272, to amplify the provision prohibiting housing corporations formed under the law from leasing to nonmembers, an exception being made in the case of veterans; "veterans" was expanded to "veterans of World Wars I and II." The same chapter requires land-development plans within 6 miles (formerly 3 miles) of a city of the first class to have the approval of the public land commission or city planning commission, as well as of the common council and the health department.

Also of interest, but not directly affecting cooperatives, was the Maine law (ch. 441) creating a housing authority in every city and town which elects to adopt the act, to provide low-rent housing. An urban redevelopment act was adopted in Missouri (p. 1242), replacing a 1943 law which it repealed. In New Jersey, two laws were passed. One provided for limited-dividend housing corporations, exempt from municipal taxes for not more than 50 years and from franchise and other State taxes, but subject to assessment to pay for municipal services (chs. 184 and 305). The other was an urban redevelopment act (ch. 306).

Medical Care

A *Pennsylvania* act (No. 379, p. 1274) amended the nonprofit law to include dental service among the services permitted to be provided by nonprofit corporations. (Medical care was already included.) There was no change in the previous requirement that six out of nine incorporators of such a corporation must be doctors. Also continued was the statement that the act "does not relate to, does not affect, and does not apply to" cooperative associations. (The provision of medical or dental care is not among the powers conferred upon cooperatives under the *Pennsylvania Cooperative Law*.)

Among bills introduced but not passed was one in Illinois to authorize organization of medical care plans by consumers. In Minnesota, one bill (opposed by the State Medical Society) would have authorized formation of cooperative hospitals and medical-care cooperatives. Another, in Wisconsin, would have restored to the medical profession a monopoly on the operation of hospitals (thus nullifying the 1947 law opening the field to cooperatives). The bill was vigorously opposed

by the Wisconsin Association of Cooperatives. It was finally withdrawn by its introducer.

Electric-Power Cooperatives

Electric-power cooperatives in *Colorado* were successful in obtaining (ch. 204) repeal of a 1945 act which required them to obtain from the public service commission a certificate of "public interest." The act had also prohibited them from extending their lines into "territory already served by electric public utilities" and in which the latter had actually constructed lines and agreed to serve consumers "promptly and within reasonable time."

A *Missouri* act (S. B. No. 93, approved August 8, 1949) repeals and reenacts with some changes the previous law governing rural electric cooperatives (Stats. 1939, sec. 5388, as amended 1943, p. 491). A new paragraph covers rural electricity cooperatives in areas that, by reason of growth of population, inclusion within the limits of a municipality, etc., have ceased to be rural in character. Such associations may continue to serve the nonrural sections until the service is taken over by the municipality or until the facilities within that section are sold to a utility company.

In *Wisconsin*, an act (ch. 37) reportedly requested by rural electric cooperatives,¹⁸ designates these associations as public utility employers, but specifies that they are not otherwise to be governed by the Public Utility Law (Wis. Stats., secs. 111.50-111.65). That law provides for compulsory conciliation and arbitration of public-utility labor disputes if the parties to the dispute fail to reach an agreement by collective bargaining.

Rural electrification cooperatives in *Wyoming* were granted exemption from taxation for a period of 6 years beginning February 12, 1949 (ch. 43).

Telephone Cooperatives

Alabama was the first State to pass any legislation following the enactment of the Federal law (Pub. Act 423) extending the powers of the Rural Electrification Administration to the telephone field. By Act No. 339, Alabama authorized

electrical cooperatives in the State to furnish telephone service to members as well as to nonmembers, provided the number of the latter so served did not exceed 10 percent of the total membership of the cooperative. An electricity cooperative that buys an existing telephone system is allowed to serve nonmembers up to 40 percent of the total number of members and must give them the right to join on the same terms as existing members. Such associations may also make loans to assist potential member-patrons to install apparatus and wiring.

The right to furnish telephone service is given exclusively to electric cooperatives, and other nonprofit organizations are expressly prohibited from providing this service. (The effect as to possible existent telephone mutuals and cooperatives is not stated.) An electricity cooperative electing to provide telephone service is prohibited from duplicating service in any area unless existing systems are "unable or unwilling to provide service."

These associations are under the supervision of the Alabama Public Service Commission which is to encourage the improvement and expansion of existing rural telephone facilities.

Credit Unions

A great deal of amendment of State credit union laws occurred in 1949.

Amendments in *Illinois* (p. 628) raise the maximum permitted unsecured loan to \$500 (from \$300) and the maximum secured loan to \$2,500 (from \$1,600); permit mergers of credit unions having memberships with similar community or occupational interest, if approved by a majority of the board and 75 percent of the members in person or by proxy at a special meeting; and permit a credit union to borrow amounts not to exceed 30 percent of its assets.

By chapter 110, *Indiana* credit unions will hereafter be taxed in the same manner as building and loan associations (formerly in same manner as savings banks).

A *Kansas* law (ch. 190) raised the maximum permitted secured loan to \$2,000 (from \$1,000) or 10 percent of the credit union's total assets, whichever is less; amplified the procedure to be followed by the State bank commissioner in case of insolvent associations or those that fail to make

¹⁸ Midland Cooperator (Minneapolis, Minn.), April 13, 1949.

required reports; and increased the fees charged for audits of credit union accounts.

In *Maryland*, the former provision prohibiting a board member from being a member of more than one committee unless the total number of credit union members is less than 11, was deleted (ch. 139). Credit union boards of directors may, with the approval of the State bank commissioner, call a special meeting within 7 days after receiving from the supervisory committee a recommendation for the suspension of any committee member or director. The board may also call a special meeting to consider any practice believed by either that committee or the bank commissioner to be "unsafe and unauthorized." (Previously, the supervisory committee had had final authority on these points.) Audits are required semiannually instead of annually, and new detailed provisions are inserted to govern the audit procedure by the supervisory committee.

Payment of credit union dividends may hereafter be made in *Massachusetts* semiannually, instead of annually, and may be paid either from current or previous years' earnings (ch. 286). A member may hereafter own up to \$4,000 in shares (ch. 287); if the credit union's assets amount to \$200,000 or more, he may hold, alone or jointly, up to \$8,000. Shares of Federal savings and loan associations are recognized as permitted investments for credit unions, in an amount not exceeding \$5,000 for any association (ch. 341).

In *Minnesota*, numerous changes in the credit union law were made by chapter 88. Hereafter, decisions of the State commissioner of banks, rejecting applications for charter, may be appealed to a court of competent jurisdiction. Charters, however, may hereafter be revoked if the share capital is impaired or the interests of the members are in jeopardy, as well as on grounds of insolvency and violation of law. Amendments to bylaws may be made by two-thirds vote (previously, by three-fourths vote of the members present and entitled to vote, but provided a quorum was present). Credit unions must accept into membership spouses or blood relatives of members. They are given authority to contract for life insurance on members, to the amount of the latter's individual share accounts, and to pay some or all of the premium. However, if certain accounts are not insured, their owners must be given special

dividends at the same rate as that paid on the insurance.

Credit unions in *New Hampshire* are permitted (by ch. 26.) to deposit their funds in savings banks, trust companies, or national banks within the State or (if approved by the bank commissioner) outside it.

Several minor amendments were made in the *New York* credit union law. Chapter 590 amends the previous provision allowing a maximum loan of \$4,000 or not to exceed 4 percent of the credit union's capital by adding "whichever is lower." It also rephrases the former provision to permit credit unions with assets of more than 5 million dollars to make first mortgage loans on real estate in aggregate amounts not exceeding the limits indicated above.

Under chapter 589, hereafter only shares fully paid at the end of the year are entitled to dividends but shares withdrawn on any of the five calendar days preceding the close of the year may be considered as on the books at the end of the year. Chapter 17 merely corrects a previous typographical mistake and chapter 15 amends the provision requiring the calling of a special meeting to deal with a situation arising from the suspension of the credit committee by the supervisory committee, by inserting the phrase "of any member" before the words "credit committee."

Extensive changes and additions were made in the *Ohio* act, which forms 9676-9694 of the Ohio General Code. Section 9682 was amended by the addition of a new sentence providing that, in case of joint memberships, a written receipt for withdrawals paid to either person or the survivor shall be a valid release of obligation for the credit union. Loans of central credit unions to other credit unions are exempted from the requirement of approval by the board of directors. Real-estate mortgage loans may not be made in an amount exceeding 25 percent of a credit union's total assets. Investment in real or personal property by a credit union may not exceed 5 percent (formerly 3 percent) of its assets. Credit unions are given authority (1) to expel any member with shares of less than \$5 who has left the field of membership or failed to meet the condition for membership, and to transfer the money in his account to the reserve fund 10 days after notice of intention to do so was mailed to his last-known

address, and (2) to merge with other credit unions upon approval by the State division of securities.

Section 9684 was amended by striking out, from the former limitation on share ownership by any member (i. e., not more than \$2,000 or 10 percent of the outstanding stock), the figure \$2,000.

To section 9685 is added a new paragraph permitting officers, directors, and members of State and Federal credit unions to form a credit union in which they have membership and from which they may borrow.

Hereafter, loans must have the approval (sec. 9686) of only a majority of the entire credit committee, and of all those members present (formerly the unanimous approval of the committee was required). Loans to other credit unions (except by a central credit union) must have the approval of a majority of the board of directors as well.

The maximum unsecured loan permitted (sec. 9687) is raised to \$300 (previously \$100). By a majority vote at an annual or special membership meeting, directors, officers, and committee members may be permitted to borrow on the same terms as other members, provided the total loans to the whole group do not exceed their "combined equity" (this phrase meaning the ratio of their assets in the association to the total credit union assets). (Previously they were prohibited from borrowing in excess of their paid-in shares, except on the affirmative vote of two-thirds of the members present at a regular or special meeting, written notice of which had been given.)

Yearly appropriations to the reserve fund (sec. 9688) need hereafter be only sufficient to keep that fund at a level equal to 10 percent (formerly 20 percent) of the paid-in share capital.

A limit of \$650 was placed on the annual charge for examinations of credit union accounts (sec. 9689).

New provisions (secs. 9690-9692) for procedure in case of insolvency provide for temporary suspension of activities, to protect the members, as well as for eventual cancellation of charter if warranted. If the division of securities is dissatisfied with the manner of liquidation it may appoint a bonded agent to carry out the liquidation. His powers are specified, as well as the manner of payment of his expenses, but the latter may not exceed 10 percent of the assets existing at the time of his appointment.

Two new sections (9693 and 9694) relate to central credit unions and provide procedure for existing credit unions in Ohio to incorporate under the present act.

In *Rhode Island* (ch. 2287), issuance of a credit union charter within 60 days after application therefor is mandatory (formerly optional only) when the commissioner is satisfied that the public convenience will thereby be served (formerly when satisfied that the proposed field of operation was favorable to the success of the proposed credit union). Credit union bylaws need no longer specify the conditions of residence or occupation qualifying persons for membership. Every loan granted must have the approval of the credit committee, "subject to any limitations set by the board of directors." By unanimous vote of its directors, a credit union may borrow from another an amount not more than 25 percent of its combined capital and surplus. Another amendment (ch. 2337) authorizes payroll deductions from salaries of State employees to the Rhode Island State Employees Credit Union whenever the office of the State controller is in a position to assume the extra work involved.

Extensive changes were made in the *Texas* credit union law by chapter 173. Credit committees will no longer be composed of directors, but will be elected independently. Hereafter, credit union funds may be invested only in shares of building and loan associations in the State insured by the Federal Savings and Loan Insurance Corporation, but the former limitation on loans to such associations (i. e.; not over 5 percent of combined capital and surplus) was stricken out. The board's authority to fix the amount of entrance fees was transferred to the general membership meeting (which will receive the board's recommendation). A transfer in the opposite direction was made as regards fixing of the maximum loans and shareholdings; hereafter this will be done by the board instead of the membership meeting. Fees for examination of credit union accounts were raised to \$32 per day per auditor engaged (from \$25) or a total fee of not to exceed \$3.50 per \$1,000 of assets, whichever is less. Other minor changes in phraseology were made.

The *Utah* credit union law was amended (ch. 8) to raise the total loans permitted to be made to any one member to \$6,000 (from \$3,000) and to authorize the board of directors to lend money to

or borrow from banking institutions and other credit unions.

In *West Virginia*, the law was amended by chapter 25 which (1) eliminated the \$10 incorporation fee formerly charged, (2) revised the examination fees upward, (3) eliminated the penalties for not filing reports, (4) raised the permitted maximum unsecured loan to \$300 (from \$50), and (5) gave the board of directors the authority to decrease the annual allocation to reserves when the latter equal 20 percent (formerly 100 percent) of the association's capital.

A new section (ch. 403) in *Wisconsin* provides for (a) an annual fee based on a credit union's proportional share of the cost of maintaining the State Credit Union Division, but not to exceed \$100, and (b) assessments for examination based on the cost of the time spent by auditors and others and "any other expenses directly attributable thereto." Failure to pay these charges shall be grounds for revocation of charter. (Formerly, credit unions were charged not over 25 cents per \$100 of assets, or the actual cost of the examination, whichever was less, but not less than \$10.)

Court Decisions

Insurance

A final decision on a case that has been in the courts for several years was handed down by the North Dakota Supreme Court (*National Farmers Union Life Association v. Kreuger*, 38 N. W. (2d) 563) on July 1, 1949.

The district court of Burleigh County, reviewing a decision of the State commissioner of insurance that denied a renewal of license to the National Farmers Union Life Association, had directed that the license be issued on certain conditions. From the court's decision the commissioner appealed to the State supreme court.

The association was organized under the law of Colorado but had been licensed for business in North Dakota. The grounds given by the commissioner for his refusal and the finding by the supreme court are summarized below:

1. *Charged*: That the association violated the statutory requirements for fraternal organizations in that (a) it failed to initiate members, (b) it made contracts payable to beneficiaries (specifically the United States Government) not within the permitted classification, (c) it made loans larger than the statutory limits, and (d) it refused to permit examination of its books by the insurance department. *Found*: (a) Evidence highly unsatisfactory, but it appears such initiations were not held. (b) Payment to Government would be a violation, but as the procedure had been approved by the previous commissioner, the violation "was neither willful nor in bad faith." (c) The laws

of Colorado and North Dakota set different limits. The association's procedures conformed to the Colorado requirements and "the court adopts it" and holds that the loans made were therefore not excessive. (d) The "record does not support a finding that the association refused to permit examination."

2. *Charged*: That the association failed to abide by the terms of its own contracts in that (a) it allocated to death benefits a flat amount from the premiums, without regard to the age of the insured, and (b) it valued the patronage group policies not according to the contract but according to inaccurate and arbitrary reserve methods. *Found*: (a) The association's procedure was due to lack of information on the ages of all persons under family contract, but was a violation of the North Dakota law. The flat-rate deduction, however, produced a reserve greater than would have been produced by the contract method. This fact, and the concurrence of the insurance examiner in the practice, "indicate that the association has acted in good faith." The association offered to make an appropriate change in the contract and its offer was accepted by the court.

3. *Charged*: That the association adopted practices in fiscal management and accounting that endangered its solvency. Specifically (a) it invested an excessive proportion of its assets in loans to "new and speculative cooperative enterprises," (b) it unwarrantedly charged off certain sums, (c) it made loans in which the officers of

the association had a direct personal interest, (d) it paid the president an excessive salary, and (e) it entered fictitious assets on its books. *Found:* Charge (a) appears to be "a pure conclusion unsupported by any evidence." No loan was excessive, no loan in default as to principal or interest. "We know of no economically sound reason why a business recession would be more detrimental to a cooperative enterprise than it would be to other modes of business activity." (b) The commissioner's "conclusion is not sustained by the record." (c) One such loan was made, which was improper "even though the society and its certificate holders were amply protected." (d) Evidence not sufficient to prove that the president's compensation (salary and bonus totaling \$7,000 per year) was excessive. (e) One investment was made which was "unauthorized" by law. There was direct evidence that the assets entered on the books were not fictitious; there was no direct evidence, only "conclusions," that they were. "The direct testimony must prevail."

The court decided that in view of the adequate protection of the certificate holders, and the fact that the violations complained of were either approved by the commissioner's predecessor or condoned by his own examiners, cancellation of license "is too drastic a penalty." The commissioner's decision was therefore ordered to be modified to read that the license would be denied unless the association "within a reasonable time shall furnish to the commissioner satisfactory evidence that it is doing business in accordance with the laws of this State" (North Dakota).

Housing

In Ohio, an attempt by adjoining property owners to prevent a cooperative association from operating a trailer camp on land owned by it was frustrated by a decision of the Court of Common Pleas rendered August 7, 1949. (*Edwards et al. v. Ohio State Students' Trailer Park Cooperative, Inc.*, 88 N. E. (2d) 178.) The petitioners relied upon a covenant restricting the uses of the land in the area. The court found, however, that only the first 11 deeds (of 66) had contained the restrictions and that the cooperative's land was not among them. The association was therefore not bound. The petition was dismissed, with costs

payable by the plaintiff, and the latter's petition for a new trial was dismissed.

Cooperative Colony

An echo from the past arose in a case involving the now-defunct Llano Cooperative Colony, in Newllano, La. An action was brought in behalf of the colony in the District Court of Appeals for the Fifth District, by George T. Pickett, former general manager of the colony. The colony, started in 1914 in California, moved to Louisiana several years later. The colony had a difficult and somewhat checkered career, and there was considerable difference of opinion among co-operators as to its soundness. It remained in existence for over 20 years, however, with membership and assets growing slowly. In consequence of a schism in the membership, culminating in a pitched battle and gunfire, the colony was thrown into bankruptcy early in 1937. Both factions claimed the assets, but the State court held that neither was entitled to act for the colony. The complainant in the case under review (*Llano del Rio Co. of Nevada v. Anderson-Post Hardwood Lumber Co., Inc., et al.*, 79 Fed. Supp. 382) charged the defendant company, the receiver in bankruptcy, two judges of the State court for the parish, and others, with conspiracy to defraud the colony. It was claimed that property worth \$13,500,000 was devalued to \$40,000, of which \$30,000 had "already been consumed as expense of said receivership," and that the town of Newllano (60 acres in extent, with houses, hotel, shops, and industrial enterprises, worth about \$1,850,000) was sold for \$6,390. Twelve motions to dismiss the case were filed, among them several signed by "erstwhile members" of the colony who claimed that no regular membership meetings had been held by the association. (This particular claim was dismissed by the court.)

After reviewing all the facts, the Federal court was of the opinion that "conceding, for the purpose of this issue, that all the charges against the several defendants, including the judges, are true," the State court decisions are binding until set aside. That can be done only in the court rendering the decision, and then only on proof of fraud. That being so, the court found it unnecessary to consider the points raised by the complainant. The case

was dismissed, and the plaintiff was advised to bring the suit in the proper court.

Taxation

Three tax cases decided in 1949 are of interest. One case (*Fountain City Cooperative Creamery Association v. Commissioner of Internal Revenue*, 172 Fed. (2d) 666), decided February 2, 1949, was an appeal to the United States Court of Appeals of the Seventh Circuit from a decision of the United States Tax Court assessing increased tax against certain patrons' equity certificates. After paying the 5 percent interest on shares, the association's board of directors decided to put all the year's remaining earnings into these certificates, payable to members and nonmembers. The certificates were, however, subject to seizure for debts of the association, were transferable only on its books, bore interest only if so decided by the directors, and (in case of liquidation) had the same status as common stock. A year after this action was taken it was ratified by the members and the bylaws were changed to cover it. The court of appeals held: "It is clear from the foregoing that instead of this equity reserve belonging to the patrons, it never left the control of the association, which continued to treat it as its own. Its creation lay within the absolute discretion of the taxpayer's directors and, after creation, its continued existence was wholly at the will of the taxpayer's directors. This reserve never belonged to the patrons. It was and always remained the property of the taxpayer and was properly included by the commissioner in the taxpayer's gross income." The judgment of the tax court was affirmed.

In the second case (*Farmers Cooperative Co. v. Birmingham, Collector of Internal Revenue*, 86 Fed. Supp. 201), the association had until 1944 operated under the general corporation law of Iowa. At that time it reorganized as a nonexempt agricultural cooperative. Under the State cooperative law it was obligated to pay patronage refunds to members. The association sued the Collector of Internal Revenue to recover taxes paid on these refunds. In a long decision dealing with various aspects of the taxation question as related to cooperatives and others, the United States District Court for the Northern District of Iowa held that the cooperative was entitled to recover on refunds

paid out of earnings made during its period of operation under the cooperative law—when it had a clear and mandatory obligation to pay them—but not for the period of operation under the corporation law.

The United States Tax Court rendered a decision on August 2, 1949, in the third case, *Consumer-Farmer Milk Cooperative, Inc. v. Comr. of Internal Revenue*. The association, claiming that it was a social welfare organization and, as such, exempt from taxation, sued to recover income and excess profits taxes which it had paid. The cooperative had been organized by a group of welfare workers and their organizations, both to protect the public interest and to help the milk producers. To support its tax-exemption claim, the association cited a number of beneficial activities in which it had engaged. Its earnings were, according to its bylaws, to be divided among the milk producers and the patrons who bought the milk. The court pointed out, in its decision, that consumers' cooperatives have no exemption from Federal income tax; also, that in order to claim a patronage refund the customer had to clip out and return a voucher from each carton of milk purchased. Actually, less than 3 percent of the earnings declared as available for customers' refunds was claimed in 1943 and less than 8 percent for the years 1939 through 1943. Unclaimed refunds became part of the net worth of the association. The court also noted that no part of the earnings for 1943 was put into the educational fund, nor in fact had this been done in any year after 1942. As neither the charter nor bylaws contained any provision as to the distribution of surplus, presumably such surplus would, in case of dissolution, be distributed among the association's members. The court concluded, therefore, that the association's contention of being operated exclusively for the promotion of social welfare had not been proved; and further, that the association had not really expected "more than a negligible number of consumer patrons" to tear off and return the vouchers for refund. (Refunds actually paid to either the farmer-suppliers or the patrons had, however, been allowed as excludable from taxation by the Bureau of Internal Revenue.) The court therefore upheld the decision of the Commissioner of Internal Revenue that the association was properly liable.

International Developments

Cooperative Principles

A redeclaration of the free and voluntary character of cooperatives was made by the Executive Committee of the International Cooperative Alliance in Paris in November 1949. The matter arose in connection with applications by several countries for membership in the Alliance.

The International Cooperative Alliance rules specify that only those cooperatives are eligible for admission which have for their object "the economic and social betterment" of the members and which conform to the Rochdale principles of voluntary membership, democratic control, distribution of earnings, and limited interest on capital.

The committee recognized that the Alliance would be completely changed in character if it were to accept organizations which granted "to the State, in theory and practice, the right of full control of their activities and even of incorporating them into the State structure whenever required to do so by the State."

The committee pointed out that freedom of association is absolutely essential to the growth of cooperatives and that such freedom cannot exist "in countries which deny freedom of association in general to their citizens; that independence of cooperative organizations implies that these organizations should have the right to take a stand on problems affecting their own or the general interests; independence not only of the State, but also of private organizations (political parties) and that real cooperative democracy means, together with the democratic control of the organizations on the basis of free elections and equal rights of the members required by the rules of the International Cooperative Alliance, full freedom from interference or pressure from outside."

Only by adhering to these principles, the committee stated, will the cooperative movement "be in a position to fight against oppression and for the liberation of all social groups, thus contributing to insure peace."

Among the membership applications pending were those from (1) six regional unions in the

Eastern Zone of Germany, together with the Union of German Cooperative Societies, established in August 1949, of which these unions are members, (2) an association of Chinese industrial cooperatives (i. e., workers' productive associations), (3) a small consumers' cooperative in Santiago, Chile, and (4) the Federation of Hungarian Cooperatives, created by a government decree of May 22, 1949, to replace a former organization (dissolved by the same decree) which had been denied membership in the Alliance in June 1949. The committee postponed decision on the German organization until its next meeting, pending receipt of further information. Action on the Chinese and Santiago applications was likewise deferred, in view of the uncertain conditions in China, and the possibility of the creation of a national federation in Santiago.

The Hungarian application was rejected. The committee decided, on the basis of the accompanying documentary information, that the Federation did not meet the International Cooperative Alliance requirements regarding "genuine cooperative activity."

Neither the Czech nor Soviet Union Representatives were present at the meeting.¹⁹

Underdeveloped Countries

The International Cooperative Alliance at its congress in September 1948 had passed a resolution urging expansion and use of cooperatives in underdeveloped countries. Early in 1949 a Canadian cooperator told the United Nations Subcommittee On Economic Development how cooperatives had assisted in the economic rehabilitation of the Maritime Provinces in Canada, and the committee decided to make an official study of cooperatives as part of its work. Its report, however, contained practically no mention of cooperatives. The report was rejected by the Economic Employment Commission and the subcommittee was abolished.

A technical meeting on cooperatives was held at Lucknow, India, sponsored by the Food and

¹⁹ Data in this section are from *Review of International Cooperation* (International Cooperative Alliance, London), December 12, 1949.

Agriculture Organization of the United Nations. The result of this meeting was a series of recommendations on government action in the Far East, urging (a) government fostering of conditions favorable to cooperatives and guidance for them, (b) exemption of cooperatives from taxation, (c) encouragement of educational courses in cooperatives in schools and colleges, and preparation of an educational handbook, (d) government assistance to cooperatives, official recognition of their finance institutions, and guaranty of cooperative bonds and debentures, (e) FAO assistance in formation of cooperative educational, auditing, and other federations, (f) government assistance in the organization of various types of cooperatives and preference to cooperatives in allocation of export and import quotas, and (g) separate government departments for cooperatives.

The ICA proposal to place Middle East oil resources under a U. N. authority was on the agenda of the Economic and Social Council meeting in September, but was postponed. It was to be presented again at the February 1951 session.

Petroleum Products

At the second annual meeting of the International Cooperative Petroleum Association, in Stockholm, Sweden, in June 1949, it was reported that the association's brokerage activities in petro-

leum products had netted earnings of \$150,580 for the year ending April 30, 1949. (Earnings for the previous year were \$19,355.) As \$127,072 of this amount consisted of patronage refund certificates (payable 6 years hence) from Consumers Cooperative Association (Kansas City, Mo.), the petroleum association deferred the return of all its earnings in patronage refunds until the total is available in cash. As of the end of its fiscal year, 16 cooperatives in 16 countries were full members; associations in 12 other countries were in process of qualifying for membership.

The general manager reported that the growth of the organization had been retarded by currency restrictions and by difficulties in obtaining foreign currencies. A resolution adopted by the meeting urged all the members to work for relaxation of restrictions in their respective countries. It was reported that the cooperative wholesales in both France and Sweden have obtained recognition from their governments as importers of oil, and the latter association is importing cooperative lubricating oil from the United States in its own tankers.

One of the important matters discussed at the meeting was the financing of a refinery to be situated somewhere in Europe. The petroleum association (the headquarters of which are in New York City) has as yet no production facilities of its own.

Appendix.—Cooperative Medical Care in 1949

More than 92,000 persons were fully paid members of 52 associations providing medical or hospital care, from which the Bureau of Labor Statistics obtained data in a special study covering the year 1949. Including dependents as well as members, some 289,000 persons were eligible for care. The income of these cooperatives in 1949, from all sources, totaled \$6,592,775.

Of 38 associations planning to operate a medical-care clinic, 31 had the enterprise in operation by the end of 1949. Of 52 hospital associations, 32 had the hospital open for service. Texas accounted for 24 of the total number of hospitals, and of these, 18 were in operation at the end of the year. The same State had 14 of the medical-care associations; all of these clinics were operating (table A).

TABLE A.—*Geographic distribution of active, known medical-care associations, end of 1949*

Geographic division and State	Associations providing general medical care			Hospital assoc- iations	
	On contract: Number of associations	Own facilities		Total	Hospital in operation
		Total	Clinic in operation		
United States.....	19	38	31	52	32
Middle Atlantic:					
New York.....	1				
Pennsylvania.....		1	1		
East North Central:					
Wisconsin.....		4		3	2
West North Central:					
Iowa.....				1	
Kansas.....				1	1
Minnesota.....		1	1	3	1
Missouri.....	1				
Nebraska.....				(?)	(?)
North Dakota.....		1		2	
South Dakota.....				2	1
South Atlantic:					
District of Columbia.....		1	1		
Florida.....	2	2	2	4	4
North Carolina.....		1	1		
South Carolina.....	1				
East South Central:					
Mississippi.....				1	1
Tennessee.....	1				
West South Central:					
Arkansas.....		1	1		
Louisiana.....	2				
Oklahoma.....		3	3	1	
Texas.....	1	14	14	24	18
Mountain:					
Arizona.....				1	
Colorado.....	1	1	1	1	1
Idaho.....		1		1	
New Mexico.....		1		1	
Utah.....	1				
Pacific:					
California.....	6	3	3	2	2
Oregon.....		1	1	1	
Washington.....	2	2	2	4	2

¹ Diagnostic clinic.

² Not including 1 association which owns building but leases it for operation.

³ One association operates both clinic and hospital.

⁴ Two associations operate both clinic and hospital.

⁵ Three associations operate both clinic and hospital.

⁶ Thirteen associations operate both clinic and hospital; not including 2 associations which own building but lease it for operation.

Law of Incorporation

The nonprofit law had been utilized by the largest group (32 associations), but 14 had incorporated under the State cooperative law and 2 under the regular corporation law (but one of these was in process of reincorporating under the cooperative law). One contract group had not incorporated.

Age of Associations

As the statement below indicates, the largest group of medical-care cooperatives was formed in 1945. That was the year in which Texas passed its law authorizing the establishment of cooperative rural health associations. The following year was productive of nearly as many medical-care cooperatives.

Year of formation:	Number of associations
Before 1900.....	2
1900-10.....	3
1926-30.....	3
1931-35.....	1
1936-40.....	4
1941-44.....	4
1945.....	10
1946.....	9
1947.....	4
1948.....	6
1949.....	3

Time Required To Become Operative

Altogether, of 48 cooperatives reporting, 23 were able to put their enterprise into operation in less than a year after the formation of the group. Eight of these were associations which had no facilities of their own but simply made a contract with established physicians to provide care for their members. It had taken six associations between 1 and 2 years to get the medical-care program under way; six others, between 2 and 3 years; five, between 3 and 4 years; one, between 4 and 5 years; and one, between 6 and 7 years. Six organizations still had not been able to put their plan into effect. Two of these had been in existence less than 1 year, but one had been formed from 1 to 2 years before; one, 2 to 3 years before; and two, 3 to 4 years before.

Sources of Funds

Membership fees provided at least part of the funds for building and equipping the clinic and/or hospital in 41 cooperatives, gifts in 26, and loans

in 23. Five cooperatives had aid from public sources (i. e., town, county, or Federal authorities), two held social events to help finance the enterprise, and one applied the income from some Government bonds.

Amount of the investment (usually termed "membership fee") required in various associations from each member is shown below:

Amount required:	Number of associations
None-----	9
\$2.00-----	1
\$2.25-----	1
\$20.00-----	1
\$25.00-----	1
\$35.00-\$150.00 ¹ -----	1
\$50.00-----	8
\$75.00-----	4
\$100.00-----	15

¹ According to age.

Operating funds came from various sources: members' dues (in 43 associations), fees for service (in 31), sale of drugs (in 23), laboratory and X-ray service (in 3), and social events held by the association (in 2). Only one of the cooperatives reporting was a capital-stock organization, with part of its funds coming from the sale of shares.

Facilities and Staff

Nine associations had no facilities of their own,

but only a contract with physicians; and three provided only cash benefits in reimbursement of members' expenditures. Of 40 associations with their own facilities, 9 were operating a hospital, 10 a clinic, and 21 both hospital and clinic. One had a ward in a hospital.

The 29 reporting hospitals that were in operation had 1,115 beds, or an average of 37 each. Three hospitals were under construction. One of these was a small building with only 12 beds, and another had 25; the size of the third was not reported.

Thirty-three cooperatives reporting had a total of 175 full-time staff physicians, as well as 368 giving part-time service. Full-time nurses (reported by 34 cooperatives) totaled 422; these groups also had 76 part-time nurses.

One group employed 1 full-time dentist; and another, 12 dentists (full and part time).

Activities in 1949

Table B shows that, in addition to the 92,073 fully paid members, there were 5,442 persons who had indicated their intention of joining and had paid part of the membership fee or other requirements. The greatest activity was shown in the West South Central States (especially in Texas) and in the Pacific region (notably California).

TABLE B.—Membership and income of reporting medical-care associations, by type and geographic location, 1949

Geographic division and State	Associations providing medical care								Hospital associations					
	On contract				Own facilities				Number of associations	Members		Total eligible for care	Income from all sources	
	Number of associations	Members	Total eligible for care	Income from all sources	Number of associations	Members		Total eligible for care		Income from all sources				
						Paid up	Partly paid							
United States.....	12	8,962	8,981	\$381,739	10	26,152	985	185,826	\$986,452	30	56,959	4,457	94,317	\$5,224,584
Middle Atlantic:														
Pennsylvania.....					1	9,000		19,000	162,000					
East North Central:														
Wisconsin.....	1	532	532	(1)						1	489		1,467	18,972
West North Central:														
Kansas.....										1	1,250	150	4,000	305,238
Minnesota.....					2	2,198	780	118,796	(1)	1	843	50	1,500	(1)
South Dakota.....										1				
South Atlantic:														
District of Columbia.....					1	7,041		17,500	730,343	3	11,162		5,664	502,630
Florida.....														
North Carolina.....					1	12		42	23,662					
East South Central:														
Mississippi.....										1	19,165		26,535	125,120
Tennessee.....	1	36	36	330										
West South Central:														
Arkansas.....					1	1,306		1,306	40,447					
Louisiana.....	2	1,196	4,000	26,564						3	3,469	15	8,874	473,000
Oklahoma.....										16	7,347	2,109	19,163	1,604,085
Texas.....	1	648	648	12,000	1	215	185	860	30,000					
Mountain:														
Colorado.....	1	445	445	9,398						1	164	500	664	31,899
Utah.....	(1)	(1)	(1)	30,000										
Pacific:														
California.....	3	3,230	3,230	205,000	2	6,000		16,000	(1)	1	9,000		9,000	1,233,771
Oregon.....					1	380	20	12,322	(1)					
Washington.....	2	2,875	90	98,447						2	4,070	1,633	17,450	929,869

¹ No data. ² 1 association operates clinic also. ³ 3 associations operate clinic also. ⁴ 12 associations operate clinic also. ⁵ 2 associations operate clinic also.

Prepayment Plans

Physicians' services were available on a prepayment basis in 33 associations; in one case, however, this covered physical examinations only. Twenty-five hospital cooperatives offered their services on a prepayment plan.

Nonmembers are also admitted to service on the prepayment plan in 29 clinics and 23 hospitals. In some cases, however, higher rates are charged to them than to members.

Prepayment dues. Dues are payable monthly in 13 associations, quarterly in 4, semiannually in 2, and annually in 25.

The extreme variation in monthly dues for services on the prepayment plan in 41 associations is shown in table C.

TABLE C.—*Monthly dues charged on prepayment plan, by type of cooperative, 1949¹*

Type of association, and number	Adults			Dependent children					
	Member	Wife	Other dependents	1st	2d	3d	4th	5th	All over the 5th
Medical care									
No. 1: With hospital care	\$3.50	\$3.50	\$3.50	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
Without hospital care	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
No. 2	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
No. 3	3.25	2.75	1.00	1.00	(²)	(²)	(²)	(²)	(²)
No. 4	2.50	1.50	1.00	1.00	.50	.50	.40	(²)	(²)
No. 5	1.78	.84	1.25	.42	.33	.33	.33	.33	.33
No. 6	.75	.38	.25	.25	1.13	1.13	1.13	1.13	1.13
No. 7	1.50	(³)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
No. 8	1.33	.67	.17	.50	.33	(²)	(²)	(²)	(²)
Hospital care									
No. 1	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
No. 2	3.25	2.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
No. 3	1.00	.50	1.00	.33	.17	.17	.17	.17	.17
No. 4	1.00	.50	.33	.33	.25	(²)	(²)	(²)	(²)
No. 5	1.25	.42	1.25	.42	.25	.25	.25	.25	.25
No. 6	2.67	(³)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
No. 7	3.00	(³)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Medical and hospital care									
No. 1	2.00	1.00	.33	.67	.50	.33	.33	.33	.33
No. 2	1.33	.67	(³)	.50	.33	(²)	(²)	(²)	(²)
No. 3	1.50	.67	(³)	.67	.50	(²)	(²)	(²)	(²)
No. 4	1.67	1.00	(³)	.67	.42	(²)	(²)	(²)	(²)
No. 5	1.60	.67	1.50	.33	.33	.33	.33	.33	.33
No. 6	2.17	(³)	(²)	.42	.25	.25	.25	.25	.25
No. 7	1.00	.50	.50	.33	.25	.17	.17	.17	.17
No. 8	1.67	.67	1.00	.33	.33	.17	.17	.17	.17
No. 9	1.33	.67	.67	.67	.67	.67	.67	.67	.67
No. 10	1.88	.80	.80	.33	.25	.25	.25	.25	.25
No. 11	1.67	.33	1.00	.33	.33	.17	.17	.17	.17
No. 12	1.42	.58	.67	.33	.33	.33	.33	.33	.33
No. 13	1.25	.83	1.25	.33	.25	.25	.25	.25	.25
No. 14	2.17	(³)	.17	(²)	(²)	.17	.17	.17	.17
No. 15	1.67	.42	.42	.42	.42	.42	.42	.42	.42
No. 16	2.17	(³)	.17	(²)	.17	.17	.17	.17	.17
No. 17	4.00	3.00	3.00	1.50	1.50	(²)	(²)	(²)	(²)
No. 18	3.00	3.00	3.00	1.50	1.50	1.50	1.50	1.50	1.50
No. 19	2.00	1.00	(²)	1.30	1.33	1.33	1.33	1.33	1.33

See footnote at end of table.

TABLE C.—*Monthly dues charged on prepayment plan, by type of cooperative, 1949¹—Continued*

Type of association, and number	Adults			Dependent children					
	Member	Wife	Other dependents	1st	2d	3d	4th	5th	All over the 5th
Medical and hospital care—Con.									
No. 20	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
No. 21	{ 4.00 } 2.00	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Contract									
No. 1	{ 1.35 to 3.83 }	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
No. 2	2.00	(²)	1.00	(²)	(²)	(²)	(²)	(²)	(²)
No. 3	3.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
No. 4	{ 5.00 } 1.88	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
No. 5	1.88	1.88	1.88	.75	.75	.75	.50	.50	(²)

¹ All charges (quarterly, annual, etc.) reduced to monthly basis.

² No charge.

³ Plus \$1 for first house visit in each illness.

⁴ No data.

⁵ Includes wife.

⁶ Included in husband's (i. e., "member's") rate.

⁷ If under 15 years of age.

⁸ If family includes children under 18 years.

⁹ Working members.

¹⁰ Retired members.

¹¹ Plus 10 percent of discounted doctor bills.

Cooperative Procedures

Of 41 associations reporting as to voting procedures, all but 1 allow only 1 vote per member. The one exception allows one vote for each share of stock held. Thirty-two of the 42 cooperatives reporting as to voting by proxy prohibit proxies; the 10 others allow them (but in 2 cases, only in votes on a change of bylaws or on articles of incorporation, respectively). Nine associations allow voting by mail; 30 do not.

One organization had closed its membership and would admit no more.

The size of the board of directors varied widely. The distribution of the 46 reporting associations, by size of board, was as follows:

Number of directors:	Number of associations
Under 5	3
5	9
7	10
9	12
10 to 16	8
30 or more	4

The 45 cooperatives reporting had a total of 498 directors. Of these, all but four were chosen by the membership; the four were chosen by the public. In no case had the medical staff any representation on the board.