President Directs Publication of Report on Cooperatives

President Roosevelt today directed publication of the report of the Inquiry on Cooperative Enterprise in Europe. The report, a compilation and analysis of data gathered during two and a half months of work in nine European countries at the request of the President, is confined to factual and explanatory material. Recommendations, transmitted separately to the President by the Inquiry follow:

"1. That there be made a survey of consumer and service cooperatives in the United States, using as far as possible the assistance and records of the Farm Credit Administration, the Bureau of Labor Statistics and other governmental agencies, to determine (a) the number, membership, classes of business, costs, and volume of business done by these organizations; (b) the major social and economic effects of cooperation here; (c) the conditions under which cooperatives develop.

"2. That an agency be established or designated to give information, research and advisory service to consumers' cooperatives; this to be directly linked up with all of the government's activities in behalf of the consumer.

"3. That steps be taken to assure consumer cooperatives credit parity."

The report was signed by all members of the Inquiry group, which included Jacob Baker, Leland Olds, Charles E. Stuart, Robin Hood, Clifford V.
An analysis of the methods and results of cooperation in those countries, a description of "Cooperation at Close Range" in nine different urban and rural communities, and the comments and appraisals of the members of the Inquiry, make up a volume of 400 pages. Detailed information concerning the growth of cooperation in those countries is presented in a separate volume as an appendix.

In the introduction to the report, the Inquiry board explains:

"From the things we learned and the figures we gathered could be woven an Aladdin tale of cooperative success. From a different selection of material could be built a story of cooperative blunders and mistakes and class antagonism.

"It has been our task to tell the story fairly, to picture accurately a movement that has its full share of human errors, but that has brought new hope, new pride of ownership, higher standards of living, to a substantial portion of the people of western Europe."

In all countries, the Inquiry finds, cooperative enterprise is credited with encouraging family budgeting, thrift and savings; with holding down or reducing retail prices; with helping to stabilize industry through its known demands on production; and with spreading economic knowledge and a democratic spirit among the population. In some countries, notably in Sweden, cooperative enterprise is cited as effective in breaking up price-fixing cartels, sometimes by entering into production of goods on its own account. On the Continent generally, the members of the Inquiry report, cooperative
stores have led the retail trade in efficiency and economy. Besides selling and buying for their members, cooperatives often also provide various other services, including medical, laundry, funeral, housing, electrical, credit and banking services.

The body of the report is a factual description of the types and extent of cooperation in Europe; cooperative principles, organization, financing, merchandising policies and educational activities; the relations of consumers' and farmers' marketing cooperatives to one another; and the relations of cooperative enterprise to labor, private business and the State. Of the relationship to private enterprise, the Inquiry report states:

"In essence, cooperative enterprise is at one and the same time a competitor of, a check on, a partial substitute for, and a supplement to private business enterprise. This four-fold relationship appears in every aspect of consideration of cooperative enterprise in Europe."

The individual comments and appraisals of the members of the Inquiry deal in part with the European achievements and in part with the American prospects of the cooperative movement. Some of the opinions of the members of the Inquiry are shown in the following excerpts:

Jacob Baker: "There is no reason to believe that cooperative enterprise will not expand to considerable proportions in the United States in the next generation. It is a method of business organization of business enterprise that has grown up in the past century, parallel with great transport and communication systems, with high-speed machine production, with mail-order selling, with high-pressure publicity and advertising technique, and all the other characteristics of the modern industrial and business structure."
Leland Olds: "The cooperative movement is a system of living which is new because it involves a change in group behavior with reference to meeting human needs. Cooperation is a way of life which offers new procedure for the satisfaction not only of material but also of spiritual desires."

Charles E. Stuart: "I see no reason why properly conducted cooperative enterprise, which has been allowed to grow naturally to fulfill a keenly felt economic need, should be feared in this country for either its economic or political consequences. And, I believe that all forms of cooperation should be fostered, within proper limits, by both our Federal and state governments. On the other hand, I feel that artificially stimulated cooperative movements are likely to be highly destructive and of small benefit, and that any development should come about through a gradual process of evolution."

Robin Hood: "The cooperatives built up by European farmers are not unique. They are similar to those of the United States and can teach us relatively little that cannot be gleaned from American experience. Barring language difficulties, American and European farm cooperators can easily understand each other's problems, aims and viewpoints. One exception needs to be noted. Many European governments have delegated tasks to agricultural cooperatives which the American government has reserved to itself."

Clifford V. Gregory: "An outstanding fact about consumer cooperation in Europe is that it has assumed the proportions of big business. It has met private business on its own ground and has succeeded and grown. Yet it is just as important to note that it has not ruined private business. The two forms of enterprise are in keen competition. There is no indication that either is about to crowd out the other."
Emily Gauthorn Bates: "Cooperative enterprise offers women, as the world's buyers and household business managers, a way to supply their families' needs efficiently. The broad cultural and educational effects of cooperation concern them deeply as wives and mothers. It is their interest, or lack of it, which can make or break the cooperative movement. If the women of America want it enough, cooperative enterprise will grow in this country."

The cooperative movement is described as a mode of organization "by which members supply themselves at cost with the goods and services they need." A cooperative enterprise is defined as "one which belongs to the people who use its services, the control of which rests equally with all the members, and the gains of which are distributed to the members in proportion to the use they make of its services." The principles of cooperative enterprise are discussed at some length. Chief attention is given to consumer cooperation, although reference is made to all of the other forms that follow the cooperative methods and principles.

Tracing the development of cooperative organization as a method of solving economic problems, the members of the Inquiry explained that the idea dates back in Europe to the late eighteenth century. Some of the earliest attempts to make use of cooperation were in the field of production, they add, and these quite generally failed. It was in the field of exchange—the buying and selling of goods—that the practicability of cooperation was first demonstrated, in the middle of the nineteenth century, the report recalls.

Growing slowly, the cooperative movement spread from England all over the world, but reached its fullest development in Europe, authors of the study point out. It has grown with great rapidity in the last ten years in the
countries visited during this inquiry, they report, and in most of these
countries has the magnitude and importance of "big business.

Cooperation, as a method of business, is different from ordinary
private business, they continue, in being jointly owned and democratically
controlled by its customer-members. Each member, according to the generally
accepted "Rochdale principles," has one vote, no matter what the amount of
his investment in the enterprise. Consumers' cooperative stores usually
charge market prices and periodically pay back to members a "patronage refund,
which brings down the actual price approximately to cost. Membership in
cooperatives is made financially easy, the report explains, and in consumers'
organizations is open to all. In European countries, a large proportion of
workers and farmers, and an increasing number of government workers, profes-
sional people and other "middle-class" people with small salaries, belong to
the cooperatives.