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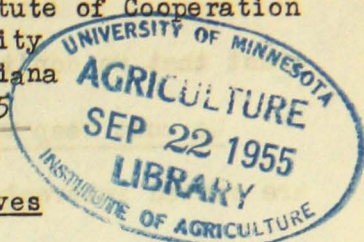
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Helping to Meet the Problems Ahead in Cooperatives

The problems ahead in cooperatives are not so different from those of the past.

In order to help meet them we should:

1. Be practical.
2. Appreciate competition - Admit, and remind members of cooperatives that in a democracy, other forms of business have a right to organize and compete.
3. Keep up with the times - cooperatives like other things can get out-moded.
4. Have courage - Admit and remind members of cooperatives and others that the reason for the existence of cooperatives lies in the need and desire for them, and in willingness of participants to assume their share of the responsibilities.
5. Realize limitations.
6. Utilize all the opportunities for teaching responsibilities in a cooperative and in a democracy.

I want to approach this subject from the standpoint of an Extension specialist and Extension worker. We have a deep responsibility and a real opportunity in helping meet the problems ahead for cooperatives. The problems ahead for cooperatives provide an educational and informational challenge which we cannot overlook, and one which we certainly should not side-step.

We must make a practical approach. If we as Extension specialists and Extension workers want to be practical, we will assist cooperatives and meet the problems within the framework discussed and outlined in the preceding paper by Director Rutford. We have no reason to consider cooperative associations and their functions as something approaching "a form of religion". Cooperative associations provide a good way of doing business, and that way must be made efficient and effective if cooperatives are to grow and survive. Cooperatives provide business competition and more important, a way of self-help, self-control, and self-discipline. I

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trust that we don't forget the latter of these - self-discipline.

We must keep up with the times if we are to be effective in our work. There are vested interests in cooperatives like in other forms of business. As Extension workers, our responsibility is not limited to helping organize cooperatives. We have the responsibility of seeing whether the times have changed, to determine whether the cooperatives which we may have helped organize are still needed, to look around to see if other methods and procedures have been developed which surpass those used by cooperatives, and then if necessary, have the courage to inform cooperatives that "their house is no longer in order." This does take courage. In our state there are now 585 cooperative creameries when twenty years ago there were 805. The rest of the plants were no longer needed. The dairy industry has progressed, and the remaining cooperatives have advanced because 220 plants went "to the wall". Originally cooperative creameries were organized so that there was one at almost every crossroad, and most of them were needed there, because transportation was then more difficult. The building of a pavement to replace a gravel road may by itself be reason enough to eliminate half of the processing plants along the way. Many more of the cooperative creameries in our state must go if we expect maximum efficiency and favorable results in dairy marketing. If I as an Extension worker, don't inform the directors, managers and the membership of cooperative associations about the circumstances facing them, then I have been negligent in my duties, have side-stepped a challenge, have missed an opportunity and have not lived up to the responsibility of my position. Our task in Agricultural Extension is not easy because in every community there are those who cannot see beyond that small community. They are individuals whose perspective is narrowed by the limited information they possess, and whose self-interest is exerted to overshadow the kind of activity needed for developing a long time program which will benefit the larger community. With the rapid trend toward farm bulk tanks for handling milk, I am sure that the maximum result in Dairy Marketing and from cooperative dairy associations can only be attained by closing more of the remaining processing plants. The

larger tanks for picking up milk from farm bulk tanks have virtually become local receiving stations. If we in Extension want to meet the problems ahead in cooperatives and keep up with the times, we must have the courage to go out and give the people the information and the facts about what is really taking place, even though such facts may not always be immediately palatable.

Drastic changes have been made on many farms, and in the organization of these farms, so as to "keep up with the times". Mechanization is only one of the reasons for these changes. Changes on the farms coupled with those in the economy as a whole frequently make changes in marketing, purchasing and service cooperatives desirable. When an individual producer has decided that changes are in order on his farm, he can proceed to make them. Changes in cooperatives are much more difficult and slower because the decision to make them is made by many, and not one or a few. Changes in the organization and operation of cooperative associations appeal more to some producers than others because of differences in size of business, or other factors pertaining to the individual farms. For example, the larger milk producer is usually more interested in a Grade A milk program compared with the smaller producers. The shift to the handling of Grade A milk by a cooperative association involves many changes in the plant.

There is need for a continuous informational and educational program to get and keep at least a majority of the members and patrons properly informed about the need for changes as a means of increasing the efficiency and maximizing the services of cooperative associations.

Closely linked to what I have said is the need for calling attention to the limitations of cooperatives. In this connection, we as Extension specialists and Extension workers also need to ask this question: "Have we fulfilled our responsibilities by permitting the limitations which are so apparent in some cooperatives to exist?" As educational workers and disseminators of information we can help in removing some of them. I have already referred to the very localized interest which frequently overshadows a bigger and better, more up-to-date program. Like in many

other activities, there is grave danger that cooperative associations will concern themselves with an effective, or even ineffective short time program and completely "miss the boat" regarding the larger challenges which lies ahead, and the kind of a longer time program which would be effective. A very successful manager of a milk plant analyzed it this way, "If I want to have an easy job, and if I want to do what is favorable to my directors, and popular with the membership at the moment, I should continue the program now in effect of making butter and drying skimmilk. However, if I want to be a manager of a cooperative dairy plant twenty years from now which is then maximizing its services and its returns to patrons and which will then be competitive, I cannot sit idly by. Instead, I must be thinking and dreaming about ways and means of diversifications, about the probable future demand for dairy products and when obvious answers to these questions emerge, I must exert management leadership of a kind which will make such a program a practical reality." Are we as Extension workers as alert to the changes, as imaginative in our thinking, and as effective in our action as this manager of a regional dairy cooperative?

Many present day cooperatives are nothing more than small receiving stations for other types of ownership. Competitively, they are nil. Do we as Extension workers have the courage to help them analyze their own situation and make them aware of it? If we do, they may become more favorable toward the larger cooperatives, who may be in the best position to serve them, and who are more competitive.

The trend is toward larger cooperatives. Have we been ahead of the game in Agricultural Extension, or have we been dragging our feet? Have we provided the necessary information to permit, yes encourage cooperatives to grow, and at the same time have we provided the necessary information to keep cooperatives democratic? We have a deep responsibility in helping to develop the proper kind of organizational framework for cooperatives. I'm afraid too many Extension people have shied away from this responsibility. In my opinion a cooperative association is not easily in danger of becoming too large if the proper organizational framework exists for keeping it democratic, and if there is sufficient membership education, so that members do exercise the opportunities and responsibilities within that framework.

There is a cooperative association in the Middle West which is operating in four states, and which provides an example of an almost ideal democratic organizational framework. There are about 40,000 farmer members scattered in four states and each local community has effective representation through a local advisory committee of five, who in turn are "representing members" in the central association. Isn't this a far superior arrangement in terms of keeping the association democratic, compared with the common system of sending one voting delegate to a regional meeting to express opinions and cast the vote for this local membership? Such a voting delegate is frequently not even a member of the local board of directors. He usually knows too little about the operations and problems of the local association which he represents, and even much less about the programs and problems of the regional or central association, with which his local is affiliated. Under the circumstances, how can he vote intelligently on matters of policy?

If we want to claim any right to the term Specialist in Agricultural Extension, we have a deep responsibility to be leaders in imagination, clear thinking and good judgment, which in turn can be passed on and will help cooperative association leaders, and members and patrons in more nearly reaching the goal of self-help, self-control and self-discipline. Our task is even greater and the challenge larger, because we must attain our goal through education and information.

We have no responsibility to manage or operate cooperative associations, and no reason or right to dictate policy to them. We as Extension specialists and Extension workers should operate as "outsiders". The cooperatives "can take our informational assistance or leave it" and sometimes to our discouragement they may leave it. However, this kind of a relationship also has its favorable side because it keeps us out of any "entangling alliances." We can completely justify this approach, and this type of effective help to cooperative associations, and we can't be criticized by other groups. In fact, the same kind of help should be available to any other group of individuals or organizations if they request it.

Last year I prepared a paper for a similar session on "What We See Ahead in Financing Cooperatives." I don't want to repeat, but in many cooperatives the

several problems of financing, large accounts receivable, and lax credit policies are still with us. It seems that many people who have been "encouraged to buy on time," and on "the installment plan" get in the habit of delaying all of their payments the maximum length of time. According to the recent research studies, this problem has crept more and more deeply into cooperative associations. What is our responsibility in this matter as Extension workers? Through Extension channels we should assist in getting the idea across that buying on time costs money, and that the cash buyer helps to pay for the person who buys on time. We should get the idea across that many cooperatives are in a financial squeeze, and have little operating capital because the longer time accounts receivable are running high. We should get the idea across through our informational meetings with directors that they have a legal and moral responsibility as directors to adopt a firm credit policy, and then live up to it. If an association wants to sell on credit, it should do so on a contract basis, or under special agreement with the individual obtaining the credit. Finally, we should get the idea across in our meetings with patrons and members, perhaps at annual meetings, that marketing and farm purchasing cooperatives are not set up as credit cooperatives to help individual farmers finance their business, and that the lending institutions which already exist, such as the Production Credit Associations should be used for that purpose. I want to re-emphasize the need for working closely with the Bank for Cooperatives in our Extension information program with Cooperatives on financing and credit, as we have been doing in the past.

All of us firmly believe in democracy and the democratic way of life. Do we always remember that the basis for democracy is information and understanding on the part of the masses, followed by intelligent mass participation and intelligent mass action? This places a real responsibility on our whole educational structure in the United States. Because we in Agricultural Extension are part of it, it places heavy responsibility upon us. How does this responsibility specifically relate and apply to cooperative associations? May I repeat that we have no reason to consider cooperation and cooperative associations as a "form of religion". The problems are not

solved and a "utopia" has not been attained just because we have organized or have helped organize a cooperative association. However, the way cooperative associations function is very important. Cooperatives do provide an opportunity for self-help, self-control and self-discipline, a system of operation, and a way, wherein the individual patron is all important. If we correctly visualize the structure of a cooperative association then we can also visualize how nearly parallel it is with our democratic form of government. What better opportunity do we have to teach democracy than to help make cooperative associations function as they were intended to function. The members and patrons, and they should be one and the same group in a cooperative association, should participate in the following functions:

1. Finance and own the cooperative.
2. Obtain the services performed by it.
3. Help control through their votes.
4. Elect the leadership of the association - the Board of Directors.
5. Help establish policies of the association through their directors.
6. Participate in meetings - and learn the give and take of a democratic society.
7. Abide by the majority - a special feature of a democratic organization and a democracy.

To the extent that the functional goals of a cooperative have been attained, to that extent cooperatives have been an effective tool and a training ground for democracy in general. To the extent that the functional goals of a cooperative have not been attained, there remain problems, and a real opportunity and challenge for us in Agricultural Extension, and in fact for all who have a basic interest in the principles of democracy. Let me repeat that such interest and activity is not in any way exclusive to other groups, and to other forms of organization, who have similar desires and similar goals.



As we in Agricultural Extension try to meet the problems and look ahead with Cooperatives, we can divide our job into two parts:

- (1) that of providing information which will help to streamline and improve intra-cooperative functions and which will make cooperatives more efficient and of greater service to those who participate,
- (2) that of getting more people to see cooperatives in the proper perspective as a part of the free enterprise and profit system, as a good way of doing business, and as a valuable avenue for increased training, understanding, and interest in democracy.