

County Cooperative Councils

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COOPERATIVES have served farmers well in providing needed marketing services which help the farmer realize a higher net return for his products. Cooperatives have made collective bargaining possible for millions of farmers. They have set the pace in efficiency of operation, quality of product, service to patrons, and ability to reflect to the producer the largest possible proportion of the market price. They have supplied effective competition in the marketing of farm products and have benefited not only their own members and patrons but also non-members and non-patrons as well.

What cooperatives have accomplished thus far has been due mainly to the efforts of a limited number of leaders and well informed charter members, together with a recognized need and opportunity to render marketing service. Economic savings were greater in early cooperative history and hence were easily recognized. Competitors are catching up to cooperatives in efficiency of operation, service rendered, and price paid, and so now the visible advantages of cooperatives are less obvious.

Further progress or perhaps even retaining the ground thus far gained by cooperatives depends on more completely informed directors, members, and patrons. They must see more clearly the direct and indirect values of cooperative effort and especially those due to the operation of their marketing agency. They must recognize what cooperatives have done to develop more efficient marketing and the importance of maintaining and improving their cooperatives to ensure the permanence of such efficiency. They must have a clearer understanding of the principles of economics and the philosophy of cooperation as well. The future of cooperatives depends on how much members and patrons know about their cooperatives, how much interest they take in their marketing problems, and how much they do to help solve such problems.

County Cooperative Councils

By D. C. Dvoracek

MINNESOTA can well be proud of her record in cooperation. She ranks first in the number of marketing cooperatives, having over one eighth of the marketing cooperatives in the United States. Minnesota's 1,365 associations did a total volume of business of \$228,566,000 in 1936 of which \$198,809,000 was from the sale of farm products and \$29,757,000 from the purchase of farm supplies.

Cooperatives as effective marketing associations have played an important part in the development of farming in Minnesota. Approximately 640 cooperative creameries manufactured 72 per cent of all the butter made in the state in 1939. About 240 farmers' elevators handled 49 per cent of the grain marketed. Two hundred fifty-six local livestock shipping associations handled 12 per cent of the livestock marketed from Minnesota farms. Two hundred and five cooperative oil associations (the first was organized in 1921) handled over 10 per cent of the gasoline sales in the state in 1939. Moreover, Minnesota has a number of outstanding federations of local cooperatives, nationally known as marketing agencies.

This fine record has been made in spite of the fact that only 52 per cent of the patrons of local cooperatives in Minnesota are members of them. That is, 48 out of 100 patrons think of the cooperative largely as a better place to deal and have little sense of responsibility to it as a permanent marketing agency worthy of their active support. As a result, patrons tend to take their cooperative for granted and expect the board of directors and manager to run the cooperative for their benefit even though they do not provide moral support. More members and patrons of cooperatives should know more about cooperation, and likewise

more cooperatives should keep their membership more completely informed about their business. It is not enough, however, for individuals to work together in local cooperatives. Local cooperatives in turn must work together to solve their mutual and inter-related problems as well as educate their members in cooperation. Before cooperative associations can begin to work together, however, their boards of directors must learn to think together. County councils of cooperatives are being organized to bring directors of cooperatives together for a planned attack on their mutual marketing problems.

County Councils of Cooperatives Suggested.—The possible service of county councils for cooperatives was suggested in groups of farmers (organized by the Extension Service) meeting regularly to discuss the possibilities and limitations of cooperatives. These preliminary discussions resulted in a recognition of a general need of discussion for clearer understanding of the problems and practices of cooperation. The conclusion was reached that mutual understanding and confidence are essential to cooperation and tend to be lacking in many cooperatives.

Consideration of local problems of cooperatives developed a search for

some effective way of developing interest and training of membership in the principles of cooperation. It appeared that representatives of all types of cooperatives in the county would furnish a logical nucleus for such an endeavor because one farmer may be a member of several cooperatives and because all cooperatives have many common problems. Twenty-four counties in Minnesota have worked in developing county councils of cooperatives. Although time devoted to these councils has been limited, remarkable success has been achieved with some of them.

Set-Up of Council

THE COUNTY council of cooperatives is made up of representatives of boards of directors of all cooperatives in the county; that is, creameries, farmers' elevators, livestock shipping associations, oil associations, stores, credit associations, mutual insurance companies, and others.

The chart in figure 1 shows the make-up of a county cooperative council. At the bottom of the chart are found the individual cooperatives. A representative from each cooperative is appointed by its board of directors to make up the county-wide cooperative council.

Within this county council there are committees made up of the representatives of each type of cooperative such as creameries, elevators, and livestock shipping associations. The chairman of each of these commodity committees becomes a member of the per-

manent planning committee of the whole council. This planning committee is responsible for what is to be done, including the program of the monthly meetings. The usual officers—president, vice president, and secretary-treasurer, with two members at large—make up the executive committee. The county agricultural agent works in an advisory capacity with the program committee as well as the executive committee.

Constitution and by-laws.—A suggested copy of constitution and by-laws is found at the end of this bulletin. The county council is not incorporated since it handles relatively small amounts of money. This constitution should be printed and distributed to the members of the cooperatives in order that they may have a more complete understanding of the organization and purposes of the council itself.

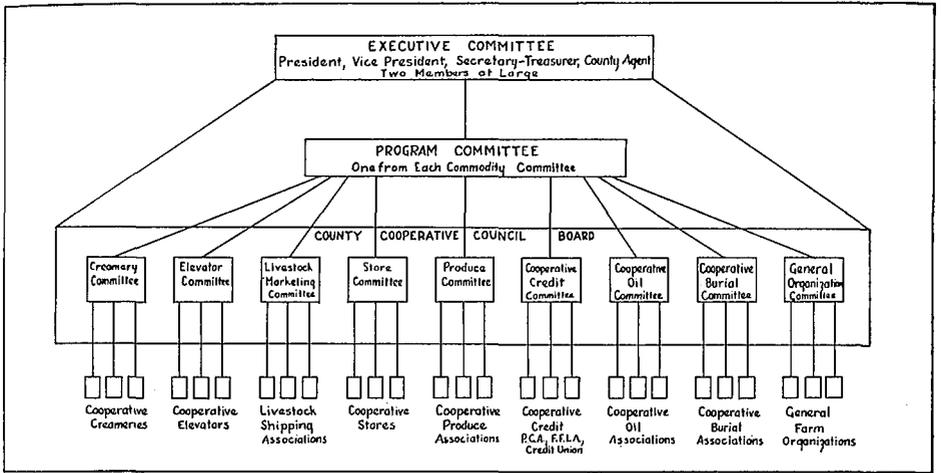


FIG. 1. SET-UP OF A COUNTY COOPERATIVE COUNCIL

What Can Be Done

COUNTY COUNCILS of cooperatives may serve as agencies in the study and planning of definite marketing programs within the county. The ultimate success of a county cooperative council depends upon its ability to recognize the need of such study and its plans to do something about it. Such planning involves not only the sale of farm products but also the purchase of goods and services used in production and consumption wherever necessary. The initial program can and should be simple. As the council idea grows, more complex projects can be undertaken. In any event, it is necessary that a program be outlined at the start and a definite goal set up. To carry out such a program, a planning committee should be appointed at the first meeting. Care should be taken that actively interested people are selected. The following are some of the things that have been done or might be done.

County-Wide Cooperative Picnics and Exhibits

County-wide cooperative picnics and exhibits have been the most popular activities taken up by councils. Each cooperative is represented on a general picnic committee, and from this group committees are chosen to take care of the various activities. The picnic has been universally successful because it involves no serious possibility for a difference of opinion or inability to cooperate, and at the same time it offers an opportunity for planning and working together. Such an all-cooperative picnic is a substitute for those commonly sponsored by individual cooperatives.

Some county councils have prepared educational cooperative exhibits at their county fairs consisting of charts and posters showing the importance of cooperatives in the county, volume and

value of products handled, and the advantages of cooperatives as marketing agencies. Dot maps may be used showing the location of cooperative members and defining the area served by each cooperative. By combining individual maps the degree to which a given county is being served in the marketing of a particular product is shown. Exhibits of products by various cooperatives have been prepared. Emphasis is placed on informing and interesting patrons.

One council is planning a county-wide cooperative building on the county fairgrounds.

Several councils hold annual cooperative banquets of the directors and members of cooperatives and their wives. This is an especially good way for directors and members to become better acquainted which will enable them to cooperate more wholeheartedly. It also offers an opportunity for members of cooperatives to participate in educational discussions and to hear topics of interest presented by recognized leaders.

Cooperation Among Creameries

One council has helped cooperative creameries develop a uniform method of quoting prices on dairy products. This eliminates some wide and frequently unjustified fluctuations in prices which sometimes cause dissatisfaction and shifting of patronage. These creameries pay a safe price each month and declare a patronage dividend at the end of the year. This dividend shows, to some degree, the relative efficiency of the various creameries. This effort has tended to create a better feeling and closer cooperation among the creameries.

Educational Meetings

Meetings have been arranged to bring together directors of all cooperatives in the county to discuss articles of incorporation and by-laws, amendment procedure, and provisions of the federal and state income tax laws. As a result, directors have become more familiar not only with their own articles and by-laws but also with cooperative law and theory. These meetings have resulted in a definite effort by cooperatives to amend their articles and by-laws to meet law requirements and to make the organization more truly cooperative in set-up and operation.

County councils of cooperatives can render a real service by sponsoring meetings of managers, secretaries, and interested directors for discussing and studying problems of management and operation such as accounting, credit policies, and auditing. Such meetings would be concerned with details that might not be of interest to members of boards of directors but would contribute to more efficient operation. Short courses for managers and secretaries might well be sponsored by the councils of the state for more thorough training of employees and officers.

Visiting tours of the various member cooperatives for directors and members of similar cooperatives of the county could be arranged by county councils as an educational and goodwill device. Most cooperatives would be put on their toes to show their wares to the visitors. Leaders of other organizations including those in urban centers might well be invited.

In some counties special meetings have been arranged to consider problems of special interest to certain commodity groups such as creameries, livestock shipping associations, farmers'

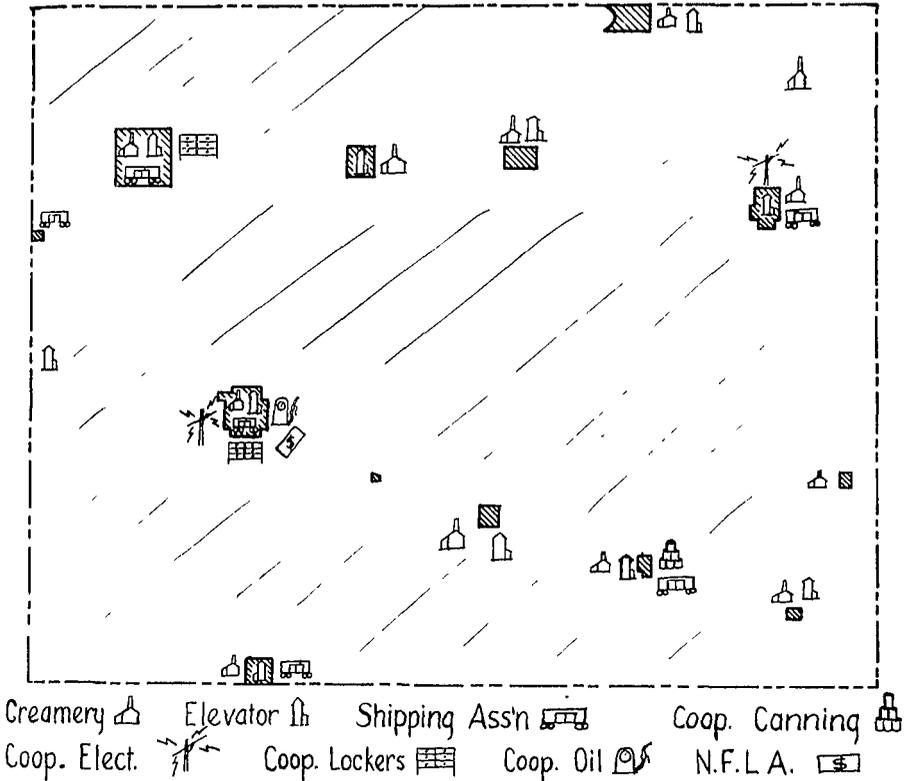


FIG. 2. TYPES OF COOPERATIVES IN ONE MINNESOTA COUNTY

elevators, and oil associations. Although the entire time of a meeting was devoted to a discussion of the problems of marketing a given commodity, the interest was not limited to representatives of cooperatives handling that particular commodity. Virtually every director is a farmer and is interested in the marketing of all of his products and not just the one handled by the cooperative of which he may be a director. Furthermore one farmer may be a director of several cooperatives. Such meetings tend to broaden interest and information among board members and to strengthen cooperative marketing generally. Interest developed in a livestock marketing meeting has re-

sulted in a comprehensive study being made in one county.

New fields for cooperation have been studied and appraised on a broader basis in order that organizations set up would fit not only present but future conditions and remain efficient, successful units. Cold storage locker plants are being set up very rapidly with the result that too many complete units may be established to serve patrons effectively at a reasonable cost. The results of a detailed study of cold storage lockers were presented at county council meetings, suggesting the minimum number of rented lockers per plant necessary to assure profitable operation. The possibility of several

small community locker units securing their slaughter, chilling, cutting, wrapping, and quick freeze services from a central plant was suggested. Such a plan of cooperation makes it possible to supply locker services to patrons of small communities at a reasonable cost. Cold storage lockers represent an activity in which patrons' interest is not confined to a particular commodity since they are of interest to farmers generally regardless of the marketing organization which may include them in its program. They may be of interest to urban residents as well. The acquaintance and confidence developed among boards of directors of adjacent cooperatives meeting together made the adoption of this plan dealing with cold storage lockers possible. Other similar projects, such as transportation cooperatives, can be developed by joint action and assistance given to existing cooperatives such as the REA.

Know Your Cooperative Programs

Along with this definitely educational program, some groups have inaugurated plans to study specific problems of individual cooperatives. The geographic area served by a cooperative, the scattering or concentration of members, how completely its area is being served, the proportion it handles of total volume of business available, are seldom known, but are interesting and valuable. Dot maps, described above, have been used in these programs. The combination of these individual maps on a commodity basis presents a picture of how completely the county is being served by the cooperatives in each field as well as the degree of overlapping or competition of various cooperatives in different communities.

Overlapping truck routes provide an example of the degree of competition that exists on a county-wide basis.

A historical analysis of annual statements of a cooperative, with an analysis of significant items from the annual audit or financial statement, will show the ups and downs or fluctuations of the various items. In these analyses can be studied the number of patrons and members, volume of business, cost of operation, and prices paid as compared with the average price paid throughout the state. Such an analysis, in chart form, presented and explained at the annual meeting will give members information, understanding, and appreciation of their business which they have not had before. The study of annual statements should lead to a comparison of operating costs of the various cooperatives in the county and emphasize the necessity and advantage of adopting a uniform system of accounting and pricing so comparisons can be more valuable and significant.

Competition among cooperatives can be studied, but this should not be attempted before considerable understanding among boards of directors has been developed, lest it defeat its own purpose. If consolidation of cooperatives is desirable, the county council can smooth the way and avoid much needless friction. If consolidation can be discussed frankly, plans can be made jointly among the various interested cooperatives in a council meeting. Some of these plans may involve cooperation among more than one council because a cooperative may serve producers in more than one county. A council is thus developing the ability to cooperate among cooperatives.

At the outset, the work of cooperative councils is limited to members of

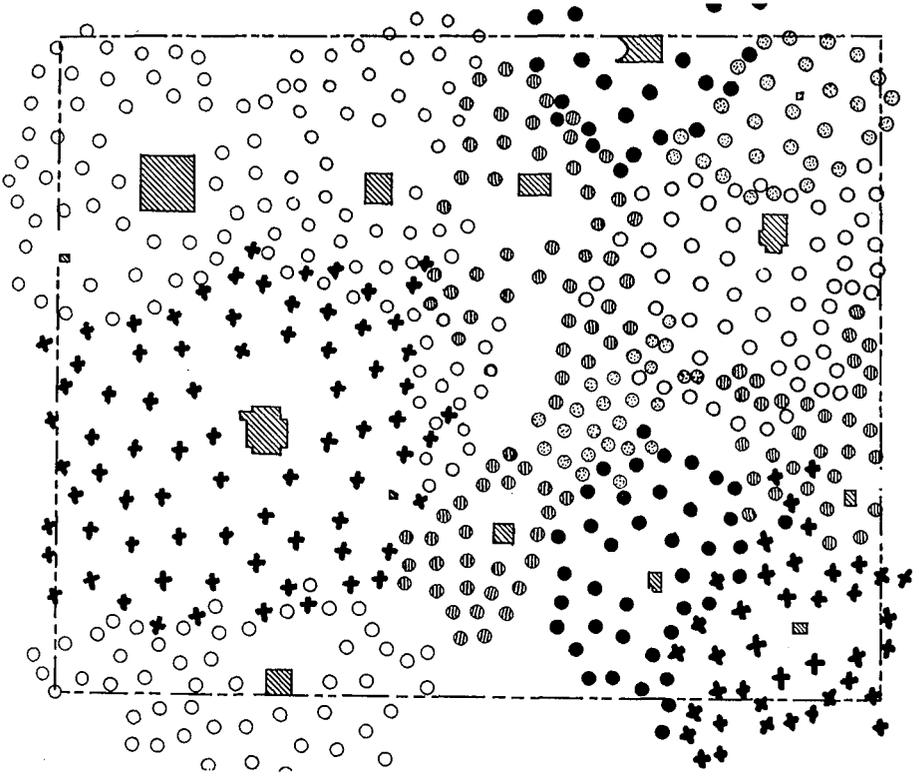


FIG. 3. LOCATION OF PATRONAGE IN THE SAME COUNTY SHOWN IN FIGURE 2. MUCH OF THIS PATRONAGE EXTENDS TO ADJOINING COUNTIES

boards of directors. Programs worked out should not end there but should reach the rank and file of members and patrons since an understanding, well-informed membership is the final objective. Plans to reach the members should be undertaken as early as possible. The council program should not replace or interfere with meetings of these various locals. However, there are several reasons why a council of cooperatives can carry on an educational program in general meetings more effectively than can each individual cooperative.

1. More people can be reached with fewer meetings.
2. It is easier to secure the services

of county agents, extension specialists, and other leaders for the larger meetings.

3. Many problems are common to several organizations and can best be solved through group action. This would cut down the number of meetings.

Discussion method most useful.—The free exchange of ideas through informal discussion in council meetings is most useful in developing the tolerance and understanding so necessary in cooperation. Such discussion in council meetings will develop the ability of directors to be more effective leaders in their own communities, bringing to their local members and patrons in-

formation and education relative to their cooperative. County councils are organizing groups planned to meet regularly to study and discuss principles and practices of cooperation. Such groups will do much to develop the planned objectives of the county councils in the local cooperatives and neighborhoods. Local leaders to con-

duct these study and discussion groups can be drawn from the ranks of directors who already are accepted leaders in their communities and have had the advantage of training in council meetings. Thus cooperative information and education will reach the members in an effective, organized manner.

Starting a Cooperative Council

IN ORDER that a county council of cooperatives may be set up and function, the boards of directors of the various cooperatives should understand it and be convinced of its values. For this reason the idea of the council is presented and explained to boards of directors at regular and special meetings of each board or several boards meeting together in the county or by sections of the county. Explanation of this idea may be presented by interested local leaders or the county agricultural agent, or a representative of the Agricultural Extension Service may be called in for a general meeting.

Although it may not be possible to hold all these preliminary meetings, the interest of cooperative boards must be secured so that they are willing to attend a general meeting at which the plan of a cooperative council is explained. All the members of the boards of directors should be invited to a general county-wide meeting in order that they may understand the project. At the county-wide meeting the plan is explained in detail and an opportunity given for thorough discussion. The general situation of cooperation may be presented with its problems—general and local—with a discussion of what could be done to solve these

problems. A copy of the chart representing the set-up of a council will help to explain the organization. Every encouragement should be given for a thorough and frank discussion of problems of marketing as well as of ways in which the cooperative council might help in solving them. It can be pointed out that the cooperative council is not an easy solution for all the problems of cooperation but rather a device for an organized, collective attack.

A planning committee should be appointed at once to work out and present a tentative program of work for discussion and consideration at the next meeting. Having an active plan of work with something being done is essential to maintaining interest in any organization. This committee may also consider the suggested constitution and by-laws, making such suggested changes as it may deem advisable for consideration at the next meeting. Some groups prefer not to organize immediately until they have had an opportunity to more thoroughly sound out sentiment relative to such an organization. If a definite organization is set up at once, the planning committee becomes permanent. A permanent organization should be set up as soon as there is evidence of sufficient interest to assure some measure of success.

Summary

A COUNTY COUNCIL of cooperatives is made up of representatives of all local cooperatives of a county. It is set up to study the problems of cooperatives. It provides means whereby directors of the various cooperatives may become acquainted with the directors of other cooperatives. Such acquaintanceship develops confidence. As a result cooperatives will learn to cooperate among themselves.

County councils are not set up to take over any functions of management of cooperatives. They do not decide on any question of policy for the member organization but serve as a means for the exchange of ideas and

information helpful to specific organizations in meeting these questions. They are a device whereby cooperatives can improve themselves by working with others.

The study program begins with the directors who should extend it as rapidly as possible among their membership, thus developing a clearer understanding of cooperation and tending to insure a more permanently effective force working for the benefit of the individual members.

Last but not least, it will tend to maintain cooperatives and the operation and management of them on a more purely democratic basis.



Constitution and By-Laws— Cooperative Council

Article I. (Name)

The name of this association shall be the _____
County Cooperative Council.

Article II. (Place)

The location of the office of this association shall be in _____
in _____ county, Minnesota.

Article III. (Purposes)

The purposes of this association and the general nature of its business shall be as follows:

- Section 1. To unify, harmonize, and extend sound corporate thought and action.
- Section 2. To express the views of the cooperative producers and consumers in all questions relating to the business interests of cooperatives and their members.
- Section 3. To initiate and direct a sound educational program in cooperative principles and practices.
- Section 4. To coordinate educational effort of all cooperatives.
- Section 5. To make studies and surveys of existing cooperatives with the aim of assisting them in effective, economical operation.
- Section 6. To investigate new cooperative projects.
- Section 7. Cooperate with the county agent in cooperative education.
- Section 8. To cooperate with other county, district, state, and national cooperative and agricultural organizations.
- Section 9. To have power to do anything not inconsistent with cooperative law, principle, and practice which will further and improve the business status of cooperatives and contribute to the social and economic welfare of producers and consumers.
- Section 10. This association shall conduct its business without racial, religious, or political influence and prejudice.

Article IV. (Period and Dues)

- Section 1. The period of continuance of this council shall begin on _____ and its existence shall be perpetual.

- Section 2. This association shall be an unincorporated body and may or may not have dues and assessment of members. There shall be no stock.

Article V. (Membership)

- Section 1. The membership of this association shall be composed of one representative from each cooperative selected by the board of directors from among their members. When a director ceases to serve as a local director, he is automatically removed from membership in the county council, and a new member is selected by the remaining board members of the local cooperative.
- Section 2. Each member of the council shall have one vote. No voting by proxy shall be permitted.
- Section 3. Organizations entitled to membership shall be producer or consumer cooperatives, cooperative credit associations, general farm organizations, and other truly cooperative associations.

Article VI. (Officers)

- Section 1. At the annual meeting of the council, which shall be held on the _____ day of _____ in each year, at a time and place set by the council, a president, vice-president, and secretary-treasurer shall be elected from the members of the council.
- Section 2. At the same time, an executive committee shall be named, composed of the president, vice-president, secretary-treasurer, two members elected at large from the council, and the county agent acting in an advisory capacity without vote.
- Section 3. The representatives from each cooperative of a given type, or handling a given commodity, shall constitute a commodity committee, charged with the special interest of that commodity or type of cooperative.
- Section 4. The program committee shall consist of the executive committee and one representative from each of the various commodity committees.
- Section 5. Until the first annual meeting of the council,
_____ shall serve as president,
_____ shall serve as vice-president,
_____ shall serve as secretary-treasurer,
_____ shall serve as member at large,
_____ shall serve as member at large,
_____ county agent.

- Section 6. A quorum at a regular meeting of the council shall consist of _____ persons.

Article VII. (Duties of Officers)

- Section 1. The duties of the officers of the council shall be those which ordinarily pertain to the respective position they occupy.
- Section 2. The president shall call special meetings of the council. Proper notice shall be given members by the secretary-treasurer.
- Section 3. The president may appoint special committees in addition to the regular committees when necessary.
- Section 4. The duties of the program committee shall be to have general responsibility and supervision of the program of work for each year.

Article VIII. (Meetings)

Meetings other than annual meeting shall be decided upon by the council.

Article IX. (Amendments)

The constitution and by-laws may be amended by a majority vote of those present at any regular or special meeting of the county council, provided a notice of the proposed change is mailed to each member of the council at least 15 days prior to the date of the meeting.

Article X. (Fiscal Year)

The fiscal year of the council shall begin on the _____ day of _____ and close on the _____ day of _____ in each year.

County Cooperative Councils

The problems faced today by local cooperatives are becoming wider and wider in their scope. Some of these problems cannot be solved by the local board of directors but require the cooperation of many local organizations. County councils have been formed to meet this need for cooperation and mutual understanding among cooperatives.

The county council is made up of representatives of the boards of directors of all the cooperatives in the county. Its main function is to study the problems of cooperatives and serve as a means for the exchange of ideas and helpful information. As it becomes better established, however, it often plans definite marketing programs, sponsors county wide picnics and banquets, and suggests uniform methods of conducting a cooperative enterprise.

Naturally the council's success depends upon the willingness of its members to work together. It is not a panacea for cooperative troubles, but it does offer an opportunity for the solution of many mutual problems.

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