CHAPTER 2

COOPERATION IN DENMARK

Rural Cooperation. England's contribution to the Cooperative Movement concerned the first successful venture in the consumer type of cooperation, as it affected the laboring classes who lived in the cities. Denmark, about fifty years later, added another contribution to the Cooperative Movement by developing the cooperative marketing idea for farmers to a high degree of efficiency. Up until 1880, the Danish farmers found themselves exploited both by those who bought their farm produce, as well as by those who sold them the things they had to buy. In fact, by 1880, the Danish farmer was in about the same predicament that most American farmers find themselves today. But the Danish farmer in 1880 commenced to shake himself free of his exploiters by forming cooperative marketing associations, so that organized capital would no longer control the products of the unorganized farmer. He fully realized by this time that as an individual he had little to say about either what he sold or what he bought. By merely joining with his neighbors and marketing his products in an orderly manner, as well as making his purchases also on the group idea, he had a voice not only in the transactions that he elected to engage in, but also the marketing profits that formerly went into the hands of private agencies now were awarded to him. Thus began one of the most interesting developments of the Cooperative Movement—farm marketing.

Danish Folk Schools. During the middle of the 19th century, Denmark was in a rather precarious financial situation. Devoid of natural resources of any magnitude, and having lost heavily in a succession of wars, she was on the verge of bankruptcy. About this same time, a Lutheran clergyman, Nikolai Grundtvig, had been stirring the people of Denmark, especially the farming element, with the idea of doing something for themselves. He wanted them to start thinking about their problems. He organized a number of folk schools, largely for adults, for purposes of studying their economic conditions, as well as enriching their lives spiritually. Farmers who first attended the folk schools were suspicious as well as decidedly individualistic. Progress was slow and rather discouraging to Grundtvig, but he never lost hope. It took years and years of ceaseless effort on the part of Nikolai Grundtvig before the Danish
farmers finally "caught on". But when the farmers of Denmark finally decided to do something for themselves, the teachings of the folk schools by Grundtvig soon demonstrated themselves. Because of his persistent pioneering in Denmark for economic freedom, Bishop Nikolai Grundtvig is today Denmark's national hero.

Denmark Starts Cooperatives. As early as 1851 Denmark began its first cooperative venture in the establishment of long-time mortgage loans, which was fostered by the government. These loans for buying farms extended from 45 to 60 years time, and our present Federal Bank System is fashioned after this Danish plan to a considerable degree. However, it was not until about 1882 that Danish farmers started cooperative marketing. Up until this time, farmers would churn their cream at home, and send their individual lots of butter to England or Germany. Butter was butter, regardless of quality, and all lots brought about the same price. Finally, some farmers of Jutland decided to build a central dairy, or creamery, and haul their milk there to be separated and then churned into butter in a collective manner. This was done, and the butter was then marketed on a much larger scale than had been possible before. This butter met with an immediate response in England. Higher prices were paid for this butter, and encouragement given for better quality until now Danish butter enjoys an enviable reputation all over the world.

Creamery Federation. Because of the remarkable success of the Danish cooperative dairy plants, or creameries, Danish farmers soon began asking if they could not further join forces and market their butter to England, not in single creamery shipments, but in combinations of butter from several creameries, in order to further reduce overhead marketing costs. This plan called for the strict grading of butter. For example, it would be less expensive to ship all 92 score butter from several creameries in one shipment than to ship a mixture of 90, 91, and 92 score butter. Thus the Danish creameries organized into a marketing federation and the butter was shipped in large lots to England where it was sold directly to the retailers. Through mismanagement, the first attempts at this large scale marketing plan failed, but with characteristic thoroughness, these Danish farmers investigated and discovered the reasons for their failure, rectified these mistakes, and then went on to achieve one of the most amazing farm marketing accomplishments in history. Thus for the first time, Danish farmers discovered the true significance of the meaning of cooperative marketing.

Cattle Control Societies. After Denmark had gained such a worldwide reputation on its butter, the dairymen, now thoroughly aroused
to their own possibilities, decided to further enhance their incomes by determining which were their best cows, and which were the poorest ones in their respective herds. Such a cooperative association was formerly called a cow testing association in this country, but is now known as a dairy herd improvement association. More than one third of the farmers in Denmark have their cows tested for butterfat regularly. Over 1,700 of these associations now flourish in Denmark, with a farmer-membership of over 55,000, representing over 700,000 cows. Since 1895, Danish farmers have been testing their cows for butterfat production, with the result that Denmark's national average is well over 300 pounds of butterfat per cow per year. Compared to the national average of our own country, 175 pounds of fat per cow per year, it is not difficult to understand why Denmark's cooperative testing program is one of the reasons why Danish farmers can successfully compete with any other butter in the world for its market.

Cooperative Packing Plants. During the early 80's in Denmark, after Danish farmers had learned that the cooperative marketing of butter was much more satisfactory and profitable than the old idea of selling it individually, they next turned to the possibilities of marketing bacon. England was willing to buy Danish bacon, but it had to meet certain requirements. Consequently, the Danish farmers, before hoping to win this coveted market, had to introduce a new type of breeding boar for the purpose of putting better bacon sides on their native hogs, as well as adopting improved feeding practices. Even then, after these requirements had been met, middlemen took a good share of their profits. As a result, a cooperative packing plant, or bacon factory, as it was called in Denmark, was established in 1887, with over 1,000 farmers subscribing for shares. This venture proved to be highly successful. Of about 80 bacon factories in Denmark today, over 60 are owned and operated by farmers in the form of cooperatives, and they have now become an important factor in the English bacon trade. Rigid grading of bacon has been the means of improving the grade of Danish bacon to a very high standard. The numerous local packing plants are now joined in a manner much the same as the dairies, under the name of the Danish Cooperative Bacon Trading Co. This federation oversees the marketing of bacon from all the local factories. These slaughtereries of Denmark demonstrate the fact that when packing plants are owned and controlled by the producers themselves, the farmers are much more certain of receiving a fair share of the consumer's dollar than when they are owned and operated by private enterprise, as is the case in this country.
The Danish Cooperative Egg Export Association. The formation of the egg cooperative in Denmark had much the same incentive behind it as did the butter and bacon cooperative marketing associations. Middlemen were in the habit of withholding fresh eggs from the market at certain seasons of the year in order to obtain better prices, with the result that consumers commenced to distrust the freshness of Danish eggs. In 1895, the Danish Cooperative Egg Export Association was formed on a national scale. Over 700 local units have been organized in Denmark, with a membership of about 45,000 farmers. The members of this cooperative have set up a rigid code of regulations for themselves in order to produce nothing but top quality eggs. Most Danish eggs are shipped directly to London where they bring fancy prices. Although the egg speculators fought the formation of the egg marketing cooperative bitterly, the members set such a high standard of excellence for their eggs that these speculators were unable to compete with them. Again Denmark farmers won control and ownership of their own business.

Danish Farm Consumer Cooperatives. Besides the three chief commodities, butter, bacon, and eggs, marketed by Danish cooperatives, there are also many other commodities marketed by their various cooperatives, such as meat and cattle, for example. Danish farmers have also been active in consumer cooperatives as well as marketing. Feeding stuff imported into Denmark is largely handled by cooperatives organized for that purpose. Also, commercial fertilizers and seeds are purchased through cooperative societies, in order to cut the price spread between buyer and seller.

Cooperative Stores. Denmark leads practically all other countries in the marketing of its agricultural products, but lags somewhat in the matter of consumer-owned stores. For example, Sweden is far ahead of Denmark at the present time in consumer stores. The formation of a consumer-owned store was first attempted in Denmark about 1850 by a group of laborers in Copenhagen, but it failed. It remained for the Danish farmers to show their city cousins how to run a cooperative store. In 1866, the first successful cooperative store was organized at Thisted, owned and patronized largely by farmers in that vicinity. Since this early beginning, cooperative stores were formed rather slowly until 1885, when more liberal laws were enacted to encourage the formation of such stores. However, from that date, the organization of cooperative stores has steadily increased until today there are nearly 2,000 such stores in Denmark, exclusive of the strictly farm purchasing societies. These local cooperative stores
banded together in 1896 and formed the Wholesale Cooperative Society of Denmark. Like the cooperative wholesales of other countries, this parent organization soon entered into the manufacturing end of the business. It now owns factories for manufacturing such commodities as margarine, soap, chemicals, hosiery, chocolate, confectionery, tobacco, cigars, clothing, cement, bicycles, shoes and coffee; it employs over 4,000 people.

Cooperative Services. Besides the extensive marketing and purchasing cooperatives in Denmark, there are numerous other cooperatives offering services of various kinds to farmers. Farm accounting associations, cooperative improvement clubs, artificial breeding rings, credit unions, cooperative banks, mutual life and fire insurance cooperatives are all plentiful, besides the testing associations already mentioned. Such a program of activity on the part of Danish farmers has been the means of raising Denmark from a once impoverished nation to one of the leading agricultural nations of the world. Instead of being willing to be continually exploited by private agencies, Denmark, by a slow and gradual process has demonstrated to the world how the ownership and control of her agricultural products can be regained for those who produce them—the farmer.

GUIDE QUESTIONS FOR CHAPTER 2

1. What contribution did Denmark make to the Cooperative Movement that supplemented England’s achievements?
2. Describe the activities of Nikolai Grundtvig in arousing Danish farmers to cooperative activity.
3. Discuss Denmark’s first cooperative creamery venture.
4. Explain how Denmark won recognition in marketing butter in England.
5. Explain how Danish farmers have increased the annual butterfat production of their dairy cows to over 300 pounds per cow.
6. Describe how Danish farmers took over the marketing of their own bacon industry.
7. Discuss the manner by which Danish farmers market their eggs.
8. Name some farm necessities purchased cooperatively by Danish farmers.
9. Discuss the activities of the Wholesale Cooperative Society of Denmark.
10. Name five services that are available to Danish farmers in a cooperative way.