CHAPTER 15

COOPERATION COMPARED

Cooperatives Often Misunderstood. Comparatively few people in America really understand the fundamental principles of the true cooperative, either marketing or purchasing. Because of this general lack of cooperative knowledge, many otherwise intelligent and well-meaning people have often been guilty of condemning a social institution which they would ordinarily support whole-heartedly. Before cooperative activities on a large scale can help bring order out of chaos in America, the real aims and purposes of the cooperatives must be made available to a much larger group of people than who now understand their real significance. Until this is done, sponsors for the Cooperative Movement will continue to bear such labels as Socialists, Communists, cranks, etc., hurled at them by the uninformed.

The Greatest Good For The Greatest Number. Any economic practice which promotes the greatest amount of good for the greatest number of people should meet with the unqualified endorsement of the American public. Such was the primary intent of genuine American democracy. Cooperative associations are designed to accomplish this Christian philosophy. In countries where cooperatives have existed for a reasonable length of time, this situation actually prevails. Several chapters in the earlier part of this book have been devoted to the achievements of cooperative buying and selling in England, Scandinavia, Finland, etc. Thus the benefits to be derived from cooperative activities is no idle dream. And the people of these countries, because of this wide participation in cooperative activities, enjoy far more financial security now than they ever dared to hope for before their cooperatives began to function. Such practices have proved beyond a doubt that they operate for the greatest good for the greatest number. What has been accomplished in these cooperatively minded countries for the general welfare of both farm and city families can also be accomplished in this country.

What Is Communism? Because some people who are opposed to cooperation like to confuse the issue and accuse the sponsors for the cooperatives of being Communists, Socialists, etc., an attempt will be made at this point to briefly define the policies of these other economic beliefs. The Communist believes that all property should
be owned collectively by the state. It does not permit of private ownership of property. Both the instruments of production and consumption are collectively owned under this fantastic regime. The Communist believes that each person should work according to his ability, and should receive goods according to his needs. The early American Indian tribes were followers of this practice, as well as a somewhat confused attempt in Russia today to follow out the doctrines of this policy. Obviously, we in America want no part of this impractical scheme of economic slavery. Americans hold dear the freedom to own private property, and the initiative that comes from private or voluntary cooperative ownership of property and enterprises.

Socialism. Socialism is a plan of living whereby private capital is abolished, and the ownership and control of production is vested in society as a whole, rather than in individuals, with the ultimate goal of more equal distribution of wealth to the workers. Socialism also advocates that both economic and occupational freedom will persist under this plan. In other words, the Socialists advocate the shift of power in the production of goods from the individual to society as a whole. This plan differs from Communism in that under Socialism each would be compensated according to his efforts, while under Communism one would be awarded goods according to his needs.

Fascism. The economic system whereby private property is retained by the people, but subjects the investment and management of capital to state control, is called Fascism. The more pronounced part of Fascism is its political aspect. Italy and Germany are the best examples of the present form of Fascism. The Fascist state exercises complete control over business enterprises, which often results in inefficiency, due to confusion and governmental red tape. Mussolini wiped out all cooperatives in Italy which dared to express themselves in a political manner.

Competition. The theory of competition sounds good to the consumer, but genuine competition does not always prevail in these days of large corporations and trusts. So-called competition does not always result in competitive prices. Present day competition usually results in many competitive wastes. For example, gas stations usually charge the same prices for the same grades of gasoline, unless there happens to be a temporary gas war. The real competition consists of trying to induce the consumer to buy gasoline at a particular gas station, not by means of a lower price, but by many subtle methods of advertising the special merits of some particular brand of gasoline. However, the consumer pays for this extravagant waste in
advertising. Dealers, under so-called methods of competition, will try to sell at the top level of the purchasing power of the consumer, and will maintain that price if they are successful in moving their merchandise at these high prices, because of the ignorance of disorganized consumers. These tremendous wastes will continue to occur as long as this form of competition is practised.

Monopoly. A monopoly is a business practice wherein there is virtually no competition. It is the control exercised over the supply of some economic commodity that will enable those in control to fix the price. There is very little genuine competition with a monopoly. Monopolies generally result from the power which comes from the concentration of large amounts of capital in the hands of a few people. Public utilities are usually classed as monopolies, such as electricity, gas, water, telephone, telegraph, and some forms of transportation. Franchises are given these private utilities to operate within a stated territory, with the guarantee, either expressed or implied, that no similar utility will compete against them in that particular area. Monopolies seldom spend much money on advertising, unless it is for selling merchandise used in connection with the particular service provided by the utility. Overhead expenses of monopolies are usually comparatively low. Monopolies are to be feared much more than the competitive plan. The main complaints against the monopolies have been that they (1) use unfair methods of competition, (2) cause high prices, (3) enormous profits are made by a few, and (4) they corrupt legislatures.

Governmental Regulation And Control. As has been previously stated, certain industries are regulated and controlled by the government, local, state or national. Such industries are noted under monopolies. Experience has shown that rates charged by these corporations are higher than those charged by a cooperative association or a municipally operated utility for the same services. Another fault often found with utilities regulated by the government is that the distribution costs are usually much higher than they should be.

Capitalism. Capitalism is an economic system in which capital is invested for gain. It has the rights of private property including the right to buy and to sell commodities. Capital needs labor, as well as managers to run the business. Capital must also have land and equipment. Obviously, the chief objective of Capitalism is profit; service to its patrons is of secondary consideration. The most objectionable point of Capitalism is that it tends to concentrate wealth. In the countries previously mentioned where the coopera-
tive system of economics prevail, there is very little concentration of wealth as compared to our own country.

Cooperation. Cooperation resembles Capitalism in numerous ways, such as the rights of property, buying and selling, its need for money, men, land and equipment. However, cooperation differs from Capitalism in certain respects, which are tremendously important. The main objective of cooperation is service—not profit. The cooperative system tends to distribute wealth by returning the savings made from operations to its patrons, rather than allowing these earnings to be concentrated in the hands of a few. Cooperation endeavors to make a more attractive price to the consumer than does the Capitalistic system. It also tends to improve the quality of the commodities handled, and thereby protects the public against inferior merchandise that so often floods our markets today.

Why Cooperation? The writer, as well as a host of other patrons of cooperation, has no quarrel with the middleman or any other agency engaged in a legitimate business. But, under our present method of doing business, both farmers and consumers in general are exploited far beyond the limits of reasonable profits by too many greedy private agencies, whether large or small corporations. This greed on the part of many of these private middlemen will continue to manifest itself in the form of further exploitation until the present business structure which allows for these excessive profits is changed to a system which will prohibit the exploitation of the masses. The most practicable method of effecting this change is through the formation of more cooperatives, both producer and consumer, if we are to profit from the past experiences of others. At least, this has been the only method so far devised by the hand of Man in our present form of civilization. Until a better method presents itself, the cooperative way will continue to blaze the trail.

GUIDE QUESTIONS FOR CHAPTER 15

1. Are the real aims and purposes of the Cooperative Movement really understood by the average person?
2. Why do cooperative associations bring the greatest good to the greatest number?
3. State the main points of Communism, as they differ from a democratic form of government.
4. Explain how Socialism differs from a democracy.
5. State the main points involved in the Fascist state.
6. Distinguish between genuine competition and the type of competition so common today.
7. Why do monopolies usually work against the interests of the consumer?
8. Does governmental control of private utilities assure low prices to the consumer?
9. Name four common needs of Capitalism.
10. What are the main differences between Cooperation and Capitalism?
11. Explain how Cooperation has corrected some of the evils of Capitalism.