VII. AGRICULTURAL COOPERATION IN SWITZERLAND

SWITZERLAND can be considered the cradle of cooperation. Here in the Alps farmers found it expedient to cooperate in most every line of farm business endeavor. Today there are more than 12,000 local organizations in this small country with an average of about 55 members to each association. Many of the local associations are federated into cantonal groups and the latter in turn into national federations. Dairying is the keystone of the cooperative movement. In the export sale of cheese the cooperatives have worked successfully with private corporations in obtaining better distribution and in stabilizing markets. Competent leadership has been one of the outstanding reasons for the pronounced success of cooperation in this country.

THE SWISS farmer is a cooperator. Few nations except Denmark have produced his equal in that respect. There are, on the average, slightly more than nine memberships in agricultural business cooperatives and farmers' organizations for every farm in Switzerland. This large number is in part explained by the fact that many local associations and cooperatives are federated into cantonal or state groups, and the cantonal groups may in turn be united into national federations. This process multiplies the membership. The other part of the explanation is that many growers belong to a number of different organizations. There are few things which the Swiss farmer does not do cooperatively.

Extent of Cooperation in Switzerland—A survey made in 1930 showed 12,160 local organizations with a membership of 671,684, an average of 55 members to the local. In addition to these locals there were 484 cantonal and national associations. Some of these are federations of locals and others are separate organizations with which members are affiliated directly. The cantonal and national groups have 1,582,324 members. In all, there are 12,644 associations with a combined membership of 2,254,008. This membership, divided by the number of farms—236,930—is the basis for calculating the average number of memberships per farm—over nine.

The activities of these associations range all the way from local welfare groups having no financial interest to the highly capitalistic business of manufacturing, marketing, and exporting. The membership of the 12,644 associations was divided in 1930 among the following groups of organizations.

Associations	Number of members
a. General agricultural welfare	514,639
b. General cooperatives	194,007
c. Dairy marketing and processing	332,952
d. Livestock raising	163,971
e. Fruit tree culture	17,770
f. Grape growing and wine making	12,745
g. Distilleries (large industrial alcohol)	1,972
h. Promotion of improved cultural practices	3,278
i. Fruit and vegetable	13,916
j. Alpine pastures	47,130
k. Forests	10,138
l. Improvement of land and irrigation	14,351
m. Threshing and the use of farm machinery	12,671
n. Bakeries, butcheries, and mills	7,457
o. Mutual credit	137,018
p. Insurance	288,292
q. Political	90,101
r. Swiss Farmers' Union	391,600
Total	2,254,008

Only the organizations from (b) to (p) listed above are business cooperatives. It is estimated that about half of the activities of the organizations affiliated with the Swiss Farmers' Union are cooperatives engaged in commercial transactions. Out of the total of the 2,254,008 members listed above, approximately 1,453,468 are members of business cooperatives. An idea of their commercial activities may be had from Table VII. Since many associations carry on more than one line of acitivity listed in this classification, the totals of the itemized column are greater than the total for the group as a whole. To this list should be added the control and operation of Alpine pastures and forests.

TABLE VII—*Commercial Activities of Farmers' Cooperative Associations in Switzerland, 1930**

Activities	Number of associations	
Purchasing		1,561
Fertilizers, feeds, and seeds	1,467	
Machinery	405	
Groceries, clothing, and merchandise	389	
Selling farm products		4,156
Milk, cheese, butter	3,494	
Grain, potatoes	580	
Fruits, wine, cider	439	
Other	160	
Manufacturing and processing		1,307
Cheese, butter	1,197	
Wine, cider, alcohol	73	
Other	66	

* Many associations carry on more than one line of activity, hence the totals of the itemized column are greater than the total for the group.

Dairying is the Keystone of the Rural Cooperative Arch—Dairying is the principal branch of the country's agriculture. Hence it is not surprising that dairy organizations make up the largest and most influential group in the cooperative field. In Switzerland, dairying and cooperation are inseparable terms and kindred concepts.

Switzerland is a mountainous country and much of its farm land is suitable only for grazing and hay production. The greater portion of this forage is marketed in the form of dairy products. Three-fourths of the farm activities of the country revolve around the dairy cow.

Official estimates place the number of dairy cows in 1934 at 920,777. The annual average milk production per cow for that year was 6,724 pounds. America's annual average is around 4,000 pounds per cow.

Cooperation in the dairy industry begins with the local cheese factories and milk collecting stations. These are federated into 54 cantonal and national organizations.

Dairy Farmers are United by One Central Federation—The hub of the cooperative dairy wheel is the Central Union of Swiss Milk Producers. In 1931 this organization was composed of 20 member federations representing, 3,339 local societies with a membership of 102,423 dairy farmers. Its members controlled in that year the product of 577,684 cows or 68% of all the cows in the country.

A goodly portion of the cattle kept in the high mountain districts are used for breeding purposes only. For this reason the officials of the Central Union estimate that the organization members own over 85% of the dairy cows. This is a good index of the extent of cooperation among the milk producers. Few cooperative enterprises can hope to enroll as high a percentage of the productive units of a single industry.

For the purpose of improving the dairy industry, the Swiss Federal Government early in 1934 gave official support to the cooperative movement by issuing an order authorizing the Federal Council to compel non-affiliated milk producers to join an existing dairy cooperative, or at least to deliver their milk to a cooperative, and to require also that non-affiliated dairy cooperatives join the Central Union or to deliver their milk to one of its branches.

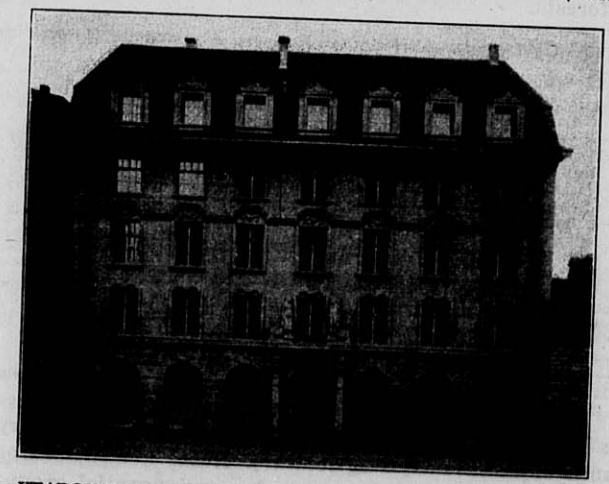

FIG. 11—HEADQUARTERS BUILDING OF A COOPERATIVE MILK PRODUCERS' FEDERATION, BERNE, SWITZERLAND.

The Central Union is primarily engaged in correlating the activities of its many member branches. It is vitally concerned in keeping its members informed on all conditions affecting the status of the market for milk and its products. It is the clearing house for the arrangement of contracts between

its member associations and those with whom they deal—cheesemakers organizations and dealers in milk and dairy products.

The dairy industry in Switzerland has a pooling problem not unlike that of our own associations which supply whole milk to the city trade. In the United States whole milk for city consumption commands the highest price. Since it is easy to oversupply this market, it is highly desirable that an organization control the supply within the city's producing zone in order to divert the surplus into other channels. Since the diverted surplus brings a lower price to the producer, it is necessary to make some readjustment in his favor from the proceeds of milk sold at higher prices. The making of this readjustment on a basis which is equitable to all members is a delicate task.

In Switzerland, the barometer of the industry is the export price of Emmenthal (Swiss) cheese. Milk used for the manufacture of export cheese brings the largest returns to the producer. But this market also is capable of being overstocked. Furthermore, the leaders of the organized dairymen appreciate that their position in the world markets can only be held on a basis of quality. Hence, the central organization has the double task of diverting milk into other market channels, and discouraging the production of cheese for export except in those districts and in those factories where quality standards can be maintained. Since 1910 this task has assumed increasing importance because of the marked decrease in the exportation of cheese. All this requires careful readjustment of price differences between the various groups.

Another major task of the Central Union is to find new outlets, discover new uses, and encourage increased consumption of its commodities. Increased production continually threatens to overstock established markets. Potential surpluses can be avoided only by careful planning for the future. The decrease of cheese exports during the past few years has caused the Union to direct that more milk be used for the manufacturing of butter, which resulted in decreases in the imports of that commodity.

The Dairy Farmer Enters the Export Field—A noteworthy accomplishment of the Central Union is the initiative which it took in conjunction with the Swiss Farmers' Union in establishing a cooperative organization for the exporting of cheese. Before the war the cheese export business was in the hands of a few private dealers. The producers felt that the dealers often acted in unison to the detriment of the interests of the dairy farmer.

In 1911 the farmer definitely decided to enter the exporting field. He was determined to have a voice in the sale of his product beyond his country's borders. In 1911, the Emmenthal Cheese Exporting Company was organized with the express purpose of making sales abroad.

This action precipitated a bitter trade war between the dealers' league and the new organization. After much difficulty, the dairy farmers succeeded in gaining a foothold. Their company established a well organized system of warehouses and in a few years became an influential factor in the exporting of cheese.

Its initial capital was 700,000 francs[8]—$135,000. This was later increased by successive steps to 5,000,000 francs—$965,000. The entire amount was subscribed by producers' federations.

Farmers and Dealers Units—At the beginning of the World War the cheese market underwent a crisis. The export market was completely disorganized. Warehouses were filled with a semi-perishable product. Disaster threatened. This situation changed conflict into collaboration. The producers and dealers realized that they must fight for and not against each other if the industry was to be saved.

Hence the producers' and the dealers' organizations joined hands in the founding of a new company, the Swiss Union of Cheese Exporters. The cooperative company and the dealers' organization became branches of the new enterprise. Both participated in its ownership and control. The government also encouraged the movement by subscribing to its stock.

In 1916, the government granted the new company a monopoly in the exportation of hard cheese. Four years later the government withdrew as a stockholder. In 1921, the name was again changed. It is now the Swiss Union for the Sale of Cheese (Union Suisse du Commerce de Fromage). The capital stock is 11,000,000 francs—$2,125,000. Equal amounts of stock were held by producers' organizations and by the association of private dealers. Later the cheese makers through their Union subscribed 1,000,000 francs—$193,000 for this stock. The company now embraces the three interests of the cheese industry—producers, dealers, and cheese makers.

The government abolished the monopoly privilege on July, 1926. The company and its operation continued unchanged. The market for its products is a world market. Price-making forces are beyond local control. The industry has learned by experience that the extension or even the maintenance of its foreign outlets requires the united efforts of the entire industry.

The annals of cooperation contain few examples of such close and successful cooperation between the organized producer, the organized maker, and the organized dealer of a product.

The country has other instances of similar joint activities between farmers and dealers. In Bern, for example, the dairy producers and the city distributors operate a milk plant in common. The capital is supplied jointly by the two groups. Expenses and earnings are shared.

The consumer too, is organized to protect his interests. Furthermore, the price of milk, like that of bread, is a public question. Increases in price are apt to make them the subject of political agitation and the object of legislation. The urban Swiss consuming classes, which comprise three-fourths of the population are quite prepared to care for their own interests through concerted and directed efforts.

The Swiss Farmers' Union—This organization represents all the agricultural interests in Switzerland. It is a federation of federations which began in 1898 with a membership of 20 associations representing 74,229 farmers. In 1935, it was composed of 54 affiliated associations having 408,280 members. Hence, it

[8] In the above figure the Swiss franc was converted at par—19.3 cents.

had in 1935 over 171,000 more members than there were farms in Switzerland in 1930. This is occasioned by the fact that many farmers belong to more than one affiliated group. Yet it is quite evident that nearly all those engaged in agricultural pursuits belong to some cooperative group, and that these groups are extensively federated with other groups operating in the different fields of agriculture.

The work of the Union is divided into two separate categories. The Union proper represents the farmer in placing his interests in a favorable light before the public and before the law makers and it is vitally interested in tariff legislation and in the formulation of commercial treaties. It is also actively concerned in promoting and strengthening the cooperative movement.

The other division of work is known as the "Secretariat." This is a service organization which conducts farm accounting schools, analyzes the data collected on hundreds of farms throughout the country by the accounting method, and makes special economic inquiries.

The Secretariat endeavors at all times to know the economic conditions of Swiss agriculture. So reliable has been its work that the government has turned over to it the task of compiling official agricultural statistical information.

There can be little doubt that the success of the propaganda division owes much to the fundamental and accurate data furnished it by the Secretariat.

Other important services maintained by the Union are the Office of Price Information, Office of Land Valuation, and a Division dealing with Farm Building Construction. See Table VIII.

TABLE VIII—*Expenditures of the Swiss Farmers' Union Classified by Activities, 1930*

Activities	Swiss francs	Dollars*
Office of		
Secretariat	66,595	21,750
Profitableness of agriculture	84,988	27,757
Price information	84,162	27,487
Appraisal and arbitration	61,502	20,087
Building construction & agricultural machinery	335,747	109,655
Livestock raising	18,378	6,002
Home industries	22,642	7,395
Hand weaving	22,245	7,265
Promotion of work in the mountains	31,801	10,386
Swiss Farmers' Union (promotion of national programs and policies)	103,107	33,675
"Payzan suisse" (a publication)	33,468	10,931
Total	864,635	282,390

* Converted at the rate of 32.66 cents to the franc. This was the average rate of exchange for January, 1936.

Swiss Cooperation has Capable Leaders—Most cooperative successes depend much upon the ability of their leaders. So it is with the Swiss Farmers' Union.

At the time of its organization in 1898, Dr. Ernest Laur was appointed Secretary, and Henry Nater was made Assistant Secretary. The efficiency of

the leadership of those two men is attested by the fact that these important administrative positions are still held by the original appointees. Dr. Laur—"King of the Swiss Peasants"—talks little but says much. On the floor he speaks with the careful accuracy of one thoroughly informed. He combines the cold analytical mind of an economist with a sympathetic heart for the welfare of agriculture. Without doubt Dr. Laur is one of the most prominent leaders of agricultural cooperation in Europe today.

Another interesting sidelight on the stability of the Swiss Farmers' Union is shown by the fact that of the 12 members of the Board of Directors in 1930, six had served 25 years, and three had served 20 years.

Supplementary Reading

Hobson, Asher. Agricultural Survey of Europe—Switzerland. Technical Bulletin No. 101. United States Department of Agriculture, Washington, D. C. Pages 29-64.