CHAPTER 3

SWEDISH COOPERATION

Swedish Farm Cooperatives. There are two cooperative centrals in Sweden for farmers; (1) the Farmers' National Wholesale, known as S.L.R., which is exclusively a farmers' cooperative consumer society, and (2) the powerful Kooperativa Forbundet, or K.F., the big general Swedish cooperative wholesale, which caters to both farmers and city people in regard to consumer wants. The S.L.R., until recently, has operated on borrowed capital, which is contrary to accepted cooperative principles, but is now swinging into line by operating more and more on its own capital. However, by a system of friendly cooperation between K.F., the general consumers' wholesale, and S.L.R., the exclusively farmers' wholesale, much good has been accomplished regarding the saving of money on purchases that Swedish farmers have to make. For example, the sale of superphosphates in Sweden had previously been controlled by a cartel, or trust. K.F. and S.L.R. combined forces and started to manufacture this fertilizer, which resulted in bringing down the price of this fertilizer to a much lower level than the trust had been in the habit of charging. These two cooperatives also jointly acquired the rights from Finland's agricultural cooperative, Valio, to produce and sell the A.I.V. method of ensilage preservation discovered by Professor Artturi I. Virtanin, as well as forming a joint society for manufacturing agricultural lime at a reasonable price.

K.F. Acts As Cooperative Sponsor. The big general cooperative wholesale of Sweden, K.F., has performed many kind acts in behalf of the cooperative movement in Sweden, besides those just noted in its relationship with its sister cooperative, the S.L.R. Two specific examples might be cited. A farmers' cooperative slaughter at Kristianstad, in South Sweden, had failed. Its directors appealed to K.F. to help them out so that they would not be forced to sell out to private industry. K.F. was at first reluctant to enter this field, but finally decided to rescue it. After a reorganization plan had been worked out, which provided that the farmers would gradually acquire control of it again, K.F. soon put this slaughter on its feet, and it is now operating successfully under the direction of the farmers themselves. Again, at Varberg, another cooperative slaughter had been similarly mismanaged, and had come to grief. K.F. once more
stepped in, put their house in order for them, and then handed it back to the farmers to run. It also saved two dying dairy cooperatives in Jamtland, at the request of the dairymen who organized them, and put new life into them. Such is the policy of K.F., Sweden's great cooperative wholesale.

The National Association of Swedish Dairies. Sweden has made an international reputation through her consumers' wholesale, K.F. for consumer cooperation. This reputation has been gained in relation to its service for urban people far more than for the farming population. It was not until 1932 that rural Sweden began to cooperate in earnest. Until this time, rural cooperation had been more or less sporadic. Because nearly half of the Swedish farmer's income is derived from dairying, this was the industry that was afforded governmental attention first. The Swedish government agreed to give state aid to the milk producers if they would organize into local cooperatives. Fortunately, the dairymen were quick to seize this advantage, and nearly 90 per cent of the dairymen of Sweden now belong to their local cooperative milk central. These local cooperatives are all joined together in one large national body, called the National Association of Swedish Dairies. Because of this organization, the association has been given charge of all butter exports, as well as about half of all the cheese produced in Sweden, with the result of a more orderly system of marketing, better prices, and improved quality of dairy products that has added greatly to Sweden's prestige as a dairy country.

Fruit and Eggs. The farm marketing cooperative fervor that started to sweep over rural Sweden in 1932 included two other products raised by farmers for which suitable markets were often difficult to find—fruit and eggs. By 1934, 811 local fruit growers societies had been formed, with a membership of over 40,000 growers. These numerous societies followed the pattern of the other commodity cooperatives by organizing a national cooperative, called the Swedish Fruit Association. Starting in 1933, farmers organized egg centrals for marketing surplus eggs both at home and abroad. Like the fruit marketing and other produce associations, these egg centrals were united into a national organization, known as the Swedish Egg Producers Association. Approximately one billion pounds of eggs were handled by the national association in just one year after its inception.

Agricultural Credit. Sweden, like all other countries prominent in the Cooperative Movement, soon found that some form of credit for farmers was almost indispensable. This movement did not really get
under way in Sweden until 1927, when a three-stage plan was finally adopted. Local agricultural credit unions were first organized by the farmers. Following this, the local credit unions were segregated into district or central unions, and then these central unions were all united at the top by the national organization, called the Swedish Agricultural Credit Bank. These credit units operate much the same in Sweden as is described herein for other countries. In 1934 there were 60,000 Swedish farmers who were members of these various credit unions, with deposits well over 17,000,000 kronor.

Swedish Cooperatives Unite. A cooperative commission was organized in 1935, consisting of both consumer and producer cooperatives, for the purpose of limiting the duties of individual organizations and providing a better understanding of the endeavors of each cooperative. Each national marketing cooperative had one delegate on this Commission to represent the producers, and K.F. had an equal number of delegates to represent all of the consumers. Before this Commission was formed, there had been numerous instances wherein certain cooperatives were competing against one another, with rather disastrous results. By ironing out these complications in the meetings of the Cooperative Commission, previous misunderstandings gave way to friendly agreements, and definite lines of demarcation between the different types of cooperative societies were made. Thus, Swedish Agriculture, although comparatively late in acquiring the cooperative vision, seems bent upon marching ahead in double-quick time in order to make up for opportunities lost prior to 1932.

Kooperativa Forbundet. The progress of the Swedish farm cooperatives has already been described. Because Sweden is rather outstanding in both urban and national life, it would seem rather unjust to leave this remarkable country without peering into this phase of her cooperative activity. We must first meet our old friend, Kooperativa Forbundet, better known as K.F., in order to appreciate what has happened to Sweden in an economic way. K.F. has played a far more active part in urban Sweden than in its rural life. K.F. is the most important cog in Swedish cooperation. It has a well developed system of study circles among its membership; it supplies 25 correspondence courses, catering to over 30,000 students; it has founded a cooperative college for the purpose of training its employees and directors; it publishes a weekly magazine that enjoys the largest circulation of any other periodical in Sweden, which is over 500,000 subscribers, as well as manufactures such articles as automobile tires, margarine, shoes, overshoes, electric light bulbs, flour; bread, macaroni, etc., all for the purpose of preventing trusts from further
exploiting the consumers with their unfair profit-making tactics. Besides this, it functions as the wholesale for countless cooperative stores of all descriptions. This Wholesale enjoys no subsidy or financial aid from the government. All that it has done for Swedish consumers has been paid for in full from the earnings of the organization itself. Needless to say, it has brought the Swedish and international trusts down to a fair price level by simply establishing factories for the manufacturing of certain commodities that were being sold at monopolistic prices, and selling them at lower prices to the consumers.

Government Competition. While K.F. has done yeoman service in protecting Swedish consumers from exploitation, it could not compete against all of the trusts that invaded the Swedish market. The government also entered into competition with the trusts in order that the people be safeguarded against unduly high profits by private agencies. Therefore, at the present time, the Swedish government owns and operates about one-fourth of the forests in Sweden, one half of the mining industry, generates a third of all electricity, and operates most of the railroads, in order that a fair level of prices be established. The trusts are obliged to meet these prices by common decree. Thus the government not only protects the price level for these commodities, but also derives an income that is used to support the State.

Cooperative Results In Sweden. What has been the final result of cooperative and governmental entrance into the field of commerce? The people of Sweden are firm in their belief that monopoly prices cause unemployment and poverty. Today there is very little unemployment in Sweden, because lower prices have enabled consumers to buy more goods with their dollar, with the result that more people are kept at work producing these goods. The trusts have learned that K.F. can compel them to lower their prices if it wants to. In fact, it has done so in many instances. One example will serve to illustrate the point. When the trust was charging 37c for light bulbs in Sweden, K.F. asked the trust to reduce its prices, but they refused. Consequently, K.F. bought a light bulb factory, and started in to manufacturing light bulbs for the Swedish market, bringing the price of these bulbs down to 20c, a reduction of nearly half. K.F. has had similar experiences with the manufacturers of many other commodities in Sweden. K.F. allots by law, 2½ per cent of its earnings for educational purposes, but many of the local societies which go to make up this wholesale, often spend much more than this amount for this function. Another important cooperative activity in
Sweden is a housing program. There are now over 25,000 cooperative apartment houses in Sweden, most of which are located in the city of Stockholm. In fact, new cooperative activities are constantly being launched and supported by the membership of the powerful K.F.

A Producer And Consumer Cooperative. Sweden offers one unique society to the cooperative movement that is of special interest to all who are students of things cooperative. This is the Milk Central at Malmo, located in the southern part of Sweden. This particular cooperative is noteworthy because it is really a combined producer and consumer cooperative. The local consumer cooperative, Solidar, represents the consumers in this particular section, and the milk producers in the vicinity of Malmo represent the producers of the association. Each side of this strange cooperative has an equal number of representatives on the board of directors, while the manager of the cooperative acts as chairman of the board. The producers of this society provide dairy products to the Solidar cooperative members at the regular retail price. At the end of each year, the savings accrued are divided equally in three ways: (1) to the producers, in accordance to the amount of milk furnished; (2) to the consumers, according to the amount of milk purchased, and (3) to enlarge the original capital investment. This particular cooperative activity has been cited because of its rather unusual feature of uniting consumer and producer in a somewhat different manner than is ordinarily to be found.

GUIDE QUESTIONS FOR CHAPTER 3

1. Describe some joint cooperative activities of K.F. and S.L.R. for the benefit of Swedish farmers.
2. Discuss one instance whereby K.F. has helped Swedish farmers to cooperate.
3. Describe how the National Association of Swedish Dairies came into being.
4. Explain how Swedish farmers market their fruit and eggs.
5. Describe the three-stage plan of the Swedish Agricultural Credit Bank.
6. Explain how the government prevented consumer and producer cooperatives from ruinous competition in Sweden.
7. What are some of the other activities of Kooperativa Forbundet in Sweden besides its cooperative stores?
8. Why has the government entered into competition with some of the industries of Sweden?
9. Give an example illustrating how Swedish cooperatives have been able to successfully fight the trusts.