

# COOPERATIVE MOVEMENT

By HILARION S. SILAYAN

## HOW TO ORGANIZE A FARMERS' COOPERATIVE ASSOCIATION

### INTRODUCTION

There is no fixed formula for organizing a farmers' cooperative association. The organization of a cooperative in itself is not a hard task. But to make of the cooperative a going concern, that is, to maintain and run it for the attainment of maximum benefits to the organizers and members and the community in general is a task that requires all the planning and executive ingenuity of the organizers and officers of the association. It is necessary that the pitfalls of hasty organization be avoided. This can best be accomplished by conducting a survey of economic conditions in the area to be served by the cooperative.

### PRELIMINARY SURVEY

The preliminary survey of economic conditions may be undertaken either by cooperative supervisors of the Bureau of Plant Industry in close collaboration with organizers of the proposed association, or by a committee formed from among the organizers. An important feature of this survey is information regarding the quantity of agricultural products available in the territory. The agricultural extension service of the Bureau of Plant Industry, teachers of vocational agriculture, and other agencies may be of material assistance in planning the survey. A form that may be used in obtaining such information is shown hereunder:

with organization, a more detailed survey including history of cooperative efforts in the territory should be made.

### SURVEY

It is essential to understand the farmers' present and past experience in cooperation.

1. Number and kind of cooperatives operating in the area, if any:— There are four basic kinds of farmers' cooperatives, to wit: (a) producers' cooperative, (b) marketing cooperative, (c) financing cooperative, and (d) consumers' cooperative. Is any or are all of these cooperatives organized and functioning in the area? Study each cooperative. Are there other cooperatives? What are the effects of the associations on the community?

2. How long has each been in operation?—In order to determine the causes of failure or success of an association or associations, their length of service should be looked into carefully.

3. Estimated volume of business handled by each.—The life of the association is practically, if not largely, dependent upon the volume of business to be handled. Sufficient volume of business is essential to permit economical operation and competition with other existing market agencies, and for realizing reasonable margin. If, on the other hand, the

4. Facilities for operation, such as warehouses, etc.—Of equal importance as the volume of business, are the facilities for operation. There should be a warehouse for storage, classification and standardization of the products is seasonal and it varies in accordance with the presence of the various factors affecting it. Thus a certain product may be abundant at a certain season and its supply insufficient at another. This condition results in either periodical surplus or shortage of the product. On the other hand, consumption is relatively uniform. Storage then of the products is essential in adjusting the variable supply to the relatively constant needs of consumers. Do these cooperatives have warehouses of their own or are they leasing them? Do they use other buildings? Give estimated cost and rent of each.

5. Sources of finance, whether private or governmental.—Are the sources of finance adequate? What are the sources of finance in the proposed area? Farmers and producers of all kinds of commodities have need of the service of financing. Without the cash or credit which financing provides, both commercial farming and marketing are utterly impossible. The service of financing should be adequately rendered to provide capital for efficient operation of the business of the association. Macklin<sup>(1)</sup> classified the capital needs of an as-

NAME	ADDRESS	KILOMETERS FROM MARKET	TOTAL NO. OF HEC-TARES PLANTED	TOTAL PRODUCTION OF MAJ. CROP	TOTAL PRODUCTION OF SECONDARY CROP	SELLS WHERE NOW	NEW UNDER CONTRACT	REMARKS		ATTITUDE
								Favorable	Unfavorable	
Pedro Santos	Munoz	4	4	120 cav.	P100	Cabanatuan	No	Yes		Will assist in organization work

The information called for in the aforementioned form may be easily obtained at local meetings. Ordinarily it will not be necessary to make a house-to-house canvass.

If the preliminary survey shows a volume of business sufficient for the purposes of an association, and the farmers manifest a desire to proceed

volume is inadequate, the costs of operation are greater than those of private concerns. The very farmers then who established the association soon find that the financial advantages from private concerns are greater than those gained through the association and as a result their interest in the association wanes.

sociation as (a) need for equipment or relatively fixed and permanent capital, as office equipment or relatively fixed and permanent capital, as office equipment, machinery, buildings, and all permanent facilities for transacting and housing the business or storing its raw materials and finished products; and (b) need for sup-

plies or relatively free and therefore changeable or circulating capital. The second need for capital refers to the money required for supplies of raw materials handled or stored, to meet operating expenses, and to cope with all unforeseen problems confronting the business, including the storage of products as may be required to stabilize prices and marketing. What are the sources of capital of these associations? Individual members? Banks or other institutions of credit? Furnished by the government? Or furnished by moneyed individuals. Are they adequate?

6. Do the farmers feel that these associations have been successful?—Jones<sup>(2)</sup> gives three outstanding indications of the success of cooperative associations: (a) sound financial set-up and financial operating policies; (b) skill in merchandising; and (c) satisfactory membership relations. Are these indications strongly manifested in the association? If they are, the farmers will feel that the associations are successful on account of the beneficial effects that could be derived therefrom.

7. If the farmers are not satisfied with the association, what are the causes for the dissatisfaction?—

The failure of an association may be due to the following causes as given in "Formation of Cooperative Associations":

(a) Organization mistakes: (1) Failure to study the needs of an organization and the problems to be met; (2) creation of an organization out of proportion to the business to be handled; (3) organization extravagance in the matter of equipment needed, promotional expenses, and initial salaries paid.

(b) Mismanagement: Due to (1) lack of understanding of local conditions, (2) marketing problems, (3) financial requirements, and (4) inexperienced officers and managers.

(c) Lack of membership support: Due to (1) dissatisfaction with results obtained, (2) loss of interest, and (3) failure of association to establish local points of contact with members, all of which results in an insufficient volume of business.

(d) Economic conditions: Such as price declines and falling off in demand either in domestic or export markets.

(e) Internal dissensions: Due to

selfish motives and the playing of politics on the part of officials.

The other causes of failure of cooperatives according to Burley<sup>(3)</sup> are:

- (a) Small Capital.
- (b) Small Membership
- (c) Small business volume.
- (d) Conflicting methods, particularly as regards
  - (1) Extension of credit
  - (2) Pricing policy
- (e) Lack of strong wholesale groups.
- (f) Poor location of stores.
- (g) Lack of proper accounting and auditing methods.
- (h) Lack of adequate education in cooperation.
- (i) Waning of enthusiasm of members, frequently because of failure to receive large dividends.
- (j) Chain store competition.

Summarizing the causes of failure of cooperatives, Burley<sup>(3)</sup> made four general classifications:

- (a) Faults of management.
- (b) Inadequacies surrounding membership.
- (c) Industrial and economic factors in general.
- (d) Acts of God.

8. What percentage of the farmers in the area utilize the services of the cooperatives?—The percentage is determined by the number of farmers affiliated with the association. Non-members may utilize the services of the association in proportion to the benefits they derive from the cooperative.

9. Transportation facilities for the products—farm to warehouse or assembling points; farm to market centers; warehouse or assembling points to market centers.

Transportation facilities very often spell success or failure for the business organization. What transportation facilities are used by these associations in transporting their products from the farm to the warehouse or assembling points; from the farm to the market centers; from the warehouse or assembling points to the market centers; and other busi-

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## *In Lighter Vein*

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### SHOT DOWN IN FLAMES

By PAQUITO SERRANO, Albay  
On the table top  
A pile of old letters lays  
Beside is a note  
Returned with pleasure—it says.

Seated at the table  
Is a fellow of ewntny  
Whose handsome face is now  
A pic of gilded misery.

### FLIGHT

A MOON,  
A BOY,  
A GIRL,  
A BENCH.

THE MOON SHINES IN ALL  
HER SPLENDOR...

THE BOY AND THE GIRL SAT  
IN CLOSE FORMATION.

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### MY PIN-UP GIRL

P—is for PULCHRITUDINOUS...  
You make the other girls  
look like apologies

I—is for INTOXICATING...  
That is what I always think  
of your kisses

N—is for NYMPHAL...  
The proofs are your pics  
in thrilling poses,

U—is for UNCTUOUS...  
Your voice haunts me  
whenever you call

P—is for PANACEA...  
Indeed you are to an  
afflicted soul.

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ness places? What are the freight or transportation charge or charges? Are all means of transportation, e.g., carts, sledges, trucks, railroad or water, available? Are the roads good?

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