

To be permanently successful, a co-operative organization must arise from economic necessity. There must be a definite reason for its formation, such as increasing consumption, standardization, improvement of handling and marketing methods, or reduction of marketing charges, otherwise in times of stress or adversity the membership will not give their whole-hearted support to it. The worse the conditions are in the industry before organization, the more chance the organization has of holding its membership together. If producers have gone through depression and adversity and have suffered therefrom, they will appreciate the benefits resulting from organization much more fully than they would otherwise. Immediately upon formation an organization must expect severe competition, both fair and unfair, aimed at its elimination from the field. Every conceivable weapon will be used, from attacks on the integrity, judgment and capability of the management to under-selling in the markets.

Farmers as a group are capable, but their training and knowledge centre around production questions rather than on the economics of marketing. When an organization is attacked by experienced and skilful business interests, members are frequently won over to the opposing side, with the consequent weakening of the association. In agriculture as well as in general business there occur definite periods of market depression and financial stress, and under such circumstances it is much easier to lead farmers to believe that they could do better outside their own organization. If the particular industry has passed through severe difficulties before organization, and the farmers have thoroughly learned the futility of individual action they will give much better support to their organization at all times.

Conditions in a particular industry should preferably be such that definite, well-marked, economic bene-

fits can result very soon after organization. If the organization merely exists for a few years and accomplishes no outstanding improvement during that time, members feel that their support is being given to no good end. A co-operative organization should be formed, therefore, to remedy some existing evil; if the conditions are not serious, if producers are fairly well off and are not dissatisfied, no organization need be attempted because organization is not an end in itself. But an organization formed to improve marketing or production methods or to extend available markets, that accomplishes some of its aims soon after formation, strengthens its position enormously. No matter how perfect an organization may be in regard to legal form, financing or efficiency of management, it cannot hope to succeed unless it confers direct economic benefits upon its members and does so very soon after its creation.

MEMBERSHIP.

The membership in a co-operative enterprise must be confined solely to producers engaged in the production of the particular commodity to be handled by the organization. As the capital of an organization of producers is created merely to provide the facilities for the carrying out of the business of members, persons who could contribute capital alone, should never become members. By excluding non-producers, the organization can prevent control from passing into the hands of people who are opposed to the organization or who have no direct interest in its success beyond the safety of the capital they have invested. If control is in any way in the hands of persons who are not producers, the full confidence of the producing members will not be retained and it is essential that at all times the members have full confidence in the management.

VOTING POWER OF MEMBERS.

The ideal form of organization should be based on the "one-man-one-vote" principle, but this should