

bers; an organization estimates a certain volume of produce and bases this on the loyalty of its members; certain liabilities are incurred to carry out the sale and distribution of its product, and if members do not make delivery of their produce the organization finds itself with liabilities in excess of receipts. Furthermore, the produce sold outside of the association is used by competitors to force prices down as far as possible, thus still more weakening the strength of the association and jeopardizing the interests of conscientious and loyal members.

Contracts with members should be for a long period of time in order that the confusion and expense incidental to renewal of a large number of contracts at any given time may be avoided. If contracts run for a short period of time it is impossible for the management of the organization to secure the advantage of stability or to lay down any broad policy of future development, an essential factor in the building up and strengthening of any large organization.

On the other hand members cannot be held for any long period of time against their will, therefore long-time contracts should allow withdrawal at a specified time every year or in alternate years, provided certain notice be given in advance. This same option of contract cancellation at certain fixed periods should apply to the association as well as to the members. However, the success of a co-operative organization is not guaranteed by an iron-clad contract and it must be realized that such a contract will not hold the members together if the organization fails in its primary objects.

FINANCING.

In the building up of a co-operative enterprise there are two kinds of capital necessary. On one hand we have the necessity for a fixed-capital investment for the erection of warehouses, pre-cooling plants, packing houses or general property holdings, and on the other hand we see the necessity for working-capital for payment of current operating expenses, salaries and advances to members.

There are various methods of financing, the particular form suitable depending on the type of organization. Thus with the Fruitgrowers' Exchange of South Africa we find there is no need of a large sum of fixed capital; a small amount is required merely for office equipment. Current expenses are paid out of the Government levy of 5s. a ton on all fruit exported. The California Fruit Growers' Exchange, being merely an agency through which the fruit of the members is marketed, requires no fixed property holdings beyond office equipment, and consequently has no capital. On the other hand, the Fruit Growers' Supply Company, a subsidiary of the California Fruit Growers' Exchange, has a capital stock issue of £1,200,000, it being necessary for this organization to own extensive timber lands and operate mills for the preparation of box-shook for its members. The Sun-Maid Raisin Growers of California has no capital stock but a subsidiary organization formed for the purpose of processing and packing raisins (about 230,000 tons a year is the usual amount handled) necessarily must own and operate a large number of plants for this purpose, and at present it is capitalized at £500,000 and has raised an additional £500,000 through the issuance of bonds, behind which are the warehouses and plants as security.

CAPITAL CONTRIBUTIONS.

Any organization which undertakes to pack or process the products of its members requires a certain fixed-capital for the provision of the necessary facilities. In the California Fruit Growers' Exchange these functions are carried out by the local associations of growers, and therefore it is the local association, rather than the central body, that requires the capital. Capital contributions, being merely for the purpose of providing facilities for the conduct of the business, and not an end in themselves, should be made on a patronage basis. Thus capital for the erection of a fruit-packing house should be made on an acreage, number of trees, or volume of product