

does it incur unnecessary interest charges, but it gives the impression of being unsoundly financed, which is certainly true. It is one of the fundamental principles underlying co-operative organization that an organization be soundly financed and one of the most important steps in the financing is the building up of adequate cash reserves. With a new organization which has yet to prove its stability, this is of the utmost importance, but as opposed to this we see many new associations paying out the last penny to members in order to show them the highest possible returns on their shipments. This is a totally unsound procedure, and every association should retain a definite sum per unit of shipment to be placed in a reserve fund for emergency use or future development. A sum of 1d. per box, for instance, is not great in itself, but when deducted from many boxes over a long period of time it means the creation of a large cash reserve.

COMMODITY ORGANISATION.

During the latter part of the nineteenth century many co-operative organizations of farmers were formed in the United States but nearly all of them failed completely. Most of these were merely local associations, but two large organizations, having a membership of 500,000 each, also failed to accomplish their desired ends. The chief reason for failure we now know to lie in the fact that these associations were simply combinations of farmers of many interests; in other words they were divided internally as their membership was not confined to farmers of similar interests. In the same group were combined fruit growers, dairy farmers, poultrymen, etc. One of the soundest principles we have received from Danish agriculture has been that of organizing on a **commodity basis**. The first large, successful organization formed in America was the California Fruit Growers Exchange, formed in 1893. It was the first large organization grouped around a single industry.

One of the chief factors leading to success is: that an organization should

have specialized management and it is impossible to attain this end if a large diversity of products be handled in the same organization. Different products require different trade connections and are marketed in widely differing manners. To include in the same organization, distinctly differing crops, means that both the field and marketing problems of the organization are greatly increased. All of the producers of one crop are interested in the same things, the improvement of production and marketing methods. When several crops are handled by the same organization the interest and aims of the members are too scattered. Each industry has its own particular problems to solve and for this reason, as well as those given above, it is most unwise to include in the same organization, producers of more than one crop. It is essential to the success of any organization that there be within it unity of membership and common interest and aims and this can only be obtained through an organization being based on a single industry.

FEDERATION OF SMALL UNITS.

Co-operative organizations of the world, can in one sense, be divided into three distinct groups, one group being represented by the small, independent, local association, another represented by the large, centralized organizations, such as the Sun-Maid Raisin Growers of California, and the third being the large federation of many small units or local associations, in this latter class falling the California Fruit Growers Exchange and the Fruitgrowers Exchange of South Africa.

It is obvious that the first type, the independent, local unit, is not desirable; it is better than nothing but a makeshift is not desired if anything else is possible. As before stated, many co-operative associations failed in America during the latter part of the nineteenth century and many have failed since. Aside from the fact that they were not organized, in many cases, on commodity lines, their failure was due in large measure to their lack of power and efficiency. When many small units act independently of one