

PART VIII.—CO-OPERATION.

CHAPTER XXIII.—THE CO-OPERATIVE ORGANISATION
OF PRODUCERS.

The technical significance of co-operation as a particular form of business organisation, the present position in this country of the co-operative organisation of producers for the marketing of eggs, and the difficulties and past experience generally, were recently reviewed in the first* of the present series of publications, and it is unnecessary to go over the same ground again. It is sufficient to say here that the final measure of success of any co-operative marketing organisation is the return which, directly or indirectly, it is able to make to its members. If this is greater than the returns formerly obtainable through existing channels of trade, then the co-operative organisation has made out a case for itself. Success will depend, therefore, less on general principles than on local circumstances. After all, it is only rarely that a co-operative organisation is able to simplify marketing. What usually happens is that the co-operative organisation assumes the functions of the particular middleman agency which it was created to supplant. As a seller, it has the same motive as the middleman, namely, marketing to best advantage, it commands the same facilities and usually relies on the same markets. If in any locality producers have to choose between an efficient individual trader, who is prepared for and understands how to meet reasonable and lively competition, and a producers' organisation, which is poor in vision, management and technique, they will do better with the former. Indeed, since home production represents less than half the total available supply, and what may be termed monopoly advantages are somewhat remote, it might well be held that co-operation should only enter the field of egg marketing when precise data show that there are real economies to be effected; it can only expect to hold the field so long as it effects these economies. The elimination of the middleman's profit is the first economy; if the co-operative organisation is as efficiently run as the business of an ordinary trader in the same line, then, since it is run at cost, the profits go back to the members, usually according to the amount of business they have transacted. The possibility of further economy mainly depends on whether the existing middlemen in a particular district are numerous and, as a result, are trading on a small scale. By eliminating these small traders and concentrating trade in the hands of one co-operative organisation, the marketing unit is enlarged and the unit cost of marketing

* "Co-operative Marketing in England and Wales." Economic Series No. 1, 1925.