Agricultural Cooperatives in Iowa: Farmers' Opinions and Community Relations

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SUMMARY

This study of farmers' cooperatives in Iowa has dealt mainly with two things: (1) the opinions and actions of the farmers of Iowa toward cooperative principles, practices and policies, and (2) the exploration of the relationships between cooperatives and the communities in which they were located. Five hundred and forty-six farmers living in 22 Iowa communities were interviewed. Of this group 268 were members of cooperatives and 278 were not members.

Significant differences were found between those farmers who belonged to cooperatives and those who did not. More of the members of cooperatives were middle-aged. Members had larger farms and more of them had continental European nationality backgrounds. The socio-economic status of members was higher, and members belonged to more formal groups than did nonmembers. There was no significant difference when members and nonmembers were compared on the basis of education or farm tenure.

Most Iowa farmers first learned about cooperatives in their local primary associations. They joined cooperatives mainly to save money and stated that economic savings had been the greatest benefit they had received from their cooperatives. Most farm members supported the generally accepted principles of savings being returned to patrons on the basis of patronage, limited interest on capital invested, and voting on the basis of one vote per member. Two-thirds agreed with the practice of selling at prevailing prices. Half of the members subscribed to complete open membership in cooperatives and the practice of operating on a cash basis. Seventy percent of the members felt they had some responsibility to their cooperatives. However, the majority of the members did not look upon 100 percent patronage as one of those responsibilities. In fact, more than half thought that members were justified in not trading with the cooperative under some conditions, and in practice two-fifths of the members did split their business with competitors of their cooperative. Two-fifths of the members felt they had "no say" in running their cooperative and the same proportion had never attended an annual meeting of their cooperative.

General satisfaction was expressed among cooperative members regarding the savings made for them by their cooperative, the efficiency of their cooperative and the cooperative managers. Ninety-seven percent of the members felt that the prices at the cooperatives were as good or better than competitors' prices. Eighty percent felt that the cooperatives made a more
competitive market. A third of the members voiced criticisms of their local cooperatives.

Sixty percent of the members thought that cooperatives made profits and 35 percent thought cooperatives should pay income taxes. More than half of the members stated that cooperatives should not pay income taxes. Members thought the responsibility of financing cooperatives should rest largely with local members. Only one-third of them understood the revolving fund method of financing. A third of the members thought that cooperatives should operate on a cash basis. Another third preferred a 30-day credit basis, and the remainder preferred long-time credit.

According to the data on which the present study was based, villages which had one or more farmers' cooperatives were better trade centers for their communities. Such villages provided more general services for both farm and town people. They also showed greater economic stability which benefited village merchants and farm customers alike.
Agricultural Cooperatives in Iowa
Farmers' Opinions and Community Relations

By George M. Beal, Donald R. Fessler and Ray E. Wakeley

Iowa farmers are cooperators. In number of farmer cooperative associations Iowa ranks third in the nation, third in estimated membership, and fifth in volume of business. Organized cooperatives have been an important factor in Iowa farm and community business during the past half of a century.

Farmers' cooperatives of one type or another are to be found in all parts of the state and in approximately half the villages and towns. The volume of business done by these cooperatives represents a large share of all farm business done in the state and in some communities makes up the largest single contribution to farm-village trade. It is essential, therefore, that cooperative members and the public at large recognize the relationships existing between the cooperatives and their members as well as between the cooperatives and the communities in which they are located.

As with any dynamic social organization, the relationships within the cooperatives change from year to year to correspond with the changing economic and social conditions in society as a whole. Because of these changes the members no longer look upon their cooperatives as they did when the cooperatives were organized 5, 10, 15 or 20 years ago. And as a further consequence the cooperatives are playing different roles today in the lives of their members and in the communities in which they exist.

This study was made by the Iowa Agricultural Experiment Station (Project 1033). William J. Tudor, formerly of the Department of Economics and Sociology, Iowa State College, was the original leader of the project and responsible for much of its development and planning and for the supervision of the field work. Frank Robotka, of the Department of Economics and Sociology, contributed invaluable counsel during the entire project. Grateful acknowledgment is also made to the numerous individuals in the 22 communities who supplied the information on which the analysis is based.

The section of this manuscript dealing with farmers' understanding of and opinions about cooperatives was prepared by George M. Beal. That part which takes up the relations of farmers' cooperatives to the communities in which they are located was written by Donald R. Fessler. Both participated from the start in the planning of the project and in the field work. The project was under the supervision of Ray E. Wakeley.

George M. Beal, assistant professor; Donald R. Fessler, research associate; and Ray E. Wakeley, professor of sociology, Iowa Agricultural Experiment Station.

Farm Credit Administration, Farmers' Marketing and Purchasing Associations 1947-48, revised August 30, 1949.
Our study was not made to determine how much change has taken place, but to uncover the relationships as they exist today. This is particularly important because of the unique manner in which cooperatives are organized and in which they do business. Cooperative organization flounders when member participation is undermined by indifference. Indifference of the members toward their cooperatives appears to be associated with their lack of appreciation and understanding of the principles upon which cooperatives are organized and the business practices upon which their success depends. Sound principles of cooperative organization applied to the business problems of Iowa farmers in many instances have saved them from exploitation and have made their cooperatives the thriving business organizations which many of them are today. But prosperity stimulated by wartime conditions, and a lack of pressure from competitors have induced a laxity of interest in the basic organizational differences between cooperatives and other types of privately owned businesses. Many of the members of cooperatives, as our data will show, indicate that their cooperative was just another business concern to be dealt with as such. Certain competitors of the cooperatives have sensed this indifference and have taken steps to exploit it. Here, in the indifference of their own members, lies a real present threat to the future of cooperative business organizations.

This study was undertaken to determine the degree to which cooperative members in Iowa understand and put into practice the principles of cooperative organization and the successful business practices upon which the continued existence of cooperatives depends. Furthermore, this study seeks to discover the relationships between cooperatives and the communities in which they are located, to determine whether or not differences exist between communities in which there are cooperatives and those in which there are none. For instance, if communities with cooperatives are economically more stable than those without cooperatives, the question can well be raised whether the difference is due to pre-existing economic and cultural factors which brought about the organization of the cooperative enterprise, or whether greater community stability is a result of the organization and operation of the cooperative. On the other hand, if communities in which cooperatives are located are not more stable than those without cooperatives we may well ask whether or not cooperatives are different in effect from other business enterprises. In other words, is cooperative organization merely an alternative means of conducting competitive business?

This bulletin does not attempt to answer these questions directly. It presents only the underlying facts regarding farm-
ers’ cooperatives in the rural communities of Iowa, their member relations, and the communities in which they are organized.

SCOPE AND METHOD OF THE STUDY

This study is a representative picture of that part of Iowa which is served by community centers of less than 5,000 population, the farm operators living in such communities and the cooperatives they have organized to serve their needs. The sample included 22 communities, most of which were primarily farm service centers. The businesses in these centers were those that offered services, more or less complete, to the people of the surrounding farm trade territory. Only two centers, Bettendorf and Mt. Pleasant, were industrialized to any marked degree.

Approximately 25 farm operators were selected at random in each of these communities and were interviewed on their farms. In general the census definition of farm operator was followed and applies hereafter wherever the terms “farm operators” and “farmers” are used. In all 546 farmers were interviewed. Two-hundred and sixty-eight of those interviewed belonged to one or more cooperatives, 278 were not members of any cooperatives.

Twelve of the 22 communities had one or more cooperatives in the community center. (See fig. 1.) There were 19 cooperatives located in these 12 communities offering 26 services. In some cases, as in Rock Valley, there were separate cooperatives with separate management and membership for each type of service offered. In other cases, as in Waukee, all the services were offered by one cooperative. However, the number of cooperatives located in these centers does not indicate the full extent of the opportunities afforded the people living in these communities to belong to cooperatives. Many of these people belong to cooperatives outside their community. This is clearly indicated by the fact that the 268 cooperative members interviewed belonged to 83 different cooperatives located in 65 different centers.

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6 See Appendix (p. 224) for sampling procedure.

6 Cooperatives as defined in this study are that type of business association that is organized under Iowa cooperative law which: (1) limits each voting member to one vote and no more, (2) requires the distribution of savings annually to the credit of each member in proportion to the business done with the association during the year and (3) limits reserves and interest paid on stock. The study did not include utility cooperatives or cooperatives in which voting membership was contingent upon belonging to a specific organization other than the cooperative itself.

7 Services were divided into six classifications: petroleum, elevator, machinery, lumber, creamery and general.
MEMBERS AND NONMEMBERS COMPARED

The following four sections deal with the opinions and actions of Iowa farmers as they relate to cooperatives and cooperative policies. Of the 546 farmers interviewed, 268 were members of one or more cooperatives and 278 did not belong to any cooperative. Is the only difference between these two groups, the members and nonmembers, the fact they do or do not belong to cooperatives? Or, are there other differences? In this section members and nonmembers are compared on the basis of selected characteristics.

SIGNIFICANT* DIFFERENCES BETWEEN MEMBERS AND NONMEMBERS

When the ages of members and nonmembers were compared, more members were found to be middle-aged while more nonmembers were young or very old. In years farmed the members again made up the middle group while nonmembers had more often farmed either a short time or a long time. Though there

* Tests of significance here as elsewhere in this bulletin are made on the basis of the simple Chi square. "Highly significant" refers to significance at the 1 percent level, "significant" refers to significance at the 5 percent level.
TABLE 1. SIGNIFICANT DIFFERENCES BETWEEN MEMBERS AND NON-MEMBERS WHEN COMPARED ON SELECTED CHARACTERISTICS.*

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>More members</th>
<th>More nonmembers</th>
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</thead>
<tbody>
<tr>
<td>Age</td>
<td>30 to 64</td>
<td>20 to 29 and 65 and over</td>
</tr>
<tr>
<td>Length of time farmed</td>
<td>6 to 20 years</td>
<td>5 years or less or more than 20 years</td>
</tr>
<tr>
<td>Type farming</td>
<td>General type</td>
<td>Cash grain, dairy and poultry and miscellaneous type farmers</td>
</tr>
<tr>
<td>Farm size</td>
<td>100 to 500 acres</td>
<td>90 acres and 500 acres and over</td>
</tr>
<tr>
<td>Nationality background</td>
<td>Continental European</td>
<td>British Isles, mixed and American</td>
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<tr>
<td>Socio-economic status</td>
<td>Higher status</td>
<td>Lower status</td>
</tr>
<tr>
<td>Formal organization membership and offices</td>
<td>Belonged to formal organizations</td>
<td>Did not belong to formal organizations</td>
</tr>
<tr>
<td>Cooperation in small ventures</td>
<td>Cooperated in small cooperative ventures</td>
<td>Did not cooperate in small cooperative ventures</td>
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</tbody>
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*See tables 1 to 8 in the appendix for a statistical breakdown of the data used in this table.

were only a few Iowa farmers that classified themselves as cash grain, dairy and poultry or miscellaneous type farmers, three-fourths of these groups were nonmembers. Members, on the average, had larger farms than nonmembers. More members had a continental European nationality background. More nonmembers were from the British Isles or designated themselves as “mixed” or American.

The Sewell short-form Socio-economic Status Scale\(^9\) was used as a measure of the social and economic status of those interviewed. On the average, members possessed a higher socio-economic status than did nonmembers. Again nonmembers made up the extremes. They were more often found in the two low score groups and in the very high group.

Ninety-six percent of the members and 88 percent of the nonmembers belonged to one or more organizations. Members on the average belonged to 2.02\(^8\) organizations and nonmembers to 1.78 organizations. More members belonged to church and farm organizations, while more nonmembers belonged to clubs of various kinds.

Members not only belonged to formally organized cooperatives more than did nonmembers but also cooperated more in

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\(^{9}\) Memberships in cooperatives were not included in this tabulation.
small neighborhood and community ventures such as work exchange, cooperative use of machinery and joint use of breeding stock.

SIMILARITIES BETWEEN MEMBERS AND NONMEMBERS

When compared on the basis of formal education level, length of tenure and tenure status—owner, part owner or tenant—there were no significant differences between members and nonmembers.

MEMBER UNDERSTANDING AND PARTICIPATION IN COOPERATIVES

By the very nature of their organization cooperatives are dependent for lasting success upon a membership that: (1) understands cooperatives, (2) participates in their activities and (3) patronizes them. How do the actions and opinions of the majority of cooperative members measure up to these three criteria?

There is a generally accepted body of cooperative principles and operating practices. These principles and practices have through the years formed the basis upon which most cooperatives have been founded and run. Some of these principles and practices serve to differentiate the cooperative type of business from other forms of private enterprise; others may be just sound business operation procedures. These principles and practices are the basis for many cooperatives’ policies. Do the members understand them?

The one-man, one-vote principle of democratic control has been written into the Iowa cooperative law. True democratic control requires not only a well-informed membership but one which is given an opportunity to deliberate and express its convictions and that takes advantage of those opportunities. Do individual members feel they have a real “say” in the running of their cooperatives? Do they participate in the determination of policies and activities of their cooperatives?

Theoretically, most cooperatives are formed on the basis of voluntary mutual agreement of sovereign units which federate to conduct certain phases of their business enterprise. There is within this framework an implicit if not explicit obligation for members to help finance cooperatives, participate in their activities and patronize the cooperatives thus formed. In practice, do the people who form cooperatives, or those who become members, feel that by so doing they are assuming certain responsibilities?
The first part of this section deals with the question of how and why Iowa farmers became members of cooperatives, thus getting at some of the background and possible explanation of some of the members' understanding and opinions about cooperatives. The second part of the section deals with the member's understanding of some of the generally accepted principles and practices of cooperatives. The third part of this section attempts to get at the member's own interpretation of his responsibilities to his cooperative and the last part deals with the member's sources and needs, as he sees them, for cooperative information.

COOPERATIVE BACKGROUND OF MEMBERS

PRIMARY GROUPS AFFORDED MOST FREQUENT FIRST CONTACT WITH COOPERATIVES

Nearly half of the members of farmers' cooperatives in Iowa first learned about cooperatives in their local primary group contacts—through the family, relatives and neighbors. A third of them learned from the cooperative itself, or someone closely associated with it. The remaining first contacts were with the extension office, schools, cooperative literature, farm papers and magazines, farm organizations, and newspapers and radio.

MEMBERS JOINED TO SAVE MONEY OR FOR CONVENIENCE

There were two main reasons why farmers joined cooperatives. Almost 40 percent thought of joining the cooperative in terms of saving money for themselves and their families. Nearly 30 percent indicated that they became members because of convenience. The cooperative was the most convenient source or outlet for their goods or commodities at the time they joined.

The fact that relatives, friends and neighbors belonged to cooperatives prompted 8 percent to join a cooperative. The same percent became members to help the organization and/or their community. Automatic membership accounted for 7 percent of the members. Another 7 percent became members because they liked the cooperative way of doing business.

ON THE AVERAGE MEMBERS BELONGED TO ALMOST TWO COOPERATIVES

The 268 members interviewed held 497 memberships in cooperatives of various kinds, almost two memberships per household interviewed. They belonged to 83 different cooperatives in

11 Automatic membership occurred in one of two ways—by trading at the local cooperative as a nonmember and accumulating enough savings on the books of the cooperative to pay the membership fee or by having shares of stock in a farmers' stock company that changed to a cooperative with an automatic transfer of some stock in the form of a membership.
65 different communities. More members belonged to two or more cooperatives than belonged to only one. The greatest number of members, 42 percent, belonged to one cooperative, but almost as many, 39 percent, belonged to two cooperatives. Thirteen percent belonged to three cooperatives, and 6 percent belonged to four or more. In most cases belonging to more than one cooperative represented membership in different types of cooperatives—elevator, creamery, petroleum, lumber, machinery or general. Only 8 percent held memberships in more than one cooperative which offered the same type of service.

ON THE AVERAGE, MEMBERS HAD BELONGED TO COOPERATIVES FOR 8.5 YEARS

The average cooperative member had belonged to his cooperative for 8.5 years. Length of membership ranged from less than 1 to more than 50 years. However, the rather high average was not totally indicative of the newness of most members to cooperative membership. Forty-four percent of the membership had belonged 5 years or less. (See fig. 2.) More members had belonged only 1 year than for any other number of years. Five percent had belonged to their cooperative for less than 1 year.

MEMBER UNDERSTANDING OF SOME COOPERATIVE PRINCIPLES AND PRACTICES

The number of cooperatives to which a member belongs or the number of years he has been a member are not necessarily reliable measures of the actual understanding and participation of that member in the total business of cooperation.

Down through the years there have emerged certain so-called principles that have come to be regarded as being consistent with the purposes of cooperatives and certain business practices.
that have contributed to the commercial success of cooperatives. These principles and practices usually include: goods should be sold at the prevailing market prices—no cutting of prices; cooperative savings should be distributed in proportion to the amount of patronage; interest on capital should be restricted to a moderate fixed rate; membership should be open to all men and women regardless of party or creed; each member should have one vote and no more; and all business should be transacted on a cash basis.

Questions were asked of the farmer members to get at their general understanding of these principles and practices as they relate to cooperative business. It was pointed out to those interviewed that these questions involved "principles usually associated with the operation of cooperatives."

LESS THAN A THIRD THOUGHT COOPERATIVES SHOULD SELL BELOW MARKET PRICE

The question was asked, "Do you think that cooperatives should sell their products at prices lower than those of their competitors so as to make a direct saving for the patrons?" Thirty percent thought cooperatives should sell below competitors' prices and make the direct savings to the patron. However, 66 percent stated that cooperatives should not sell below the prevailing market price. Four percent gave "don't know" answers.

MORE THAN FOUR-FIFTHS SAID SAVINGS SHOULD BE RETURNED IN PROPORTION TO PATRONAGE

The two principles of distributing savings in proportion to the amount of patronage and restricting interest on capital to a moderate fixed rate were approached through one question. The question was asked, "Should cooperative 'savings' be returned to patrons in the form of refunds on the basis of the amount of their purchases or to members as increased interest on their capital?" Eighty-three percent stated that savings should be refunded to patrons on the basis of the amount of their patronage. Only 8 percent thought savings should be returned as increased interest on capital. Three percent thought the patron purchaser should get part of the savings and the capital investor

12 Though these principles and practices usually appear in the popular literature about cooperatives, their inclusion here is not meant to imply that they are the only or even the most important principles and practices of cooperation. As will be seen, many other facets of cooperation are also explored in this bulletin.
should get some increased interest. Six percent gave "don't know" answers.\(^{13}\)

**HALF THOUGHT MEMBERSHIP IN FARMER COOPERATIVES SHOULD BE RESTRICTED**

The cooperative principle relating to open membership in a cooperative regardless of party or creed was approached through the question, "Should membership in a cooperative be restricted?" No one thought that membership should be restricted because of party or creed. However, 49 percent of the farmer cooperative members set up other criteria upon which they would restrict membership. This 49 percent stated that nonfarmers, nonproducers and businessmen should not be allowed to join farmer cooperatives. About two-thirds of those who set up eligibility standards for farmer cooperatives would limit eligibility to farmer producers. The other third setting up eligibility standards would limit eligibility in terms of insisting that farmers should show a willingness to cooperate before they could become members.

**OVER FOUR-FIFTHS STATED VOTING SHOULD BE ONE MEMBER-ONE VOTE**

The principle of each member having one vote and no more was approached by asking the members, "Who should have the right to vote in a cooperative?" The following alternative methods of control were given: all patrons; each member one vote; one vote for each share of stock; one vote to each member who patronizes; and voting on the basis of patronage—the more patronage the more votes. Eighty-two percent were for one member—one vote.\(^{14}\) Four percent thought only members who patronized should be allowed to vote and they should be limited to one vote each. Another 4 percent thought voting should be on the basis of the amount of patronage. Two percent thought all patrons should be allowed to vote, and 6 percent thought voting should be on the basis of one vote per share of stock held.

**ALMOST HALF OF THE MEMBERS SAID COOPERATIVES SHOULD EXTEND CREDIT**

When asked the question "Should a cooperative extend credit to its members?" 46 percent of the members said "yes." Half

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\(^{13}\) A corollary question was asked, "If a loss results because of selling at too low a price should the stockholders bear the loss or should it be made up on the basis of patronage?" Sixty-three percent were consistent in saying that the loss should be made up on the basis of patronage. Twenty-two percent thought the stockholders should stand the loss, and 9 percent thought the stockholders and the patron should help make up the loss. Six percent gave "don't know" answers.

\(^{14}\) Eighty-seven percent stated that all cooperative members should vote on all important questions of policy.
of the members stated that their cooperatives should not extend credit to the members and 4 percent gave "don't know" answers.

MEMBER RESPONSIBILITY TO THE COOPERATIVE

As is true in joining any member organization there are usually certain obligations and responsibilities that go along with membership in the organization. These responsibilities are implied in the cooperative principles and practices listed below. However, the main emphasis in this section is placed on the farm member's definition of his responsibilities, if any, to his cooperative and determining whether or not he lived up to the responsibilities stated by him.

ALMOST 70 PERCENT FELT A RESPONSIBILITY TO COOPERATIVE

Almost 70 percent of the cooperative members felt some responsibility toward their cooperative. Twenty-nine percent stated they had no responsibility to their cooperative. The greatest number of members thought of responsibility in terms of "to patronize and support" their cooperative. Almost 55 percent spoke of their responsibility in these terms. Voting and attending meetings may have been implied by many members in their answer of "supporting" above. However, "voting and attending meetings" was mentioned specifically by only 6 percent.

Eight percent of the members felt their responsibility was to give the cooperative the first chance to serve them. Usually implied in these answers was that if the cooperative offered the goods, services or market and its price compared favorably with the competitors, then the cooperative should be patronized. However, if the members first checked the price at the cooperative and it did not compare favorably with that of a competitor, the transaction could be made with the competitor and the member had lived up to his responsibility to his cooperative.

MEMBERS DO NOT ALWAYS LIVE UP TO THEIR STATED RESPONSIBILITY

Those who stated their responsibilities did not always live up to them. Eighty percent of those who gave "patronize and support" as their responsibility lived up to that responsibility, while only 65 percent of those who gave "vote and attend meetings" as their responsibility lived up to it. All of those who looked at responsibilities in terms of "giving the cooperative the first chance" lived up to that responsibility.

TWENTY-NINE PERCENT FELT NO RESPONSIBILITY TO COOPERATIVE

Twenty-nine percent felt they had no responsibility to the cooperatives to which they belonged. In the main, these members fell into two groups. First, were those who lived in a community
where the cooperative was the only convenient source of outlet for goods. In most cases these members were satisfied with the cooperative. However, they still did not feel a responsibility toward the cooperative since convenience dictated their joining this cooperative—they did not really have a choice in the matter. Since there was little or no alternative action to their joining the cooperative, they felt no obligation toward the cooperative. Second, were those to whom the cooperative was just one of several alternative sources or outlets for goods. Becoming a member, in their minds, gave them an additional marketing or buying channel, but there were no responsibilities attached to that membership.

**MOST MEMBERS DO NOT TRY TO GET NEW MEMBERS TO JOIN**

In "supporting" their cooperative some members mentioned their responsibility was to "talk up" or "boost" their cooperative. About 50 percent of the members talked with their neighbors about their cooperative or cooperatives in general. Slightly more than 40 percent of the members interviewed indicated all of their neighbors belonged to cooperatives. Of those who indicated that only "some" or "none" of their neighbors belonged to cooperatives, only 15 percent tried to get their neighbors to join. This indicates that in areas where not all neighbors belong to cooperatives there is little tendency for members to try to get their neighbors to join.

**"MORAL" OBLIGATION TO PATRONIZE 100 PERCENT WAS FELT BY 40 PERCENT**

It is of interest to note what the members thought was their responsibility in principle in regard to patronizing their cooperative. The question was asked, "Do you consider it a 'moral' obligation to patronize your cooperative 100 percent, fairly consistently, or do you have no obligation at all?" In principle, 40 percent of the members felt a member had a "moral" obligation to patronize 100 percent. There were 34 percent that thought the obligation was to patronize fairly consistently. No obligation at all was the answer given by 26 percent.

**MORE THAN 40 PERCENT SPLIT BUSINESS WITH COMPETITORS**

At a later point in the schedule a more direct approach was taken to get at the opinion of members toward the responsibility of patronizing. The question was asked, "Is a member ever justified in not patronizing his local cooperative?" Almost half stated that a member was never justified in not patronizing his cooperative for the goods and services offered there. However,
56 percent thought that there was justification in trading at places other than the cooperative. Various extenuating circumstances were given in justification of this action. Slightly more than 60 percent of this group stated that if competitors offered better prices to them they would be justified in taking their business to the competitor. In this context, the responsibility to the cooperative existed only so long as the prices offered them by the cooperative were as good or better than those of the competitor. Failure of the cooperative to give a member what was termed "a square deal" was a reasonable justification for approximately 12 percent not to patronize the cooperative. The remaining justifications given were: poor management of the cooperative, better quality goods elsewhere, better services elsewhere, more convenient elsewhere and personal likes and dislikes.

In actual practice more than half of the members stated that they did not split their business with competitors. However, 41 percent did split at least a small portion of their business with firms who competed with the cooperatives to which they belonged. Seventy-two percent of the members did nine-tenths or more of their business with their cooperatives. Almost 90 percent did three-fifths or more of their business with the cooperatives to which they belonged.

The two main reasons for actually splitting business, accounting for more than 50 percent of the reasons given, were that under certain conditions it was more convenient to deal with the competitors (31 percent), and in some cases "brand name" buying took members to competitors (21 percent). Other reasons were personal dislike of cooperative personnel, having relatives or friends in business, better prices and services elsewhere, and to help make a more competitive market.

Those living in the larger communities split their business significantly more than did those living in the smaller communities.

FORTY PERCENT OF MEMBERS FELT THEY HAD "NO SAY" IN RUNNING THE COOPERATIVE

Democratic control has long been regarded as a basic principle of cooperation. This has usually meant one man—one vote. However, all members did not feel that they had a real "say" in the control of their cooperatives. Members were asked, "Do you believe you have a 'say' or 'no say' in running your cooperative? Why?" The answer of 39 percent of those interviewed, was that they had "no say." And half of this group apparently were not interested in having a "say" in running their cooperatives. When asked for reasons why they felt they had no say most of this group gave answers such as: they had
no say and didn't want any say, they never attended any of the meetings, or they just didn't think about the running of the cooperative—they just sold and bought there regardless of who ran it.

According to 28 percent of the members who felt they had no say, the board of directors or a small group of farmers ran the cooperative and a large part of the membership had no real say. This group, in the main, did not think of the board as being elected by them and acting as their representatives. A few members thought the manager ran and controlled the cooperative, leaving little control with the rank and file members.

The 61 percent that did feel they had a definite say in the running of their cooperatives gave various reasons for thinking so. More than two-thirds of this group said they could express their say by voting and attending meetings, voting for those members of the board of directors that they thought would best represent them, and voting on policies and issues brought before the general membership at the annual and other meetings held. About one-fourth felt that they could express their say by going to the board of directors or the manager of the cooperative and expressing their views.

MORE THAN 40 PERCENT HAD NEVER ATTENDED AN ANNUAL MEETING

Though in some cases special policy meetings and educational meetings are held during the year, often the major attempt to gain member participation in elections, policy and educational programs is made at the annual business meetings. Members were asked how often they attended annual business meetings of their cooperatives. Categories of "whenever held," "usually," "occasionally" and "never" were offered as alternative answers. The largest percentage of the answers grouped themselves around "occasionally" and "never" attending annual business meetings. Almost 43 percent stated that they had never attended an annual meeting. Another 22 percent attended business meetings only occasionally. Those who usually attended meetings made up 9 percent. And 26 percent stated that they attended annual business meetings whenever they were held. If the cooperative relies heavily upon the annual meeting for its major policy and educational contact with the membership a relatively small segment of the membership is being reached. No more than 35 percent of the membership (that is, those who attended whenever meetings were held plus those who usually attended) could be expected to be in attendance.

LESS THAN ONE-THIRD KNEW ALL THEIR DIRECTORS

Theoretically cooperatives are democratically controlled organizations. As in most democracies, powers and authorities are
delegated to certain representative bodies. In actual practice the elected board of directors in the cooperative becomes the representative body of the general cooperative membership. In the case of cooperative members 28 percent knew all of the members of the board of directors of their own cooperatives. There were 16 percent who knew from three-fourths to practically all of their board members and 9 percent who knew from half to three-fourths of them. Slightly more than 50 percent of the members knew half or more of their board members. However, 23 percent knew only from one-fourth to a half of their board members and 22 percent knew less than one-fourth, including none, of the present board of directors of their local cooperatives.

THE COOPERATIVE MEMBER AND WHOLESALE COOPERATIVES

Up to this point most of the data have related to understanding of the specific local cooperatives. Most local cooperatives now, however, have affiliation with some type of wholesale cooperative. This affiliation may be with a grain dealers' association, a petroleum, butter marketing, feed mixing, lumber, or a general wholesale cooperative.

SIXTY PERCENT KNEW THERE WERE WHOLESALE COOPERATIVES

About 60 percent of the local membership were aware that there were wholesale cooperatives. In answer to a specific question 43 percent of all the members thought that wholesale cooperatives reduced the influence of monopoly in the general field of business in which their cooperatives were engaged. Forty percent had no positive opinion on this point. And 16 percent stated that wholesale cooperatives had no influence on monopoly. Twelve percent thought that wholesale cooperatives themselves might be a form of monopoly. Half of those interviewed had no positive opinion on this point and 37 percent stated definitely that wholesale cooperatives were not a form of monopoly.

COOPERATIVE INFORMATION: SOURCES AND NEEDS

LITERATURE DIRECTLY FROM COOPERATIVES PROVIDED MEMBERS WITH THE MOST FREQUENT SOURCE OF CURRENT COOPERATIVE INFORMATION

Most of the cooperatives contacted were making some attempt to keep their memberships informed. Attempts were being made to improve understanding and participation. There were many and greatly varying programs set up to accomplish this important phase of organizational activity. The question may be raised
as to where, in the member's mind, does he feel that he gets his current information about cooperatives. Twenty percent answered that they received no current cooperative information. The remaining 80 percent listed a total of 382 duplicated sources from which they received current information. By far the largest percent of the group mentioning current sources, listed cooperative literature from wholesale and local cooperatives as their main source. The next highest percent listed newspapers as their main source. Farm journals and papers ranked very close to the newspapers. The personal contact method of obtaining information came into the ranking at this point. Most important in this group were the manager, the board of directors and in some cases cooperative delivery men (in feed and petroleum cooperatives), pick-up men (creameries) and in a very few cases cooperative field men. Neighbors, annual meetings and farm organizations, totaling 16 percent, made up the remaining sources.

MORE THAN HALF OF THE MEMBERS WANTED MORE COOPERATIVE INFORMATION

As a general rule, do the members feel the information they do receive is adequate, or do they wish more? In partial answer to that question, 56 percent of all members stated they would like to receive more information about the local cooperatives to which they belong. Forty percent stated they wished no more information than that which they now received, which in some cases was none. Those who wished no additional information often stated that they could ask the manager or board if they wanted additional information, or that if they made better use of all the available information they would have all the information regarding cooperatives that they needed.

A higher percentage of members, 69 percent, desired additional information relating to cooperatives in general, mainly wholesale cooperatives and foreign cooperatives. There were 28 percent who stated they wished no additional information about cooperatives in general. "Don't know" and "other" answers were given by 3 percent.

MORE THAN FOUR-FIFTHS WERE WILLING TO FINANCIALLY SUPPORT AN EDUCATIONAL PROGRAM

Not only did the majority of members want additional information about their local and wholesale cooperatives, but they seemed to be willing to pay for it. Eighty-two percent stated that they were willing to give up part of their refund to carry on an educational program for cooperatives. Fourteen percent would not support an educational program in this manner. Four percent gave "don't know" answers.
MEMBER SATISFACTION WITH COOPERATIVES

The majority of members were satisfied with their cooperatives. However, it should be noted that satisfaction means different things to different people. To some, economic savings is equivalent to satisfaction. To others, satisfaction may arise from having a say in running one's own cooperative business. To yet others, the quality of goods and services may be the greatest satisfaction. For instance, a member may not have a good understanding of his cooperative and its principles, he may not participate in its management or policy decisions, but he can still be well satisfied with his cooperative. In fact, it was noted in the previous section that almost 40 percent of the members felt they had no say in running their cooperative and half of that group indicated that they were not interested in having a say in how their cooperative was run. Yet, the majority of those not interested in having a say were satisfied with their cooperatives.

Just how satisfied are cooperative members with the cooperatives to which they belong? Though complete analysis was not made of all phases of satisfaction, the general areas of benefits, savings, prices, services, efficiency of operation, quality of goods and general criticisms were examined.

SATISFACTION THROUGH GENERAL BENEFITS

ECONOMIC SAVINGS GREATEST BENEFIT RECEIVED BY MEMBERS

The greatest number of members joined a cooperative to save money. In the main, according to the members, the cooperatives have done that for them as indicated in table 2.

DOING BUSINESS WITH OWN COMPANY RANKED HIGH AS A BENEFIT

Members were asked for not only the greatest benefit received from their cooperative but for other benefits as well. Almost 84 percent mentioned "economic savings" as one of the benefits they received. The benefit from the injection of competition into the market by the cooperative was mentioned by more than 42 percent of the members. Though only 8 percent mentioned

15 These data were replies to "open end" questions in which members had to phrase the answers. However, when members were asked directly, "Would competitors' prices be as good if cooperatives were not there?" a higher percentage mentioned the competitive influence. Seventy-eight percent of the members thought that competitors' prices would not be as good if the cooperative were not in the market. Nine percent thought the presence of the cooperative in the market had no effect on competitive prices. "Don't know" answers were given by 13 percent. Sixty-nine percent thought competitors' services were improved by the presence of cooperatives in the market. Ten percent thought the cooperative had no effect on the quality of services. A rather high percent, 21, gave "don't know" answers to this question indicating the difficulty in attempting to judge any effect the cooperatives may have had.
TABLE 2. BENEFITS COOPERATIVE MEMBERS SAID THEY RECEIVED FROM MEMBERSHIP IN COOPERATIVES.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Greatest benefit</th>
<th>All benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of members who mentioned specific benefit as greatest benefit</td>
<td>Percent of members who mentioned specific benefit as greatest benefit</td>
</tr>
<tr>
<td>Economic savings</td>
<td>188</td>
<td>70</td>
</tr>
<tr>
<td>Doing business with own company</td>
<td>20</td>
<td>7</td>
</tr>
<tr>
<td>Cooperative makes competitive market</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>Convenience of trade</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Good service</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Promotes use of cooperative ideals</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>No benefit</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

Doing business with their own company as the most important benefit, 40 percent mentioned it as one of the benefits received from their cooperative. The members felt they had a say in how the business was run, that it was run for the benefit of the farmer, that they were more sure of a square deal and that the savings stayed in the community. Promotion of the use of cooperative ideals, convenience of trade, and good service make up the remaining benefits mentioned by members.

SATISFACTION WITH SAVINGS, SERVICES AND GOODS

MOST MEMBERS WERE SATISFIED WITH SAVINGS

There was a general feeling of satisfaction among cooperative members regarding the savings made for them by their cooperatives. Members overwhelmingly, that is 92 percent of them, felt that the cooperative to which they belonged really saved them money. Only 5 percent did not think the cooperatives saved them money and 3 percent did not know if they received any savings. Not only did 92 percent feel that the cooperative saved them money, but 91 percent of that group were satisfied with the savings made for them by the cooperative. Seven percent were not satisfied with their savings and 2 percent gave "don’t know" answers.
SIXTY PERCENT SAID COOPERATIVES PAY BETTER PRICES

In principle, cooperatives when buying and selling, attempt to stay in line with the general market price. However, it has been seen in practice that if the cooperative wishes to maintain its membership its prices must be equal to or better than the accepted market price. The large majority of members felt that the cooperatives offered them as good or better prices than they could get elsewhere.

The question actually asked was, "Do you think the prices asked for or paid at your cooperative are the same, higher, or lower than at competing concerns?" There were 229 members who belonged to marketing cooperatives, sometimes called producer cooperatives, where products were being bought from the farmer. Of this group, 36 percent felt that their cooperatives were paying about the same price as were competitors. (See fig. 3.) Almost as many, 34 percent, thought the cooperative paid a higher price than others. Another 25 percent stated that their cooperative paid about the general market price (same) but that the return of a patronage refund in reality made the final price received higher. Two percent thought that the cooperative paid a higher price than competing concerns and that the refund was an additional income beyond the higher price offered. One percent thought the price offered by the cooperative was lower than that of competing concerns, but that the patronage refund made up the difference which actually made the end price received the same as that paid by the competitors. Two percent thought cooperatives offered lower prices. Actually then, when the patronage refund is taken into consideration, 61 percent said trading at the cooperative gave them a price advantage, 2 percent said it gave them a price disadvantage and

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16 See page 193 for conditions under which member said he was justified in not patronizing his cooperative. One of the foremost justifications was better prices elsewhere.
37 percent said the prices paid by the cooperative were the same as those paid by competitors.

Almost 70 percent said prices asked by cooperatives were lower than competitors’ prices

There were 172 members who belonged to farm supply purchasing cooperatives—those cooperatives that purchase supplies for members. According to this group a favorable price relationship also existed in this type of cooperative. Twenty-four percent of this group felt that the prices asked by their cooperatives were lower than the prices asked by competitors. (See fig. 3.) There were 42 percent who thought the price asked by the cooperative was about the same, but that the patronage refund gave an advantageous final price to the cooperative member. Three percent said that the asked price was lower and that the patronage refund gave even more price advantage. In all, 69 percent thought trading at the cooperative gave them a price advantage. Another 29 percent thought the asked price was the same at both the cooperative and the competitor’s. Here, as in producer cooperatives, 98 percent of the members felt that the cooperatives offered prices that were the same or advantageous to their members. Only 2 percent thought buying from their cooperative gave them a price disadvantage.

Cooperatives compared favorably on efficiency

Though it is probably rather difficult for the average cooperative member, or any layman, to judge the relative efficiency of his cooperative compared with other cooperatives or noncooperatives, more than 80 percent of those interviewed had definite ideas on that question. Half of the members thought that the costs of operation in their local cooperatives were probably about the same as those of other cooperatives of similar type. Twenty-two percent thought operating costs in their cooperatives were lower than other similar cooperatives, and 7 percent thought they were higher. Twenty percent did not feel well enough informed or qualified to judge these relative efficiencies.

When members compared the operating cost of their cooperatives with noncooperatives of similar types, 48 percent thought the costs of the two were probably the same. Almost 30 percent thought the operating costs of their cooperatives were lower than those of noncooperatives, and 8 percent thought the cooperatives’ operating costs were higher. Fifteen percent gave “don’t know” answers to this question.

When members compared their cooperatives with other co-
operatives and with noncooperative enterprises of similar types, three-fourths of them were satisfied that their cooperative was operating as efficiently as were other similar businesses. Less than 10 percent were positive that the cooperative operating costs compared unfavorably with similar cooperatives and noncooperative concerns.

Basically the same pattern of member response was obtained in regard to the efficiency of the cooperative manager when compared with the managers of noncooperative businesses. More than three-fourths of the members thought that their managers were equally as efficient as the managers of other similar noncooperative businesses. Eleven percent of the members thought the cooperative manager was less efficient. Another 11 percent felt they were not well enough qualified to judge the relative efficiencies of the different managers.

“CO-OP” GOODS RATED AS GOOD AS MOST “NAME BRANDS”

There was general satisfaction on the part of the members regarding the quality of cooperatively-produced or distributed merchandise. An attempt was made to obtain opinions on merchandise that was distributed under some “cooperative” trade mark or name, or merchandise that members knew was produced and distributed by their cooperative. Many cooperatives distribute “name brands” through their outlets and that type of merchandise was excluded from this question.

More than half of the members thought cooperative merchandise was as good as “name brands.” About one-fourth thought cooperative merchandise was better than “name brands.” Only 5 percent thought cooperative merchandise was poorer. Another 5 percent stated that some products were as good or better and others were poorer, giving a “mixed” answer.

CRITICISMS OF COOPERATIVES

All of the above data, relating to satisfaction of the members, was gathered in answer to specific questions with alternative answers being offered in most cases. Another approach to probe member satisfaction with their cooperative is, of course, to ask an “open end” question, such as, “Do you have any criticisms of your cooperative?” If an affirmative answer was obtained the members were asked to elaborate on their answers and these answers were categorized as indicated in table 3.

ONE-THIRD HAD CRITICISMS OF THEIR COOPERATIVES

About one-third of the members offered criticisms of their cooperatives. About one-half of these criticisms related to man-
TABLE 3. MEMBER CRITICISMS OF THEIR COOPERATIVE.

<table>
<thead>
<tr>
<th>Management and Personnel</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Management policy, manager and personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Poor and inefficient management</td>
<td>53</td>
<td>51.0</td>
</tr>
<tr>
<td>b. Personnel is careless, abrupt, not courteous or friendly</td>
<td>9</td>
<td>9.0</td>
</tr>
<tr>
<td>c. Favoritism shown to certain members, usually large farmers or board members</td>
<td>5</td>
<td>5.0</td>
</tr>
<tr>
<td>d. Board of directors too long in office, don't know business</td>
<td>5</td>
<td>5.0</td>
</tr>
<tr>
<td>e. Not satisfied with milk tests</td>
<td>3</td>
<td>3.0</td>
</tr>
<tr>
<td>f. Pay employees too high wages</td>
<td>3</td>
<td>3.0</td>
</tr>
<tr>
<td>g. Personnel not progressive enough in sales methods</td>
<td>10</td>
<td>10.6</td>
</tr>
<tr>
<td>h. Others including regulations on cleanliness in creameries, payment policies, undesirable employees from community point of view</td>
<td>10</td>
<td>10.6</td>
</tr>
<tr>
<td>2. Size of cooperative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Where cooperative is only outlet, members feel it would be better to have competition in market</td>
<td>7</td>
<td>7.0</td>
</tr>
<tr>
<td>b. Cooperative get too large and make it difficult for local independents to operate successfully</td>
<td>5</td>
<td>5.0</td>
</tr>
<tr>
<td>c. Cooperatives are too large territorially, lose personal touch</td>
<td>3</td>
<td>3.0</td>
</tr>
<tr>
<td>d. Cooperatives are too small</td>
<td>3</td>
<td>3.0</td>
</tr>
<tr>
<td>e. Cooperatives are too large—makes it difficult on small business</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td>3. Poor service at cooperative—in general</td>
<td>11</td>
<td>11.0</td>
</tr>
<tr>
<td>4. Financial policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Revolving fund poor way to finance</td>
<td>5</td>
<td>5.0</td>
</tr>
<tr>
<td>b. Others—not on cash basis, too low operating capital</td>
<td>4</td>
<td>4.0</td>
</tr>
<tr>
<td>5. Poor prices</td>
<td>5</td>
<td>5.0</td>
</tr>
<tr>
<td>6. Poor quality of goods, petroleum, and general</td>
<td>4</td>
<td>4.0</td>
</tr>
<tr>
<td>7. Others</td>
<td>2</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Management and personnel. This points out the importance of the personnel aspect of cooperative activity. Since the majority of the patrons in a cooperative are also its member owners, many feel a stake in the way their cooperative is run; the personnel-customer relation takes on new meaning in the cooperative setting. In this group of criticisms the largest number of members criticized what they termed poor or inefficient management of the cooperative. Criticisms of personnel in terms of their being careless, abrupt, not courteous or friendly were mentioned next most frequently. Other criticisms in the field of management, management policy and personnel were: favoritism to certain members or to the board of directors, not satisfied with tests (creamery), too high wages for employees, poor sales methods, on-the-farm cleanliness regulations by creameries, payment policies, and undesirable employees. Poor service by the cooperative was mentioned by 11 percent of those making criticisms and this criticism also relates to personnel and management.

The group of criticisms mentioned next most frequently were
related to size of cooperatives. Some thought cooperatives were getting too large or didn’t like the fact that there was only one outlet for products in their community, that is, the cooperative. There were seven members in a community where the cooperative was the only convenient market for grain that would have preferred to have a none cooperative concern in the market to make what they termed “a more competitive market.” These members thought they would probably continue to deal with the cooperative but they didn’t want to be forced by convenience to deal with any one concern. “Competition keeps people on their toes,” as one man put it. Five members thought cooperatives could get too large, expand too far and run the local independent merchants out of business. They didn’t want to see their community center “completely cooperative.” However, none of this group of five thought the cooperatives were that large at the time interviewed; it was a future possibility. There were two other members who thought the cooperatives had already expanded too far and were making it difficult for some independent businessmen to operate successfully. A few members thought cooperatives were getting too large, had too many members, and the “personal touch” between the members and the management was being lost. This applied to cooperative buying or selling over a large territory. As one member put it, “There is a need for more cooperatives, not larger cooperatives,” in referring to the size of local cooperatives. A very few thought cooperatives were too small.

Poor prices offered by the cooperatives, poor quality goods and financial policies made up the remainder of the criticisms.

MEMBER OPINIONS AND UNDERSTANDING ON SOME ECONOMIC POLICIES OF COOPERATIVES

It was not the purpose of this study to make a detailed examination of financial, credit and tax policies as they relate to cooperatives. However, there were included some general questions regarding policy and the understanding of cooperative policies in this general area as well as opinions on specific items related to these economic phases of the cooperatives. There was general interest on the part of members and nonmembers as well as townspeople in the field of taxation of cooperatives. During the time the field interviews were being made, two congressional hearings, editorial comment and letters to the editor all contributed to increased general interest. Some methods of financing cooperatives were being discussed along with the tax arguments. Many cooperatives were becoming alarmed at the amount of operating capital it was taking to run their cooperatives and
were pressing for a more nearly cash business. What was the opinion of the members of the cooperative on these questions?

MEMBERS DID NOT DISTINGUISH BETWEEN PROFITS AND SAVINGS

One point of discussion on the income tax question revolved around whether or not cooperatives actually made profits or returned savings to the patron at the end of the year, savings that had always belonged to the patron member but that could not be accurately computed until the true cost of operation for the year could be determined. Sixty-one percent of the members thought cooperatives did actually make profits. Thirty-five percent said cooperatives had no profits, and 4 percent gave "don't know" answers.

OPINIONS DIVIDED ON COOPERATIVES PAYING INCOME TAXES

One of the arguments posed by cooperatives is that some cooperatives are nonprofit organizations and therefore have no profits to be taxed. It was reasoned that the income belongs to the farmer members and that a cooperative as an entity in itself has no income or profits. To the question, "Should cooperatives pay income taxes?" 56 percent replied "no." Thirty-five percent thought cooperatives should pay income taxes although some of them qualified their answers by specifying the type of income taxes cooperatives should pay and others could give no reason for their answer. Nine percent gave "don't know" answers.

If either a "yes" or "no" answer was given by the interviewee, he was asked to give the reason for his answer. Of the groups saying cooperatives should not pay income taxes (56 percent of all members) 65 percent gave as their reason, "It would be paying twice." Another 14 percent of those saying cooperatives should not pay income taxes gave as their reason that the cooperatives themselves had no profits—thus no income, in the member's mind—to tax. Nine percent said, "The farmers already pay enough taxes." This reasoning usually involved one of two approaches: (1) The most frequent was that the income was going to be taxed in the hands of the farmer anyway and shouldn't be taxed to the cooperative, (2) the other was the sheer burden of taxes already in existence and the possibility of more being added was irksome to the interviewee. Another 10 percent stated cooperatives should not pay income taxes but had no definite reason for their answer.

Actually, in a technical sense, many of these cooperatives are probably making a profit, such as on nonmember business. However the authors, who also took almost all of the schedules, feel confident that in almost all cases the respondent was not thinking in terms of nonmember profits when he gave this reply.
Thirty-five percent of the cooperative members thought cooperatives should pay income taxes. However, 5 percent could give no definite reason for their answer, and 14 percent of this group qualified their answers by stating the income tax should be paid only on certain kinds or portions of income. Mentioned frequently as types of income that should be taxed were: income from nonmember business, or income that was held back as operating capital in revolving funds or deferred refunds. Eighty-one percent of this group gave an unqualified "yes" that cooperatives should pay income taxes. The reason most frequently given was that the cooperatives were in business the same as anyone else and should pay their fair share of taxes the same as everyone else. Common reasons given were: "I have to pay income taxes, they should too," "They are no better than anyone else, we all have to pay income taxes." In most cases these members did not identify themselves with their cooperatives; to them the cooperative was just another business.

MEMBERS FELT THEY SHOULD FINANCE COOPERATIVES AT THEIR INCEPTION

The members seemed in general accord that the original financing of local cooperatives should be done by the membership itself as much as possible. More than 80 percent of the members thought that members should finance their cooperatives at the start. Three percent felt that the government, including government banks, should bear the financial burden. There were 2 percent who felt that the local bank should do the financing. Ten percent thought that some arrangement should be worked out between members and the banks mentioned above, each contributing some of the finances but the main burden being with the membership.

ONE-THIRD UNDERSTOOD REVOLVING FUND

Once the cooperative is in business an increasingly common method of financing is the revolving fund or deferred patronage refund method. Despite its rather common use, over half, 52 percent, of those interviewed had no understanding of this method of financing. Fifteen percent had "some" understanding of the revolving fund and one-third "understood" the functioning of a revolving fund as a method of financing.18

18 If the interviewee had "no" or "just some" knowledge of the mechanics of the revolving fund, the interviewer explained this method of financing to the interviewee. It was explained that withholding the patron's savings was one method by which the cooperative could provide capital for operations and expansions. Admittedly there is some danger in using this technique in interviewing. However, when this technique was used, 73 percent thought the revolving fund method of financing was a good method. Only 9 percent said it was a bad method of financing. And 18 percent did not feel qualified to judge whether it was a good or bad method.
Eighty-six percent of the members stated that patrons should leave part of their savings in the business in good years to maintain the organization in bad years. Twelve percent were opposed to building such reserves. One percent thought some savings should be left in the business in both good and bad years to build reserves. One percent gave "don’t know" answers.

A MAJORITY DID NOT APPROVE OF A STRICT CASH BASIS OF OPERATION

Cooperative leaders in advisory capacities and wholesale cooperatives of which many of the local cooperatives are members in most cases strenuously advise operating on a cash basis. However, less than one-third of the members thought the cooperatives should attempt to operate on a cash basis. Thirty-seven percent suggested operating on a 30-day credit basis. These members reasoned in terms of gasoline deliveries that could not be made on a cash basis unless the member was at home, or probably came in out of the field to the gasoline storage tank, to pay for each gasoline delivery. The time involved for "settling up" for each small item was also mentioned as a factor that made the 30-day credit basis the best for these members. In reality, many of them considered the 30-day program a "cash" basis of doing business. The members were willing to pay for and take the risk of 30-day credit because of its being convenient. However, 24 percent thought cooperatives should give extended credit to their members if they needed it. Only 7 percent had no opinion concerning credit.

Despite the fact that 61 percent voiced the opinion that cooperatives should operate on a 30-day or extended-credit basis, almost all, 86 percent, said they would continue to patronize the cooperative if it went on a cash basis. However, many members qualified their answers in terms of patronizing until times became too difficult to pay cash. Ten percent stated they would not patronize the cooperatives on a cash basis. Only 4 percent had no opinion on this point.

Many of the members looked at the cooperatives as farmers' organizations that should help the farmer in many different ways. One way young farmers and new farmers could be helped was by extending credit to them. Many of those interviewed recalled the difficulty they had in obtaining credit when they started farming or during the depression of the 1930's. They wanted to aid others that might find themselves in the same difficulty. In the main, they didn't think credit should be open to everyone but that the manager should know his members well enough to know to whom and how much credit should be given. The vast majority of the members realized that they as
members would have to pay the cost of extending credit to patron members of the cooperative.

NONMEMBER OPINIONS CONCERNING COOPERATIVES

The 546 Iowa farmers interviewed were nearly equally divided between members of cooperatives and nonmembers. An earlier section compared these two groups on the basis of selected characteristics. This section briefly examines some of the previous experiences and the opinions that nonmembers had in relation to cooperatives. If there is any unfavorable farmer sentiment toward cooperatives as a way of business or policies of cooperatives, one might expect to find that sentiment more prevalent among the nonmember group.

NEARLY 20 PERCENT HAD BELONGED TO COOPERATIVES

Many nonmembers had had or were at the time of interview having contacts with cooperatives. Approximately 18 percent of the nonmembers had at some time or other belonged to cooperatives of some type. A large number, 31 percent, did some business with a cooperative at the time of the survey. When asked the specific question why they did not deal with cooperatives, the 278 nonmembers in the sample gave varying answers. Sixteen percent were dealing mainly with cooperatives at that time. Of those who did not deal with cooperatives the reason given most frequently was that there was no cooperative available, mentioned by 57 percent. Twelve percent stated it was more convenient to deal elsewhere. Eight percent of the farmers were not engaged in the type of farming that would enable them to deal with the cooperatives available to them. Six percent had some personal relationship with other noneoscpcative dealers that they wished to maintain. Other reasons for not trading at the cooperatives were: poor prices, did not know of a cooperative nearby, not satisfied with cooperatives, liked to “shop around,” cooperatives did not offer credit, was never approached by cooperative, poor management of cooperative, did not do a large enough volume of business, and just started farming.

MOST NONMEMBERS WERE NOT OPPOSED TO COOPERATIVES

Only 10 percent of the nonmembers stated that they were opposed to cooperatives. The reason mentioned most frequently for being opposed was that the cooperative controlled an entire local market and there was no longer a competitive market or an alternative channel of sale open. Twenty-one percent of those stating their opposition, gave no definite reason why. Another
opposition to cooperatives was expressed in terms of cooperatives allegedly not paying their fair share of taxes. The following reasons were mentioned by only one interviewee each: being afraid of cooperatives financially, personal feelings against the management, farmers shouldn't go into business, farmers should engage only in producer cooperatives, cooperatives are no more efficient than private business and thus shouldn't go into business, and cooperatives were too much like communism and socialism.

A MAJORITY WOULD JOIN A COOPERATIVE IF ONE WERE AVAILABLE AND RUN RIGHT

Seventy-two percent of the nonmembers stated that they would become members of cooperatives and gave different circumstances under which they would join. Those who would not become a member of a cooperative under any circumstances made up 23 percent of all nonmembers, and 5 percent didn't know whether or not they would become a member if a cooperative were available.

As to the circumstances under which the 72 percent would join cooperatives, the one mentioned most frequently was: if there were a cooperative available and it were being managed right. If the cooperative looked as if it would save them money, another 22 percent would become members. There were 9 percent that were planning to take out membership at the time interviewed. Another 6 percent would become members, but they didn't state the circumstances under which they would join. Others would join if the cooperatives were convenient, if the farmers themselves were larger operators and had a larger volume of goods in which the cooperative dealt, if a cooperative was really needed, if the noncooperatives "got out of line," and if the goods were not available any place else.

HALF HAD NO OPINION ON THE COOPERATIVE TAX QUESTION

More than 50 percent of the nonmembers did not know if cooperatives paid taxes. There were 15 percent who stated cooperatives didn't pay taxes. Thirty-three percent thought cooperatives paid taxes.

If an affirmative answer was given to the question "Do cooperatives pay taxes?" the interviewee was asked what type of taxes. Of this group the largest percentage, 28, said cooperatives paid taxes but didn't know what type of taxes. Twenty-five percent thought cooperatives paid just property taxes. The same percentage thought they paid property and income taxes. Thirteen percent mentioned property, income and other taxes. And 8 percent mentioned income taxes only.
Fifty-three percent of the nonmembers did not feel themselves qualified to answer the question, "Do cooperatives have an unfair tax advantage?" Many of them had never thought about the issue, others had read and heard about it but did not feel well enough informed to pass judgment one way or the other. The remaining 47 percent did give positive answers: 26 percent thought the cooperatives had no unfair advantage, and 21 percent thought that they did.

MOST NONMEMBERS RECEIVED NO INFORMATION ON COOPERATIVES

Almost two-thirds of the nonmembers stated that they received no information about cooperatives. The remaining 38 percent stated they have some contacts with cooperative information. The sources mentioned by this 38 percent included: promotional material from local or wholesale cooperatives, farm organization meetings and publications, farm journals and newspapers, neighbors and friends.

RELATION OF FARMERS’ COOPERATIVES TO THE COMMUNITIES IN WHICH THEY ARE LOCATED

Up to this point we have been concerned mostly with the relation of individual farmers with their respective cooperatives. Of equal importance is the relation of cooperatives to the communities in which they are located. This necessitates a reorientation of our thinking from a consideration of the individual cooperative members to the cooperatives as organized entities in themselves.

As will be shown below, villages with farmers’ cooperatives are significantly different in certain respects from villages without cooperatives. It is impossible to tell from the data so far assembled (1) whether the differences in communities are due to the presence or absence of cooperatives in the village centers, (2) whether the cooperatives owe their existence to characteristics of the villages in which they are located, or (3) whether the community characteristics and the cooperatives both stem from cultural differences of the people living in the area. We are primarily concerned here with the fact that the differences do exist rather than with the causes of these differences.

Economic relations will be given primary consideration in this part of the study since it has been fairly clearly demonstrated in the foregoing pages that, in the minds of members and nonmembers alike, the cooperatives play an almost exclusively economic role in the lives of the farmers. This does not imply, however, that the social effects are not important, even
though they may be residual. They will be included in an ex-
tension of this study.

One of the main objectives for which the present study was
undertaken was to discover the economic effects of cooperatives
on the communities in which they were located. When the field
work was completed and the data were assembled, it became evi-
dent that there was no sound basis for calling the relationships
between cooperatives and communities "effects." Instead, the
presence or absence of cooperatives was found to be associated
with various economic conditions existing in the community
centers. In discussing these relationships in the following pages
no causal relationship will be indicated or implied.

These economic relationships of the cooperatives with their
communities can best be analyzed from two points of view: (1)
according to the type of cooperative involved, and (2) ac-
cording to the size of the community in which the cooperative is
located.

Within the 22 communities included in the present study,
there were to be found four main different types of cooperatives:
(1) elevator cooperatives, (2) creamery cooperatives, (3) gen-
eral cooperatives, and finally (4) oil cooperatives. Many co-
operative members belonged to other types of cooperatives but
these were located in communities other than the 22 picked for
the purpose of this study. Since these cooperatives were located
in communities which were outside our sample, they were not
included with the rest. Likewise some of the larger communities
had other types of so-called cooperatives which were excluded
as not falling within the definition of a cooperative determined
for this project.

More members of elevator and creamery cooperatives were
interviewed, and there were more such cooperatives present in
the communities chosen, than of general or oil cooperatives. The
actual members interviewed were: 132 members of elevator
cooperatives, 155 creamery, 45 general, and 62 members of oil
cooperatives.

The population of the 22 community centers in this study
ranged from 260 to 4600 according to the 1940 census. Sixteen
of the 22 centers had less than one thousand inhabitants and for
purposes of clarity and brevity they were referred to here as
"villages," while the six centers with over a thousand popu-
lations are called "towns."

Certain business ratings have been used in this study to
compare the 22 community centers. The first of these was the
Dun and Bradstreet estimates of the financial strength of indi-
vidual concerns in each center. The reports of the superintendent
of the state banking department and county tax records were
also used. Finally, an appraisal of the number and type of the
business services in each community center was made as a part of the study itself.

**DIFFERENT TYPES OF COOPERATIVES HAD DIFFERENT COMMUNITY RELATIONS**

The smaller business centers of Iowa are becoming increasingly aware that county seat towns, for example, are benefited by the fact that county business draws farmers to the county seat and away from outlying centers. The farmers do a good share of their trading during such trips. Thus the county business and state and national agencies located in the county seat give that center added drawing power. Similarly cooperatives exert considerable drawing power on the farmers of the community and consequently benefit other business concerns in the center with an increase of business, making it a better trade center.

Largely because of the manner in which the members carry on business with their respective cooperatives there is a difference in the drawing power of the four different types of cooperatives: (1) the elevator cooperatives which purchase the grain produced by the members, and, in return, sell various items of farm supply, such as feed, seed, twine, salt, fertilizer and fencing; (2) the creamery cooperatives which produce and sell butter made from the cream supplied by the members; (3) the general cooperatives which sell a wide variety of items from lumber to farm and household appliances and machinery; and (4) oil cooperatives which supply the members with motor and fuel oil and other petroleum products.

Ninety-three percent of the elevator members, 67 percent of the general cooperative members, 40 percent of the creamery members, and 30 percent of the oil cooperative members made one or more trips to the cooperative each month which resulted, in many cases, in their doing other business in the center besides that done at the cooperative.

According to the statements of the members themselves most of them did transact other business in the centers whenever they went there to deal with their cooperatives, business which they might otherwise have carried on elsewhere since it was found that few of the farmers restricted their economic activities to one center. Actually 60 percent of the elevator members, 51 percent of the general, 40 percent of the oil, and 24 percent of the creamery members stated that their cooperatives attracted them to the center for the transaction of other than cooperative business. The oil and creamery cooperatives are lowest in this respect since much of their cooperative business itself is carried on by the truckers who contact the members on their farms.

Based on the average number of trips per member and the
Fig. 4. The drawing power of different kinds of cooperatives.
TABLE 4. DRAWING POWER OF DIFFERENT KINDS OF COOPERATIVES.*

<table>
<thead>
<tr>
<th>Type</th>
<th>Average number of trips per month</th>
<th>Average number of members in the type of cooperative</th>
<th>Number of member trips per month</th>
<th>Number of members interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elevator</td>
<td>4.2</td>
<td>441</td>
<td>1852</td>
<td>134</td>
</tr>
<tr>
<td>Creamery</td>
<td>2.8</td>
<td>454</td>
<td>1271</td>
<td>97</td>
</tr>
<tr>
<td>General</td>
<td>1.5</td>
<td>775</td>
<td>1472</td>
<td>27</td>
</tr>
<tr>
<td>Oil</td>
<td>.7</td>
<td>805</td>
<td>563</td>
<td>10</td>
</tr>
</tbody>
</table>

*Based on the cooperatives selected by members as the most important to them.

mean size of the type of cooperative, elevator cooperatives caused an average of 1852 trips to be made to the center per month as against 1472 trips for general cooperatives, 1271 for creamery, and 563 for oil cooperatives. If we take the percentage of these trips which the members claim led them to do other business as well as cooperative business, we find that the elevator cooperatives led with 1111 trips per month, general 750 trips, creamery 305 trips, and oil 225 trips per month to their respective community centers.

Our data indicate, therefore, that in Iowa there is a tendency for general cooperatives and cooperative elevators to be greater assets economically and to some extent socially to the rural communities than are other types of cooperatives covered by this study. The manner in which the general and elevator cooperatives do business tends to strengthen the bonds tying the individual farmer to the community by drawing him more frequently into contact with the business and social activities of the center.

The members of the four different kinds of cooperatives differed from each other as regards size of farm, length of tenure, years of schooling and other factors. These differences are note-

TABLE 5. CHARACTERISTICS OF THE MEMBERS OF DIFFERENT KINDS OF COOPERATIVES.

<table>
<thead>
<tr>
<th>Type of cooperative</th>
<th>Percent of members' farms (acres)</th>
<th>Length of tenure on present farms (years)</th>
<th>Percent completing a given grade of school</th>
<th>Socio-economic status</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>64</td>
<td>201.0</td>
<td>22.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Elevator</td>
<td>63</td>
<td>209.9</td>
<td>21.8</td>
<td>10.9</td>
</tr>
<tr>
<td>Creamery</td>
<td>59</td>
<td>198.9</td>
<td>25.4</td>
<td>10.5</td>
</tr>
<tr>
<td>Oil</td>
<td>61</td>
<td>182.6</td>
<td>21.3</td>
<td>8.6</td>
</tr>
</tbody>
</table>
Fig. 5. Characteristics of the members of different kinds of cooperatives.
worthy, but are not statistically significant. They are shown in fig. 5.

THE SIZE OF CENTER WAS RELATED TO OPINION

As previously indicated, of the 22 communities in this study, 16 had populations under one thousand, and six had populations over that number. The smaller ones are here referred to as "villages" and the larger ones as "towns" with no other purpose in mind than to facilitate distinguishing between them.

There was no significant relationship between the size of the cooperative and the size of the center in which it was located. Some of the largest cooperatives were in small villages.

When asked what was the greatest benefit they received from their cooperatives, members of town-centered cooperatives most often responded with "economic savings." A large number of the members of village-centered cooperatives answered in the same fashion, but more of them than in the town cooperatives thought their greatest benefit was in dealing with their own company or putting cooperative ideals into practice outside and inside the cooperatives.

There were differences between the members of village and the members of town cooperatives in regard to relations to their cooperative organizations. In the first place, a larger proportion of the members joined the town cooperatives in order to save money, while conversely, a larger proportion of members joined village cooperatives for the convenience in doing business that it afforded them. Friends, relatives and neighbors had a greater effect on town than on village members in persuading them to join, while more village members acquired membership automatically as a result of doing business with the cooperative. A larger proportion of village members, furthermore, did 100 percent of their business at their cooperatives, and a smaller proportion of them split their business. In many cases, of course, this was due to the fact that no alternative markets were available in the local village center, but since few farmers in the study restricted their trading to one center, other factors were involved in this greater loyalty to village cooperatives.

A significantly larger proportion of village members consider their cooperatives not just places of business but as their agents handling their produce or supplying their needs. Village members generally believe that their cooperatives should be active in community affairs while more of the town members feel that they should not. Village members in significantly larger proportion declared that their cooperatives heightened the degree of cooperation within general community affairs, while town members in significantly larger proportion believed that their
cooperatives either had no effect or actually tended to reduce the degree of general community cooperation.

The members of village cooperatives as revealed by the interviews taken in the study also tended to cooperate more in informal cooperative ventures with their neighbors, such as sharing labor, machinery, and breeding stock.

On the whole, then, members of village cooperatives can be said to be more thoroughly imbued with cooperative ideals and they put them into practice more fully than do the members of town cooperatives.

Farmers who were not members of cooperatives also responded differently to village cooperatives than they did to town cooperatives. A larger proportion of those living near village centers as compared to those who lived near towns traded with the local cooperatives. A significant proportion of village non-members felt that they got better prices and services, that there was more orderly marketing, and that there was a condition of
healthier competition in their villages because of the presence of farmers' cooperatives. On the other hand, a highly significant proportion of the town as compared to the village nonmembers felt that no benefits whatever accrued to them from the presence of farmers' cooperatives in their towns. Again this was very possibly due to the lack of alternative markets or sources of supply in the villages as compared to the towns.

The relationship of farmers' cooperatives to the economy of their communities and the resulting influence on the thinking of both member and nonmember farmers would appear to be greater, therefore, according to the findings of the present study, in villages of less than 1000 inhabitants than in towns of 1000 and over.

THE PRESENCE OF COOPERATIVES WAS RELATED TO ECONOMIC STABILITY OF VILLAGES

Our study of the interviews made with Iowa farmers disclosed that in their minds the cooperatives played a more important part in the economic life of villages than they did in towns, largely as a consequence of the cooperative being, in most villages, the only available market or source of supply for particular agricultural needs or products. With this in mind it seemed well to compare villages with and villages without cooperatives to determine whether or not there was a significant difference between them as to their general economic stability.

Using the Dun and Bradstreet estimated financial strength of individual concerns10 in each of the 16 villages in our study, plus tax records from the various county treasurers, and the reports of the superintendent of the state banking department, an estimate was made of the financial strength of each of the villages for every fifth year beginning in 1925. These figures were then corrected by the use of Federal Reserve Commodity Price Index for each year indicated in order to eliminate fluctuations in the value of money from 1925 to 1949.

Our village centers varied in population size from 200 to

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10 The Dun and Bradstreet estimates of financial strength of business firms are achieved in the following manner: Where a balance sheet is available, financial strength is based on tangible net worth which has been defined as "the sum of all outstanding common stocks, surplus, and undivided profits, less any intangible item in the assets, such as good will, trade marks, patents, copyrights, leaseholds, mailing lists, treasury stock, organization expenses, and underwriting discounts and expenses. Where only incomplete financial information is available on a concern, investigation is made in outside quarters such as banks and suppliers before assigning financial strength classifications. Extensive use is also made of public records; many states require that corporations file balance sheets—other governmental agencies have such requirements and the information as filed is sometimes available to the public. Also there is a wealth of information in mortgage, sales liens, real estate and court records which is available to the public. At times the information obtained is not sufficient to estimate the exact net investment, but is sufficient to assign a general capital classification.
over 800. It was desirable to obtain a financial strength figure which could be used to compare the economic stability of the concerns in large and small villages eliminating the effect of size. This was done by dividing the corrected yearly financial strength
figure by the last census population of the center. This resulted in what we have termed the per capita financial strength index figure of the center. By test this per capita financial strength index is found to bear no significant correlation to the size of the village.

None of the cooperatives had been established in any of the villages in our study as early as 1925. Villages which acquired cooperatives at some time during the next 24 years are referred to here as cooperative villages, and, for convenience only, those in which cooperatives were never established are called non-cooperative villages.

As shown in table 6, the average per capita financial strength index figure for all of the noncooperative villages in 1925 was almost half again as large as the average for the cooperative villages. By 1949, however, the figure for the noncooperative villages had dropped to almost half of its original strength while the average for those villages in which farmers organized cooperatives during the next 24-year period showed a slight increase which was well ahead of that for noncooperative villages.

In a sample of limited size the data for one village may distort the average for the whole sample. To some extent this is true in the present case. One of the villages without cooperatives, designated as Village K, shows a per capita financial strength index figure three to four times as great as that of the other villages in the same category during the years 1925, 1930 and 1935, but falls in line with the rest of the sample in 1940, 1945 and 1949.

If we withdraw Village K from the sample, the remaining villages without cooperatives have a per capita financial strength index average of 471 for 1925 which is not statistically different from the index average for the villages which later acquired cooperatives. In other words, there was no appreciable difference in financial strength of the two types of villages at the time when our comparison of them began and before any cooperatives were organized. However, by 1949 the villages which had acquired cooperatives at some time during the ensuing 24-year period had succeeded in more than holding their own while those which had not acquired cooperatives had dropped significantly below the cooperative figure as well as below the figure at which they had started in 1925.

It should be repeated here for emphasis that, in this, as in all other findings of this study, no causal relationship is implied as between the presence or absence of cooperatives and the different financial strength estimates of the centers. The same factors which brought about the organization of cooperatives may also have affected the general financial condition of the village centers. That such a causal relationship does exist may seem to
# TABLE 6. PER CAPITA FINANCIAL STRENGTH.

## A. Average per capita financial strength* of the 16 centers:

<table>
<thead>
<tr>
<th></th>
<th>1925</th>
<th>1930</th>
<th>1935</th>
<th>1940</th>
<th>1945</th>
<th>1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>All noncooperative villages</td>
<td>705</td>
<td>655</td>
<td>422</td>
<td>327</td>
<td>301</td>
<td>367</td>
</tr>
<tr>
<td>Noncooperative without village K</td>
<td>471</td>
<td>467</td>
<td>294</td>
<td>313</td>
<td>266</td>
<td>309</td>
</tr>
<tr>
<td>Cooperative villages</td>
<td>495</td>
<td>557</td>
<td>480</td>
<td>394</td>
<td>372</td>
<td>500</td>
</tr>
<tr>
<td>Cooperatives less than 3 years old</td>
<td>731</td>
<td>654</td>
<td>508</td>
<td>340</td>
<td>380</td>
<td>526</td>
</tr>
<tr>
<td>Cooperatives 8 to 15 years old</td>
<td>427</td>
<td>536</td>
<td>477</td>
<td>418</td>
<td>365</td>
<td>471</td>
</tr>
<tr>
<td>With elevators only</td>
<td>581</td>
<td>603</td>
<td>515</td>
<td>389</td>
<td>427</td>
<td>554</td>
</tr>
<tr>
<td>With creameries only</td>
<td>337</td>
<td>477</td>
<td>385</td>
<td>340</td>
<td>257</td>
<td>375</td>
</tr>
<tr>
<td>With elevators and creameries</td>
<td>532</td>
<td>586</td>
<td>564</td>
<td>473</td>
<td>392</td>
<td>580</td>
</tr>
<tr>
<td>Over-all average</td>
<td>671</td>
<td>701</td>
<td>520</td>
<td>417</td>
<td>341</td>
<td>442</td>
</tr>
</tbody>
</table>

## B. Relation of 1945 per capita financial strength figure to township level of living index for that year:

<table>
<thead>
<tr>
<th></th>
<th>Per capita financial strength</th>
<th>Township level of living index</th>
</tr>
</thead>
<tbody>
<tr>
<td>All noncooperative villages</td>
<td>301</td>
<td>133</td>
</tr>
<tr>
<td>Noncooperative without village K</td>
<td>266</td>
<td>150</td>
</tr>
<tr>
<td>Cooperative villages</td>
<td>372</td>
<td>175</td>
</tr>
<tr>
<td>Cooperatives less than 3 years old</td>
<td>380</td>
<td>165</td>
</tr>
<tr>
<td>Cooperatives 8 to 15 years old</td>
<td>365</td>
<td>170</td>
</tr>
</tbody>
</table>

## C. Spread in average per capita financial strength figures, 1925–1949:

<table>
<thead>
<tr>
<th></th>
<th>1925 to 1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>All noncooperative villages</td>
<td>-338**</td>
</tr>
<tr>
<td>Noncooperative without village K</td>
<td>-162</td>
</tr>
<tr>
<td>Cooperative villages</td>
<td>5</td>
</tr>
<tr>
<td>Cooperatives under 3 years old</td>
<td>-205</td>
</tr>
<tr>
<td>Cooperatives 8 to 15 years old</td>
<td>44</td>
</tr>
<tr>
<td>With elevators only</td>
<td>-27</td>
</tr>
<tr>
<td>With creameries only</td>
<td>-18</td>
</tr>
<tr>
<td>Having both elevators and creameries</td>
<td>48</td>
</tr>
<tr>
<td>Over-all average</td>
<td>-229</td>
</tr>
</tbody>
</table>

*Based primarily on the Dun and Bradstreet estimates of the financial strength of the centers divided by the village population.

**The minus (−) sign indicates a drop from 1925 to 1949.

be implied by the data presented here. It must be borne in mind, however, that this phase of the study was intended to be of a preliminary nature. Further research based on a much larger sample needs to be carried on in this area before any causal relationship can be said to exist.

The location of a village in a poor farming area, lack of
industries and insufficient transportation may cause a village to have a low per capita financial strength index figure while other villages more advantageously situated have a relatively high figure. The figures for any one year, therefore, are less meaningful than when compared to the figures for other years for the same village.

Some of the farmers' cooperatives in our study had been in existence less than 3 years and others from 8 to 15 years. Since cooperative villages had been shown to be economically more stable than nonecooperative villages it was worth examining whether or not the length of time the cooperative had been a part of the village economy was correlated with the measure of economic stability.

In table 6 the per capita financial strength index figures for villages in which cooperatives had been in existence for less than 3 years indicate a drop of 205 points between 1925 and 1949. The 1949 index figure for villages with cooperatives from 8 to 15 years old, on the other hand, shows an increase of 44 points over the 1925 figure for the same category. When subclassified according to the age of the cooperative, the villages in the present sample form categories too small to lend statistical significance to the findings. They are indicative, nevertheless, of an area in which future study can profitably be carried on.

Since they are also drawn from relatively small samples, the figures for the different types of cooperatives as shown in table 6 must also be looked upon merely as suggestive of future study and not as sound bases for sweeping conclusions.

It might be assumed that the per capita financial strength figures would be high in villages drawing their trade from communities in which the farmers were prosperous, and low where the farmers were less fortunate economically. The coefficient of correlation of .70 between the per capita financial strength index figures of the centers in 1945 and the BAE level of living index20 on the farms in the surrounding communities in the same year is not sufficiently high to eliminate the possibility that other factors may be at work here. At the very least the assumption that the financial strength of the center is solely a reflection of the prosperity of the farmers in the surrounding community is unwarranted. A center which attracts the trade of a large number of moderately prosperous farmers may show greater financial strength than one in which the only farm operators are a handful of exceptionally wealthy ones. Other factors such as railroad

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and bus service, schools, organizations, and general social atmosphere, also may play an important part.

In fact it is not improbable to expect that where a high per capita financial business strength figure is accompanied by a relatively high level of living index number, not only are the farms contributing to the prosperity of the center, but the benefits of the business prosperity in turn are being shared by the rural population in that they are receiving more equitable prices for their products and are having to pay more moderate prices for the things they need. In this regard the cooperatives may be an influential factor.

On the basis of the per capita financial strength index figures alone, however, we can conclude that the presence of the farmers' cooperatives in the village centers of our study is accompanied by, though not necessarily a cause of, greater economic stability so far as our data demonstrate.

COOPERATIVE VILLAGES DIFFERED FROM OTHERS IN SERVICES OFFERED

In order to provide a further basis of comparison between cooperative and noncooperative villages, an index has been devised to indicate the strength of those services in the centers which it can be assumed bind the farm and village members more closely together by facilitating opportunities for contact between them and by providing them with a basis for mutual economic interest. The services were classified in six major categories: communication, professional services, farm services, commercial recreation, civic utilities and general commercial services.

Here again, in order to avoid putting a premium on size alone, the number of services in the villages was compared with the

<table>
<thead>
<tr>
<th>TABLE 7. GENERAL SERVICE INDEX AVERAGES FOR THE 16 CENTERS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Communications</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>Over-all average</td>
</tr>
<tr>
<td>Noncooperative villages</td>
</tr>
<tr>
<td>Cooperative villages</td>
</tr>
<tr>
<td>Villages with cooperatives less than 3 years old</td>
</tr>
<tr>
<td>8-15 years old</td>
</tr>
<tr>
<td>Villages with elevator cooperatives</td>
</tr>
<tr>
<td>creamery cooperatives</td>
</tr>
<tr>
<td>both elevator and creamery cooperatives</td>
</tr>
</tbody>
</table>
average for villages of that size in the sample. An index rating was set up on that basis giving a positive index score to villages having more than average number of services, and a negative score for those having fewer. This allowed for the comparison of villages of varying sizes. The scores for the 16 villages according to this index ranged from 43 for the best to a minus 16 for the poorest village. The over-all average for the service index was 12.0.

Two villages of approximately the same size can be contrasted here to show how the service index functions:

<table>
<thead>
<tr>
<th></th>
<th>Number of services*</th>
<th>Weighted index score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Village D</td>
<td>Village M</td>
</tr>
<tr>
<td>Communications</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Professional services</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Farm services</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Recreation</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Civic utilities</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>General commercial services</td>
<td>87</td>
<td>106</td>
</tr>
</tbody>
</table>

*See key to General Service Index, p. 228, for detailed explanation of this index.

By comparison to the over-all average of 12.0, the seven villages without cooperatives averaged 6.1, while the villages with cooperatives averaged 16.5. This is not to say, however, that the cooperative villages excelled in all types of services. They were notably weak in communication and in commercial recreation, but above the average in all other categories. The comparison of the cooperative and none cooperative villages on the basis of this index shows that the cooperative villages generally offered more of those services which are primarily intended to serve the needs of the farmers.

**COOPERATIVE VILLAGES WERE BETTER TRADE CENTERS**

On the basis of the foregoing it can be safely said that the villages in which farmers' cooperatives had been organized were better trade centers for their communities not only because they provided more general services for both the farm and the village population, but also because they showed greater economic stability, a benefit which was shared by village merchants and farmers alike.

In the light of the findings of this study it is not presumptuous to suggest that businessmen in Iowa villages where coopera-
tives are located should carefully appraise the total effect of cooperatives on local business conditions before deciding what the role of the cooperative is in their village's economy. Failing to do so, they may find, too late, that they have destroyed one of the major means whereby their villages can prevent farm patronage from concentrating in larger centers. Conversely, strengthening of local cooperatives may mean, in many cases, an increase in farmer participation in the local economy, and therefore deserves community-wide support.

METHODOLOGY AND PROCEDURE

Three main objectives were incorporated in this research project. The first objective was to determine the understanding, opinions and actions of Iowa farmers toward cooperative principles, practices, policies and toward cooperatives in general. These data were desired for farmers who were members of cooperatives and also for those who were not. The second objective was to determine the relationships between these understandings, opinions and actions and other selected personal and social characteristics of the farmers. The third objective was to explore the relationships between cooperatives and the communities in which they were located.

Four main factors were thought to bear a direct relation to these axes of analysis. These factors were taken into consideration in choosing the population to be studied.

The first factor was size of community. It was felt that the size of the community and its center might affect the cooperative in its relationship to its members and to the community as a whole. Iowa townships are reasonably uniform in geographic size and in number of farm population so that variations in township population generally reflect variations in the population of centers in the township. The size of communities in the state also bears a significant relationship to the size of centers. Since the data used to measure the four factors were available by townships and not in all cases for incorporated community centers, township data were used. In choosing the sample communities, upper and lower limits were set to include townships in which there were incorporated community centers with populations between 250 and 5000. The upper limit was set for three main reasons: (1) the cost involved in doing a comprehensive community analysis of communities larger than 5000 would have been prohibitive, (2) the economic and social relations within a larger community would probably have been so complex that an attempt to measure the effect of a single organization such as a cooperative would have been difficult, and (3)
it was felt that the exclusion of these few larger communities would not impair to any marked degree the picture of rural Iowa communities and their cooperatives. The lower limit was set for two main reasons: (1) to assure a minimum-sized community organized around several institutions, not a single institution, which would facilitate comparison of communities in the sample, and (2) to assure a sample for which certain secondary data were available. The data actually used were populations of townships, 1940, in which the community centers of the prescribed size were located.

The second factor was the nationality background of persons living in the community. It was thought that there might be a difference in understanding of and opinions about cooperatives between Iowa farmers living in communities with a high percentage of foreign-born or native-born of foreign or mixed parentage and those living in communities composed mostly of residents with native-born parents. The data used were the percentages of the total population which were foreign-born and native-born of foreign or mixed parentage, for townships in 1930, which was the last year for which such data were available.

The third factor was level of living. It was felt that level of living might affect the presence of cooperatives in communities as well as membership in cooperatives and understanding of and opinions about cooperatives. The data used were the farm operator level of living indexes for Iowa townships in 1945.

The fourth factor was the number of organized cooperatives doing business in the community center. The main reason for the use of this factor was to assure a sample of communities that would provide an opportunity to compare communities in which there were cooperatives with communities in which there were no cooperatives. It was also desired that communities with different numbers of cooperatives in their centers be included in the sample.

All the Iowa communities whose centers were incorporated places with a population in 1940 between 250 and 5000 were classified according to the four factors mentioned: (1) population, (a) 250 to 1249, (b) 1250 to 5000; (2) percent foreign born for the township in which center was located, (a) less than 24 percent, (b) 24 percent or greater; (3) township level of living, (a) 166 and below, (b) 167 and above; and (4) number of cooperatives in the center, (a) none, (b) one to three, and (c) four or more. This resulted in 24 classes (2x2x2x3), two of which were empty and were combined with a third. Within each final class one community center was taken at random, there being a total of 22 in the sample. This procedure of sampling insured a higher frequency of association between community characteristics and the four factors than in the case of a com-
pletely random sample. It also has the property that the probability that each place in the population occurs in the sample is known.

Having by this method chosen the 22 villages and towns that were to comprise the sample community centers, actual community boundaries had to be determined. This was accomplished by first referring to the grocery trade area map of the State of Iowa prepared in 1935 by the Iowa State Planning Board. These boundaries were closely checked with local grocers and other community members at the time of this study. The judgment of these people was substantially confirmed at the time the schedules were taken.

Within each community 25 farmers were interviewed. These interviewees were chosen on the basis of a systematic ordering scheme in which the farmers were ordered on the basis of their geographic location in each surveyed section within the community boundaries. Within this systematic ordering every $n$th farmer was drawn, the $n$ being determined by dividing the number of farmsteads in the given community by 25, the number of interviewees desired. The first interviewee drawn in each community was determined by random number within the interval $n$. Members of cooperatives and nonmembers alike were interviewed but different schedules were used for each (see member and nonmember schedules in appendix A, page 230).

The study had a high degree of acceptance with the farmer population in the sample. There was less than 1 percent refusal. The length of the schedule, particularly the member schedule, made it necessary to follow the schedule closely throughout the interview. However, the interviewers found that this did not prevent their developing and maintaining a high degree of rapport between themselves and those interviewed. The interviewers carefully refrained from expressing their own attitude toward cooperatives both during and after the interview in order that the immediate interviewee as well as other farmers in the community with whom the interviewer would later come in contact would not modify their responses in any way. The interviewers recorded their impressions of general characteristics and attitudes of the interviewee that they thought might make answers to the formal questions more meaningful.

The estimation procedure used in the analysis, that of using the actual unweighted data, may lead to a small bias in the conclusions, but it was felt that the amount of bias could not affect appreciably the conclusions that were drawn.

Of the 22 community centers in the original sample, six had populations over 1,000. The assumption that the impact of any single organization such as a cooperative could not be detected in the more complex economic activities of these larger centers
was supported by the responses to the farm schedules taken in these communities. For this reason it was not considered feasible in an exploratory study of this type to include the centers with populations over 1,000 in that portion of the study devoted to the comparison of villages having cooperatives with those in which there were no cooperatives. This meant reducing the sample to the 16 villages whose populations ranged from 250 to 1,000. Also the village centers and the institutions located in them became the centers of analysis rather than the communities as a whole since the economic activities of the communities were concentrated in the centers and it was around these activities that comparisons were to be made.

All the services in the 16 villages were carefully checked and classified in six types: (A) communication services (post-office, telephone central, local newspaper); (B) professional services (doctor, dentist, lawyer, veterinarian); (C) farm supply and marketing services (farm implements, produce buying, creamery, elevator, feed store); (D) commercial recreation services (movies, skating rink, bowling alley, dance hall); (E) civic utilities (paved streets in business district, sewer system, water supply); (F) general commercial services (banks and retail stores).

In order to develop a scale by which the center could be rated on the services provided and which would eliminate the effects due to size alone, the centers were grouped according to size, and the average number of services for each of the six categories was determined on the basis of population classes. Weighted scores were then worked out for each category by size of village using the average number of services as bench marks. Since by definition, the 16 villages fell within the 250-1,000 population class, no attempt was made to fit the scale to villages outside this population range.

As indicated above, the scores assigned to each item depended upon the average number of services provided in a particular population class for the 16 villages. In weighting the different categories of services in relation to each other, no attempt was made to evaluate the size, efficiency or social worth of a service. Each of the services was considered solely on the basis of its relation to the average economic service pattern of all the centers. The question of the stability of the averages used as bench marks for the scores was considered to be of greater importance than any system of weights that could be devised. Consistency was held to be the essential factor in selecting weights for the different categories.

The precision and reliability of the scale needs further testing. The scale is used as here developed because no usable scale is known to exist which scores villages against an average for
villages of similar size and thereby eliminates the effects due to size alone. To be valid for general use such an index scale would have to be based on averages derived from a sample of villages large enough to be representative of the state or region to be studied and to establish stability of the averages used as a basis for scoring. The present scale will be considered only a beginning from which a more precise and comprehensive measure may later be developed.

In table 8 actual scores are given in categories A through E. In category F, the table itself lists the number of particular commercial services found to be the average in each population class. The accompanying key indicates the score to be given a village containing the average number, or for one containing more or fewer services than the average for that class.

### TABLE 8. GENERAL SERVICE INDEX.

<table>
<thead>
<tr>
<th>Type and number of services</th>
<th>Scores by population classes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>200-299</td>
</tr>
<tr>
<td>A. Communication</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>-2</td>
</tr>
<tr>
<td>One</td>
<td>-1</td>
</tr>
<tr>
<td>Two</td>
<td>1</td>
</tr>
<tr>
<td>Three or more</td>
<td>4</td>
</tr>
<tr>
<td>B. Professional services</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>0</td>
</tr>
<tr>
<td>One</td>
<td>3</td>
</tr>
<tr>
<td>Two</td>
<td>6</td>
</tr>
<tr>
<td>Three</td>
<td>9</td>
</tr>
<tr>
<td>Four or more</td>
<td>12</td>
</tr>
<tr>
<td>C. Farm supply and marketing services</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>-4</td>
</tr>
<tr>
<td>One</td>
<td>-2</td>
</tr>
<tr>
<td>Two</td>
<td>5</td>
</tr>
<tr>
<td>Three</td>
<td>9</td>
</tr>
<tr>
<td>Four</td>
<td>14</td>
</tr>
<tr>
<td>Five</td>
<td>12</td>
</tr>
<tr>
<td>Six</td>
<td>13</td>
</tr>
<tr>
<td>Seven</td>
<td>15</td>
</tr>
<tr>
<td>Eight</td>
<td>16</td>
</tr>
<tr>
<td>Nine</td>
<td>18</td>
</tr>
<tr>
<td>D. Commercial recreation</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>0</td>
</tr>
<tr>
<td>One</td>
<td>1</td>
</tr>
<tr>
<td>Two</td>
<td>3</td>
</tr>
<tr>
<td>Three</td>
<td>5</td>
</tr>
<tr>
<td>Four or more</td>
<td>7</td>
</tr>
</tbody>
</table>

In table 8 actual scores are given in categories A through E. In category F, the table itself lists the number of particular commercial services found to be the average in each population class. The accompanying key indicates the score to be given a village containing the average number, or for one containing more or fewer services than the average for that class.
TABLE 8. GENERAL SERVICE INDEX—Continued.

<table>
<thead>
<tr>
<th>Type and number of services</th>
<th>Scores by population classes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>200-299</td>
</tr>
<tr>
<td>E. Civic utilities</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>0</td>
</tr>
<tr>
<td>One</td>
<td>3</td>
</tr>
<tr>
<td>Two</td>
<td>6</td>
</tr>
<tr>
<td>Three or more</td>
<td>9</td>
</tr>
<tr>
<td>F. General commercial†</td>
<td></td>
</tr>
<tr>
<td>Grocery</td>
<td>1</td>
</tr>
<tr>
<td>Hardware</td>
<td>1</td>
</tr>
<tr>
<td>Restaurant</td>
<td>1</td>
</tr>
<tr>
<td>Garage, auto repair</td>
<td>1</td>
</tr>
<tr>
<td>Service station</td>
<td>2</td>
</tr>
<tr>
<td>Locker plant</td>
<td>1</td>
</tr>
<tr>
<td>Bank</td>
<td>1</td>
</tr>
<tr>
<td>Lumber and coal</td>
<td>1</td>
</tr>
<tr>
<td>Drugs</td>
<td>*</td>
</tr>
<tr>
<td>Barber shop</td>
<td>*</td>
</tr>
<tr>
<td>Tavern</td>
<td>*</td>
</tr>
<tr>
<td>Plumbing</td>
<td>*</td>
</tr>
<tr>
<td>Beauty parlor</td>
<td>**</td>
</tr>
<tr>
<td>Funeral service</td>
<td>****</td>
</tr>
<tr>
<td>Billiards</td>
<td>****</td>
</tr>
<tr>
<td>Shoe repair</td>
<td>****</td>
</tr>
<tr>
<td>Furniture</td>
<td>****</td>
</tr>
<tr>
<td>Bulk oil</td>
<td>****</td>
</tr>
</tbody>
</table>

† The numbers refer to the average number of services to be found in villages of each population class. Check the scoring key that follows the table for the score to be given each type of service.

SCORING KEY FOR GENERAL COMMERCIAL SERVICES:

<table>
<thead>
<tr>
<th>Condition</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>For average number of services of any kind</td>
<td>.5</td>
</tr>
<tr>
<td>If no service of a certain kind is available</td>
<td>-.5</td>
</tr>
<tr>
<td>If a service is available, but is one less than the average number</td>
<td>-.2</td>
</tr>
<tr>
<td>For each service agency above average number</td>
<td>.2</td>
</tr>
<tr>
<td>When services marked with asterisks are present</td>
<td>(*)</td>
</tr>
<tr>
<td>* score .7</td>
<td></td>
</tr>
<tr>
<td>** score .9</td>
<td></td>
</tr>
<tr>
<td>*** score 1.1</td>
<td></td>
</tr>
<tr>
<td>**** score 1.3</td>
<td></td>
</tr>
<tr>
<td>For each service available but not listed above</td>
<td>.3</td>
</tr>
<tr>
<td>For each industrial plant</td>
<td>1.0</td>
</tr>
<tr>
<td>For work crews (road gangs, etc.)</td>
<td>.7</td>
</tr>
</tbody>
</table>

The Per Capita Financial Strength Index of the 16 villages was developed in the following manner. Dun and Bradstreet estimates of the financial strength of the 16 villages were obtained for the years 1925, 1930, 1935, 1940, 1945 and 1949. Since banks are not included in these listings, the net worth of the banks was obtained from the reports of the state banking...
department. Where the local banks were merely banking offices of banks in neighboring centers, an estimate was obtained from the bank itself of the share of its net worth represented by the local office. In all cases this information was graciously given by the banks.

Some of the 16 centers contained branches of larger concerns. This was especially true in the case of lumber companies. The Dun and Bradstreet estimates of the financial strength of these concerns was that of the parent company. In each case, however, the companies in question provided information by which it was possible to estimate the branch’s share of the concern’s total financial strength. County tax records were used as the basis of estimates where other figures were not available.

Since the Dun and Bradstreet estimates are by letters which indicate a range of financial strength, as for example C represents a range of from $75,000 to $125,000, it was necessary to set a median figure for each letter symbol and to use it throughout in computing the estimates. Strictly adhered to in the case of all 16 villages, this interpretation of the symbols provided a basis for statistically reliable comparisons.

The completed estimates of financial strength of the 16 villages for the years 1925, 1930, 1935, 1940, 1945 and 1949 were corrected by the use of Federal Reserve Commodity Price Index for each year indicated in order to eliminate fluctuations in the value of money from 1925 to 1949. The corrected yearly estimates for each center were then divided by the latest census population figures for each village available at the time the estimate was made. The resulting figure was an index of the per capita financial strength of the village for a specific year. Such an index made possible the comparison of the financial strength of a village from year to year, regardless of changes in population, and a comparison of villages of different size at any one time.

APPENDIX A

MEMBER INTERVIEW SCHEDULE

County __________________________ Schedule no. ____________________
Community _____________________ Name of interviewer ____________
Name cooperative -------------Date of interview ________________

INTERVIEW WITH MEMBER

1. Name of cooperator -------------Age of family head.....
   Nationality of head.....
   Address ________________________Nationality of wife.....
   Family status: married.... single.... widowed.... divorced....
2. Member of: Offices: Offices: Offices:
   Farm Bureau---------- Grange---------- Breeders’ Assoc.--------
1. Construction of house:
   - brick, stucco, etc. or painted frame
   - unpainted frame, or other

2. Room-person ratio:
   - Number of rooms
     - Ratio: below 1.00
     - 1.00-1.99
     - 2.00 and up
   - Number of persons

3. Lighting facilities:
   - Electric
   - Gas, mantle or pressure
   - Oil or other

4. Water piped into house:
   - Y
   - N

5. Power washer:
   - Y
   - N

6. Refrigerator:
   - Mechanical
   - Ice
   - Other or none

7. Radio:
   - Y
   - N

8. Telephone:
   - Y
   - N

9. Automobile (other than truck):
   - Y
   - N

10. Family takes daily paper:
    - Y
    - N

11. Wife's education:
    - 0-7 years
    - 8-9
    - 10-11

12. Husband's education:
    - 0-7 years
    - 8-9
    - 10-11

13. Husband attends church or Sunday school:
    - (½ of meetings)

14. Wife attends church or Sunday school:
    - (½ of meetings)

15. What cooperatives do you belong to?
    - List
    - Place of importance
    - Years belonged

16. Do you belong to more than one cooperative offering the same services? Yes... No... If yes, why?

17. Have you patronized continuously? Yes... No...

18. (a) Why did you join your local cooperative?
    - (b) What was your urgent need at the time you joined?
    - (c) Did you join because your neighbors... friends... did?

19. Where did you first learn about cooperatives?

20. Do your neighbors belong to the cooperatives? Yes... No...
    - Some...
    - (b) Do you talk with your neighbors about cooperatives? Yes... No...
    - (c) Do you try to get them to join cooperatives? Yes... No...

21. Do you belong to small cooperative ventures with your neighbors?
    - Machinery use
    - Trading work
    - Breeding
    - Other

22. Cooperative goods and equipment used and/or sold:
    - In household (list)
    - On farm (list)
14. What other cooperative products stocked, if any, do you contemplate buying within the year for your farm or household?

15. Do you split your business with competitors of cooperative on goods bought or sold by the cooperatives? Yes ___ No ___
   If yes, why? ________________________________
   What proportion to cooperatives? ________________________________

16. What products not sold by the cooperative do you wish the cooperative would stock for farm and home use?

17. Roads from farm to cooperative center: Name of center: ___________ Distance ______ mi.
   Type: hard surfaced; good gravel; poor gravel; dirt ___.

18. (a) Do you do any other business in this center that you would not do if the cooperative were not there? Yes ___ No ___
   (b) How many times a month does cooperative buying or selling alone take you to town?

19. What is the greatest benefit you derive from cooperatives? Are there others? If so, what?
   ________ economic savings
   ________ Injected competition into local trade
   ________ likes doing business with own company
   ________ promotes use of cooperative ideals in other group activities
   ________ puts cooperative ideals into practical use in the cooperative
   ________ other ________________________________

20. Do you have any criticisms of your cooperative? Yes ___ No ___
    If yes, what are they? ________________________________
    Have you mentioned them to the manager or directors? Yes ___ No ___

21. Would competitors prices be as good if cooperatives were not there? Yes ___ No ___ Doesn't know ___

22. Would competitors services be as good if cooperatives were not there? Yes ___ No ___ Doesn't know ___

23. Do you believe you have a say, have no say in running the cooperative? If no, why? ________________________________
    If yes, what? ________________________________

24. How often do you attend cooperative business meetings?
    Whenever held ___ Occasionally ___ Never ___

25. How much does the wholesale cooperative have in the operation of the local cooperative? ______
    How much should it have? ______

26. Who should be permitted to vote in the cooperative?
    All patrons ___ All members ___ Only members who patronize ___

27. Who has the right to determine what should be done with the “savings” in your cooperative? Directors ___ Manager ___ Members ___

28. Do you think you are adequately represented in community activities? Yes ___ No ___

29. (a) Do you think the cooperative should be active in community affairs? Yes ___ No ___
    (b) Should the cooperative be a representative for you in community activities? Yes ___ No ___

30. Should cooperatives have an organized program to teach cooperation to the youth of the community? Yes ___ No ___

31. (a) Does your local cooperative have an educational fund? Yes ___ No ___
    If yes, how is it used? ________________________________
    (b) Do cooperatives tend to reduce, heighten, or have no effect on community cooperation.

32. (a) What is the salary of your local cooperative manager? ______
    (b) Does he have enough help? Yes ___ No ___ Too much ___
    (c) Is he as efficient as private enterprise managers? Yes ___ No ___

33. If his salary too high, about right, too low ___?
34. How do the costs of operation of your local cooperative compare with the costs of operation of cooperatives of a similar nature? Higher____ Same____ Lower____.
35. How do their costs compare with private enterprise of a similar nature? Higher____ Same____ Lower____.
36. Do you think of the cooperatives as being your agent in the buying and selling markets or just another place to do business? Agent____ Business place____.
37. Are cooperatively produced goods of as good____, better____, poorer____ quality as goods of name brands?
38. (a) On which basis should a cooperative operate? Cash____ 30 days____ Extended credit____.
   (b) Would you patronize on a cash basis? Yes____ No____.
   (c) If credit is extended who pays its cost?
39. Are savings of your cooperative held back to finance cooperative activities? Yes____ No____.
   If yes, (a) will you receive added services or benefits? Yes____ No____.
   (b) at what level will these benefits come? Wholesale____ Retail____.
   (c) as a result do you feel you are becoming the owner of factories, oil wells, equipment, to supply your needs? Yes____ No____.

PATRONAGE REFUND:

40. When received_______, Amount (his figure)_______, Cooperative figure_______.
41. Is the amount of the patronage refund usually larger____, same____, smaller____ than expected or don’t you think about it? ____.
42. Do you use your refunds for some “special” item? Yes____ No____.
43. If yes, what was it used for this year____, last year____?
44. How soon did you use the check after receiving it? Within a week____
   A month____ Six months____ Other____.
45. (a) Do you think the cooperative really saves you money? Yes____ No____.
   (b) If yes, are you satisfied with the savings you have made in your cooperative transaction? Yes____ No____.
46. Do you think the prices asked and/or paid at the cooperative are the same____, higher____, lower than in competing concerns____?
47. (a) Do you know that there are wholesale cooperatives? Yes____ No____.
   (b) Do you think these wholesale cooperatives benefit you in any way? Yes____ No____ Don’t know____.
   (c) Do you believe that these wholesale cooperatives reduce the influence of monopoly? Yes____ No____.
      Reason: ____________________________________________________
   (d) Do you think these wholesale cooperatives are a form of monopolies? Yes____ No____ Don’t know____.
      If yes, how?
48. What is a revolving fund? Knows____, Doesn’t know____ Some idea____.
   (a) Does your cooperative have one? Yes____ No____ (e) Investment____ Business____.
   (b) If yes, how does it work? Knows____, Doesn’t know____ Some idea____.
   (c) If yes, what is it being used for? Knows____, Doesn’t know____ Some idea____.
   (d) Do you think a revolving fund is good____ or bad____?
49. Is a member ever justified in not patronizing his local cooperative? Yes____ No____. If yes, when?
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50. (a) What are your responsibilities as a member of your cooperative?
   (b) Do you live up to them?

51. (a) Who should finance cooperatives at their start? (b) Who does?
   Members---- Government---- Banks---- Other----

52. Where do you get your current information about cooperatives?

53. Do cooperatives have profits? Yes---- No----

54. Should cooperatives pay income taxes? Yes---- No----
   Why or why not?

55. Should cooperatives expand? Yes---- No----
   If so, in which of the following four ways?
   (1) by expanding territory for same product?
   (2) by developing many lines of goods and services in the same territory?
   (3) by covering more steps in the production and distribution of the same products now handled?
   (4) by covering more steps in the production and distribution of a number of products besides those now handled?

56. Should the farmer have more say about the quality, prices and services of products he buys or sells:

   Buys
   (1) by farmer control of retail outlets? -------
   (2) by farmer control of wholesale outlets? -------
   (3) by farmer control of manufacturing and processing? -------
   (4) through legislative controls? -------

57. The following questions are being asked to get your opinion of some of the principles usually associated with the operation of cooperatives.

   ( ) yes ( ) no
   1. Do you think that cooperatives should sell their products at prices lower than those of their competitors so as to make a direct saving for the patrons?

   ( ) members
   2. Should cooperative "savings" be returned to patrons in the form of refunds on the basis of the amount of their purchases or to members as increased interest on their capital?

   ( ) patrons
   3. If a loss results because of selling at too low prices should the stockholders bear the loss or should it be made up on the basis of patronage?

   ( ) stockholders ( ) patrons
   4. Should membership in a cooperative be restricted?
      If yes, (a) who should be kept out? -------
      (b) who eligible? ---------------------

5. Who should have the right to vote in a cooperative?

   ( ) all patrons ( ) one member-one vote
   ( ) one vote per share of stock ( ) members who patronize the cooperative one vote ( ) on basis of patronage

6. The accounts and audits of the cooperative should be available to: ( ) all members ( ) directors only ( ) general public ( ) stockholders only

   ( ) yes ( ) no
   7. Should a cooperative extend credit to its members?

   ( ) yes ( ) no
   8. Should a cooperative member be willing to give up part of his refund to carry on an educational program for cooperation?
9. Should all cooperative members vote on all important questions of policy? ( ) yes ( ) no

10. Should patrons in a "good" year leave a part of their savings in the business to maintain the organization in "bad" years? If no, why not? ________________________________

11. Is it a "moral" obligation for members to patronize: 100% ______ Fairly consistently ______ No obligation ______

58. Acres owned ______ Acres rented ______ How many years farmed? ______

59. Length of tenure: _______years. In neighborhood: _______years

60. (a) How acquired farm? _______ (b) Type of lease, if rented? _______
   (c) Net income last year: _______ (d) Is the farm mortgaged? _______
   How much? ______

61. Source of cash income. (Rank in order of importance, 1 for high.)
   Cash Grain ______ Poultry ______ Hogs ______ Soybeans ______
   Beef cattle ______ Dairying ______ Other ______

62. Labor: Hired hand ______; hired family ______; own children ______; none ______
   How hired: By year ______; month ______; occasionally ______; exchanged ______

63. Improvements: (R) made in past year (C) contemplated
   House (list) Farm (list)
   ________________________________ ________________________________

64. Are nonmembers permitted to trade at and receive refunds from your cooperative? Yes ______ No ______

65. Do you inquire at other places before buying or selling at the cooperative? Yes ______ No ______

66. Would you like to receive more information about your cooperative ______, about cooperatives in general? ______ Should Iowa State College conduct discussions in your community about cooperatives? ______

67. The price of corn has fluctuated widely over a period of years while the price of farm machinery has fluctuated only slightly. How do you account for this difference? ______

68. Does the return of a refund contribute a value to the community greater than the initial dollar value by circulating in the community? Yes ______ No ______
   Is this greater in depression ______, good times ______? ______

69. Who are the members of the board of directors of the cooperative? ______

NONMEMBER INTERVIEW SCHEDULE

County __________________________ Schedule no. ____________________
Community ______________________ Name of interviewer ____________
Cooperative available _____________ Date of interview _______________

INTERVIEW WITH NONMEMBER

1. Name of cooperator ____________________ Age of family head _______
   Nationality of head ______
   Address __________________________ Nationality of wife _______
   Family status: married ______ single ______ widowed ______ divorced ______

2. Member of: Offices: Offices: Offices:
   Farm Bureau ______ Grange ______ Breeders' Assoc. ______
   P.T.A. ______ Church ______ Farmers' Union ______
   Commodity Organization ______ Clubs ______ Others ______

3. Social participation: very active ______ active ______ fairly active ______
   low participation ______ no participation ______
4. Number of preschool children __________; now in school __________; beyond school age __________.

5. Short form of socio-economic status scale

1. Construction of house:
   - brick, stucco, etc. or painted frame
   - Unpainted frame, or other
   - Score (5)

2. Room-person ratio:
   - Number of rooms ________
   - Number of persons ________
   - Ratio: below 1.00
   - 1.00-1.99
   - 2.00 and up
   - Score (3)

3. Lighting facilities: Electric (8)
   - Gas, mantle or pressure (6)
   - Oil or other (3)

4. Water piped into house:
   - Y (8)
   - N (4)

5. Power washer:
   - Y (6)
   - N (3)

6. Refrigerator: Mechanical (8)
   - Ice (6)
   - Other or none (3)

7. Radio:
   - Y (6)
   - N (3)

8. Telephone:
   - Y (6)
   - N (3)

9. Automobile: (other than truck)
   - Y (5)
   - N (2)

10. Family takes daily paper
    - Y (6)
    - N (3)

11. Wife's education
    - 0-7 years (3)
    - 8-9-11 (5)
    - 12 and up (7)
    - Score (8)

12. Husband's education
    - 0-7 years (3)
    - 8-9-11 (5)
    - 12 and up (7)
    - Score (8)

13. Husband attends church or Sunday school:
    - (1/2 of meetings)
    - Y (5)
    - N (2)

14. Wife attends church or Sunday school:
    - (1/2 of meetings)
    - Y (5)
    - N (2)

6. Have you ever belonged to a cooperative? Yes.__ No.__

7. Do you buy or sell goods from or to a cooperative? Yes.__ No.__

8. (a) Where do you deal in goods handled by the local cooperative?
   - With whom (chain, independent, mail order, etc.)? ____________

9. (a) Why do you not buy from the cooperative? None available ____________; prices too high ____________; service poor ____________; quality poor ____________; opposed to cooperatives ____________; other ________________________________
   (b) If opposed, why? __________________________________________________________________
   (c) Would you join a cooperative under any circumstances? Yes.__ No.__
   (d) If yes, what circumstances?

10. (a) If a cooperative is available, are you permitted to trade there even though not a member? Yes.__ No.__
    (b) If yes, do you get the same savings as members of the cooperative? Yes.__ No.__

11. (a) Do you feel that you benefit in any way because there is a cooperative in your community? Yes.__ No.__
    (b) If yes, how?
    (c) Do you think the presence of a cooperative in the community results in better prices ____________; services ____________; neither ____________?

12. Do you belong to small cooperative ventures with your neighbors?
    - Machinery use ____________
    - Trading work ____________
    - Breeding ____________
    - Other ____________

13. Do you receive information about cooperatives? Yes.__ No.__
    - If yes, where from? __________________________________________________________________

14. Do cooperatives pay taxes? Yes.__ No.__
    - If yes, what kind and do they have an unfair advantage?

15. The following questions are being asked to get your opinion of some
of the principles usually associated with the operation of cooperatives.

1. Do you think that cooperatives should sell their products at prices lower than those of their competitors so as to make a direct saving for the patrons?  
   ( ) yes  ( ) no

2. Should cooperative “savings” be returned to patrons in the form of refunds on the basis of the amount of their purchases or to members as increased interest on their capital?  
   ( ) members  ( ) patrons

3. If a loss results because of selling at too low prices should the stockholders bear the loss or should it be made up on the basis of patronage?  
   ( ) stockholders  ( ) patrons

4. Should membership in a cooperative be restricted?  
   If yes, (a) who should be kept out? ___________  
   (b) who eligible? ________________  
   ( ) yes  ( ) no

5. Who should have the right to vote in a cooperative?  
   ( ) all patrons  ( ) one member-one vote  
   ( ) one vote per share of stock  ( ) members who patronize the cooperative one vote ( ) on basis of patronage

6. The accounts and audits of the cooperative should be available to: ( ) all members  ( ) directors only  
   ( ) general public  ( ) stockholders only

7. Should a cooperative extend credit to its members?  
   ( ) yes  ( ) no

8. Should a cooperative member be willing to give up part of his refund to carry on an educational program for cooperation?  
   ( ) yes  ( ) no

9. Should all cooperative members vote on all important questions of policy?  
   ( ) yes  ( ) no

10. Should patrons in a “good” year leave a part of their savings in the business to maintain the organization in “bad” years?  
    If no, why not? ____________________________  
    ( ) yes  ( ) no

11. Is it a “moral” obligation for members to patronize: 100% ______ Fairly consistently _____  
    (b) No obligation ______

12. Acres owned______ Acres rented______ Has farmed______ years

13. Length of tenure: ______ years. In neighborhood: ______ years

14. (a) How acquired farm______ (b) Type of lease, if rented______
    (c) Net income last year: ______ (d) Is the farm mortgaged? ______
    How much? ______

15. Source of cash income (Rank in order of importance, 1 for high).  
    Cash Grain______ Poultry______ Hogs______ Soybeans______  
    Beef cattle______ Dairying______ Other______

16. Labor: Hired hand______; hired family______; own children______; none______;  
    How hired: By year______; month______; occasionally______; exchanged______;

17. Improvements: (R) made in past year (C) contemplated  
    House (list)  
    Farm (list)  
    ____________________________  
    ____________________________

18. Roads from farm to cooperative center. Name of center______
    Distance______ miles. Type: hard surfaced______; good gravel______;
    poor gravel______; dirt______
APPENDIX B

APPENDIX TABLE 1. AGE OF MEMBERS AND NONMEMBERS.

<table>
<thead>
<tr>
<th>Age Groups</th>
<th>Total</th>
<th>Members</th>
<th>Nonmembers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>546</td>
<td>100</td>
<td>268</td>
</tr>
<tr>
<td>20—29</td>
<td>63</td>
<td>11.5</td>
<td>25</td>
</tr>
<tr>
<td>30—44</td>
<td>217</td>
<td>39.7</td>
<td>123</td>
</tr>
<tr>
<td>45—64</td>
<td>205</td>
<td>37.6</td>
<td>98</td>
</tr>
<tr>
<td>65—94</td>
<td>61</td>
<td>11.2</td>
<td>22</td>
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APPENDIX TABLE 2. NUMBER OF YEARS FARMED BY MEMBERS AND NONMEMBERS.

<table>
<thead>
<tr>
<th>Years</th>
<th>Total, members and nonmembers</th>
<th>Members</th>
<th>Nonmembers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Total</td>
<td>546</td>
<td>100.0</td>
<td>268</td>
</tr>
<tr>
<td>1—5</td>
<td>87</td>
<td>15.9</td>
<td>29</td>
</tr>
<tr>
<td>6—10</td>
<td>86</td>
<td>15.7</td>
<td>48</td>
</tr>
<tr>
<td>11—15</td>
<td>74</td>
<td>13.6</td>
<td>50</td>
</tr>
<tr>
<td>16—20</td>
<td>68</td>
<td>12.5</td>
<td>37</td>
</tr>
<tr>
<td>21—30</td>
<td>104</td>
<td>19.0</td>
<td>48</td>
</tr>
<tr>
<td>31—60</td>
<td>127</td>
<td>23.3</td>
<td>50</td>
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APPENDIX TABLE 3. CLASSIFICATION OF MEMBERS AND NONMEMBERS BY TYPE OF FARMING.

<table>
<thead>
<tr>
<th>Type of Farming</th>
<th>Total, members and nonmembers</th>
<th>Members</th>
<th>Nonmembers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Total</td>
<td>546</td>
<td>100.0</td>
<td>268</td>
</tr>
<tr>
<td>Cash grain*</td>
<td>17</td>
<td>3.1</td>
<td>5</td>
</tr>
<tr>
<td>General livestock**</td>
<td>350</td>
<td>64.1</td>
<td>173</td>
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<tr>
<td>General†</td>
<td>155</td>
<td>28.4</td>
<td>84</td>
</tr>
<tr>
<td>Dairy, poultry and miscellaneous††</td>
<td>24</td>
<td>4.4</td>
<td>6</td>
</tr>
</tbody>
</table>

*Main enterprise, sale of grain off the farm.
**Main enterprise of hogs and/or cattle together with any other combination of livestock.
†Main enterprise of livestock plus some cash grain or soybean sales off farm.
††There were a total of nine in the miscellaneous category, all nonmembers. Five were combination dairy-poultry farmers, two were renting out their land and two had just moved on the farm and had not really started to farm.
### APPENDIX TABLE 4. SIZE OF FARM OF MEMBERS AND NONMEMBERS.

<table>
<thead>
<tr>
<th>Acreage groups</th>
<th>Total, members and nonmembers</th>
<th>Members</th>
<th>Nonmembers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Total</td>
<td>546</td>
<td>100.0</td>
<td>268</td>
</tr>
<tr>
<td>10—49</td>
<td>22</td>
<td>4.0</td>
<td>6</td>
</tr>
<tr>
<td>50—99</td>
<td>66</td>
<td>12.1</td>
<td>22</td>
</tr>
<tr>
<td>100—174</td>
<td>215</td>
<td>39.4</td>
<td>105</td>
</tr>
<tr>
<td>175—239</td>
<td>128</td>
<td>23.4</td>
<td>69</td>
</tr>
<tr>
<td>260—800</td>
<td>115</td>
<td>21.1</td>
<td>66</td>
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### APPENDIX TABLE 5. NATIONALITY OF HEAD OF FAMILY OF MEMBERS AND NONMEMBERS.

<table>
<thead>
<tr>
<th>Nationality groupings</th>
<th>Total, members and nonmembers</th>
<th>Members</th>
<th>Nonmembers</th>
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<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Total</td>
<td>546</td>
<td>100.0</td>
<td>268</td>
</tr>
<tr>
<td>British Isles</td>
<td>291</td>
<td>53.3</td>
<td>125</td>
</tr>
<tr>
<td>American and mixed</td>
<td>255</td>
<td>46.7</td>
<td>143</td>
</tr>
<tr>
<td>Continental Europeans</td>
<td>255</td>
<td>46.7</td>
<td>143</td>
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### APPENDIX TABLE 6. SOCIO-ECONOMIC STATUS SCORES OF MEMBERS AND NONMEMBERS.

<table>
<thead>
<tr>
<th>Socio-economic status scores</th>
<th>Total, members and nonmembers</th>
<th>Members</th>
<th>Nonmembers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Total</td>
<td>546</td>
<td>100.0</td>
<td>268</td>
</tr>
<tr>
<td>69 and below</td>
<td>78</td>
<td>14.3</td>
<td>29</td>
</tr>
<tr>
<td>70—79</td>
<td>199</td>
<td>36.4</td>
<td>94</td>
</tr>
<tr>
<td>80—84</td>
<td>150</td>
<td>27.5</td>
<td>70</td>
</tr>
<tr>
<td>85—89</td>
<td>106</td>
<td>19.4</td>
<td>62</td>
</tr>
<tr>
<td>90—91</td>
<td>13</td>
<td>2.4</td>
<td>4</td>
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### APPENDIX TABLE 7. FORMAL ORGANIZATIONS TO WHICH MEMBERS AND NONMEMBERS BELONGED.

<table>
<thead>
<tr>
<th>Formal organizations</th>
<th>Total, members and nonmembers</th>
<th>Members</th>
<th>Nonmembers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Total</td>
<td>1036</td>
<td></td>
<td>541</td>
</tr>
<tr>
<td>Church</td>
<td>420</td>
<td>76.9</td>
<td>220</td>
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<tr>
<td>Farm organizations</td>
<td>329</td>
<td>60.3</td>
<td>180</td>
</tr>
<tr>
<td>Fraternal organizations</td>
<td>80</td>
<td>14.7</td>
<td>38</td>
</tr>
<tr>
<td>Parent-teacher associations</td>
<td>77</td>
<td>14.1</td>
<td>40</td>
</tr>
<tr>
<td>Breeders association</td>
<td>53</td>
<td>9.7</td>
<td>31</td>
</tr>
<tr>
<td>Clubs (community, Lions, etc.)</td>
<td>36</td>
<td>6.6</td>
<td>11</td>
</tr>
<tr>
<td>Veterans organizations</td>
<td>37</td>
<td>6.8</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>1.7</td>
<td>3</td>
</tr>
<tr>
<td>Belong to no formal organization</td>
<td>44</td>
<td>8.1</td>
<td>11</td>
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</tbody>
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### APPENDIX TABLE 8. COMPARISON OF THE NUMBER OF SMALL COOPERATIVE VENTURES* IN WHICH MEMBERS AND NONMEMBERS PARTICIPATED.

<table>
<thead>
<tr>
<th>Number of ventures</th>
<th>Total, members and nonmembers</th>
<th>Members</th>
<th>Nonmembers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Total</td>
<td>546</td>
<td>100.0</td>
<td>268</td>
</tr>
<tr>
<td>0</td>
<td>144</td>
<td>26.4</td>
<td>57</td>
</tr>
<tr>
<td>1</td>
<td>123</td>
<td>22.5</td>
<td>62</td>
</tr>
<tr>
<td>2</td>
<td>205</td>
<td>37.5</td>
<td>101</td>
</tr>
<tr>
<td>3 or more</td>
<td>74</td>
<td>13.6</td>
<td>48</td>
</tr>
</tbody>
</table>

*Includes work exchange, cooperative use of machinery, joint use of breeding stock and similar ventures.