

CO-OPERATION.

CO-OPERATIVE MARKETING AS A FACTOR IN IMPROVING OUR AGRICULTURAL CONDITIONS.

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While every effort is exerted in developing our agriculture by increasing our production, the writer believes that the desired result cannot be obtained unless the farmers learn the methods of handling their products properly for the market through systematic co-operative marketing. A good farmer must not only know the best methods of farming; such as the proper preparation of the land, seed selection, crop rotation, the control and eradication of pests and diseases, but must also know the standardization of his products, as well as its proper packing and shipping before putting them on the market so that they may command a good price.

Our farmers to-day do not receive the full money value of their crops and find farming unprofitable for lack of systematic co-operative marketing. The introduction of this system into our farming activities would improve our agriculture in general, and would save our farmers from the usurers and speculators. Some farmers, especially those living in distant provinces, plant crops that will only supply home demand because they find it unprofitable to plant them in a large scale for lack of a good market, and, if there is any market at all, the price will not cover the cost of production and transportation. The marketing expenses, however, can be minimized if the farmers will only group themselves and sell together their farm produce at regulated prices.

Thus, while it is important that our farming methods should be developed, it is equally necessary that the marketing side be improved in order that the farmers may get the full money value of their crops.

Although the organization for co-operative marketing is comparatively recent in the Philippines, there is no doubt that it can be carried out here successfully as in other countries. It may take time, however, before good results can be obtained but it will not take long before our farmers will see its value.

CO-OPERATIVE ORGANIZATIONS ABROAD.

The first agricultural co-operative organization formed was in Denmark, organized in the year 1860, with the object of improving the live-stock and grain industry in that country. That organization, though of a different type from that of the present agricultural co-operative organizations, served its purpose, for the interest of the farmers was better taken care of and a great deal of work was done in improving farm seeds by producing better strains of plants and making these improved seeds available to the members of the society. Originally, it was composed of small farmers but later on the big wealthy landowners in Denmark joined the organization when they realized

the value of co-operation in solving their agricultural problems. Because of this movement much was accomplished in increasing production and in suppressing monopolies which existed in that country.

The work of developing agriculture through co-operative work among the farmers is being done more or less successfully in almost every country in Europe, in India, and in the United States. In the countries mentioned above there are but a few co-operative producers' associations at present that can be considered really successful. It was only in 1895 that the agricultural co-operative organization became an important factor in the United States in improving agriculture. One of the earliest co-operative marketing associations organized in that country was the Cranberry Growers' Association of New Jersey and Massachusetts. This association was not wholly co-operative as the product was sold separately and the returns were made to each member, on the basis of the sale of his individual crop. The products were sold under the brand of the individual grower and not of the association. After a few years this method proved to be wholly unsatisfactory, and so the members decided to form a central agency, known as the National Fruit Company, which handled all the products of the members under the company's name.

At present the most successful work in co-operative marketing in the United States is found on the Pacific Coast among the fruit growers of California, Washington, and Oregon. At the beginning the farmers found out that the method of marketing their crop was a very complex business because of the nature of the fruits, which is perishable. It was then impossible to distribute them to all parts of the United States and to export them to foreign countries. As the fruits produced varied in quality, the association took charge of standardizing the fruits handled and of packing and shipping them. By this process, grade and quality of the produce were assured and the association established a reputation. Later on a number of these local associations of growers grouped themselves into a central organization to handle their business on a more extensive scale. These organizations helped materially and were responsible for the success of the fruit industry in the United States to-day.

In 1914, an agricultural marketing society was organized in Burma to sell rice and pea-nuts direct to the wholesale dealers in Rangoon. The exporters protested to the Government of India claiming that the organized co-operative society had raised the prices of the products and as a result the merchants and consumers suffered. The committee assigned to investigate could not find any evidence to support the merchants' charges and the Government did not take further action. Due to the organization, unnecessary middlemen were eliminated and a better understanding between the wholesale dealers and the producers in India was established.

CO-OPERATIVE ORGANIZATIONS IN THE PHILIPPINES.

In the Philippines co-operation in various forms is part of the scheme of the work of our farmers, yet no efficient systematic organization on co-operative marketing was ever attempted until 1913 when work in this direction was started by the Bureau of Agriculture. Before this work was begun, the Director of Agriculture sent out letters to all provincial governors to find out what has been done along this line. From the replies

received it appeared that no organization of this kind existed in the Islands except two of a quasi-co-operative character found in Bulacan Province, one operating a rice mill and another operating a rice-threshing machine. The Societies were both composed of farmers who put up these machines for milling their own rice and those of others, charging some money or palay for milling.

Another association found was the Davao Planters' Association organized to foster and stimulate the cultivation of hemp in that province and to defend the interests of its members.

In July, 1914, an office of co-operative organization was created in the Bureau of Agriculture to induce the farmers to group together in order to better their conditions, and to pave the way for the solution of their marketing problems.

Ex-Vice-Governor Martin during his administration started the movement. The initial work done was the organization of municipal and provincial agricultural societies. It was planned to have insular and provincial agricultural councils to look after the staple products such as abaca, tobacco, coconut, sugar and rice, and to organize the farmers according to their products. It was expected that through the organization of these co-operative agricultural societies the products of the members could be marketed co-operatively.

The support of the provincial and municipal authorities, the Constabulary and the schools, were secured in fostering this plan, and as a result there were 200 municipal agricultural societies organized by the Bureau of Agriculture in 22 provinces with a total membership of 15,000 in 1914 and a total of 286 municipal agricultural societies in 29 provinces at the close of 1918.

Of these associations but a few succeeded to come up to expectations. Among the municipal agricultural societies organized, the one in Pangil, Laguna, which has conducted co-operative marketing successfully is worth mentioning. This society started with small capital and gradually built up a fund amounting to P1,100. The members started the enterprise by buying the coconuts produced by the members and sold them direct to the wholesale dealers in Manila. Other societies which attained a similar success are the municipal agricultural society in Lumbang, Laguna and that in San Antonio, Zambales.

CHAMBERS OF AGRICULTURE.

In 1922 at the convention held in Manila during the Carnival by the provincial governors, the presidents of the Agricultural Congress and of the Philippine Chamber of Agriculture, and the Secretary of Agriculture and Natural Resources, it was agreed upon to organize in the provinces, provincial and municipal chambers of agriculture in order to develop among the farmers a simple co-operative system of buying and selling their products and placing them on the market with the least possible intervention of the middlemen and the speculators.

PRODUCERS' ASSOCIATIONS.

This plan was carried out in some provinces but the results obtained were not promising and so in April, 1922, another campaign was started to organize producers' co-operative marketing organizations composed of

farmers producing the same kind of crop only such as banana planters, vegetable raisers, poultry raisers, mango growers, tobacco producers, milk producers, etc. This plan was considered better than the previous ones for as the members produce the same kind of crops the association can handle the business better and the members will have one common interest.

At the start many difficulties were encountered in organizing these producers' associations and pessimism prevailed in some quarters because of the sad experiences of the people due to the mismanagement and abuse committed by officers and other members of previous organizations. The middlemen capitalized these failures and opposed the new organization, but in spite of these difficulties, thirty local co-operative producers' associations were organized in 1923 by the Bureau of Agriculture.

Efforts were also made by the Bureau of Agriculture to enable these associations to market their products direct to Manila. To start with, a central milk agency was established in the city which handled the products of four milk producers' associations in the provinces. Later on the Rizal Farm Mercantile Co-operative Association of Caloocan, Rizal, has also established an agency in Manila. Another milk agency was established in San Fernando, Pampanga, by the Pampanga Milk Producers' Association where milk prepared in a sanitary way was handled locally in a commercial scale.

The products of the Banana and Papaya Growers' Associations, however, were sold to the Manila Fruit Company and the National Fruit Company established in the city, as well as to other dealers.

The only Tobacco Co-operative Producers' Association so far organized by the Bureau of Agriculture is the one in Nemmatan, Jones, Isabela. This association will handle the tobacco crop of its members. The adoption of better methods of culture and better handling of tobacco are among the helpful activities of the association.

The Bureau of Commerce and Industry is also working along this line, and has so far, according to information, organized a tobacco association in Tuguegarao. With the combined efforts of these two bureaus and the co-operation of the Bureau of Internal Revenue, more of these associations can be established in the Cagayan Valley which may be depended upon to solve the present tobacco problems.

Under the present method of marketing there is absolutely no incentive for the planters to produce better crop. The buying and selling of unstandardized products is not conducive to the production of better crop, as no better price is paid by the tobacco buyers for quality.

The tobacco crop passes through many hands before it reaches the manufacturer or exporter. As a consequence, the compensation of the intermediaries is added to the price of the product. Their elimination through co-operative marketing organization will, it is believed, redound to the benefit of the planters and the exporters, as the former will get the full value of their product, and the latter will pay a reduced price for the reason that they will not employ too many buyers as they do at the present time.

CONCLUSION.

There is no reason why co-operative marketing cannot be developed in this country as with the development of co-operative marketing the farmers will undoubtedly get better price and will be able to dispose of

their product more easily. They will also learn the standardization of the produce as to kind and quality; the proper distribution thereof to the market; the regulation of its supply and the proper method of selling and advertising, all of which are still not known to our farmers.

In the work of co-operative marketing three things can be demonstrated. First, agricultural co-operative marketing association creates a community spirit in any line they want to undertake; second, it serves as an important factor and as a medium in promoting agricultural interest in any province or municipality by increased production and by the standardization of products for the market; third, the success and failure of each association primarily depend upon the kind of management coupled with facilities.

Much has been said and written on the advantages of organizing co-operative associations with encouraging, instructive and convincing suggestions. People read and realize all these advantages, but when they are put into practice it is surprising to meet so many obstacles and difficulties in persuading farmers to engage on this profitable way of doing business.

A noted economist has said: "Of all the classes of society the farmers are the most easily divided, the most reluctant to stand together for their common defence and the promotion of their common interest."

So far as I have observed, the following are some of the obstacles which cause failures in co-operative marketing work in this country:

1. The ignorance of proper method of marketing the product as a limiting factor in the dissemination of the value of co-operative marketing organization.

2. The lack of business ability of the officers and frequent and systematic supervision and auditing of the accounts of the association.

3. The lack of economy as a cause of failures of co-operative organizations, especially those just starting. Oftentimes the officers forget to exercise all economy possible that what little income the association may gain is also lost. It is very essential for any young association that its expenses do not exceed the income.

4. The general weakness of the co-operative spirit and loyalty of the members to support the society. Every member exercises his individuality, feels independent and in cases where societies exist, the members do not look upon themselves in any other light than to throw his advantage and competition with each other in securing personal interest to the society.

5. *Opposition.*—The question of opposition is closely allied to that of loyalty; for while loyalty is maintained opposition is ineffective.—The Philippine Agricultural Review, Vol. XVII, No. 4.

THE COLOMBO DISTRICT CO-OPERATIVE UNION, LIMITED.

This Union, the first of its kind in Ceylon, has been started with the following objects:— (a) to develop and organize Co-operative Societies within the area of operations, (b) to provide a means of assessing and guaranteeing the credit of Co-operative Societies affiliated to the Union, (c) to control affiliated societies by careful and regular supervision, (d) to advise and assist affiliated societies to further their interests and (e) to diffuse knowledge on Co-operation.