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A QUARTER OF A CENTURY
OF CO-OPERATION
IN FINLAND



PUBLISHED FOR THE TWENTY-FIFTH ANNIVERSARY
OF THE PELLERVO SOCIETY 2. X. 1924



Suom. Osk. Toim. Yh.

Pellervo-Seura

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MTK JA PELLERVO-SEURA

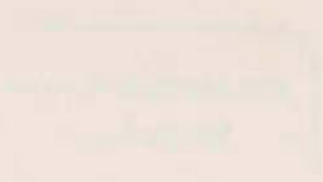
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HELSINKI 1924

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QUARTER OF A CENTURY
OF CO-OPERATION
IN FINLAND

THE FINNISH CO-OPERATIVE MOVEMENT
AND THE FINNISH PEOPLE'S PARTY



HELSINKI 1924
GOVERNMENT PRINTING OFFICE

To the Reader.

The co-operative movement in Finland differs from the corresponding movement in most other countries in that it does not owe its origin to co-operative enterprises started by the poorer citizens on their own initiative, gradually giving rise to others and later forming common central organizations and federations. In Finland growth has, on the contrary, been *from the centre outwards* on a preconceived plan. There was first a society to promote co-operation, the Pellervo Society (Pellervo-Seura), before co-operation had any practical existence, and then this society arranged for the establishment of co-operative societies and even of central organizations and for some time directed the whole course of the movement.

For this reason the *twenty-fifth anniversary of the Pellervo Society* becomes a celebration for the *whole co-operative movement of Finland*, and at the same time affords a standpoint from which to look back and appraise the harvest which has so far been reaped from the field of Finnish co-operation. In view of the northerly situation and scanty population of Finland, the results which it has achieved have been considered remarkable even when judged by foreign standards. We have therefore thought it right to publish this account in various languages, and it now appears simultaneously in English, French, German and Swedish. The foreigner will now again be able to obtain, in a compact form, information concerning Finnish co-operation which has not been available since Professor Hannes Gebhard's work on the subject, published in all civilised languages, became out of print.

I.

Remarks on the Geographical and Social Conditions of Finland.

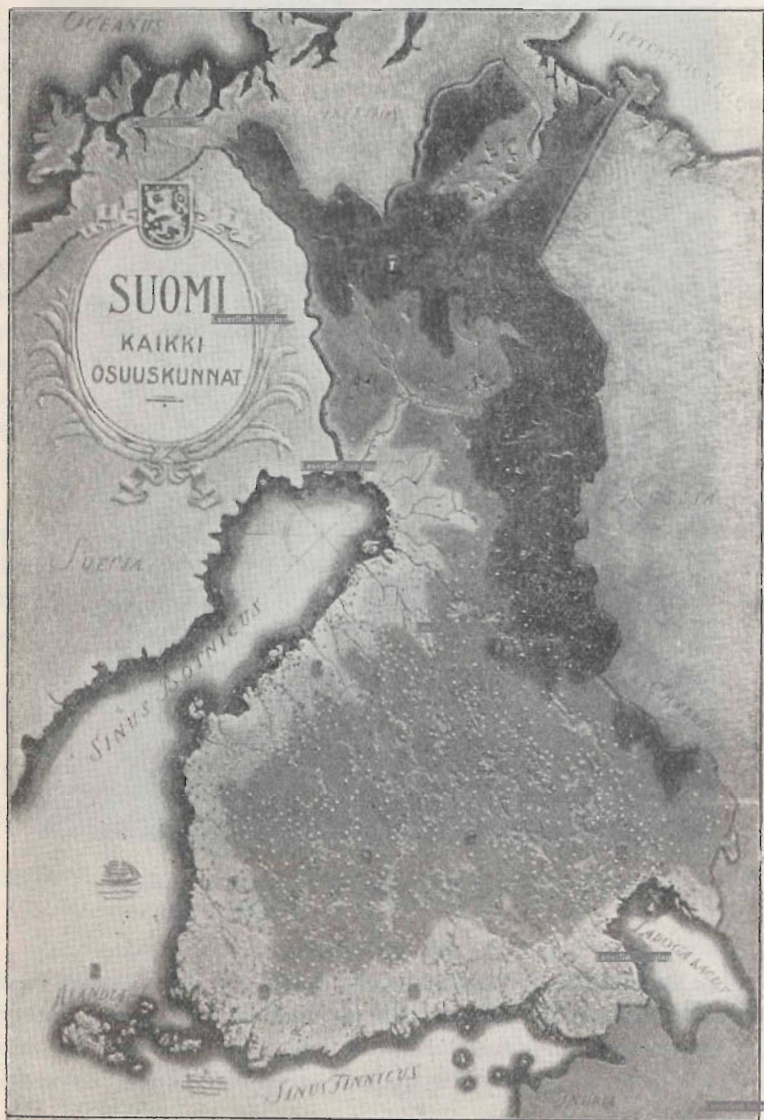
In order to enable co-operators to form an opinion of the background of the movement in Finland, and of the exceedingly great difficulties which it has had to overcome, a few details as to the geographical and social conditions of the country are necessary.

Finland, a sovereign Republic since 1917, is one of the most northerly civilized countries in the world, situated between latitudes 60° and 70°. The area of the country is about 144 750 square miles, of which 16 212 square miles are occupied by lakes and rivers. On this area only 3 000 000 inhabitants are to be found. The southern part of the country has, on an average, from 40 to 60 inhabitants per square mile, whereas in the northern and eastern districts the average is as low as from 3 to 30. This exceedingly scanty population is in itself an indication of the great obstacles which have stood in the way of co-operative development.

The country has 38 towns, of which the majority are very small ones, with from 1 000 to 5 000 inhabitants only. The capital, Helsinki, numbers about 200 000 inhabitants, and two more towns about 50 000 each. Altogether, the population of the towns may be fixed at 550 000. The country is divided into 500 parishes, of which most are from 75 to 150 square miles in area, but quite a number above 400 and in the north even up to 3 000 to 7 500 square miles. The population of the parishes averages about 5 000. Most of the parishes have from 2 500 to 5 000 inhabitants, about 100 of them do not come above 2 000, but in 60 of them the total rises to from 10 000 to 35 000. The total rural population numbers about 2 850 000 persons.

These figures explain why in Finland most co-operative societies are situated in the country, and why also the major-

ity of the members of the co-operative stores belong to the rural population.



Finland showing all the co-operative societies.

the country the number of farmers with a high standard of education is small, and the so-called educated classes are principally represented by the officials. These usually live in the »church village» (the central village of the parish), and consequently considerable tracts of the larger parishes are wholly without any highly educated residents.

The gradual introduction of country schools has lately brought a large number of young teachers into the country, as a school district usually embraces only 500 to 1000 inhabitants. Under the Obligatory Education Law, promulgated in 1919, all children are obliged to pass through the elementary school and a two years continuation school course. Further, quite a number of peasants' sons, after having attended school, have passed a winter at one of the »people's universities» (of which there are 46, arranged in the same way as the Danish ones) or at some of the agricultural schools (of which there are 40).

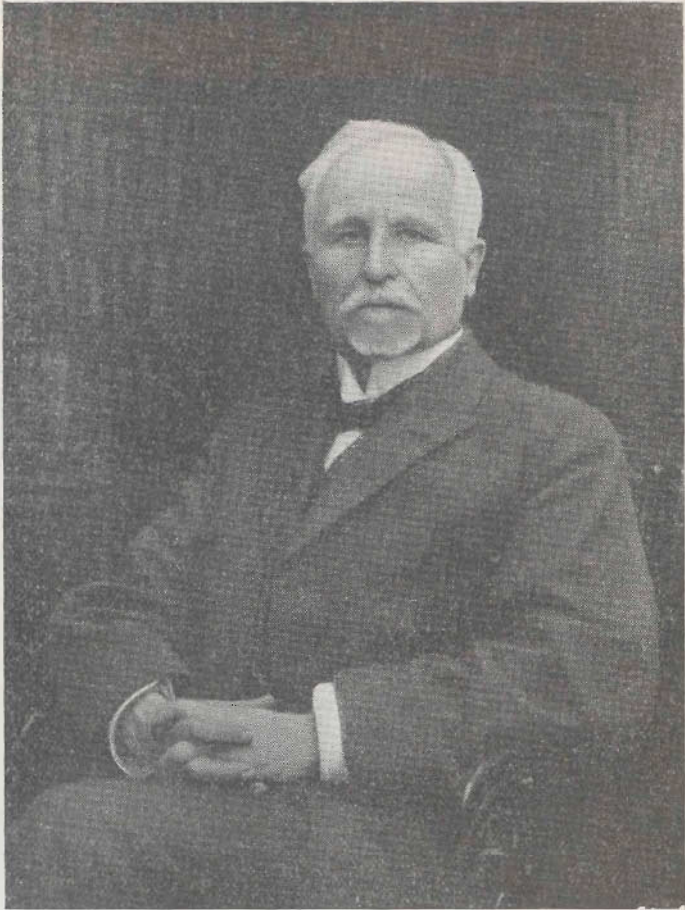
These circumstances have brought it about that among the leading men of most of the co-operative societies in Finland are not to be found so many officials or clergymen as in many other countries, but principally peasants and to some extent also national school teachers.

Of the rural population about 80 per cent depend for their living on agriculture, cattlebreeding or forestry.

Of the rural householders about 222 000, or 23 %, possess land, about 95 000, or 34 %, rent land, about 216 000, or 43 %, are landless.

Of the holdings about 3 800 1.5 % are large ones, about 52 000 20.8 % are medium or small ones, about 195 000 77.7 % are allotments.

These facts, too, explain why the co-operative movement in Finland is almost wholly a movement of persons in small circumstances, notwithstanding the fact that it is chiefly a rural movement.



Professor **Hannes Gebhard**, -the Father of Finnish Co-operation-.
President of the Pellervo Society 1899—1917.

In the southern and western parts of the country the inhabitants live mostly in villages, in the other parts mostly in separate homesteads. Both villages and homesteads are separated from each other by extensive forests and lakes. In



Dr. F. M. Pitkaniemi, President of
the Pellervo Society 1918



Mr. Onni Karhunen, Secretary of
the Pellervo Society 1907

II.

Inauguration of the Co-operative Movement in Finland and the Pellervo Society.

In the last decades of the nineteenth century the political and economic position of Finland was one of great difficulty. The national existence of the Finns was threatened by the oppressive measures of the Russian autocracy, and poverty, both intellectual and material, was widespread. The pioneers of the movement aimed at raising the whole people intellectually, morally and even patriotically. In order to create the conditions under which this purpose could be carried out, they proposed to adopt the weapon of co-operation, which had shown itself in other countries as one of the best means of improving the economic position of the poor.

With this end in view, Dr. HANNES GEBHARD, Professor of Helsingfors University, began to make propaganda for the co-operative idea and gained for its support a large part of the educated class. It was on his initiative that the Pellervo Society was formed, on October

2nd 1899, to promote co-operation among the rural population of Finland. Since that date he has devoted his whole life to work for the co-operative movement. He has been its leader and organiser, and he is called »the Father of Finnish Co-operation».

The object of the Pellervo Society, as stated in its rules, is »to promote the economic prosperity of the people by means of co-operation, and to be a connecting link between the different co-operative enterprises working in the country». In accordance with this object, it has helped and guided the co-operative societies of Finland in their formation, their management and the auditing of their accounts.

District consultants are employed to disseminate the idea of co-operation and to give practical guidance. For the same purpose, Pellervo conferences were held in Helsingfors for many years and attended by large numbers of co-operators. More recently, it has been arranged instead that the annual meetings of a number of the central societies and agricultural organizations should be held at the same dates, so that these have formed special agricultural and co-operative conferences. Model rules handbooks and account books for most kinds of co-operative societies are prepared in the office of the Society, which has also published a large amount of co-operative literature, year-books and statistics of co-operation in Finland. It has drawn up a special system of book-keeping for all co-operative societies and supplies the necessary books. A co-operative and agricultural journal called *Pellervo* has appeared since 1900, and *Suomen Osuustoimintalehti* (*The Co-operative Journal of Finland*), which is published in conjunction with the central organizations and is intended for the officials of co-operative societies, since 1909. The circulation of *Pellervo* has this year (1924) been 77 000, which means that every third owner of an agricultural holding in Finland subscribes to it.

In addition, the Society acts as the champion of co-operation, takes the initiative in new directions for its promotion

and makes reports on co-operative questions to the Finnish Government. The foreign co-operative organization, which the Pellervo Society most closely resembles, is the Irish Agricultural Organization Society.

The Pellervo Society was originally composed of individuals, but it now accepts as members co-operative societies only. At the end of 1923 its membership was 818 individuals and 492 societies.

The Society obtains the funds needed for its work from the sale of its publications, from Government grants and of recent years from contributions, which are steadily growing in amount, made by four of the central co-operative societies. Thus its income for 1923 amounted to nearly 1 500 000 marks, of which the Government grant furnished 205 000 and the contributions from central societies 420 000 marks.¹⁾

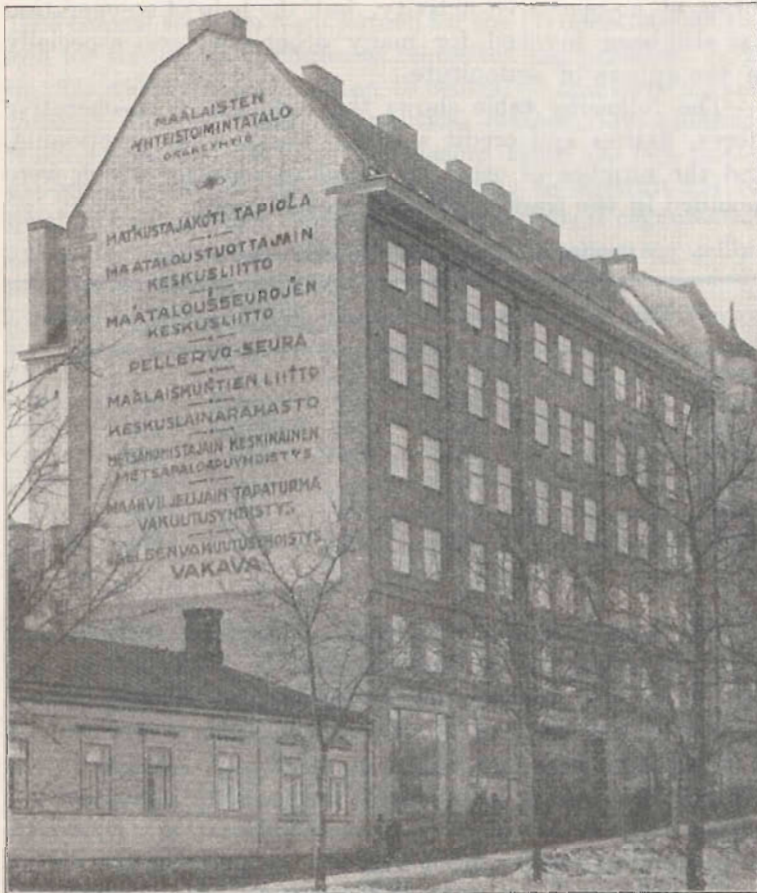
III.

General Review of the Growth and Present Position of the Finnish Co-operative Movement.

The first great achievement of the Pellervo Society was getting the Co-operation Act passed into law in 1901. But

¹⁾ The variations in value of the Finnish mark, which at par is equal to the franc, are shown in the following table giving the official quotation of the Bank of Finland per \$100. The last column gives the numbers of marks at each date which were approximately equivalent to a hundred marks at par.

Date	Finnish marks per \$100	Cost of dollar per cent. of its cost at par
Par	518.26	100
Average 1916	723	138
" 1918	828	158
" 1919	1 358	300
" 1920	2 927	565
" 1921	5 207	1 005
31 Dec. 1921	5 325	1 028
Average 1922	4 660	900
31 Dec. 1922	4 025	777
Average 1923	3 742	722
31 Dec. 1923	4 045	780



House of the Rural Co-operators, Helsinki, containing offices of the Pellervo Society, the Central Credit Institute etc.

even before that date it had so successfully propagated the idea of co-operation and so well planned its practical application, that when the Act came into force co-operative societies at once began to spring up all over the country. Co-operative stores, dairies and credit societies were the principal

forms of co-operative activity, but the help of co-operation has also been invoked for many other purposes, especially in the sphere of agriculture.

The following table shows the numbers of co-operative stores, dairies and credit societies which were functioning, and the number of other co-operative societies which were included in the trade register in certain years.

Number of Co-operative Societies, 1902 to 1923.

Year	Stores	Dairies	Credit Societies	Other Societies	Total
1902	34	27	—	6	67
1906	274	287	143	135	839
1910	452	328	870	639	1 709
1914	415	396	429	835	2 075
1918	585	430	590	1 100	2 705
1922	601	485	795	1 554	3 335
1923	596	508	928	1 594	3 626

The membership of the local co-operative societies has grown in proportion to their number. In 1906 the membership of all the societies taken together was already 89 000, in 1914 it had risen to 311 000 and in 1922 to 540 000. If it be assumed that each family on an average consists of five persons, the present co-operative membership represents 2.7 million souls, or nearly 80 % of the whole nation. There can be no need of further proof that the co-operative movement of Finland has the support of the entire people.

Central co-operative organizations of various kinds came into existence at an early stage of the movement, many of them with the help and encouragement of the Pellervo Society. These have for the most part been engaged in laying the foundations of co-operative activity, guiding and organizing the local movement in their respective spheres. A central organization for the credit societies was formed as early as

1902, the co-operative stores followed suit in 1904 and in 1905 central societies were formed for the co-operative dairies and for trading in agricultural requisites and produce. Now, in 1924, there are no less than 10 central co-operative organizations. Two of these, for political reasons, are wholesale trading societies; for linguistic reasons there are two butter exporting societies and two for dealing in agricultural requisites and produce, while there is one central organization apiece for the credit societies, live stock societies, egg selling and timber selling societies.

The following table shows the position of the central co-operative societies at the end of 1923.

Society	Number of Societies	Total Members	Total Capital
Wholesale Trading Societies	2	10,000	£100,000
Butter Exporting Societies	2	5,000	£50,000
Agricultural Requisites and Produce Societies	2	10,000	£100,000
Credit Societies	1	10,000	£100,000
Live Stock Societies	1	10,000	£100,000
Egg Selling Societies	1	10,000	£100,000
Timber Selling Societies	1	10,000	£100,000
Total	10	50,000	£500,000

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Live Stock Societies	1	1,000	£100,000
Egg Selling Societies	1	1,000	£100,000
Timber Selling Societies	1	1,000	£100,000
Total	10	6,000	£600,000

Central Co-operative Organizations 1923.

Name and short title	Translation	Date of foundation	Affiliated societies	Sales millions of marks	Funds of marks
Osuuskassojen Keskuslainarahasto O. Y.	Rural Banks' Central Credit Institute	1902	928	¹⁾ 153.0	4.8
Suomen Osuuskauppojen Keskuskunta r. l. (S. O. K.)	Finnish Co-operative Wholesale Society (S. O. K.)	1904	464	³⁾ 517.3	34.2
Keskusosuusliike Hankkija r. l. (Hankkija)	»Hankkija» Central Agricultural Supply Co-operative Society	1905	²⁾ 1 265	143.6	10.2
Voinvientiosuusliike Valio r. l. (Valio)	»Valio» Central Co-operative Butter Export Association	1905	338	350.1	11.6
Centralandelslaget Labor m. b. t. (Labor)	»Labor» Central agricultural Supply Co-operative Society	1906	³⁾ 1 231	102.9	3.6
Centralandelslaget Enigheten m. b. t. (Enigheten)	Co-operative Butter Export Association (Swedish-speaking dairies)	1917	15	18.6	0.6
Osuustukkukauppa r. l. (OTK.)	Co-operative Wholesale Association (OTK)	1917	112	464.6	24.8
Suomen Karjakeskuskunta r. l.	Finnish Live Stock Central Co-operative Society	1918	13	61.0	1.6
Vientikunta Muna r. l.	»Muna» Central Co-operative Egg Export Society	1921	89	4.8	0.1
Metsänomistajain Metsäkeskus O. Y.	Central Organization of the Co-operative Forestry Societies	1921	⁴⁾ 8 500	34.9	10.6
	Total	—	⁵⁾ 3 114	1 850.8	101.3

¹⁾ Credits granted. ²⁾ Including 275 individuals. ³⁾ Including 1 066 individuals. ⁴⁾ Shareholders. ⁵⁾ Not individuals.

For co-operative theory and propaganda there are four unions which embrace the whole country.

The first of these is naturally *the Pellervo Society*, which includes all branches of co-operative activity within its scope and is in close touch with the different central organizations. Then there are two associations, corresponding to the two wholesale trading societies, whose principal sphere of work is among the co-operative stores. The older of these, *Yleinen Osuuskauppojen Liitto (The General Union of Co-operative Distributive Societies)*, is divided into fourteen districts, each with its own secretary, in order that its work may be the more intensively concentrated, while the younger, *Kulutusosuuskuntien Keskusliitto (The Central Union of Distributive Co-operative Societies)*, is similarly divided into eight district associations. Then there is a separate association, *Finlands Svenska Andelsförbund (The Swedish Co-operative Union of Finland)*, which carries on propaganda work in all branches of co-operative activity among the Swedish-speaking population. In addition, the co-operative dairies have ten *provincial co-operative dairy unions* to carry on their propaganda and advisory work, each with a paid secretary, while *Voinvientiosuusliike Valio (The Central Co-operative Butter Export Association)* acts in a way as their central organ. In the sphere of co-operative credit societies the propaganda and advisory work is conducted by *Osuuskassojen Keskuslainarahasto (The Rural Banks' Central Credit Institute)*.

IV.

Co-operative Distributive Societies.

The Local Movement.

Co-operative Distributive or Consumers' societies form by far the most important group in the Finnish co-operative movement. Credit societies are slightly more numerous, but the membership of the consumers' societies is nearly double

and their turnover nearly three times that of all the other co-operative societies combined. This is due partly to the fact that these societies do a great deal of what is usually considered purely agricultural business, as many of them, especially in the country, have from the start also undertaken the sale of the agricultural produce of their members and the purchase and supply of agricultural requisites of all kinds.

The Finnish co-operative movement, like the Danish, is remarkable for the fact that co-operative stores have obtained a widespread and secure foothold in the rural districts. About ninety per cent of the stores are in the country and only about ten per cent in the towns.

The local movement has progressed from year to year, its membership has grown and its turnover increased. It is true that in the last few years the number of distributive societies has shown some decrease, but this is due to the amalgamation of some of the smaller ones, owing to a very natural desire for centralization and consolidation. The co-operative stores are very often the biggest and handsomest shops in their localities.

The growth of the co-operative store movement in various years may be seen from the following table.

The Co-operative Distributive Societies, 1902 to 1923.

Year	Number of Stores	Membership	Sales millions of marks	Funds millions of marks
1902	34	6 000	1.2	—
1906	274	50 000	22	0.8
1910	452	37 000	47	3.4
1914	415	97 000	71	6.8
1918	585	255 000	482	47.9
1922	601	342 000	1 800	112.2
1923	596	352 000	1 945	131.6

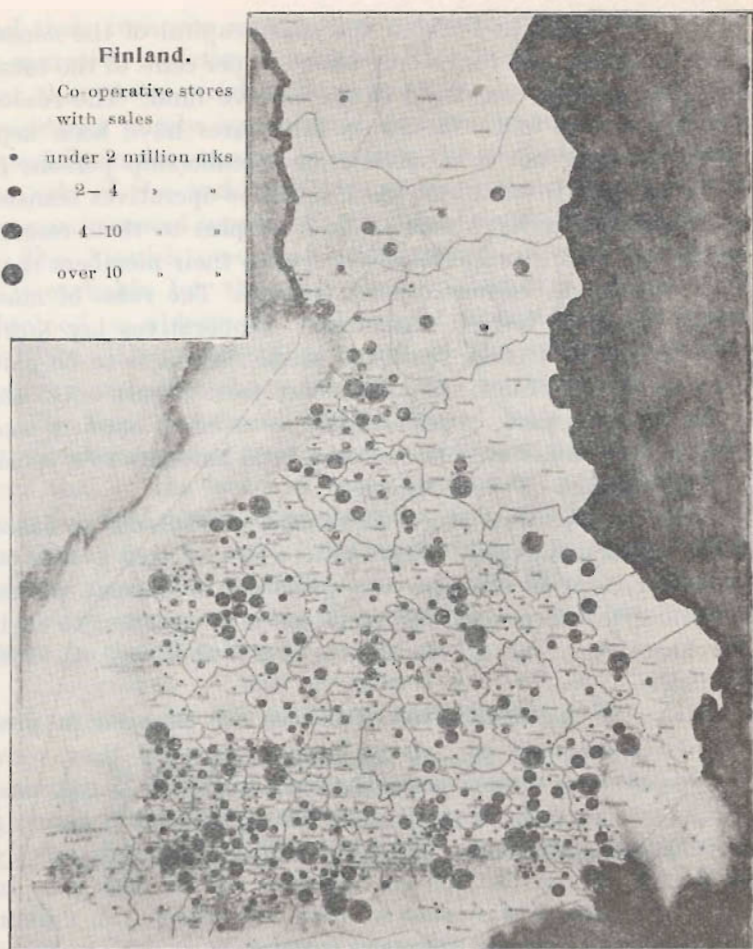
These figures indicate an important difference between the Finnish Consumers' co-operatives and those of many

other countries. In Finland the share capital of the consumers' co-operatives forms only about 10 per cent. of the total, the greater part consisting of the reserve fund. The reason for this is two-fold. As a rule the shares have been kept small in order not to exclude from membership persons of small means. In addition, the Finnish co-operatives transfer a comparatively large part of their surplus to their reserve funds and return proportionately less to their members than is customary in various other countries. The rules of most of the recently formed consumers' co-operatives lay down that for the first three years the whole surplus is to be paid into the reserve fund. In subsequent years a part only, but a considerable part, of the surplus is to be so applied, and this is to continue until the reserve fund amounts to a specified percentage of the turnover.

The co-operative store movement of Finland is based on the Rochdale principles. As a whole it is of a neutral character, and it observes the principle of current prices, returning the surplus to the members in proportion to their purchases etc. One of its objects is the abolition of credit trading.

Many of the distributive Societies are engaged in productive enterprises of various kinds. In 1923 they were responsible for 192 such establishments, including 79 bakeries, and 30 non-alcoholic beverage factories, in addition to running 77 cafés and restaurants. The total value of the goods directly produced by the distributive societies and of the sales in their cafés and restaurants in 1923 was about 192 million Finnish marks. Since 1917 many societies have also combined a savings bank with their other business. At the end of 1921 there were 140 of these savings banks, with deposits amounting to 43.5 million Finnish marks.

An interesting example of the extent and many-sidedness of the operations of a single society is given by *Elanto*, the largest consumers' co-operative society in Finland, which was founded at Helsinki in 1905. In 1923 its membership



was 29 659, it had 136 retail shops, and its sales amounted to 167.7 million Finnish marks. It owned a bakery, a dairy, a leather factory, a sausage factory, a brewery for light beer, a jam factory, mechanical, saddlers and knitting workshops, a slaughter-house, a soap works and two farms. The value

of its products in 1923 was 86.8 million Finnish marks, and the Society baked and delivered one-third of all the bread sold in Helsinki.

Central Organizations of the Co-operative Distributive Societies.

Scarcely were the co-operative distributive societies well started, when they began to plan the formation of a central organization, which should act as a wholesale society and also lead the whole movement. They held a meeting for the purpose, at which the Pellervo Society was also represented. As a result of this meeting the Finnish Co-operative Wholesale Society, *Suomen Osuuskauppojen Keskuskunta (S. O. K.)*, was founded in 1904. For some time the necessary educational and propaganda work was done by the Wholesale Society, with the assistance of the Pellervo, but in 1908 it was felt that this side of the work called for further development and the General Union of Co-operative Distributive Societies (*Yleinen Osuuskauppojen Liitto*) was formed for the purpose.

In the early days of the movement various classes of the community were equally interested in its success. Some of the first societies in country districts were founded by farmers, others in the towns and industrial centres by industrial workers. At first these different elements worked smoothly together, but it was not long before difficulties began to arise. One cause of disagreement was the question of the attitude to be adopted by the co-operative distributive societies to the political and trade union activities of the



Mr. Hugo Vasenius,
Managing Director of the S. O. K.

workers. This figured on the agenda of several meetings of representatives of the societies, but the worst difficulties were got over by compromise. The definite cleavage came on the question of representation at the meetings of the local distributive societies and at the annual meeting of the Wholesale Society.

The existing system was that each society had a single



Premises of the S. O. K. in Helsinki.

vote at these meetings, regardless of its membership or turnover. The societies in the towns and industrial-districts, where the workers were in a majority, demanded that voting power should be dependent on these factors. They were opposed by the country societies, which were in general smaller and, being located at greater distances from commercial centres, had more difficulty in attending meetings. As no agreement could be reached, a number of the larger societies in industrial centres with-

drew from the General Union in 1916 and formed the Central Union of Distributive Co-operative Societies (*Kulutusosuuksuntien Keskusliitto*). The following year they also withdrew from the Wholesale Society and founded a new one, the Co-operative Wholesale Association (*Osuustukkukauppa = OTK*). These two new central organizations, like the old ones, are by their rules neutral and are based on Rochdale

principles. In both the new central organizations the voting power of affiliated societies is proportional to their membership.

The split spread rapidly to the smaller local societies, with the result that in many places in the country as well as in the towns there were pairs of rival co-operative stores side by side, one affiliated to the old and the other to the new centrals. In spite of the economic and other drawbacks of this state of affairs, it has not prevented the rapid growth of the movement, and the rivalry between the two groups has even had a certain value in stimulating the interest of the members in the prosperity of their respective societies.

Most of the co-operative distributive societies affiliated to the new Wholesale and the new Union are in towns and industrial areas; as a rule they are of considerable size and often have several branches. Those affiliated to the older Wholesale and the older Union, on the other hand, are as a rule smaller; the majority of them are in the country, though one is also to be found in nearly every town, with a membership drawn mainly from official and middle-class families.

The older and larger of the two, the *Finnish Co-operative Wholesale Society (S. O. K.)*, which was founded in 1904, has its headquarters at Helsinki, where all its purchasing business is centralized in a special department. The growth of the Wholesale Society (S. O. K.) from 1906 to 1923 is shown by the following table.

The Finnish Co-operative Wholesale Society (S. O. K.),
1906 to 1923.

Year	Affiliated societies	Sales millions of marks	Funds millions of marks
1906	57	4.9	0.3
1910	139	13.6	1.1
1914	244	24.3	2.9
1918	494	107.7	12.0
1922	479	416.6	28.5
1923	464	517.3	34.2

Like most wholesale societies in other countries, the Society has since 1914 been engaged in the production of various commodities. Its chief productive undertakings are grouped in two centres. At Helsinki it has a tailoring shop, a coffee-roasting plant, a chicory factory, a hosiery factory, a packing house, a chemical factory, and a mechanical workshop. At Vaajakoski it has factories for making matches, brushes, card boxes, confectionery and jam, a sawmill and a flour-mill. The match factory has attracted especial attention among the co-operators of the whole world, owing to the S. O. K.'s struggle with the Swedish match trust. Further development of the Society's activities at Vaajakoski is probable, as it also owns a waterfall with an electric generating station which can supply much more power than is needed by the existing factories. The value of the goods produced in 1923 was 42.5 million marks.

The Society has a special information section which is at the disposal of all affiliated societies for legal or technical advice and for auditing their accounts. The section also undertakes propaganda on behalf of distributive co-operation, inspects the savings banks of the affiliated societies, acts as an employment agency for co-operative employees and supervises the one-year training courses which are held in the best-managed distributive societies for the education of the staff. In addition, the section is responsible for running the Society's co-operative school. This school organises special autumn courses every year for co-operative employees, who are not in a position to take the full two-year course.



Mr. Julius Alanen,
Managing Director of the OTK.

The section is also responsible for the publishing department of the Society. In addition to various annual or non-periodical publications, the Society publishes two weekly papers, *Yhteishyvä* in Finnish with a circulation of 96 000 in 1924, and *Samarbete* in Swedish with a circulation of 16 000, as well as a fortnightly review called *Osuuskauppalehti* for the employees and administrative staff of the distributive societies.

The relations between the Society and the General Union of Co-operative Distributive Societies, which was founded in



Premises of the OTK in Helsinki.

1908, are very close. Both organisations have the same governing body, and the information section of the Society acts as a central office for the Union. The interest of the local societies is stimulated by local committees of the Union, one in each of the 14 districts (11 Finnish and 3 Swedish), into which the country is divided for the purpose.

The Wholesale Society has founded two insurance societies for the benefit of its own staff and the staff of its affiliated societies, *Elonvara* for employees, founded in 1919, and *Työväienturva* for manual workers, founded in 1920. Both societies

undertake pension, sickness and invalidity insurance. There is also a fire insurance society, *Tulenvara*, founded in 1919 for the affiliated societies and their members. Since the beginning of 1923 the *Pohja* Life Insurance Society has begun to work in collaboration with the older co-operative store movement.

The Co-operative Wholesale Association of the Central Union, which was founded in 1917 and which also has its headquarters in Helsinki, has already made for itself a position of importance. Its growth in the first four years of its existence is shown in the following table.

The Co-operative Wholesale Association (OTK) of the Central Union, 1918 to 1923.

Year	Affiliated societies	Sales millions of marks	Funds millions of marks
1918	98	14.4	3.5
1922	112	318.4	18.7
1923	112	464.6	24.8

In addition to its ordinary commercial activities, the Association has been authorised by the Government to audit the accounts of the savings banks of its affiliated societies. The accounts of the local societies are audited by the Central Union, which also does all the propaganda and educational work.

The administration of the Central Union is quite separate from that of its Wholesale Association. The latter is merely a member of the Union, has a representative on its governing body and contributes a large annual sum to its funds, about equal to the total subscriptions of the local societies which are affiliated to the Union. The Central Union has a staff of experts for propaganda and educational work. It compiles and publishes statistical and other information on consumers' co-operation, and publishes a weekly paper in Finnish (*Kuluttajain Lehti*), with a circulation of about 55 000, and a monthly review in Swedish (*Konsumentbladet*).

In addition to auditing the accounts of its affiliated local societies, the Union organises yearly training courses lasting three or four months for co-operative staff, gives advice on legal questions, acts as an employment agency for the staff of affiliated societies, sells office stores and stationery, and owns a paper factory for making paper bags, card boxes etc.

A fire insurance society (*Tulenturva*) was founded in 1919 by the societies affiliated to the Central Union, with the collaboration of the Union and its Wholesale Association. This younger co-operative store movement has also recently started a life insurance society, called *Kansa*.

V.

Co-operative Dairies.

The Local Movement.

At the end of last century all the butter and cheese made in Finland still came from private or company-owned dairies. The first co-operative dairies, 28 in number, were established in 1902. Within ten years from that date the co-operative form of production controlled almost the whole dairy trade of the country.

The following table shows the progress made by the dairy movement in different years.

The Co-operative Dairies 1902 to 1923.

Year	Number of Dairies	Membership	Sales millions of marks	Funds millions of marks
1902	27	2 000	1.8	0.03
1906	287	29 000	22.2	1.2
1910	328	35 000	29.2	3.9
1914	396	42 000	43.8	6.2
1918	430	47 009	119.4	9.9
1922	485	50 000	513.8	23.7
1923	508	52 000	485.0	26.0

The Government has in general been sympathetic to the movement and has given practical help, especially in the early years, by granting loans at low interest, up to half the amount of the initial expenses, for starting dairies. The progress of the movement has been comparatively steady, except from 1918 to 1920, when food regulations and low maximum prices paralysed its activities, and led to a temporary stagnation. The co-operative dairies have long since outdistanced both private and company enterprise; as early as 1910 they produced 81.4 per cent., and in 1916 94.6 per cent. of all the dairy butter made in the country, the balance being divided about equally between the company and private dairies, and they now dominate both the home and the export markets for milk and milk products.

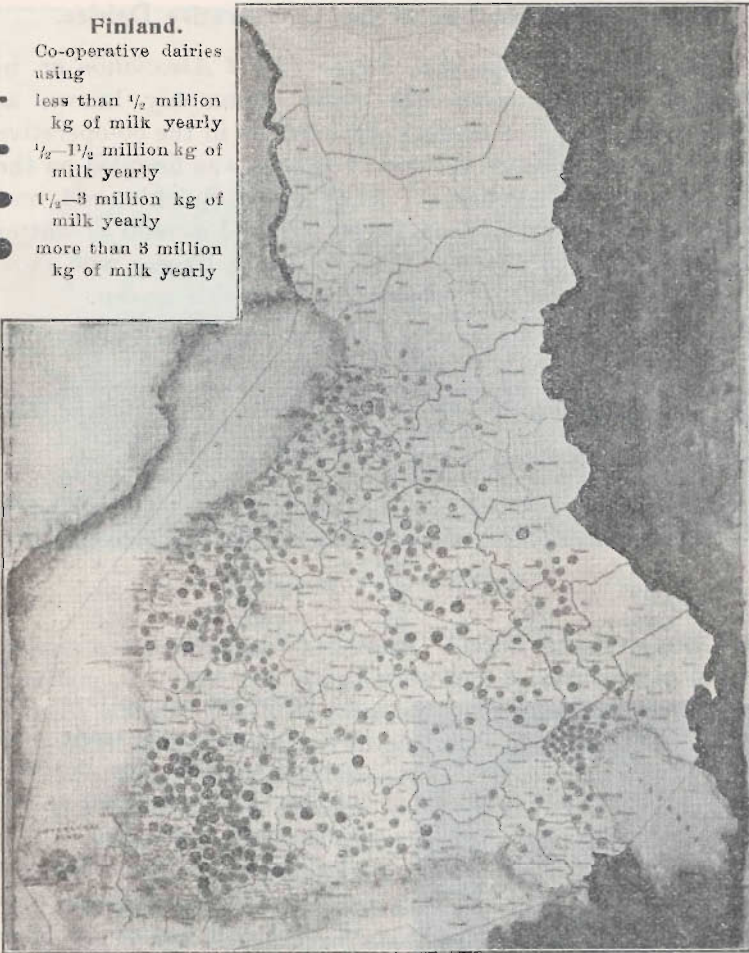
As a rule membership is small, though about 29 per cent. of all the cattle owners in the country are members of co-operative dairies. In 1920, 40 per cent. of the dairies had under 60 members, and only 20 per cent. had more than 150. Most of the members, too, owned only a small number of cattle; in 1920, 39 per cent. owned from 1 to 3 cows each; 54 per cent. owned from 4 to 15; and only 7 per cent. owned more than 15 cows each. About half the dairies had fewer than 500 cows, and in only one-fifth was the number above 1 000. The two largest dairies had more than 5 000 cows each. Many of the dairies have established subsidiary enterprises of various kinds. In 1921 there were 1906 such enterprises, which owned 51 flour mills, 12 saw mills, 4 electrical works, 2 peat moss undertakings, 2 ships and 3 tractors. Like the consumers' societies, the dairies have adopted the policy of adding almost the whole of their surplus to their reserve funds. To this policy the movement owes much of its strength.

The co-operative dairies have 11 dairy unions, which work for the improvement of dairy technique and management. They have also, in collaboration with »Valio» and the Pellervo Society, established an insurance society (*Meijeri-*

Finland.

Co-operative dairies using

- less than 1/2 million kg of milk yearly
- 1/2—1 1/2 million kg of milk yearly
- 1 1/2—3 million kg of milk yearly
- more than 3 million kg of milk yearly



väen Keskinäinen Eläkelaitos) for insuring their staff against sickness, old age and invalidity. In 1923, 101 dairies were members of this society, and its funds amounted to 1.7 million Finnish marks.

Central Organization of the Co-operative Dairies.

The Central Co-operative Butter Export Association or, in Finnish, *Voinvientiosuusliike Valio* (commonly known as »Valio») has been the leading organization in the co-operative dairy movement since the year 1905. It was founded on the initiative of the Pellervo Society, grew quickly and now controls the export of butter from Finland as well as butter prices within the country. The following figures will show more exactly how the »Valio» Association has grown.

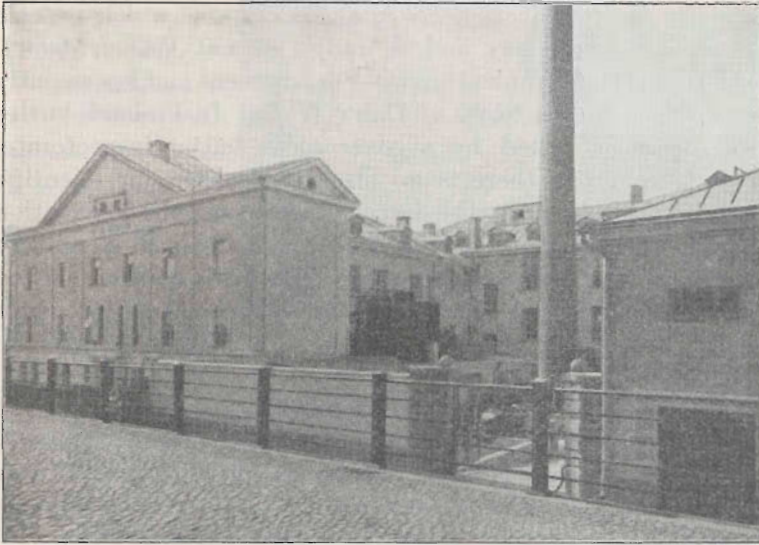
The Central Co-operative Butter Export Association „Valio”
1906 to 1923.

Year	Affiliated societies	Sales millions of marks	Funds millions of marks
1906	80	7.5	0.2
1910	157	13.3	0.4
1914	232	23.6	1.0
1918	284	64.6	2.4
1922	324	404.9	10.8
1923	338	350.1	11.5



Dr. F. M. Pitkaniemi,
Managing Director of »Valio».

Four branch offices for the inland butter trade were opened in 1909. The business of the »Valio» Association has since been extended to include cheese in 1910, milk and cream in 1913, condensed milk in 1921 and lactose in 1922. It has large modern cold storage warehouses for cheese at Helsinki and Viipuri, and has built large central dairies for the sale of milk in four different centres of population. Foreign trade is conducted through an office in Hull and



Premises of «Valio» in Helsinki.

agents in Stockholm, Christiania, Berlin, Antwerp and Amsterdam. In 1923 the Association had a membership of 338 dairies, a staff of 291, its sales amounted to 350 million Finnish marks, and it exported 83 per cent. of all the butter which passed through the port of Hangö.

The work of the «Valio» Association has been of great value to the co-operative dairy movement in Finland, and, indeed, to the dairy industry of the whole country. This has not been merely the joint sale of dairy produce and the securing of the advantages resulting from the centralization of sales. The most important part of the work is that done to improve the quality of the dairy produce. The Association encourages a high standard by paying prices which depend on the quality of the goods purchased. It organises courses in butter judging, and it tries to improve the technical qualifications of dairy staff. The latter purpose is served by grants of travelling scholarships to dairy workers and managers,

and by the publications of the Association, which include technical handbooks and a trade journal (*Karjantuote*). It has a special technical advisory department and has recently established an Institute of Dairy Work. In Finland, butter for export is tested by a government butter inspectorate. Apart from this there is no official provision for scientific research in relation to the dairy industry, and the Association has therefore set up a bacteriological and chemical laboratory in connection with its head office. The investigations carried out by it have been of considerable importance to the whole dairy industry.

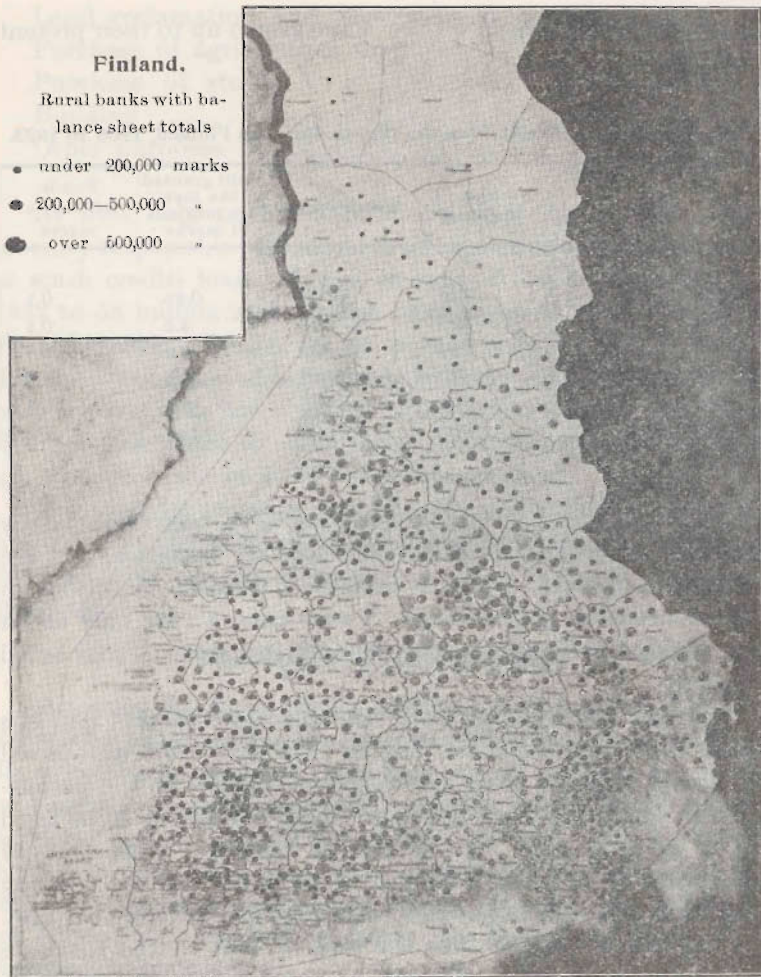
The Swedish-speaking dairy societies have also founded a Co-operative Butter Export Association (*Centralandelslaget Enigheten*), dating from 1917. Its membership in 1923 was 15 dairies, and its sales amounted to 18.6 million Finnish marks.

VI.

Co-operative Credit Societies.

The Local Movement.

There is a certain similarity between the development of co-operative credit and of co-operation in general in Finland. The experience of other countries showed that the progress of local credit societies is greatly helped if they have behind them a strong central credit institution. The necessary steps were accordingly taken by a number of private individuals, and in 1902 the Rural Banks' Central Credit Institute (*Osuuskassojen Keskuslainarahasto*) was founded. At the time there were no local credit societies in existence at all so that the Central Credit Institute had to begin by establishing such, as organs through which to work for the improvement of credit conditions in the rural districts. It is especially true in the case of co-operative credit in Finland that the central society has been the life and soul of the whole movement. It has worked mainly among the small cultivators, who are



but poorly off and have only a meagre amount of education, but it is just among these people that the co-operative idea has struck deepest roots and found its warmest supporters.

The credit societies (rural banks) are more numerous than any other class of co-operative society in Finland. The follow-

ing figures will show how they have grown up to their present position.

The Co-operative Credit Societies (Rural Banks) in Finland, 1906 to 1923.

Year	Number of Societies	Membership	Credit granted to the members millions of marks	Funds millions of marks
1906	148	5 000	0.96	0.1
1910	370	17 000	4.2	0.5
1914	429	22 000	6.0	0.9
1918	590	29 000	10.0	1.7
1922	795	48 000	82.9	3.5
1923	906	63 000	141.5	4.7

Most of the local credit societies have been founded by farmers, and all are unlimited liability societies, on the Raiffeisen system, which is suited to Finnish conditions in its organization and methods. There were in 1922 only about 15 Schulze-Delitzsch societies founded by artisans and small traders.

At first the societies were only allowed to accept deposits from their own members, but in 1920 they were authorised to accept deposits from non-members, subject to the permission of the Council of State, and under conditions to be fixed by it in each case. At the end of 1923 the total deposits amounted to 22 million Finnish marks. Most of the working capital of the societies is borrowed from the Central Institute. At the end of August 1924 the total so lent by the Institute was about 200 million Finnish marks.

As in Raiffeisen societies in general, loans are as a rule granted only for specific purposes, stated in advance, which tend to increase production and efficiency. Careful supervision is exercised by the committees to see that loans are really used for the purpose for which they were made. Loans granted for special purposes in 1922 were classified as follows:

Land reclamation and improvement	43.6
Purchase of agricultural supplies	14.2
Purchase of stock	10.6
Building	19.5
Other purposes	12.1

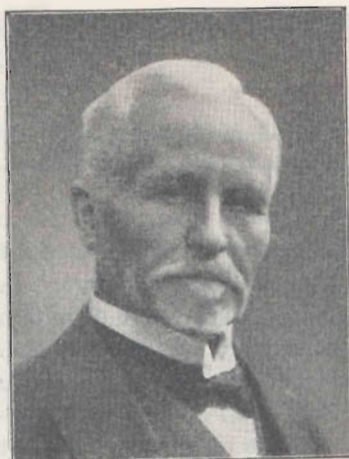
At first only note-of-hand loans were made, but more recently responsible persons have been granted current account or «cash credit» loans. Loans on note of hand amounted in 1922 to 58 million and current account loans to 15.7 million Finnish marks. Loans are as a rule only for small sums. The most usual period is from one to three years, but one-fifth of the loans were for a period of less than a year, and one-fifth for from three to eight years. Loans for land settlement are usually made on a 50-years amortisation.

Many credit societies carry on the co-operative purchase and sale for their members of agricultural supplies and produce, but the total amount of business so done is not of great importance.

The Central Credit Institute.

Although the *Rural Banks' Central Credit Institute (Osuus-kassojen Keskuslainarahasto)* was started by private initiative, its articles contemplated from the very outset that in course of time the co-operative credit societies would be the shareholders, and in fact all the shares are now held by those societies. The Institute is also empowered to make loans to other kinds of co-operatives which promote the interests of agriculture, but lack of funds has limited its operations in this field.

Considerable help has been given by the Government. In 1903 a sinking fund loan of 4 million Finnish marks was granted on favourable terms, followed by a sum of 20 000 marks a year for ten years, towards the expenses of starting local societies and helping them in their early stages. In addition, loans without interest to a total of 46.5 million



Professor Hannes Gebhard,
Managing Director of the Central
Credit Institute.

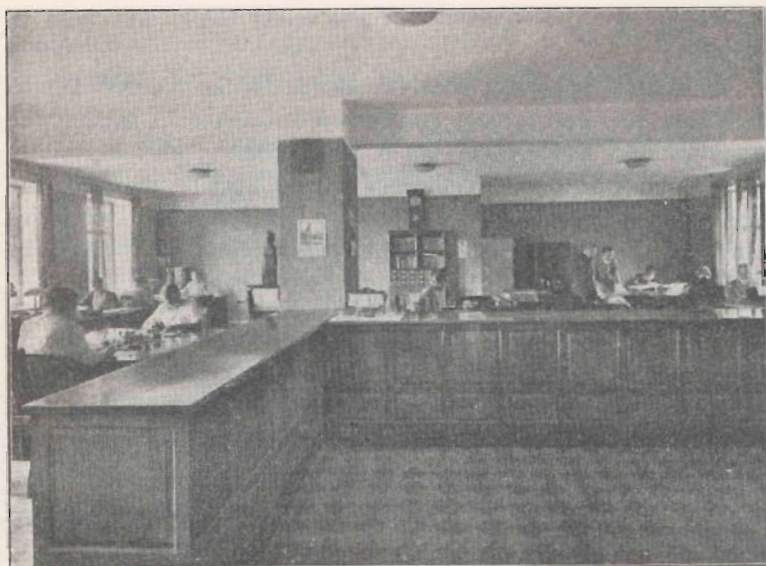
Finnish marks were granted by the Government between 1913 and 1924. These loans will not be called in as long as the objects and methods of the Institute remain unchanged, and if it is wound up they need not be repaid until after all other debts; they therefore form a kind of security or reserve fund.

The Central Credit Institute has further secured amortization loans and irredemable loans, either directly from the Government or with Government guarantee, to an amount

of 125 million marks, as well as a credit of 25 million from the Bank of Finland. In addition to the above, the Institute also has deposits amounting to about 12 million marks — although it has only been authorized to accept such from the public since the year 1920, — and funds of its own, amortization and bank loans etc., to a total of 26.5 million. The capital at its disposal amounted therefore in September 1924 to 235.5 million marks.

The Government has of recent years begun to make more and more use of the Central Credit Institute when granting building loans to local co-operative dairies, and when making loans to farmers who have suffered severe losses through frost or floods. The Institute, however, makes occasional loans of this kind only through local credit societies.

The Central Credit Institute carries on extensive work in guiding and advising the rural banks affiliated to it, and overhauls their management and bookkeeping every year. For this purpose it employs fourteen inspectors, and has also the services of eight consultants belonging to the Pellervo



The Central Credit Institute's office in Helsinki.

Society, the country being divided into nineteen inspection districts. The rural banks are thus subject to very careful supervision, the valuable results of which are shown in the fact that their solvency is undubitable, and bankruptcy among them is almost unknown.

Another branch of the Central Institute's activity is to arrange training courses for the staff of the local credit societies. Such courses are held three or four times a year, last about three weeks, and are attended annually by between 150 and 200 officials of the rural banks. The Central Credit Institute pays a large proportion of the cost of these courses and of the expenses of those who attend them.

Besides maintaining inspectors and training courses, as described above, the Central Credit Institute is also in constant touch with the rural banks by means of numerous circular letters, and through the journal *«Pellervo»*, which it employs as its organ. From time to time consultative

meetings of representatives of the rural banks are held in Helsinki.

It is thus apparent that the Rural Banks' Central Credit Institute has had a very important influence in raising the position and the self-esteem of the farmers, and especially of the small holders. Reference should also be made to the valuable educational work done by both the local societies and the Central Institute, which has helped very much to raise the standard of all agriculture in Finland.

VII.

Co-operative Trade in Agricultural Requisites.

The co-operative purchase of agricultural supplies has been through many experimental stages in Finland. Originally a system of »joint purchase» was practised by the farmers, but gradually the business was transferred to the co-operatives. Separate sale and purchase societies were tried first, but without success. Then the co-operative dairies and credit societies stepped in.

As they were in a position to grant credit to purchasers — a necessary condition for this kind of business — and in addition were controlled solely by the farmers, they were more successful. As the co-operative stores have obtained a widespread foothold in the agricultural districts (page 6), in course of time, however, most of the business passed to the distributive co-operative societies. Experience has shown that they can deal with it most successfully. Many of the larger co-



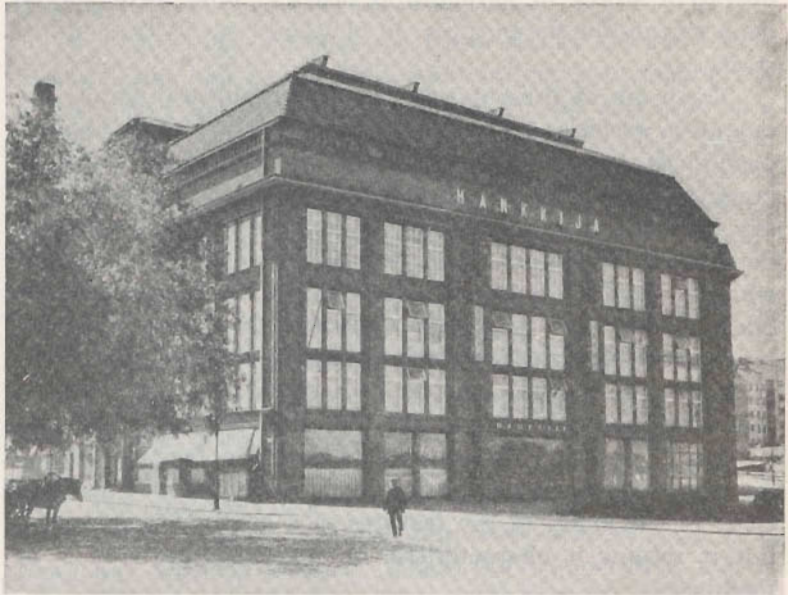
Mr. T. Arola.
Managing Director of «Hankkija».

operative stores in agricultural districts now have special departments for the purpose, in charge of specially qualified staff.

There are at present two central agricultural supply co-operative societies (*Keskusosuustilike Hankkija* and *Central-andelslaget Labor*). The necessity for some kind of central organization was recognised at an early stage, and as a temporary measure the Pellervo in 1901 started a joint purchasing department to supply co-operatives with agricultural goods, which worked for four years. By 1905 its business had developed so far that it became advisable to replace it by an independent central agricultural supply society, *Hankkija*, with its own capital and its own stock of goods. In the following year, the *Labor* Society, which had been in existence since 1897 as a kind of association of the bigger farmers, altered its articles of association, so as to come under the Co-operation Act. It has many of the features of a central organization, but it retains its characteristic of admitting individuals as members.

The »Hankkija» Society deals both in agricultural requisites, such as manures, seeds, fodder and machinery, and in agricultural produce. Its seed department, dating from 1911, is of considerable importance. A seed-improvement and testing station was started in 1913, and it has now a seed-cleaning plant at Tammerfors — the only one of its kind in Finland — erected in 1919, with modern sorting, cleaning and drying machinery, including a smut-mill. The resulting improvement in the native seeds placed on the market has been of great benefit to the farmers of Finland.

The machinery department deals not only in agricultural machinery but also in machinery for dairies, flour mills, saw-mills, peat-moss enterprises and many other purposes. It has been very successful in erecting electrical plant in various parts of the country. It has a number of flour mills and a large hide centre for dealing with raw hides, with up-to-date cleaning and dressing equipment.



Premises of «Hankkija» in Helsinki.

There is also an advisory department which carries on educational work in connection with the trade in agricultural supplies and trains staff for the co-operative stores.

The following figures show how the «Hankkija» Society has developed.

The „Hankkija” Central Agricultural Supply Co-operative Society, 1906 to 1923.

Year	Membership	Sales millions of marks	Funds millions of marks
1906	97	1.5	0.06
1910	358	3.6	0.3
1914	832	7.0	0.8
1918	1 240	78.3	7.7
1922	1 305	134.4	9.4
1923	1 265	143.6	10.2

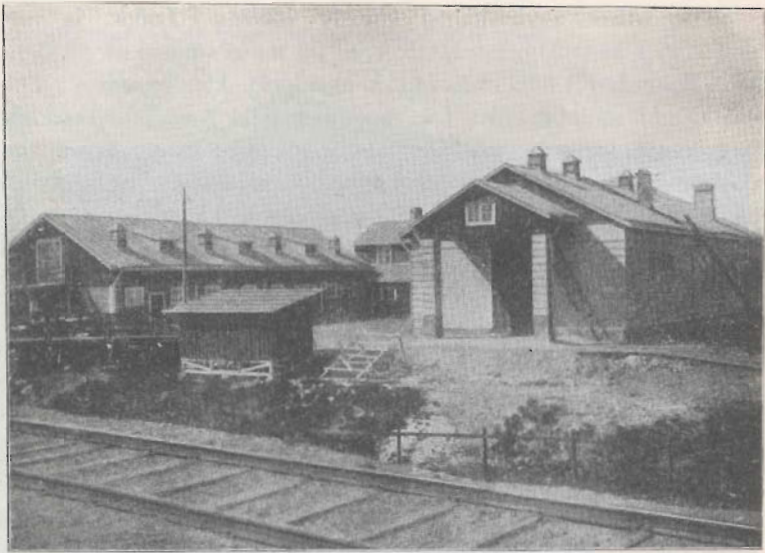
The other agricultural supply society, *Labor*, is not precisely a central organization, as its membership of 1 231 in 1923 included 1 066 individuals and only 165 societies. The individual members are for the most part Swedish-speaking large-scale farmers, who buy their supplies direct from the »Labor» instead of through the local co-operatives. In addition to dealing in such agricultural supplies and produce as manures, machinery, electrical accessories, seed and grain, it has for some years also sold groceries and manufactured goods.

VIII.

Live Stock Co-operative Societies.

Joint action by Finnish farmers for the sale of live stock is more recent and less well organized than the other forms of co-operation which have been described. The first two local co-operatives for the purpose were founded in 1909, the next two in 1912 and 1913. The war gave a considerable impetus to the movement, as the societies were able to supply cattle and meat for the troops quartered in the country. Later on, under the food regulations, their position became even stronger, and they were given a monopoly of the sale of meat under the Government food supply organization.

As a rule these societies cover larger districts than the other co-operatives, sometimes extending to whole provinces. Their membership has, however, remained small, never rising above 8 000 and they have been obliged to rely mainly on trade in the produce of non-members. At first they dealt chiefly in live stock, but they have gradually extended their scope, and in 1920 they owned 14 slaughter-houses with cattlesheds in various parts of the country, a couple of leather factories, 13 sausage factories and several retail shops in the chief centres of population. In the same year they sold 4.8 million kilogrammes of dead meat and 1 307 head of live cattle, the total value of their sales being 72.7 million Finnish marks.



Slaughter-house owned by the Live Stock Central Co-operative Society, Tornio.

The success of the societies may be measured by the fact that meat exports from Finland are now considerably larger than imports, while before the war there was an excess of imports over exports of 5 million Finnish marks a year. There is still, however, considerable scope for progress, as Finland with its excellent pasture land is very suitable for store cattle and pig breeding.

The Finnish Live Stock Central Co-operative Society was founded in 1918 by the cattle-selling societies in order to facilitate and develop their work and eliminate mutual competition. Between 1919, when it started business, and 1921 it had established wholesale centres at Helsinki and Viipuri, three sausage factories, and several sausage, provision and butchers' shops. It has also done a certain amount of foreign trade in the produce of its affiliated societies.

IX.

Egg-Selling Societies.

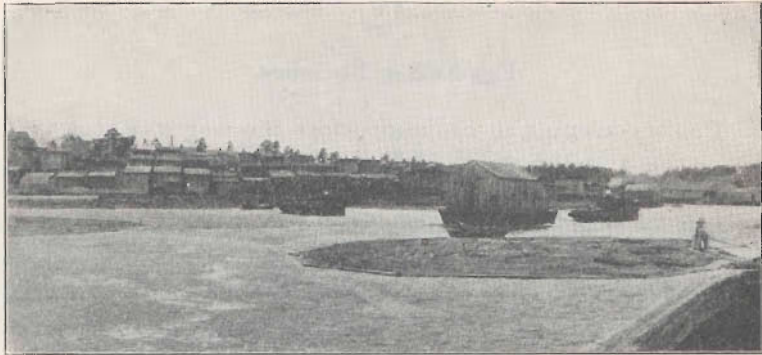
Poultry-keeping in Finland before the war was at a very low level, and the value of the eggs imported rose to over two million Finnish marks a year. The first attempts at organizing the egg market, in order to make poultry-keeping more profitable, were made by the co-operative dairies and stores and similar organizations, but they did not pay sufficient attention to the quality of the eggs or the method of packing, and their success was very uneven. Separate egg-selling co-operatives were therefore started in 1913. By the end of 1923 there were 102 of these societies on the Commercial Register.

The eggs collected were at first sold to various purchasers, such as shops, restaurants, and travelling egg-dealers. But as the societies grew in number and in the scale of their transactions, some form of central organization became essential, and in December 1921 the *Central Co-operative Egg Export Society »Muna»* was founded by a group of 15 societies. This Society started work at the beginning of 1922. In 1923 its membership was 89, its sales 4.8 million marks, and its funds 192 000 marks.

X.

Co-operative Sale of Timber.

Among the many kinds of co-operatives which have found a footing in Finland, co-operation in the timber trade would seem to hold out the promise of being of particular value to the rural population, owing to the abundance of forests. Up to the present, however, the difficulties in the way have not been satisfactorily overcome.



Timber yard owned by the Central Forestry Organization, Kotka.

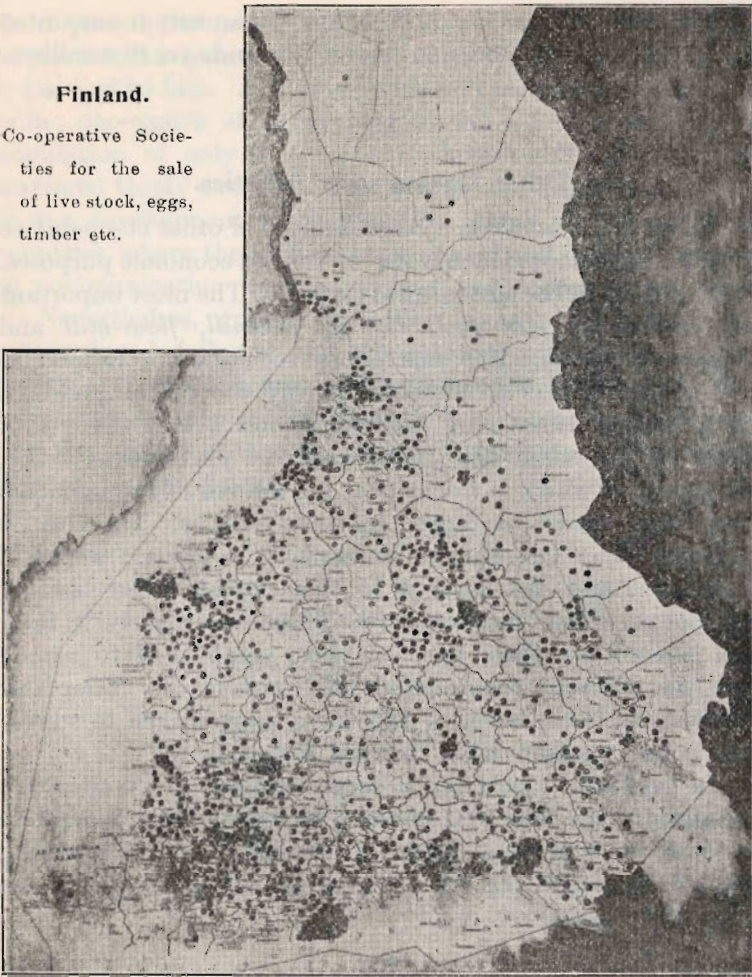
There are a large number of small »domestic» sawmills run as co-operative societies. In 1923 there were 85 of these on the Commercial Register, in addition to many others which were not registered. Most of them worked in connection with co-operative flour-mills or electrical enterprises. These sawmills supplied mainly the needs of their own localities, but many of them also sold part of their output outside through some agent.

The small societies, however, found it difficult to get a good price for their goods, as, first, they could not afford machinery of the best and most recent type and, secondly, they were completely in the hands of the agents through whom they sold their goods. In order to obviate these difficulties, *the Central Organization of Co-operative Forestry Societies* was founded in 1921. The organization acts as agent for the sale of the products of local sawmills and, in general, organises the sale of wood; in addition it supplies up-to-date machinery for all kinds of sawmills, fixes standard measurements for goods for sale, gives advice on wood-working and on handling wooden goods, and provides technical instruction for sawmill staff.

As small societies are at a disadvantage in the wood-working industry, some larger co-operative timber societies

Finland.

Co-operative Societies for the sale of live stock, eggs, timber etc.



have recently been formed. These societies aim at covering the whole of the district served by a single waterway, and at establishing larger sawmills and wood-working plants than those previously existing. Their products will be placed on the market by the Central Forestry Organization.

The sales of the Central Forestry Organization amounted in 1923 to 34.9 million marks and its funds to 10.6 million.

XI.

Other Co-operative Societies.

There are in addition a large number of other co-operative societies in Finland which work for various economic purposes, most of them in the agricultural districts. The most important are *machinery, peat fuel, electric, sawmill, flour-mill* and *telephone societies*. The machinery societies are formed to enable the farmers to purchase jointly the machines which they need for their work, and numbered 424 at the end of 1923. At the same date there were 206 peat fuel societies, the object of which is to cut peat for the use of the members from bogs owned or rented by the societies. The electric societies either buy current or make it in electric works of their own, and distribute it to their members for lighting and power. These numbered 93. There were nearly 90 flour and sawmill societies, most of them established to supply only the domestic requirements of the members. Telephone societies, to the number of 155, have been formed to supply telephone communication in rural districts.

In addition, there are a large number of co-operative restaurants, dwelling and building societies, and co-operative societies for supplying means of communication, for buying and selling, supplying labour, owning bulls etc., numbering altogether about 500.

XII.

Conclusion.

A quarter of a century has elapsed since the pioneers of the co-operative movement in Finland, confident in its possibilities, founded a society for the promotion of co-operation before co-operation was a practical fact. Within this

short period the movement, working outwards from theory to practice, has gained a firm footing, in spite of the difficulties it has had to face. A country with an area of 145 000 square miles, one-eighth of it occupied by lakes and rivers, and a population of only $3 \frac{1}{3}$ million, three-fourths of which is scattered thinly over the country districts, presents obstacles to the development of co-operation which are unknown in countries where the population is denser and natural barriers to communication between village and village are absent.

Nevertheless, growth has been steady, successes have outnumbered failures, and co-operative production, distribution and credit is now highly developed in Finland. The supporters of co-operation have every ground for believing that the history of the past affords a guarantee of continued progress in the future.



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